



Delta Air Lines, Inc.

\$3,500,000,000

7.000% Senior Secured Notes due 2025

Issue Price: 100.000%

We are offering \$3,500,000,000 principal amount of our 7.000% Senior Secured Notes due 2025 (the “notes”). The notes will bear interest at a rate of 7.000% per year, payable semiannually in arrears on May 1 and November 1 of each year, beginning on November 1, 2020. The notes will mature on May 1, 2025.

We may redeem some or all of the notes at any time and from time to time prior to maturity at a price equal to 100% of their principal amount plus a “make-whole” premium and accrued and unpaid interest and special interest, if any. If we experience specific kinds of changes in control or dispose of collateral in certain instances, we must offer to repurchase the notes. See “Description of notes” herein for further information.

The notes will be our senior secured obligations. The notes will be secured on a senior basis by security interests granted to the collateral trustee on certain of our routes and takeoff and landing slots and gate leaseholds in the United States, United Kingdom, Europe, and Latin America. Specifically, the collateral will consist of our (1) licenses to operate routes between the United States and each of the United Kingdom, Europe, and Latin America, (2) rights and interests in and to airport takeoff and landing slots and gate leaseholds at airports in the United States, the United Kingdom, Europe, Latin America that are necessary to operate non-stop service on the routes described in clause (1) above, and (3) rights and interests in and to airport takeoff and landing slots at each of London Heathrow Airport, LaGuardia Airport, John F. Kennedy International Airport, and Reagan National Airport. Delta may be required to pledge additional collateral in the future under the terms of the notes. See “Description of collateral” herein for further information. The notes will rank *pari passu* in right of payment to all of our existing and future indebtedness that is secured by a lien on the collateral (including the New Credit Facility) and not by its terms expressly subordinated. The notes will be effectively subordinated to all of our existing and future indebtedness secured by assets other than the collateral to the extent of the value of the assets securing such indebtedness and effectively senior to any of our future unsecured or junior lien obligations to the extent of the value of the collateral. The notes will be structurally subordinated to all existing and future liabilities, including trade payables, of each of our subsidiaries.

The Company intends to use the net proceeds from this offering, together with borrowings under the New Credit Facility, for general corporate purposes and to support our liquidity position. The closing of this offering is not contingent upon the closing of the New Credit Facility. See “Summary—New credit facility.”

See “Risk factors” beginning on page 11 for a discussion of certain risks that you should consider in connection with an investment in the notes.

We have not registered and will not register the notes under the Securities Act of 1933, as amended, or the securities laws of any other jurisdiction. Therefore, we may not offer or sell the notes within the United States to or for the account or benefit of any U.S. person unless the offer or sale would qualify for an exemption from registration under the Securities Act of 1933 and state securities laws. Accordingly, the notes are only being offered (a) to “qualified institutional buyers” (as defined in Rule 144A under the Securities Act of 1933) and (b) outside the United States to persons other than U.S. persons in reliance on Regulation S under the Securities Act of 1933. For a description of certain restrictions on transfers of the notes, see “Transfer restrictions” and “Plan of distribution.”

The notes will not be listed on any securities exchange. We expect that delivery of the notes will be made to investors in book-entry form through The Depository Trust Company on or about April 29, 2020.

Joint Lead Bookrunners and Arrangers

J.P. Morgan

BARCLAYS

Joint Bookrunners

BofA Securities

BBVA

BNP PARIBAS

Citigroup

Goldman Sachs & Co. LLC

Morgan Stanley

SMBC Nikko

Standard Chartered

US Bancorp

Wells Fargo Securities

Bank

April 27, 2020

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This offering memorandum is confidential and is being furnished by us in connection with an offering of the notes exempt from registration under the Securities Act solely for the purpose of enabling a prospective investor to consider purchasing the notes. We and the initial purchasers have not authorized anyone to provide you with any information other than the information contained in or incorporated by reference in this offering memorandum. We and the initial purchasers take no responsibility for, and provide no assurance as to the reliability of, any other information that others may give to you. You should not assume that the information contained in or incorporated by reference into this offering memorandum is accurate as of any date other than the date on the front cover of this offering memorandum or the date of such incorporated information, as applicable.

We and the initial purchasers are offering to sell the notes only in places where offers and sales of the notes are permitted.

Delta Air Lines, Inc. is a Delaware corporation headquartered in Atlanta, Georgia. Our principal executive offices are located at Hartsfield-Jackson Atlanta International Airport, Atlanta, Georgia 30320-6001 and our telephone number is (404) 715-2600. Our website is www.delta.com. We have provided this website address as an inactive textual reference only and our website and the information contained on our website are not part of this offering memorandum, and you should rely only on the information contained or incorporated by reference in this offering memorandum when making a decision as to whether to invest in the notes.

This offering memorandum is a confidential document that we are providing only to prospective purchasers of the notes. You should read this offering memorandum before making a decision to purchase any notes. You must not:

- use this offering memorandum for any other purpose;
- make copies of any part of this offering memorandum or give a copy of it to any other person; or
- disclose any information in this offering memorandum to any other person.

We have prepared this offering memorandum and we are solely responsible for its contents. You are responsible for making your own examination of us and your own assessment of the merits and risks of investing in the notes. You may contact us if you need any additional information. By purchasing any notes, you will be deemed to have acknowledged that:

- you have reviewed this offering memorandum;
- you have had an opportunity to request any additional information that you need from us; and
- the initial purchasers are not responsible for, and are not making any representation to you concerning, our future performance or the accuracy or completeness of this offering memorandum.

We are not providing you with any legal, business, tax or other advice in this offering memorandum. You should consult with your own advisors as needed to assist you in making your investment decision and to advise you whether you are legally permitted to purchase notes in this offering.

You must comply with all laws that apply to you in any place in which you buy, offer or sell any notes or possess this offering memorandum. You must also obtain any consents or approvals that you need in order to purchase any notes. We and the initial purchasers are not responsible for your compliance with these legal requirements.

We are offering the notes in reliance on exemptions from the registration requirements of the Securities Act. These exemptions apply to offers and sales of securities that do not involve a public offering. The notes have

not been recommended by any federal, state or foreign securities authorities, and no such authority has determined that this offering memorandum is accurate or complete. Any representation to the contrary is a criminal offense.

The notes are subject to restrictions on resale and transfer as described under “Transfer restrictions.” By purchasing any notes, you will be deemed to have represented, acknowledged and agreed to all the provisions contained in that section of this offering memorandum. You may be required to bear the financial risks of investing in the notes for an indefinite period of time.

This offering memorandum is not a prospectus for the purposes of the Prospectus Regulation (as defined below). This offering memorandum has been prepared on the basis that any offer of notes in any Member State of the European Economic Area (the “EEA”) or in the United Kingdom will only be made to a legal entity which is a qualified investor under the Prospectus Regulation (“Qualified Investors”). Accordingly, any person making or intending to make an offer in the United Kingdom or that Member State of notes which are the subject of the offering contemplated in this offering memorandum may only do so with respect to Qualified Investors. Neither Delta Air Lines, Inc. nor the initial purchasers have authorized, nor do they authorize, the making of any offer of notes other than to Qualified Investors. The expression “Prospectus Regulation” means Regulation (EU) 2017/1129.

PROHIBITION OF SALES TO UNITED KINGDOM AND EEA RETAIL INVESTORS—The notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom or the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU, as amended (“MiFID II”); or (ii) a customer within the meaning of Directive (EU) 2016/97 (the “Insurance Distribution Directive”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Regulation. Consequently no key information document required by Regulation (EU) No 1286/2014, as amended (the “PRIIPs Regulation”), for offering or selling the notes or otherwise making them available to retail investors in the United Kingdom or the EEA has been prepared and therefore offering or selling the notes or otherwise making them available to any retail investor in the United Kingdom or the EEA may be unlawful under the PRIIPs Regulation.

The communication of this offering memorandum and any other document or materials relating to the issue of the notes offered hereby is not being made, and such documents and/or materials have not been approved, by an authorized person for the purposes of section 21 of the United Kingdom’s Financial Services and Markets Act 2000, as amended (the “FSMA”). Accordingly, such documents and/or materials are not being distributed to, and must not be passed on to, the general public in the United Kingdom. The communication of such documents and/or materials as a financial promotion is only being made to those persons in the United Kingdom who have professional experience in matters relating to investments and who fall within the definition of investment professionals (as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “Financial Promotion Order”)), or who fall within Article 49(2)(a) to (d) of the Financial Promotion Order, or who are any other persons to whom it may otherwise lawfully be made under the Financial Promotion Order (all such persons together being referred to as “relevant persons”). In the United Kingdom, the notes offered hereby are only available to, and any investment or investment activity to which this offering memorandum relates will be engaged in only with, relevant persons. Any person in the United Kingdom that is not a relevant person should not act or rely on this offering memorandum or any of its contents.

Forward-looking statements

Statements in this offering memorandum and the documents incorporated by reference herein and therein (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 us and the offering of the notes described herein are described under the heading “Risk factors” in this offering memorandum, in “Risk Factors Relating to Delta” and “Risk Factors Relating to the Airline Industry” in “Item 1A. Risk Factors” of our Annual Report on Form 10-K for the fiscal year ended December 31, 2019 (the “2019 Annual Report”), in “Item 1A. Risk Factors” of Part II of our Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2020 (the “2020 First Quarter Form 10-Q”) and in any subsequent filing incorporated by reference herein, 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 offering.

Summary

The information below is only a summary of more detailed information included elsewhere in this offering memorandum or in the documents incorporated by reference into this offering memorandum. This summary does not contain all the information that is important to you or that you should consider before investing in the notes. As a result, you should carefully read this entire offering memorandum and the information incorporated by reference into this offering memorandum.

Unless otherwise noted or the context otherwise requires, the terms “Delta,” “we,” “us” and “our” refer to Delta Air Lines, Inc. and its wholly owned subsidiaries. The “Issuer” refers to Delta Air Lines, Inc., and not to any of its subsidiaries.

Delta Air Lines, Inc.

As a global airline based in the U.S. serving 200 million customers in 2019, we connect customers across our expansive global network. In 2019, we were the world’s largest airline by total revenues and the most profitable with five consecutive years of \$5 billion or more in pre-tax income from 2015 through 2019.

We are committed to industry-leading safety and reliability and are consistently among the industry’s best performers. Our employees provide world-class travel experiences for our customers and give back to the communities where they live, work and serve. Our people and service are our strongest competitive advantage creating significant customer satisfaction improvements.

We are a Delaware corporation headquartered in Atlanta, Georgia. Our principal executive offices are located at Hartsfield-Jackson Atlanta International Airport, Atlanta, Georgia 30320-6001 and our telephone number is (404) 715-2600. Our website is www.delta.com. We have provided this website address as an inactive textual reference only and the information contained on our website is not a part of this offering memorandum.

Description of collateral

The notes will be secured on a senior basis by the collateral and on an equal and ratable basis with indebtedness incurred under our New Credit Facility. The collateral will consist of certain of our routes, takeoff and landing slots and airport gate leaseholds in the United States, Latin America and Europe. Specifically, the collateral will consist of (i) route authorities to operate routes between the United States and each of the United Kingdom, Europe, and Latin America, (ii) rights and slots and gate leaseholds at airports in the United States, the United Kingdom, Europe and Latin America that are necessary to operate non-stop service on the routes described in clause (i) above, and (iii) rights and interests in and to airport takeoff and landing slots at each of London Heathrow Airport, LaGuardia Airport, John F. Kennedy International Airport, and Reagan National Airport. We may be required to pledge additional collateral in the future under the terms of the notes. See “Description of notes—Security.”

Appraisals

BK Associates, Inc. (“BK”) has performed appraisals of our European route system, our Latin American route system, and our slots at LaGuardia Airport, John F. Kennedy International Airport, and Reagan National Airport. A copy of each appraisal is attached to this offering memorandum.

Using discount rates of 8% to 10%, BK appraised the enterprise value of our European (including the United Kingdom) route system at \$7.7 billion to \$11.5 billion and our Latin American route system at \$1.1 billion to

\$1.8 billion, each as of March 31, 2020. BK appraised the aggregate value of our slots at LaGuardia Airport, John F. Kennedy International Airport, and Reagan National Airport at \$1.6 billion to \$2.1 billion as of March 31, 2020.

The appraisals are subject to a number of assumptions, limitations and risks, and were prepared based on certain specified methodologies, each as described therein. See “Risk factors—Risk factors related to the notes—The value of the collateral securing the notes may not be equal to its appraisal value. Appraisals should not be relied upon as a measure of the value of the collateral,” “Description of collateral” and “Appraiser.”

Recent developments

The unprecedented and rapid spread of COVID-19, and the related travel restrictions implemented throughout the world have significantly reduced demand for air travel. After initially impacting our service to China beginning in January, the spread of the virus and the resulting global pandemic next affected the majority of our international network and ultimately our domestic network. Beginning in March, large public events were cancelled, governmental authorities began imposing restrictions on non-essential activities, businesses suspended travel and popular leisure destinations temporarily closed to visitors. Certain countries that are key markets for our business have imposed bans on international travelers for specified periods or indefinitely.

As a result, demand for travel declined at an accelerated pace, which has had an unprecedented and materially adverse impact on our revenues and financial position. The length and severity of the reduction in demand due to the pandemic is uncertain; accordingly, we expect the adverse impact to grow in the June 2020 quarter. While we are planning for a modest demand recovery beginning in the September 2020 quarter, the exact timing and pace of the recovery is uncertain given the significant impact of the pandemic on the overall U.S. and global economy. Our forecasted expense management and liquidity measures may be modified as we clarify the demand recovery timing.

In response to these developments, we have implemented measures to focus on the safety of our customers and employees, while at the same time seeking to mitigate the impact on our financial position and operations. These measures include, but are not limited to, the following:

Taking care of our customers and employees. The safety of our customers and employees continues to be our primary focus. As the COVID-19 pandemic has developed, we have taken numerous steps to help customers and employees practice social distancing on the ground and in the air in keeping with current health-expert recommendations:

- Adopting new cleaning procedures on all flights, including Environmental Protection Agency registered disinfectant electrostatic spraying on all aircraft overnight and sanitizing high-touch areas like tray tables, entertainment screens, armrests and seat-back pockets before boarding.
- Taking steps to help employees and customers practice social distancing, including blocking middle seats, pausing automatic upgrades, modifying our boarding process and moving to essential meal service only.
- Extending 2020 Medallion Status an additional year, rolling Medallion Qualification Miles into 2021 and extending Delta SkyMiles American Express Card benefits and Delta Sky Club memberships.
- Giving customers flexibility to plan, re-book and travel, including extending expiration on travel credits to two years.

- Offering pay protection to employees who have tested positive for COVID-19, must quarantine due to exposure or travel related requirements or have self-identified as being at high-risk for illness from COVID-19 according to the CDC guidelines and do not have the ability to telecommute.
- Implementing significant workforce social distancing and protection measures, including reworking call center spaces to provide appropriate social distancing, increasing cleaning of our facilities using methods and products similar to what we are using on our aircraft and having virtually all employees who can telecommute do so.

Capacity reductions. Following a strong start to 2020 in January and February, we experienced a precipitous decrease in demand in March as COVID-19 spread throughout the world. To align capacity with expected demand, beginning in the second half of March, we have significantly reduced our system capacity to a level that maintains essential services. For the June 2020 quarter, system capacity is expected to be down approximately 85 percent compared to the June 2019 quarter, with international capacity to be reduced by approximately 90 percent and domestic flying to be reduced by approximately 80 percent. As a result of reduced demand expectations and lower capacity, we are temporarily parking approximately 50 percent of our fleet.

Expense management. With the reduction in revenue, we have, and will continue to implement cost saving initiatives including:

- Reducing capacity as described above to align with expected demand, which has resulted in temporarily parking approximately 400 aircraft as of March 31, 2020, with the expectation to have over 650 aircraft parked by the end of the June quarter. As a result, we have made the decision to accelerate the retirement of our MD-88 fleet from December 2020 to the end of July 2020.
- Consolidating our footprint at our airport facilities, including temporarily closing most Delta Sky Clubs.
- Reducing employee-related costs, including:
 - Voluntary unpaid leaves of 30 days to 12 months offered to most employees. Approximately 35,000 employees have volunteered to take leaves beginning in the June 2020 quarter.
 - Salary reductions of 50% for our officers and 25% for our director level employees.
 - A 25% reduction in work hours for all other management and most front-line employee work groups.
 - Instituting a company-wide hiring freeze.
- Delaying non-essential maintenance projects and reducing or suspending other discretionary spending.

Balance sheet, cash flow and liquidity. We have taken the following actions to increase liquidity and strengthen our financial position. As a result of these actions, our cash and cash equivalents balance as of March 31, 2020 was \$6.0 billion.

- Reducing planned capital expenditures by approximately \$3.5 billion, including working with original equipment manufacturers (“OEM”) to optimize the timing of our future aircraft deliveries, delaying aircraft modifications and postponing certain information technology initiatives and replacement of ground equipment.
- Drawing \$3 billion from our previously undrawn revolving facilities.

- Entering into a \$2.7 billion secured term loan facility during the March 2020 quarter with an accordion feature that allowed us to increase the facility to \$3 billion during April 2020.
- Entering into \$150 million of loans secured by certain of our widebody aircraft. In addition, during April 2020, we have entered into an additional \$1.2 billion of sale leaseback transactions for certain aircraft and are pursuing other financing initiatives.
- Suspending future share repurchases and dividends.
- Delaying \$500 million of planned voluntary pension funding.

We continue to evaluate future financing opportunities by leveraging our at least \$15 billion of unencumbered assets (as of March 31, 2020, without giving effect to the security interests being granted in the Financing Transactions, the \$250 million increase in our secured term loan facility, the issuance of \$135 million of Delta Air Lines Pass Through Certificates, Series 2020-1B in a private placement or the issuance of \$108 million of Delta Air Lines Pass Through Certificates, Series 2019-1B in a private placement) and utilizing funding from the CARES Act, as discussed below. In response to the impact that the demand environment has had on our financial condition, our credit rating has been downgraded by Standard & Poor's to BB in late March 2020 and by Fitch to BB+ in early April 2020.

Our credit facilities have various financial and other covenants that require us to maintain a minimum fixed charge coverage ratio and a minimum asset coverage ratio. In the event that we are unable to maintain compliance with such covenants, we expect to obtain an amendment or waiver from our lenders, refinance the indebtedness subject to such covenants or take other mitigating actions prior to a potential breach, however we cannot assure you that any such actions will be successful.

CARES Act

On March 27, 2020, President Trump signed the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") into law. The CARES Act is a relief package intended to assist many aspects of the American economy, including providing the airline industry with up to \$25 billion in grants to be used for employee wages, salaries and benefits.

In April 2020, we were granted \$5.4 billion in emergency relief through the payroll support program of the CARES Act to be paid in installments through July 2020. The relief payments are conditioned on our agreement to refrain from conducting involuntary employee layoffs or furloughs through September 30, 2020. Other conditions include prohibitions on share repurchases and dividends through September 30, 2021, continuing essential air service as directed by the U.S. Department of Transportation and certain limitations on executive compensation. The relief payments include \$3.8 billion in grants and \$1.6 billion in an unsecured 10-year low interest loan. The loan includes annual interest rates of 1.00% for the first five years (through April 2025) and the Secured Overnight Financing Rate plus 2.00% for the final five years. In return, we have agreed to issue to the U.S. Department of the Treasury over 6.5 million warrants to acquire Delta common stock. These warrants include an exercise price of \$24.39 per share and have a five year term.

On April 20, 2020, we received the first installment of \$2.7 billion under the payroll support program, of which thirty percent was a loan and the remainder was a grant.

The CARES Act provides for up to \$25 billion in secured loans to the airline industry. We expect to be eligible for approximately \$4.6 billion under the loan program and are currently evaluating our level of participation.

Finally, the CARES Act also provides for deferred payment of the employer portion of social security taxes through the end of 2020, with 50% of the deferred amount due December 31, 2021 and the remaining 50% due December 31, 2022. This is expected to provide us with approximately \$200 million of additional liquidity during the current year.

New credit facility

Contemporaneously with the closing of the offering of the notes, we expect to enter into a new first-lien term loan facility in an aggregate principal amount of \$1.5 billion (the “New Credit Facility”). The New Credit Facility will be secured by the same collateral that secures the notes offered hereby that is equal and ratable with the lien on the notes and will rank *pari passu* in right of payment with the notes. See “Description of certain other indebtedness—Credit facilities—New credit facility.”

We intend to use the net proceeds of the notes offered hereby and borrowings under the New Credit Facility for general corporate purposes and to support our liquidity position. The closing of this offering is not contingent upon the closing of our New Credit Facility. We refer to the completion of the notes offering and the entry into the New Credit Facility as the “Financing Transactions.”

The offering

The summary below describes the principal terms of the notes. Certain of the terms and conditions described below are subject to important limitations and exceptions. The “Description of notes” and “Transfer restrictions” sections of this offering memorandum contain a more detailed description of the terms and conditions of the notes. As used in this section, “we,” “our,” and “us” refer to Delta Air Lines, Inc. and not to any of its subsidiaries.

Issuer	Delta Air Lines, Inc., a Delaware corporation.
Notes Offered	\$3,500,000,000 principal amount of 7.000% Senior Secured Notes due 2025.
Maturity Date	The notes will mature on May 1, 2025.
Interest	7.000% per year. Interest will accrue from April 29, 2020 and will be payable semiannually in arrears on May 1 and November 1 of each year, beginning on November 1, 2020.
Collateral	The notes will be secured on a senior basis by security interests granted to the collateral trustee on certain of our routes and takeoff and landing slots and gate leaseholds in the United States, United Kingdom, Europe, and Latin America. Specifically, the collateral will consist of our (1) licenses to operate routes between the United States and each of the United Kingdom, Europe, and Latin America, (2) rights and interests in and to airport takeoff and landing slots and gate leaseholds at airports in the United States, the United Kingdom, Europe, and Latin America that are necessary to operate non-stop service on the routes described in clause (1) above, and (3) rights and interests in and to airport takeoff and landing slots at each of London Heathrow Airport, LaGuardia Airport, John F. Kennedy International Airport, and Reagan National Airport. Delta may be required to pledge additional collateral in the future under the terms of the notes. See “Description of notes–Security.” We hold limited-entry route authorities and slots at congested airports that are difficult to obtain through other means and are essential to providing international air service to and within the United States, the United Kingdom, Europe, and Latin America.
Ranking	The notes will be our senior secured obligations and will rank: <ul style="list-style-type: none">• <i>pari passu</i> in right of payment to all of our existing and future indebtedness that is secured by a lien on the collateral (including the New Credit Facility) and not by its terms expressly subordinated;• effectively subordinated to all of our existing and future indebtedness secured by assets other than the collateral to the extent of the value of the assets securing such indebtedness;• effectively senior to any of our existing or future unsecured or junior lien obligations to the extent of the value of the collateral; and• structurally junior to all existing and future indebtedness and other liabilities (including trade payables) of our subsidiaries.

As of March 31, 2020, we had \$16.99 billion of total consolidated indebtedness (excluding operating lease obligations of \$6.0 billion), consisting of \$7.43 billion of senior unsecured indebtedness, \$8.26 billion of indebtedness secured by liens on assets other than assets which will serve as collateral for the notes and \$1.16 billion of finance lease obligations. After giving effect to the Financing Transactions our total consolidated indebtedness as of March 31, 2020 would have been \$21.99 billion. This does not include other indebtedness incurred after March 31, 2020, including (i) thirty percent of the \$2.7 billion received on April 20, 2020 in the form of an unsecured term loan from the U.S. government under the payroll support program of the CARES Act, (ii) a \$250 million increase in our secured term loan facility on April 1, 2020, (iii) the issuance of \$135 million of Delta Air Lines Pass Through Certificates, Series 2020-1B in a private placement on April 9, 2020 and (iv) the issuance of \$108 million of Delta Air Lines Pass Through Certificates, Series 2019-1B in a private placement on April 22, 2020.

The indenture governing the notes will not limit the amount of unsecured debt that we or our subsidiaries may incur or the amount of debt secured by assets other than the collateral that we may incur.

- Collateral Trust Agreement . . .** On the date of the indenture, the collateral trustee will enter into a collateral trust agreement with Delta and the trustee under the indenture governing the notes, that will set forth the terms on which the collateral trustee will receive, hold, administer, maintain, enforce and distribute the proceeds of all of its liens upon the collateral. See “Description of notes–Collateral trust agreement.”
- Optional Redemption** We may, at our option, redeem at any time and from time to time prior to their maturity some or all of the notes at 100% of the principal amount of the notes to be redeemed, plus accrued and unpaid interest to, but excluding, the redemption date plus the applicable “make-whole” premium described under “Description of notes–Optional redemption.”
- Change of Control Offer . . .** If we experience certain change of control events and do not redeem the notes, holders of the notes will have the right to require us to repurchase some or all of their notes at 101% of their principal amount, plus accrued and unpaid interest, if any, to, but excluding, the repurchase date. See “Description of notes–Offer to repurchase upon a change of control triggering event.”
- Collateral Disposition Offer** If we sell collateral in certain instances we may be required to offer to repurchase the notes at 100% of the principal amount of the notes repurchased, plus accrued and unpaid interest to the repurchase date. See “Description of notes–Disposition of collateral.”
- Special Interest** The indenture will require that we deliver an appraisal of the collateral on a semi-annual basis and deliver an officer’s certificate quarterly demonstrating the calculation of the priority debt coverage ratio as of the end of each fiscal quarter. If we fail to deliver the officer’s certificate in a timely manner or the priority debt coverage ratio is less than 1.6 to 1.0 as of the end of the fiscal quarter, then we will be required to pay special interest in an additional amount equal to 2.0% of the principal amount of the notes until the priority debt coverage ratio is established to be at least 1.6 to 1.0.

Certain Covenants	<p>The notes will be issued under an indenture that contains covenants that, among other things, limits our ability to:</p> <ul style="list-style-type: none"> • create liens on the collateral; • dispose of collateral; and • consolidate, merge, sell or otherwise dispose of all or substantially all of our assets. <p>These covenants are subject to a number of important limitations and exceptions. See "Description of notes—Certain covenants."</p>
Transfer Restrictions	<p>The notes have not been registered and will not be registered under the Securities Act or any state securities laws and are subject to certain restrictions on transfer. See "Transfer restrictions."</p>
No Registration Rights	<p>We have no obligation or intention to register the notes for resale under the Securities Act or the securities laws of any other jurisdiction or to offer to exchange the notes for registered notes under the Securities Act of the securities laws of any other jurisdiction.</p>
Use of Proceeds	<p>We estimate that the proceeds from this offering will be approximately \$3.46 billion, after deducting fees and estimated expenses. We intend to use the net proceeds from this offering, together with borrowings under the New Credit Facility, for general corporate purposes and to support our liquidity position. See "Use of proceeds."</p>
Book-Entry Form	<p>The notes will be issued in book-entry form and will be represented by permanent global certificates deposited with, or on behalf of, The Depository Trust Company ("DTC") and registered in the name of a nominee of DTC. Beneficial interests in any of the notes will be shown on, and transfers will be effected only through, records maintained by DTC or its nominee and any such interest may not be exchanged for certificated securities, except in limited circumstances.</p>
Absence of a Public Market for the Notes	<p>The notes are new securities and there is currently no established market for the notes. Accordingly, we cannot assure you as to the development or liquidity of any market for the notes. The initial purchasers have advised us that they currently intend to make a market in the notes. However, they are not obligated to do so, and they may discontinue any market making with respect to the notes without notice. We do not intend to apply for a listing of the notes on any securities exchange or any automated dealer quotation system.</p>
U.S. Federal Income Tax Consequences	<p>For certain U.S. federal income tax consequences related to an investment in the notes see "Certain U.S. federal income tax considerations."</p>
Trustee and Collateral Trustee	<p>U.S. Bank National Association</p>
Risk Factors	<p>You should carefully consider the information set forth under the caption "Risk factors" beginning on page 11 of this offering memorandum and other information contained or incorporated by reference herein.</p>

Selected summary financial and operating data

The following tables present our selected summary historical consolidated financial and operating data. We derived the statement of operations data for the three months ended March 31, 2020 and 2019 and the balance sheet data as of March 31, 2020 and 2019 from our unaudited condensed consolidated financial statements for the quarter ended March 31, 2020 and the related notes thereto incorporated by reference herein. We derived the statement of operations data for the years ended December 31, 2019, 2018, and 2017 and the balance sheet data as of December 31, 2019 and 2018 from our audited consolidated financial statements for the year ended December 31, 2019 and the related notes thereto incorporated by reference herein.

You should read the following tables in conjunction with (1) “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and the condensed consolidated financial statements and the related notes thereto incorporated by reference herein from our 2020 First Quarter Form 10-Q, (2) “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and the consolidated financial statements and the related notes thereto incorporated by reference herein from our 2019 Annual Report and (3) the sections entitled “Use of Proceeds” and “Capitalization,” each of which are contained elsewhere in this offering memorandum. See “Where you can find more information.”

	Three months ended		Year ended		
	March 31,		December 31,		
	2020	2019	2019	2018	2017
Statement of Operations Data (in millions)					
Operating revenue	\$8,592	\$10,472	\$47,007	\$44,438	\$41,138
Operating expense	9,002	9,452	40,389	39,174	35,172
Operating (loss)/income	(410)	1,020	6,618	5,264	5,966
Interest expense, net	(79)	(83)	(301)	(311)	(396)
Net (loss)/income	(534)	730	4,767	3,935	3,205

	March 31,		December 31,	
	2020	2019	2019	2018
Balance Sheet Data (in millions)				
Cash, cash equivalents and short-term investments	\$ 5,967	\$ 1,910	\$ 2,882	\$ 1,768
Total assets	68,738	61,841	64,532	60,266
Debt and finance leases (including current maturities)	16,999	10,765	11,160	9,771
Stockholders’ equity	14,309	12,911	15,358	13,687

	Three months ended March 31,		Year ended December 31,		
	2020	2019	2019	2018	2017
Other Financial and Statistical Data(1)					
Revenue passenger miles (<i>millions</i>)	43,062	51,617	237,680	225,243	217,712
Available seat miles (<i>millions</i>)	58,885	62,416	275,379	263,365	254,325
Passenger mile yield	17.58¢	17.93¢	17.79¢	17.65¢	16.97¢
Passenger revenue per available seat mile	12.85¢	14.83¢	15.35¢	15.09¢	14.53¢
Operating cost per available seat mile	15.30¢	15.14¢	14.67¢	14.87¢	13.83¢
Passenger load factor	73.1%	82.7%	86.3%	85.5%	85.6%
Fuel gallons consumed (<i>millions</i>)	880	962	4,214	4,113	4,032
Average price per fuel gallon(2)	\$ 1.81	\$ 2.06	\$ 2.02	\$ 2.20	\$ 1.68

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

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

Risk factors

An investment in the notes involves significant risks. Prior to making a decision about investing in the notes, and in consultation with your own financial and legal advisors, you should carefully consider, among other matters, the following risk factors, as well as those incorporated by reference in this offering memorandum from our 2019 Annual Report, 2020 First Quarter Form 10-Q, and other filings we may make from time to time with the SEC.

Risk factors relating to Delta

The rapid spread of the COVID-19 virus and measures implemented to combat it are having, and are likely to continue to have, a material adverse effect on our business. Moreover, the longer the pandemic persists, the more material the ultimate effects are likely to be. It is likely that there will be future negative effects that we cannot presently predict, including near term effects.

The rapid spread of COVID-19, as well as the escalating measures governments and private organizations have implemented in order to stem the spread of this pandemic, are having a material adverse effect on the demand for worldwide air travel, and consequently upon our business. Among other effects of the COVID-19 pandemic affecting air travel and our business:

- In the United States, which is our primary market, the government has placed significant restrictions on travel between the United States and specific countries, issued a mandate for U.S. citizens to avoid all international travel and has issued a travel advisory for residents of New York, New Jersey and Connecticut due to extensive community transmission of COVID-19 in the area;
- Many foreign governments have placed restrictions on citizens of other countries, including citizens of the U.S., flying into their countries;
- State or local governments have issued health-related curfews or “shelter in place” orders which dissuade or restrict air travel;
- Employers in both the public and private sectors have issued instructions to employees to work from home and/or otherwise dissuading or restricting air travel;
- Business conventions and conferences, significant sporting events, concerts and similar entertainment have been, and are continuing to be, cancelled, reducing the demand for both business air travel (which drives our most profitable ticket sales) and leisure air travel;
- Popular tourist destinations have been, and are continuing to be, closed, or operations are being curtailed, reducing the demand for leisure air travel;
- Travelers are discouraged from air travel to destinations where COVID-19 is particularly virulent;
- Travelers have indicated they are wary of airports and commercial aircraft, where they may view the risk of contagion as increased (and contagion or virus-related deaths linked or alleged to be linked to travel on our aircraft, whether accurate or not, may injure our reputation);
- Travelers may be dissuaded from flying due to possible enhanced COVID-19-related screening measures which are being implemented across multiple markets we serve; and
- Travelers may be dissuaded from flying due to the concern that additional travel restrictions implemented between their departure and return may affect their ability to return to their homes.

These effects related to the COVID-19 pandemic are negatively impacting air travel in general, which in turn are negatively affecting our revenues and results of operations. Moreover, additional currently unknown restrictions or other events dissuading air travel may occur in the future as a result of the pandemic (including possibly in the near term), lengthening the negative effects of the COVID-19 pandemic on our business.

Our operations could be negatively affected further if our employees are quarantined or sickened as a result of exposure to COVID-19, or if they are subject to governmental COVID-19 curfews or “shelter in place” health orders. Measures restricting the ability of our airport or inflight employees to come to work may cause a further deterioration in our service or operations, all of which could negatively affect our business.

In response to the crisis, we are taking certain steps to mitigate the effects on our business, which themselves may have negative consequences with respect to our business and operations. For example, we have significantly reduced our flight capacity. However, the cost savings achievable with temporary capacity reductions cannot be achieved immediately and will not completely eliminate the costs related to unused capacity.

Furthermore, we have waived air travel booking change fees to a broad extent and extended the ability to rebook that travel for up to two years in order to encourage travelers to book air travel (or not cancel already booked travel) despite the inherent uncertainty caused by the COVID-19 pandemic. Despite these efforts, we are experiencing significant ticket cancellations. Cancellations, the waiver of change fees and other refunds have negatively affected our revenues and liquidity, and we expect such negative effects to continue.

Other cost-saving measures that we are implementing or may consider, such as deferral of nonessential maintenance, capital expenditure reductions, hiring freezes, facility closures, deferral of pension funding and compensation reductions, are unlikely to entirely make-up for the loss in cash as result of decreased ticket sales and could also negatively affect our service to customers, revenues and results of operations. The pandemic is also having a material adverse effect on third parties whose services we utilize, including regional carriers in the Delta Connection program and providers of ground services at some airports, which may also negatively affect our service to customers.

We are unable to predict how long these conditions will persist, what additional measures may be introduced by governments or private parties or what effect any such additional measures may have on air travel and our business. Furthermore, not only is the duration of the pandemic and future correlative combative measures at present unknown, the overall situation is extremely fluid, and it is impossible to predict the timing of future material changes in the situation. It therefore is impossible to predict whether any such unknown future developments will occur in the near, medium or long terms, and depending on the duration of the pandemic, such negative developments may occur over the entirety of the event.

At this time we are also not able to predict whether the COVID-19 pandemic will result in permanent changes to our customers’ behavior, with such changes including but not limited to a permanent reduction in business travel as a result of increased usage of “virtual” and “teleconferencing” products and more broadly a general reluctance to travel by consumers, each of which could have a material impact on our business.

All of the foregoing have had a material adverse effect on our business, results of operations and financial condition.

We have a significant amount of fixed obligations and have incurred significant new debt in a short period in response to the COVID-19 pandemic. Insufficient liquidity may have a material adverse effect on our financial condition and business.

We have a significant amount of existing fixed obligations, including aircraft lease and debt financings, leases of airport property and other facilities, and other material cash obligations. In response to the travel restrictions

imposed as a result of the COVID-19 pandemic, decreased demand and other effects the outbreak of COVID-19 has had and is expected to have on our business, we have incurred and continue to seek significant amounts of additional liquidity in the short-term, through the issuance of additional debt securities as well as through bilateral and syndicated secured and/or unsecured credit facilities. In addition, we have substantial non-cancelable commitments for capital expenditures, including for the acquisition of new aircraft and related spare engines.

Although our cash flows from operations and our available capital, including the proceeds from financing transactions, have been sufficient to meet these obligations and commitments to date, our future liquidity could be negatively affected by the risk factors discussed in this offering memorandum, our 2019 Annual Report, our 2020 First Quarter Form 10-Q and other filings we may make from time to time with the SEC. We had \$6.0 billion in unrestricted liquidity as of March 31, 2020 and have raised an additional \$1.6 billion through April 21, 2020. In addition, we are receiving cash from the U.S. government under the payroll support program of the CARES Act, including \$2.7 billion on April 20, 2020. If our liquidity is materially diminished, we might not be able to timely pay our leases and debts or comply with certain operating and financial covenants under our financing and credit card processing agreements or with other material provisions of our contractual obligations. In particular, under our credit card processing agreements, counterparties may require that we maintain a reserve equal to a portion of advanced ticket sales that have been processed by that financial institution, but for which we have not yet provided the air transportation. Such financial institutions may require additional cash or other collateral reserves to be established or additional withholding of payments related to receivables collected if we do not maintain certain minimum levels of liquidity.

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

Our primary credit facility has various financial and other covenants that require us to maintain a minimum fixed charge coverage ratio and a minimum asset coverage ratio. Based on the reduction in demand that we are currently experiencing as a result of the COVID-19 pandemic and given the limited visibility to the future recovery of demand, there is a range of possible outcomes where our earnings could be reduced enough to result in a breach of the minimum fixed charge coverage ratio within the next year. If we anticipate a potential breach, we expect to seek an amendment or waiver from our lenders. There is no assurance that our efforts to obtain such an amendment or waiver would be successful.

We have other facilities, some of which are secured and also contain collateral coverage ratios. A decline in the value of our assets supporting these facilities from factors that are not under our control could affect one or more of the ratios. In addition, the credit facilities and the indenture governing the notes offered hereby contain other negative covenants customary for such financings. These covenants are subject to important exceptions and qualifications. If we fail to comply with these covenants and are unable to remedy or obtain a waiver or amendment, an event of default would result.

The credit facilities and the indenture governing the notes offered hereby also contain other events of default customary for such financings. If an event of default were to occur, the lenders or holders of our notes could, among other things, declare outstanding amounts due and payable and where applicable, repossess collateral, which may include aircraft or other valuable assets. In addition, an event of default or declaration of acceleration under any of the credit facilities or the indenture governing the notes offered hereby could also result in an event of default under other of our financing agreements. The acceleration of significant amounts of debt could require us to renegotiate, repay or refinance the obligations under the credit facilities or other financing arrangements.

Risk factors relating to the notes

The value of the collateral may be impaired or may not be realized if governmental or airport authorities add, change or eliminate existing route authorities, takeoff and landing slots or gate leaseholds.

The value of our pledged route authorities, related airport takeoff and landing slots and gate leaseholds may be negatively affected by the actions of the U.S. or foreign governments or airport authorities. Consequently, it is possible that slots pledged as collateral could be reassigned to competing carriers, particularly if the slots are not used, thus decreasing the value of the collateral. Routes, like slots, are also subject to forfeiture and reassignment if they are not used.

Our pledged international air routes are established by bilateral international governmental agreements or permits or approvals issued by foreign governments. Consequently, our right to operate such international routes are subject to political and governmental risks, such as changes in foreign or U.S. government aviation policies or treaties. In addition, the bilateral agreements are subject to renegotiation from time to time. If governmental authorities re-award active or dormant routes to other carriers or expand routes to destinations we already serve, the value of the collateral may decline.

In addition, our pledged United Kingdom and European route authorities and Latin American route authorities (other than those serving Argentina, Cuba, Ecuador, and Mexico) are under "Open Skies" agreements and any United States carrier can fly between any point in these markets and any point in the United States. However, the majority of the airports served on these routes are still capacity constrained. Should the capacity of any of these airports to handle flights be expanded in the future resulting in increased access by Delta's competitors to operate from the U.S. to that airport, the value of the collateral relating to Delta's routes to such airport could be adversely affected. Similarly, any expansion of capacity at JFK, DCA or LGA may increase access by Delta's competitors to operate flight in and out of such airports, which could adversely affect the value of the collateral.

Similarly, an increase in the number of available slots and gates available at the applicable airport for our pledged international routes may result in a decrease in the value of the collateral.

The value of the collateral may be impaired or may not be realized if governmental or airport authorities withhold consent to transfer route authorities, airport slots or gate leaseholds. The ability of the collateral trustee to foreclose upon the collateral may be limited in many circumstances.

Our ability to transfer our pledged route authorities, slots and related gate leaseholds in the event of a foreclosure may also be negatively affected by the actions of the U.S. or foreign governments or airport authorities. For instance, any foreclosure or transfer of our pledged routes may be subject to the approval of the DOT and the U.S. President, which could delay or impair any foreclosure or transfer of our routes. Accordingly, any such sale of the collateral may not be feasible or of any value. In addition, the transfer or assignment of the airport takeoff and landing operating authorizations at JFK, LGA or DCA will require the consent of the applicable United States aviation authority, which may prevent or delay the disposition of those slots in the event of foreclosure. The transfer or assignment of the airport takeoff and landing slots at London Heathrow Airport will require the consent of the relevant United Kingdom aviation authority (currently, Airport Coordination Limited), and will be required to follow relevant regulatory processes and timelines, and which may in certain circumstances, prevent or delay the disposition of those slots in the event of foreclosure. It is a criminal offense in the United Kingdom to exchange or transfer slots contrary to the relevant regulations, which currently require that slots only be exchanged on a one for one basis with another airline. As a result, the pool of potential purchasers may be small and their financial resources may be limited, which would result in low realization in connection with any attempted sale of the routes.

We expect that a security interest will not be granted in most of the gate leaseholds associated with the routes included in the collateral; consequently, you should not rely on the collateral value of gate leaseholds in determining whether to invest in the notes.

The security documents will not grant the collateral trustee a security interest in any gate leasehold if that grant would violate any requirement of law or contractual restriction binding on the grantor with respect to such gate leasehold (unless applicable law overrides such contractual restriction). Because of this limitation and the contracts governing these leases, we expect that most of the gate leaseholds included in the collateral will not be pledged as collateral.

In addition, no steps will be taken to comply with any real property recording requirements in the event that the gate leaseholds are characterized as interests in real property. Furthermore, we have not taken, and we do not expect to take, any action to ensure the validity, priority or perfection of the liens on any gate leaseholds under the local laws of any jurisdiction in which such gate leaseholds are located. Accordingly, we cannot provide any assurances as to whether the validity, priority or perfection of the security interests in any gate leaseholds securing the notes would be enforceable in any such jurisdiction.

To the extent gate leaseholds are pledged as part of the collateral, most airports restrict our assignment of gate leaseholds without the prior consent of the airport. As a result, the gate leaseholds pledged as collateral to secure the notes may not be able to be assigned or transferred to the collateral trustee in the event of a foreclosure or other exercise of remedies.

Consequently, because of each of the foregoing, it is likely that most, or possibly all, gate leaseholds included in the collateral will be unavailable to satisfy obligations under the notes in the event of foreclosure on the collateral, and you should not rely on the value of any gate leaseholds in determining whether to purchase notes.

In addition, because the appraisal by BK does not assign an individual value for the gate leasehold component of the collateral, you may be unable to determine the value of such gate leaseholds.

Servicing our debt requires a significant amount of cash, and we may not have sufficient cash flow from our business to pay our substantial debt.

We have and are expected to continue to have, a significant amount of indebtedness and other fixed commitments, including substantial fixed obligations under aircraft leases and financing. Our ability to make scheduled payments of the principal of, to pay interest on or to refinance our indebtedness, including the notes, depends on our future performance, which is subject to economic, financial, competitive, regulatory, operational and other factors beyond our control. The effects the COVID-19 pandemic is having on our business have created new risk related to our indebtedness. Our business may not continue to generate cash flow from operations in the future sufficient to service our debt and make necessary capital expenditures. If we are unable to generate such cash flow, we may be required to adopt one or more alternatives, such as selling assets, restructuring debt or obtaining additional equity capital on terms that may be onerous or highly dilutive. Our ability to refinance our indebtedness will depend on the capital markets and our financial condition at such time. We may not be able to engage in any of these activities or engage in these activities on desirable terms, which could result in a default on our debt obligations.

The value of the collateral securing the notes may not be equal to its appraisal value. Appraisals should not be relied upon as a measure of the value of the collateral.

BK's appraisal is subject to a number of significant assumptions, limitations and risks, and was prepared based on certain specified methodologies described therein. The appraisal may not accurately reflect the current market value of the collateral and future appraisals may not reflect the fair market value of the collateral. Only one appraisal was obtained, and an appraisal that is subject to other assumptions, limitations and risks, and is

based on other methodologies, may result in valuations that are materially different from those contained in BK's appraisal. It is important that investors read those appraisals and the related assumptions in making an investment decision.

We will be required by the terms of the indenture governing the notes to provide semi-annual appraisals of the collateral. The subsequent appraisals may be subject to different assumptions, limitations and risks and may be based on methodologies different from those used in the original appraisal conducted by BK, potentially resulting in valuations that are materially different from those contained in BK's initial appraisal.

An appraisal is only an estimate of value. It does not necessarily indicate the price at which any or all collateral may be purchased or sold in the market. An appraisal should not be relied on as a measure of realizable value. The proceeds realized on a sale of any or all collateral may be less than its appraised value. The value of the collateral at any given time will depend on various factors, including:

- market, economic and airline industry conditions, including demand and capacity for air travel to New York, Washington, D.C., London, and Latin America;
- the availability of buyers;
- the time period in which the collateral is sought to be sold;
- regulatory and political risks, including obtaining any necessary consents to transfer, as well as consents of airport authorities and similar bodies;
- fuel and other operational cost risks; and
- the other risks identified in BK's appraisal.

In addition, we anticipate that the appraised value of the collateral will change over time. As the initial appraisal and subsequent appraisal reports provide the value of the collateral as of a specific date, the actual value of the collateral as of any other date may greatly differ from the value specified in the initial appraisal or subsequent appraisal report, especially if there is a significant change in air travel patterns or behavior in the future. For more information, see the full text of the appraisal attached to this offering memorandum.

For the foregoing reasons, among others, we cannot assure you that the proceeds realized on any exercise of foreclosure remedies would be equal to the value assigned in BK's appraisal or any subsequent appraisal.

Delta may also pledge cure collateral consisting of routes and slots that may similarly be subject to the risks identified herein with respect to other collateral.

The notes will be structurally subordinated to any liabilities of our subsidiaries.

The notes will rank structurally junior to all indebtedness and other liabilities (including trade payables) of our subsidiaries. We will be the only obligor under the notes and holders of the notes will be creditors of only Delta Air Lines, Inc. None of our subsidiaries will guarantee the notes. The ability of our creditors, including holders of any notes, to participate in any distribution of assets of any of our subsidiaries upon liquidation or bankruptcy will be subject to the prior claims of those subsidiary's creditors, including trade creditors. The indenture governing the notes will not prohibit any of our subsidiaries from incurring additional liabilities. Our subsidiaries are separate and distinct legal entities and have no obligation, contingent or otherwise, to pay amounts due pursuant to the notes or to make any funds available therefor, whether by dividends, loans, distributions or other payments.

Only certain of our assets will secure the notes and some or all other assets of Delta will secure obligations under our future and/or existing credit facilities. The notes will be effectively subordinated to the existing facilities and other future secured obligations, to the extent of the value of the assets pledged to secure those obligations.

If Delta becomes insolvent or is liquidated, or if payment under any secured obligation is accelerated, the lenders under that secured obligation will be entitled to exercise the remedies available to a secured lender under applicable law and pursuant to the terms of the agreement securing that obligation. Certain other assets of Delta will secure obligations under other existing credit facilities. Some or all of the other assets of Delta may in the future secure the obligations under Delta's future or existing facilities. The notes and the New Credit Facility on the other hand will only be secured by the assets comprising the collateral; they will not be secured by any other assets, including any aircraft or engines, the stock of our subsidiaries, intercompany debt or aircraft. Consequently, with respect to the exercise of remedies by the lenders under the existing credit facilities, the proceeds of those assets of Delta that secure the obligations under those facilities, but not under the notes, will, upon liquidation, not be available to the holders of the notes. As a result, the notes will be effectively subordinated to the obligations under the existing credit facilities to the extent of the value of the assets pledged to secure those obligations.

Lien searches may not reveal all liens on the collateral, may not be completed until after closing, and existing liens on the collateral may not be released prior to closing.

As of the date of this offering memorandum, we have not completed lien searches on the collateral securing the notes. Lien searches could reveal an existing lien or multiple existing liens on the collateral securing the notes, and such liens may prevent or inhibit the collateral trustee from foreclosing on the liens securing the notes and impair the value of the collateral securing the notes.

To the extent lien searches are completed, we cannot guarantee that the completed lien searches will reveal any or all existing liens on the collateral securing the notes. Any such existing lien, including undiscovered liens, could be significant, could be prior in ranking to the liens securing the notes and could have an adverse effect on the ability of the collateral trustee to realize or foreclose upon the collateral securing the notes.

Your rights in foreign slots securing the notes may be adversely affected by the failure or inability to perfect such interests. Your rights in domestic airport slots pledged in the future to secure the notes may be adversely affected by the failure or inability to grant security interests in such collateral. Both domestic and foreign slots may be forfeited if not used.

We cannot provide any assurance as to the validity, perfection, priority or enforceability of any security interests in the airport takeoff and landing operating authorizations at JFK, LGA or DCA pledged as collateral to secure the Notes. Although we believe that such slots are transferable upon foreclosure of a lien, the FAA has previously taken the position that a slot is not a property right, but instead should be considered an operating privilege over which an enforceable lien may not be granted.

Moreover, a portion of the collateral is expected to be located in jurisdictions outside the United States. We note, however, that no steps are required in the United Kingdom for the enforceability of liens on takeoff and landing slots at any airport in the United Kingdom. Therefore, we further cannot provide any assurances as to whether the validity, priority or perfection of the security interests securing the notes would be enforceable in any non-U.S. jurisdiction. Both domestic and foreign airport takeoff and landing slots are also subject to forfeiture and reassignment if they are not used.

As a result of the foregoing, you should not rely on the collateral value of the airport takeoff and landing slots in determining whether to invest in the notes.

After-acquired property may not be subject to the security interest securing the notes.

Applicable law requires that a security interest in assets can only be properly perfected by, and its priority retained through, certain actions. The liens on the collateral securing the notes may not be perfected if the actions necessary to perfect the liens are not taken. Applicable law requires that certain property and rights acquired after the grant of a general security interest can only be perfected at the time such property and rights are acquired and identified. The trustee and collateral trustee may not monitor, or we may not inform the trustee and collateral trustee of, the future acquisition of property and rights that constitute collateral, and necessary action may not be taken to properly perfect the security interest in such after acquired collateral. The collateral trustee for the notes has no obligation to monitor the acquisition of additional property or rights that constitute collateral or the perfection of any security interest in favor of the notes against third parties. Such failure may result in the loss of the security interest therein or the priority of the security interest in favor of the notes against third parties. In addition, certain agreements to which Delta is a party may impose limitations on their ability to grant a security interest to the collateral trustee for the benefit of the noteholders in certain such after-acquired property.

The value of the collateral securing the notes may not be sufficient to entitle holders to payment of post-petition interest.

In the event of a bankruptcy, liquidation, dissolution, reorganization or similar proceeding against us, holders of the notes will only be entitled to post-petition interest under the U.S. Bankruptcy Code to the extent that the value of their security interest in the collateral is greater than their prebankruptcy claim. Holders of the notes that have a security interest in collateral with a value equal or less than their pre-bankruptcy claim will not be entitled to post-petition interest under the U.S. Bankruptcy Code. The bankruptcy trustee, the debtor-in-possession or competing creditors could possibly assert that the fair market value of the collateral with respect to the notes on the date of the bankruptcy filing was less than the then-current principal amount of the notes and other obligations secured by that collateral. Upon a finding by a bankruptcy court that the notes and other obligations are under-collateralized, the claims in the bankruptcy proceeding with respect to the notes and other obligations would be bifurcated between a secured claim and an unsecured claim, and the unsecured claim would not be entitled to the benefits of security in the collateral. Other consequences of a finding of under collateralization would be, among other things, a lack of entitlement on the part of noteholders to receive post-petition interest and a lack of entitlement on the part of the unsecured portion of the notes to receive other “adequate protection” under U.S. federal bankruptcy laws. In addition, if any payments of post-petition interest were made at the time of such a finding of under collateralization, such payments could be re-characterized by the bankruptcy court as a reduction of the principal amount of the secured claim with respect to the notes. We cannot assure you that the value of the noteholders’ interest in their collateral equals or exceeds the principal amount of the notes.

Any future pledge of collateral might be voidable by a trustee in bankruptcy.

The indenture governing the notes will provide that we will grant liens on certain property that we acquire after the notes are issued. Any future pledge of collateral in favor of the collateral trustee, including pursuant to security documents delivered after the date of the indenture governing the notes, might be avoidable by the pledgor (as debtor-in-possession) or by its trustee in bankruptcy or by other third parties if certain events or circumstances exist or occur, including, among others, if the pledgor is insolvent at the time of the pledge, or if the pledge permits the holders of the notes to receive a greater recovery than if the pledge had not been given and a bankruptcy proceeding in respect of the pledgor is commenced within 90 days following the pledge (or

within one year following the pledge if the creditor that benefited from the pledge is an “insider” under bankruptcy law).

There are circumstances other than repayment or discharge of the notes under which the collateral securing the notes will be released automatically, without your consent or the consent of the trustee.

Under certain circumstances, collateral securing the notes will be released automatically, including a sale, transfer or other disposal of such collateral in a transaction not prohibited under the indenture. Additionally, so long as no default or event of default under the indenture would result therefrom, we may, among other things, without any release or consent by the trustee, conduct ordinary course activities with respect to collateral, such as selling, factoring, abandoning or otherwise disposing of collateral.

In the event of a bankruptcy, the ability of the holders of the notes to realize upon the collateral will be subject to certain bankruptcy law limitations.

Bankruptcy laws could prevent the collateral trustee from repossessing and disposing of, or otherwise exercising remedies in respect of, the collateral upon the occurrence of an event of default if a bankruptcy proceeding were to be commenced by or against Delta prior to the trustee having repossessed and disposed of, or otherwise having exercised remedies in respect of, the collateral. Under the U.S. Bankruptcy Code, a secured creditor such as a holder of the notes is generally prohibited from repossessing its security from a debtor in a bankruptcy case, or from disposing of security repossessed from such debtor, without bankruptcy court approval.

Moreover, the U.S. Bankruptcy Code permits the debtor to continue to retain and to use collateral even though the debtor is in default under the applicable debt instruments, provided that the secured creditor is given “adequate protection.” While it is intended in general to protect the value of the secured creditor’s interest in the collateral, the meaning of the term “adequate protection” may vary according to circumstances. The court may find “adequate protection” if the debtor pays current cash interest or grants substitute or additional security, if and at such times as the court in its discretion determines, for any diminution in the value of the collateral during the pendency of the bankruptcy case. In view of the lack of a precise definition of the term “adequate protection” and the broad discretionary powers of a bankruptcy court, it is impossible to predict how long payments with respect to the notes could be delayed following commencement of a bankruptcy case, whether or when the trustee could repossess or dispose of the collateral or whether or to what extent holders would be compensated for any delay in payment or loss of value of the collateral through the requirement of “adequate protection.”

Your rights under the notes and the security granted in respect of the notes will be subject to the laws of multiple jurisdictions, and you may not be able to enforce effectively your rights in multiple bankruptcy, insolvency and other similar proceedings. Moreover, such multi-jurisdictional proceedings are typically complex and costly for creditors and often result in substantial uncertainty and delay in the enforcement of creditors’ rights. Treaties may not exist in all cases for the recognition of the enforcement of a judgment or order of a foreign court. In addition, the bankruptcy, insolvency, foreign exchange, administration and other laws of the various jurisdictions may be materially different from or in conflict with one another and those of the United States, including in respect of creditors’ rights, priority of creditors, the ability to obtain post-petition interest and the duration of the insolvency proceeding. The consequences of the multiple jurisdictions involved in the transaction could trigger disputes over which jurisdiction’s law should apply which could adversely affect your ability to enforce your rights and to collect payment in full under the notes.

Furthermore, in the event the bankruptcy court determines that the value of the collateral is not sufficient to repay all amounts due on the notes, noteholders would have “undersecured claims.” U.S. federal bankruptcy laws do not require the debtor to pay or accrue interest, costs and attorneys’ fees for holders “undersecured

claims” during the bankruptcy proceeding. Finally, the trustee’s ability to foreclose on the collateral on behalf of the holders of the notes may be subject to lack of perfection, the consent of third parties, prior liens and practical problems associated with the realization of the collateral trustee’s lien on the collateral.

The sale of particular assets by us could reduce the pool of assets securing the notes.

Under the terms of the indenture governing the notes, we will have the ability to sell collateral or otherwise release collateral, subject to certain restrictions, if we are able to stay in compliance with a priority debt coverage ratio of 1.6 to 1.0. We are required to deliver an officers’ certificate to the trustee quarterly demonstrating the calculation of the priority debt coverage ratio as of the end of the fiscal quarter. If the officers’ certificate demonstrates the priority debt coverage ratio is less than 1.6 to 1.0, that will not constitute an event of default under the indenture.

We may be unable to repay or repurchase the notes at maturity.

At maturity, the entire outstanding principal amount of the notes, together with accrued and unpaid interest, will become due and payable. We may not have the funds to fulfill these obligations or the ability to refinance these obligations. If the maturity date occurs at a time when other arrangements prohibit us from repaying the notes, we could try to obtain waivers of such prohibitions from the lenders and holders under those arrangements, or we could attempt to refinance the borrowings that contain the restrictions. In these circumstances, if we cannot obtain such waivers or refinance these borrowings, we would be unable to repay the notes at maturity.

We may not be able to repurchase the notes upon a Change of Control Triggering Event.

The notes require us to offer to repurchase all or any part of each holder’s notes upon the occurrence of a Change of Control Triggering Event, as defined under “Description of notes—Offer to repurchase upon a change of control triggering event,” at a purchase price equal to 101% of the principal amount, plus accrued and unpaid interest thereon, to the date of purchase. We have previously issued other series of notes that similarly require us to offer to repurchase the holders’ notes upon the occurrence of a Change of Control Triggering Event. Moreover, in the future, we may issue further series of notes or enter into other debt arrangements that require us to repurchase or repay the principal amount of debt outstanding (plus a premium, if so provided in the instrument or agreement) upon the occurrence of a Change of Control Triggering Event or similar event. If such an event were to occur, we may not have sufficient financial resources available to satisfy all of those obligations. Consequently, we may not be able satisfy our obligations to repurchase your notes under the terms of the indenture.

Holders of notes may not be able to determine when a change of control giving rise to their right to have the notes repurchased by us has occurred following a sale of “substantially all” of our assets.

A Change of Control Triggering Event, as defined in the indenture governing the notes, will require us to make an offer to repurchase all outstanding notes. The definition of Change of Control includes a phrase relating to the sale, lease, transfer, conveyance or other disposition of “all or substantially all” of our assets. There is no precise established definition of the phrase “substantially all” under applicable law. Accordingly, the ability of a holder of notes to require us to repurchase its notes as a result of a sale, lease, transfer, conveyance or other disposition of less than all of our assets to another individual, group or entity may be uncertain.

Despite our current debt levels, we may still incur substantially more debt or take other actions which would intensify the risks discussed above.

Despite our current consolidated debt levels, we and our subsidiaries may be able to incur substantial additional debt in the future, subject to the restrictions contained in our debt instruments, some of which may

be secured debt. We will not be restricted under the terms of the indenture governing the notes from incurring additional debt, securing existing or future debt, recapitalizing our debt or taking a number of other actions that are not limited by the terms of the indenture governing the notes that could have the effect of diminishing our ability to make payments on the notes when due. The terms of the indenture governing the notes will not limit our ability to incur additional indebtedness in the future, and will allow us to incur indebtedness secured by the collateral securing the notes if certain conditions are met. The incurrence of significant additional indebtedness could further exacerbate the risks described above in the risk factor that is captioned “Servicing our debt requires a significant amount of cash, and we may not have sufficient cash flow from our business to pay our substantial debt.” If we incur any additional indebtedness that is secured equally and ratably with the notes, the holders of that debt will be entitled to share equally and ratably with you and the lenders under our New Credit Facility in any proceeds of sales of the collateral securing the notes and the New Credit Facility distributed in connection with any insolvency, liquidation, reorganization, dissolution or other winding up of us. If new debt is added to our or our subsidiaries’ current debt levels, the related risks that we now face could intensify. See “Description of certain other indebtedness.”

A substantial portion of our indebtedness bears interest at variable rates. If market interest rates increase, it could adversely affect our cash flow, compliance with our debt covenants or the amount of our cash interest payments.

As of March 31, 2020, we had total indebtedness of approximately \$6.8 billion consisting of borrowings that bear interest at variable rates, representing approximately 40% of our total indebtedness. If market interest rates increase, variable-rate indebtedness will create higher debt service requirements, which could adversely affect our cash flow and compliance with our debt covenants. While we may from time-to-time enter into agreements limiting our exposure to higher market interest rates, these agreements may not offer complete protection from this risk.

The terms governing the notes will impose certain restrictions on us, which may adversely affect our business and liquidity.

The indenture governing the notes will impose certain restrictions on us. These restrictions will limit our ability to among other things: (i) incur certain liens on the collateral, (ii) dispose of collateral and (iii) consolidate, merge or sell assets. The indenture will also require us to provide semi-annual appraisals and deliver an officer’s certificate quarterly demonstrating the calculation of the priority debt coverage ratio as of the end of the fiscal quarter. If the certificate shows that the priority debt coverage ratio is less than 1.6 to 1.0, that will not constitute an event of default. However, if we fail to deliver the officer’s certificate in a timely manner or the priority debt coverage value ratio is less than 1.6 to 1.0 as of the end of the fiscal quarter, then we will be required to pay special interest in an additional amount equal to 2.0% of the principal amount of the notes until such later date (if any) on which we demonstrate that the priority debt coverage ratio is at least 1.6 to 1.0. As a result of these restrictions, we may be limited in how we conduct our business, in our ability to compete effectively or in our ability to implement changes or take advantage of business opportunities—including by making strategic acquisitions, investments or alliances, restructuring our organization or financing capital needs—that would be in our interest. We may also be unable to raise additional indebtedness or equity financing to operate during general economic or business downturns.

The terms of any future indebtedness we may incur could include more restrictive covenants. We cannot assure you that we will be able to maintain compliance with these covenants in the future and, if we fail to do so, that we will be able to obtain waivers from the lenders and/or amend the covenants that place the above-referenced restrictions on us. If we are unable to generate sufficient cash flow and are otherwise unable to obtain funds necessary to make payments on the notes and our other indebtedness, or if we otherwise fail to comply with the various covenants governing our indebtedness, we could be in default under the terms of the agreements

governing such indebtedness. If there were an event of default under any of our debt instruments that was not cured or waived, the holders of the defaulted debt could terminate their commitments, if any, to lend additional money and cause all amounts outstanding with respect to the debt to be due and payable immediately, which in turn could result in cross-defaults under our other debt instruments including the notes. In addition, the holders of secured debt could institute enforcement proceedings against those assets that secure that secured debt. Our assets and cash flow may not be sufficient to fully repay borrowings under all of our outstanding debt instruments if some or all of these instruments are accelerated upon an event of default, and any of the actions described above could force us into bankruptcy or liquidation. In particular, if the notes offered hereby or the New Credit Facility were to be accelerated, our assets and cash flow may not be sufficient to repay such indebtedness in full.

We have not registered the notes, which will limit your ability to resell them.

The notes have not been registered under the Securities Act or any state securities laws. Unless the notes have been registered, the notes may not be transferred or resold except in a transaction exempt from or not subject to the registration requirements of the Securities Act and applicable state securities laws. We do not intend to file a registration statement for the resale of the notes. Therefore, you may be required to bear the risk of your investment for an indefinite period of time. See “Transfer restrictions.”

We cannot assure you that an active trading market will develop for the notes.

Prior to this offering, there has been no trading market for the notes, and we do not intend to apply to list the notes on any securities exchange or to arrange for quotation on any automated dealer quotation system. We have been informed by the initial purchasers that they intend to make a market in the notes after the offering is completed. However, the initial purchasers may cease their market-making at any time without notice. In addition, the liquidity of the trading market in the notes, and the market price quoted for the notes, may be adversely affected by changes in the overall market for this type of security and by changes in our financial performance or prospects or in the prospects for companies in our industry generally. As a result, we cannot assure you that an active trading market will develop for the notes. If an active trading market does not develop or is not maintained, the market price and liquidity of the notes may be adversely affected. In that case you may not be able to sell your notes at a particular time or you may not be able to sell your notes at a favorable price.

We also cannot assure you that you will be able to sell your notes at a particular time or at all, or that the prices that you receive when you sell them will be favorable. You may not be able to resell your notes at their fair market value. The liquidity of, and trading market for, the notes may also be adversely affected by, among other things: (i) prevailing interest rates; (ii) our operating performance and financial condition; (iii) the interest of securities dealers in making a market; and (iv) the market for similar securities.

Historically, the market for non-investment grade debt has been subject to disruptions that have caused volatility in prices of securities similar to the notes. It is possible that the market for the notes will be subject to disruptions. Any disruptions may have a negative effect on noteholders, regardless of our prospects and financial performance.

Any adverse rating of the notes may cause their trading price to fall.

We do not intend to seek a rating on the notes. However, if a rating service were to rate the notes and if such rating service were to lower its rating on the notes below the rating initially assigned to the notes or otherwise announces its intention to put the notes on credit watch, the trading price of the notes could decline.

Because the notes will initially be issued in book-entry form, holders must rely on DTC's procedures to receive communications relating to the notes and exercise their rights and remedies.

We will initially issue the notes in the form of one or more global notes registered in the name of Cede & Co., as nominee of DTC. Beneficial interests in global notes will be shown on, and transfers of global notes will be effected only through, the records maintained by DTC. Except in limited circumstances, we will not issue certificated notes. See "Description of notes—Book-entry, delivery and form," and "Description of notes—Depository procedures—Exchange of global notes for certificated notes." Accordingly, if you own a beneficial interest in a global note, then you will not be considered an owner or holder of the notes. Instead, DTC or its nominee will be the sole holder of global notes. Unlike persons who have certificated notes registered in their names, owners of beneficial interests in global notes will not have the direct right to act on our solicitations for consents or requests for waivers or other actions from holders. Instead, those beneficial owners will be permitted to act only to the extent that they have received appropriate proxies to do so from DTC or, if applicable, a DTC participant. The applicable procedures for the granting of these proxies may not be sufficient to enable owners of beneficial interests in global notes to vote on any requested actions on a timely basis. In addition, notices and other communications relating to the notes will be sent to DTC. We expect DTC to forward any such communications to DTC participants, which in turn would forward such communications to indirect DTC participants. But we can make no assurances that you will timely receive any such communications.

Use of proceeds

We estimate that the proceeds from this offering will be approximately \$3.46 billion, after deducting the initial purchasers' discounts but before estimated offering expenses payable by us. We intend to use the net proceeds from this offering, together with borrowings under the New Credit Facility, for general corporate purposes and to support our liquidity position. The closing of this offering is not contingent on the closing of the New Credit Facility. See "Summary—Recent developments" for further discussion of our current liquidity position and the related risks described in the "Risk factors" section of this offering memorandum with respect to our current liquidity position.

Capitalization

The following table sets forth our consolidated capitalization on an actual basis as of March 31, 2020 and on an as adjusted for the Financing Transactions (before the underwriting discounts and our estimated offering expenses). The following table does not include other indebtedness incurred after March 31, 2020, including (i) thirty percent of the \$2.7 billion received on April 20, 2020 in the form of an unsecured term loan from the U.S. government under the payroll support program of the CARES Act, (ii) a \$250 million increase in our secured term loan facility on April 1, 2020, (iii) the issuance of \$135 million of Delta Air Lines Pass Through Certificates, Series 2020-1B in a private placement on April 9, 2020 and (iv) the issuance of \$108 million of Delta Air Lines Pass Through Certificates, Series 2019-1B in a private placement on April 22, 2020. The following table also does not reflect the effects of any additional liquidity we may seek in the private markets or through additional financings we undertake in connection with the CARES Act. See “Summary – Recent developments” for further discussion of our current liquidity position and the related risks described in the “Risk factors” section of this offering memorandum with respect to our current liquidity position. You should read this table in conjunction with our consolidated financial statements and the accompanying notes that are incorporated by reference in this offering memorandum.

(in millions)	As of March 31, 2020	
	Actual	As adjusted
Debt (including current maturities of long-term debt):		
Financing arrangements secured by aircraft:		
Certificates(1)	\$ 2,611	\$ 2,611
Notes(1)	1,243	1,243
Term Loan Facility	2,700	2,700
3.625% Notes due 2022	1,000	1,000
2.900% Notes due 2024	900	900
3.750% Notes due 2029	600	600
3.400% Notes due 2021	600	600
3.800% Notes due 2023	500	500
4.375% Notes due 2028	500	500
2.600% Notes due 2020	450	450
7.000% Senior Secured Notes due 2025 offered hereby	–	3,500
New Credit Facility	–	1,500
2018 Unsecured Revolving Credit Facility	2,650	2,650
NYTDC Special Facilities Revenue Bonds, Series 2018(1)	1,383	1,383
Other revolving credit facilities(2)	292	292
Other financings(1)(3)	256	256
Unamortized premium and debt issue cost, net	155	155
Finance Leases(1)(4)	1,159	1,159
Total debt	<u>\$16,999</u>	<u>\$21,999</u>

(in millions)	As of March 31, 2020	
	Actual	As Adjusted
Stockholders' equity:		
Common stock at \$0.0001 par value; 1,500,000,000 shares authorized, 647,386,115 shares issued at March 31, 2020	—	—
Additional paid-in capital	11,054	11,054
Retained earnings	11,423	11,423
Accumulated other comprehensive loss	(7,898)	(7,898)
Treasury stock, at cost	(270)	(270)
Total stockholders' equity	<u>\$14,309</u>	<u>\$14,309</u>
Total capitalization	<u>\$31,308</u>	<u>\$36,308</u>

- (1) Due in installments.
- (2) As of March 31, 2020, we had the ability to draw an additional \$21 million under revolving credit facilities.
- (3) Primarily includes unsecured bonds and debt secured by certain accounts receivable and real estate.
- (4) Excludes operating lease obligations of \$6.0 billion.

Description of notes

You can find the definitions of certain terms used in this description under the subheading “–Certain definitions.” In this description, the word “Delta” refers only to Delta Air Lines, Inc., and not to any of its Subsidiaries.

Delta will issue the notes under an indenture among itself, U.S. Bank National Association, as trustee and collateral trustee, in a private transaction that is not subject to the registration requirements of the Securities Act. Holders of notes will not be entitled to any registration rights. See “Transfer restrictions.” The Security Documents referred to below under the caption “–Security” define the terms of the agreements that will secure the notes.

The following description is a summary of the material provisions of the indenture and the Security Documents. It does not restate those agreements in their entirety. We urge you to read the indenture and the Security Documents because they, and not this description, define your rights as holders of the notes. Copies of the indenture and the Security Documents are available as set forth below under “–Additional information.” Certain defined terms used in this description but not defined below under “–Certain definitions” have the meanings assigned to them in the indenture and the Security Documents.

The registered holder of a note will be treated as the owner of it for all purposes. Only registered holders will have rights under the indenture.

Brief description of the notes:

The notes:

- will be general obligations of Delta;
- will be secured, equally and ratably with all other Priority Lien Obligations of Delta, by a senior Lien on those assets of Delta that constitute Collateral, subject to Permitted Liens;
- will be effectively junior to all other Indebtedness of Delta that is secured by Liens on other assets of Delta that do not constitute Collateral, to the extent of the value of those other assets;
- will be effectively senior to any future Junior Lien Obligations, if any, of Delta;
- will be pari passu in right of payment to all existing and future senior Indebtedness of Delta and effectively senior to any future senior unsecured Indebtedness of Delta to the extent of the value of the Collateral; and
- will be senior in right of payment to any future senior subordinated and subordinated Indebtedness of Delta.

Principal, maturity and interest

Delta will issue \$3,500,000,000 aggregate principal amount of notes in this offering. Delta may issue additional notes under the indenture from time to time after this offering. Any issuance of additional notes is subject to all of the covenants in the indenture, including the covenant described below under the caption “–Certain covenants–Limitation on liens.” The notes and any additional notes subsequently issued under the indenture will be treated as a single class for all purposes under the indenture, including, without limitation, waivers, amendments, redemptions and offers to purchase; *provided* that any additional notes that are not fungible with the notes for U.S. federal income tax purposes must be issued under a separate CUSIP number. Delta will issue notes in denominations of \$2,000 and integral multiples of \$1,000 in excess of \$2,000. The notes will mature on May 1, 2025.

Interest on the notes will accrue at the rate of 7.000% per annum and will be payable semi-annually in arrears on May 1 and November 1, commencing on November 1, 2020. Delta will make each interest payment to the holders of record on the immediately preceding April 15 and October 15.

Interest on the notes will accrue from the date of original issuance or, if interest has already been paid, from the date interest was most recently paid. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months.

Security

The notes, all obligations of Delta under the Credit Agreement and all other Priority Lien Obligations will be secured, equally and ratably, by a senior Lien on the assets of Delta that constitute Collateral, subject to Permitted Liens. The Collateral may also be encumbered by Junior Liens securing future Junior Lien Obligations. The Liens on the Collateral securing the Priority Lien Obligations will be senior to the Liens on the Collateral securing any future Junior Lien Obligations. All liens securing Priority Lien Obligations and Junior Lien Obligations will be held by the collateral trustee and administered pursuant to the collateral trust agreement described below. The Collateral is expected to consist of:

- Delta's route authorities that they now hold, or hereafter acquire, to operate scheduled foreign air transportation of persons, property and mail, including applicable designations, frequencies, exemptions, certificates, Fifth-Freedom Rights and "behind and beyond rights," in each case whether or not utilized by Delta or its subsidiaries, as set forth from time to time on the schedules to the Security Agreement under the heading "European Routes" and "London Routes" (the "Europe Routes");
- all rights and operational authority now held or hereinafter acquired to conduct any landing or takeoff operations at airports that serve as an origin or destination point for non-stop flights Delta or its subsidiaries operate from time to time utilizing, or necessary to operate, the Europe Routes, as specified in the Security Agreement (the "Europe Slots"), in each case, whether or not utilized by Delta or its subsidiaries;
- subject to the limitations and exclusions set forth in the Security Agreement, all Gate Leaseholds now held or hereinafter acquired at airports regularly used from time to time, or necessary, to conduct non-stop service utilizing the Europe Routes (the "Europe Gates");
- Delta's route authorities that they now hold, or hereafter acquire to operate scheduled foreign air transportation of persons, property and mail, including applicable designations, frequencies, exemptions, certificates, Fifth-Freedom Rights and "behind and beyond rights," in each case whether or not utilized by Delta or its subsidiaries, as set forth from time to time on the schedules to the Security Agreement under the heading "Latin Routes" (the "Latin American Routes");
- all rights and operational authority now held or hereinafter acquired to conduct any landing or takeoff operations at airports that serve as an origin or destination point for non-stop flights Delta or its subsidiaries operate from time to time utilizing, or necessary to operate, the Latin American Routes, as specified in the Security Agreement (the "Latin American Slots");
- subject to the limitations and exclusions set forth in the Security Agreement, all Gate Leaseholds now held or hereinafter acquired at airports regularly used from time to time, or necessary, to conduct non-stop service utilizing the Latin American Routes (the "Latin American Gates");
- whether or not included above, Delta's rights and operational authority now held or hereinafter acquired to conduct one landing or takeoff operation at a specific hour or other period at each of Heathrow Airport, John F. Kennedy International Airport, New York LaGuardia Airport and Ronald Reagan Washington National

Airport, as set forth from time to time on the schedules to the Security Agreement under the heading “Primary FAA Slots” (the “Specified Slots”), in each case, whether or not utilized by Delta or its subsidiaries;

- any other assets of Delta that are pledged to the collateral trustee to secure any other Priority Lien Obligations; and
- all proceeds of the foregoing (including, without limitation, proceeds from dispositions of the foregoing deposited into a cash collateral account held by the collateral trustee).

Notwithstanding the foregoing, the Collateral will not consist of any of the following from time to time (collectively, “Excluded Property”):

- any rights or property acquired under or in connection with a lease, sublease, use agreement, contract, healthcare insurance receivable, property rights agreement or license, so long as the grant of a security interest in such rights or property shall (i) constitute or result in the abandonment, invalidation or unenforceability of any right, title or interest of any pledgor therein or (ii) require the consent of a third party, be prohibited by, or constitute or result in a breach or termination pursuant to the terms of, or a default under, any lease, sublease, use agreement, contract, healthcare insurance receivable, property rights agreement or license (other than to the extent that any restriction on such assignment would be rendered ineffective pursuant to Sections 9-406, 9-407, 9-408 or 9-409 of the UCC (or any successor provision or provisions) of any relevant jurisdiction or any other applicable law or principles of equity, *provided* that the proceeds therefrom shall not be excluded from the definition of Collateral to the extent that the assignment of such proceeds is not prohibited;
- any assets or property acquired in connection with acquisitions permitted by the Priority Lien Documents that are subject to Liens at the time of such acquisition.

Your security interests in some or all of the Collateral will be subject to regulatory consents, transfer restrictions and other limitations and as a result may be limited in extent or value. See “Risk factors—Risk factors related to the notes—The value of the collateral may be impaired or may not be realized if governmental or airport authorities add, change or eliminate existing route authorities, takeoff and landing slots or gate leaseholds.”

Priority lien debt

The notes offered hereby and all Indebtedness under the Credit Agreement (together with any future Hedging Obligations that are secured, or intended to be secured, under the Priority Lien Documents) will be considered to be Priority Lien Debt (or, in the case of such Hedging Obligations, Priority Lien Obligations) for purposes of the collateral trust agreement referred to below. The indenture and the Security Documents will provide that Delta may incur additional Priority Lien Debt in the future, subject to compliance with the provisions of the indenture and Security Documents, including the covenant described below under “—Limitation on liens.” All additional Priority Lien Obligations will be secured, equally and ratably with the notes, by Priority Liens held by the collateral trustee for the benefit of all current and future holders of Priority Lien Obligations.

Future junior lien debt

The indenture and the Security Documents will provide that Delta may incur Junior Lien Debt in the future by issuing notes under one or more new indentures, incurring additional Indebtedness under Credit Facilities (other than the Credit Agreement), or otherwise issuing or increasing a new Series of Secured Debt secured by Junior Liens on the Collateral. The collateral trustee under the collateral trust agreement will hold all Junior Liens in trust for the benefit of the holders of any future Junior Lien Debt and all other Junior Lien Obligations. The Liens on Collateral securing any future Junior Lien Obligations will be made junior to the Liens on Collateral

held by the collateral trustee securing the Priority Lien Obligations on the terms set forth in the collateral trust agreement.

Collateral trust agreement

On the date of the indenture, we will enter into a collateral trust agreement with each Priority Lien Representative and the collateral trustee. The collateral trust agreement will set forth the terms on which the collateral trustee will receive, hold, administer, maintain, enforce and distribute the proceeds of all Liens upon the Collateral at any time held by it, in trust for the benefit of the current and future holders of Priority Lien Obligations and Junior Lien Obligations.

Collateral trustee

U.S. Bank National Association has been appointed pursuant to the collateral trust agreement to serve as the collateral trustee for the benefit of the holders of:

- the notes;
- all indebtedness under the Credit Agreement;
- all other Priority Lien Obligations outstanding from time to time; and
- all Junior Lien Obligations outstanding from time to time.

The collateral trustee will hold (directly or through co-trustees or agents), and will be entitled to enforce, all Liens on the Collateral created by the Security Documents. Neither Delta nor its affiliates may serve as collateral trustee, and no Secured Debt Representative may serve as collateral trustee.

Except as provided in the collateral trust agreement or as directed by an Act of Required Debtholders in accordance with the collateral trust agreement, the collateral trustee will not be obligated:

- (1) to act upon directions purported to be delivered to it by any Person;
- (2) to foreclose upon or otherwise enforce any Lien; or
- (3) to take any other action whatsoever with regard to any or all of the Security Documents, the Liens created thereby or the Collateral.

Delta will deliver to each Secured Debt Representative copies of all Security Documents delivered to the collateral trustee.

Equal and ratable sharing of collateral by holders of priority lien obligations

The collateral trustee and each Priority Lien Representative (on behalf of each holder of Priority Lien Obligations) will agree that, notwithstanding:

- (1) anything to the contrary contained in the Security Documents;
- (2) the time of incurrence of any Priority Lien Obligations;
- (3) the order or method of attachment or perfection of any Liens securing any Priority Lien Obligations;
- (4) the time or order of filing of financing statements or other documents filed or recorded to perfect any Lien upon any Collateral;

- (5) the time of taking possession or control over any Collateral;
- (6) that any Priority Lien may not have been perfected or may be or have become subordinated, by equitable subordination or otherwise, to any other Lien; or
- (7) the rules for determining priority under any law governing relative priorities of Liens,

all Priority Liens granted at any time by Delta will secure, equally and ratably, all current and future Priority Lien Obligations, and all proceeds of all Priority Liens granted at any time by Delta will be allocated and distributed equally and ratably on account of the Priority Lien Debt and all other Priority Lien Obligations in accordance with the collateral trust agreement.

The foregoing provisions are intended for the benefit of, and will be enforceable as a third party beneficiary by, each current and future holder of Priority Lien Obligations, each current and future Priority Lien Representative, and the collateral trustee as holder of Priority Liens. The Priority Lien Representative of each future Series of Priority Lien Debt will be required to deliver a Lien Sharing and Priority Confirmation to the collateral trustee and each Priority Lien Representative. Existing and future Hedging Obligations and Banking Product Obligations that are permitted to constitute Priority Lien Obligations will be secured pursuant to the Credit Agreement.

Order of application

The collateral trust agreement will provide that if any Collateral is sold or otherwise realized upon by the collateral trustee in connection with any foreclosure, collection, sale or other enforcement of Liens granted to the collateral trustee pursuant to the Security Documents, the proceeds received by the collateral trustee from such foreclosure, collection, sale or other enforcement will, subject to any mandatory provision of law applicable to such Collateral or Security Document, be distributed by the collateral trustee in the following order of application:

FIRST, to the payment of all amounts due and payable under the collateral trust agreement on account of the collateral trustee's fees and expenses and any reasonable legal fees, costs and expenses or other liabilities of any kind incurred by the collateral trustee or any co-trustee or agent of the collateral trustee in connection with any Security Document (including, but not limited, to indemnification payments and reimbursements);

SECOND, to the repayment of Indebtedness and other Obligations, other than Secured Debt Obligations, secured by a Permitted Lien on the Collateral sold or realized upon to the extent that such other Indebtedness or Obligation is required to be discharged in connection with such sale;

THIRD, equally and ratably, to the respective Priority Lien Representatives for application to the payment of all outstanding Priority Lien Debt and any other Priority Lien Obligations that are then due and payable in such order as may be provided in the applicable Priority Lien Documents in an amount sufficient to pay in full in cash all outstanding Priority Lien Debt and all other Priority Lien Obligations that are then due and payable (including all interest accrued thereon after the commencement of any insolvency or liquidation proceeding at the rate, including any applicable post-default rate, specified in the applicable Priority Lien Documents, even if such interest is not enforceable, allowable or allowed as a claim in such proceeding, and including the discharge or cash collateralization (at the lower of (1) 105% of the aggregate undrawn amount and (2) the percentage of the aggregate undrawn amount required for release of Liens under the terms of the applicable Priority Lien Document) of all outstanding letters of credit constituting Priority Lien Debt);

FOURTH, equally and ratably, to the respective Junior Lien Representatives for application to the payment of all outstanding Junior Lien Debt and any other Junior Lien Obligations that are then due and payable in such order as may be provided in the applicable Junior Lien Documents in an amount sufficient to pay in full in cash all

outstanding Junior Lien Debt and all other Junior Lien Obligations that are then due and payable (including all interest accrued thereon after the commencement of any insolvency or liquidation proceeding at the rate, including any applicable post-default rate, specified in the applicable Junior Lien Documents, even if such interest is not enforceable, allowable or allowed as a claim in such proceeding, and including the discharge or cash collateralization (at the lower of (1) 105% of the aggregate undrawn amount and (2) the percentage of the aggregate undrawn amount required for release of Liens under the terms of the applicable Junior Lien Document) of all outstanding letters of credit, if any, constituting Junior Lien Debt); and

FIFTH, any surplus remaining after the payment in full in cash of the amounts described in the preceding clauses will be paid to Delta, its successors or assigns, as the case may be, or as a court of competent jurisdiction may direct.

If any Junior Lien Representative or any holder of a Junior Lien Obligation collects or receives any proceeds of such foreclosure, collection or other enforcement that should have been applied to the payment of the Priority Lien Obligations in accordance with the paragraph above, whether prior to or after the commencement of an insolvency or liquidation proceeding or otherwise, such Junior Lien Representative or such holder of a Junior Lien Obligation, as the case may be, will forthwith deliver the same to the collateral trustee, for the account of the holders of the Priority Lien Obligations, to be applied in accordance with the provisions set forth above under this caption “–Collateral trust agreement–Order of application.” Until so delivered, such proceeds will be held in trust by that Junior Lien Representative or that holder of a Junior Lien Obligation, as the case may be, for the benefit of the holders of the Priority Lien Obligations.

The provisions set forth above under this caption “–Collateral trust agreement–Order of application” are intended for the benefit of, and will be enforceable as a third party beneficiary by, each present and future holder of Secured Debt Obligations, each present and future Secured Debt Representative and the collateral trustee as holder of Secured Debt Liens.

The Secured Debt Representative of each future Series of Secured Debt will be required to deliver a Lien Sharing and Priority Confirmation pursuant to the terms of the collateral trust agreement to the collateral trustee and each other Secured Debt Representative at the time of incurrence of such Series of Secured Debt.

Release of liens on collateral

The collateral trust agreement will provide that the collateral trustee’s Liens on the Collateral will be automatically released:

- (1) in whole, upon (a) payment in full and discharge of all outstanding Secured Debt and all other Secured Debt Obligations that are due and payable at the time all of the Secured Debt is paid in full and discharged and (b) termination or expiration of all commitments to extend credit under all Secured Debt Documents and the cancellation or termination or cash collateralization (at the lower of (1) 105% of the aggregate undrawn amount and (2) the percentage of the aggregate undrawn amount required for release of Liens under the terms of the applicable Secured Debt Documents) of all outstanding letters of credit issued pursuant to any Secured Debt Documents;
- (2) as to any Collateral that is sold, transferred or otherwise disposed of by Delta to a Person that is not (either before or after such sale, transfer or disposition) Delta or a Subsidiary of Delta who will pledge such Collateral to the collateral trustee in either (a) a foreclosure sale or other similar transaction approved by an Act of Required Debtholders or (b) a transaction or other circumstance that is permitted by all of the then extant Secured Debt Documents, at the time of such sale, transfer or other disposition or to the extent of the interest sold, transferred or otherwise disposed of (and in the case of the preceding clause (b), the collateral trustee’s liens upon the proceeds received in such transaction or circumstance shall be

applied to reinvestment in additional Collateral or capital expenditures or to redeem and/or prepay the Priority Lien Obligations as further described under the caption “—Certain covenants—Disposition of collateral”);

- (3) as to a release of less than all or substantially all of the Collateral, (a) with respect to any Series of Secured Debt if such release is permitted under Secured Debt Documents governing such Series of Secured Debt (including in connection with the repayment in full of such Series of Secured Debt) or (b) if consent to the release of all Priority Liens (or, at any time after the Discharge of Priority Lien Obligations, the Junior Liens) on such Collateral has been given by an Act of Required Debtholders;
- (4) as to a release of all or substantially all of the Collateral, if (a) consent to the release of that Collateral has been given by the requisite percentage or number of holders of each Series of Secured Debt at the time outstanding as provided for in the applicable Secured Debt Documents, and (b) Delta have delivered an officer’s certificate to the collateral trustee certifying that all such necessary consents have been obtained;
- (5) in whole, with respect to any Series of Secured Debt in accordance with the terms of the applicable Secured Debt Documents;
- (6) as to any Additional Specified Collateral, upon the request of Delta if (i) Delta delivers to the collateral trustee an officer’s certificate demonstrating that after giving pro forma effect to such release, the pro forma Priority Debt Coverage Ratio with respect to the date of such release would have been at least 1.6 to 1.0, and (ii) such release is not otherwise prohibited by any Secured Debt Document; and
- (7) if any part of the Collateral is or becomes Excluded Property.

provided, however, that, in the case of any release in whole pursuant to clauses (1) and (2), all amounts owing to the trustee under the indenture with respect to the notes shall have been paid or duly provided for.

The Security Documents provide that the Secured Debt Liens securing the Secured Debt will extend to the proceeds of any sale of Collateral. As a result, the collateral trustee’s Secured Debt Liens will apply to the proceeds of any such Collateral received in connection with any sale or other disposition of assets described in the preceding paragraph, except to the extent applied to prepay Priority Lien Obligations as set forth in clause (2) above.

When releasing collateral, we will not be required to comply with Section 314(d) of the Trust Indenture Act of 1939, as amended (the “Trust Indenture Act”).

Amendment of security documents

The collateral trust agreement will provide that no amendment or supplement to the provisions of any Security Document will be effective without the approval of the collateral trustee acting as directed by an Act of Required Debtholders, except that:

- (1) without an Act of Required Debtholders or the consent of any Secured Party, Delta may amend or supplement the Security Documents:
 - (a) to add, maintain or, to the extent expressly permitted by the Secured Debt Documents, replace Collateral, to correct, supplement or amplify the description of Collateral, to secure additional Secured Debt that was otherwise permitted by the terms of the Secured Debt Documents to be secured by the Collateral or to preserve, perfect or establish the priority of the Secured Debt Liens therein;

- (b) to cure any ambiguity, omission, mistake, defect or inconsistency;
 - (c) to release or replace Liens in favor of the collateral trustee as provided under the caption “–Collateral trust agreement–Release of liens on collateral” or otherwise in accordance with the terms of the Security Documents;
 - (d) to provide for the assumption of Delta’s obligations under any Secured Debt Document in the case of a merger or consolidation or sale of all or substantially all of the assets of Delta to the extent permitted by the terms of the indenture, the Credit Agreement and the other Secured Debt Documents, as applicable;
 - (e) to make any change that would provide any additional rights or benefits to the Secured Parties or the collateral trustee or to surrender any right or power conferred upon Delta under any Secured Debt Documents; To make any other change not inconsistent with the indenture, the Credit Agreement or any other Secured Debt Document, provided that such action does not adversely affect the interest of any Secured Party or the collateral trustee, and each such amendment or supplement will become effective when executed and delivered by Delta and the collateral trustee; and
 - (g) in order to cause such Security Document to be consistent with this Description of Notes.
- (2) no amendment or supplement to any Security Document that reduces, impairs or adversely affects the right of any holder of Secured Debt Obligations:
- (a) to vote its outstanding Secured Debt as to any matter described as subject to an Act of Required Debtholders (or amends the provisions of this clause (2) or the definition of “Act of Required Debtholders”),
 - (b) to share in the order of application described above under “–Collateral trust agreement–Order of application” in the proceeds of enforcement of or realization on any Collateral that has not been released in accordance with the provisions of the collateral trust agreement, or
 - (c) to require that Liens securing Secured Debt Obligations be released only as set forth in the provisions described above under the caption “–Collateral trust agreement–Release of liens on collateral”
- will become effective without the execution and delivery by Delta and the collateral trustee acting with the consent of the requisite percentage or number of holders of each Series of Secured Debt so affected under the applicable Secured Debt Document; and
- (3) no amendment or supplement that imposes any obligation upon the collateral trustee or any Secured Debt Representative or adversely affects the rights of the collateral trustee or any Secured Debt Representative, respectively, in its capacity as such will become effective without the consent of Delta and the collateral trustee or such Secured Debt Representative, respectively.

The collateral trust agreement will provide that, notwithstanding anything to the contrary under the caption “–Collateral trust agreement–Amendment of security documents,” but subject to clauses (1) through (3) above, any amendment or waiver of, or any consent under, any provision of the collateral trust agreement or any other Security Document that secures Priority Lien Obligations will apply automatically to any comparable provision of any comparable Junior Lien Document without the consent of or notice to any holder of Junior Lien Obligations or agent thereof and without any action by Delta or any holder of Junior Lien Obligations or agent thereof.

Any amendment or supplement to the provisions of the Security Documents that releases Collateral will be effective only in accordance with the requirements set forth in the applicable Secured Debt Document referenced above under the caption “–Collateral trust agreement–Release of liens on collateral.”

Voting

In connection with any matter under the collateral trust agreement requiring a vote of holders of Secured Debt, each Series of Secured Debt will cast its votes in accordance with the Secured Debt Documents governing such Series of Secured Debt. Hedging Obligations will not be considered for purposes of voting by holders of Priority Lien Debt under the collateral trust agreement unless there are no Series of Priority Lien Debt outstanding, and Hedging Obligations will not be considered for purposes of voting by holders of Junior Lien Debt under the collateral trust agreement unless there are no Series of Junior Lien Debt outstanding. The amount of Secured Debt to be voted by a Series of Secured Debt will equal (1) the aggregate principal amount of Secured Debt held by such Series of Secured Debt (including the face amount of outstanding letters of credit whether or not then available or drawn), *plus* (2) the aggregate unfunded commitments to extend credit which, when funded, would constitute Indebtedness of such Series of Secured Debt. Following and in accordance with the outcome of the applicable vote under its Secured Debt Documents, the Secured Debt Representative of each Series of Secured Debt will cast all of its votes under that Series of Secured Debt as a block in respect of any vote under the collateral trust agreement.

Enforcement of liens

If the collateral trustee at any time receives written notice that any event has occurred that constitutes a default or an event of default under any Secured Debt Document entitling the collateral trustee to foreclose upon, collect or otherwise enforce any of its Liens under the Security Documents, it will promptly deliver written notice thereof to each Secured Debt Representative. Thereafter, the collateral trustee may await direction by an Act of Required Debtholders and will act, or decline to act, as directed by an Act of Required Debtholders, in the exercise and enforcement of the collateral trustee's interests, rights, powers and remedies in respect of the Collateral or under the Security Documents or applicable law and, following the initiation of such exercise of remedies, the collateral trustee will act, or decline to act, with respect to the manner of such exercise of remedies as directed by an Act of Required Debtholders. Unless it has been directed to the contrary by an Act of Required Debtholders, the collateral trustee in any event may (but will not be obligated to) take or refrain from taking such action with respect to any default under any Secured Debt Document as it may deem advisable and in the best interest of the holders of Secured Debt Obligations.

Restrictions on enforcement of junior liens

Until the Discharge of Priority Lien Obligations, whether or not any insolvency or liquidation proceeding has been commenced by or against Delta, the holders of Priority Lien Obligations will have, subject to the exceptions set forth below in clauses (1) through (3), the exclusive right to authorize and direct the collateral trustee with respect to the Security Documents and the Collateral including, without limitation, the exclusive right to authorize or direct the collateral trustee to enforce, collect or realize on any Collateral or exercise any other right or remedy with respect to the Collateral (including, without limitation, the exercise of any right of setoff or any right under any lockbox agreement, account control agreement, landlord waiver or bailee's letter or similar agreement or arrangement) and neither the Junior Lien Representatives nor any holder of Junior Lien Obligations may authorize or direct the collateral trustee with respect to such matters. Notwithstanding the foregoing, the Junior Lien Representatives and the holders of Junior Lien Obligations may direct the collateral trustee:

- (1) without any condition or restriction whatsoever, at any time after the Discharge of Priority Lien Obligations;
- (2) as necessary to perfect or establish the priority (subject to Priority Liens and other Permitted Liens) of the Junior Liens upon any Collateral; *provided* that, unless otherwise agreed to by the collateral trustee in the Security Documents, the Junior Lien Representatives and the holders of Junior Lien Obligations may not

require the collateral trustee to take any action to perfect any Collateral through possession or control except that the collateral trustee may act as agent and as bailee for the benefit of the Junior Lien holders as specified in the collateral trust agreement; or

- (3) as necessary to create, prove, preserve or protect (but not enforce) the Junior Liens upon any Collateral.

Until the Discharge of Priority Lien Obligations, whether or not any insolvency or liquidation proceeding has been commenced by or against Delta, none of the Junior Lien Representatives nor the holders of Junior Lien Obligations will:

- (1) request judicial relief, in an insolvency or liquidation proceeding or in any other court, or take any other action that in any such case would hinder, delay, limit or prohibit the lawful exercise or enforcement of any right or remedy otherwise available to the holders of Priority Lien Obligations in respect of the Priority Liens or that would limit, invalidate, avoid or set aside any Priority Lien or subordinate the Priority Liens to the Junior Liens or grant the Junior Liens equal ranking to the Priority Liens;
- (2) oppose or otherwise contest any motion for relief from the automatic stay or from any injunction against foreclosure or enforcement of Priority Liens made by any holder of Priority Lien Obligations or any Priority Lien Representative in any insolvency or liquidation proceedings;
- (3) oppose or otherwise contest any lawful exercise by any holder of Priority Lien Obligations or any Priority Lien Representative of the right to credit bid Priority Lien Debt at any sale of Collateral in foreclosure of Priority Liens;
- (4) oppose or otherwise contest any other request for judicial relief made in any court by any holder of Priority Lien Obligations or any Priority Lien Representative relating to the lawful enforcement of any Priority Lien;
- (5) contest, protest or object to any foreclosure proceeding or action brought by the collateral trustee, any Priority Lien Representative or any holder of Priority Lien Obligations or any other exercise by the collateral trustee, any Priority Lien Representative or any holder of Priority Lien Obligations of any rights and remedies relating to the Collateral under the Priority Lien Documents or otherwise, or object to the time or manner in which the collateral trustee, any Priority Lien Representative or any holder of Priority Lien Obligations seeks to enforce the Priority Lien Obligations or the Priority Liens; or
- (6) challenge the validity, enforceability, perfection or priority of the Priority Liens.

Notwithstanding the foregoing or anything else herein, both prior to and after the commencement of an insolvency or liquidation proceeding, the Junior Lien Representatives and the holders of Junior Lien Obligations may take any actions and exercise any and all rights that would be available to a holder of unsecured claims, including, without limitation, the commencement of an insolvency or liquidation proceeding against Delta in accordance with applicable law; *provided* that, each holder of Junior Lien Obligations and each Junior Lien Representative will agree not to take any of the actions prohibited under clauses (1) through (6) of the preceding paragraph or oppose or contest any order that it has agreed not to oppose or contest under the provisions described below under the caption “–Collateral trust agreement–Insolvency or liquidation proceedings;” *provided, further*, that any judgment lien obtained by any holder of Junior Lien Obligations as a result of any such action shall be subject to the subordination provisions of the collateral trust agreement to the same extent as the Junior Liens.

At any time prior to the Discharge of Priority Lien Obligations and after (a) the commencement of any insolvency or liquidation proceeding in respect of Delta or (b) the collateral trustee and each Junior Lien Representative have received written notice from any Priority Lien Representative stating that (i) any Series of

Priority Lien Debt has become due and payable in full (whether at maturity, upon acceleration or otherwise) or (ii) the holders of Priority Liens securing one or more Series of Priority Lien Debt have become entitled under any Priority Lien Documents to and desire to enforce any or all of the Priority Liens by reason of a default or an event of default under such Priority Lien Documents, no payment of money (or the equivalent of money) will be made from the proceeds of Collateral by Delta to any Junior Lien Representative or any other holder of Junior Lien Obligations (including, without limitation, payments and prepayments made for application to Junior Lien Obligations and all other payments and deposits made pursuant to any provision of any Junior Lien Document in respect of Junior Lien Debt).

All proceeds of Collateral received by the collateral trustee, any Junior Lien Representative or any holder of Junior Lien Obligations in violation of the immediately preceding paragraph will be held in trust by the applicable Junior Lien Representative or the applicable holder of Junior Lien Obligations for the account of the holders of Priority Liens and remitted to the collateral trustee for distribution pursuant to the terms of the collateral trust agreement. The Junior Liens will remain attached to and, subject to the provisions described under the caption “–Collateral trust agreement–Ranking of junior liens,” enforceable against all proceeds so held or remitted.

Waiver of right of marshalling

The collateral trust agreement will provide that, prior to the Discharge of Priority Lien Obligations, the holders of Junior Lien Obligations and each Junior Lien Representative may not assert or enforce any right of marshalling accorded to a junior lienholder, as against the holders of Priority Lien Obligations (in their capacity as priority lienholders). Following the Discharge of Priority Lien Obligations, the holders of Junior Lien Obligations and any Junior Lien Representative may assert their right under the Uniform Commercial Code or otherwise to any proceeds remaining following a sale or other disposition of Collateral by, or on behalf of, the holders of Priority Lien Obligations.

Insolvency or liquidation proceedings

If in any insolvency or liquidation proceeding and prior to the Discharge of Priority Lien Obligations, the holders of Priority Lien Obligations by an Act of Required Debtholders consent to any order:

- (1) for use of cash collateral;
- (2) approving a debtor-in-possession financing secured by a Lien that is senior to or on a parity with all Priority Liens on the Collateral;
- (3) granting any relief on account of Priority Lien Obligations as adequate protection (or its equivalent) for the benefit of the holders of Priority Lien Obligations in the Collateral subject to Priority Liens; or
- (4) relating to a sale of Collateral of Delta that provides, to the extent the Collateral sold is to be free and clear of Liens, that all Priority Liens and Junior Liens will attach to the proceeds of the sale;

then, the holders of Junior Lien Obligations, in their capacity as holders of claims secured by the Collateral, and each Junior Lien Representative will not oppose or otherwise contest the entry of such order, so long as a majority of the holders of Priority Lien Obligations or any Priority Lien Representative does not in any respect oppose or otherwise contest any request made by the holders of Junior Lien Obligations or a Junior Lien Representative for the grant to the collateral trustee, for the benefit of the holders of Junior Lien Obligations, of a junior Lien upon any property on which a Lien is (or is to be) granted under such order to secure the Priority Lien Obligations, co-extensive in all respects with, but subordinated (as set forth herein under the caption “–Collateral trust agreement–Ranking of junior liens”) to, such Lien and all Priority Liens on such property.

The holders of Junior Lien Obligations and the Junior Lien Representatives will not file or prosecute in any insolvency or liquidation proceeding any motion for adequate protection (or any comparable request for relief) based upon their interest in the Collateral under the Junior Liens, except that:

- (1) they may freely seek and obtain relief: (a) granting a Junior Lien co-extensive in all respects with, but subordinated (as set forth herein under the caption “–Collateral trust agreement–Ranking of junior liens”) to, all Liens granted in such insolvency or liquidation proceeding to, or for the benefit of, any Priority Lien Representative and the holders of Priority Lien Obligations; or (b) in connection with the confirmation of any plan of reorganization or similar dispositive restructuring plan; and
- (2) they may freely seek and obtain any relief upon a motion for adequate protection (or any comparable relief), without any condition or restriction whatsoever, at any time after the Discharge of Priority Lien Obligations.

Equal and ratable sharing of collateral by holders of junior lien obligations

The collateral trustee and each Junior Lien Representative (on behalf of each holder of Junior Lien Obligations) will agree that, notwithstanding:

- (1) anything to the contrary contained in the Security Documents;
- (2) the time of incurrence of any Junior Lien Obligations;
- (3) the order or method of attachment or perfection of any Liens securing any Junior Lien Obligations;
- (4) the time or order of filing of financing statements or other documents filed or recorded to perfect any Lien upon any Collateral;
- (5) the time of taking possession or control over any Collateral;
- (6) that any Junior Lien may not have been perfected or may be or have become subordinated, by equitable subordination or otherwise, to any other Lien; or
- (7) the rules for determining priority under any law governing relative priorities of Liens,

all Junior Liens granted at any time by Delta will secure, equally and ratably, all current and future Junior Lien Obligations, and all proceeds of all Junior Liens granted at any time by Delta will be allocated and distributed equally and ratably on account of the Junior Lien Debt and all other Junior Lien Obligations in accordance with the collateral trust agreement.

The foregoing provisions are intended for the benefit of, and will be enforceable as a third party beneficiary by, each current and future holder of Junior Lien Obligations, each current and future Junior Lien Representative and the collateral trustee as holder of Junior Liens. The Junior Lien Representative of each future Series of Junior Lien Debt will be required to deliver a Lien Sharing and Priority Confirmation to the collateral trustee and each other Secured Debt Representative.

Ranking of junior liens

The parties to the collateral trust agreement will agree that, notwithstanding:

- (1) anything to the contrary contained in the Security Documents;
- (2) the time of incurrence of any Secured Debt Obligations;
- (3) the order or method of attachment or perfection of any Liens securing any Secured Debt Obligations;

- (4) the time or order of filing of financing statements or other documents filed to perfect any Lien upon any Collateral;
- (5) the time of taking possession or control over any Collateral;
- (6) that any Priority Lien may not have been perfected or may be or have become subordinated, by equitable subordination or otherwise, to any other Lien; or
- (7) the rules for determining priority under any law governing relative priorities of Liens,

all Junior Liens at any time granted by Delta will be subject and subordinate to all Priority Liens securing Priority Lien Obligations.

The provisions under the caption “–Collateral trust agreement–Ranking of junior liens” are intended for the benefit of, and will be enforceable as a third party beneficiary by, each present and future holder of Priority Lien Obligations, each present and future Priority Lien Representative and by the collateral trustee as holder of Priority Liens. No other Person will be entitled to rely on, have the benefit of or enforce those provisions. The Junior Lien Representative of each future Series of Junior Lien Debt will be required to deliver a Lien Sharing and Priority Confirmation to the collateral trustee and each Priority Lien Representative at the time of incurrence of such Series of Junior Lien Debt.

In addition, the provisions under the caption “–Collateral trust agreement–Ranking of junior liens” are intended solely to set forth the relative ranking, as Liens, of the Liens securing Junior Lien Debt as against the Priority Liens. Neither the Priority Lien Obligations nor any other Junior Lien Obligations nor the exercise or enforcement of any right or remedy for the payment or collection thereof are intended to be, or will ever be by reason of the foregoing provision, in any respect subordinated, deferred, postponed, restricted or prejudiced.

Further assurances

The collateral trust agreement will provide that Delta will do or cause to be done all acts and things that may be required, or that the collateral trustee from time to time may reasonably request, to assure and confirm that the collateral trustee holds, for the benefit of the holders of Secured Debt Obligations, duly created and enforceable and perfected Liens upon the Collateral (including any property or assets that are acquired or otherwise become Collateral after the date of the collateral trust agreement), in each case, as contemplated by, and with the Lien priority required under, the Secured Debt Documents.

Upon the reasonable request of the collateral trustee or any Secured Debt Representative at any time and from time to time, Delta will promptly execute, acknowledge and deliver such security documents, instruments, certificates, notices and other documents, and take such other actions as shall be reasonably required, or that the collateral trustee may reasonably request, to create, perfect, assure or enforce the Liens and benefits intended to be conferred, in each case as contemplated by the Secured Debt Documents for the benefit of the holders of Secured Debt Obligations.

Without limiting the foregoing, the collateral trust agreement will provide that, substantially concurrently with the acquisition by Delta of any asset that would constitute Collateral, Delta will execute and deliver to the collateral trustee for the benefit of the holders of Secured Debt Obligations such Uniform Commercial Code financing statements or take such other actions as shall be necessary to create, grant, establish and perfect the collateral trustee’s security interest in such assets or property for the benefit of the current and future holders of the Secured Debt Obligations.

Notwithstanding anything to the contrary in this Description of Notes, the indenture or any Security Document, no perfection actions or steps will be required to be taken (i) in any jurisdiction other than the United States (or

any state thereof) or (ii) under or in connection with any Security Document governed by the laws of a jurisdiction other than the United States (or any state thereof).

Optional redemption

We will have the right to redeem the notes, in whole or in part, at any time, as set forth below.

If notes are redeemed by us at any time prior to maturity, such notes will be redeemed at a redemption price equal to the greater of:

- 100% of the principal amount of notes to be redeemed; or
- the sum of the present values of the remaining scheduled payments of principal and interest (including Special Interest, if any) on the notes to be redeemed (not including any portion of such payments of interest or Special Interest, if any, accrued and unpaid to the date of redemption) discounted to the date of redemption on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 50 basis points,

plus, in either case, accrued and unpaid interest and Special Interest, if any, on the principal amount of the notes being redeemed to, but not including, the redemption date.

In the case of any redemption described above, such redemption is subject to the right of holders of record on the relevant record date to receive interest due on an interest payment date that is on or before the date of redemption.

For purposes of determining the redemption price, the following definitions are applicable:

“Treasury Rate” means, with respect to any redemption date:

- the yield, under the heading which represents the average for the immediately preceding week, appearing in the most recently published statistical release designated “H.15(519)” or any successor publication which is published weekly by the Board of Governors of the Federal Reserve System and which establishes yields on actively traded U.S. Treasury securities adjusted to constant maturity under the caption “Treasury Constant Maturities,” for the maturity corresponding to the Comparable Treasury Issue (if no maturity is within three months before or after the remaining life (as defined below), yields for the two published maturities most closely corresponding to the Comparable Treasury Issue will be determined and the treasury rate will be interpolated or extrapolated from such yields on a straight line basis, rounding to the nearest month); or
- if such release (or any successor release) is not published during the week preceding the calculation date or does not contain such yields, the rate per annum equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, calculated using a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

The Treasury Rate will be calculated on the third business day next preceding the date fixed for redemption (the “calculation date”).

“Comparable Treasury Issue” means the U.S. Treasury security selected by an independent investment banker as having a maturity comparable to the remaining term (“remaining life”) of the notes to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of such notes.

“Comparable Treasury Price” means, with respect to any redemption date, (1) the average of four reference treasury dealer quotations for such redemption date, after excluding the highest and lowest reference treasury

dealer quotations, or (2) if the Independent Investment Banker obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such quotations.

“Independent Investment Banker” means each of J.P. Morgan Securities LLC and Barclays Capital Inc. or their successors, as specified by us, or, if such firms are unwilling or unable to select the Comparable Treasury Issue, an independent investment banking institution of national standing appointed by us.

“Reference Treasury Dealer” means each of (1) J.P. Morgan Securities LLC and Barclays Capital Inc. or their successors, *provided*, however, that if the foregoing shall cease to be a primary U.S. government securities dealer in the United States (a “Primary Treasury Dealer”), we will substitute therefor another Primary Treasury Dealer and (2) any three other Primary Treasury Dealers selected by us after consultation with an Independent Investment Banker.

“Reference Treasury Dealer Quotations” means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Independent Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Independent Investment Banker at 5:00 p.m., New York City time, on the calculation date.

Any such redemption may, at our discretion, be conditioned upon (1) the occurrence of a Change of Control or (2) the closing of another transaction, including a sale of securities or other financing, in each case as specified in the notice in reasonable detail. A notice of conditional redemption will be of no effect unless all conditions to the redemption have occurred on or before the redemption date or have been waived by us on or before the redemption date. We will provide notice of the satisfaction of all conditions as soon as practicable following occurrence of the conditions. We will provide notice of any waiver of a condition or failure to meet such conditions no later than the redemption date.

There will be no sinking fund for the notes.

Redemption procedures

We will provide not less than 15 nor more than 45 days’ prior written notice sent to each registered holder of the notes to be redeemed. If the redemption notice is given and funds deposited as required, then interest will cease to accrue on and after the redemption date on the notes or portions of such notes called for redemption.

If fewer than all of the notes are to be redeemed at any time, selection of notes of such series for redemption will be made by the trustee in compliance with the requirements of the principal national securities exchange, if any, on which such notes are listed or, if such notes are not listed on a national securities exchange, on a pro rata basis, by lot, or such other method as the trustee deems appropriate and fair (or such other method as The Depository Trust Company (“DTC”) may require); *provided*, however, that the notes of will be redeemed only in the minimum denominations of \$2,000 and integral multiples of \$1,000 in excess thereof.

Offer to repurchase upon a change of control triggering event

Upon the occurrence of a Change of Control Triggering Event, unless we have otherwise exercised our right to redeem the notes, each holder of notes will have the right to require us to purchase all or a portion of such holder’s notes pursuant to the offer described below (the “Change of Control Offer”), at a purchase price equal to 101% of the principal amount thereof, plus accrued and unpaid interest (including Special Interest, if any) thereon, if any, to the date of purchase, subject to the rights of holders of notes on the relevant record date to receive interest due on the relevant interest payment date.

Within 30 days following the date upon which the Change of Control Triggering Event occurred, unless we have otherwise exercised our right to redeem the notes of a series, we will be required to deliver a notice to each holder of such notes, with a copy to the trustee, which notice will govern the terms of the Change of Control Offer; *provided* that, at our option, we may deliver such notice prior to any Change of Control but after the public announcement of the Change of Control. Such notice will state, among other things, the purchase date, which must be no earlier than 30 days nor later than 60 days from the date such notice is sent, other than as may be required by law (the “Change of Control Payment Date”). The notice, if sent prior to the date of consummation of the Change of Control, will state that the Change of Control Offer is conditioned on the Change of Control Triggering Event occurring on or prior to the Change of Control Payment Date. Holders of notes electing to have notes purchased pursuant to a Change of Control Offer must surrender their notes, with the form entitled “Option of Holder to Elect Purchase” on the reverse of the note completed, to the paying agent at the address specified in the notice, or transfer their notes to the paying agent by book-entry transfer pursuant to the applicable procedures of DTC, before the close of business on the third business day prior to the Change of Control Payment Date.

We will not be required to make a Change of Control Offer if a third party makes such an offer in the manner, at the times and otherwise in compliance with the requirements for such an offer made by us and such third party purchases all notes properly tendered and not withdrawn under its offer.

If holders of not less than 90% in aggregate principal amount of the outstanding notes validly tender and do not withdraw the notes in a Change of Control Offer and we, or any third party making a Change of Control Offer in lieu of us, purchases all of such notes validly tendered and not withdrawn by such holders, we will have the right, upon not less than 20 nor more than 60 days’ prior notice, given not more than 30 days following such purchase pursuant to the Change of Control Offer described above, to redeem all notes that remain outstanding following such purchase at a redemption price in cash equal to 101% of the principal amount thereof, plus accrued and unpaid interest (including Special Interest, if any) thereon, if any, to the date of redemption (subject to the right of holders of record on the relevant record date to receive interest on the relevant interest payment date).

We will comply with the requirements of Rule 14e-1 under the Securities Exchange Act of 1934 (the “Exchange Act”) and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with the repurchase of the notes as a result of a Change of Control Triggering Event. To the extent that the provisions of any such securities laws or regulations conflict with the change of control offer provisions of the notes, we will comply with those securities laws and regulations and will not be deemed to have breached our obligations under the change of control offer provisions of the notes by virtue of any such conflict.

Except as described above with respect to a Change of Control Triggering Event, the indenture does not and the notes will not contain any other provisions that permit the holders of the notes to require us to repurchase or redeem the notes in the event of a takeover, recapitalization, or similar transaction.

Certain covenants

Limitation on liens

Delta will not, and will not permit any of its Subsidiaries to, directly or indirectly, create, incur, assume or suffer to exist any Lien of any kind on any Collateral now owned or hereafter acquired, except Permitted Liens.

Disposition of collateral

Delta will not sell, lease, sell and lease back, convey, transfer or otherwise dispose (any of the foregoing, a “Disposition”) of any Collateral (but excluding any Permitted Disposition), unless:

- (1) upon consummation of any such Disposition, no Event of Default exists or would result therefrom; and
- (2) (x) after giving pro forma effect to such Disposition, the Appraised Value of the remaining Collateral satisfies the Priority Debt Coverage Test, and (y) prior to effecting such Disposition, Delta shall have delivered an officer’s certificate to the trustee certifying that, after giving effect to such Disposition, the Appraised Value of the Collateral shall satisfy the Priority Debt Coverage Test.

Within 365 days after the receipt of any Net Proceeds from a Disposition of Collateral pursuant to this covenant, Delta may apply such Net Proceeds:

- (1) to purchase other Qualified Replacement Assets;
- (2) to repay Priority Lien Debt; or
- (3) to make a capital expenditure with respect to assets that constitute Collateral;

provided that Delta will be deemed to have complied with the provision described in clauses (1) and (3) of this paragraph if and to the extent that, within 365 days after the Disposition that generated the Net Proceeds, Delta has entered into and not abandoned or rejected a binding agreement to acquire the assets that would constitute Collateral or make a capital expenditure in compliance with the provision described in clauses (1) and (3) of this paragraph, and that acquisition, purchase or capital expenditure is thereafter completed within 90 days after the end of such 365-day period.

Any Net Proceeds from Dispositions that are not applied or invested as provided in the second paragraph of this covenant, together with any Net Proceeds that are earlier designated as “Excess Proceeds” by Delta, will constitute “Excess Proceeds.” Within five days of the date on which the aggregate amount of Excess Proceeds exceeds \$100,000,000 (or earlier if Delta so elects), Delta will make an offer to purchase and/or repay, prepay or redeem, as applicable, to all holders of notes and all holders of other Priority Lien Debt containing provisions similar to those set forth in the indenture with respect to offers to purchase, and prepay any other Priority Lien Debt requiring repayment or prepayment (collectively, whether through an offer or a required prepayment, a “Collateral Disposition Offer”); *provided* that the percentage of such Excess Proceeds allocated and offered to the notes in such Collateral Disposition Offer is at least equal to the percentage of the aggregate principal amount of all Priority Lien Debt represented at such time by the notes. The offer price in any Collateral Disposition Offer will be equal to 100% of the principal amount, plus accrued and unpaid interest (including Special Interest, if any) to the date of purchase, prepayment or redemption, subject to the rights of holders of notes on the relevant record date to receive interest due on the relevant interest payment date, and will be payable in cash. If any Excess Proceeds remain after consummation of an Collateral Disposition Offer, Delta may use those Excess Proceeds for any purpose not otherwise prohibited by the indenture. If the aggregate principal amount of notes and other Priority Lien Debt requiring purchase or repayment tendered in such Collateral Disposition Offer exceeds the amount of Excess Proceeds allocated to such notes and other indebtedness in such Collateral Disposition Offer, the collateral trustee will select the notes and other Priority Lien Debt to be purchased or repaid *pro rata* based on the aggregate principal amounts so tendered (with such adjustments as may be deemed appropriate by Delta so that only notes in denominations of \$2,000, or an integral multiple of \$1,000 in excess thereof, will be purchased). Upon completion of each Collateral Disposition Offer, the amount of Excess Proceeds will be reset at zero.

We will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with the

repurchase of the notes as a result of a Collateral Disposition Offer. To the extent that the provisions of any such securities laws or regulations conflict with the change of control offer provisions of the notes, we will comply with those securities laws and regulations and will not be deemed to have breached our obligations under the Collateral Disposition Offer or change of control offer provisions of the notes by virtue of any such conflict.

At Delta's request, the Lien on any Collateral subject to a Disposition will be promptly released; *provided*, in each case, that the following conditions are satisfied or waived: (A) no Event of Default shall have occurred and be continuing, (B) after giving effect to such release, the Appraised Value of the Collateral shall satisfy the Priority Debt Coverage Test and (C) Delta shall deliver to the trustee an officer's certificate demonstrating compliance with the Priority Debt Coverage Ratio Test after giving effect to such release. Notwithstanding the foregoing, the Lien on any asset constituting Collateral that is or would become Excluded Property shall be automatically released. The collateral trustee, in accordance with the Collateral Trust Agreement, will promptly provide any documents or releases reasonably requested by Delta to evidence any such release.

For purposes of this covenant, (x) if the Appraised Value of the Collateral being sold or disposed of would constitute at least 10% of the Appraised Value of (i) the Europe Routes, Europe Slots and Europe Gates, (ii) the Latin American Routes, Latin American Slots and Latin American Gates or (iii) Specified Slots (in each case, to the extent constituting Collateral and as determined by an Appraisal of such category of Collateral), then such Appraisal shall be performed within 60 days prior to the time of such removal, and (y) for all other Dispositions, any determination of the Appraised Value of the Collateral shall be based on the most recent Appraisal delivered pursuant to clause (1) of the covenant described under "- Delivery of Appraisals".

Merger, consolidation or sale of assets

Delta may, directly or indirectly, consolidate with or merge with or into any other Person (whether or not Delta is the surviving corporation), and may sell, transfer, or lease or convey or otherwise dispose of all or substantially all of the properties and assets of Delta and its subsidiaries, taken as a whole, in one or more related transactions, to another Person; *provided* that the following conditions are satisfied:

- Delta is the continuing entity, or (i) the resulting, surviving or transferee entity to which such sale, assignment, transfer, conveyance or other disposition has been made (the "Successor") is a corporation organized and existing under the laws of the United States of America, any state thereof or the District of Columbia (and if such entity is not a corporation, a co-obligor of the notes is a corporation organized or existing under any such laws) and the Successor (if not Delta) will expressly assume, pursuant to agreements reasonably satisfactory to the trustee, all of the obligations of Delta obligations under the notes, the indenture and the Security Documents and (ii) the Successor has all necessary certificates, exemptions, franchises, licenses, permits, designations, rights, concessions, authorizations, frequencies and consents that are material to the operation of the pledged routes and pledged slots and to maintain the pledged gate leaseholds, and to the conduct of its business and operations as currently conducted;
- immediately after giving effect to such transaction, no Default or Event of Default has occurred and is continuing; and
- the trustee receives from Delta an officer's certificate and an opinion of counsel that the transaction and any supplemental indenture entered into in connection therewith comply with the applicable provisions of the indenture.

If Delta consolidates or merges with or into any other Person or sells, transfers, leases or conveys all or substantially all of its properties and assets in accordance with the indenture, the Successor will be substituted for Delta in the indenture, with the same effect as if it had been an original party to the indenture. As a result,

the Successor may exercise Delta's rights and powers under the indenture, and Delta will be released from all its liabilities and obligations under the indenture, the notes and the Security Documents; *provided, however*, that Delta will not be relieved from the obligation to pay the principal of, premium (if any) and interest (including Special Interest, if any) on the notes except in the case of a sale of all of Delta's assets.

Any substitution of the Successor for Delta might be deemed for federal income tax purposes to be an exchange of the notes for "new" notes, resulting in recognition of gain or loss for such purposes and possibly certain other adverse tax consequences to beneficial owners of the debt securities. Noteholders should consult their own tax advisors regarding the tax consequences of any such substitution.

Delivery of appraisals

On:

- (1) within (x) ninety (90) days after the end of each fiscal year (commencing with the fiscal year ending December 31, 2020) and (y) forty-five (45) days after the end of each second fiscal quarter of each fiscal year (commencing with the fiscal quarter ending June 30, 2021)
- (2) the date upon which any additional property or assets (including Cure Collateral) are pledged as Collateral to the collateral trustee to secure Secured Debt Obligations, but only with respect to such additional Collateral; and
- (3) promptly (but in any event within 45 days) following a request by the trustee or the collateral trustee if an Event of Default has occurred and is continuing,

Delta will deliver to the trustee and the collateral trustee one or more Appraisals establishing the Appraised Value of the Collateral. The trustee will make copies of these Appraisals available on a private, restricted website to which noteholders, prospective investors, broker-dealers and securities analysts are given access.

In addition to clauses (1) through (3) above, Delta will deliver to the trustee and the collateral trustee a copy of any Appraisal that is delivered to any other Secured Debt Representative or other holder of Secured Debt Obligations, but has not been or is not being delivered to the trustee in accordance with clauses (1) through (3) above, within 10 business days of the date on which such Appraisal was given to such other Secured Debt Representative or holder of Secured Debt Obligations.

For the avoidance of doubt, Delta's failure to deliver any Appraisal required by this covenant will be deemed to constitute an Event of Default for purposes of clause (4) under the caption "–Events of default."

Priority debt coverage ratio

Within 10 business days after the end of each fiscal quarter of Delta (the last day of each such fiscal quarter being a "Reference Date"), Delta will deliver to the trustee and the collateral trustee an officer's certificate demonstrating, with reasonable detail the calculation of the Priority Debt Coverage Ratio as of the applicable Reference Date utilizing the most recent Appraisal delivered pursuant to clause (1) of the covenant described under "–Delivery of appraisals").

If (a) Delta fails to deliver the officer's certificate required by the preceding paragraph within the time period specified in the preceding paragraph, or (b) such officer's certificate demonstrates that the Priority Debt Coverage Ratio was less than 1.6 to 1.0 as of the applicable Reference Date, then Delta will pay additional interest on all outstanding notes ("Special Interest") in an amount equal to 2.0% *per annum* of the principal amount of such notes commencing on the earlier of (a) the date Delta delivers an officer's certificate demonstrating that its Priority Debt Coverage Ratio was less than 1.6 to 1.0 and (b) the date on which Delta was required to deliver such officer's certificate in accordance with this covenant, and continuing until Delta

delivers to the trustee an officer's certificate demonstrating, with reasonably detailed calculations, that Delta's Priority Debt Coverage Ratio was at least 1.6 to 1.0 as of a date subsequent to the applicable Reference Date. If Special Interest would be payable on an interest payment date within the Cure Period (as defined below), Delta may delay the payment of Special Interest until the following interest payment date ("Cure Election"). If Delta utilizes its Cure Election and during the Cure Period pledges Cure Collateral or redeems, prepays or otherwise retire Priority Lien Debt during the applicable Cure Period such that the Priority Coverage Ratio is greater than 1.6 to 1.0, then no Special Interest will be payable with respect to such Cure Period. If Delta fails to pledge Cure Collateral or redeem or otherwise retire such debt during such Cure Period, Special Interest will be payable from the date specified in the preceding paragraph on the next succeeding interest payment date.

If Delta's Priority Debt Coverage Ratio is less than 1.6 to 1.0 on any Reference Date, Delta may, within 45 days after such Reference Date (such period, the "Cure Period") (a) pledge additional assets as Cure Collateral under the Security Documents to secure Priority Lien Obligations and Junior Lien Obligations and such Cure Collateral will be included in the calculation of Appraised Value as of such Reference Date and/or (b) redeem, repay, prepay, repurchase or otherwise retire Priority Lien Debt, including by redeeming notes pursuant to any available optional redemption provisions of the indenture and such redeemed, repaid, prepaid, repurchased or otherwise retired Priority Lien Debt will not be included in the calculation of Appraised Value as of such Reference Date.

If, after the pledge of Cure Collateral and/or any redemption, repayment, prepayment, repurchase or other retirement of Priority Lien Debt contemplated by the preceding paragraph and the recalculations of the Appraised Value of the Collateral pursuant to the preceding paragraph, Delta's Priority Debt Coverage Ratio as of the applicable Reference Date would have been at least 1.6 to 1.0, then Delta will be deemed to have a Priority Debt Coverage Ratio of at least 1.6 to 1.0 as of such Reference Date, and no Special Interest will accrue with respect to such Reference Date.

Special Interest payable pursuant to the provisions of this covenant will be calculated and paid in the same manner as regular interest is calculated and paid under the indenture and all references to payments of interest will be deemed to refer to Special Interest, if applicable.

Notwithstanding anything herein to the contrary, Delta's failure to maintain a Priority Debt Coverage Ratio in excess of 1.6 to 1.0 will not be deemed to constitute an Event of Default for purposes of clause (4) under the caption "—Events of default."

Regulatory cooperation

In connection with any foreclosure, collection, sale or other enforcement of Liens granted to the collateral trustee under the Security Documents, Delta will, and will cause its Subsidiaries to, cooperate in good faith with the collateral trustee or its designee in obtaining all regulatory licenses, consents and other governmental approvals necessary or (in the reasonable opinion of the collateral trustee or its designee) desirable to conduct all aviation operations with respect to the Collateral and will, at the request of the collateral trustee and in good faith, continue to operate and manage the Collateral and maintain all applicable regulatory licenses with respect to the Collateral until such time as the collateral trustee or its designee obtain such licenses, consents and approvals, and at such time Delta will, and will cause its Subsidiaries to, cooperate in good faith with the transition of the aviation operations with respect to the Collateral to any new aviation operator (including, without limitation, the collateral trustee or its designee).

Regulatory matters; citizenship; utilization; reporting

So long as any of the notes remain outstanding, and, in each case, except as would not reasonably be expected to have a Material Adverse Effect and, as applicable, subject to dispositions permitted under the indenture, Delta will:

- (1) maintain at all times its status as an “air carrier” within the meaning of Section 40102(a)(2) of Title 49, and hold a certificate under Section 41102(a)(1) of Title 49;
- (2) be a United States Citizen;
- (3) maintain at all times its status at the FAA as an “air carrier” and hold an air carrier operating certificate under Section 44705 of Title 49 and operations specifications issued by the FAA pursuant to Parts 119 and 121 of Title 14 as currently in effect or as may be amended or recodified from time to time;
- (4) possess and maintain all necessary certificates, exemptions, franchises, licenses, permits, designations, rights, concessions, authorizations, frequencies and consents that are material to the operation of the pledged Routes and pledged Slots, and to the conduct of its business and operations as currently conducted;
- (5) maintain pledged Gate Leaseholds sufficient to ensure its ability to retain its right in and to the pledged Routes and to preserve its right in and to its pledged Slots;
- (6) utilize its pledged Slots in a manner consistent with applicable regulations, rules, foreign law and contracts in order to preserve its right to hold and use its pledged Slots, taking into account any waivers or other relief granted to it by any applicable foreign aviation authorities;
- (7) cause to be done all things reasonably necessary to preserve and keep in full force and effect its rights in and to use its pledged Slots, including, without limitation, satisfying any applicable “Use or Lose Rule” (taking into account any exemptions or other relief granted by the relevant governmental authority);
- (8) utilize its pledged routes in a manner consistent with Title 49, applicable foreign law, the applicable rules and regulations of the FAA, DOT and any applicable foreign aviation authorities, and any applicable treaty in order to preserve its rights to hold and operate its pledged Routes;
- (9) cause to be done all things reasonably necessary to preserve and keep in full force and effect its authority to serve its pledged Routes; and
- (10) without in any way limiting the foregoing, Delta will promptly take (a) all such steps as may be reasonably necessary to obtain renewal of its authority to serve its pledged Routes from the DOT and any applicable foreign aviation authorities within a reasonable time prior to the expiration of such authority (as prescribed by law or regulation, if any), and notify the collateral trustee of any material adverse development in the renewal of such authority, and (b) all such other steps as may be necessary to maintain, renew and obtain, or obtain the use of, pledged Gate Leaseholds as needed for its continued and future operations over its pledged Routes. Delta will further take all actions reasonably necessary or, in the reasonable judgment of the collateral trustee, advisable in order to maintain its material rights to use its pledged Routes (including, without limitation, protecting its pledged Routes from dormancy or withdrawal by the DOT or any applicable foreign aviation authorities) and to have access to its pledged Gate Leaseholds. Delta will pay any applicable filing fees and other expenses related to the submission of applications, renewal requests, and other filings as may be reasonably necessary to maintain or obtain its rights in its pledged Routes and have access to its pledged Gate Leaseholds.

Notwithstanding any of the foregoing, it is understood and agreed that Delta may cease using its rights in and/or use of any such Gate Leasehold, ticket counters and other facilities assigned, allocated, leased, or made

available to Delta at airports used in the operation of scheduled service over a Route (such facilities, the “Supporting Route Facilities”) in the event that the preservation of such rights in and/or use of such Supporting Route Facilities is no longer advantageous to Delta in connection with the conduct of its operations utilizing the Primary Routes (as defined in the Security Agreement).

Reports

So long as any notes are outstanding, Delta will furnish to the trustee within the time periods specified in the SEC’s rules and regulations that would apply to Delta if it were subject to those rules and regulations (whether or not Delta is actually so subject):

- (1) annual reports of Delta containing substantially all of the information that would have been required to be contained in an Annual Report on Form 10-K under the Exchange Act if Delta had been a reporting company under the Exchange Act (but only to the extent similar information is included in this offering memorandum), including (A) “Management’s discussion and analysis of financial condition and results of operations” and (B) audited financial statements prepared in accordance with GAAP;
- (2) quarterly reports of Delta containing substantially all of the information that would have been required to be contained in a Quarterly Report on Form 10-Q under the Exchange Act if Delta had been a reporting company under the Exchange Act (but only to the extent similar information is provided in this offering memorandum), including (A) “Management’s discussion and analysis of financial condition and results of operations” and (B) unaudited quarterly financial statements prepared in accordance with GAAP and reviewed pursuant to Statement on Auditing Standards No. 4105 (or any successor provision); and
- (3) current reports containing substantially all of the information that would have been required to be contained in a Current Report on Form 8-K under the Exchange Act if Delta had been a reporting company under the Exchange Act; *provided, however*, that no such current report will be required to be furnished if Delta determines in its good faith judgment that such event is not material to noteholders or the business, assets, operations, financial positions or prospects of Delta.

Notwithstanding the foregoing, in no event will Delta be required to (A) comply with Section 302 or Section 404 of the Sarbanes-Oxley Act of 2002, or related Items 307 and 308 of Regulation S-K promulgated by the SEC, or Item 10(e) of Regulation S-K (with respect to any non-GAAP financial measures contained therein) and Regulation G, (B) include the separate financial information for any guarantors contemplated by Rule 3-10 of Regulation S-X promulgated by the SEC or (C) provide any additional information in respect of Item 402 of Regulation S-K beyond information of the type included in this offering memorandum.

Our reporting obligations with respect to clauses (1) through (3) above will be satisfied in the event we timely file such reports with the SEC on EDGAR and deliver a copy of such reports to the trustee.

Within 10 business days after any Appraisal is required to be delivered as described under the caption “— Certain covenants—Delivery of appraisals,” Delta will furnish to the trustee a summary of each such Appraisal containing only information summarizing the results of such Appraisal (all of which will be made publicly available) and will post the complete Appraisal on a private, restricted website to which noteholders, prospective investors, broker-dealers and securities analysts are given access.

So long as any notes are outstanding, if at any time Delta is not required to file with the SEC the reports required by the preceding paragraphs, Delta will also:

- (1) issue a press release to an internationally recognized wire service no fewer than three business days prior to the first public disclosure of the annual and quarterly reports and current reports and Appraisals required by the preceding paragraphs of this “Reports” covenant announcing the date on which such

reports will become publicly available and directing noteholders, prospective investors, broker-dealers and securities analysts to contact the investor relations office of Delta to obtain copies of such reports; and

- (2) maintain a website to which noteholders, prospective investors, broker-dealers and securities analysts are given access and to which all of the reports and press releases required by this “Reports” covenant are posted.

Delta is required to furnish the trustee annually within 120 days after the end of our fiscal year a statement regarding compliance with the indenture.

In addition, Delta shall furnish to noteholders, prospective investors, broker-dealers and securities analysts, upon their request, any information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act so long as the notes constitute “restricted securities” under Rule 144.

Events of default

Each of the following is an “Event of Default”:

- (1) default in the payment of any installment of interest (including Special Interest, if any) on the notes for 30 days after becoming due and payable;
- (2) default in the payment of principal or premium, if any, on the notes when they become due and payable at their Stated Maturity, upon redemption, by declaration or otherwise;
- (3) failure by Delta or any of its Subsidiaries to comply with the provisions described under the captions “– Offer to repurchase upon a change of control triggering event” or “–Certain covenants–Merger, consolidation or sale of assets;”
- (4) failure by Delta to observe or perform any covenant or agreement in the indenture, the notes or the Security Documents, which continues for a period of 60 days after written notice to Delta by the trustee or to Delta and the trustee by holders of at least 25% in aggregate principal amount of the outstanding notes;
- (5) Delta files for bankruptcy, or certain other bankruptcy, insolvency or reorganization-related events occur;
- (6) (a) any Security Document ceases to be in full force and effect (except as permitted by the terms of the indenture or the Security Documents) for a period of 60 days after Delta receives notice thereof from the trustee, (b) any of the Security Documents ceases to give the holders a valid, perfected security interest (except as permitted by the terms of the indenture or the Security Documents) for a period of 60 days after Delta receives notice thereof from the trustee or (c) Delta fails to grant and perfect any security interest required by the Security Documents to be so granted and perfected, in each case with respect to Collateral having an Appraised Value in excess of \$100,000,000 in the aggregate with respect to clauses (a), (b) and (c) above;
- (7) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness of Delta or a Subsidiary (or the payment of which is guaranteed by Delta or a Subsidiary), whether such Indebtedness or guarantee now exists, or is created after the issue date of the notes, if that default:
 - (a) is caused by a failure to pay principal of such Indebtedness at its Stated Maturity (a “Payment Default”); or
 - (b) results in the acceleration of such Indebtedness prior to its express maturity and the principal amount of such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a Payment Default or the maturity of which has been so accelerated, aggregates \$200,000,000 or more; and

- (8) failure by Delta or any of its Subsidiaries to pay final judgments entered by a court or courts of competent jurisdiction aggregating in excess of \$200,000,000 (determined net of amounts covered by insurance policies issued by creditworthy insurance companies), which judgments are not paid, discharged or stayed, for a period of 60 days.

If an Event of Default with respect to the notes (other than an Event of Default relating to certain events of bankruptcy, insolvency, or reorganization of Delta) occurs and is continuing, the trustee by notice to us, or the holders of at least 25% in aggregate principal amount of the outstanding notes by notice to us and the trustee, may, and the trustee at the request of these holders will, declare the principal of and premium, if any, and accrued and unpaid interest (including Special Interest, if any) on all the notes to be due and payable. Upon such a declaration, such principal, premium and accrued and unpaid interest (including Special Interest, if any) will be due and payable immediately.

If an Event of Default relating to certain events of bankruptcy, insolvency, or reorganization of Delta occurs and is continuing, the principal of and premium, if any, and accrued and unpaid interest (including Special Interest, if any), on the notes will become and be immediately due and payable without any declaration or other act on the part of the trustee or any holders.

The holders of not less than a majority in aggregate principal amount of the outstanding notes may rescind a declaration of acceleration and its consequences, if Delta has deposited certain sums with the trustee and all Events of Default with respect to the notes, other than the non-payment of the principal or interest which have become due solely by such acceleration, have been cured or waived, as provided in the indenture.

Except to enforce the right to receive payment of principal, premium, if any, or interest (including Special Interest, if any) when due, no holder of any notes will have any right to institute any judicial or other proceeding with respect to the indenture, or for the appointment of a receiver or trustee, or for any other remedy unless:

- (1) an Event of Default has occurred and is continuing and such holder has given the trustee prior written notice of such continuing Event of Default with respect to the notes;
- (2) the holders of not less than 25% of the aggregate principal amount of the outstanding notes have requested the trustee to institute proceedings in respect of such Event of Default;
- (3) such holders have offered the trustee indemnity or security reasonably satisfactory to it against its costs, expenses and liabilities in complying with such request;
- (4) the trustee has failed to institute proceedings 60 days after the receipt of such notice, request and offer of indemnity; and
- (5) no direction inconsistent with such written request has been given for 60 days by the holders of a majority in aggregate principal amount of the notes.

The holders of a majority of the aggregate principal amount of notes will have the right, subject to certain limitations, to direct the time, method and place of conducting any proceeding for any remedy available to the trustee with respect to the notes or exercising any trust or power conferred to the trustee, and to waive certain defaults. The indenture provides that if an Event of Default occurs and is continuing, the trustee will exercise such of its rights and powers under the indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs. Subject to such provisions, the trustee will be under no obligation to exercise any of its rights or powers under the indenture at the request of any of the holders of the notes unless they will have offered to the trustee security or indemnity satisfactory to the trustee against the costs, expenses and liabilities which might be incurred by it in compliance with such request.

Any time period in the indenture to cure any actual or alleged default or event of default may be extended or stayed by a court of competent jurisdiction.

Notwithstanding the foregoing, the holder of any notes will have an absolute and unconditional right to receive payment of the principal of and premium, if any, and interest (including Special Interest, if any) on those notes on or after the due dates expressed in such notes and to institute suit for the enforcement of payment.

Upon becoming aware of any Default or Event of Default, Delta is required to deliver to the trustee a statement specifying such Default or Event of Default.

Legal defeasance and covenant defeasance

The indenture provides that Delta may at any time, at the option of its Board of Directors evidenced by a resolution set forth in an officer's certificate, elect either (1) to defease and be discharged from any and all obligations with respect to the outstanding notes (except for, among other things, the rights of holders of outstanding notes to receive payments in respect of the principal of, premium on, if any, or interest (including Special Interest, if any) on, such notes when such payments are due, obligations to register the transfer or exchange of the notes, to replace temporary or mutilated, destroyed, lost or stolen notes, to maintain an office or agency with respect to the notes and to hold moneys for payment in trust) ("Legal Defeasance") or (2) to be released from Delta's obligations to comply with the restrictive covenants under the indenture, and thereafter any omission to comply with such obligations will not constitute a Default or an Event of Default with respect to the notes ("Covenant Defeasance"). In the event Covenant Defeasance occurs, all "Events of Default" described under "—Events of default" (except those relating to payments on the notes or bankruptcy, receivership, rehabilitation or insolvency events) will no longer constitute an Event of Default with respect to the notes.

Legal Defeasance or Covenant Defeasance, as the case may be, will be conditioned upon, among other things: (i) the irrevocable deposit by Delta with the trustee, in trust, for the benefit of the holders of the notes, an amount in U.S. dollars, or U.S. government obligations, or a combination thereof, applicable to the notes which through the scheduled payment of principal and interest in accordance with their terms will, in the opinion of a nationally recognized investment bank, appraisal firm or firm of independent public accountants, provide money in an amount sufficient to pay the principal or premium, if any, and interest (including Special Interest, if any) on the debt securities on the scheduled due dates therefor (and Delta must specify whether the notes are being defeased to such stated date for payment or to a particular redemption date), (ii) no Default or Event of Default having occurred or be continuing on the date of the deposit referred to in clause (i) (other than a Default or Event of Default resulting from the borrowing of funds to be applied to such deposit (and any similar concurrent deposit relating to other Indebtedness), and the granting of Liens to secure such borrowings), (iii) that such Legal Defeasance or Covenant Defeasance not result in a breach or violation of, or constitute a default under, any material agreement or instrument (other than the indenture and the agreements governing any other Indebtedness being defeased, discharged or replaced) to which Delta is a party or by which Delta is bound, (iv) Delta delivering to the trustee an officer's certificate stating that the deposit was not made by Delta with the intent of preferring the holders of notes over the other creditors of Delta with the intent of defeating, hindering, delaying or defrauding any creditors of Delta or others; and (v) Delta delivering to the trustee an officer's certificate and an opinion of counsel, each stating that all conditions precedent relating to the Legal Defeasance or the Covenant Defeasance have been complied with.

If Delta effects either Covenant Defeasance or Legal Defeasance with respect to the notes, Delta will be required to deliver to the trustee an opinion of counsel that the deposit and related defeasance will not cause the holders and beneficial owners of the notes to recognize income, gain or loss for federal income tax purposes. If Delta effects Legal Defeasance with respect to the notes, such opinion of counsel must be based upon (1) a ruling Delta has received from, or has been published by, the U.S. Internal Revenue Service or (2) a change in

applicable federal income tax law since the date of the indenture to that effect. Delta may exercise its Legal Defeasance option notwithstanding Delta's prior exercise of its Covenant Defeasance option.

Upon a Legal Defeasance or Covenant Defeasance, the collateral trustee will cease to be a party to the Security Documents on behalf of the holders of the notes and the Collateral will no longer secure the notes.

Amendment, supplement and waiver

Except as provided in the next three succeeding paragraphs, the indenture or the notes may be amended or supplemented with the consent of the holders of at least a majority in aggregate principal amount of the then outstanding notes (including, without limitation, additional notes, if any) voting as a single class (including, without limitation, consents obtained in connection with a tender offer or exchange offer for, or purchase of, the notes), and any existing Default or Event of Default (other than a Default or Event of Default in the payment of the principal of, premium on, if any, or interest (including Special Interest, if any) on, the notes, except a payment default resulting from an acceleration that has been rescinded) or compliance with any provision of the indenture or the notes may be waived with the consent of the holders of a majority in aggregate principal amount of the then outstanding notes (including, without limitation, additional notes, if any) voting as a single class (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, notes).

Without the consent of each holder of notes affected, an amendment, supplement or waiver may not (with respect to any notes held by a non-consenting holder):

- (1) reduce the principal amount of notes whose holders must consent to an amendment, supplement or waiver;
- (2) reduce the principal of or change the fixed maturity of any note or alter or waive any of the provisions with respect to the redemption of the notes;
- (3) reduce the rate of or change the time for payment of interest, including default interest and Special Interest, on any note;
- (4) waive a Default or Event of Default in the payment of principal of, premium on, if any, or interest (including Special Interest, if any) on, the notes (except a rescission of acceleration of the notes by the holders of at least a majority in aggregate principal amount of the then outstanding notes and a waiver of the payment default that resulted from such acceleration);
- (5) make any note payable in money other than that stated in the notes;
- (6) make any change in the provisions of the indenture relating to waivers of past Defaults or the rights of holders of notes to receive payments of principal of, premium on, if any, or interest (including Special Interest, if any) on, the notes;
- (7) waive a redemption payment with respect to any note; or
- (8) make any change in the preceding amendment and waiver provisions.

In addition, any amendment to, or waiver of, the provisions of the indenture or any Security Document that has the effect of releasing all or substantially all of the Collateral from the Liens securing the notes will require the consent of holders of at least 75% in aggregate principal amount of notes then outstanding.

Notwithstanding the preceding, without the consent of any holder of notes, Delta and the trustee may amend or supplement the indenture or the notes:

- (1) to cure any ambiguity, defect or inconsistency;
- (2) to provide for uncertificated notes in addition to or in place of certificated notes;
- (3) to provide for the assumption of Delta's obligations to holders of notes in the case of a merger or consolidation or sale of all or substantially all of Delta's assets;
- (4) to make any change that would provide any additional rights or benefits to the holders of notes or that does not adversely affect the legal rights under the indenture of any holder;
- (5) to conform the text of the indenture or any of the Security Documents to any provision of this Description of Notes to the extent that such provision in this Description of Notes was intended to be a verbatim recitation of a provision of the indenture or any of the Security Documents, as determined in good faith by an officer of Delta and set forth in an officer's certificate to that effect;
- (6) to enter into additional or supplemental Security Documents or provide for additional Collateral;
- (7) to make, complete or confirm any grant of Collateral permitted or required by the indenture or any of the Security Documents or to release Collateral in accordance with the terms of the indenture and the Security Documents; or
- (8) to provide for the issuance of additional notes in accordance with the limitations set forth in the indenture as of the date of the indenture.

Satisfaction and discharge

The indenture will be discharged and will cease to be of further effect as to all notes issued thereunder, when:

- (1) either:
 - (a) all notes that have been authenticated, except lost, stolen or destroyed notes that have been replaced or paid and notes for whose payment money has been deposited in trust and thereafter repaid to Delta, have been delivered to the trustee for cancellation; or
 - (b) all notes that have not been delivered to the trustee for cancellation have become due and payable by reason of the mailing of a notice of redemption or otherwise or will become due and payable within one year and Delta has irrevocably deposited or caused to be deposited with the trustee as trust funds in trust solely for the benefit of the holders, cash in U.S. dollars, non-callable Government Securities, or a combination thereof, in amounts as will be sufficient, without consideration of any reinvestment of interest, to pay and discharge the entire Indebtedness on the notes not delivered to the trustee for cancellation for principal of, premium on, if any, and interest (including Special Interest, if any) on, the notes to the date of maturity or redemption;
- (2) in respect of clause 1(b), no Default or Event of Default has occurred and is continuing on the date of the deposit (other than a Default or Event of Default resulting from the borrowing of funds to be applied to such deposit and any similar deposit relating to other Indebtedness and, in each case, the granting of Liens to secure such borrowings) and the deposit will not result in a breach or violation of, or constitute a default under, any other instrument to which Delta is a party or by which Delta is bound (other than with respect to the borrowing of funds to be applied concurrently to make the deposit required to effect such satisfaction and discharge and any similar concurrent deposit relating to other Indebtedness, and in each case the granting of Liens to secure such borrowings);

- (3) Delta has paid or caused to be paid all sums payable by it under the indenture; and
- (4) Delta has delivered irrevocable instructions to the trustee under the indenture to apply the deposited money toward the payment of the notes at maturity or on the redemption date, as the case may be.

In addition, Delta must deliver an officer's certificate and an opinion of counsel to the trustee stating that all conditions precedent to satisfaction and discharge have been satisfied.

Upon a satisfaction and discharge of the indenture, the collateral trustee will cease to be a party to the Security Documents on behalf of the holders of the notes and the Collateral will no longer secure the notes.

Concerning the trustee

If the trustee becomes a creditor of Delta, the indenture limits the right of the trustee to obtain payment of claims in certain cases, or to realize on certain property received in respect of any such claim as security or otherwise. The trustee will be permitted to engage in other transactions; however, if it acquires any conflicting interest it must eliminate such conflict within 90 days, apply to the SEC for permission to continue as trustee or resign.

The holders of a majority in aggregate principal amount of the then outstanding notes will have the right to direct the time, method and place of conducting any proceeding for exercising any remedy available to the trustee, subject to certain exceptions. The indenture provides that in case an Event of Default has occurred and is continuing, the trustee will be required, in the exercise of its power, to use the degree of care of a prudent man in the conduct of his own affairs. Subject to such provisions, the trustee will be under no obligation to exercise any of its rights or powers under the indenture at the request of any holder of notes, unless such holder has offered to the trustee reasonable indemnity or security satisfactory to it against any loss, liability or expense.

Additional information

Anyone who receives this offering memorandum may obtain a copy of the indenture or any of the Security Documents without charge by writing to Delta Air Lines, Inc., Post Office Box 20706, Atlanta, Georgia, 30320-6001, Attention: Investor Relations.

Denominations

The notes will be issuable in denominations of \$2,000 and integral multiples of \$1,000 in excess thereof.

No listing

We are not required and do not intend to list the notes on any securities exchange.

Book-entry, delivery and form

The notes will be represented by one or more notes in registered global form, without interest coupons attached. On the date of closing, these global notes (the "Global Notes") will remain in the custody of the trustee and registered in the name of DTC or its nominee, in each case for credit to an account of a direct or indirect participant in DTC as described below.

Except as set forth below, the Global Notes may be transferred, in whole and not in part, only to another nominee of DTC or to a successor of DTC or its nominee. In addition, transfers of beneficial interests in the

Global Notes will be subject to the applicable rules and procedures of DTC and its direct or indirect participants, including, if applicable, those of Euroclear and Clearstream, which may change from time to time. Beneficial interests in the Global Notes may not be exchanged for notes in certificated form except in the limited circumstances described below under the caption “–Depository procedures–Exchange of global notes for certificated notes.”

Depository procedures

The following description of the operations and procedures of DTC, Euroclear and Clearstream are provided solely as a matter of convenience. These operations and procedures are solely within the control of the respective settlement systems and are subject to changes by them. Delta takes no responsibility for these operations and procedures and urges investors to contact the system or their participants directly to discuss these matters.

DTC has advised Delta that DTC is a limited-purpose trust company created to hold securities for its participating organizations (collectively, the “participants”) and to facilitate the clearance and settlement of transactions in those securities between participants through electronic book-entry changes in accounts of its participants. The participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. Access to DTC’s system is also available to other entities such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a participant, either directly or indirectly (collectively, the “indirect participants”). Persons who are not participants may beneficially own securities held by or on behalf of DTC only through the participants or the indirect participants. The ownership interests in, and transfers of ownership interests in, each security held by or on behalf of DTC are recorded on the records of the participants and indirect participants.

DTC has also advised Delta that, pursuant to procedures established by it:

- (1) upon deposit of the Global Notes, DTC will credit the accounts of participants with portions of the principal amount of the Global Notes; and
- (2) ownership of these interests in the Global Notes will be shown on, and the transfer of ownership of these interests will be effected only through, records maintained by DTC (with respect to the participants) or by the participants and the indirect participants (with respect to other owners of beneficial interests in the Global Notes).

Investors in the Global Notes who are participants in DTC’s system may hold their interests therein directly through DTC. Investors in the Global Notes who are not participants may hold their interests therein indirectly through organizations (including Euroclear and Clearstream) which are participants in such system. Euroclear and Clearstream will hold interests in the Global Notes on behalf of their participants through customers’ securities accounts in their respective names on the books of their respective depositories, which are Euroclear Bank S.A./N.V., as operator of Euroclear, and Clearstream. All interests in a Global Note, including those held through Euroclear or Clearstream, may be subject to the procedures and requirements of DTC.

Those interests held through Euroclear or Clearstream may also be subject to the procedures and requirements of such systems. The laws of some states require that certain Persons take physical delivery in definitive form of securities that they own. Consequently, the ability to transfer beneficial interests in a Global Note to such Persons will be limited to that extent. Because DTC can act only on behalf of participants, which in turn act on behalf of indirect participants, the ability of a Person having beneficial interests in a Global Note to pledge such interests to Persons that do not participate in the DTC system, or otherwise take actions in respect of such interests, may be affected by the lack of a physical certificate evidencing such interests.

Except as described below, owners of interests in the Global Notes will not have notes registered in their names, will not receive physical delivery of notes in certificated form and will not be considered the registered owners or “Holders” thereof under the indenture for any purpose.

Payments in respect of the principal of, and interest (including Special Interest, if any) and premium, if any, on a Global Note registered in the name of DTC or its nominee will be payable to DTC in its capacity as the registered holder under the indenture. Under the terms of the indenture, Delta and the trustee will treat the Persons in whose names the notes, including the Global Notes, are registered as the owners of the notes for the purpose of receiving payments and for all other purposes. Consequently, neither Delta, the trustee nor any agent of Delta or the trustee has or will have any responsibility or liability for:

- (1) any aspect of DTC’s records or any participant’s or indirect participant’s records relating to or payments made on account of beneficial ownership interests in the Global Notes or for maintaining, supervising or reviewing any of DTC’s records or any participant’s or indirect participant’s records relating to the beneficial ownership interests in the Global Notes; or
- (2) any other matter relating to the actions and practices of DTC or any of its participants or indirect participants.

DTC has advised Delta that its current practice, upon receipt of any payment in respect of securities such as the notes (including principal and interest), is to credit the accounts of the relevant participants with the payment on the payment date unless DTC has reason to believe it will not receive payment on such payment date. Each relevant participant is credited with an amount proportionate to its beneficial ownership of an interest in the principal amount of the relevant security as shown on the records of DTC. Payments by the participants and the indirect participants to the beneficial owners of notes will be governed by standing instructions and customary practices and will be the responsibility of the participants or the indirect participants and will not be the responsibility of DTC, the trustee or Delta. Neither Delta nor the trustee will be liable for any delay by DTC or any of its participants in identifying the beneficial owners of the notes, and Delta and the trustee may conclusively rely on and will be protected in relying on instructions from DTC or its nominee for all purposes.

Transfers between participants in DTC will be effected in accordance with DTC’s procedures, and will be settled in same-day funds, and transfers between participants in Euroclear and Clearstream will be effected in accordance with their respective rules and operating procedures.

Cross-market transfers between the participants in DTC, on the one hand, and DTC participants acting on behalf of Euroclear or Clearstream participants, on the other hand, will be effected through DTC in accordance with DTC’s rules on behalf of DTC participants acting on behalf of Euroclear or Clearstream, as the case may be; however, such cross-market transactions will require delivery of instructions to Euroclear or Clearstream, as the case may be, by the counterparty in such system in accordance with the rules and procedures and within the established deadlines (Brussels time) of such system. Euroclear or Clearstream, as the case may be, will, if the transaction meets its settlement requirements, deliver instructions to the DTC participant acting on its behalf to take action to effect final settlement on its behalf by delivering or receiving interests in the relevant Global Note in DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Euroclear participants and Clearstream participants may not deliver instructions directly to the DTC participants acting on behalf of Euroclear or Clearstream.

DTC has advised us that it will take any action permitted to be taken by a holder of notes only at the direction of one or more participants to whose account DTC has credited the interests in the Global Notes and only in respect of such portion of the aggregate principal amount of the notes as to which such participant or participants has or have given such direction. However, if there is an Event of Default, DTC reserves the right to exchange the Global Notes for notes in certificated form, and to distribute such notes to its participants.

Although DTC, Euroclear and Clearstream have agreed to the foregoing procedures to facilitate transfers of interests in the Global Notes among participants in DTC, Euroclear and Clearstream, they are under no obligation to perform or to continue to perform such procedures, and may discontinue such procedures at any time. Neither Delta nor the trustee nor any of their respective agents will have any responsibility for the performance by DTC, Euroclear or Clearstream or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

Exchange of global notes for certificated notes

A Global Note is exchangeable for definitive notes in registered certificated form, or “Certificated Notes,” if:

- (1) DTC (a) notifies Delta that it is unwilling or unable to continue as depository for the Global Notes or (b) has ceased to be a clearing agency registered under the Exchange Act and, in either case, Delta fails to appoint a successor depository; or
- (2) there has occurred and is continuing a Default or Event of Default.

In all cases, Certificated Notes delivered in exchange for any Global Note or beneficial interests in Global Notes will be registered in the names, and issued in any approved denominations, requested by or on behalf of the depository (in accordance with its customary procedures), and the Certificated Notes shall bear appropriate legends indicating the transfer restrictions applicable thereto.

Same day settlement and payment

Delta will make payments in respect of the notes represented by the Global Notes (including principal, premium, if any, and interest (including Special Interest, if any)) by wire transfer of immediately available funds to the accounts specified by the Global Note holder. Delta will make all payments of principal, interest (including Special Interest, if any) and premium, if any, with respect to Certificated Notes by wire transfer of immediately available funds to the accounts specified by the holders of the Certificated Notes, in the case of a holder holding an aggregate principal amount of notes of \$1.0 million or more, or, if no such account is specified or in the case of a holder holding an aggregate principal amount of notes of less than \$1.0 million, by mailing a check to each such holder’s registered address. The notes represented by the Global Notes are expected to be eligible to trade in DTC’s Same-Day Funds Settlement System, and any permitted secondary market trading activity in such notes will, therefore, be required by DTC to be settled in immediately available funds. Delta expects that secondary trading in any Certificated Notes will also be settled in immediately available funds.

Because of time zone differences, the securities account of a Euroclear or Clearstream participant purchasing an interest in a Global Note from a participant in DTC will be credited, and any such crediting will be reported to the relevant Euroclear or Clearstream participant, during the securities settlement processing day (which must be a business day for Euroclear and Clearstream) immediately following the settlement date of DTC. DTC has advised Delta that cash received in Euroclear or Clearstream as a result of sales of interests in a Global Note by or through a Euroclear or Clearstream participant to a participant in DTC will be received with value on the settlement date of DTC but will be available in the relevant Euroclear or Clearstream cash account only as of the business day for Euroclear or Clearstream following DTC’s settlement date.

Governing law

The indenture provides that it and the notes will be governed by, and construed in accordance with, the laws of the State of New York.

Certain definitions

“Act of Required Debtholders” means, as to any matter at any time:

- (1) prior to the Discharge of Priority Lien Obligations, a direction in writing delivered to the collateral trustee by or with the written consent of the holders of more than 50% of the Priority Lien Debt, calculated in accordance with the terms and the provisions described above under the caption “–Collateral trust agreement–Voting” and as follows:
- (x) the amount of Priority Lien Debt to be voted by the holders of a Series of Priority Lien Debt will equal the sum of:
 - (a) the aggregate outstanding principal amount of such Series of Priority Lien Debt (including the face amount of outstanding letters of credit whether or not then available or drawn); and
 - (b) the aggregate unfunded commitments to extend credit which, when funded, would constitute Priority Lien Debt under such Series of Priority Lien Debt; and
- (y) following and in accordance with the outcome of the applicable vote under its Secured Debt Documents, the secured Debt Representative of each Series of Priority Lien Debt will cast all of its votes under such Series of Priority Lien Debt as a block;

provided, however, that after (1) the termination or expiration of all commitments to extend credit that constitute Priority Lien Debt, (2) the payment in full in cash of the principal of and interest (including Special Interest, if any) and premium (if any) on all Priority Lien Debt (other than any undrawn letters of credit), (3) the discharge or cash collateralization (at the lower of (a) 105% of the aggregate undrawn amount or (b) the percentage of the aggregate undrawn amount required for release of Liens under the terms of the applicable Priority Lien Document) of all outstanding letters of credit constituting Priority Lien Debt, and (4) the payment in full in cash of all other Priority Lien Obligations other than any Priority Lien Obligations consisting of Banking Product Obligations, Hedging Obligations and Contingent Liabilities, the term “Act of Required Debtholders” will mean the holders of more than 50% of the sum of the aggregate “settlement amount” (or similar term) (as defined in the applicable Hedge Agreement relating to Priority Lien Obligations consisting of a Hedging Obligation) or, with respect to any such Hedge Agreement that has been terminated in accordance with its terms, the amount then due and payable (including any termination payments then due) under such Hedge Agreement, under all Hedge Agreements relating to Priority Lien Obligations consisting of Hedging Obligations; *provided that* the “settlement amount” (or similar term) as of the last business day of the month preceding any date of determination shall be calculated by the appropriate swap counterparties and reported to the collateral trustee upon request; *provided further,* that any Hedging Obligation with a “settlement amount” (or similar term) that is a negative number shall be disregarded for purposes of all calculations required by the term “Act of the Required Debtholders;” and

- (2) at any time after the Discharge of Priority Lien Obligations, a direction in writing delivered to the collateral trustee by or with the written consent of the holders of more than 50% of the Junior Lien Debt, calculated in accordance with the terms and the provisions described above under the caption “–Collateral trust agreement–Voting” and as follows:
- (x) the amount of Junior Lien Debt to be voted by the holders of a Series of Junior Lien Debt will equal the sum of:
 - (a) the aggregate outstanding principal amount of such Series of Junior Lien Debt (including the face amount of outstanding letters of credit whether or not then available or drawn); and
 - (b) the aggregate unfunded commitments to extend credit which, when funded, would constitute Junior Lien Debt under such Series of Junior Lien Debt; and

- (y) following and in accordance with the outcome of the applicable vote under its Secured Debt Documents, the Secured Debt Representative of each Series of Junior Lien Debt will cast all of its votes under such Series of Junior Lien Debt as a block;

provided, however, that after (1) the termination or expiration of all commitments to extend credit that constitute Junior Lien Debt, (2) the payment in full in cash of the principal of and interest and premium (if any) on all Junior Lien Debt (other than any undrawn letters of credit), (3) the discharge or cash collateralization (at the lower of (a) 105% of the aggregate undrawn amount or (b) the percentage of the aggregate undrawn amount required for release of Liens under the terms of the applicable Junior Lien Document) of all outstanding letters of credit constituting Junior Lien Debt, and (4) the payment in full in cash of all other Junior Lien Obligations other than any Junior Lien Obligations consisting of Banking Product Obligations, Hedging Obligations and Contingent Liabilities, the term “Act of Required Debtholders” will mean the holders of more than 50% of the sum of the aggregate “settlement amount” (or similar term) (as defined in the applicable Hedge Agreement relating to Junior Lien Obligations consisting of a Hedging Obligation) or, with respect to any such Hedge Agreement that has been terminated in accordance with its terms, the amount then due and payable (including any termination payments then due) under such Hedge Agreement, under all Hedge Agreements relating to Junior Lien Obligations consisting of Hedging Obligations; *provided* that the “settlement amount” (or similar term) as of the last business day of the month preceding any date of determination shall be calculated by the appropriate swap counterparties and reported to the collateral trustee upon request; *provided further*, that any Hedging Obligation with a “settlement amount” (or similar term) that is a negative number shall be disregarded for purposes of all calculations required by the term “Act of the Required Debtholders.”

For purposes of this definition, (a) Secured Debt registered in the name of, or beneficially owned by, Delta or any Affiliate of Delta will be deemed not to be outstanding, and (b) votes will be determined in accordance with the provisions described above under the caption “–Collateral trust agreement–Voting.”

“Additional Specified Collateral” means all additional assets and properties of Delta upon which Liens have been granted to the collateral trustee after the Issue Date to secure the Secured Debt Obligations, including Cure Collateral, but shall exclude any Europe Routes, the Europe Slots, the Europe Gates, the Latin American Routes, the Latin American Slots, the Latin American Gates and the Specified Slots.

“Applicable Appraisal Discount Rate” means, on the date of any valuation of Routes done in connection with an Appraisal, 9.0%.

“Applicable Terminal Value Growth Rate” means, (a) with respect to Europe Routes, 1.5% and (b) with respect to Latin American Routes, 2.5%.

“Appraisal” means an appraisal, dated the date of delivery thereof, prepared by BK Associates, Inc. or another independent appraisal firm reasonably satisfactory to Delta, which certifies, at the time of determination, in reasonable detail the Appraised Value of the Collateral and is consistent in all material respects with the Appraisal delivered to the trustee on the date of the indenture and described in this offering memorandum under the caption “Description of collateral–Appraisals.”

“Appraised Collateral” shall mean Collateral included in an Appraisal.

“Appraised Value” means, as of any date of determination, (a) in the case of Appraised Collateral, the fair market value thereof (other than cash and Cash Equivalents pledged as Cure Collateral) as reflected in the most recent Appraisal obtained in respect of such Collateral (in the case of any Routes, utilizing the Applicable Appraisal Discount Rate and the Applicable Terminal Value Growth Rate), (b) 160% of the amount of cash and Cash Equivalents pledged at such time as Cure Collateral, and (c) in the case of all other Collateral, the book value thereof.

“Banking Product Obligations” means, as applied to any Person, any direct or indirect liability, contingent or otherwise, of such Person in respect of any treasury, depository and cash management services and automated clearing house transfers of funds services provided by a lender under the Credit Agreement or any of its banking affiliates, including obligations for the payment of fees, interest, charges, expenses, attorneys’ fees and disbursements in connection therewith, in each case designated by Delta as Banking Product Obligations from time to time by written notice to the Administrative Agent.

“Capital Lease Obligation” means, at the time any determination is to be made, the amount of the liability in respect of a capital lease that would at that time be required to be capitalized and reflected as a liability on a balance sheet prepared in accordance with GAAP.

“Capital Stock” means:

- (1) in the case of a corporation, corporate stock;
- (2) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock;
- (3) in the case of a partnership or limited liability company, partnership interests (whether general or limited) or membership interests; and
- (4) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person,

but excluding from all of the foregoing clauses (1) through (4) any debt securities convertible into Capital Stock, whether or not such debt securities include any right of participation with Capital Stock.

“Cash Equivalents” means:

- (1) direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the federal government of the United States (or by any agency or instrumentality thereof to the extent such obligations are backed by the full faith and credit of the United States), in each case maturing within one year from the date of acquisition thereof;
- (2) direct obligations of state, provincial and local government entities, in each case maturing within one year from the date of acquisition thereof, which have, at the date of such acquisition, a rating of at least A- (or the equivalent thereof) from S&P or A-3 (or the equivalent thereof) from Moody’s;
- (3) obligations of domestic or foreign companies and their subsidiaries, including, without limitation, bills, notes, bonds, debentures, and mortgage-backed securities, in each case maturing within one year from the date of acquisition thereof and which have, at the date of such acquisition, a rating of at least A- (or the equivalent thereof) from S&P or A-3 (or the equivalent thereof) from Moody’s;
- (4) commercial paper maturing within 365 days from the date of acquisition thereof and having, at such date of acquisition, a rating of at least A-2 (or the equivalent thereof) from S&P or P-2 (or the equivalent thereof) from Moody’s;
- (5) certificates of deposit, banker’s acceptances, banker’s discount notes, time deposits, US Dollar time deposits or overnight bank deposits maturing within one year from the date of acquisition thereof issued or guaranteed by or placed with, and money market deposit accounts issued or offered by, any domestic office of any other commercial bank of recognized standing organized under the laws of the United States or any state thereof or the District of Columbia that has a combined capital and surplus and undivided profits of not less than \$500,000,000;

- (6) fully collateralized repurchase agreements with a term of not more than six months for underlying securities that would otherwise be eligible for investment;
- (7) investments in money in an investment company organized under the Investment Company Act of 1940, as amended, or in pooled accounts or funds offered through mutual funds, investment advisors, banks and brokerage houses which invest its assets in obligations of the type described in clauses (1) through (6) above. This could include, but not be limited to, money marker funds or short-term and intermediate bonds funds;
- (8) money market funds that (i) comply with the criteria set forth in SEC Rule 2a-7 under the Investment Company Act of 1940, as amended, (ii) are rated AAA (or the equivalent thereof) by S&P and AAA (or the equivalent thereof) by Moody's and (iii) have portfolio assets of at least \$5,000,000,000.

“Change of Control” means the occurrence of any of the following:

- (1) the direct or indirect sale, lease, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets of Delta and its subsidiaries taken as a whole to any “person” (as that term is used in Section 13(d)(3) of the Exchange Act), other than any such transaction where the holders of Delta’s Voting Stock immediately before that transaction own, directly or indirectly, not less than a majority of the Voting Stock of the transferee, or the parent thereof, immediately after such transaction and in substantially the same proportion as their ownership in Delta before the transaction;
- (2) the adoption of a plan relating to the liquidation or dissolution of Delta; and
- (3) consummation of any transaction (including without limitation, any merger or consolidation) the result of which is that any “person” (as that term is used in Section 13(d)(3) of the Exchange Act), other than Delta or its subsidiaries, becomes the beneficial owner (as defined in Rules 13d-3 and 13d-5 under the Exchange Act), directly or indirectly, of more than 50% of the combined voting power of Delta’s Voting Stock or other Voting Stock into which Delta’s Voting Stock is reclassified, consolidated, exchanged, or changed measured by voting power rather than number of shares, other than any such transaction where:
 - (a) Delta’s outstanding Voting Stock is reclassified, consolidated, exchanged, or changed for other Voting Stock of Delta or for Voting Stock of the surviving corporation, and
 - (b) the holders of Delta’s Voting Stock immediately before that transaction own, directly or indirectly, not less than a majority of Delta’s Voting Stock or the Voting Stock of the surviving parent corporation immediately after such transaction and in substantially the same proportion as their ownership in Delta before the transaction.

“Change of Control Triggering Event” means the occurrence of both a Change of Control and a Rating Decline.

“Collateral” means all assets and properties of Delta now owned or hereafter acquired upon which Liens have been granted to the collateral trustee to secure the Secured Debt Obligations (including, without limitation, the Europe Routes, the Europe Slots, the Europe Gates, the Latin American Routes, the Latin American Slots and the Latin American Gates, the Specified Slots), together with all proceeds of the foregoing (including, without limitation, proceeds from dispositions of the foregoing).

“Collateral Material Adverse Effect” means a material adverse effect on the Appraised Value of the Collateral, taken as a whole.

“Contingent Liabilities” means, at any time, any obligations for taxes, costs, indemnifications, reimbursements, damages and other liabilities in respect of which no claim or demand for payment has been made at such time.

“Credit Agreement” means that certain Credit Agreement, to be dated as of the date of the indenture, among Delta, each of the several banks and other financial institutions or entities from time to time party thereto and Barclays Bank PLC, as administrative agent and U.S. Bank National Association, as collateral trustee, as amended, restated, amended and restated, supplemented or otherwise modified, refinanced or replaced from time to time.

“Credit Facilities” means, one or more debt facilities (including, without limitation, the Credit Agreement) or, commercial paper facilities, reimbursement agreements or other agreements providing for the extension of credit, or securities purchase agreements, indentures or similar agreements, whether secured or unsecured, in each case, with banks, insurance companies, financial institutions or other institutional lenders or investors providing for, or acting as initial purchasers of, revolving credit loans, term loans, receivables financing (including through the sale of receivables to such lenders or to special purpose entities formed to borrow from such lenders against such receivables) or, letters of credit, surety bonds, insurance products or the issuance and sale of securities, in each case, as amended, restated, modified, renewed, extended, refunded, replaced in any manner (whether upon or after termination or otherwise) or refinanced (including by means of sales of debt securities to institutional investors) in whole or in part from time to time.

“Cure Collateral” means (a) cash and other assets and properties of Delta pledged to the collateral trustee, and (b) Routes, Slots and Gate Leaseholds of Delta designated by Delta as “Cure Collateral” in an officer’s certificate delivered to the collateral trustee.

“Discharge of Priority Lien Obligations” means the occurrence of all of the following:

- (1) termination or expiration of all commitments to extend credit that would constitute Priority Lien Debt;
- (2) payment in full in cash of the principal of and interest (including Special Interest, if any) and premium (if any) on all Priority Lien Debt (other than any undrawn letters of credit);
- (3) discharge or cash collateralization (at the lower of (A) 105% of the aggregate undrawn amount and (B) the percentage of the aggregate undrawn amount required for release of liens under the terms of the applicable Priority Lien Document) of all outstanding letters of credit constituting Priority Lien Debt; and
- (4) payment in full in cash of all other Priority Lien Obligations that are outstanding and unpaid at the time the Priority Lien Debt is paid in full in cash (other than Contingent Liabilities).

“Equity Interests” means shares of capital stock, partnership interests, membership interests in a limited liability company, beneficial interests in a trust or other equity ownership interests in a Person (whether direct or indirect), and any warrants, options or other rights entitling the holder thereof to purchase or acquire any such equity interest.

“FAA Slot” shall mean, in the case of airports in the United States, at any time, the right and operational authority to conduct one Instrument Flight Rule (as defined in Title 14) scheduled landing or take-off operation at a specific time or during a specific time period at any airport at which landings or take-offs are restricted, including, without limitation, slots and operating authorizations, whether pursuant to FAA or DOT regulations or orders pursuant to Title 14, Title 49 or other federal statutes now or hereinafter in effect.

“Foreign Slot” means all of the rights and operational authority, now held or hereafter acquired, of Delta and, if applicable, a subsidiary to conduct one landing or takeoff operation during a specific hour or other period on a specific day of the week at each non-United States airport served in conjunction with Delta’s or such subsidiary’s operations over a Route, other than “slots” which have been permanently allocated to another air carrier and in which Delta or, if applicable, such subsidiary holds temporary use rights.

“Fitch” means Fitch, Inc., also known as Fitch Ratings, and its successors.

“GAAP” means generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as have been approved by a significant segment of the accounting profession, which are in effect from time to time.

“Gate Leaseholds” means, at any time, all of the right, title, privilege, interest, and authority now or hereafter acquired or held by Delta in connection with the right to use or occupy holdroom and passenger boarding and deplaning space in any airport terminal at which Delta conducts scheduled operations.

“Hedge Agreement” means any agreement evidencing Hedging Obligations.

“Hedging Obligations” means, with respect to any specified Person, the Obligations of such Person under:

- (1) interest rate swap agreements (whether from fixed to floating or from floating to fixed), interest rate cap agreements and interest rate collar agreements;
- (2) other agreements or arrangements designed to manage interest rates or interest rate risk; and
- (3) other agreements or arrangements designed to protect such Person against fluctuations in currency exchange rates, fuel prices or other commodity prices, but excluding clauses in purchase agreements and maintenance agreements pertaining to future prices.

“Indebtedness” means, with respect to any specified Person, any indebtedness of such Person (excluding air traffic liability, accrued expenses and trade payables), whether or not contingent:

- (1) in respect of borrowed money;
- (2) evidenced by bonds, notes, debentures or similar instruments or letters of credit (or reimbursement agreements in respect thereof);
- (3) in respect of banker’s acceptances;
- (4) representing Capital Lease Obligations;
- (5) representing the balance deferred and unpaid of the purchase price of any property or services due more than six months after such property is acquired or such services are completed, and excluding in any event trade payables arising in the ordinary course of business; or
- (6) representing any Hedging Obligations,

if and to the extent any of the preceding items (other than letters of credit and Hedging Obligations) would appear as a liability upon a balance sheet of the specified Person prepared in accordance with GAAP. In addition, the term “Indebtedness” includes all Indebtedness of others secured by a Lien on any asset of the specified Person (whether or not such Indebtedness is assumed by the specified Person) and, to the extent not otherwise included, the guarantee by the specified Person of any Indebtedness of any other Person.

Indebtedness shall be calculated without giving effect to the effects of Statement of Financial Accounting Standards No. 133 and related interpretations to the extent such effects would otherwise increase or decrease an amount of Indebtedness for any purpose under the collateral trust agreement as a result of accounting for any embedded derivatives created by the terms of such Indebtedness.

For the avoidance of doubt, Banking Product Obligations do not constitute Indebtedness.

“Investment Grade” means a rating of BBB- or better by Fitch (or its equivalent under any successor rating category of Fitch); a rating of Baa3 or better by Moody’s (or its equivalent under any successor rating category of Moody’s); and a rating of BBB- or better by S&P (or its equivalent under any successor rating category of S&P).

“Issue Date” means the date on which the notes are first issued under the indenture.

“Junior Lien” means a Lien granted by a Security Document to the collateral trustee, at any time, upon any property of Delta to secure Junior Lien Obligations.

“Junior Lien Debt” means any Indebtedness (including letters of credit and reimbursement obligations with respect thereto) of Delta that is secured on a junior basis to the Priority Lien Debt by a Junior Lien that was permitted to be incurred and so secured under each applicable Secured Debt Document; *provided that*:

- (a) on or before the date on which such Indebtedness is incurred by Delta, such Indebtedness is designated by Delta, in an officer’s certificate delivered to each Secured Debt Representative and the collateral trustee, as “Junior Lien Debt” for the purposes of the Credit Agreement, governing any other then existing Priority Lien Debt and the collateral trust agreement; *provided that* no Series of Secured Debt may be designated as both Junior Lien Debt and Priority Lien Debt;
- (b) such Indebtedness is governed by an indenture, credit agreement or other agreement that includes a Lien Sharing and Priority Confirmation; and
- (c) all requirements set forth in the collateral trust agreement as to the confirmation, grant or perfection of the collateral trustee’s Liens to secure such Indebtedness or Obligations in respect thereof are satisfied (and the satisfaction of such requirements and the other provisions of this clause (c) will be conclusively established if Delta delivers to the collateral trustee an officer’s certificate stating that such requirements and other provisions have been satisfied and that such Indebtedness is “Junior Lien Debt”).

“Junior Lien Documents” means, collectively any indenture, credit agreement or other agreement governing each Series of Junior Lien Debt and the security documents related thereto.

“Junior Lien Obligations” means Junior Lien Debt and all other Obligations in respect thereof, together with Hedging Obligations that are secured, or intended to be secured, under the Junior Lien Documents if the provider of such Hedging Obligations has agreed to be bound by the terms of the collateral trust agreement as a holder of Junior Lien Obligations or such provider’s interest in the Collateral is subject to the terms of the collateral trust agreement as a holder of Junior Lien Obligations and if such Hedging Obligations are permitted to be incurred and so secured under each applicable Secured Debt Document.

“Junior Lien Representative” means the trustee, agent or representative of the holders of any Series of Junior Lien Debt who maintains the transfer register for such Series of Junior Lien Debt and (a) is appointed as a Junior Lien Representative (for purposes related to the administration of the security documents) pursuant to the indenture, credit agreement or other agreement governing such Series of Junior Lien Debt, together with its successors in such capacity, and (b) has executed a Collateral Trust Joinder.

“Lien” means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or similar encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected under applicable law, including any conditional sale or other title retention agreement, any option or other agreement to sell or give a security interest in and any agreement to give any financing statement under the UCC (or equivalent statutes) of any jurisdiction.

“Lien Sharing and Priority Confirmation” means:

- (1) as to any future Series of Priority Lien Debt, the written agreement of the holders of such Series of Priority Lien Debt (or the Secured Debt Representative with respect to such Series), as set forth in the credit agreement or other agreement governing such Series of Priority Lien Debt, for the benefit of all holders of Secured Debt and each future Secured Debt Representative:
 - (a) that all Priority Lien Obligations will be and are secured equally and ratably by all Priority Liens at any time granted by Delta to the Collateral Trustee to secure any Obligations in respect of such Series of Priority Lien Debt, whether or not upon property otherwise constituting Collateral, and that all such Priority Liens will be enforceable by the collateral trustee for the benefit of all holders of Priority Lien Obligations equally and ratably;
 - (b) that the holders of Obligations in respect of such Series of Priority Lien Debt are bound by the provisions of the collateral trust agreement, including the provisions relating to the ranking of Priority Liens and the order of application of proceeds from enforcement of Priority Liens; and
 - (c) consenting to the terms of the collateral trust agreement and the collateral trustee’s performance of, and directing the collateral trustee to perform its obligations under, the collateral trust agreement and the other Security Documents; and
- (2) as to any Series of Junior Lien Debt, the written agreement of the holders of such Series of Junior Lien Debt (or the Secured Debt Representative with respect to such Series), as set forth in the indenture, credit agreement or other agreement governing such Series of Junior Lien Debt, for the benefit of all holders of Secured Debt and each Secured Debt Representative:
 - (a) that all Junior Lien Obligations will be and are secured equally and ratably by all Junior Liens at any time granted by Delta to secure any Obligations in respect of such Series of Junior Lien Debt, whether or not upon property otherwise constituting collateral for such Series of Junior Lien Debt, and that all such Junior Liens will be enforceable by the collateral trustee for the benefit of all holders of Junior Lien Obligations equally and ratably;
 - (b) that the holders of Obligations in respect of such Series of Junior Lien Debt are bound by the provisions of the collateral trust agreement, including the provisions relating to the ranking of Junior Liens and the order of application of proceeds from the enforcement of Junior Liens; and
 - (c) consenting to the terms of the collateral trust agreement and the collateral trustee’s performance of, and directing the collateral trustee to perform its obligations under, the collateral trust agreement and the other Security Documents.

“Material Adverse Effect” shall mean a material adverse effect on (a) the business, operations or financial condition of Delta and its Subsidiaries, taken as a whole, (b) the validity or enforceability of the notes, the indenture or the Security Documents or the rights or remedies of the trustee, the collateral trustee and the holders thereunder, or (c) the ability of Delta to pay the obligations under the indenture or the notes.

“Moody’s” means Moody’s Investors Service, Inc., a subsidiary of Moody’s Corporation, and its successors.

“Net Proceeds” means the aggregate cash proceeds and Cash Equivalents received by Delta in respect of any Disposition, net of the direct costs relating to such Disposition, including, without limitation, legal, accounting and investment banking fees, and sales commissions, and any relocation expenses incurred as a result of the Disposition, taxes paid or payable as a result of the Disposition, in each case, after taking into account any available tax credits or deductions and any tax sharing arrangements, and any reserve for adjustment or

indemnification obligations in respect of the sale price of such asset or assets established in accordance with GAAP.

“Obligations” means, with respect to any Indebtedness, any principal (including reimbursement obligations with respect to letters of credit whether or not drawn), interest (including all interest and fees accrued thereon after the commencement of any insolvency or liquidation proceeding at the rate, including any applicable post-default rate, specified in such indebtedness, even if such interest or fees are not enforceable, allowable or allowed as a claim in such proceeding), premium (if any), fees, indemnifications, reimbursements, expenses and other liabilities, in each case payable under the documentation governing such Indebtedness.

“Qualified Replacement Assets” means Europe Routes, Europe Slots, Europe Gates, Latin American Routes, Latin American Slots, Latin American Gates and Specified Slots that are acquired by Delta and (1) are pledged as Collateral under the Security Documents to secure Priority Lien Obligations and Junior Lien Obligations and (2) are perfected by a first priority Lien and/or mortgage (or comparable Lien) in favor of the collateral trustee for the benefit of the holders of the Secured Debt Obligations subject only to Permitted Liens.

“Permitted Dispositions” means:

- (1) any single transaction or series of related transactions that involves assets having a fair market value of less than \$50,000,000; *provided* that after giving effect to such transaction, the Appraised Value of the remaining Collateral shall satisfy the Priority Debt Coverage Ratio (it being understood that such Appraised Value shall be based on the most recent Appraisal delivered pursuant to clause (1) of the covenant described under “– Delivery of Appraisals”);
- (2) abandonment of Slots Routes; *provided* that such abandonment is (A) in connection with the downsizing of any hub or facility which does not materially and adversely affect the business of Delta and its Subsidiaries, taken as a whole, (B) in the ordinary course of business consistent with past practices and does not materially and adversely affect the business of Delta and its Subsidiaries, taken as a whole; *provided* that in the case of an abandonment pursuant to this clause (B), if the Appraised Value of the Collateral being abandoned would constitute at least 10% of the Appraised Value of (i) the Europe Routes, Europe Slots and Europe Gates, (ii) the Latin American Routes, Latin American Slots and Latin American Gates or (iii) Specified Slots (in each case, to the extent constituting Collateral and as determined by an Appraisal of such category of Collateral), then such Appraisal shall be performed within 60 days prior to the time of such abandonment, or (C) reasonably determined by Delta to be of *de minimis value*; *provided* further that (x) after giving effect to such abandonment, the Appraised Value of the remaining Collateral shall satisfy the Priority Debt Coverage Test, and (y) prior to effecting the removal, Delta shall have delivered an officer’s certificate to the trustee certifying that, after giving effect to such removal, the Appraised Value of the Collateral shall satisfy the Priority Debt Coverage Test (it being understood that, except as set forth above with respect to clause (B), such Appraised Value shall be based on the most recent Appraisal delivered pursuant to clause (1) of the covenant described under “–Delivery of appraisals”);
- (3) exchange of FAA Slots in the ordinary course of business (including seasonal adjustments FAA Slots consistent with past practice) that in Delta’s reasonable judgment are of reasonably equivalent value (so long as the FAA Slots received in such exchange are pledged as Collateral);
- (4) the termination of leases or airport use agreements in the ordinary course of business to the extent such terminations do not have a Material Adverse Effect or a Collateral Material Adverse Effect;
- (5) any other lease or sublease of, or use agreements with respect to, assets and properties that constitute Slots or Routes in the ordinary course of business and swap agreements with respect to Slots in the ordinary course of business and which lease, sublease, use agreement or swap agreement (A) has a term

of less than one year or (B) has a term of one year or longer; *provided* that if the aggregate Appraised Value of the Collateral leased or subleased pursuant to this subclause (B) is equal to or greater than 10% of the Appraised Value of all Slots and Routes constituting Collateral in the most recent Appraisal delivered by Delta pursuant to “–Certain covenants–Delivery of appraisals”, the Appraised Value of all Slots and Routes constituting Collateral, after giving pro forma effect to all outstanding leases, subleases, use agreements and swap agreements pursuant to this subclause (B), would be not materially less than the Appraised Value of all Slots and Routes constituting Collateral in the most recent Appraisal delivered by Delta pursuant to “–Certain covenants–Delivery of appraisals”, all as determined in good faith by Delta and reflected in an officer’s certificate that is delivered to the trustee prior to entering into any such lease or sublease, demonstrating, with reasonably detailed calculations, compliance with the provisions of this subclause (B) and detailing the arrangements pursuant to which the collateral trustee’s Liens on all Slots and Routes constituting Collateral subject to such lease or sublease are not materially adversely affected in the good faith determination of Delta; *provided* that the aggregate Appraised Value of such FAA Slots so leased is less than 10% of the Appraised Value of the Collateral; and

(6) any Permitted Lien.

“Permitted Liens” means:

- (1) Priority Liens held by the collateral trustee securing Priority Lien Debt in an aggregate principal amount that as of the date of incurrence of any Priority Lien Debt (and after giving pro forma effect to the application of the net proceeds therefrom) does not exceed \$5,000,000,000 and does not cause the Priority Debt Coverage Ratio to be less than 2.00 to 1.00;
- (2) Junior Liens held by the collateral trustee securing Junior Lien Debt and all other Junior Lien Obligations; *provided* that all such Junior Liens contemplated by this clause (2) are made junior to the Priority Lien Obligations pursuant to the collateral trust agreement;
- (3) leases, subleases, use agreements and swap agreements leases, subleases, use agreements and swap agreements constituting “Permitted Dispositions” pursuant to clause (5) of such definition;
- (4) a banker’s lien or right of offset of the holder of such Indebtedness in favor of any lender of moneys or holder of commercial paper of Delta or any subsidiary in the ordinary course of business on moneys of Delta such subsidiary deposited with such lender or holder in the ordinary course of business;
- (5) Liens in favor of depositary banks arising as a matter of law encumbering deposits (including the right of setoff) and that are within the general parameters customary in the banking industry;
- (6) Liens for taxes, assessments or governmental charges or claims that are not yet delinquent or that are being contested in good faith by appropriate proceedings promptly instituted and diligently concluded; *provided* that any reserve or other appropriate provision as is required in conformity with GAAP has been made therefor;
- (7) Liens imposed by law, such as carriers’, warehousemen’s, landlord’s and mechanics’ Liens, in each case, incurred in the ordinary course of business;
- (8) Liens arising by operation of law in connection with judgments, attachments or awards which do not constitute an Event of Default hereunder; and
- (9) any extension, modification, renewal or replacement of the Liens described in clauses (1) through (8) above, *provided* that such extension, modification, renewal or replacement does not increase the principal amount of Indebtedness associated therewith.

“Priority Debt Coverage Ratio” means the ratio of (1) the Appraised Value of the Collateral to (2) the aggregate principal amount of all Priority Lien Debt then outstanding.

“Priority Debt Coverage Test” means that, on any date of determination, the Priority Debt Coverage Ratio will not be less than 1.60 to 1.00.

“Priority Lien Debt” means:

- (1) the notes initially issued by Delta under the indenture; and
- (2) (a) Indebtedness (other than Banking Product Obligations and Hedging Obligations) of Delta under the Credit Agreement (including letters of credit and reimbursement obligations with respect thereto) in an aggregate principal amount not to exceed \$5,000,000,000 and (b) other Indebtedness (other than Banking Product Obligations and Hedging Obligation) of Delta under the Credit Agreement that is permitted to be incurred and secured under each Secured Debt Document then extant (or as to which the lenders under the Credit Agreement obtained an officer’s certificate at the time of incurrence to the effect that such Indebtedness was permitted to be incurred and secured by all then extant Secured Debt Documents); and
- (3) Indebtedness represented by notes issued by Delta under any other indenture or other Indebtedness (including letters of credit and reimbursement obligations with respect thereto but excluding Hedging Obligations) of Delta, in each case that is secured equally and ratably with the notes and the Credit Agreement on a priority basis by a Priority Lien that is permitted to be incurred and so secured under each then extant Secured Debt Document; *provided*, in the case of any Indebtedness referred to in this clause (3), that:
 - (a) on or before the date on which such Indebtedness is incurred by Delta, such Indebtedness is designated by Delta, in an officer’s certificate delivered to each Priority Lien Representative and the collateral trustee, as “Priority Lien Debt” for the purposes of the Secured Debt Documents; *provided* that no Series of Secured Debt may be designated as both Junior Lien Debt and Priority Lien Debt;
 - (b) the Priority Lien Representative for such Indebtedness executes and delivers a Collateral Trust Joinder in accordance with its terms and the provisions of the collateral trust agreement and such Indebtedness is governed by a credit agreement or other agreement that includes a Lien Sharing and Priority Confirmation; and
 - (c) all other requirements set forth in the terms and the provisions set forth in the collateral trust agreement have been compiled with (and the satisfaction of such requirements and the other provisions of this clause (c) will be conclusively established if Delta delivers to the collateral trustee an officer’s certificate stating that such requirements and other provisions have been satisfied and that such Indebtedness is “Priority Lien Debt”).

For the avoidance of doubt, Banking Product Obligations and Hedging Obligations do not constitute Priority Lien Debt, but may constitute Priority Lien Obligations.

“Priority Lien Documents” means the indenture, the Credit Agreement and any other Credit Facility pursuant to which any Priority Lien Debt is incurred and the Security Documents relating to the Priority Lien Debt.

“Priority Lien Obligations” means the Priority Lien Debt and all other Obligations in respect of Priority Lien Debt, together with the sum of (1) Hedging Obligations (i) having an aggregate “settlement amount” (or similar term) (as defined in the applicable Hedge Agreement relating to Priority Lien Obligations consisting of a Hedging Obligation) or (ii), with respect to any such Hedge Agreement that has been terminated in accordance with its terms, the amount then due and payable (exclusive of expenses and similar payments but including any

termination payments then due) under such Hedge Agreement, under all Hedge Agreements relating to Priority Lien Obligations consisting of Hedging Obligations, in each case that are secured, or intended to be secured, under the Priority Lien Documents pursuant to the terms of the Credit Agreement if the provider of such Hedging Obligations has agreed to be bound by the terms of the collateral trust agreement or such provider's interest in the Collateral is subject to the terms of the collateral trust agreement, *minus* the aggregate amount of all net proceeds of any sale or other disposition of Collateral or sale (or other issuance or disposition) of Capital Stock applied by Delta since the date of the collateral trust agreement to repay any Hedging Obligations pursuant to the terms of the Priority Lien Documents under which such Hedging Obligations pursuant to the terms of the Priority Lien Documents under which such Hedging Obligations are secured or intended to be secured; *provided* that the "settlement amount" (or similar term) as of the last business day of the month preceding any date of determination shall be calculated by the appropriate swap counterparties and reported to the Collateral Trustee upon request *plus* (2) Banking Product Obligations of Delta that are secured, or intended to be secured, by the Priority Lien Documents if the provider of such Banking Product Obligations has agreed to be bound by the terms of the collateral trust agreement or such provider's interest in the Collateral is subject to the terms of the collateral trust agreement, in an aggregate amount not to exceed, together with the amounts referred to in clause (1) above, \$250,000,000.

"Priority Lien Representative" means (a)(1) the trustee, (2) in the case of the Credit Agreement, Barclays Bank PLC or (b) in the case of any other Series of Priority Lien Debt, the trustee, agent or representative of the holders of such Series of Priority Lien Debt who maintains the transfer register for such Series of Priority Lien Debt and (x) is appointed as a representative of the Priority Lien Debt (for purposes related to the administration of the security documents) pursuant to the credit agreement, indenture or other agreement governing such Series of Priority Lien Debt, together with its successors in such capacity, and (y) who has executed a Collateral Trust Joinder.

"Rating Agency" means (1) each of Fitch, Moody's, and S&P, and (2) if any of Fitch, Moody's, or S&P ceases to rate the notes or fails to make a rating of the notes publicly available for reasons outside of our control, a "nationally recognized statistical rating organization" as defined in Section 3 (a)(62) of the Exchange Act, selected by us (as certified by a resolution of our board of directors) as a replacement agency for Fitch, Moody's, or S&P, or all of them, as the case may be.

"Rating Decline" with respect to the notes shall be deemed to occur if, within 60 days after public notice of the occurrence of a Change of Control (which period shall be extended so long as the rating of the notes is under publicly announced consideration for possible downgrade by any Rating Agency), the rating of the notes by each Rating Agency shall be decreased by one or more gradations and in each case below Investment Grade; provided that each Rating Agency indicates that such downgrade is as a result of such Change of Control.

"Routes" means the routes for which Delta or, if applicable, a subsidiary holds or hereafter acquires the requisite authority to operate foreign air transportation pursuant to Title 49 including, without limitation, applicable frequencies, exemption and certificate authorities, Fifth-Freedom Rights and "behind/beyond rights," whether or not utilized by Delta or such subsidiary.

"S&P" means S&P Global Ratings and its successors.

"Secured Debt" means Priority Lien Debt and Junior Lien Debt.

"Secured Debt Documents" means the Priority Lien Documents and the Junior Lien Documents.

"Secured Debt Lien" means a Lien granted by a Security Document to the collateral trustee, at any time, upon any property of Delta to secure Secured Debt Obligations.

"Secured Debt Obligations" means Priority Lien Obligations and Junior Lien Obligations.

“Secured Debt Representative” means each Priority Lien Representative and each Junior Lien Representative.

“Secured Parties” means the holders of Secured Debt Obligations and the Secured Debt Representatives.

“Security Agreement” means that certain Priority Lien Slot, Gate and Route Security and Pledge Agreement, to be dated as of the date of the indenture, between Delta and U.S. Bank National Association, as collateral trustee, as amended, restated, amended and restated, supplemented or otherwise modified, refinanced or replaced from time to time.

“Security Documents” means the collateral trust agreement, the Security Agreement, each Lien Sharing and Priority Confirmation, and all security agreements, pledge agreements, collateral assignments, mortgages, deeds of trust, collateral agency agreements, control agreements or other grants or transfers for security executed and delivered by Delta creating (or purporting to create) a Lien upon Collateral in favor of the collateral trustee, for the benefit of any of the Secured Parties, in each case, as amended, modified, renewed, restated or replaced, in whole or in part, from time to time, in accordance with its terms and the provisions described above under the caption “–Collateral trust agreement–Amendment of security documents.”

“Series of Junior Lien Debt” means, severally, each issue or series of notes or other Indebtedness under any indenture or Credit Facility represented by a single Junior Lien Representative that constitutes Junior Lien Obligations.

“Series of Priority Lien Debt” means, severally, (a) the Indebtedness under the Credit Agreement and (b) each series of additional notes or other Indebtedness under any indenture or Credit Facility represented by a single Priority Lien Representative that constitutes Priority Lien Obligations.

“Series of Secured Debt” means, severally, each Series of Priority Lien Debt and each Series of Junior Lien Debt.

“Slot” means each FAA Slot and each Foreign Slot.

“Stated Maturity” means, with respect to any installment of interest or principal on any series of Indebtedness, the date on which the payment of interest or principal was scheduled to be paid in the documentation governing such Indebtedness as of the date of the indenture, and will not include any contingent obligations to repay, redeem or repurchase any such interest or principal prior to the date originally scheduled for the payment thereof.

“Subsidiary” means, at the date of determination, with respect to any specified Person:

- (1) any corporation, association or other business entity (other than a partnership, joint venture or limited liability company) of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency and after giving effect to any voting agreement or stockholders’ agreement that effectively transfers voting power) to vote in the election of directors, managers or trustees of the corporation, association or other business entity is at the time of determination owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person (or a combination thereof); and
- (2) any partnership or limited liability company of which (a) more than 50% of the capital accounts, distribution rights, total equity and voting interests or general and limited partnership interests, as applicable, are owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof, whether in the form of membership, general, special or limited partnership interests or otherwise, and (b) such Person or any Subsidiary of such Person is a controlling general partner or otherwise controls such entity.

“Title 49” means Title 49 of the U.S. Code, which, among other things, recodified and replaced the U.S. Federal Aviation Act of 1958, and the rules and regulations promulgated pursuant thereto or any subsequent legislation that amends, supplements or supersedes such provisions.

“Voting Stock” of any specified person as of any date means the capital stock of such person that is at the time entitled to vote generally in the election of the board of directors of such person.

Description of collateral

The notes will be secured on a senior basis by security interests granted to the collateral trustee on certain of our routes and takeoff and landing slots and gate leaseholds in the United States, United Kingdom, Europe, and Latin America. Specifically, the collateral will consist of our (1) licenses to operate routes between the United States and each of the United Kingdom, Europe, and Latin America, (2) rights and interests in and to airport takeoff and landing slots and gate leaseholds at airports in the United States, the United Kingdom, Europe, Latin America that are necessary to operate non-stop service on the routes described in clause (1) above, and (3) rights and interests in and to airport takeoff and landing slots at each of London Heathrow Airport, LaGuardia Airport, John F. Kennedy International Airport, and Reagan National Airport. Delta may be required to pledge additional collateral in the future under the terms of the notes. See “Description of notes—Security.” We hold limited-entry route authorities and slots at congested airports that are difficult to obtain through other means and are essential to providing international air service to and within the United States, the United Kingdom, Europe, and Latin America.

European network

The collateral includes Delta’s present and future licenses to operate routes between United States and the United Kingdom, and Europe, and beyond to points in other countries, including applicable designations, frequencies, exemptions, certificates, licenses, fifth-freedom rights and “behind and beyond rights” in each case whether or not utilized by Delta or its subsidiaries. The European Union and United Kingdom are “Open Skies” markets and any United States carrier can fly between any point in the European Union or the United Kingdom and any point in the United States. While operations at London Heathrow became more competitive as result of this agreement, they remain capacity restricted.

At congested airports, including certain foreign airports, operations are regulated by governmental entities through allocations of slots or similar regulatory mechanisms. Slots limit the rights of carriers to conduct operations at those airports. Each slot represents the authorization to land at or take off from the particular airport during a specified time period. Slots at foreign airports are regulated by local slot coordinators pursuant to the IATA Worldwide Scheduling Guidelines and applicable local law.

One of the most valuable components of our operations in the European Union and United Kingdom are the slots we hold. Slots in the European Union and United Kingdom are subject to “use or lose” rules that generally require an 80% minimum usage rate. As of March 2020, the European Union has suspended its 80% slot usage requirements until October 2020 due to the impact of the COVID-19 pandemic. We expect to continue to use the international route authorities in the United Kingdom and European Union indefinitely and expect that the related supporting infrastructure (facility leases and slots) will remain in place for as long as we have the route authorities.

Subject to certain limitations, Delta is also pledging its right, title, privilege, interest and authority in connection with its gate leaseholds at airports used in connection with its international route authorities in the United Kingdom and European Union. Due to legal and contractual limitations, Delta expects that most, if not all, of the gate leaseholds related to its United Kingdom and European routes will not be effectively pledged as collateral.

Latin America network

The collateral includes Delta’s present and future licenses to operate routes between the United States and points in Latin America and beyond to points in other countries, including applicable designations, frequencies, exemptions, certificates, licenses, fifth-freedom rights and “behind and beyond rights” in each case whether or not utilized by Delta or its subsidiaries.

Our authorities to serve Argentina, Cuba, Ecuador, and Mexico are pursuant to bilateral agreements between the United States and the foreign country involved. These limited entry rights are allocated by the DOT to U.S. carriers pursuant to bilateral agreements between the U.S. and the foreign country or countries involved. The DOT has a longstanding policy of respecting market-based transactions where international route authorities are sold from one carrier to another for monetary consideration.

The remaining markets we serve in Latin America - Bonaire, Brazil, Chile, Peru, Saba, and Sint Eustatius—are under “Open Skies” agreements and any United States carrier can fly between any point in these markets and any point in the United States. However, the majority of the airports we serve in Latin America are capacity constrained. One of the most valuable components of our operations in Latin America are the slots we hold. We expect to continue to use the international route authorities in Latin America indefinitely and expect that the related supporting infrastructure (facility leases and slots) will remain in place for as long as we have the route authorities.

Subject to certain limitations, Delta is also pledging its right, title, privilege, interest and authority in connection with its gate leaseholds at airports pledging its gate leaseholds at airports used in connection with its international route authorities Latin America. Due to legal and contractual limitations, Delta expects that most, if not all, of the gate leaseholds related to its Latin American routes will not be effectively pledged as collateral.

LaGuardia, John F. Kennedy international, and Reagan National slots

Delta is also pledging its present and future rights and interests in and to, including the proceeds realized through any transfer of ownership in relation to, airport takeoff and landing operating authorizations or slots (collectively, “slots”) at John F. Kennedy International Airport (“JFK”), LaGuardia Airport (“LGA”) and Ronald Reagan Washington National Airport (“DCA”), regardless of whether or not associated with a pledged route system.

We hold 517 slots at LaGuardia Airport, 409 summer slots and 401 winter slots at John F. Kennedy International Airport, and 104 slots at Reagan National Airport. These slots are subject to “use or lose” rules that generally require an 80% minimum usage rate. In March 2020, the FAA announced a limited waiver of the minimum usage requirement that applies to slots at LaGuardia Airport, John F. Kennedy International Airport, and Reagan National Airport, due to the impact of COVID-19 pandemic. The minimum usage requirement waiver applies to any slot associated with a scheduled nonstop flight between LaGuardia Airport, John F. Kennedy International Airport, or Reagan National Airport and other points that is canceled as a direct result of COVID-19 pandemic-related impacts through May 31, 2020.

Appraisals

BK Associates, Inc. has performed appraisals of our European route system, our Latin American route system, and our slots at LaGuardia Airport, John F. Kennedy International Airport, and Reagan National Airport. A copy of each appraisal is attached to this offering memorandum

Using discount rates of 8% to 10%, BK Associates, Inc. appraised the enterprise value of our European (including the United Kingdom) route system at \$7.7 billion to \$11.5 billion and our Latin American route system at \$1.1 billion to \$1.8 billion, each as of March 31, 2020. BK Associates, Inc. appraised the aggregate value of our slots at LaGuardia Airport, John F. Kennedy International Airport, and Reagan National Airport at \$1.6 billion to \$2.1 billion as of March 31, 2020.

The appraisals are subject to a number of assumptions, limitations and risks, and were prepared based on certain specified methodologies, each as described therein. See “Risk factors—Risk factors related to the notes—The value of the collateral securing the notes may not be equal to its appraisal value. Appraisals should not be relied upon as a measure of the value of the collateral,” “Description of collateral” and “Appraiser.”

Description of certain other indebtedness

The following discussion provides summary information about some of our indebtedness and does not purport to be a complete description of all the information that might be important to you. It does not reflect the effects of any additional liquidity we may seek in the private markets or through financings in connection with the CARES Act. See “Summary–Recent developments” for further discussion of our current liquidity position and the related risks described in the “Risk Factors” section of this offering memorandum with respect to our current liquidity position. For additional information regarding the terms of our existing indebtedness, see our periodic reports filed with the SEC and incorporated by reference into this offering memorandum.

Unsecured notes

As of March 31, 2020, we had \$4.550 billion in aggregate principal amount of unsecured notes outstanding, consisting of the notes set forth in the table below (collectively, the “Unsecured Notes”).

Interest rate and maturity date	Total principal	Issuance date
3.625% Notes due 2022	\$1,000,000,000	March 2017
2.600% Notes due 2020	\$ 450,000,000	December 2017
3.400% Notes due 2021	\$ 600,000,000	April 2018
3.800% Notes due 2023	\$ 500,000,000	April 2018
4.375% Notes due 2028	\$ 500,000,000	April 2018
2.900% Notes due 2024	\$ 900,000,000	October 2019
3.750% Notes due 2029	\$ 600,000,000	October 2019

The Unsecured Notes were issued under an indenture, dated as of March 6, 2017 (the “Base Indenture”), as supplemented by the First Supplemental Indenture, dated March 14, 2017, the Second Supplemental Indenture, dated December 5, 2017, the Third Supplemental Indenture, dated April 19, 2018, and the Fourth Supplemental Indenture, dated October 28, 2019 (collectively, the “Supplemental Indentures” and each a “Supplemental Indenture” and, together with the Base Indenture, the “Indenture”), each between Delta and U.S. Bank National Association, as trustee.

The Unsecured Notes are our direct, unsecured and unsubordinated obligations. The Unsecured Notes rank *pari passu*, or equal, in right of payment, with all of our other unsubordinated indebtedness and senior in right of payment to all of our future subordinated debt. We pay interest on the Unsecured Notes semi-annually in arrears.

The Indenture contains certain covenants that, among other things, limit our ability to incur liens securing indebtedness for borrowed money or capital leases and engage in mergers and consolidations or transfer all or substantially all of our assets, in each case subject to a number of important exceptions as specified in the Indenture. The Indenture also contains customary event of default provisions.

We may redeem the 2.600% Notes due 2020 and the 3.400% Notes due 2021 at our option at any time prior to the maturity date of the applicable series of Unsecured Notes, in whole or in part, at the applicable redemption price, plus accrued and unpaid interest on the principal amount of the applicable series of Unsecured Notes to be redeemed to the date of redemption.

We may redeem the 3.625% Notes due 2022, the 3.800% Notes due 2023 and the 2.900% Notes due 2024 at our option at any time prior to one month prior to the maturity date of the applicable series of Unsecured Notes, in whole or in part, at the applicable redemption price set forth in the applicable Supplemental Indenture, plus accrued and unpaid interest thereon to the date of redemption. At any time on or after one month prior to the maturity date of the 3.625% Notes due 2022, the 3.800% Notes due 2023 and the 2.900% Notes due 2024, we may redeem the applicable series of Unsecured Notes, in whole or in part, at a redemption price equal to 100% of the principal amount of the applicable series of Unsecured Notes to be redeemed, plus accrued and unpaid interest thereon to the date of redemption.

We may redeem the 4.375% Notes due 2028 and the 3.750% Notes due 2029 at our option at any time prior to three months prior to the maturity date of the applicable series of Unsecured Notes, in whole or in part, at the applicable redemption price set forth in the applicable Supplemental Indenture, plus accrued and unpaid interest thereon to the date of redemption. At any time on or after three months prior to the maturity date of the 4.375% Notes due 2028 and the 3.750% Notes due 2029, we may redeem the applicable series of Unsecured Notes, in whole or in part, at a redemption price equal to 100% of the principal amount of the applicable series of Unsecured Notes to be redeemed, plus accrued and unpaid interest thereon to the date of redemption.

If we experience a Change of Control (as defined in the applicable Supplemental Indenture) and a ratings decline of any series of Unsecured Notes by two of the Ratings Agencies (as defined in the applicable Supplemental Indenture) to a rating below investment grade within a certain period of time following a Change of Control or public notice of the occurrence of a Change of Control, we must offer to repurchase such series of Unsecured Notes at a price equal to 101% of the principal amount of such series, plus accrued and unpaid interest thereon to the repurchase date.

Secured financing arrangements

Pass through certificates

We regularly finance or refinance our aircraft purchases with the sale of pass through certificates by trusts that we form. In a typical pass through certificate financing, Delta forms a new trust and issues to the trust its equipment notes that are secured, or will be secured, by specified aircraft. The trust in turn sells pass through certificates to the public, using the proceeds to acquire the equipment notes from Delta. The certificates represent fractional undivided interests in the trust's assets, primarily the equipment notes. Payments on the equipment notes held in each trust are passed through to the certificate holders of such trust. Principal payments on the equipment notes are paid biannually. The equipment notes are senior secured obligations of Delta; the certificates do not represent interests in, or obligations of, Delta or any of its affiliates.

As of March 31, 2020, the outstanding principal balance of all pass through certificate issuances was \$2.611 billion, bearing interest at the rates per annum and with maturity dates as set forth in the table below.

	Total principal	Fixed interest rate	Issuance date	Final maturity date
2001-1 Class A Certificates	\$ 36,318,825	7.04%	June-2001	April-2022
2002-1 Class G1 Certificates	\$144,708,455	6.72%	April-2002	January-2023
2002-1 Class G2 Certificates	\$ 6,585,479	6.26%	August-2002	November-2022
2007-1 Class A Certificates	\$366,487,660	6.82%	April-2008	August-2022
2007-1 Class B Certificates	\$ 46,743,649	8.02%	April-2008	August-2022
2012-1 Class A Certificates	\$120,415,867	4.75%	July-2012	May-2020
2015-1 Class AA Certificates	\$251,540,829	3.63%	August-2015	July-2027
2015-1 Class A Certificates	\$ 55,897,962	3.88%	August-2015	July-2027
2015-1 Class B Certificates	\$ 82,590,070	4.25%	August-2015	July-2023
2019-1 Class AA Certificates	\$425,000,000	3.20%	March-2019	April-2024
2019-1 Class A Certificates	\$ 75,000,000	3.40%	March-2019	April-2024
2020-1 Class AA Certificates	\$795,894,000	2.00%	March-2020	June-2028
2020-1 Class A Certificates	\$ 204,106,000	2.50%	March-2020	June-2028

Aircraft financings

At March 31, 2020, we had outstanding \$1.243 billion of loans secured by aircraft, not including aircraft securing pass through certificates or the Term Loan Facility. These loans had interest rates ranging from 1.37% to 6.03%, with maturities from 2020 to 2025.

Other financings

Other secured financings primarily includes unsecured bonds and debt secured by certain accounts receivable and real estate. At March 31, 2020, we had outstanding \$256 million of these loans, with interest rates ranging from 1.99% to 8.75% and maturities from 2021 to 2030.

NYTDC special facilities revenue bonds, series 2018

During the June 2018 quarter, the New York Transportation Development Corporation (“NYTDC”) issued Special Facilities Revenue Bonds, Series 2018 (the “2018 Bonds”) in the aggregate principal amount of \$1.4 billion. We entered into loan agreements with the NYTDC to use the proceeds from the 2018 Bonds to finance a portion of the construction costs for the new terminal facilities at the LaGuardia Airport. The proceeds from the 2018 Bonds are recorded in cash restricted for airport construction on the Consolidated Balance Sheet. We are required to pay debt service on the 2018 Bonds through payments under loan agreements with NYTDC, and Delta Air Lines, Inc. has guaranteed the 2018 Bonds.

Credit facilities

New credit facility

Contemporaneously with the closing of the offering of the notes, we expect to enter into a new first-lien term loan facility in an aggregate principal amount of \$1.5 billion (the “New Credit Facility”). The interest rate for the New Credit Facility will be 4.75% above the London Interbank Offered Rate (subject to a LIBOR floor of 1.0%) or 3.75% above the administrative agent’s “base rate” (subject to a floor of 0.0%), at our option, so long as LIBOR is available. Under certain customary circumstances, including the permanent unavailability of LIBOR, the administrative agent under the New Credit Facility, the Borrower and the required lenders may replace LIBOR with another benchmark rate, as set forth more fully in the New Credit Facility. The New Credit Facility will be subject to amortization payments of 1.00% per year, payable quarterly, commencing on September 30, 2020 (not subject to any prepayment premium). The New Credit Facility will be secured by the same collateral securing the notes offered hereby, consisting of our (1) licenses to operate routes between the United States and each of the United Kingdom, Europe, and Latin America, (2) rights and interests in and to airport takeoff and landing slots and gate leaseholds at airports in the United States, the United Kingdom, Europe, Latin America that are necessary to operate non-stop service on the routes described in clause (1) above, and (3) rights and interests in and to airport takeoff and landing slots at each of London Heathrow Airport, LaGuardia Airport, John F. Kennedy International Airport, and Reagan National Airport. See “Description of collateral.” The New Credit Facility will be *pari passu* in right of payment to the notes, and holders of notes and lenders under the New Credit Facility will share equally and ratably in the collateral. We intend to use the net proceeds of this notes offering and the New Credit Facility for general corporate purposes. The New Credit Facility shall be due and payable on the third anniversary of the New Credit Facility closing date.

The New Credit Facility contains financial covenants that require Delta to comply, on a semi-annual basis and at such other times as specified in the New Credit Facility, with a minimum collateral coverage ratio (defined as the ratio of aggregate current market value of the collateral to the sum of the aggregate outstanding principal debt under the New Credit Facility, certain *pari passu* obligations and the aggregate principal amount of the outstanding notes) 1.60 to 1.00. In addition, the New Credit Facility requires Delta to maintain a minimum amount of \$2,000,000,000 of unrestricted cash and/or amounts available under committed revolving credit facilities.

The New Credit Facility prohibits Delta from incurring any Priority Lien Debt if after the incurrence thereof the collateral coverage ratio would be less than 2.00 to 1.00 or the aggregate outstanding principal amount of all Priority Lien Debt would exceed \$5,000,000,000. The affirmative covenants set forth in the New Credit Facility require Delta to, among other things and in each case subject to certain exceptions and qualifications: (1) periodically deliver financial statements, appraisals and comply with other reporting requirements; (2) preserve and maintain in full force and effect all governmental rights, privileges, qualifications, permits, licenses and franchises necessary in the normal conduct of its business; (3) maintain customary insurance; (4) keep and maintain, and cause each of its material subsidiaries to keep and maintain, all property material to the conduct of its business in good working order and condition; (5) pay and discharge all taxes, assessments and governmental charges before the same shall become more than ninety (90) days delinquent; (6) comply with applicable laws, and comply with other requirements with respect to the utilization and preservation of the collateral and (7) maintain its status as an “air carrier”.

The negative covenants set forth in the New Credit Facility restrict the ability of Delta to, among other things and in each case subject to certain exceptions and qualifications: (1) create, incur, assume or suffer to exist additional liens on the collateral; (2) engage in fundamental changes; and (3) dispose of collateral.

The New Credit Facility also contains mandatory prepayment provisions, which may require Delta in certain instances to prepay obligations owing under the New Credit Facility or certain *pari passu* obligations in connection with dispositions of collateral or upon failure to comply with the minimum collateral coverage ratio.

The New Credit Facility is subject to a make whole prepayment premium during the first year after the closing date with respect to voluntary prepayments, mandatory prepayments and any acceleration of the loans.

The New Credit Facility contains events of default customary for senior secured financings of its type, including cross-payment defaults and cross-acceleration to other material indebtedness. Upon the occurrence of an event of default, the outstanding obligations under the New Credit Facility may be accelerated and become due and payable immediately and our cash may become restricted.

Term loan facility

On March 17, 2020, we entered into a \$2.3 billion 364-day secured term loan facility (the “Term Loan Facility”). The aggregate commitment under the Term Loan Facility was increased pursuant to the accordion feature described below, with an aggregate commitment of \$2.70 billion as of March 31, 2020. The aggregate commitment was subsequently increased to \$2.95 billion on April 1, 2020. As of April 1, 2020, \$2.95 billion was drawn on the Term Loan Facility.

Borrowings under the facility are secured by a first priority lien on certain aircraft and bear interest at a variable rate equal to LIBOR, or another specified index rate, in each case plus a specified margin. The Term Loan Facility contains an accordion feature under which the aggregate commitment can be increased to \$4 billion upon our request, provided that new lenders agree to the existing terms of the facility. The Term Loan Facility contains affirmative, negative and financial covenants. These covenants may have a material adverse impact on our operations and require us to maintain:

Minimum Fixed Charge Coverage Ratio(1) 1.25:1
Asset Coverage Ratio(2) 1.25:1

- (1) Defined as the ratio of (a) earnings before interest, taxes, depreciation, amortization and aircraft rent and other adjustments to net income to (b) the sum of gross cash interest expense (including the interest portion of our capitalized lease obligations) and cash aircraft rent expense, for the 12-month period ending as of the last day of each fiscal quarter.
- (2) Defined as the ratio of (a) the value of the designated pool of unencumbered assets of the Company and its subsidiaries to (b) the sum of the aggregate outstanding obligations under the Term Loan Facility.

The Term Loan Facility contains events of default customary for similar financings, including a cross-default to other material indebtedness. Upon the occurrence of an event of default, the outstanding obligations under the Term Loan Facility may be accelerated and become due and payable immediately.

Revolving credit facility

On April 19, 2018, we entered into a \$2.65 billion unsecured revolving credit facility, up to \$500 million of which may be used for the issuance of letters of credit (the “Revolving Credit Facility”). The Revolving Credit Facility is split evenly into a \$1.325 billion three-year facility and a \$1.325 billion five-year facility. Borrowings on both facilities bear interest at a variable rate equal to LIBOR, or another index rate, in each case plus a specified margin. The Revolving Credit Facility contains affirmative, negative and financial covenants that, among other things, restrict our ability to place liens on a designated pool of assets. These covenants may have a material adverse impact on our operations and require us to maintain:

Minimum Fixed Charge Coverage Ratio(1) 1.25:1
Asset Coverage Ratio(2) 1.25:1

- (1) Defined as the ratio of (a) earnings before interest, taxes, depreciation, amortization and aircraft rent and other adjustments to net income to (b) the sum of gross cash interest expense (including the interest portion of our capitalized lease obligations) and cash aircraft rent expense, for the 12-month period ending as of the last day of each fiscal quarter.
- (2) Defined as the ratio of (a) the value of the designated pool of unencumbered assets of the Company and its subsidiaries to (b) the sum of the aggregate outstanding obligations under the Revolving Credit Facility.

The Revolving Credit Facility contains events of default customary for similar financings, including a cross-default to other material indebtedness. Upon the occurrence of an event of default, the outstanding obligations under the Revolving Credit Facility may be accelerated and become due and payable immediately. As of March 31, 2020, the Revolving Credit Facility was fully drawn.

Other revolving credit facilities

We have other smaller revolving credit facilities, some of which are secured. These facilities contain affirmative covenants, negative covenants, and events of default customary for similar financings. These covenants may have a material adverse impact on our operations.

As of March 31, 2020, we had \$21 million in aggregate undrawn capacity under all revolving credit facilities.

Certain U.S. federal income tax considerations

The following is a summary of material U.S. federal income tax considerations that may be relevant to a holder of a note. This summary is based on laws, regulations, rulings and decisions now in effect, including the Internal Revenue Code of 1986, as amended (the “Code”), and applicable Treasury regulations promulgated thereunder, all of which are subject to change, possibly with retroactive effect. We cannot assure you that any subsequent change in law will not significantly alter the tax considerations that we describe in this discussion.

This summary deals only with beneficial owners of notes that will hold notes as capital assets for U.S. federal income tax purposes, and does not address particular tax considerations that may be applicable to investors that are subject to special tax rules, such as banks, tax-exempt entities, insurance companies, regulated investment companies, real estate investment trusts, grantor trusts, dealers in securities or currencies, traders in securities electing to mark to market, persons that will hold notes as a position in a “straddle” or conversion transaction, or as part of a “synthetic security” or other integrated financial transaction, accrual method taxpayers who are required to recognize income for U.S. federal income tax purposes no later than when such income is taken into account in applicable financial statements, entities taxed as partnerships or the partners therein, persons subject to the alternative minimum tax, U.S. expatriates, nonresident alien individuals present in the United States for more than 182 days in a taxable year, or U.S. holders (as defined below) that have a “functional currency” other than the U.S. dollar.

This summary addresses only U.S. federal income tax consequences, and does not address consequences arising under state, local or foreign tax laws. Investors should consult their own tax advisors in determining the tax consequences to them of holding notes under such tax laws, as well as the application to their particular situation of the U.S. federal income tax considerations discussed below.

As used herein, a “U.S. holder” is a beneficial owner of a note that is, for U.S. federal income tax purposes, an individual that is a citizen or resident of the United States, a domestic corporation or other entity taxable as a corporation for U.S. federal income tax purposes, an estate whose income is subject to U.S. federal income taxation regardless of its source, a trust (i) the administration of which is subject to the primary supervision of a U.S. court and that has one or more United States persons that have the authority to control all substantial decisions of the trust or (ii) that has made a valid election under applicable U.S. Treasury regulations to be treated as a United States person, or that otherwise is subject to U.S. federal income taxation on a net income basis in respect of the note. A “non-U.S. holder” is a beneficial owner of a note that is an individual, corporation, estate, or trust that is, in each case, not a U.S. holder.

U.S. holders

Interest on notes

Interest paid. Payments of stated interest will be includible in the gross income of a U.S. holder as ordinary interest income at the time that such payments are accrued or are received (in accordance with the U.S. holder’s method of tax accounting).

Original issue discount. The difference between the issue price of the notes and their principal amount will be treated as original issue discount (“OID”). If the notes are issued with an amount of OID that is equal to or more than a *de minimis* amount, regardless of a U.S. holder’s regular method of accounting for U.S. federal income tax purposes, the U.S. holder will have to include OID as ordinary gross income for U.S. federal income tax purposes under a “constant yield method” before the receipt of cash attributable to such income.

If the notes are issued with more than a *de minimis* amount of OID, we will furnish to the IRS and to U.S. holders of the notes information with respect to any OID accruing on the notes. You may obtain the issue price, amount

of OID and yield to maturity of the notes by writing to Delta Air Lines, Inc., P.O. Box 20706, Atlanta, Georgia 30320-2601.

Sale, exchange or retirement of notes

Upon the sale, exchange or retirement of a note, a U.S. holder generally will recognize gain or loss equal to the difference between the amount realized on the sale, exchange or retirement (less any accrued but unpaid interest, which will be taxable as ordinary interest income as described above) and the U.S. holder's adjusted tax basis in such note. A U.S. holder's adjusted tax basis in a note generally will equal the cost of such note to such holder. Gain or loss recognized by a U.S. holder generally will be long-term capital gain or loss if the U.S. holder has owned the note for more than one year at the time of disposition. Long-term capital gains recognized by an individual holder generally are subject to tax at a lower rate than short-term capital gains or ordinary income. The deductibility of capital losses is subject to limitations.

Additional tax on net investment income

An additional 3.8% tax applies to the "net investment income" of certain U.S. citizens and residents and to the undistributed "net investment income" of certain estates and trusts. Among other items, "net investment income" generally includes gross income from interest on the notes and net gain from the disposition of property, such as the notes, less certain deductions. Prospective investors are urged to consult their own tax advisors with respect to this additional tax and its applicability in their particular circumstances.

Non-U.S. holders

Payments of interest

Subject to the discussions below under "–Information reporting and backup withholding" and "–FATCA," payments of interest on the notes to a non-U.S. holder generally will be exempt from withholding of U.S. federal income tax under the portfolio interest exemption provided that (i) the non-U.S. holder properly certifies that it is not a U.S. person by providing a properly executed IRS Form W-8BEN or W-8BEN-E, to the applicable withholding agent; (ii) the non-U.S. holder does not actually or constructively own 10% or more of the total combined voting power of our stock entitled to vote; (iii) the non-U.S. holder is not a bank receiving interest on the notes in connection with an extension of credit made pursuant to a loan agreement entered into in the ordinary course of business, and (iv) the non-U.S. holder is not a controlled foreign corporation that is related to us actually or constructively through stock ownership.

If any of the above requirements are not satisfied, payments of interest will be subject to U.S. federal withholding tax at a rate of 30% unless the non-U.S. holder provides a properly executed applicable IRS W-8 form claiming an exemption from, or reduction of, withholding under the benefits of an applicable income tax treaty with the United States, or, if the payments of interest are effectively connected with the conduct of a trade or business in the United States (and, if an income tax treaty applies, are attributable to a permanent establishment in the United States maintained by the non-U.S. holder), the non-U.S. holder provides a properly executed IRS Form W-8ECI. If the interest income is effectively connected income, the non-U.S. holder will be subject to U.S. federal income tax on such income at regular graduated income tax rates generally in the same manner as if the non-U.S. holder was a U.S. holder.

Sale, exchange or other disposition of notes

Subject to the discussions below under "–Information reporting and backup withholding" and "–FATCA," a non-U.S. holder generally will not be subject to U.S. federal income tax on gain recognized on a sale, exchange or other disposition of notes (however, to the extent any portion of the amount realized by a non-U.S. holder on a sale, exchange, retirement or other disposition of notes is attributable to accrued but unpaid interest, such

portion shall be treated as described above in “–Non-U.S. holders–Payments of interest”) unless the gain is effectively connected with the conduct by the non-U.S. holder of a trade or business in the United States (and, if an income tax treaty applies, a permanent establishment is maintained to which such gain is attributable), in which case the non-U.S. holder will be subject to U.S. federal income tax at regular income tax rates generally in the same manner as if the non-U.S. holder was a U.S. holder.

Information reporting and backup withholding

Information returns will be filed with the IRS in connection with payments on the notes made to, and the proceeds of dispositions of notes effected by, certain U.S. taxpayers. In addition, certain U.S. taxpayers may be subject to backup withholding in respect of such amounts if they do not provide their taxpayer identification numbers to the person from whom they receive payments or otherwise comply with applicable requirements.

Payments of interest on a note to a non-U.S. holder, and any amounts withheld from such payments, generally will be reported to the IRS and to the non-U.S. holder, and such information may also be made available to the tax authorities of the country in which you reside under the provisions of a specific treaty or agreement. In addition, a non-U.S. holder may be subject to information reporting and, depending on the circumstances, backup withholding with respect to payments of the proceeds of the sale of a note within the United States or conducted through certain U.S.-related financial intermediaries, unless the non-U.S. holder complies with certification procedures to establish that it is not a United States person or otherwise establishes an exemption.

Backup withholding is not an additional tax. The amount of any backup withholding from a payment to a U.S. or non-U.S. taxpayer will be allowed as a credit against the holder’s U.S. federal income tax liability and may entitle the holder to a refund, provided that the required information is timely furnished to the IRS.

FATCA

Under the U.S. tax rules known as the Foreign Account Tax Compliance Act (“FATCA”), a holder of notes will generally be subject to 30% U.S. withholding tax on interest payments on the notes if the holder is not FATCA compliant or holds its notes through a foreign financial institution that is not FATCA compliant, unless an exemption applies. In order to be treated as FATCA compliant, a holder must provide us or an applicable withholding agent certain documentation (usually an IRS Form W-9, W-8BEN or W-8BEN-E) containing information about its identity, its FATCA status, and if required, its direct and indirect U.S. owners. For a foreign financial institution to be FATCA compliant, it generally must enter into an agreement with the U.S. government to report, on an annual basis, certain information regarding accounts with or interests in the institution held by certain United States persons and by certain non-U.S. entities that are wholly or partially owned by United States persons, or must satisfy similar requirements under an intergovernmental agreement regarding FATCA between the United States and another country (an “IGA”).

If any taxes were to be deducted or withheld from any payments in respect of the notes as a result of a beneficial owner or intermediary’s failure to comply with the foregoing rules, no additional amounts will be paid on the notes as a result of the deduction or withholding of such tax. Prospective investors should consult their own tax advisers about how FATCA may apply to their investment in the notes.

The above discussion is intended only as a general summary of certain aspects of U.S. federal income tax law and does not constitute a complete analysis of all tax consequences relating to the purchase, ownership and disposition of the notes. Prospective investors should consult their own independent tax advisors concerning the U.S. federal, state, local and non-U.S. income and other tax consequences to them based upon their particular circumstances.

Certain ERISA considerations

The following is a summary of certain considerations associated with the purchase and holding of the notes by (i) employee benefit plans that are subject to Title I of the U.S. Employee Retirement Income Security Act of 1974, as amended (“ERISA”), (ii) plans, individual retirement accounts and other arrangements that are subject to Section 4975 of the Code or provisions under any federal, state, local, non-U.S. or other laws or regulations that are similar to such provisions of the Code or ERISA (collectively, “Similar Laws”), and (iii) entities whose underlying assets are considered to include “plan assets” of any such plan, account or arrangement (each, of the foregoing described in clauses (i)-(iii) referred to as a “Plan”).

General fiduciary matters

ERISA and the Code impose certain duties on persons who are fiduciaries of a Plan subject to Title I of ERISA or Section 4975 of the Code (a “Covered Plan”) and prohibit certain transactions involving the assets of a Covered Plan and its fiduciaries or other interested parties. Under ERISA and the Code, any person who exercises any discretionary authority or control over the administration of such a Covered Plan or the management or disposition of the assets of such a Covered Plan, or who renders investment advice for a fee or other compensation to such a Covered Plan, is generally considered to be a fiduciary of the Covered Plan.

In considering an investment in the notes of a portion of the assets of any Plan, a fiduciary should determine whether the investment is in accordance with the documents and instruments governing the Plan and the applicable provisions of ERISA, the Code or any Similar Law relating to a fiduciary’s duties to the Plan including, without limitation, the prudence, diversification, delegation of control and prohibited transaction provisions of ERISA, the Code and any other applicable Similar Laws.

Prohibited transaction issues

Section 406 of ERISA and Section 4975 of the Code prohibit Covered Plans from engaging in specified transactions involving plan assets with persons or entities who are “parties in interest,” within the meaning of ERISA, or “disqualified persons,” within the meaning of Section 4975 of the Code, unless an exemption is available. A party in interest or a disqualified person who engages in a non-exempt prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and the Code. In addition, the fiduciary of the Covered Plan that engages in such a non-exempt prohibited transaction may be subject to penalties and liabilities under ERISA and/or the Code. The acquisition and/or holding of the notes by a Covered Plan with respect to which the Issuer, a note guarantor or an initial purchaser, or any of their respective affiliates (the “Transaction Parties”) is considered a party in interest or a disqualified person may constitute or result in a direct or indirect prohibited transaction under Section 406 of ERISA and/or Section 4975 of the Code, unless the investment is acquired and is held in accordance with an applicable statutory, class or individual prohibited transaction exemption. In this regard, the U.S. Department of Labor has issued prohibited transaction class exemptions, or “PTCEs,” that may apply to the acquisition and holding of the notes. These class exemptions include, without limitation, PTCE 84-14 (respecting transactions determined by independent qualified professional asset managers), PTCE 90-1 (respecting insurance company pooled separate accounts), PTCE 91-38 (respecting bank collective investment funds), PTCE 95-60 (respecting life insurance company general accounts) and PTCE 96-23 (respecting transactions determined by in-house asset managers). In addition, Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code provide relief from the prohibited transaction provisions of ERISA and Section 4975 of the Code for certain transactions, provided that none of Transaction Parties have or exercise any discretionary authority or control or render any investment advice with respect to the assets of the Covered Plan involved in the transaction and provided further that the Covered Plan pays no more, and receives no less, than adequate consideration in connection with the transaction. There can be no

assurance that all of the conditions of any such exemptions will be satisfied with respect to any particular transaction involving the notes.

Because of the foregoing, the notes should not be acquired or held by any person investing “plan assets” of any Plan, unless such acquisition and/or holding will not constitute a non-exempt prohibited transaction under ERISA and the Code or similar violation of any applicable Similar Laws.

Representation

Accordingly, by acceptance of a note, each purchaser and subsequent transferee of a note will be deemed to have represented and warranted that either (i) no portion of the assets used by such purchaser or transferee to acquire and hold the notes constitutes assets of any Plan or (ii) (A) the acquisition and/or holding of the notes by such purchaser or transferee will not constitute a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or similar violation under any applicable Similar Laws and (B) the decision to acquire and hold the notes has been and will continue to be made by a duly authorized fiduciary who is independent of the Transaction Parties and who understands that the Transaction Parties are not undertaking to provide impartial investment advice, or to give advice in a fiduciary capacity to the Plan, in connection with the Plan’s acquisition or holding of the notes.

The foregoing discussion is based on the provisions of ERISA and the Code (and related regulations and administrative and judicial interpretations) as of the date of this offering memorandum. This summary does not purport to be complete and no assurance can be given that future legislation, court decisions, regulations, rulings or pronouncements will not significantly modify the requirements summarized above. Any of these changes may be retroactive and may thereby apply to transactions entered into prior to the date of their enactment or release. This discussion is general in nature and is not intended to be all inclusive nor should it be construed as investment or legal advice. Due to the complexity of these rules and the penalties that may be imposed upon persons involved in nonexempt prohibited transactions, it is particularly important that Plan fiduciaries, or other persons considering purchasing the notes on behalf of, or with the assets of, any Plan, consult with their counsel regarding the potential applicability of ERISA, Section 4975 of the Code and any Similar Laws to such investment and whether an exemption would be applicable to the purchase and holding of the notes.

Notice to investors

We are relying on exemptions from registration under the Securities Act for offers and sales of securities that do not involve a public offering. The initial purchasers are relying on exemptions from the provisions of Section 5 of the Securities Act provided by Rule 144A in connection with the initial resale of the notes. The sale of the securities offered by this offering memorandum has not been registered under the Securities Act or under the securities laws of any other jurisdiction. These notes are subject to restrictions on transferability and resale and may not be transferred or resold in the United States or to U.S. persons (as defined in Regulation S) except as permitted under applicable U.S. federal and state securities laws pursuant to a registration statement or an exemption from registration. By purchasing notes, you will be deemed to have made the acknowledgments, representations, warranties and agreements described in this section and under the heading "Transfer restrictions" in this offering memorandum. You should understand that you may be required to bear the financial risks of your investment for an indefinite period of time.

This offering memorandum is based on information provided by us and by other sources that we believe are reliable. We cannot assure you that the information provided by other sources is accurate or complete. This offering memorandum summarizes and incorporates certain documents and other information, and we refer you to them for a more complete understanding of what we discuss in this offering memorandum. In making an investment decision, you must rely on your own examination of our company and the terms of the offering and the notes, including the merits and risks involved.

You acknowledge that (i) you have not relied on the initial purchasers or any person affiliated with the initial purchasers in connection with your investigation of the accuracy of such information or your investment decision; (ii) you have reviewed this offering memorandum, including the information incorporated herein by reference, and have been afforded an opportunity to request from us and to review all additional information considered by you to be necessary to verify the accuracy of, or to supplement, the information contained or incorporated by reference in this offering memorandum; and (iii) no person has been authorized to give any information or to make any representation concerning us or the notes, other than as contained in this offering memorandum and information given by our duly authorized officers and employees in connection with your examination of our company and the terms of the offering and the notes, and neither we nor the initial purchasers take any responsibility for, or can provide any assurance as to the reliability of, any other information that others may give you.

We are not making any representation to any purchaser of the notes regarding the legality of an investment in the notes by such purchaser under any legal investment or similar laws or regulations. You should not consider any information in this offering memorandum to be legal, business or tax advice. You should consult your own attorney, business advisor or tax advisor for legal, business and tax advice regarding an investment in the notes.

This offering memorandum is highly confidential and has been prepared by us solely for use in connection with the proposed private placement of the notes described in this offering memorandum. We and the initial purchasers reserve the right to withdraw this offering at any time before closing, to reject any offer to purchase, in whole or in part, for any reason, or to sell less than the amount of notes offered by this offering memorandum. This offering memorandum is personal to each offeree and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire notes. Distribution of this offering memorandum to any person other than the offeree and those persons, if any, retained to advise such offeree with respect thereto is unauthorized, and any disclosure of any of its contents without our prior written consent is prohibited.

Notwithstanding anything herein to the contrary, except as reasonably necessary to comply with applicable securities laws, you (and each of your employees, representatives or other agents) may disclose to any and all persons, without limitation of any kind, the U.S. federal income tax treatment and the tax structure of the offering and all materials of any kind (including opinions and other tax analyses) that are provided to you relating to such tax treatment and tax structure. For this purpose, “tax structure” is limited to facts relevant to the U.S. federal income tax treatment of the offering and does not include information relating to our identity.

Neither the SEC nor any state securities commission has approved or disapproved of these securities or determined if this offering memorandum is truthful or complete. Any representation to the contrary is a criminal offense.

Transfer restrictions

Because of the following restrictions, you are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of the notes offered hereby.

The notes offered hereby have not been registered under the Securities Act and may not be offered or sold within the U.S. or to U.S. Persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and any other applicable securities laws. Accordingly, the notes are being offered hereby (1) only to persons reasonably believed to be “qualified institutional buyers” (as defined in Rule 144A under the Securities Act) in reliance on the exemption from the registration requirements of the Securities Act provided by Rule 144A, or (2) outside of the U.S. to persons other than U.S. Persons (which we refer to as “foreign purchasers”, which term shall include dealers or other professional fiduciaries in the U.S. acting on a discretionary basis for foreign beneficial owners (other than an estate or trust) in offshore transactions meeting the requirements of Rule 904 of Regulation S under the Securities Act (which we refer to as “Regulation S”). As used herein, the terms “offshore transaction,” “U.S.” and “U.S. Person” have the respective meanings given to them in Regulation S.

Each purchaser of the notes offered hereby will be deemed to have represented and agreed as follows (terms used herein that are defined in Rule 144A or Regulation S under the Securities Act are used herein as defined therein):

1. You (A)(i) are a qualified institutional buyer, (ii) are aware that the sale of the notes offered hereby to you is being made in reliance on Rule 144A and (iii) are acquiring such notes for your own account or for the account of a qualified institutional buyer, as the case may be, or (B) are not a U.S. Person and are acquiring the notes outside the U.S. pursuant to Regulation S.
2. You understand that the notes are being offered in a transaction not involving any public offering in the U.S. within the meaning of the Securities Act, that the notes offered hereby have not been and, except as described in this offering memorandum, will not be registered under the Securities Act and that the notes offered hereby may not be reoffered, resold, pledged or otherwise transferred prior to the date which is one year after the later of the date of the original issue of the notes and the last date on which we or any of our affiliates were the owner of such notes, except (A)(i) to us, (ii) to our subsidiaries, (iii) to a person whom you reasonably believe is a qualified institutional buyer in a transaction meeting the requirements of Rule 144A, (iv) in an offshore transaction complying with Rule 903 or 904 of Regulation S, (v) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder (if available), (vi) pursuant to any other available exemption from the registration requirements of the Securities Act or (vii) pursuant to an effective registration statement under the Securities Act and (B) in accordance with all applicable securities laws of the states of the U.S., and you will, and each subsequent holder is required to, deliver to each person to whom a note offered hereby or interest therein is transferred a notice substantially to the effect hereof. You acknowledge that we and the trustee under the indenture related to the notes offered hereby reserve the right to require, in connection with any offer, sale or other transfer of notes offered hereby under clauses (iv) (v) or (vi) above, the delivery of an opinion of counsel, certification and/or other information satisfactory to them, as provided under the indenture relating to the notes offered hereby.
3. You acknowledge that we, the initial purchasers and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements. If you are acquiring any notes offered hereby for the account of one or more qualified institutional buyers, you represent that you have full power to make the foregoing acknowledgements, representations and agreements on behalf of such account.

4. You understand that the notes offered hereby will, unless otherwise agreed by us and the holder thereof, bear a legend substantially to the following effect:

“THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”) OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, SUCH REGISTRATION. THE HOLDER OF THIS SECURITY, BY ITS ACCEPTANCE HEREOF, AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR ACCOUNT FOR WHICH IT HAS PURCHASED SECURITIES, TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, PRIOR TO THE DATE (THE “RESALE RESTRICTION TERMINATION DATE”) THAT IS THE DATE ONE YEAR AFTER THE LAST ORIGINAL ISSUE DATE HEREOF OR SUCH LATER DATE, IF ANY, AS MAY BE REQUIRED UNDER RULE 144 UNDER THE SECURITIES ACT OR ANY SUCCESSOR PROVISION THEREOF, ONLY (A) TO THE ISSUER OR ANY SUBSIDIARY OF THE ISSUER, (B) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT, TO A PERSON IT REASONABLY BELIEVES IS A “QUALIFIED INSTITUTIONAL BUYER” AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (C) IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, (D) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, OR (E) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, SUBJECT TO THE ISSUER’S AND THE TRUSTEE’S RIGHT PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER PURSUANT TO CLAUSES (C) OR (D) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM. THIS LEGEND WILL BE REMOVED UPON THE REQUEST OF THE HOLDER AFTER THE RESALE RESTRICTION TERMINATION DATE.”

The following legend shall also be included, if applicable:

THE FOLLOWING INFORMATION IS SUPPLIED SOLELY FOR U.S. FEDERAL INCOME TAX PURPOSES. THIS NOTE WAS ISSUED WITH ORIGINAL ISSUE DISCOUNT (“OID”) WITHIN THE MEANING OF SECTION 1273 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE “CODE”), AND THIS LEGEND IS REQUIRED BY SECTION 1275(C) OF THE CODE. HOLDERS MAY OBTAIN INFORMATION REGARDING THE AMOUNT OF OID, THE ISSUE PRICE, THE ISSUE DATE AND THE YIELD TO MATURITY RELATING TO THE NOTES BY CONTACTING THE ISSUER AT

Delta, Airlines, Inc., HARTSFIELD-JACKSON ATLANTA INTERNATIONAL AIRPORT, ATLANTA, GEORGIA, 30320-6001 OR (404)-715-2600.

5. If you are a purchaser in a sale that occurs outside of the U.S. within the meaning of Regulation S, you acknowledge that until the expiration of the “40-day distribution compliance period” within the meaning of Rule 903 of Regulation S under the Securities Act, any offer or sale of these notes shall not be made by you to a U.S. person or for the account or benefit of a U.S. person within the meaning of Rule 902 under the Securities Act, except in accordance with all applicable securities laws of the states of the U.S.
6. If you are acquiring any notes offered hereby as a fiduciary or agent for one or more investor accounts, you represent that you have sole investment discretion with respect to each such account and that you have full power to make the acknowledgements, representations and agreements contained in this offering memorandum on behalf of each such account.
7. Each purchaser and subsequent transferee of the notes offered hereby will be deemed to have represented and warranted that (I) either (A) no portion of the assets used by such purchaser or subsequent transferee to acquire or hold the notes offered hereby constitutes the assets of any (i) employee benefit plan that is

subject to Title I of ERISA, (ii) plan, individual retirement account or other arrangement that is subject to Section 4975 of the Code, or to provisions under other federal, state, local, non-U.S. or other laws or regulations that are similar to such provisions of ERISA or the Code (which we refer to, collectively, as “Similar Laws”) or (iii) entity whose underlying assets are considered to include “plan assets” of any such plan, account or arrangement (within the meaning of 24 C.F.R. Section 2510.3-101 as modified by Section 3(42) of ERISA or otherwise (which we refer to each of (i), (ii) and (iii) as a “Plan” and to such assets collectively as “Plan Investment Assets”) or (B) neither the acquisition and holding of the notes offered hereby nor the exercise of any right related to the notes offered hereby by such purchaser or transferee will result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or a similar violation under any applicable Similar Law and (II) if any portion of the assets used by a purchaser or subsequent transferee to acquire or hold the notes offered hereby constitutes Plan Investment Assets then (x) neither we nor any of our affiliates is a sponsor of, or a “fiduciary” (within the meaning of ERISA or any Similar Laws) with respect to, the applicable Plan and (y) no advice provided by us or any of our affiliates has formed a primary basis for making any investment or other decision for or on behalf of such applicable Plan in connection with the notes offered hereby or the exercise of any rights with respect to the notes.

Plan of distribution

We will enter into a purchase agreement with J.P. Morgan Securities LLC and Barclays Capital Inc., as representatives of the several initial purchasers listed in the table below. Pursuant to the terms and conditions of the purchase agreement, we have agreed to sell to the initial purchasers and each of the initial purchasers has severally and not jointly agreed to purchase from us, the principal amount of notes set forth opposite that initial purchaser's name.

Initial purchaser	Principal amount of notes
J.P. Morgan Securities LLC	\$ 622,881,000
Barclays Capital Inc.	\$ 296,611,000
BNP Paribas Securities Corp.	\$ 177,966,000
BofA Securities, Inc.	\$ 296,610,000
BBVA Securities Inc.	\$ 296,610,000
Citigroup Global Markets Inc.	\$ 296,610,000
Goldman Sachs & Co. LLC	\$ 296,610,000
Morgan Stanley & Co. LLC	\$ 296,610,000
SMBC Nikko Securities America, Inc.	\$ 177,966,000
Standard Chartered Bank	\$ 148,305,000
U.S. Bancorp Investments, Inc.	\$ 296,611,000
Wells Fargo Securities, LLC	\$ 296,610,000
Total	\$3,500,000,000

The purchase agreement provides that the initial purchasers are obligated, severally and not jointly, to purchase all of the notes if any are purchased. The purchase agreement also provides that if an initial purchaser defaults, the purchase commitments of non-defaulting initial purchasers may be increased or the offering may be terminated. The obligations of the initial purchasers under the purchase agreement are subject to the satisfaction of certain conditions.

The initial purchasers propose to offer the notes initially at the offering price on the cover page of this offering memorandum. After the initial offering, the offering price or any other term of the offering may be changed. The initial purchasers may also offer and sell notes through certain of their respective affiliates or selling agents.

The notes have not been registered under the Securities Act or any state securities laws and may not be offered or sold except to persons reasonably believed to be qualified institutional buyers in reliance on Rule 144A under the Securities Act and to persons in offshore transactions in reliance on Regulation S under the Securities Act. Each of the initial purchasers has agreed that, except as permitted by the purchase agreement, it will not offer, sell or deliver the notes (i) as part of its distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the closing date, within the United States or to or for the account or benefit of, U.S. persons, and it will have sent to each broker/dealer to which it sells the notes in reliance on Regulation S during such 40-day period, a confirmation or other notice detailing the restrictions on offers and sales of the notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act. Resales of the notes are restricted as described under "Transfer restrictions."

In addition, until 40 days after the commencement of the offering, an offer or sale of the notes within the United States by a broker/dealer (whether or not it is participating in the offering) may violate the registration

requirements of the Securities Act if such offer or sale is made otherwise than pursuant to Rule 144A or another exemption from registration under the Securities Act. Each purchaser of the notes will be deemed to have made acknowledgements, representations and agreements as described under “Transfer restrictions.”

We have agreed to indemnify the several initial purchasers against liabilities, including liabilities under the Securities Act, or to contribute to payments which they may be required to make in that respect.

The notes are a new issue of securities with no established trading market. We do not intend to apply for listing of the notes on any national securities exchange or for inclusion of the notes on any automated dealer quotation system. We have been advised by certain of the initial purchasers that they presently intend to make a market in the notes after completion of the offering. However, they are under no obligation to do so and may discontinue any market-making activities at any time without any notice. We cannot assure the liquidity of the trading market for the notes. If an active trading market for the notes does not develop, the market price and liquidity of the notes may be adversely affected. If the notes are traded, they may trade at a discount from their initial offering price, depending on prevailing interest rates, the market for similar securities, our operating performance and financial condition, general economic conditions and other factors.

Other relationships

The initial purchasers and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. In the ordinary course of their various business activities, the initial purchasers and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and other financial instruments (including bank loans, commodities, currencies and credit default swaps) for their own account and for the accounts of their customers, and such investment and securities and trading activities may involve assets, securities and/or instruments of the issuer or its affiliates. The initial purchasers may also offer and sell notes through certain of their respective affiliates or selling agents.

The initial purchasers and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments. In addition, if the initial purchasers or their affiliates have a lending relationship with us, certain of the initial purchasers or their affiliates routinely hedge, and certain other of the initial purchasers or their affiliates may hedge, their credit exposure to us consistent with their customary risk management policies. Typically, such initial purchasers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in our securities, including potentially the notes offered hereby. Any such credit default swaps or short positions could adversely affect future trading prices of the notes offered hereby.

In the ordinary course of their business, certain of the initial purchasers or their respective affiliates have in the past performed, and may continue to or may in the future perform, investment banking, commercial banking, broker dealer, financial advisory or other services for us (and to persons and entities with relationships with us), for which they received or may receive customary fees and commissions, including offerings of equity and debt securities. For example, affiliates of some of the initial purchasers are lenders under certain of our credit facilities or are party to certain financing arrangements secured by our aircraft. U.S. Bancorp Investments, Inc., one of the initial purchasers, is an affiliate of the trustee. The initial purchasers and/or their affiliates have received customary compensation and expenses for these commercial banking, investment banking or financial advisory transactions.

Selling restrictions

You should be aware that the laws and practices of certain countries require investors to pay stamp taxes and other charges in connection with purchases of securities.

With respect to offers and sales of our securities that are the subject of this offering memorandum:

Prohibition of sales to United Kingdom and EEA retail investors

The notes may not be offered, sold or otherwise made available to any retail investor in the United Kingdom or the EEA. For the purposes of this provision:

the expression “retail investor” means a person who is one (or more) of the following:

- (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or
- (ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
- (iii) not a qualified investor as defined in the Prospectus Regulation; and

the expression “offer” includes the communication in any form and by any means of sufficient information on the terms of the offer and the notes to be offered so as to enable an investor to decide to purchase or subscribe for the notes.

United Kingdom

Any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) in connection with the issue or sale of the notes may only be communicated or caused to be communicated in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer.

All applicable provisions of the FSMA must be complied with in respect to anything done by any person in relation to the notes in, from or otherwise involving the United Kingdom.

Canada

The notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this offering memorandum (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser’s province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the initial purchasers are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

Hong Kong

The notes may not be offered or sold in Hong Kong by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong), or (ii) to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a “prospectus” within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong) and no advertisement, invitation or document relating to the notes may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

Japan

The notes offered in this offering memorandum have not been and will not be registered under Article 4, Paragraph 1 the Financial Instruments and Exchange Act of Japan. Accordingly, none of the notes nor any interest therein may be offered or sold, directly or indirectly, in Japan or to or for the account of any resident of Japan (including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to or for the benefit of a resident of Japan, except (i) pursuant to an exemption from the registration requirements of the Financial Instruments and Exchange Act and (ii) in compliance with any other applicable requirements of Japanese law.

Singapore

This offering memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this offering memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the notes may not be circulated or distributed, nor may the notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the “SFA”)) under Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA, in each case subject to compliance with conditions set forth in the SFA.

Where the notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is: (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the notes pursuant to an offer made under Section 275 of the SFA except: (c) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275 of the SFA; (d) where no consideration is or will be given for the transfer; (e) where the transfer is by operation of law; (f) as specified in Section 276(7) of the SFA; or (g) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Legal matters

Certain legal matters in connection with this offering of securities will be passed upon for us by Kilpatrick Townsend & Stockton LLP, Atlanta, Georgia and Davis Polk & Wardwell LLP, New York, New York. Certain legal matters in connection with this offering will be passed upon for the initial purchasers by Milbank LLP, New York, New York.

Independent registered public accounting firms

The financial statements of Delta Air Lines, Inc. as of December 31, 2019 and for the year then ended, incorporated by reference in this offering memorandum, have been audited by Ernst & Young LLP, independent registered public accounting firm, as stated in their report appearing therein.

Appraiser

BK Associates, Inc., an independent aviation appraisal and consulting firm, has prepared an appraisal of certain of the collateral securing the notes as of April 19, 2020. A report, dated April 19, 2020, summarizing the appraisal is annexed to this offering memorandum as Annex A. References to the appraisal throughout this offering memorandum are included based upon our reliance on BK as experts.

Where you can find more information

We file annual, quarterly and current reports, proxy statements and other information with the SEC. The SEC maintains a website that contains reports, proxy and information statements, and other information regarding issuers, including us, that file electronically with the SEC. The public can obtain any documents that we file electronically with the SEC at <http://www.sec.gov>.

We also make available, free of charge, on or through our web site (ir.delta.com) our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, Proxy Statements on Schedule 14A and, if applicable, amendments to those reports filed or furnished pursuant to Section 13(a) of the Exchange Act, as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. You may request copies of these filings at no cost through our Investor Relations Department at: Delta Air Lines, Inc., Investor Relations, Dept. No. 829, P.O. Box 20706, Atlanta, GA 30320, telephone no. (404) 715-2170 or our investor relations web site (ir.delta.com). The contents of our investor relations website are not incorporated into this offering memorandum.

We “incorporate by reference” in this offering memorandum certain documents that we file with the SEC, which means:

- we can disclose important information to you by referring you to those documents;
- information incorporated by reference is considered to be part of this offering memorandum, even though it is not repeated in this offering memorandum; and
- information that we file later with the SEC will automatically update and supersede this offering memorandum.

The following documents listed below that we have previously filed with the SEC (Commission File Number 001-05424) are incorporated by reference:

- Our Annual Report on Form 10-K for the fiscal year ended December 31, 2019 filed on February 13, 2020;
- The information responsive to Part III of Form 10-K for the fiscal year ended December 31, 2018 provided in our Proxy Statement on Schedule 14A filed on April 26, 2019;
- Our Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2020 filed on April 22, 2020; and
- Our Current Reports on Form 8-K filed on February 28, 2020, March 12, 2020, March 20, 2020 and April 22, 2020.

All documents filed by us under Section 13(a), 13(c), 14 or 15(d) of the Exchange Act (excluding any information furnished under Items 2.02 or 7.01 of Form 8-K) from the date of this offering memorandum and prior to the termination of this offering shall also be deemed to be incorporated by reference in this offering memorandum. These documents include periodic reports, which may include Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, as well as proxy statements.



VALUATION OF SLOT PORTFOLIO AT DCA, LGA, & JFK AIRPORTS

As of March 31, 2020 Client: Delta Air Lines, Inc.

Report Date: April 22, 2020

7315 Wisconsin Ave, Ste 800W Bethesda, MD 20814

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I. VALUATION SUMMARY

BK Associates, Inc. (“BK”) has been engaged by Delta Air Lines, Inc. (“Client”) to prepare an appraisal of 517 slots at New York LaGuardia Airport (“LGA”), 104 slots at Ronald Reagan Washington National Airport (“DCA”), 409 Summer slots, and 401 Winter slots at New York John F. Kennedy International Airport (“JFK”). In rendering this value opinion BK relied, in part, upon information supplied by Delta. This data included, but was not limited to, the carrier’s slot allocation by airport, time period, and slot type. The information provided also included a further identification of the slots by their assigned slot number, and type where applicable.

PURPOSE OF THE VALUATION ENGAGEMENT

It is understood by BK that the Conclusion of Value will be used by Client to present to investors as part of collateral for financing. This report was prepared solely for the purposes described herein and, accordingly, should not be used for any other purpose. In addition, this report should not be distributed to any party other than client, without the express knowledge and written consent of the Client or BK.

RELEVANT DATES

BK was engaged to value the subject slots as of the Valuation Date, March 31, 2020. In this valuation, BK considered only circumstances that existed as of and events that occurred up to the Valuation Date. Therefore, events occurring after the Valuation Date, but before the Report Date were taken into account to the extent that they were indicative of conditions that were known or knowable as of the Valuation Date.

STANDARD & PREMISE OF VALUE

For this valuation, the applicable standard of value is fair market value.

Fair market value is defined as: The price at which property would change hands between a willing buyer and a willing seller when the former is not under any compulsion to buy and the latter is not under any compulsion to sell, both parties having reasonable knowledge of relevant facts.¹

The valuation premise may be either in-use (i.e., going concern) or liquidation. The determining factor being the highest and best use as considered from a market participant’s perspective. The values issued in this report are based on an in-use valuation premise, which assumes that Delta will continue to operate into the future.

¹ IRS, Revenue Ruling 59-60

CONCLUSIONS

Based upon our knowledge of the slot market, our knowledge of the capabilities and uses to which they have been put in various parts of the world, our knowledge of the marketing of slots, and our knowledge of slots in general, it is our opinion that the total value of Delta's slot portfolio is as below. These values reflect the impact of COVID-19. BK does expect that the pandemic's impact on JFK slot values will be greater than impact on DCA and LGA slot values. The specific impacts will be discussed later in the report.

	<u>Total</u>	<u>Net of Covid-19 Impact</u>
DCA Slot Portfolio	\$ 248,167,000	\$ 218,387,000
LGA Slot Portfolio	1,311,206,000	1,153,861,000
JFK Slot Portfolio	508,837,000	254,419,000
Total	<u>\$ 2,068,210,000</u>	<u>\$ 1,626,667,000</u>

II. DEFINITIONS

Commuter Slot

A commuter slot is an operation conducted by an operator using aircraft seating 76 passengers or less.

Current Market Value

The Current Market Value is the appraiser's opinion of the most likely trading price that may be generated for an asset under market circumstances that are perceived to exist at the time in question. Current Market Value assumes that the asset is valued for its highest, best use, and the parties to the hypothetical sale transaction are willing, able, prudent and knowledgeable and under no unusual pressure for a prompt transaction. It also assumes that the transaction would be negotiated in an open and unrestricted market on an arm's-length basis, for cash or equivalent consideration, and given an adequate amount of time for effective exposure to prospective buyers.

DCA

Ronald Reagan Washington National Airport

FAA

Federal Aviation Administration

High-Peak

A slot in an hour which is near or above the FAA imposed hourly operation limit at the airport.

JFK

John F. Kennedy International Airport

LGA

New York LaGuardia Airport

Low-Peak

A slot in an hour which is near or below the FAA imposed hourly operation limit at the airport.

Non-Peak

A slot is an hour which might be obtained directly from the FAA.

Slot

A slot is the operational authority assigned by the FAA to a carrier to conduct one scheduled operation or a series of scheduled operations on a particular day(s) of the week during a specific period of time.

III. SLOT AUTHORITY OVERVIEW

A slot is an FAA authorization to conduct an operation (either one take-off or one landing) at a constrained airport during a specific time period on a particular day. This authorization is for a planned aircraft operation and is different from air traffic control or comparable authorizations. When airport infrastructure is unable to meet airline demand, the FAA may mandate slot coordination or participate in schedule facilitation with airlines for the efficient use of the airspace consistent with the FAA's authority in 49 U.S.C. § 40103(b). Slots are allocated in accordance with FAA rules or orders in effect for the particular airport.

The International Air Transport Association (IATA) oversees the Worldwide Slot Guidelines (WSG) for the purpose of developing uniform standards for the management of airport slots at coordinated airports and facilitated airports. To the extent there is no conflict, the FAA follows the standards and process established in the WSG for slot administration.

The WSG classifies airports into one of three categories based on the degree of congestion and delays:

- Level 1 is where the capacity of airport infrastructure meets demand and therefore there is no pattern of delays;
- Level 2 is where there are periods of congestion during the day, but they can be managed through mutual cooperation of the operators with the aid of a schedule facilitator
- Level 3 is assigned where infrastructure does not meet the demand and there are delays, requiring mandatory slot controls.

Level 3 slot constrained airports, in the U.S., are John F. Kennedy International Airport (JFK), LaGuardia Airport (LGA), and Ronald Reagan Washington National Airport (DCA). In addition, the FAA monitors demand and congestion at Chicago O'Hare International Airport (ORD), Los Angeles International Airport (LAX), Newark Liberty International Airport (EWR), and San Francisco International Airport (SFO).

The High-Density Rule (“HDR”) is the origin of the airport slots system in effect today. At first, only intended to be a provisional solution to high traffic and delays at five (5) major U.S. airports (Chicago O’Hare, Washington National (now Reagan National), Newark, Kennedy and LaGuardia in New York), the High Density Rule was originally slated to expire at the end of 1969. However, in 1973, the FAA extended it indefinitely.

Initially, slots were distributed by scheduling committees, composed of the airlines that flew to the particular high-density airport. In 1985, the Department of Transportation (“DOT”) issued the “buy-sell rule,” which grandfathered slots to the airlines that held them at that time. Thus, a system was created by which airlines could exchange slots amongst each other. DOT had indicated in its rule that the slots were not airline property and airlines

have considered them a valuable commodity and generally will not part with them except in cases of bankruptcy.

In an effort to prevent airlines from stockpiling slots they weren't using, the FAA adopted a "use-or-lose-it" guidance. The use-or-lose-it stipulation forced airlines to use each of their domestic slots 65.0% of the time over a two-month period. This percentage was ultimately increased to 80.0%. However, airlines were able to lease these slots to other carriers to meet their usage requirements. In 1994, the Federal Aviation Authorization granted exemptions from the high-density rule in three situations. Three types of exemptions were allowed: 1) for new international flights to a high-density airport, 2) new entrant airlines and 3) Essential Air Service (EAS) from small, underserved communities. Unlike slots, AIR-21 exemptions, cannot be bought or sold.

In March 2020, the FAA announced a limited waiver of the minimum usage requirement that applies to Operating Authorizations or "slots" at John F. Kennedy International Airport (JFK), New York LaGuardia Airport (LGA) and Ronald Reagan Washington National Airport (DCA), due to the impact of COVID-19.² The minimum usage requirement waiver applies to any slot associated with a scheduled nonstop flight between JFK, LGA, or DCA and other points that are canceled as a direct result of Coronavirus-related impacts through May 31, 2020. Since the duration of the Coronavirus outbreak and its effect on demand for air service is changing on a daily basis, the FAA has indicated they will monitor the situation and may amend the waiver as needed.

²https://www.faa.gov/about/office_org/headquarters_offices/ato/service_units/systemops/perf_analysis/slot_administration/media/Coronavirus_waiver_signed_Mar.11.2020.pdf

IV. ECONOMIC OUTLOOK

The performance and current value of any asset is affected to varying degrees by conditions in the global economy. Some of the key influences include Gross Domestic Product, Fuel Price, and the Lending environment. This section of the report will analyze what the current outlook is for each.

GROSS DOMESTIC PRODUCT (GDP)



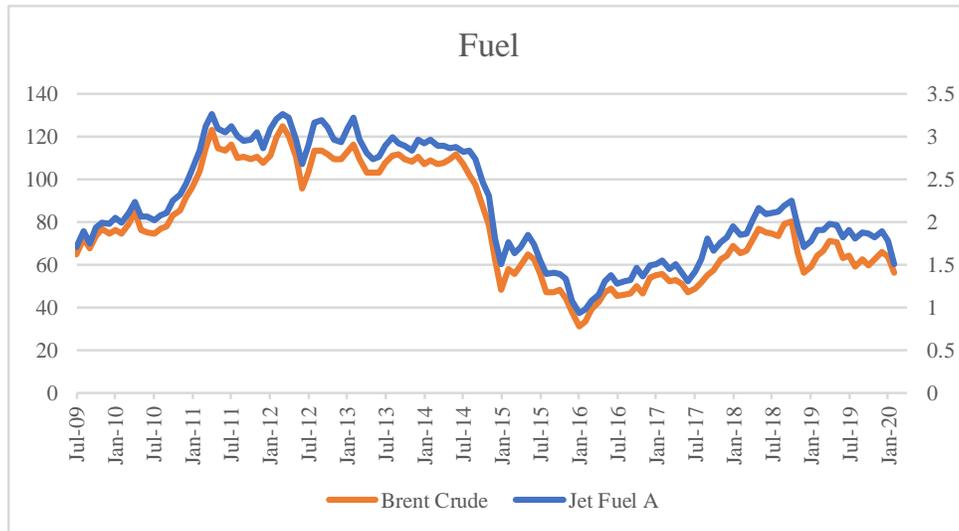
Source: IATA.ORG

Aviation is a highly cyclical industry, marked with high highs and low lows. Historically, gross domestic product and traffic have been good indicators of the health of the industry; as they are highly correlated. Economic prosperity leads to increases in disposable income and subsequently an increase in demand for air travel. An increase in demand for air travel means an increase in demand for aircraft. According to Worldbank’s January 2020 Global Economic Prospects, worldwide GDP was expected to grow by 2.5% for 2020. Traffic as measured by revenue passenger kilometers (rpk) was expected to grow by 4.6% annually for the next twenty years.

However, it should be noted that the Worldbank’s expectations for GDP growth and other estimates of traffic growth do not reflect the impact of the Novel Coronavirus (COVID-19), which broke out in January 2020. As of February 2020, the International Air Transport Association (IATA) expects the impact of the Novel Coronavirus 2019 outbreak (COVID-19) to be an industry-wide 38% decrease in yearly traffic, in all regions. IATA reported that traffic had already fallen by 14.1% year-on-year and capacity had fallen by 8.7% year-on-year, as measured in revenue passenger kilometers (RPKs) and available seat kilometers (ASKs), respectively. IATA expects traffic and capacity to continue declining in March.³

³ <https://www.iata.org/en/iata-repository/publications/economic-reports/air-passenger-monthly-analysis---feb-2020/>

FUEL ENVIRONMENT



Source: Indexmundi.com

The chart above shows the volatility in the fuel market over the last decade. Brent crude has a strong correlation with Jet Fuel A prices. In the fall of 2014, crude oil prices began to fall. Crude oil prices had stayed around \$55-65/bl in part because of supply increases from Iran and the United States. However, COVID-19 has severely impacted the fuel market and the global economy. Both Jet Fuel A and Brent Crude have seen in excess of a 40% drop in pricing from January 2020 to present. As of April 14, 2020, jet fuel A was trading at \$0.66. Historically, jet fuel and airline profitability have had an inverse relationship. Lower fuel prices bring airline expenses down, which results in lower fares and upticks in demand. Lower fuel pricing is good for the health of an airline, but right now demand has fallen to very low levels because of COVID-19.

LENDING LANDSCAPE

The lending environment is also a material consideration when evaluating the current market. The last 10 years have been marked with historically low interest rates. A more favorable lending environment leads to more orders, but the negative ramification of this is airlines that historically looked to secondary markets now look to new aircraft, which in turn could result in steeper value drops in the secondary market. The Federal Reserve's policymaking arm, the Federal Open Market Committee (FOMC), has reduced the federal funds rate target to a range of 0% to 0.25%. The previous time the Federal Reserve pursued a similar policy was in 2008, when the economy sank into a recession, and the Fed has kept the rates at low levels until 2015. Low rates will spur financing activities but the impact will likely be offset by weakened demand and global recession. Similar to the recession in 2008, liquidity is likely to be an issue for most of the industry.

V. COVID-19 Impact

The global economic shock resulting from the rapid spread of COVID-19 has already had a dramatic impact on the aviation industry. In response to travel restrictions and major drops in demand, airlines have taken emergency actions to reduce costs. European regional carrier Flybe collapsed in March 2020, and it is likely other carriers will follow.⁴

Many governments have already taken extraordinary stimulus measures to protect their carriers and boost their economies, and more assistance might come in the coming months. While these measures will have a positive impact, the combination of unprecedented travel restrictions, declining consumer spending, falling business confidence, and rising unemployment will have a severely negative impact on the industry.

IATA has reported that industry-wide demand declined 14.1% year-on-year for the month of February, as measured by revenue passenger kilometers (RPKs). This is the largest demand drop since the 9/11 terrorist attacks. Capacity, as measured by industry-wide available seat kilometers (ASKs), also fell 8.7% year-on-year for the month of February. IATA currently estimates that 2020 traffic will fall by 38%, across all regions.⁵ However, North American airlines are expected to experience a 27% year-on-year decline in 2020 RPKs.⁶ European airlines are expected to incur the worst decline at 46% year-on-year decline in RPKs.

Analysis of previous crises is necessary to estimate the pandemic's impact and timeline for recovery. IATA's comprehensive study of passenger traffic concluded that within four years of both the 9/11 and 2008 shocks, traffic had recovered to its long-term trend level.⁷

⁸ ⁹

As of the date of this report, the full scope and severity of both the pandemic and economic shock are still unclear. Given our knowledge of previous crises and the data currently available, BK has estimated the pandemic's impact on slot values. These estimates have been used in this valuation. BK does expect that the pandemic's impact on JFK slot values will be greater than the impact on DCA and LGA slot values. The exact impact on each airport's slot values are discussed in more detail in the valuation section of this report.

⁴ <https://www.bbc.com/news/business-51748139>

⁵ <https://www.iata.org/en/iata-repository/publications/economic-reports/air-passenger-monthly-analysis---feb-2020/>

⁶ <https://www.iata.org/en/iata-repository/publications/economic-reports/third-impact-assessment/>

⁷ <https://www.reuters.com/article/us-airlines-traffic/airlines-climbing-out-of-recession-iata-idUSTRE62T16G20100330>

⁸ Bts.gov

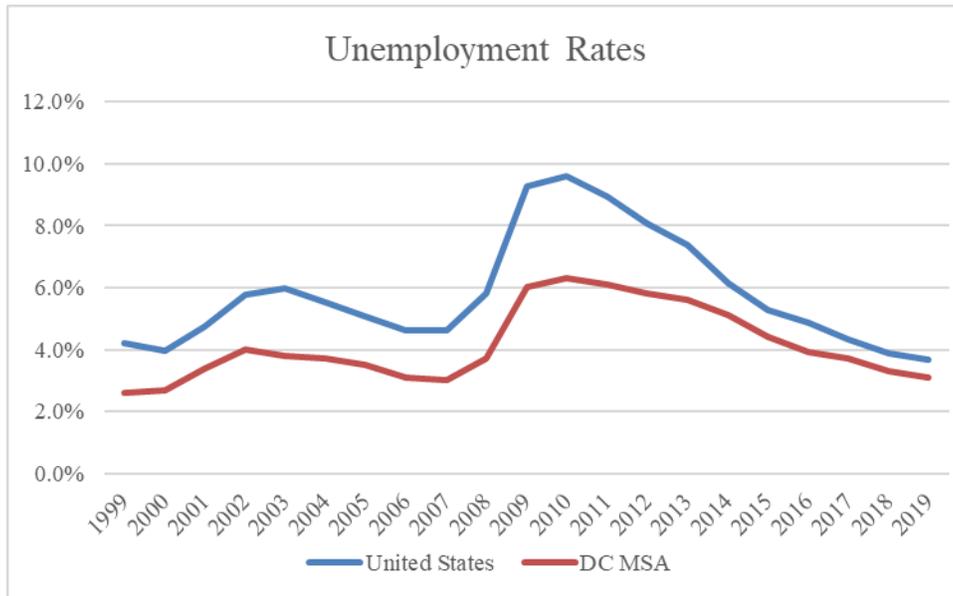
⁹ <https://www.iata.org/en/iata-repository/publications/economic-reports/global-air-passenger-markets-riding-out-periods-of-turbulence/>

VI. SLOT MARKET ANALYSIS

BK analyzed data on unemployment and personal income per capita over time to evaluate regional demand. In general, regions with lower unemployment rates and greater income have higher levels of demand for commercial aviation and the infrastructure to support it. In addition to evaluating regional trends, BK assessed the performance at the subject airports through changes in scheduled departures, seat availability, passengers and yield.

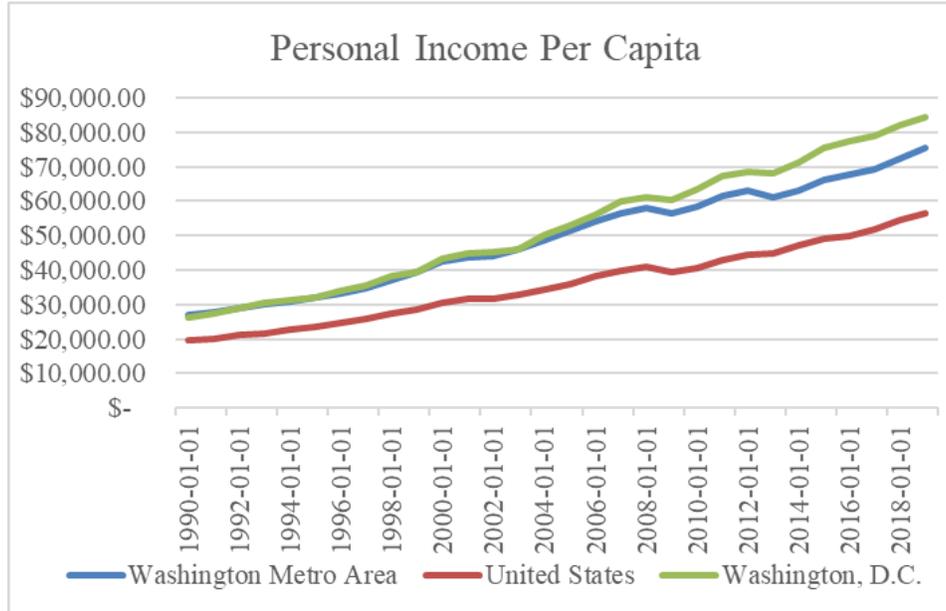
DCA Regional Economy

Unemployment



As shown on the graph above, average unemployment rates for the DC Area have been consistently lower than those for the United States as a whole. Over the last five years we've seen these two numbers come closer together. With unemployment going from 6.2% in 2014 for the US to 3.7% in 2019 and 5.1% in the DC area in 2014 to 3.1% in 2019. However, in the 2009 recession, the disparity between the US and DC was quite high with the DC unemployment rate being 35% lower than the national average. The DC average was at 6.0% while the national average was 9.3%.

Personal Income Per Capita



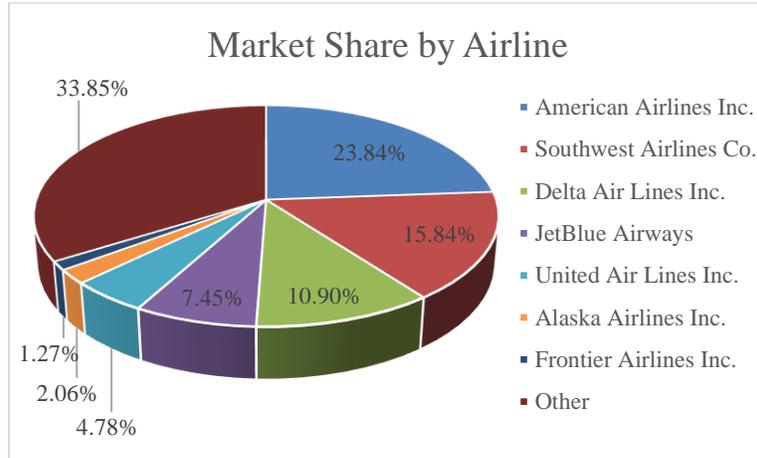
Washington, D.C. and the greater D.C.-Maryland-Virginia area have shown a strong growth in personal income per capita from 1999 through 2019. Over the last five years, both the US and the DC area have shown nearly a 20% increase in personal income. However, income per capita is on average 34.1% better in the DC metropolitan area than the rest of the US, with the US at \$56,663 and the DC MSA at \$75,324.

Ronald Reagan Washington National Airport - DCA **Background**

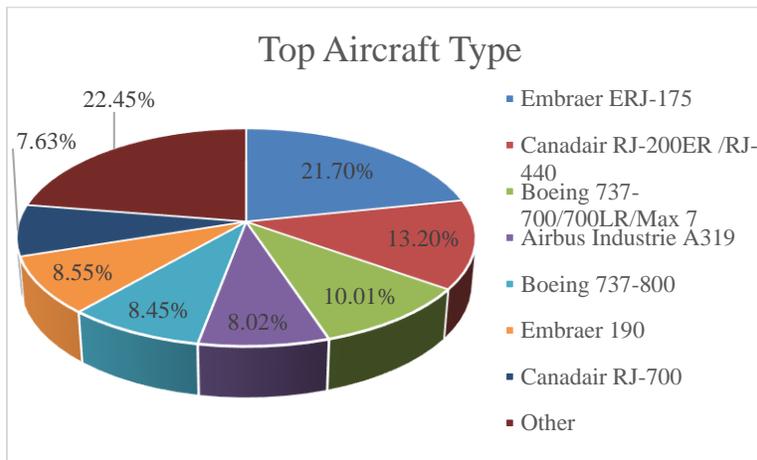
Ronald Reagan Washington National Airport is located in Arlington, Virginia. It is operated by the Metropolitan Washington Airports Authority. The airport is just five miles from Washington D.C., making it the closest and most convenient airport to the capital. National Airport served 344,257 passengers the year it opened in 1941, and reached the 1 million passenger mark in 1946. Reagan National has a total of 46 gates: 9 in Terminal A and 37 in Terminals B/C. It contains three runways.

Aircraft noise regulations were implemented before prior to commercial jet operations at the Airport. Aircraft flight patterns follow the Potomac or Anacostia Rivers, and pilots employ thrust reduction on takeoff to minimize noise impacts. There are also nighttime aircraft noise requirements in effect from 10 p.m. to 7 a.m. Additionally, Reagan National operations are limited to a 1,250-mile perimeter from Washington, D.C. as part of the federally-instituted "Perimeter Rule." However, exceptions have been granted, allowing daily flights to cities beyond the perimeter: Denver, Las Vegas, Los Angeles, Phoenix, Salt Lake City, San Francisco, Seattle, Portland, Ore., San Diego and Austin. Arrivals and departures have also been limited to a maximum of 62 per hour in order to prevent overcrowding and maintain traffic at the airport.

Market Share



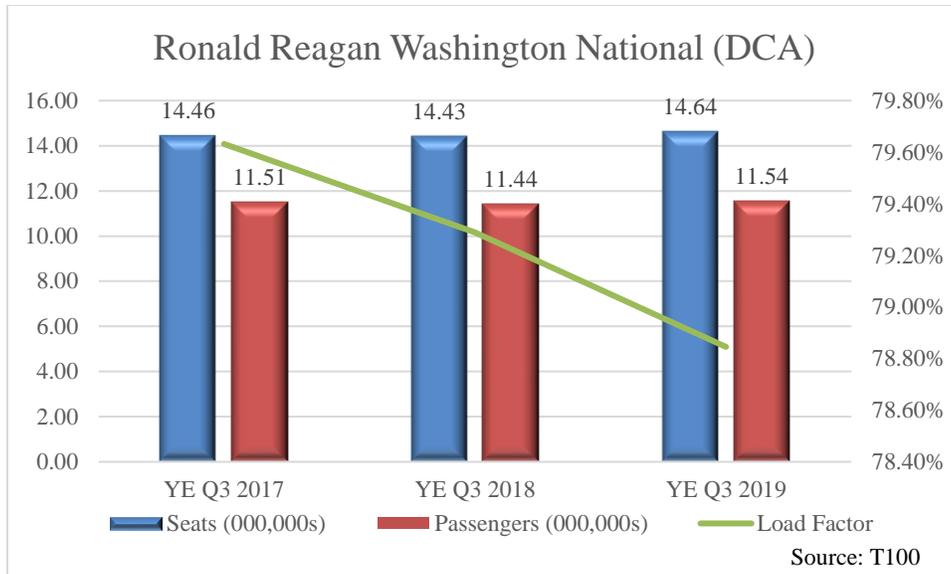
American Airlines has the largest market share of operations at DCA for YE Q3 2019, with 23.84% of the departures. This is followed by Southwest Airlines at 15.84% and Delta Air Lines at 10.9%.



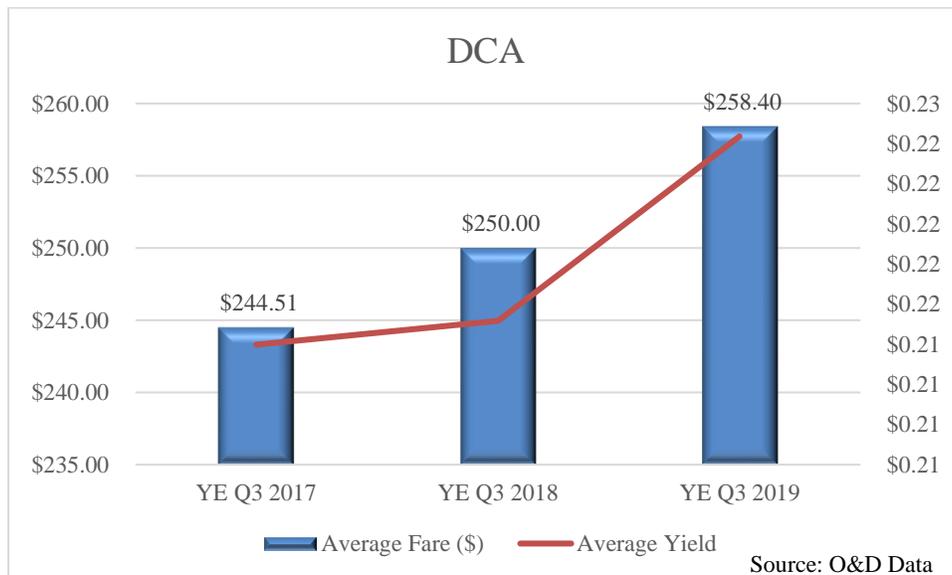
For YE Q3 2019, the bulk of the operations were done via Embraer ERJ-175, Canadair RJ-200ER /RJ-440, and Boeing 737-700/700LR/Max 7, the largest being the Embraer 175 at 21.70% of the departures.

Passenger Market Analysis

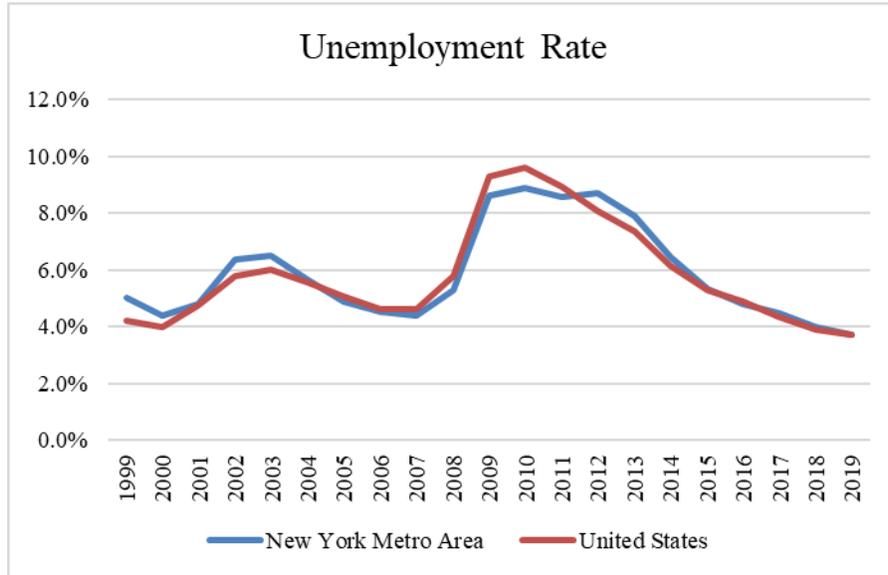
From YE Q3 2017 to YE Q3 2019, aircraft movements at DCA increased at a rate of 0.12%. Total seats have increased by 1.26% and total passengers have increased by 0.26% annually, over the entire period. The average fare has increased by 5.68%, and yield has increased by 4.85% over the entire period.



BK also viewed the year-over-year growth information for the airport. More recently, total passengers increased from 11.44 million in the YE Q3 2018 to 11.54 million in the YE Q3 2019, an increase of 0.88%. In the past year, DCA saw a 0.10% decrease in movements, a 1.45% increase in total seats, a 0.56% decrease in load factor, a 3.36% increase in average fare and a 4.27% increase in yield.

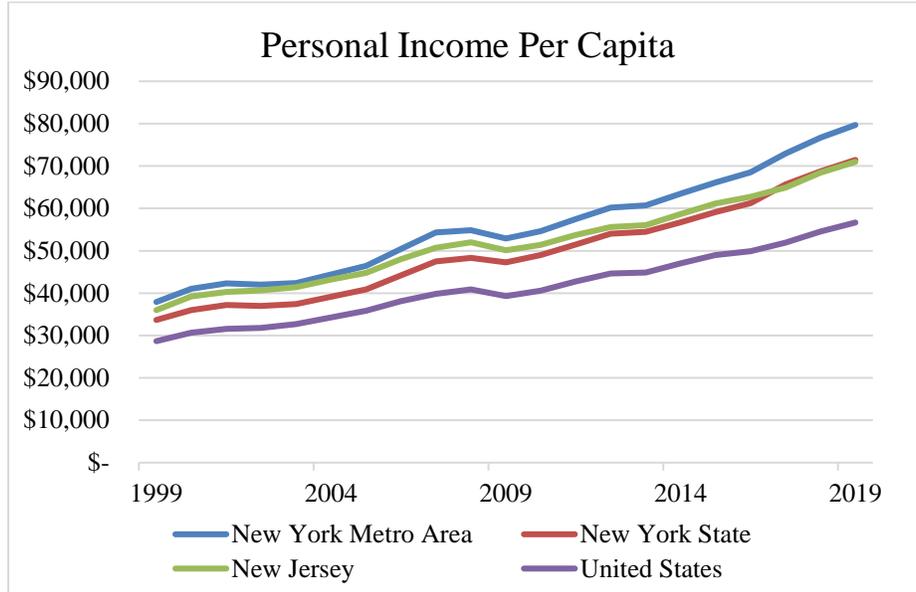


LGA & JFK Regional Economy Unemployment



The New York Metro Area has followed comparable unemployment rates to the United States over the past 20 years. Unemployment for the metro area has consistently oscillated within 1% of the nationwide rate. Unemployment in the NY Metro Area and the US peaked in 2010 at a yearly average rate of 8.9 and 9.7%, respectively. As the US emerged from the 2009 recession, the Metro Area showed a steep decline in unemployment as the rate dropped from 8.9% in 2010 to 3.7% in 2019. Unemployment in the region decreased at a compound annual rate of 10.06%. The New York Metro Area is a sign of a growing and resilient economy despite nationwide financial crises, as the unemployment rate in 2019 was the lowest in over 20 years.

Personal Income Per Capita



The New York State, New Jersey and New York Metro Area regions have shown a strong growth in personal income per capita from 1999 through 2019. Over the last five years, the US and the New York Metro Area have shown about a 20% and 25% increase in personal income, respectively. However, income per capita is on average 38.2% better in the New York Metro Area than the rest of the US, with the US at \$56,663 and the New York Metro Area at \$79,868.

New York LaGuardia Airport - LGA

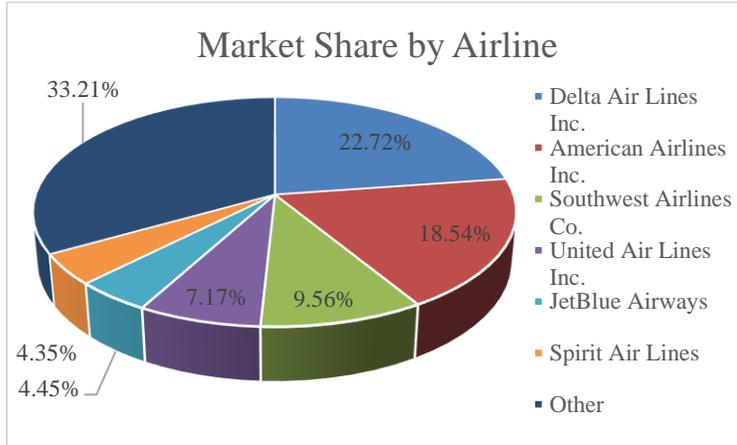
Background

New York LaGuardia Airport (LGA), based in Queens, New York City, is operated by the Port Authority of New York and New Jersey, which also operates John F Kennedy (JFK), Newark Liberty International (EWR), Stewart International (SWF), Teterboro (TEB), and Atlantic City International (ACY). Both JFK and LGA are to be operated by the Authority through 2050, by contract with the City of New York. LaGuardia has a total of 72 gates, with 4 terminals. It contains 2 runways.

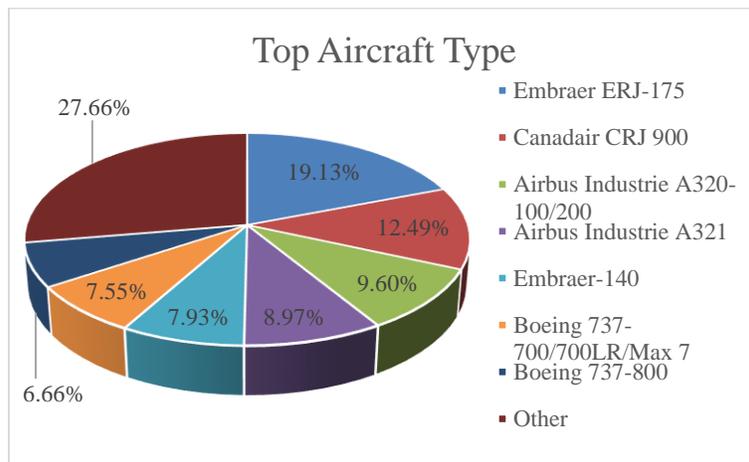
LGA is subject to a curfew and a perimeter rule by the Federal Aviation Agency. Curfew occurs between 12A.M. and 7A.M., and the perimeter rule sets the maximum length of direct flights to and from the airport to 1,500 miles Sunday through Friday, while allowing longer flights on Saturdays.¹⁰ The perimeter limit has 1 exception, which is for flights departing and arriving from Denver, as it was the only city grandfathered in at the rule's establishment.

¹⁰ <http://www.panynj.gov/airports/lga-facts-info.html>.

Market Share



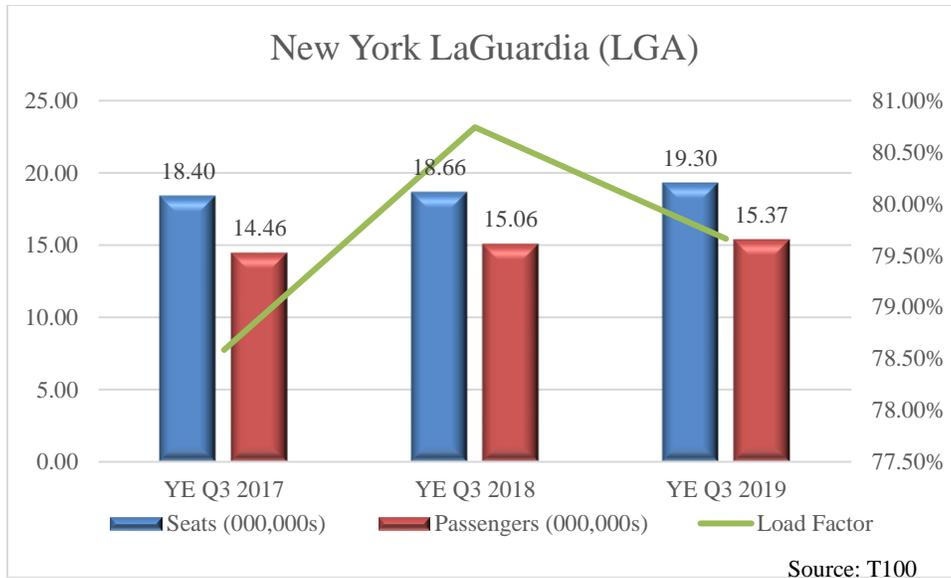
Delta Air Lines has the largest market share of operations at LGA for YE Q3 2019, with 22.72% of the departures. This is followed by American Airlines at 18.54% and Southwest Airlines at 9.56%.



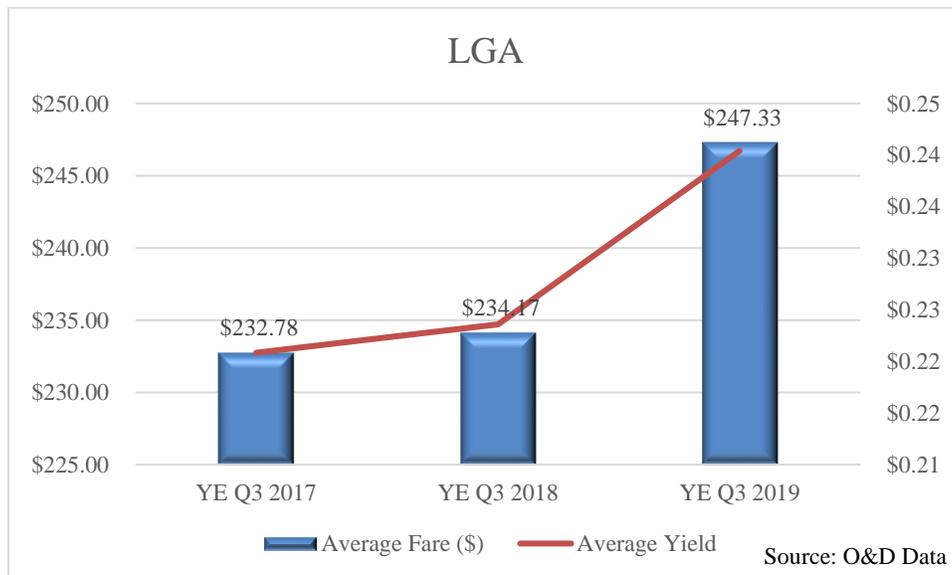
For YE Q3 2019, the bulk of the operations are done via Embraer ERJ-175, Canadair CRJ900, and Airbus A320-100/200, the largest being the Embraer 175 at 19.13% of the departures.

Passenger Market Analysis

From YE Q3 2017 to YE Q3 2019, aircraft movements at LGA increased at a rate of 2.25%. Total seats have increased by 4.90% and total passengers have increased by 6.34% annually, over the entire period. The average fare has increased by 6.25%, and yield has increased by 8.86% over the entire period.



BK also viewed the year-over-year growth information for the airport. More recently, total passengers increased from 15.06 million in the YE Q3 2018 to 15.37 million in the YE Q3 2019, an increase of 2.05%. In the past year, LGA saw a 1.58% increase in movements, a 3.44% increase in total seats, a 1.34% decrease in load factor, a 5.62% increase in average fare and a 7.52% increase in yield.



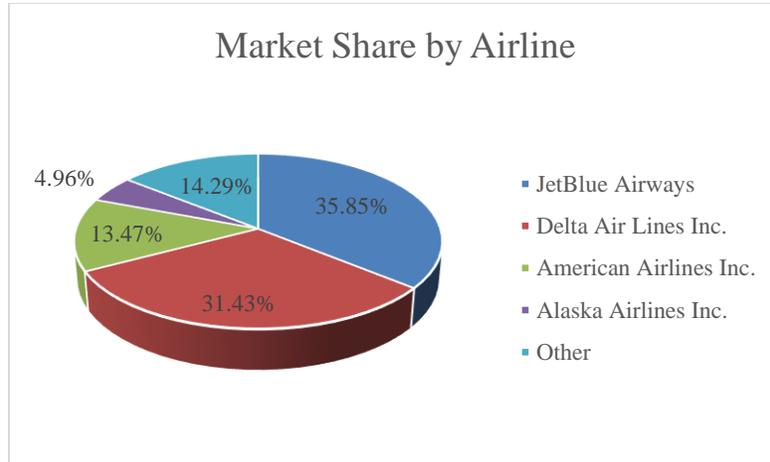
New York John F. Kennedy International Airport - JFK

Background

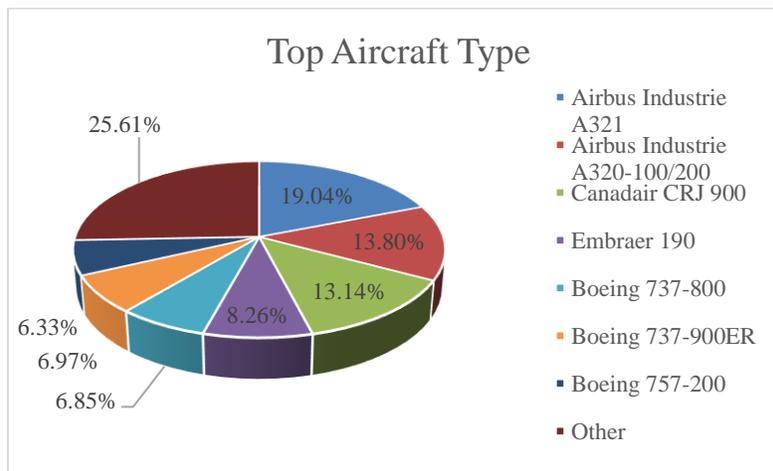
New York John F. Kennedy International Airport (JFK), based in Queens, New York City, is operated by the Port Authority of New York and New Jersey, which also operates LaGuardia Airport (LGA), Newark Liberty International (EWR), Stewart International (SWF), Teterboro (TEB), and Atlantic City International (ACY). Both JFK and LGA are

to be operated by the Authority through 2050, by contract with the City of New York. John F. Kennedy has a total of 128 gates with 6 terminals. It contains 4 runways.

Market Share



JetBlue Airways has the largest market share of operations at JFK for YE Q3 2019, with 35.85% of the departures. This is followed by Delta Air Lines at 31.43% and American Airlines at 13.47%.

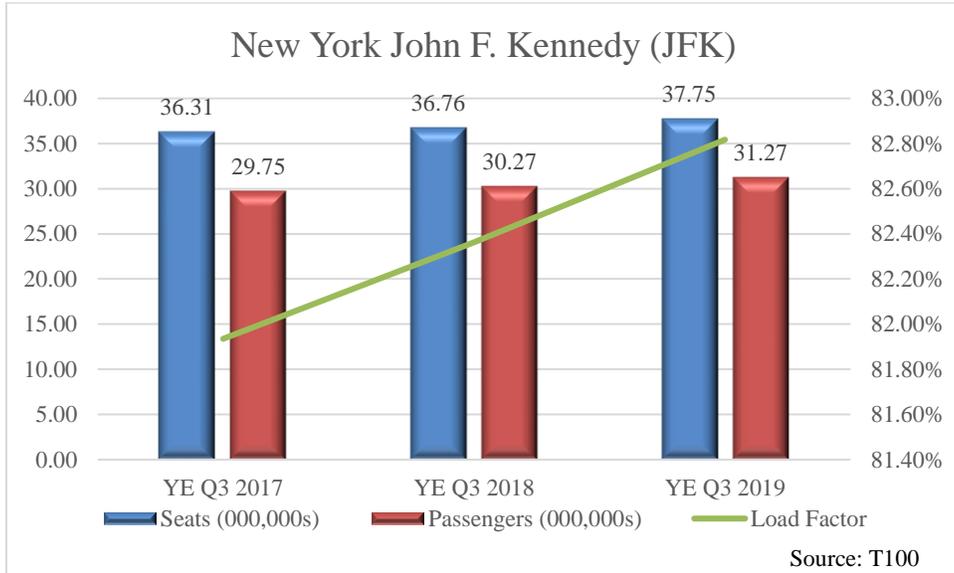


For YE Q3 2019, the bulk of the operations are done via Airbus A321, Airbus A320-100/200, and Canadair CRJ900, the largest being the Airbus A321 at 19.04% of the departures.

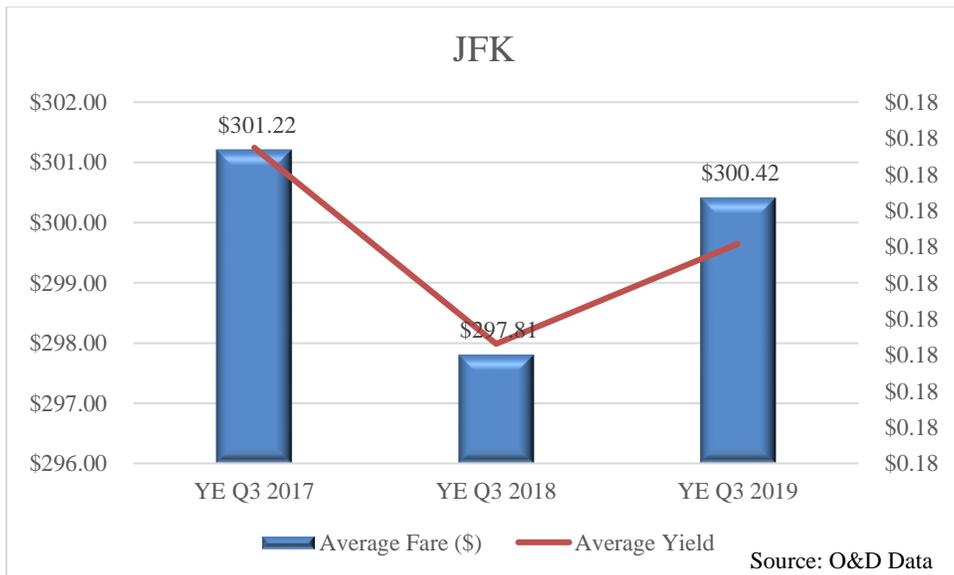
Passenger Market Analysis

From YE Q3 2017 to YE Q3 2019, aircraft movements at JFK increased at a rate of 1.94%. Total seats have increased by 3.98% and total passengers have increased by 5.10%

annually, over the entire period. The average fare has decreased by 0.27%, and yield has decreased by 0.29% over the entire period.



BK also viewed the year-over-year growth information for the airport. More recently, total passengers increased from 30.27 million in the YE Q3 2018 to 31.27 million in the YE Q3 2019, an increase of 3.28%. In the past year, JFK saw a 1.36% increase in movements, a 2.71% increase in total seats, a 0.55% increase in load factor, a 0.88% increase in average fare and a 0.31% increase in yield.



VII. SLOT TRANSACTIONS

Slot transactions are rarely disclosed while most airlines engage in some form of slot leasing, swaps, or purchases. Below is a discussion around the transactions that are publicly available.

In February 2014 JetBlue swapped twelve slot pairs at JFK for 8 slot pairs at DCA with American Airlines. They had been engaged in leasing these since 2010.¹¹ In 2011, Delta traded 42 slot pairs at Washington National for 132 slot pairs at LaGuardia to US Airways. They also gave US Airways rights to a daily service to Sao Paulo, Brazil, and USD\$66.5 million in cash.¹²

Slot swaps have also caused some slot sales. In 2011, Delta and US Airways were forced to return 32 LGA and 16 DCA slots to be auctioned by the FAA. The auction was performed over a period of one (1) week ending November 22, 2011. The slots were separated into three packages: 1) 16 DCA slots and 2) 16 LGA Slots and an additional 3) 16 LGA slots. JetBlue won 16 DCA slots and 16 LGA slots at a price of USD\$40.0 million and USD\$32.0 million respectively. Canadian carrier, WestJet, won the other LGA package for a price of USD\$17.6 million.

In addition to slot swaps, mergers can also cause slot divestitures. For example, in 2013, US Airways and American Airlines divested a 17 slot pairs at LGA and 52 slot pairs at DCA in order to receive DOJ approval of their merger. The slots were auctioned in December 2013 and January 2014, but the bidders were limited to Low Cost Carriers. Southwest won eleven pairs at LGA and Virgin America won six slot pairs at LGA¹³. In January the slots for DCA were released. Southwest won 28 pairs, JetBlue won 20 pairs, and Virgin America won four pairs.¹⁴ American earned more than \$425 million from the transaction.¹⁵

Because of the competitive nature of the markets at DCA and LGA, it is unlikely that peak slots will become available for sale, unless under a distressed situation. Airlines that cannot meet the use-it-or-lose-it guidelines will either lease the slots on a short-term basis to other airlines, or operate unprofitable routes to keep their valuable slot rights.

¹¹ <http://www.reuters.com/article/2014/02/13/american-jetblue-idUSL2N0LI02220140213>

¹² <http://centreforaviation.com/analysis/delta-us-airways-reach-new-agreement-on-lga-dca-slot-swap-51977>

¹³ <http://www.nbcnews.com/business/travel/southwest-virgin-approved-laguardia-slots-f2D11702819>

¹⁴ <http://dashboard.flightglobal.com/app/#/articles/396220?context=newsstream>

¹⁵ <http://www.reuters.com/article/2014/03/10/us-americanairlines-merger-idUSBREA290YN20140310>

VIII. VALUATION METHODOLOGY

Valuation Approach

In order to arrive at a conclusion of value BK considered three (3) generally accepted approaches to valuation, namely, the Income Approach, the Market Approach, and the Cost Approach. The Income Approach seeks to convert future economic benefits into a present value. The Market Approach relies on values indicated by similar assets or comparable transactions. The Cost Approach involves an analysis of the cost of reconstruction of a substitute asset.

Given the nature of this asset, BK has concluded that use of the both the Cost Approach and the Income Approach would not be appropriate for this valuation. Because of the availability of slot transactions, BK has determined the best approach for this valuation to be the Market Approach.

BK valued the slots subject to this appraisal by conducting a review of historical slot transactions at the airports in question. Values were derived based on these comparable transactions and through discussions with knowledgeable individuals currently participating in the slot process for airlines and the regulatory agency. Information on leased slots was also used to develop a terminal value for further confirmation of a likely transaction value. A historical trend of several metrics BK believes indicative to slot value were used to help understand possible differences in transaction values occurring at different times in relation to current state of these metrics.

Due to variations in metrics including passenger demand, the slots at both DCA and LGA were divided into High-Peak and Non-Peak categories based on industry knowledge of desirability of slot times.

IX. VALUATION

Ronald Reagan Washington National Airport (DCA)

Through discussions with the FAA slot administration office that are responsible for slot allocation at DCA, BK has determined that the High-Peak periods at the airport are all day at DCA between 7AM-10PM. They indicated that no slots were available in these High-Peak periods and have not been for some time. They noted limited availability between 6:00AM-6:59AM and 10:00PM-10:59PM. As such, we consider slots in the 6AM and 10PM hours non-Peak and therefore these slots do not carry value. In years past, the peak periods at DCA, were 7AM – 10AM and 3PM – 8PM, with the other times of day being Low-Peak. The increase in value attributable to the additional times of day can be substantiated by the strong financial results of the North American carriers.

Reagan National Airport Slot Valuation¹⁶

	Slots	Value per Slot	Total
Air21	6	-	\$ -
Air Carrier			
Non-Peak	21	-	-
High-Peak	63	3,383,000	212,645,714
Commuter			
Non-Peak	-	-	-
High-Peak	15	2,368,100	35,521,500
Total (Rounded)	104		\$ 248,167,000
Net of Covid-19 Impact (Rounded)			\$ 218,387,000

In light of COVID-19, we feel that the slot values may have some impairment in value as of the valuation date. While we cannot definitively provide the impact of COVID-19 on slot values, we expect the range of value for the DCA slots to be between \$218,387,000 and \$248,167,000. Almost 98% of the DCA slots are held by large carriers that will not part with the slots unless in in case of bankruptcy.

New York LaGuardia Airport (LGA)

In discussion with FAA slot coordinators, the High-Peak times at LGA are considered to be between 6AM–10PM. They also indicated that no more slots were available during these peak times. A breakdown of the slots by time is included in the Appendix. As such we feel all of the slots at LaGuardia are also High-Peak. In years past, the High-Peak times were 6AM-10AM and 3PM-8PM at LaGuardia, but the desirability of the airport and the airlines that operate at it have increased over the last five years.

¹⁶ Please note the slot count reflects the true number of slots Delta owns. Meaning if the slot is for 5 days a week. It would only be 5/7 of a slot. Also, note 4 of the slots included in the High-Peak Air Carrier count are subject to recall, but per discussions with the FAA, recall is unlikely and a rare occurrence.

LaGuardia Airport Slot Valuation¹⁷

	<u>Slots</u>	<u>Value per Slot</u>	<u>Total</u>
Non-Peak	-	-	-
High-Peak	517	2,537,000	1,311,206,167
<u>Total (Rounded)</u>	<u>517</u>	<u>\$</u>	<u>1,311,206,000</u>
<u>Net of Covid-19 Impact (Rounded)</u>		<u>\$</u>	<u>1,153,861,000</u>

In light of COVID-19, we feel that the LGA slot values may have some impairment in value, as well, as of the valuation date. While we cannot definitively provide the impact of COVID-19 on slot values, we expect the range of value for the LGA slots to be between \$1,153,861,000 and \$1,311,206,000. Almost 97% of the LGA slots are held by large carriers that will not part with the slots unless in in case of bankruptcy.

John F. Kennedy Airport

In conversations with the FAA slot administration office, the High-Peak value periods at the airport are considered to be between 7AM-10AM and 12PM-11PM. They indicated that no slots were available in these High-Peak periods. They indicated there were slots available from 6AM-6:59AM, 10AM-11:59AM, and in the 11PM hours. Historically, JFK slots have held less value than DCA and LGA. As a result, there has been a lot more availability of slots. However, over the last five years, the demand at JFK has picked up with much fewer slots available.

John F. Kennedy International Airport Slot Valuation¹⁸

	<u>Slots</u>	<u>Value per Slot</u>	<u>Total</u>
Summer			
Non-Peak	75		-
High-Peak	334	\$ 837,100	279,591,400
Winter			
Non-Peak	66	\$ -	-
High-Peak	335	\$ 684,900	229,245,814
<u>Total (Rounded)</u>	<u>810</u>		<u>508,837,000</u>
<u>Net of Covid-19 Impact (Rounded)</u>		<u>\$</u>	<u>254,419,000</u>

In light of COVID-19, we feel that the slot values at JFK may have impairment in value as of the valuation date. While we cannot definitively provide the impact of COVID-19 on

¹⁷ Please note 31 of the slots presented are under long-term perpetual leases to other carriers. Because slots cannot be officially bought or sold at LGA, the exchange has occurred through long-term leases.

¹⁸ Please note 66.86 of the slots presented are under long-term perpetual leases to other carriers. Because slots cannot be officially bought or sold at JFK, the exchange has occurred through long-term leases.

slot values, we expect the range of value for the JFK slots to be between \$254,419,000 and \$508,837,000. The discount applicable for the JFK slots is larger to reflect the larger holder base at JFK that may release the slots under distress and the higher level of volatility in JFK values.

X. STATEMENT OF ASSUMPTIONS & LIMITING CONDITIONS

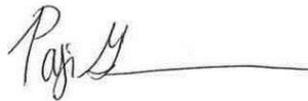
1. The conclusion of value arrived at herein is valid only for the stated purpose as of the date of the valuation.
2. Financial data and other related information provided by the Client or its representatives, in the course of this engagement, have been accepted without any verification as fully and correctly reflecting the enterprise's business conditions and operating results for the respective periods, except as specifically noted herein. BK has not audited, reviewed, or compiled the financial information provided to us and, accordingly, we express no audit opinion or any other form of assurance on this information.
3. Public information and industry and statistical information have been obtained from sources we believe to be reliable. However, we make no representation as to the accuracy or completeness of such information and have performed no procedures to corroborate the information.
4. We do not provide assurance on the achievability of the revenues by the Client because events and circumstances frequently do not occur as expected; differences between actual and expected results may be material; and achievement of the forecasted results is dependent on actions, plans, and assumptions of management.
5. Neither all nor any part of the contents of this report (especially the conclusion of value, the identity of any valuation analyst(s), or the firm with which such valuation analysts are connected or any reference to any of their professional designations) should be disseminated to the public through advertising media, public relations, news media, sales media, mail, direct transmittal, or any other means of communication without the prior written consent and approval of BK.
6. Future services regarding the subject matter of this report, including, but not limited to testimony or attendance in court, shall not be required of BK unless previous arrangements have been made in writing.
7. No change of any item in this valuation report shall be made by anyone other than BK, and we shall have no responsibility for any such unauthorized change.
8. Unless otherwise stated, no effort has been made to determine the possible effect, if any, on the Subject Asset due to future Federal, state, or local legislation, including any environmental or ecological matters or interpretations thereof.
9. Except as noted, we have relied on the representations of the Client and other third parties concerning the value and useful condition of all equipment, real estate, investments used in the business, and any other assets or liabilities, except as specifically stated to the contrary in this report. We have not attempted to confirm whether or not the asset is free and clear of liens and encumbrances or that the entity has good title to all assets.

XI. DISCLAIMER

BK Associates, Inc. has no present or contemplated future interest in the subject assets, nor any interest that would preclude our making a fair and unbiased estimate. This appraisal represents the opinion of BK Associates, Inc. and reflects our best judgment based on the information available to us at the time of preparation and the time and budget constraints imposed by the client. It is not given as a recommendation, or as an inducement, for any financial transaction and further, BK Associates, Inc. assumes no responsibility or legal liability for any action taken or not taken by the addressee, or any other party, with regard to the appraised equipment. By accepting this appraisal, the addressee agrees that BK Associates, Inc. shall bear no such responsibility or legal liability. This appraisal is prepared for the use of the addressee and shall not be provided to other parties without the express consent of the addressee. BK Associates, Inc. consents to the inclusion of this appraisal report in the Prospectus Supplement and to the inclusion of BK Associates, Inc.'s name in the Prospectus Supplement under the caption "Experts".

Sincerely,

BK ASSOCIATES, INC.



Pooja Gardemal, CPA/ABV
Managing Director



Ben Wallace
Financial Analyst



Simon Chang
Financial Analyst



Richard Britton
Vice President
ISTAT Senior Certified Appraiser

PG/BW/SC/RLB

XII. APPENDIX

LGA Slot Portfolio:

<u>Time</u>	<u>Slot Type</u>	<u>Slot Count</u>	<u>Time</u>	<u>Slot Type</u>	<u>Slot Count</u>
600	Departure	10.0	1430	Arrival	10.0
630	Arrival	2.5	1430	Departure	8.0
630	Departure	4.2	1500	Arrival	6.0
700	Arrival	5.0	1500	Departure	11.0
700	Departure	10.0	1530	Arrival	8.0
730	Arrival	12.5	1530	Departure	9.0
730	Departure	6.7	1600	Arrival	6.0
800	Arrival	6.7	1600	Departure	5.0
800	Departure	8.3	1630	Arrival	10.0
830	Arrival	6.7	1630	Departure	8.0
830	Departure	8.3	1700	Arrival	7.0
900	Arrival	5.8	1700	Departure	7.0
900	Departure	7.5	1730	Arrival	12.0
930	Arrival	10.0	1730	Departure	4.0
930	Departure	9.2	1800	Arrival	8.0
1000	Arrival	9.2	1800	Departure	10.0
1000	Departure	9.2	1830	Arrival	11.0
1030	Arrival	9.2	1830	Departure	8.0
1030	Departure	5.8	1900	Arrival	7.0
1100	Arrival	6.7	1900	Departure	10.0
1100	Departure	8.3	1930	Arrival	6.0
1130	Arrival	8.3	1930	Departure	8.0
1130	Departure	10.0	2000	Arrival	7.0
1200	Arrival	7.0	2000	Departure	9.0
1200	Departure	10.0	2030	Arrival	4.0
1230	Arrival	8.8	2030	Departure	11.0
1230	Departure	7.0	2100	Arrival	15.0
1300	Arrival	8.0	2100	Departure	8.0
1300	Departure	7.0	2130	Arrival	7.0
1330	Arrival	12.0	2130	Departure	8.0
1330	Departure	11.0	Total		516.8
1400	Arrival	9.0			
1400	Departure	9.0			

DCA Slot Portfolio:

<u>Time</u>	<u>Slot Type</u>	<u>Slot Count</u>
600	Air Carrier	7.14
600	Subject To Faa Recall	2.71
700	Subject To Faa Recall	3.00
700	Commuter	1.00
800	Commuter	1.00
800	Air Carrier	4.00
900	Commuter	2.00
900	Air Carrier	4.00
1000	Commuter	1.00
1000	Air Carrier	4.00
1000	Air21	1.00
1100	Commuter	1.00
1100	Air Carrier	5.00
1200	Commuter	1.00
1200	Air Carrier	6.00
1300	Commuter	1.00
1300	Air Carrier	1.00
1300	Air21	1.86
1400	Air Carrier	4.00
1400	Air21	1.86
1500	Commuter	1.00
1500	Air Carrier	4.00
1600	Air Carrier	8.00
1700	Air Carrier	9.00
1800	Commuter	2.00
1800	Air Carrier	6.00
1900	Commuter	2.00
1900	Air Carrier	3.00
2000	Commuter	1.00
2000	Air Carrier	0.86
2100	Commuter	1.00
2100	Subject To Faa Recall	1.00
2200	Subject To Faa Recall	1.86
2200	Air Carrier	4.86
2200	Air21	1.00
2300	Subject To Faa Recall	1.00
2300	Air Carrier	2.86
<hr/>		
Total		104.00

JFK Winter Slot Portfolio:

<u>Time</u>	<u>Slot Type</u>	<u>Slot Count</u>	<u>Time</u>	<u>Slot Type</u>	<u>Slot Count</u>
600	Arrival	3.0	1500	Arrival	8.1
600	Departure	2.0	1500	Departure	5.0
630	Arrival	1.0	1530	Arrival	4.9
630	Departure	1.0	1530	Departure	9.0
700	Arrival	11.0	1600	Arrival	6.0
700	Departure	6.0	1600	Departure	5.7
730	Arrival	5.0	1630	Arrival	8.0
730	Departure	7.9	1630	Departure	6.0
800	Arrival	2.0	1700	Arrival	6.9
800	Departure	16.0	1700	Departure	3.0
830	Arrival	3.0	1730	Arrival	12.0
830	Departure	14.0	1730	Departure	2.9
900	Arrival	6.0	1800	Arrival	3.0
900	Departure	6.1	1800	Departure	7.0
930	Arrival	2.0	1830	Arrival	11.0
930	Departure	9.0	1830	Departure	7.0
1000	Arrival	10.0	1900	Arrival	2.0
1000	Departure	5.0	1900	Departure	13.0
1030	Arrival	4.0	1930	Arrival	5.0
1030	Departure	2.0	1930	Departure	9.0
1100	Arrival	2.0	2000	Arrival	10.3
1100	Departure	10.0	2000	Departure	3.0
1130	Arrival	2.0	2030	Arrival	8.0
1130	Departure	7.0	2030	Departure	4.0
1200	Arrival	7.0	2100	Arrival	5.0
1200	Departure	4.0	2100	Departure	7.0
1230	Arrival	4.9	2130	Arrival	4.0
1230	Departure	3.0	2130	Departure	1.0
1300	Arrival	9.0	2200	Arrival	1.0
1300	Departure	0.9	2200	Departure	3.0
1330	Arrival	2.0	2230	Arrival	9.0
1330	Departure	10.0	2230	Departure	4.0
1400	Arrival	10.1	<u>Total</u>		<u>400.7</u>
1400	Departure	2.0			
1430	Arrival	5.0			
1430	Departure	12.1			

JFK Summer Slot Portfolio:

<u>Time</u>	<u>Slot Type</u>	<u>Slot Count</u>	<u>Time</u>	<u>Slot Type</u>	<u>Slot Count</u>
600	Arrival	8.0	1500	Arrival	5.1
600	Departure	2.0	1500	Departure	5.0
630	Arrival	3.0	1530	Arrival	2.9
630	Departure	2.0	1530	Departure	9.0
700	Arrival	11.0	1600	Arrival	7.0
700	Departure	7.0	1600	Departure	4.9
730	Arrival	3.0	1630	Arrival	4.0
730	Departure	3.9	1630	Departure	6.9
800	Arrival	2.0	1700	Arrival	6.9
800	Departure	17.0	1700	Departure	7.0
830	Arrival	3.0	1730	Arrival	12.0
830	Departure	14.0	1730	Departure	1.9
900	Arrival	7.0	1800	Arrival	4.0
900	Departure	9.0	1800	Departure	9.0
930	Arrival	1.0	1830	Arrival	10.0
930	Departure	11.0	1830	Departure	3.0
1000	Arrival	8.0	1900	Arrival	4.0
1000	Departure	1.0	1900	Departure	14.0
1030	Arrival	5.0	1930	Arrival	2.0
1030	Departure	3.0	1930	Departure	9.0
1100	Arrival	3.0	2000	Arrival	12.9
1100	Departure	10.0	2000	Departure	2.0
1130	Arrival	1.0	2030	Arrival	4.0
1130	Departure	9.0	2030	Departure	2.0
1200	Arrival	6.0	2100	Arrival	5.0
1200	Departure	5.0	2100	Departure	5.9
1230	Arrival	7.9	2130	Arrival	6.0
1230	Departure	2.0	2130	Departure	6.0
1300	Arrival	6.0	2200	Arrival	5.0
1300	Departure	1.9	2200	Departure	4.0
1330	Arrival	9.0	2230	Arrival	6.0
1330	Departure	8.0	2230	Departure	5.0
1400	Arrival	5.1	Total		409
1400	Departure	3.0			
1430	Arrival	7.0			
1430	Departure	13.1			



VALUATION OF 9 US-LONDON AND 68 US-EUROPE ROUTES

As of March 31, 2020 Client: Delta Air Lines, Inc.

Report Date: April 22, 2020

7315 Wisconsin Ave, Ste 800W Bethesda, MD 20814

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I. VALUATION SUMMARY

BK Associates, Inc. (“BK”) has been engaged by Delta Air Lines, Inc. (“Client”) to prepare a valuation of 9 US-London routes and 68 US-Europe routes. These include routes from the US to Belgium, the Czech Republic, Denmark, France, Germany, Greece, Iceland, Ireland, Italy, the Netherlands, Portugal, Spain, Sweden, Switzerland, and the United Kingdom (“Subject Markets”). The specific routes appraised are detailed in the appendix section at the end of this report. In rendering this value opinion BK relied, in part, upon information supplied by Delta as well as BK’s assumption around the impact of COVID-19 and growth in the subject markets.

PURPOSE OF THE VALUATION ENGAGEMENT

It is understood by BK that the Conclusion of Value will be used by Client to present to investors as part of collateral for financing. This report was prepared solely for the purposes described herein and, accordingly, should not be used for any other purpose. In addition, this report should not be distributed to any party other than client, without the express knowledge and written consent of the Client or BK.

RELEVANT DATES

BK was engaged to value the subject routes as of the Valuation Date, March 31, 2020. In this valuation, BK considered only circumstances that existed as of and events that occurred up to the Valuation Date. However, the Report Date is prior to the Valuation Date. Therefore, events occurring after the Valuation Date, but before the Report Date were taken into account to the extent that they were indicative of conditions that were known or knowable as of the Valuation Date.

STANDARD & PREMISE OF VALUE

Standard of value deals with the type of value while, premise deals with the conditions surrounding the values. The relevant standard of value is owner’s value. Owner’s value deals with the value of the asset to the current owner, given the owner’s current use of the asset.¹

The valuation premise may be either in-use or liquidation. The determining factor being the highest and best use as considered from a market participant’s perspective. The values issued in this report are based on a continued in-use, as part of a going concern valuation premise, which assumes that the routes will continue to be operated by Delta.

CONCLUSIONS

Based upon our knowledge of the intangible assets, the route authorities, slot market, our knowledge of the capabilities and uses to which they have been put in various parts of the world, and our knowledge of the Trans-Atlantic market in general, BK’s Discounted Cash

¹ International Valuation Standards 2011

Flow values of Delta’s London and European routes at 2% and 1.5% Terminal Value growth rates and at discount rates between 8% to 10% are as shown below.

London:

Discount Rate	<u>Terminal Value Growth Rate</u>	
	2.00%	1.50%
10.0%	\$1,353,141,000	\$1,304,613,000
9.5%	\$1,462,031,000	\$1,404,633,000
9.0%	\$1,586,813,000	\$1,518,340,000
8.5%	\$1,731,167,000	\$1,648,679,000
8.0%	\$1,899,997,000	\$1,799,502,000

Europe:

Discount Rate	<u>Terminal Value Growth Rate</u>	
	2.00%	1.50%
10.0%	\$6,659,251,000	\$6,394,850,000
9.5%	\$7,244,163,000	\$6,931,433,000
9.0%	\$7,915,444,000	\$7,542,369,000
8.5%	\$8,693,129,000	\$8,243,697,000
8.0%	\$9,603,935,000	\$9,056,394,000

These values reflect the impact of COVID-19, which will be discussed in more detail later.

II. DEFINITIONS

Available Seat Mile (ASM)

Seats multiplied by miles flown. ASMs are a measure of an airline's capacity.²

Cost per Available Seat Mile (CASM)

Total operating expenses divided by ASMs. CASM is a measure of unit cost.³

Intangible Asset

An intangible asset is a non-monetary asset that manifests itself by its economic properties. It does not have physical substance but grants rights and economic benefits to its owner.⁴

Load Factor

RPMs divided by ASMs. Load factor is a measure of how an airline utilizes its capacity.⁵

Owner's Value

The value of an asset to the owner or a prospective owner for individual investment or operational objectives. Also referred to as "investment value".

Passenger Revenue per Available Seat Mile (PRASM)

Passenger revenue divided by ASMs.⁶

Passenger Yield

Passenger revenue divided by RPMs.⁷

Revenue per Available Seat Mile (RASM)

Total Operating Revenue divided by ASMs.⁸

Revenue Seat Mile (RPM)

Passengers multiplied by miles flown. RPMs are a measure of traffic.⁹

Slot

A slot is the operational authority assigned by the FAA to a carrier to conduct one scheduled operation or a series of scheduled operations on a particular day(s) of the week during a specific period of time.

² http://web.mit.edu/airlinedata/www/Res_Glossary.html

³ http://web.mit.edu/airlinedata/www/Res_Glossary.html

⁴ <https://www.ivsc.org/files/file/view/id/647>

⁵ http://web.mit.edu/airlinedata/www/Res_Glossary.html

⁶ http://web.mit.edu/airlinedata/www/Res_Glossary.html

⁷ http://web.mit.edu/airlinedata/www/Res_Glossary.html

⁸ http://web.mit.edu/airlinedata/www/Res_Glossary.html

⁹ http://web.mit.edu/airlinedata/www/Res_Glossary.html

III. REGULATORY ENVIRONMENT

Bilateral air transport agreements govern the rights for providing air service between two nations. Each agreement is unique to those nations. These agreements can specify the airlines permitted, the frequency with which they are permitted, the individual traffic rights, the origin and destination cities, the type of aircraft, and tax issues. They typically also cover issues such as air worthiness, aviation security, navigation, safety oversight, environmental protection, and facilitation.

The Bermuda Agreement was one of the first air transport agreements, signed shortly after World War II in 1946 by the United Kingdom and the United States. This became the template for future air transport agreements.

To understand the value provided in these agreements, it is important to understand the different traffic rights or “freedoms of the air”.¹⁰

- 1st the right to fly over a foreign country without landing*
- 2nd the right to refuel or carry out maintenance in a foreign country without embarking or disembarking passengers*
- 3rd the right to fly from one's own country to another*
- 4th the right to fly from another country to one's own*
- 5th the right to fly between two foreign countries on a flight originating or ending in one's own country*
- 6th the right to fly from a foreign country to another while stopping in one's own country for non-technical reasons*
- 7th the right to fly between two foreign countries while not offering flights to one's own country*
- 8th the right to fly inside a foreign country, continuing to one's own country*
- 9th the right to fly inside a foreign country without continuing to one's own country*

The air transport agreements between the US and subject regions are discussed below.

US-EUROPE¹¹

The Europe to US market is an “Open Skies” market. In 2007, an open skies agreement was signed which allows any airline of the European Union and any airline of the United States to fly between any point in the European Union and any point in the United States.

¹⁰ <http://www.icao.int/Pages/freedomsAir.aspx>

¹¹ State.gov

Airlines of the United States are also allowed to fly between points in the European Union. Airlines of the European Union are allowed to fly between the United States and non-EU countries, like Switzerland. The agreement became effective March 30, 2008. Phase two was signed in June 2010 and affirmed the terms of original agreement indefinitely. While the agreement did open up the markets, European airlines were not permitted to operate intra-US flights nor allowed to purchase a controlling stake in a US Operator, despite continuing objections from the EU. The US has also objected to the EU Emissions Trading System. US legislation passed in November 2012 shielded US carriers from carbon taxes. In order to improve governance measures, the EU subsequently suspended enforcement temporarily.¹²

US-UK¹³

The opening up of the US-UK market by way of the 2008 agreement ended the exclusive rights granted to British Airways, Virgin Atlantic Airways, United Airlines, and American Airlines in the US-London market. While operations at London Heathrow became more competitive as result of this agreement, they remain capacity restricted. Heathrow only has two runways, which are fully utilized, and the New York—London Route remains one of the highest travelled and highest yield markets in the world.

While the UK’s decision to leave the EU caused some initial uncertainty over the future of US-UK traffic, the two countries agreed to an independent “Open Skies” deal in 2018. The deal preserved the ability of European airlines to fly their existing routes. However, airlines that wish to start flying transatlantic routes would need the approval of the US government, if not controlled and owned by UK nationals.¹⁴

In recent years, the UK government has also considered proposals to build an additional runway at the UK’s largest airport, London Heathrow. While its two runways are currently fully utilized, construction of a third runway would open up competition. In 2018, the UK legislature approved the construction of the additional runway. However, the UK Court of Appeals ruled in February 2020 that the decision was unlawful, as it did not take into account the UK’s climate policy. While the UK government has stated it will not be challenging the decision, Heathrow has stated their intention to appeal to the UK Supreme Court.¹⁵

SLOT RESTRICTIONS

The enterprise valuation provided reflects the entire operation of Delta between the United States and Europe. This means it reflects the value of all components needed for its operation. One of the most valuable components for the US-Europe operation is the slots

¹² http://articles.chicagotribune.com/2012-11-27/news/sns-rt-us-usa-airlines-emissionsbre8aq1ar-20121127_1_airlines-from-eu-carbon-republican-senator-john-thune-eu-ets

¹³ State.gov

¹⁴ <https://www.bbc.com/news/business-46380463>

¹⁵ <https://www.bbc.com/news/business-51658693>

needed. A slot is an FAA authorization to conduct an operation (either one take-off or one landing) at a constrained airport during a specific time period on a particular day.

The International Air Transport Association (IATA) oversees the Worldwide Slot Guidelines (WSG) for the purpose of developing uniform standards for the management of airport slots at coordinated airports and facilitated airports. The WSG classifies airports into one of three categories based on the degree of congestion and delays:

- Level 1 is where the capacity of airport infrastructure meets demand and therefore there is no pattern of delays;
- Level 2 is where there are periods of congestion during the day, but they can be managed through mutual cooperation of the operators with the aid of a schedule facilitator
- Level 3 is assigned where infrastructure does not meet the demand and there are delays, requiring mandatory slot controls.

The European Commission (“EC”) regulation 95/93 describes rules for the allocation of slots within the European Union (“EU”). As within the US, slot allocation in the EU has the concept of “grandfathering” or historic preference where an airline retains the slots that have been allocated to them in the next scheduling period if they have operated that slot at least 80.0% of the time in the preceding period. Airlines are allowed to exchange slots with another airline with the approval of Slot Coordinators. If slots become available, they enter the slot pool, which are then reallocated. The slot pool encompasses slots returned by air carriers, slots lost under the use-it-or-lose-it rules (80.0%), or new slots from higher scheduling limits. To ensure competition, at least 50.0% of any slots in the pool are allocated to new entrants with the remaining allocated to incumbent carriers. Historic preference of these new slots is earned after only one season of operation.

The EC’s 2007 and 2008 revisions to the 95/93 Regulation allows for higher flexibility in the slot allocation system, allowing slot trading between airlines to become more frequent. Slots can now be traded openly on the secondary market between carriers assuming the exchanges take place in a transparent manner. However, the EC does keep tabs on trade proceedings and provide legislation if it is evident that competition at airports is affected.

Of the routes valued, most are level 3 airports that have little to no slot availability and slot access requires reaching out to each coordinator. The following are the Level 3 airports in Europe:

Austria (AT)

Vienna International (VIE)

Belgium (BE)

Brussels National (BRU)

Czech Republic (CZ)

Prague (PRG)

Denmark (DK)

Copenhagen Airport - Kastrup (CPH)

Billund Airport (BLL)

Finland (FI)

Helsinki-Vantaa (HEL)

France (FR)

Paris Charles-De-Gaulle (CDG)

Paris Orly (ORY)

Nice Cote D'Azur (NCE)

Lyon Saint-Exupery (LYS)

Cannes Mandelieu (CEQ)

Germany (DE)

Frankfurt (FRA)

Dusseldorf (DUS)

Munich (MUC)

Stuttgart (STR)

Hannover (HAJ)

Hamburg (HAM)

Berlin Tegel (TXL)

Berlin Schoenefeld (SXF)

Greece (GR)

Chania (CHQ)

Chios (JKH)

Corfu (CFU)

Heraklion (HER)

Kalamata (KLX)

Karpathos (AOK)

Kefallinia (EFL)

Kos (KGS)

Mykonos (JMK)

Paros (PAS)

Patras-Araxos (GPA)

Rhodes (RHO)

Skiathos (JSI)

Thessaloniki-Macedonia (SKG)

Thira (JTR)

Zakinthos (ZTH)

Sitia (JSH)

Kithira (KIT)

N.Anchialos (VOL)

Iceland (IS)

Keflavik International (KEF)

Netherlands (NL)

Amsterdam Schiphol (AMS)

Rotterdam The Hague Airport (RTM)

Eindhoven Airport (EIN)

Norway (NO)

Tromso Langnes (TOS)

Trondheim - Vaernes (TRD)

Bergen Flesland (BGO)

Stavanger Sola (SVG)

Oslo Gardermoen (OSL)

Poland (PL)

Warsaw (WAW)

Poznan (POZ)

Portugal (PT)

Lisbon (LIS)

Oporto (OPO)

Faro (FAO)

Madeira (FNC)

Spain (ES)

Alicante (ALC)

Barcelona-El Prat (BCN)

Fuerteventura (FUE)

Gran Canaria (LPA)

Ibiza (IBZ)

Lanzarote (ACE)

Málaga-Costa Del Sol (AGP)

Menorca (MAH)

Palma De Mallorca (PMI)

Tenerife Sur (TFS)

Valencia (VLC)

Madrid-Barajas (MAD)

Sweden (SE)

Stockholm-Arlanda (ARN)

Stockholm-Bromma (BMA)

Göteborg-Landvetter (GOT)

Switzerland (CH)

Geneva (GVA)

Zurich (ZRH)

As of March 2020, the EU has suspended its 80% slot usage requirements until October 2020 to help airlines cope with the Coronavirus Pandemic¹⁶.

SLOT TRANSACTIONS

Most European airport slot transactions are not made public, but Heathrow slot transactions tend to be higher value and therefore garner more attention. London Heathrow airport is owned and operated by BAA Limited, which also owns five other United Kingdom airports. Airport Coordination Limited (“ACL”) manages the slots at LHR. The value of London Heathrow airport slots lies not only with origin and destination traffic flowing to and from London, but also in the value of connecting to the rest of the world. Historically, Heathrow had the highest number of international passengers. According to the Airport Council, Heathrow is now the second highest in international passenger traffic.

Looking at recent transactions, Forbes reported that Air New Zealand sold their Heathrow slot pair for 27 million USD. Air New Zealand’s daily flight arrives at London Heathrow at 10:50am and departs at 3:20pm¹⁷. The sale closed in January 2020. In 2016, Oman Air reported paying Kenya Airways \$75m for a single slot pair. In 2017, Croatia Airlines sold mid-morning arrival slots to Delta Air Lines for EUR19.5m (US\$22m). Croatia’s departure slot was mid-morning and only for five weekly flights, so it was less valuable than Air New Zealand’s daily afternoon departure.

¹⁶ <https://www.consilium.europa.eu/en/press/press-releases/2020/03/30/covid-19-eu-adopts-slot-waiver-to-help-airlines/>

¹⁷ <https://www.forbes.com/sites/willhorton1/2020/03/06/air-new-zealand-sells-london-heathrow-airport-slot-for-27-million/#5404b212763d>

Older transactions include when Delta Air Lines acquired four slots for GBP£30.8 million in 2013¹⁸. This purchase was timed closely to Delta Air Lines' acquisition of 49.0% of Virgin Atlantic for USD\$360 million¹⁹. Additionally, in 2013, Etihad purchased six slots from Jet Airways for USD\$70 million in February 2013²⁰. The slots were then leased back to Jet Airways, thereby creating a slot sale-leaseback transaction. Like with Delta, there was a related acquisition. Upon completion of the sale-leaseback, Etihad completed a 24.0% acquisition of Jet Airways for USD\$330 million²¹. In 2008, Continental Airlines purchased four slot pairs at Heathrow for USD\$209 million.²² The value of course is not just in the slot, but what the airline chooses to do with it. In this report, we will discuss the value of Delta's entire operations between the US and Heathrow and the US and Europe.

¹⁸ <http://centreforaviation.com/analysis/heathrow-airports-slot-machine-hitting-the-jackpot-again-108646>

¹⁹ <http://online.wsj.com/news/articles/SB10001424127887324478304578173003312916158>

²⁰ <http://online.wsj.com/news/articles/SB10001424127887324662404578329720772126896>

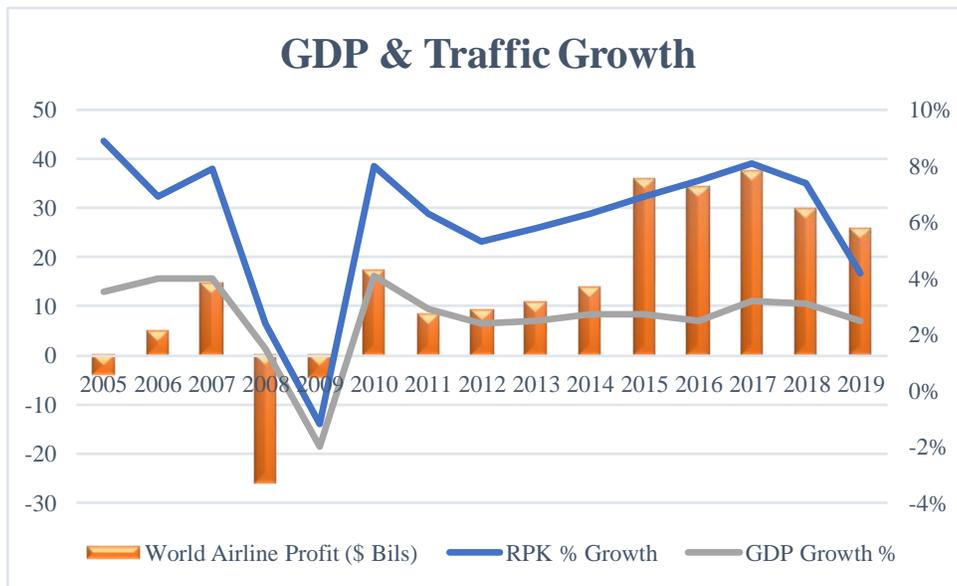
²¹ <http://in.reuters.com/article/2013/10/03/etihad-jet-cabinet-idINDEE9920BU20131003>

²² <http://www.thetimes.co.uk/tto/business/industries/transport/article2194998.ece>

IV. ECONOMIC OUTLOOK

The performance and value of a route is affected to varying degrees by conditions in the global economy. Some of the key influences include Gross Domestic Product, Fuel Price, and the Lending environment. This section of the report will analyze what the current outlook is for each.

GROSS DOMESTIC PRODUCT (GDP)



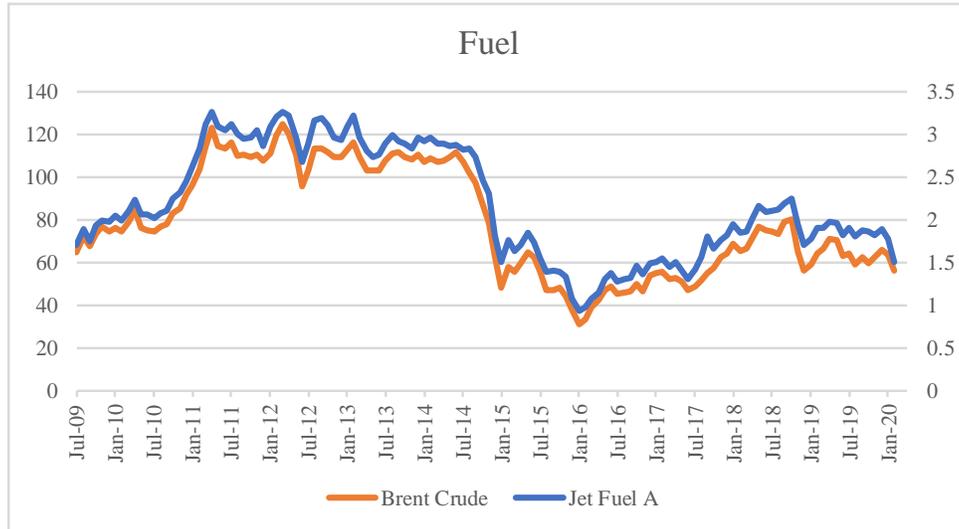
Source: IATA.org

Aviation is a highly cyclical industry, marked with high highs and low lows. Historically, gross domestic product and traffic have been good indicators of the health of the industry; as they are highly correlated. Economic prosperity leads to increases in disposable income and subsequently an increase in demand for air travel. An increase in demand for air travel means an increase in demand for aircraft. According to Worldbank’s January 2020 Global Economic Prospects, worldwide GDP was expected to grow by 2.5% for 2020. Traffic as measured by revenue passenger kilometers (rpk) was expected to grow by 4.6% annually for the next twenty years.

However, it should be noted that the Worldbank’s expectations for GDP growth and other estimates of traffic growth do not reflect the impact of the Novel Coronavirus (COVID-19), which broke out in January 2020. As of February 2020, the International Air Transport Association (IATA) expects the impact of the Novel Coronavirus 2019 outbreak (COVID-19) to be an industry-wide 38% decrease in yearly traffic, in all regions. IATA reported that traffic had already fallen by 14.1% year-on-year and capacity had fallen by 8.7% year-on-year, as measured in revenue passenger kilometers (RPKs) and available seat kilometers (ASKs), respectively. IATA expects traffic and capacity to continue declining in March.²³

²³ <https://www.iata.org/en/iata-repository/publications/economic-reports/air-passenger-monthly-analysis---feb-2020/>

FUEL ENVIRONMENT



Source: Indexmundi.com

The chart above shows the volatility in the fuel market over the last decade. Brent crude has a strong correlation with Jet Fuel A prices. In the fall of 2014, crude oil prices began to fall. Crude oil prices had stayed around \$55-65/bl in part because of supply increases from Iran and the United States. However, COVID-19 has severely impacted the fuel market and the global economy. Both Jet Fuel A and Brent Crude have seen in excess of a 40% drop in pricing from January 2020 to present. As of April 14, 2020, jet fuel A was trading at \$0.66. Historically, jet fuel and airline profitability have had an inverse relationship. Lower fuel prices bring airline expenses down, which results in lower fares and upticks in demand. Lower fuel pricing is good for the health of an airline, but right now demand has fallen to very low levels because of COVID-19.

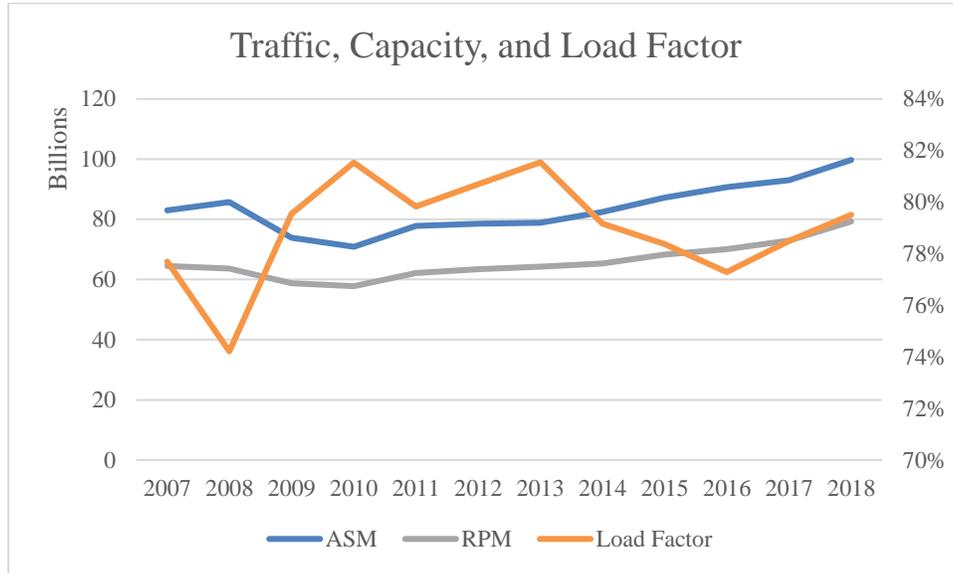
LENDING LANDSCAPE

The lending environment is also a material consideration when evaluating the current market. The last 10 years have been marked with historically low interest rates. A more favorable lending environment leads to more orders, but the negative ramification of this is airlines that historically looked to secondary markets now look to new aircraft, which in turn could result in steeper value drops in the secondary market. The Federal Reserve's policymaking arm, the Federal Open Market Committee (FOMC), has reduced the federal funds rate target to a range of 0% to 0.25%. The previous time the Federal Reserve pursued a similar policy was in 2008, when the economy sank into a recession, and the Fed has kept the rates at low levels until 2015. Low rates will spur financing activities but the impact will likely be offset by weakened demand and global recession. Similar to the recession in 2008, liquidity is likely to be an issue for most of the industry.

V. TRANSATLANTIC MARKET ANALYSIS

TRAFFIC AND CAPACITY

US – LONDON ²⁴



Source: Bts.gov

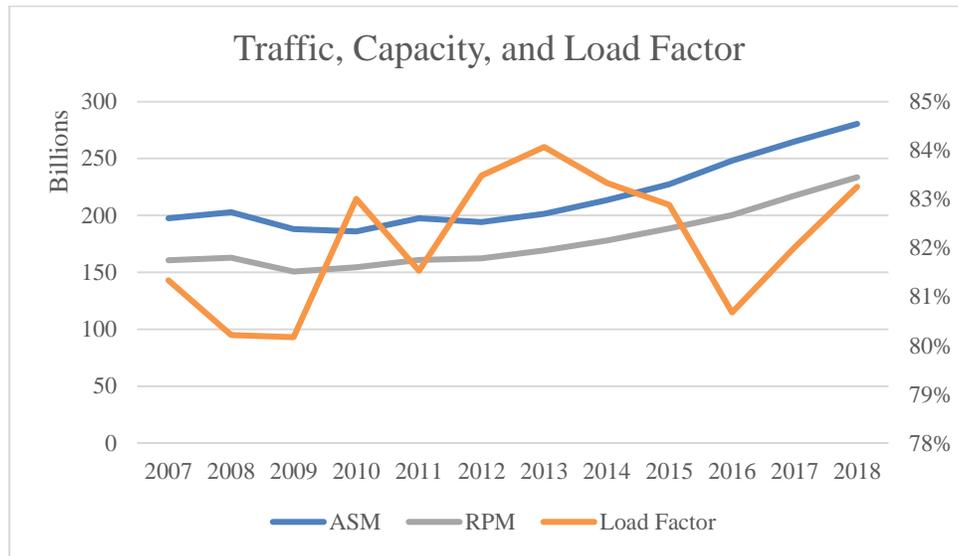
Since the US carriers began flying transatlantic passenger flights in the 1930s and 1940s, the transatlantic routes have been a key market for global air travel. In particular, the highly lucrative US-London routes are some of the most competitive in aviation. London Heathrow has the largest share of this traffic, with 83.04% of all US-London passengers in 2019. This is followed by London Gatwick with 16.92% of the total passengers, with the various smaller airports holding the remaining 0.4% of the passengers.

Demand between the US and London has grown steadily over the last decade. Despite a nearly 20% dip in capacity during the 2008 recession, total passenger capacity has grown from about 83 billion ASMs in 2007 to about just under 100 billion in 2018. From 2013 to 2018, capacity has seen a compound annual growth rate (CAGR) of 3.88%. Looking at the most recent 3 quarters of 2019 data, capacity grew by 7%, 0%, and -2% year-over-year, respectively.

Over the last decade, load factors have stayed relatively stable. During the 2008 recession, load factors dipped significantly, but they recovered fairly quickly and have generally fluctuated between 77% and 82% since. In more recent years, load factors have risen from about 77% in 2016 to just under 80% in 2018. Looking at the first 3 quarters of 2019 data, load factors were up by 3%, 4%, and 2% year-over-year, respectively.

²⁴ Bts.gov

US – REST OF EUROPE ²⁵



Source: Bts.gov

Passenger traffic between the US and the rest of Europe (excluding US – London traffic) has also grown steadily over the last decade. Despite decreases in traffic during the 2008 recession, total passenger capacity has grown from about 198 billion ASMs in 2007 to over 280 billion in 2018. From 2013 to 2018, capacity has seen a CAGR of 5.68%, while traffic, as measured by RPMs, has seen a CAGR of 5.51%. These strong growth rates have continued through 2019. Looking at the first 3 quarters of 2019 data, capacity grew by 5%, 5%, and 4% year-over-year, respectively. Over the same 3 quarters, traffic grew by 5%, 6%, and 4% year-over-year.

Load factors between the US and the rest of Europe have generally fluctuated between about 80% and 84% for the last decade. Overall, load factors have seen a modest CAGR of 0.21% between 2007 and 2018. In more recent years, load factors have been rising, growing from just under 81% in 2016 to over 83% in 2018. Looking at the most recent data, load factors were up to 84% through the first 3 quarters of 2019.

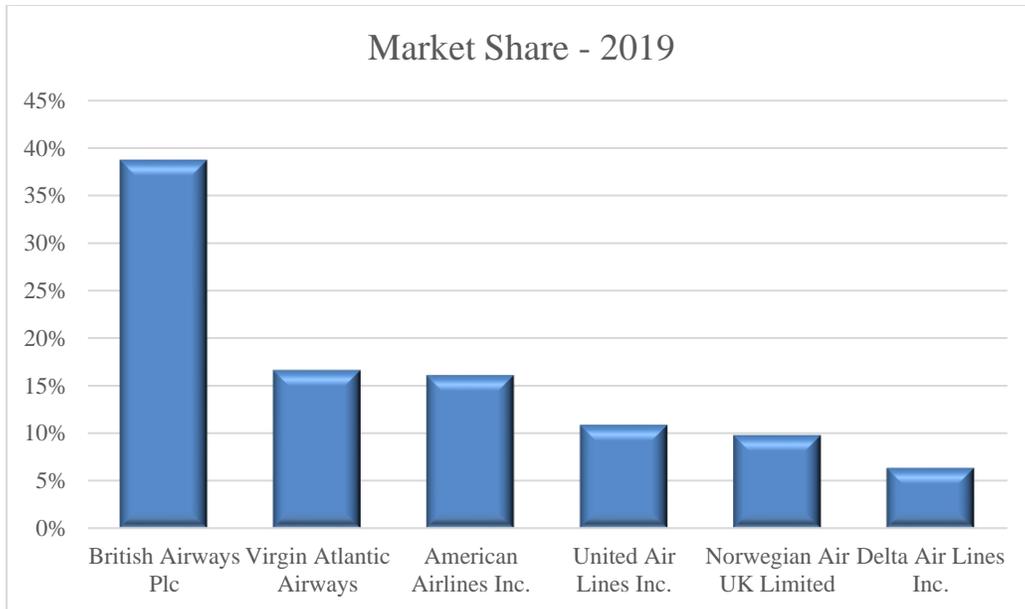
COMPETITIVE LANDSCAPE

US – LONDON ²⁶

Over the last decade, an average of 39 unique airlines have operated US–London flights during a given year. Looking at more recent data, the number of carriers with US to London operations is actually decreasing, going from 43 in 2016 to 36 in 2018. Thomas Cook’s collapse in 2019 is particularly notable. In the year before their collapse, they made the ninth most US–London departures of any airline.

²⁵ Bts.gov

²⁶ Bts.gov



Source: Bts.gov

The US–London market is largely dominated by British Airways, who held 39% of the total passengers as of 2019. This is followed by Virgin Atlantic, American Airlines, and United, with 17%, 16%, and 11% of the total passengers, respectively. However, joint business agreements (JBA) and other forms of cooperation between carriers must be considered in order to appropriately analyze market share. By way of their 2010 JBA, British Airways and American Airlines effectively control 55% of the market. Similarly, due to Delta’s ownership stake in Virgin, the two carriers control 23% of the market.

While British Airways has maintained their dominant position over the last decade, their market share decreased from 45% in 2014 to 39% in 2019. Virgin has seen a slight decline in their market share as well, from 20% in 2007 to 17% in 2019. However, this 3% decline has been essentially offset by Delta’s growth from a 3% market share in 2007 to a 6% market share in 2019. While varying over the years, American and United’s market shares have remained relatively stable. In more recent years, Norwegian Air UK has captured a sizeable share of the market, holding 10% of the passenger market as of 2019.

US – REST OF EUROPE ²⁷

Over the last decade, an average of 93 unique airlines have operated flights between the US and Europe (excluding London) during a given year. Looking at more recent data, the number of carriers with transatlantic passenger operations is steadily increasing. Between 2013 and 2018, the number of unique carriers grew from 89 to 101. Through the first 3 quarters of 2019, 99 carriers had flown between the US and Europe.

²⁷ Bts.gov



Source: Bts.gov

Unlike the US-London market, where British Airways has more than twice the market share of its nearest competitors, no one airline dominates passenger operations between the US and the rest of Europe. Delta is the largest operator, who held just under 16% of the total passengers as of 2019. This is followed by United, Lufthansa, and American, with 12%, 11%, and 9% of the total passengers, respectively.

Over the last 10 years, mergers between the US carriers have driven large increases in market share. Delta’s market share increased by around 6% from 2009 to 2010, due to their merger with Northwest Airlines. United’s market share increased by around 8% from 2011 to 2012 while American’s market share increased by around 6% from 2014 to 2015, due to their mergers with Continental Airlines and US Airways, respectively. However, many of the US and European legacy carriers have seen their market shares decline in recent years. From 2013 through the first 3 quarters of 2019, market shares have decreased by about 2% on average for Delta, United, Lufthansa, and Air France. Part of this decrease is likely due to the rapid rise of low-cost, long-haul carriers such as Norwegian, who held 6% of the passenger market as of 2019. However, the long-term financial viability of the low-cost, long-haul business model is still a major question.

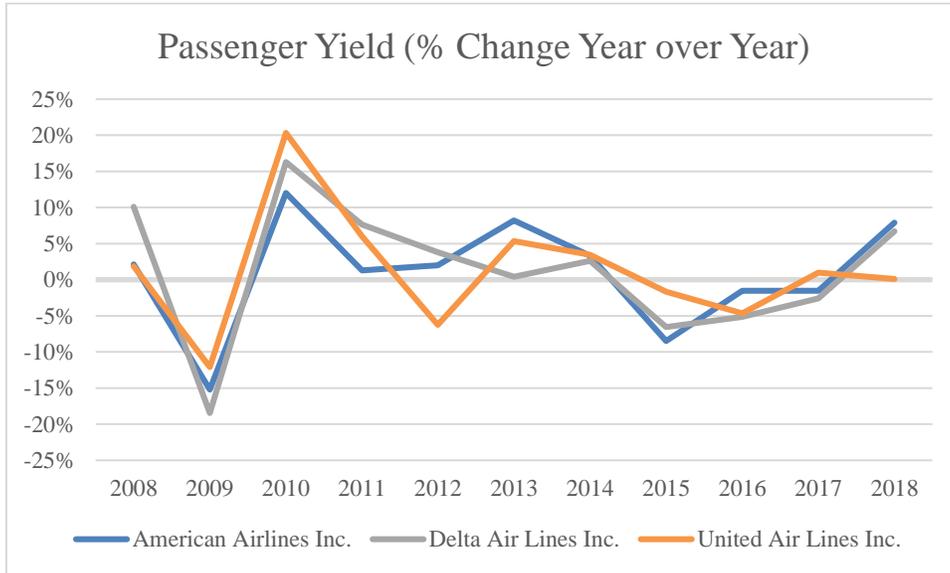
FINANCIAL PERFORMANCE²⁸

Since the major US carriers file region-specific financial information with the Bureau of Transportation Statistics, this data can be used to analyze the financial performance of their larger transatlantic passenger operations.

Between 2007 and 2018, United’s transatlantic passenger revenue had a CAGR of 8%. American Airlines and Delta’s revenues had CAGRs of 4% and 5% respectively. Over the

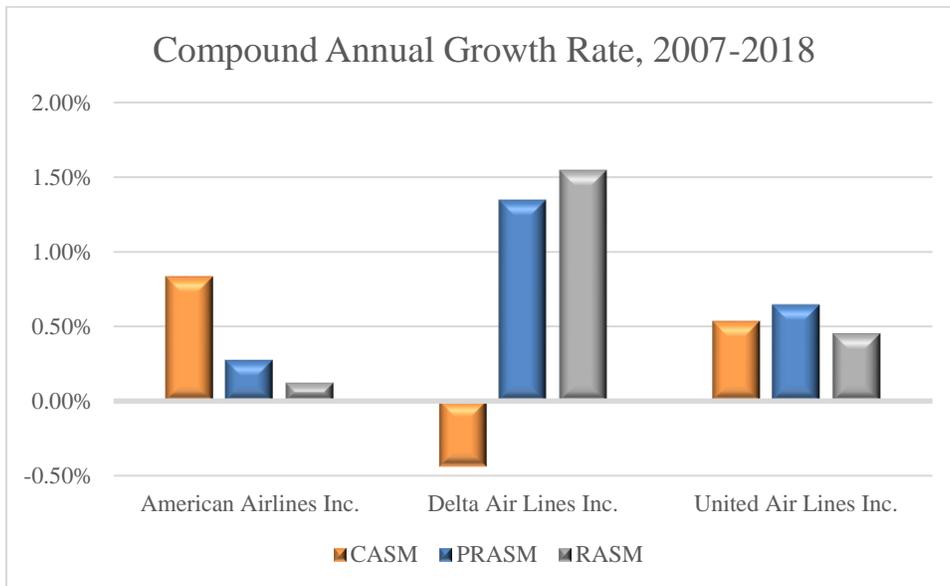
²⁸ Bts.gov

last decade, the US carriers saw rapid increases in revenues due to merger activity. Specifically, revenues spiked during the 2008-2010 merger between Delta and Northwest Airlines, the 2012 merger between United and Continental Airlines, and the 2013-2015 merger between American Airlines and US Airways. During the 2008 recession, revenues dipped nearly 20% for all three carriers, but began recovering in 2009.



Source: Bts.gov

Yield has grown slightly over the last decade. Between 2007 and 2018, American Airline’s transatlantic passenger yield had a CAGR of 0.59%. United and Delta’s passenger yields had CAGRs of 0.85% and 0.84% respectively. During the 2008 recession, yields dropped between 10% to 20% for all three carriers, but were rapidly recovering by 2010.



Source: Bts.gov

Other metrics of airline performance including CASM, PRASM and RASM have generally increased slightly over the last decade. While these metrics generally trend together, there has been differences between the carriers. In particular, Delta's CASM actually had a CAGR of -0.44%, in comparison to American's 0.83% CAGR and United's 0.53% CAGR over the same period. Similarly, Delta's PRASM and RASM also saw higher growth than their competitors. Looking at the most recent full year of data, Q3 2018 to Q3 2019, CASMs changed by -0.3% for American, -2% for Delta, and -2% for United. Over the same time period, PRASMs changed by -5% for American, -2% for Delta, and 0.6% for United. RASMs changed by -5% for American, -2% for Delta, and -1% for United.

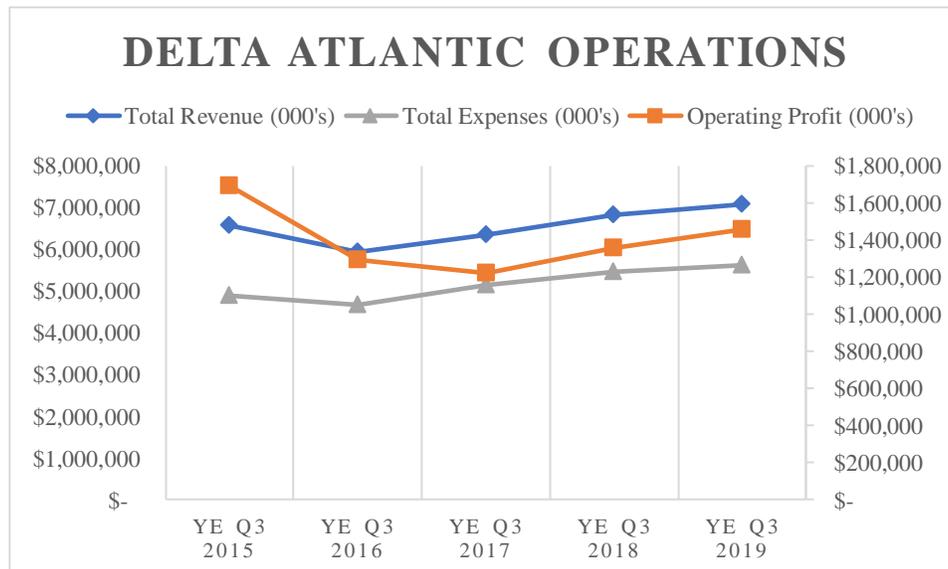
VI. FINANCIAL STATEMENT ANALYSIS

COMPANY BACKGROUND

Delta Air Lines, Inc. was founded in 1924 and is headquartered in Atlanta, Georgia. Delta Air Lines, Inc. provides scheduled air transportation for passengers and cargo in the United States and internationally. It operates through the Airline and Refinery segments. Delta is one of the world's largest airlines, flying to more than 325 destinations in 60 countries. Delta operates a hub-and-spoke system, with its domestic network centered on core hubs in Atlanta, Minneapolis-St. Paul, Detroit, Salt Lake City, Boston, Los Angeles, New York-LaGuardia, New York-JFK, and Seattle; and international network with hubs in Amsterdam, London-Heathrow, Mexico City, Paris-Charles de Gaulle, and Seoul-Incheon. The company operates through a fleet of approximately 1,000 aircraft.

FINANCIAL STATEMENT ANALYSIS

Past results are not a guarantee of future performance. Analysis of historical financial information, however, is essential to the valuation process. Delta's route profitability statements are deemed confidential and therefore cannot be provided with this report. However, our analysis of them and our discussions with management are integral parts of our analysis. As a means to aid the readers of this report, BK has compiled publicly available data to illustrate Delta's performance in the relevant markets. Please note that the publicly available data only goes through Q3 2019, and our analysis has been conducted on that basis. The chart below illustrates trends in Delta's revenues and profitability in the Atlantic Region.



Source: Bts.gov

From the YE Q3 2015 to the YE Q3 2019, Delta's total revenues in the Atlantic increased from \$6.58 billion to \$7.08 billion. Revenues grew at a compound annual rate of 1.82%. Total expenses went from \$4.89 billion to \$5.62 billion, having risen 15.01% over the

period. Fuel, the most significant expense went from \$1.28 billion to \$1.62 billion. Over the last five years, fuel has averaged 27.19% of total operating expenses in the Atlantic for Delta. The operating profit margin in the Atlantic has been an average of 21.41% over the last 5 years, at \$1.45 billion in the YE Q3 2019.

VII. COVID-19 IMPACT

The global economic shock resulting from the rapid spread of COVID-19 has already had a dramatic impact on the aviation industry. In response to travel restrictions and major drops in demand, airlines have taken emergency actions to reduce costs. European regional carrier Flybe collapsed in March 2020, and it is likely other carriers will follow.²⁹

Many governments have already taken extraordinary stimulus measures to protect their carriers and boost their economies, and more assistance might come in the coming months. While these measures will have a positive impact, the combination of unprecedented travel restrictions, declining consumer spending, falling business confidence, and rising unemployment will have a severely negative impact on the industry.

IATA has reported that industry-wide demand declined 14.1% year-on-year for the month of February, as measured by revenue passenger kilometers (RPKs). This is the largest demand drop since the 9/11 terrorist attacks. Capacity, as measured by industry-wide available seat kilometers (ASKs), also fell 8.7% year-on-year for the month of February. IATA currently estimates that 2020 traffic will fall by 38%, across all regions.³⁰ However, North American airlines are expected to experience a 27% year-on-year decline in 2020 RPKs.³¹ European airlines are expected to incur the worst decline at 46% year-on-year decline in RPKs.

Analysis of previous crises is necessary to estimate the pandemic's impact and timeline for recovery. As discussed previously, US-London passenger load factors dipped sharply during the 2008 recession, but rebounded fairly quickly as carriers cut capacity dramatically. At its worst, passenger capacity dipped nearly 20% and recovered more slowly than load factors. Airline financials saw similar patterns. Transatlantic passenger revenues and yields dropped between 10% to 20% for the US legacy carriers, but were recovering by 2009. IATA's comprehensive study of passenger traffic concluded that within four years of both the 9/11 and 2008 shocks, traffic had recovered to its long-term trend level.^{32 33 34}

As of the date of this report, the full scope and severity of both the pandemic and economic shock are still unclear. Given our knowledge of previous crises and the data currently available, BK has estimated the pandemic's impact on future traffic and demand. These estimates have been used in forecasting the cash flows for this valuation. BK assumes traffic will decline by 35% year over year in 2020. We expect some recovery in 2021, but do not expect a full recovery until 2024 in these markets.

²⁹ <https://www.bbc.com/news/business-51748139>

³⁰ <https://www.iata.org/en/iata-repository/publications/economic-reports/air-passenger-monthly-analysis---feb-2020/>

³¹ <https://www.iata.org/en/iata-repository/publications/economic-reports/third-impact-assessment/>

³² <https://www.reuters.com/article/us-airlines-traffic/airlines-climbing-out-of-recession-iata-idUSTRE62T16G20100330>

³³ Bts.gov

³⁴ <https://www.iata.org/en/iata-repository/publications/economic-reports/global-air-passenger-markets-riding-out-periods-of-turbulence/>

VIII. VALUATION APPROACHES & METHODS CONSIDERED

As part of this valuation, BK considered three generally accepted approaches to valuation, namely the Income Approach, the Market Approach, and the Cost Approach. The Income Approach seeks to convert future economic benefits into a present value. The Market Approach relies on values indicated by comparable transactions or similar assets. The Cost Approach is based on the premise that a buyer would not pay more than it would cost to build an equivalent. Each of these approaches is described in detail below.

The Income Approach is based on the premise that the value of an asset is the present value of the future earnings capacity that is available for distribution to investors of that asset. Expected future earnings capacity can be measured by various benefit streams, such as cash flows, net income, or earnings the aircraft could generate. The selection of a proper stream of benefits depends on various factors, such as the asset's capital structure and demand in the marketplace. Two methods commonly used in the income approach are the Discounted Cash Flow (DCF) Method and the Capitalization of Cash Flow Method. The DCF Method involves multi-period earnings forecast where periods of variability are expected and then present valuing back to the today. Capitalization involves more stable earnings streams and a one period projection that is capitalized by the discount rate minus the expected long-term growth rate.

The Market Approach involves consideration of transactions of similar assets. Third-party transactions generally represent the best estimate of value if they are done at arm's length. This approach is based on the principle of substitution which implies that a buyer will not pay more to buy a given asset than it will cost to buy a comparable property. Two methods in the market approach are the Guideline Public Company Method and the Comparable Transactions Method. Under the Guideline Public Company Method, value is derived from publicly traded stock prices of companies with similar asset operations. The Comparable Transaction Method, although similar to the Guideline Public Company Method in its use of valuation multiples, focuses on transactions involving sales of similar assets.

The Cost Approach is based on the concept of reproduction cost. A willing buyer would not pay more for an asset than the cost of a new one. Given the restrictions on capacity, it would not be possible to recreate the subject routes or a network in this case.

CONCLUSION

Given the nature of the asset, we concluded that use of the cost and market approach would not be appropriate for this valuation engagement. It's not feasible to recreate such a network and there are no recent transactions that can be used as comparison. Income approach is most applicable for this engagement. There is a strong correlation between value and its ability to generate future operating cash flows or earnings. The Discounted Cash Flow Method is most suitable for this valuation.

IX. VALUATION

DISCOUNTED CASH FLOW METHOD

Application of the Discounted Cash Flow Method requires the preparation of a reliable forecast of the expected future financial performance of the subject routes. In this context, the subject routes' future financial performance is a reflection of its future revenues, operating expenses, taxes, depreciation, and capital expenditures over some discrete period of time.

Forecasted cash flow must then be discounted to a present value using a discount rate that appropriately accounts for the market cost of capital as well as the risk and nature of the cash flows. Finally, an assumption must be made regarding the sustainable long-term rate of earnings growth at the end of the forecast period, and the terminal or residual value of the remaining cash flows must be discounted back to a present value. The sum of the present values of the forecasted cash flows and the terminal value equals the value of the enterprise.

EARNINGS FORECAST

BK was provided Delta' monthly route profitability data on each of the subject routes by aircraft type from 2015 through 2020. We projected future cash flows from March 2020 through year-end 2029.³⁵

Revenue and Traffic

Using full year 2015 through February 2020 data as a guide, BK developed annual passenger traffic and revenue projections for 2020 – 2029. The revenue projections are the result of a combination of traffic growth (RPM), available capacity (ASM), and passenger yield growth.

Total revenue reflects passenger revenue, cargo revenue and other revenue for each route. Cargo revenue and other revenue are forecasted to continue as a percentage of passenger revenue. BK analyzed Delta's historical results in each of the individual markets, then forecasted passenger revenue based on historical experience, industry knowledge, and Boeing and Airbus traffic forecasts.

Capacity Assumptions

BK was provided with a fleet plan for expected departures for each of the subject routes for 2020-2022. For years 2023-2029, BK projected similar level of capacity in line with what was provided.

³⁵ Four of the slots used in Delta's LHR operations are remedy slots that they have access to through March 31, 2021. Per discussions with Delta, they are likely to be granted an extension or will have access to JV partner slots to maintain their projected capacity.

Expenses

BK was provided with route and aircraft level data for the following expenses:

Passenger Variable Cost

- Revenue Related
- Onboard Expenses
- Passenger Related

Direct Operating Cost

- Pilots
- In-flight
- Direct Maintenance
- Landing and Navigation Fees
- Variable Airport
- Fuel (ex hedge)

Cargo

- Facilities Cost
- Facilities
- Ground Equipment

Overhead Cost

- Maintenance Overhead
- Technology Overhead
- Advertising and Promotion
- Flight Crew Overhead
- Corporate Overhead

BK analyzed the expenses above based on most appropriate cost driver and forecasted forward based on historical relationships, expected capacity and annual inflation of 2.1%.

Fuel

Fuel is a material expense for any airline operation. BK Associates was provided financial data through February 2020. For all of Europe, Delta paid an average of \$1.87 per gallon in the month of February. As of April 14, 2020, jet fuel A was trading at \$0.66. BK utilized the Department of Energy's ("DOE") Short-term and Annual Energy Outlook in forecasting the expected fuel price for 2020-2029. DOE expects a 28.9% decline in fuel price from 2019-2020.

Aircraft-specific fuel consumption were calculated based on data provided by Delta. Total fuel costs were calculated by applying the projected fuel prices per gallon to projected fuel consumption on a route and aircraft-specific basis.

Aircraft Expense

BK forecasted aircraft expense based on BK lease rates of the aircraft used by Delta for each of the passenger routes. These rates were estimated to be avoid any unusual depreciation policies and more closely match the market level of this expense.

Maintenance Expense

Maintenance expenses were estimated based on Delta's historic costs by aircraft type and by route.

Taxes

BK applied a 30% tax rate to projected cash flows.

Depreciation and Capital Expenditures

BK assumed given that Delta's transatlantic operation is a mature operation, that depreciation would equate capital expenditures in the long run.

Alliance Benefits Assumptions

Delta has entered into Joint Business Agreements ("JBA") with Virgin Atlantic and Air France, Skyteam global alliance partners to implement metal-neutral operations. In 2012, Delta acquired a 49% stake in Virgin Atlantic and launched a full transatlantic joint venture. In 2019, the joint venture between Air France-KLM, Delta, and Virgin Atlantic was approved.

The alliance benefits are likely to come in the form of integrated selling to corporate accounts, integrated revenue management, schedule and capacity optimization, better asset utilization and improved connectivity to connecting flights out both in the U.S. and Europe. Essentially, this JBA would result in a metal-neutral operation where members of the JBA make decisions that benefit the JBA as opposed to specific members.

The alliance benefits identified by Delta in the Atlantic were incorporated by BK into the annual cash flow projections on a network basis.

DISCOUNT RATE

The discount rate applied to the forecasted cash flows must adequately reflect the nature of the applicable investment and the risk associated with the underlying cash flows. Stated another way, the discount rate represents the total rate of return that an investor would demand given the level of risk associated with an investment.

Since this valuation is an enterprise valuation, it will reflect both debt and equity and the appropriate discount rate would be the weighted average cost of capital.

To determine the cost of equity, we used the buildup method, which starts with a risk-free rate of return and adds to it a number of identifiable risk factors. The formula for the buildup is given by: $k_E = r_f + r_i + r_m + r_s + r_c$. The following definitions apply:

- Cost of equity capital (kE) – the return required by equity holders
- Risk-free rate (rf) – the return on government securities
- Equity risk premium (ri) – the additional return an investor expects in order to compensate for the additional risk associated with investing in equity securities instead of investing in a riskless asset; a measure of systematic risk
- Industry risk premium (rm) – is a measure of the volatility of a particular industry in comparison to the market as a whole
- Size premium (rs) – unsystematic risk attributable to the widely acknowledged fact that smaller stocks, on average, have outperformed their larger counterparts by a considerable amount over the long term
- Specific risk (rc) – unsystematic risk attributable specifically to a subject asset

We calculated the discount rate as follows:

Discount Rate Calculation		
(1) Normalized Risk-Free Interest Rate	Rf	3.00%
(1) Equity Risk Premium	Ri	5.00%
(2) Industry Risk Premium (SIC Code 4512 - Air Transportation, Scheduled)	Rm	0.95%
(3) Size Premium	Rs	-0.28%
Company Specific Risk Premium	Rc	2.50%
Equals: Cost of Equity	Ke	11.17%
<hr/>		
Cost of Debt		2.7%
After Tax Cost of Debt		1.9%
WACC		6.9%

(1) Duff & Phelps Capital Navigator.

(2) Industry Risk Premium - SIC Code 4512 - Air Transportation, Scheduled

(3) Decile Size Premium - Decile 1 market capitalization range is \$29 Billion to \$1,073 Billion.

(4) Decile Size Premium - Decile 2 market capitalization range is \$13 Billion to \$30.5 Billion.

BK determined the cost of capital using the Duff & Phelps Cost of Capital Navigator. This reflects the cost of capital for Delta Airlines as of 12/31/19. The selected risk-free rate of return is typically based on observed yields for 20-year U.S. Treasury Bonds (constant maturity) and equity risk premium is typically the average historical supply side equity risk premium. In this case, BK relied on Duff & Phelps suggested risk free rate and equity risk premium. Specific risk is a matter of professional judgment. We believe 2.5% is appropriate. The average cost of debt for Delta in 2019 was 2.7%. Using an optimal airline

capital structure³⁶, BK calculated the weighted average cost of capital to be 6.9%. However, that is the discount rate applicable to Delta's airlines, BK feels an intangible asset will carry a higher discount rate. Additionally, the calculation above is as of 12/31/19. Therefore, we think industry risk would likely be higher in this environment.

INDICATED VALUE

The present value of the net cash flow during the discrete forecast period was determined using discount rates ranging from of 8% to 10%. For purposes of performing present value calculations, we assumed that cash flows are received ratably over the course of the year (i.e., mid-point convention).

To represent cash flows outside of the discrete forecast period, it was necessary to compute a terminal period net cash flow. We applied region specific long-term growth rates to 2029 cash flows to estimate terminal cash flows, from which estimated depreciation and amortization and income taxes were subtracted. Terminal after-tax income was then converted to net cash flow by adding back the applicable depreciation and amortization and providing for capital expenditures. The terminal period net cash flows were then capitalized using the previously-discussed discount rates less applicable growth rate, then and brought to present value using the discount rate. Together with the present value of the cash flows for the discrete forecast period and the terminal value, the range of value for the subject routes can be seen below with the corresponding discount rate. BK's DCF values of Delta's Atlantic routes at 2.0% and 1.5% Terminal Value growth rates and at discount rates between 8% to 10% are as shown below:

London:

Discount Rate	<u>Terminal Value Growth Rate</u>	
	2.00%	1.50%
10.0%	\$1,353,141,000	\$1,304,613,000
9.5%	\$1,462,031,000	\$1,404,633,000
9.0%	\$1,586,813,000	\$1,518,340,000
8.5%	\$1,731,167,000	\$1,648,679,000
8.0%	\$1,899,997,000	\$1,799,502,000

Europe:

Discount Rate	<u>Terminal Value Growth Rate</u>	
	2.00%	1.50%
10.0%	\$6,659,251,000	\$6,394,850,000
9.5%	\$7,244,163,000	\$6,931,433,000
9.0%	\$7,915,444,000	\$7,542,369,000
8.5%	\$8,693,129,000	\$8,243,697,000
8.0%	\$9,603,935,000	\$9,056,394,000

³⁶ BK estimated the optimal capital structure looking at the average for comparable airlines. This average was determined to be a 54% - 46% equity to debt split.

X. STATEMENT OF ASSUMPTIONS & LIMITING CONDITIONS

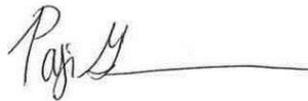
1. The conclusion of value arrived at herein is valid only for the stated purpose as of the date of the valuation.
2. Financial data and other related information provided by the Client or its representatives, in the course of this engagement, have been accepted without any verification as fully and correctly reflecting the enterprise's business conditions and operating results for the respective periods, except as specifically noted herein. BK has not audited, reviewed, or compiled the financial information provided to us and, accordingly, we express no audit opinion or any other form of assurance on this information.
3. Public information and industry and statistical information have been obtained from sources we believe to be reliable. However, we make no representation as to the accuracy or completeness of such information and have performed no procedures to corroborate the information.
4. We do not provide assurance on the achievability of the revenues by the Client because events and circumstances frequently do not occur as expected; differences between actual and expected results may be material; and achievement of the forecasted results is dependent on actions, plans, and assumptions of management.
5. Neither all nor any part of the contents of this report (especially the conclusion of value, the identity of any valuation analyst(s), or the firm with which such valuation analysts are connected or any reference to any of their professional designations) should be disseminated to the public through advertising media, public relations, news media, sales media, mail, direct transmittal, or any other means of communication without the prior written consent and approval of BK.
6. Future services regarding the subject matter of this report, including, but not limited to testimony or attendance in court, shall not be required of BK unless previous arrangements have been made in writing.
7. No change of any item in this valuation report shall be made by anyone other than BK, and we shall have no responsibility for any such unauthorized change.
8. Unless otherwise stated, no effort has been made to determine the possible effect, if any, on the Subject Asset due to future Federal, state, or local legislation, including any environmental or ecological matters or interpretations thereof.
9. Except as noted, we have relied on the representations of the Client and other third parties concerning the value and useful condition of all equipment, real estate, investments used in the business, and any other assets or liabilities, except as specifically stated to the contrary in this report. We have not attempted to confirm whether or not the asset is free and clear of liens and encumbrances or that the entity has good title to all assets.

XI. DISCLAIMER

BK Associates, Inc. has no present or contemplated future interest in the subject assets, nor any interest that would preclude our making a fair and unbiased estimate. This appraisal represents the opinion of BK Associates, Inc. and reflects our best judgment based on the information available to us at the time of preparation and the time and budget constraints imposed by the client. It is not given as a recommendation, or as an inducement, for any financial transaction and further, BK Associates, Inc. assumes no responsibility or legal liability for any action taken or not taken by the addressee, or any other party, with regard to the appraised equipment. By accepting this appraisal, the addressee agrees that BK Associates, Inc. shall bear no such responsibility or legal liability. This appraisal is prepared for the use of the addressee and shall not be provided to other parties without the express consent of the addressee. BK Associates, Inc. consents to the inclusion of this appraisal report in the Prospectus Supplement and to the inclusion of BK Associates, Inc.'s name in the Prospectus Supplement under the caption "Experts".

Sincerely,

BK ASSOCIATES, INC.



Pooja Gardemal, CPA/ABV
Managing Director



Ben Wallace
Financial Analyst



Simon Chang
Financial Analyst



Richard Britton
Vice President
ISTAT Senior Certified Appraiser

PG/BW/SC/RLB

XII. APPENDIX

London Routes

1	DTWLHR	United Kingdom
2	LHRMSP	United Kingdom
3	LHRSLC	United Kingdom
4	ATLLHR	United Kingdom
5	BOSLHR	United Kingdom
6	JFKLHR	United Kingdom
7	LHRPDX	United Kingdom
8	LHRSEA	United Kingdom
9	BOSLGW	United Kingdom

European Routes

1	ATLBRU	Belgium
2	BRUJFK	Belgium
3	JFKPRG	Czech Republic
4	CPHJFK	Denmark
5	ATLCDG	France
6	BOSCDG	France
7	CDGCVG	France
8	CDGDTW	France
9	CDGIND	France
10	CDGJFK	France
11	CDGLAX	France
12	CDGMSP	France
13	CDGRDU	France
14	CDGSEA	France
15	CDGSLC	France
16	JFKNCE	France
17	ATLDUS	Germany
18	ATLFRA	Germany
19	DTWFRA	Germany
20	FRAJFK	Germany
21	ATLMUC	Germany
22	DTWMUC	Germany
23	JFKMUC	Germany
24	ATLSTR	Germany
25	JFKTXL	Germany
26	ATHJFK	Greece
27	BOSKEF	Iceland
28	JFKKEF	Iceland
29	KEFMSP	Iceland
30	ATLDUB	Ireland
31	BOSDUB	Ireland
32	DUBJFK	Ireland
33	DUBMSP	Ireland
34	BOSSNN	Ireland
35	JFKSNN	Ireland
36	ATLFCO	Italy
37	BOSFCO	Italy
38	DTWFCO	Italy
39	FCOJFK	Italy
40	ATLMXP	Italy
41	JFKMXP	Italy
42	ATLVCE	Italy
43	JFKVCE	Italy
44	AMSATL	Netherlands
45	AMSBOS	Netherlands
46	AMSDTW	Netherlands
47	AMSJFK	Netherlands
48	AMSLAX	Netherlands
49	AMSMCO	Netherlands
50	AMSMSP	Netherlands
51	AMSPDX	Netherlands
52	AMSSEA	Netherlands
53	AMSSLC	Netherlands
54	AMSTPA	Netherlands
55	BOSLIS	Portugal
56	JFKLIS	Portugal
57	ATLBCN	Spain
58	BCNJFK	Spain
59	ATLMAD	Spain
60	JFKMAD	Spain
61	ARNJFK	Sweden
62	GVAJFK	Switzerland
63	ATLZRH	Switzerland
64	JFKZRH	Switzerland
65	BOSEDI	United Kingdom
66	EDIJFK	United Kingdom
67	GLAJFK	United Kingdom
68	BOSMAN	United Kingdom



VALUATION OF 60 US-LATIN ROUTES

As of March 31, 2020 Client: Delta Air Lines, Inc.

Report Date: April 22, 2020

7315 Wisconsin Ave, Ste 800W Bethesda, MD 20814

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I. VALUATION SUMMARY

BK Associates, Inc. (“BK”) has been engaged by Delta Air Lines, Inc. (“Client”) to prepare a valuation of 60 routes it operates between the US and Latin America. These include routes from the US to Colombia, Mexico, Argentina, Brazil, Peru, Chile, Ecuador, and Bonaire, Sint Eustatius, and Saba (“Subject Markets”). The specific routes appraised are detailed in the appendix section at the end of this report. In rendering this value opinion BK relied, in part, upon information supplied by Delta as well as BK’s assumptions around the impact of COVID-19 and growth in the subject markets.

PURPOSE OF THE VALUATION ENGAGEMENT

It is understood by BK that the Conclusion of Value will be used by Client to present to investors as part of collateral for financing. This report was prepared solely for the purposes described herein and, accordingly, should not be used for any other purpose. In addition, this report should not be distributed to any party other than client, without the express knowledge and written consent of the Client or BK.

RELEVANT DATES

BK was engaged to value the subject routes as of the Valuation Date, March 31, 2020. In this valuation, BK considered only circumstances that existed as of and events that occurred up to the Valuation Date. Therefore, events occurring after the Valuation Date, but before the Report Date were taken into account to the extent that they were indicative of conditions that were known or knowable as of the Valuation Date.

STANDARD & PREMISE OF VALUE

Standard of value deals with the type of value while, premise deals with the conditions surrounding the values. The relevant standard of value is owner’s value. Owner’s value deals with the value of the asset to the current owner, given the owner’s current use of the asset.¹

The valuation premise may be either in-use or liquidation. The determining factor being the highest and best use as considered from a market participant’s perspective. The values issued in this report are based on a continued in-use, as part of a going concern valuation premise, which assumes that the routes will continue to be operated by Delta.

CONCLUSIONS

Based upon our knowledge of the intangible assets, route authorities, and slots, our knowledge of the capabilities and uses to which they have been put in various parts of the world, and our knowledge of the US-Latin America market in general, BK’s Discounted Cash Flow values of Delta’s Latin routes at 2.5% and 2% Terminal Value growth rates and

¹ International Valuation Standards 2011

at discount rates between 8% to 10% are as shown below. These values reflect the impact of COVID-19, which will be discussed in more detail later.

Discount Rate	<i>Terminal Value Growth Rate</i>	
	2.50%	2.00%
10.0%	\$1,173,955,000	\$1,116,259,000
9.5%	\$1,296,270,000	\$1,227,455,000
9.0%	\$1,438,140,000	\$1,355,257,000
8.5%	\$1,604,477,000	\$1,503,521,000
8.0%	\$1,801,983,000	\$1,677,391,000

II. DEFINITIONS

Available Seat Mile (ASM)

Seats multiplied by miles flown. ASMs are a measure of an airline's capacity.²

Cost per Available Seat Mile (CASM)

Total operating expenses divided by ASMs. CASM is a measure of unit cost.³

Intangible Asset

An intangible asset is a non-monetary asset that manifests itself by its economic properties. It does not have physical substance but grants rights and economic benefits to its owner.⁴

Load Factor

RPMs divided by ASMs. Load factor is a measure of how an airline utilizes its capacity.⁵

Owner's Value

The value of an asset to the owner or a prospective owner for individual investment or operational objectives. Also referred to as "investment value".

Passenger Revenue per Available Seat Mile (PRASM)

Passenger revenue divided by ASMs.⁶

Passenger Yield

Passenger revenue divided by RPMs.⁷

Revenue per Available Seat Mile (RASM)

Total Operating Revenue divided by ASMs.⁸

Revenue Seat Mile (RPM)

Passengers multiplied by miles flown. RPMs are a measure of traffic.⁹

Slot

A slot is the operational authority assigned by the FAA to a carrier to conduct one scheduled operation or a series of scheduled operations on a particular day(s) of the week during a specific period of time.

² http://web.mit.edu/airlinedata/www/Res_Glossary.html

³ http://web.mit.edu/airlinedata/www/Res_Glossary.html

⁴ <https://www.ivsc.org/files/file/view/id/647>

⁵ http://web.mit.edu/airlinedata/www/Res_Glossary.html

⁶ http://web.mit.edu/airlinedata/www/Res_Glossary.html

⁷ http://web.mit.edu/airlinedata/www/Res_Glossary.html

⁸ http://web.mit.edu/airlinedata/www/Res_Glossary.html

⁹ http://web.mit.edu/airlinedata/www/Res_Glossary.html

III. REGULATORY ENVIRONMENT

Bilateral air transport agreements govern the rights for providing air service between two nations. Each agreement is unique to those nations. These agreements can specify the airlines permitted, the frequency with which they are permitted, the individual traffic rights, the origin and destination cities, the type of aircraft, and tax issues. They typically also cover issues such as air worthiness, aviation security, navigation, safety oversight, environmental protection, and facilitation.

The Bermuda Agreement was one of the first air transport agreements, signed shortly after World War II in 1946 by the United Kingdom and the United States. This became the template for future air transport agreements.

To understand the value provided in these agreements, it is important to understand the different traffic rights or “freedoms of the air”.¹⁰

- 1st the right to fly over a foreign country without landing*
- 2nd the right to refuel or carry out maintenance in a foreign country without embarking or disembarking passengers*
- 3rd the right to fly from one's own country to another*
- 4th the right to fly from another country to one's own*
- 5th the right to fly between two foreign countries on a flight originating or ending in one's own country*
- 6th the right to fly from a foreign country to another while stopping in one's own country for non-technical reasons*
- 7th the right to fly between two foreign countries while not offering flights to one's own country*
- 8th the right to fly inside a foreign country, continuing to one's own country*
- 9th the right to fly inside a foreign country without continuing to one's own country*

The air transport agreements between the US and subject regions are discussed below.

¹⁰ <http://www.icao.int/Pages/freedomsAir.aspx>

US-ARGENTINA

Traffic between the US and Argentina is governed by the 1985 Air Transport Agreement. The two countries reached an agreement in 2019 to modernize the 1985 agreement, which would remove previous restrictions on frequencies, reciprocities, and capacity. Specifically, both US and Argentinian airlines are now allowed to operate unlimited frequencies and routes between the countries. The modernization also allows for carriers to conduct leasing, code-sharing, and blocked-space agreements.^{11 12}

US-BRAZIL

Historically, traffic between the US and Brazil was governed by the 1989 Bilateral Agreement. This agreement imposed restrictions on frequencies and routes for airlines of both countries. In 2010, the US and Brazil agreed to an Open Skies deal that went into full effect in 2015. This deal removed all frequency limitations for carriers of either country. The new arrangement also included language making reference to making pricing structures more transparent.¹³

US-ECUADOR

While Ecuador adopted an open skies policy in 2017, there has not been a finalized agreement with the US to operate as an open skies partner. Traffic between the US and Ecuador is regulated by the 1986 Air Transport Agreement. The two countries signed an Annex to this agreement in 2010 and have extended the agreement until 2021. The agreement allows for cargo service from the US via points in Ecuador and beyond. Cargo service from Ecuador is allowed to any points. Combination service is allowed from the US via 15 points in Ecuador, 5 points selected by the US, and other South American cities. Specifically, this includes Buenos Aires, La Paz, Santa Cruz, Asuncion, Rio de Janeiro, Sao Paolo, Santiago, and Lima.

Unlimited cargo frequencies and 120 passenger combination round-trip frequencies are permitted weekly, as of 2010. In order to code-share, lease, or block space, certain carriers can form marketing deals with either a provider of surface transportation or an airline of the US, Ecuador, or another country. Though slightly improved, the Quito airport has historically been heavily congested. Delta entered into the market in 2006, and were preceded by American and Continental Airlines.^{14 15 16 17}

¹¹ State.gov

¹² <https://ar.usembassy.gov/us-and-argentina-modernize-air-transport-service-agreement/>

¹³ State.gov

¹⁴ State.gov

¹⁵ U.S. Diplomatic Note Extending Annex I to U.S.-Ecuador Air Transport Agreement Until June 30, 2021

¹⁶ <https://centreforaviation.com/news/ecuador-adopts-open-skies-policy-to-liberalise-air-transport-753214>

¹⁷ <https://www.state.gov/open-skies-partners/>

US-MEXICO

Traffic between the US and Mexico is regulated by the 1960 Air Transport Agreement. In 2014, the two countries agreed to amend and modernize the agreement. This agreement went in to force in 2016. The agreement removed all city-pair restrictions for passenger service. The agreement also removed the restrictions surrounding the number of airlines each country could designate as able to conduct international operations. Cargo carriers were also allowed to service previously unavailable destinations.^{18 19}

US – OTHER

The remaining South American countries that are relevant to this portfolio are all under Open Skies agreements. Specifically, these countries include Bonaire, Sint Eustatius, and Saba, Chile, Colombia and Peru.²⁰

SLOT RESTRICTIONS

The enterprise valuation provided reflects the entire operation of Delta between the United States and Latin America. This means it reflects the value of all components needed for its operation. One of the most valuable components for the US-Latin operation is the slots needed. A slot is an FAA authorization to conduct an operation (either one take-off or one landing) at a constrained airport during a specific time period on a particular day.

The International Air Transport Association (IATA) oversees the Worldwide Slot Guidelines (WSG) for the purpose of developing uniform standards for the management of airport slots at coordinated airports and facilitated airports. The WSG classifies airports into one of three categories based on the degree of congestion and delays:

- Level 1 is where the capacity of airport infrastructure meets demand and therefore there is no pattern of delays;
- Level 2 is where there are periods of congestion during the day, but they can be managed through mutual cooperation of the operators with the aid of a schedule facilitator
- Level 3 is assigned where infrastructure does meet the demand and there are delays, requiring mandatory slot controls.

Of the routes valued, most are level 3 airports that have little to no slot availability and slot access requires reaching out to each coordinator. The following are the Level 3 airports in Latin America:

¹⁸ Memorandum of Consultations: U.S.-Mexico Initialed Air Transport Agreement on November 21, 2014

¹⁹ State.gov

²⁰ <https://www.transportation.gov/policy/aviation-policy/open-skies-agreements-being-applied>

Brazil (BR)

Pampulha (PLU)

Brasília (BSB)

Confins (CNF)

Galeão (GIG)

Viracopos (VCP)

Rio de Janeiro-Santos Dumont (SDU)

São Paulo/Congonhas (CGH)

São Paulo/Guarulhos (GRU)

Colombia (CO)

Bogotá (BOG)

Cuba (CU)

Havana (HAV)

Varadero (VRA)

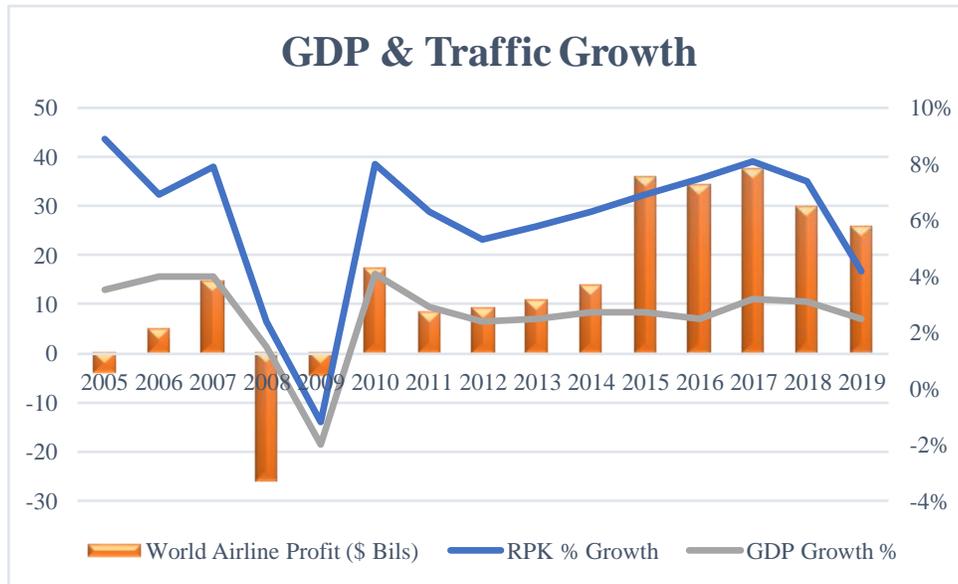
Mexico (MX)

Mexico City (MEX)

IV. ECONOMIC OUTLOOK

The performance and value of a route is affected to varying degrees by conditions in the global economy. Some of the key influences include Gross Domestic Product, Fuel Price, and the Lending environment. This section of the report will analyze what the current outlook is for each.

GROSS DOMESTIC PRODUCT (GDP)



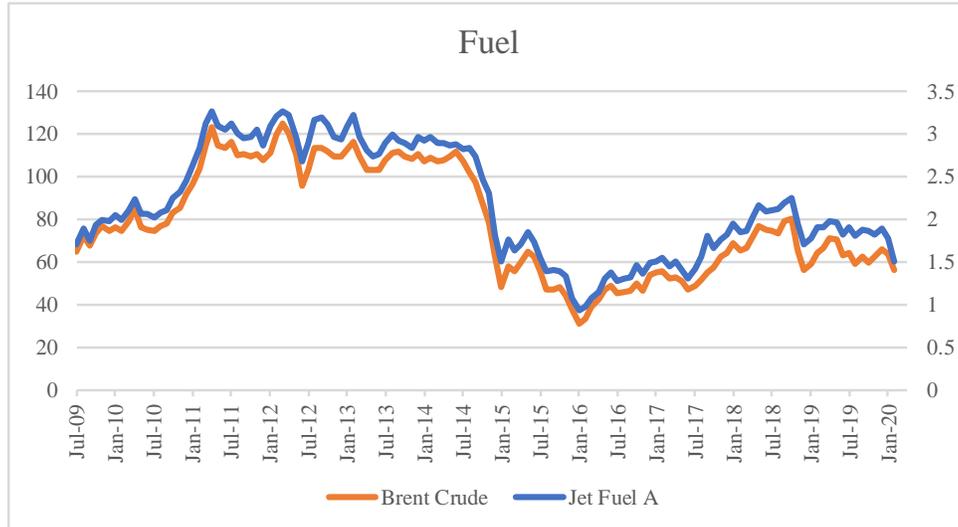
Source: IATA.org

Aviation is a highly cyclical industry, marked with high highs and low lows. Historically, gross domestic product and traffic have been good indicators of the health of the industry; as they are highly correlated. Economic prosperity leads to increases in disposable income and subsequently an increase in demand for air travel. An increase in demand for air travel means an increase in demand for aircraft. According to Worldbank’s January 2020 Global Economic Prospects, worldwide GDP was expected to grow by 2.5% for 2020. Traffic as measured by revenue passenger kilometers (rpk) was expected to grow by 4.6% annually for the next twenty years.

However, it should be noted that the Worldbank’s expectations for GDP growth and other estimates of traffic growth do not reflect the impact of the Novel Coronavirus (COVID-19), which broke out in January 2020. As of February 2020, the International Air Transport Association (IATA) expects the impact of the Novel Coronavirus 2019 outbreak (COVID-19) to be an industry-wide 38% decrease in yearly traffic, in all regions. IATA reported that traffic had already fallen by 14.1% year-on-year and capacity had fallen by 8.7% year-on-year, as measured in revenue passenger kilometers (RPKs) and available seat kilometers (ASKs), respectively. IATA expects traffic and capacity to continue declining in March.²¹

²¹ <https://www.iata.org/en/iata-repository/publications/economic-reports/air-passenger-monthly-analysis---feb-2020/>

FUEL ENVIRONMENT



Source: Indexmundi.com

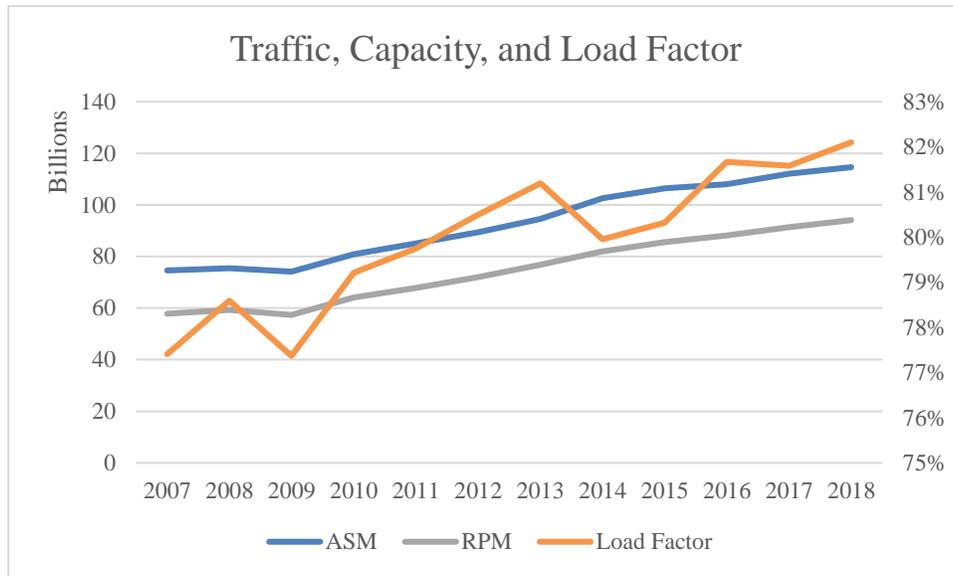
The chart above shows the volatility in the fuel market over the last decade. Brent crude has a strong correlation with Jet Fuel A prices. In the fall of 2014, crude oil prices began to fall. Crude oil prices had stayed around \$55-65/bl in part because of supply increases from Iran and the United States. However, COVID-19 has severely impacted the fuel market and the global economy. Both Jet Fuel A and Brent Crude have seen in excess of a 40% drop in pricing from January 2020 to present. As of April 14, 2020, jet fuel A was trading at \$0.66. Historically, jet fuel and airline profitability have had an inverse relationship. Lower fuel prices bring airline expenses down, which results in lower fares and upticks in demand. Lower fuel pricing is good for the health of an airline, but right now demand has fallen to very low levels because of COVID-19.

LENDING LANDSCAPE

The lending environment is also a material consideration when evaluating the current market. The last 10 years have been marked with historically low interest rates. A more favorable lending environment leads to more orders, but the negative ramification of this is airlines that historically looked to secondary markets now look to new aircraft, which in turn could result in steeper value drops in the secondary market. The Federal Reserve's policymaking arm, the Federal Open Market Committee (FOMC), has reduced the federal funds rate target to a range of 0% to 0.25%. The previous time the Federal Reserve pursued a similar policy was in 2008, when the economy sank into a recession, and the Fed has kept the rates at low levels until 2015. Low rates will spur financing activities but the impact will likely be offset by weakened demand and global recession. Similar to the recession in 2008, liquidity is likely to be an issue for most of the industry.

V. US-LATIN AMERICA MARKET ANALYSIS

TRAFFIC AND CAPACITY²²



Source: Bts.gov

Passenger traffic between the US and Latin America has grown steadily over the last decade. Despite decreases in traffic during the 2008 recession, total passenger capacity has grown from about 74 billion ASMs in 2007 to over 114 billion in 2018. From 2007 to 2018, capacity has seen a CAGR of 3.98%, while traffic, as measured by RPMs, has seen a CAGR of 4.54%. Looking at the first 3 quarters of 2019 data, capacity grew by 3%, 0%, and -2% year-over-year, respectively. Over the same 3 quarters, traffic grew by 3%, 3%, and 1% year-over-year.

Despite some fluctuations, load factors have also steadily increased over the last decade, growing from to 77% in 2007 to 82% in 2018. Overall, load factors have seen a CAGR of 0.54% between 2007 and 2018. Looking at the most recent data, load factors were up to 84% through the first 3 quarters of 2019.

²² Bts.gov

COMPETITIVE LANDSCAPE ²³



Source: Bts.gov

The US-Latin market is largely dominated by American Airlines, who held just under 29% of the total passengers. This is followed by Delta, United, and JetBlue, with 17%, 17%, and 15% of the total passengers, respectively. Southwest and Spirit hold 7% and 5% of the total passengers, respectively.

While American has maintained their dominant position over the last decade, their market share has decreased by about 8% from 2007 to 2019. Over the same time period, other US carriers have captured larger shares of US-Latin traffic. Delta has made steady gains, with their overall market share increased by almost 4% between 2007 and 2019. United's 2012 merger with Continental Airlines sharply increased their market share dramatically, jumping by 14% from 2011 to 2012. JetBlue, Southwest, and Spirit have also made steady gains over the last five years, with their market shares increasing by 4%, 6%, and 2%, respectively.

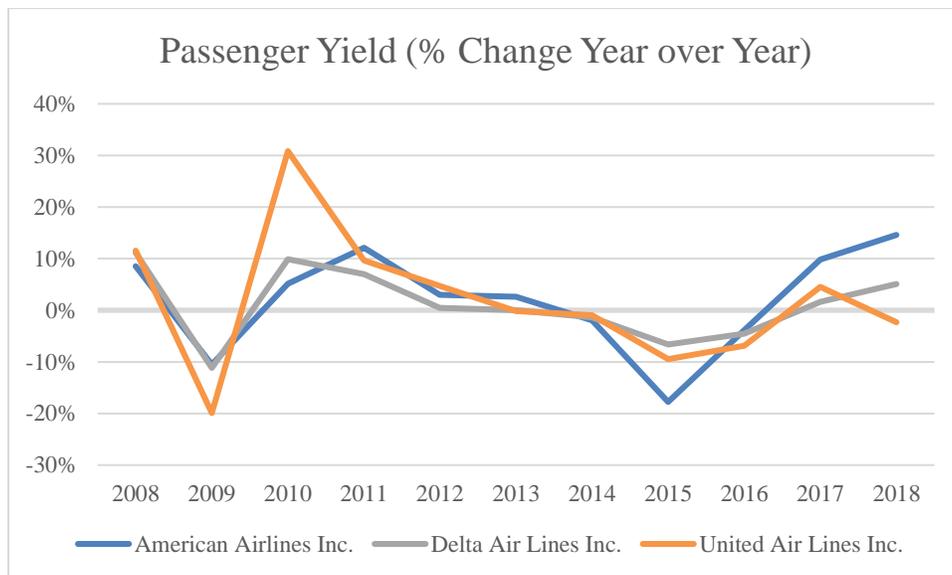
In September 2019, Delta announced that they had bought a 20% stake in LATAM Airlines group. Given LATAM's historical ties with American, this could have a significant impact on their market share going forward.

²³ Bts.gov

FINANCIAL PERFORMANCE ²⁴

Since the major US carriers file region-specific financial information with the Bureau of Transportation Statistics, this data can be used to analyze the financial performance of their Latin passenger operations.

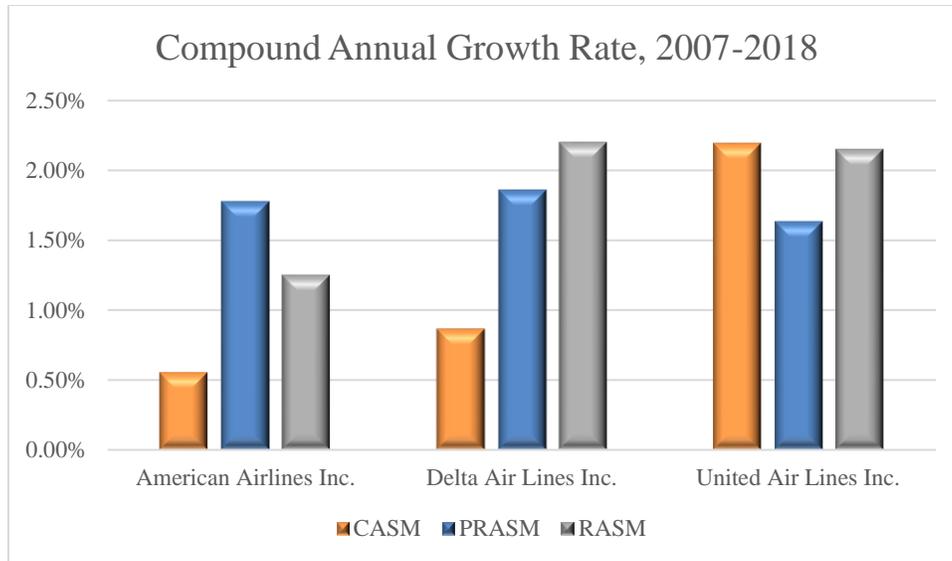
For the major US carriers, Latin passenger revenues have increased steadily over the last few years. Between 2013 and 2018, Delta's Latin passenger revenue had a CAGR of over 4%. Over the same time period, American Airlines and United's revenues each had CAGRs of just over 1%. United's 2012 merger with Continental Airlines was a major source of growth, with their passenger revenue more than tripling in size from 2011 to 2012. Passenger revenues fell for all three carriers during the 2008 recession, but were recovering by 2010.



Source: Bts.gov

While fluctuating significantly, yields have grown over the last decade. Between 2007 and 2018, American Airline's Latin passenger yield had a CAGR of 1.52%. Delta and United's passenger yields had CAGRs of 0.83% and 1.21% respectively. During the 2008 recession, yields dropped between 10% to 20% for all three carriers, but were rapidly recovering by 2010.

²⁴ Bts.gov



Source: Bts.gov

Other metrics of airline performance including CASM, PRASM and RASM have all increased over the last decade. While these metrics generally trend together, there has been differences between the carriers. In particular, United’s CASM had a relatively high CAGR of 2.19%, in comparison to American’s 0.56% CAGR and Delta’s 0.87% CAGR over the same period. American’s RASM also had a relatively low CAGR of 1.25%, in comparison to Delta’s 2.20% CAGR and United’s 2.15% CAGR over the same time period.

Looking at the most recent full year of data, Q3 2018 to Q3 2019, CASMs changed by 1.0% for American, -1.3% for Delta, and 0.5% for United. Over the same time period, PRASMs changed by 6.5% for American, 2.1% for Delta, and 6.3% for United. RASMs changed by 5.5% for American, 2.2% for Delta, and 9% for United.

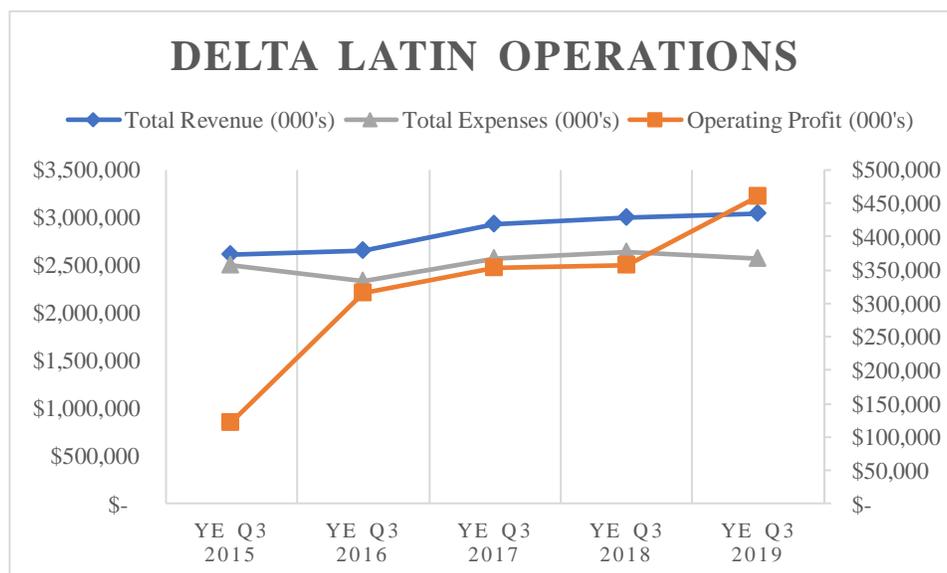
VI. FINANCIAL STATEMENT ANALYSIS

COMPANY BACKGROUND

Delta Air Lines, Inc. was founded in 1924 and is headquartered in Atlanta, Georgia. Delta Air Lines, Inc. provides scheduled air transportation for passengers and cargo in the United States and internationally. It operates through the Airline and Refinery segments. Delta is one of the world's largest airlines, flying to more than 325 destinations in 60 countries. Delta operates a hub-and-spoke system, with its domestic network centered on core hubs in Atlanta, Minneapolis-St. Paul, Detroit, Salt Lake City, Boston, Los Angeles, New York-LaGuardia, New York-JFK, and Seattle; and international network with hubs in Amsterdam, London-Heathrow, Mexico City, Paris-Charles de Gaulle, and Seoul-Incheon. The company operates through a fleet of approximately 1,000 aircraft.

FINANCIAL STATEMENT ANALYSIS

Past results are not a guarantee of future performance. Analysis of historical financial information, however, is essential to the valuation process. Delta's route profitability statements are deemed confidential and therefore cannot be provided with this report. However, our analysis of them and our discussions with management are integral parts of our analysis. As a means to aid the readers of this report, BK has compiled publicly available data to illustrate Delta's performance in the relevant markets. Please note that the publicly available data only goes through Q3 2019, and our analysis has been conducted on that basis. The chart below illustrates trends in Delta's revenues and profitability in the Latin Region.



Source: Bts.gov

From the YE Q3 2015 to the YE Q3 2019, Delta's total revenues in the Latin region increased from \$2.62 billion to \$3.04 billion. Revenues grew at a compound annual rate of 3.8%. Total expenses went from \$2.49 billion to \$2.58 billion, having risen 3.25% over the

period. Fuel, the most significant expense went from \$0.49 billion to \$0.6 billion. Over the last five years, fuel has averaged 22.93% of total operating expenses in the Latin region for Delta. The operating profit margin in the Latin region has been an average of 11.15% over the last 5 years, at \$0.46 billion in the YE Q3 2019.

VII. COVID-19 IMPACT

The global economic shock resulting from the rapid spread of COVID-19 has already had a dramatic impact on the aviation industry. In response to travel restrictions and major drops in demand, airlines have taken emergency actions to reduce costs. European regional carrier Flybe collapsed in March 2020, and it is likely other carriers will follow.²⁵

Many governments have already taken extraordinary stimulus measures to protect their carriers and boost their economies, and more assistance might come in the coming months. While these measures will have a positive impact, the combination of unprecedented travel restrictions, declining consumer spending, falling business confidence, and rising unemployment will have a severely negative impact on the industry.

IATA has reported that industry-wide demand declined 14.1% year-on-year for the month of February, as measured by revenue passenger kilometers (RPKs). This is the largest demand drop since the 9/11 terrorist attacks. Capacity, as measured by industry-wide available seat kilometers (ASKs), also fell 8.7% year-on-year for the month of February. IATA currently estimates that 2020 traffic will fall by 38%, across all regions.²⁶ However, North American airlines are expected to experience a 27% year-on-year decline in 2020 RPKs.²⁷ European airlines are expected to incur the worst decline at 46% year-on-year decline in RPKs.

Analysis of previous crises is necessary to estimate the pandemic's impact and timeline for recovery. As discussed previously, US-Latin passenger load factors dipped sharply during the 2008 recession, but rebounded fairly quickly as carriers cut capacity dramatically. At its worst, passenger capacity dipped nearly 5% and recovered more slowly than load factors. Airline financials saw similar patterns. US-Latin America yields dropped between 10% to 20% for the US legacy carriers, but were recovering by 2009. IATA's comprehensive study of passenger traffic concluded that within four years of both the 9/11 and 2008 shocks, traffic had recovered to its long-term trend level.^{28 29 30}

As of the date of this report, the full scope and severity of both the pandemic and economic shock are still unclear. Given our knowledge of previous crises and the data currently available, BK has estimated the pandemic's impact on future traffic and demand. These estimates have been used in forecasting the cash flows for this valuation. BK assumes traffic will decline by 35% year over year in 2020. We expect some recovery in 2021, but do not expect a full recovery until 2025 in these markets.

²⁵ <https://www.bbc.com/news/business-51748139>

²⁶ <https://www.iata.org/en/iata-repository/publications/economic-reports/air-passenger-monthly-analysis---feb-2020/>

²⁷ <https://www.iata.org/en/iata-repository/publications/economic-reports/third-impact-assessment/>

²⁸ <https://www.reuters.com/article/us-airlines-traffic/airlines-climbing-out-of-recession-iata-idUSTRE62T16G20100330>

²⁹ Bts.gov

³⁰ <https://www.iata.org/en/iata-repository/publications/economic-reports/global-air-passenger-markets-riding-out-periods-of-turbulence/>

VIII. VALUATION APPROACHES & METHODS CONSIDERED

As part of this valuation, BK considered three generally accepted approaches to valuation, namely the Income Approach, the Market Approach, and the Cost Approach. The Income Approach seeks to convert future economic benefits into a present value. The Market Approach relies on values indicated by comparable transactions or similar assets. The Cost Approach is based on the premise that a buyer would not pay more than it would cost to build an equivalent. Each of these approaches is described in detail below.

The Income Approach is based on the premise that the value of an asset is the present value of the future earnings capacity that is available for distribution to investors of that asset. Expected future earnings capacity can be measured by various benefit streams, such as cash flows, net income, or earnings the aircraft could generate. The selection of a proper stream of benefits depends on various factors, such as the asset's capital structure and demand in the marketplace. Two methods commonly used in the income approach are the Discounted Cash Flow (DCF) Method and the Capitalization of Cash Flow Method. The DCF Method involves multi-period earnings forecast where periods of variability are expected and then present valuing back to the today. Capitalization involves more stable earnings streams and a one period projection that is capitalized by the discount rate minus the expected long-term growth rate.

The Market Approach involves consideration of transactions of similar assets. Third-party transactions generally represent the best estimate of value if they are done at arm's length. This approach is based on the principle of substitution which implies that a buyer will not pay more to buy a given asset than it will cost to buy a comparable property. Two methods in the market approach are the Guideline Public Company Method and the Comparable Transactions Method. Under the Guideline Public Company Method, value is derived from publicly traded stock prices of companies with similar asset operations. The Comparable Transaction Method, although similar to the Guideline Public Company Method in its use of valuation multiples, focuses on transactions involving sales of similar assets.

The Cost Approach is based on the concept of reproduction cost. A willing buyer would not pay more for an asset than the cost of a new one. Given the restrictions on capacity, it would not be possible to recreate the subject routes or a network in this case.

CONCLUSION

Given the nature of the asset, we concluded that use of the cost and market approach would not be appropriate for this valuation engagement. It's not feasible to recreate such a network and there are no recent transactions that can be used as comparison. Income approach is most applicable for this engagement. There is a strong correlation between value and its ability to generate future operating cash flows or earnings. The Discounted Cash Flow Method is most suitable for this valuation.

IX. VALUATION

DISCOUNTED CASH FLOW METHOD

Application of the Discounted Cash Flow Method requires the preparation of a reliable forecast of the expected future financial performance of the subject routes. In this context, the subject routes' future financial performance is a reflection of its future revenues, operating expenses, taxes, depreciation, and capital expenditures over some discrete period of time.

Forecasted cash flow must then be discounted to a present value using a discount rate that appropriately accounts for the market cost of capital as well as the risk and nature of the subject cash flows. Finally, an assumption must be made regarding the sustainable long-term rate of earnings growth at the end of the forecast period, and the terminal or residual value of the remaining cash flows must be discounted back to a present value. The sum of the present values of the forecasted cash flows and the terminal value equals the value of the enterprise.

EARNINGS FORECAST

BK was provided Delta' monthly route profitability data on each of the subject routes by aircraft type from 2015 through 2020. We projected future cash flows from March 2020 through year-end 2029.

Revenue and Traffic

Using full year 2015 through February 2020 data as a guide, BK developed annual passenger traffic and revenue projections for 2020 – 2029. The revenue projections are the result of a combination of traffic growth (RPM), available capacity (ASM), passenger yield growth.

Total revenue reflects passenger revenue, cargo revenue and other revenue for each route. Cargo revenue and other revenue are forecasted to continue as a percentage of passenger revenue. BK analyzed Delta's historical results in each of the individual markets, then forecasted passenger revenue based on historical experience, industry knowledge, and Boeing and Airbus traffic forecasts.

Capacity Assumptions

BK was provided with a fleet plan for expected departures for each of the subject routes for 2020-2022. For years 2023-2029, BK projected similar level of capacity in line with what was provided.

Expenses

BK was provided with route and aircraft level data for the following expenses:

Passenger Variable Cost

- Revenue Related
- Onboard Expenses

- Passenger Related

Direct Operating Cost

- Pilots
- In-flight
- Direct Maintenance
- Landing and Navigation Fees
- Variable Airport
- Fuel (ex hedge)

Cargo

- Facilities Cost
- Facilities
- Ground Equipment

Overhead Cost

- Maintenance Overhead
- Technology Overhead
- Advertising and Promotion
- Flight Crew Overhead
- Corporate Overhead

BK analyzed the expenses above based on most appropriate cost driver and forecasted forward based on historical relationships, expected capacity and annual inflation of 2.1%.

Fuel

Fuel is a material expense for any airline operation. BK Associates was provided financial data through February 2020. For all of Latin America, Delta paid an average of \$1.98 per gallon in the month of February. As of April 14, 2020, jet fuel A was trading at \$0.66. BK utilized the Department of Energy's ("DOE") Short-term and Annual Energy Outlook in forecasting the expected fuel price for 2020-2029. DOE expects a 28.9% decline in fuel price from 2019-2020.

Aircraft-specific fuel consumption were calculated based on data provided by Delta. Total fuel costs were calculated by applying the projected fuel prices per gallon to projected fuel consumption on a route and aircraft-specific basis.

Aircraft Expense

BK forecasted aircraft expense based on BK lease rates of the aircraft used by Delta for each of the passenger routes. These rates were estimated to be avoid any unusual depreciation policies and more closely match the market level of this expense.

Maintenance Expense

Maintenance expenses were estimated based on Delta's historic costs by aircraft type and by route.

Taxes

BK applied a 30% tax rate to projected cash flows.

Depreciation and Capital Expenditures

BK assumed given that Delta's transatlantic operation is a mature operation, that depreciation would equate capital expenditures in the long run.

Alliance Benefits Assumptions

In 2017, Delta and Aeromexico launched a Joint Cooperation Agreement (JCA). Additionally, in September 2019, Delta announced that they had bought a 20% stake in LATAM Airlines group. The alliance benefits identified by Delta in Latin America were incorporated by BK into the annual cash flow projections on a network basis.

DISCOUNT RATE

The discount rate applied to the forecasted cash flows must adequately reflect the nature of the applicable investment and the risk associated with the underlying cash flows. Stated another way, the discount rate represents the total rate of return that an investor would demand given the level of risk associated with an investment.

Since this valuation is an enterprise valuation, it will reflect both debt and equity and the appropriate discount rate would be the weighted average cost of capital.

To determine the cost of equity, we used the buildup method, which starts with a risk-free rate of return and adds to it a number of identifiable risk factors. The formula for the buildup is given by: $kE = rf + ri + rm + rs + rc$. The following definitions apply:

- Cost of equity capital (kE) – the return required by equity holders
- Risk-free rate (rf) – the return on government securities
- Equity risk premium (ri) – the additional return an investor expects in order to compensate for the additional risk associated with investing in equity securities instead of investing in a riskless asset; a measure of systematic risk
- Industry risk premium (rm) – is a measure of the volatility of a particular industry in comparison to the market as a whole
- Size premium (rs) – unsystematic risk attributable to the widely acknowledged fact that smaller stocks, on average, have outperformed their larger counterparts by a considerable amount over the long term
- Specific risk (rc) – unsystematic risk attributable specifically to a subject asset

We calculated the discount rate as follows:

Discount Rate Calculation

(1) Normalized Risk-Free Interest Rate	Rf	3.00%
(1) Equity Risk Premium	Ri	5.00%
(2) Industry Risk Premium (SIC Code 4512 - Air Transportation, Scheduled)	Rm	0.95%
(3) Size Premium	Rs	-0.28%
Company Specific Risk Premium	Rc	2.50%
Equals: Cost of Equity	Ke	11.17%

Cost of Debt	2.7%
After Tax Cost of Debt	1.9%
WACC	6.9%

(1) Duff & Phelps Capital Navigator.

(2) Industry Risk Premium - SIC Code 4512 - Air Transportation, Scheduled

(3) Decile Size Premium - Decile 1 market capitalization range is \$29 Billion to \$1,073 Billion.

(4) Decile Size Premium - Decile 2 market capitalization range is \$13 Billion to \$30.5 Billion.

BK determined the cost of capital using the Duff & Phelps Cost of Capital Navigator. This reflects the cost of capital for Delta Airlines as of 12/31/19. The selected risk-free rate of return is typically based on observed yields for 20-year U.S. Treasury Bonds (constant maturity) and equity risk premium is typically the average historical supply side equity risk premium. In this case, BK relied on Duff & Phelps suggested risk free rate and equity risk premium. Specific risk is a matter of professional judgment. We believe 2.5% is appropriate. The average cost of debt for Delta in 2019 was 2.7%. Using an optimal airline capital structure³¹, BK calculated the weighted average cost of capital to be 6.9%. However, that is the discount rate applicable to Delta's airlines, BK feels an intangible asset will carry a higher discount rate. Additionally, the calculation above is as of 12/31/19. Therefore, we think industry risk would likely be higher in this environment.

INDICATED VALUE

The present value of the net cash flow during the discrete forecast period was determined using discount rates ranging from of 8% to 10%. For purposes of performing present value calculations, we assumed that cash flows are received ratably over the course of the year (i.e., mid-point convention).

To represent cash flows outside of the discrete forecast period, it was necessary to compute a terminal period net cash flow. We applied region specific long-term growth rates to 2029 cash flows to estimate terminal cash flows, from which estimated depreciation and

³¹ BK estimated the optimal capital structure looking at the average for comparable airlines. This average was determined to be a 54% - 46% equity to debt split.

amortization and income taxes were subtracted. Terminal after-tax income was then converted to net cash flow by adding back the applicable depreciation and amortization and providing for capital expenditures. The terminal period net cash flows were then capitalized using the previously-discussed discount rates less applicable growth rate, then and brought to present value using the discount rate. Together with the present value of the cash flows for the discrete forecast period and the terminal value, the range of value for the subject routes can be seen below with the corresponding discount rate. BK's DCF values of Delta's Latin routes at 2.5% and 2.0% Terminal Value growth rates and at discount rates between 8% to 10% are as shown below:

Discount Rate	<i>Terminal Value Growth Rate</i>	
	2.50%	2.00%
10.0%	\$1,173,955,000	\$1,116,259,000
9.5%	\$1,296,270,000	\$1,227,455,000
9.0%	\$1,438,140,000	\$1,355,257,000
8.5%	\$1,604,477,000	\$1,503,521,000
8.0%	\$1,801,983,000	\$1,677,391,000

X. STATEMENT OF ASSUMPTIONS & LIMITING CONDITIONS

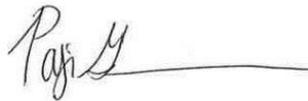
1. The conclusion of value arrived at herein is valid only for the stated purpose as of the date of the valuation.
2. Financial data and other related information provided by the Client or its representatives, in the course of this engagement, have been accepted without any verification as fully and correctly reflecting the enterprise's business conditions and operating results for the respective periods, except as specifically noted herein. BK has not audited, reviewed, or compiled the financial information provided to us and, accordingly, we express no audit opinion or any other form of assurance on this information.
3. Public information and industry and statistical information have been obtained from sources we believe to be reliable. However, we make no representation as to the accuracy or completeness of such information and have performed no procedures to corroborate the information.
4. We do not provide assurance on the achievability of the revenues by the Client because events and circumstances frequently do not occur as expected; differences between actual and expected results may be material; and achievement of the forecasted results is dependent on actions, plans, and assumptions of management.
5. Neither all nor any part of the contents of this report (especially the conclusion of value, the identity of any valuation analyst(s), or the firm with which such valuation analysts are connected or any reference to any of their professional designations) should be disseminated to the public through advertising media, public relations, news media, sales media, mail, direct transmittal, or any other means of communication without the prior written consent and approval of BK.
6. Future services regarding the subject matter of this report, including, but not limited to testimony or attendance in court, shall not be required of BK unless previous arrangements have been made in writing.
7. No change of any item in this valuation report shall be made by anyone other than BK, and we shall have no responsibility for any such unauthorized change.
8. Unless otherwise stated, no effort has been made to determine the possible effect, if any, on the Subject Asset due to future Federal, state, or local legislation, including any environmental or ecological matters or interpretations thereof.
9. Except as noted, we have relied on the representations of the Client and other third parties concerning the value and useful condition of all equipment, real estate, investments used in the business, and any other assets or liabilities, except as specifically stated to the contrary in this report. We have not attempted to confirm whether or not the asset is free and clear of liens and encumbrances or that the entity has good title to all assets.

XI. DISCLAIMER

BK Associates, Inc. has no present or contemplated future interest in the subject assets, nor any interest that would preclude our making a fair and unbiased estimate. This appraisal represents the opinion of BK Associates, Inc. and reflects our best judgment based on the information available to us at the time of preparation and the time and budget constraints imposed by the client. It is not given as a recommendation, or as an inducement, for any financial transaction and further, BK Associates, Inc. assumes no responsibility or legal liability for any action taken or not taken by the addressee, or any other party, with regard to the appraised equipment. By accepting this appraisal, the addressee agrees that BK Associates, Inc. shall bear no such responsibility or legal liability. This appraisal is prepared for the use of the addressee and shall not be provided to other parties without the express consent of the addressee. BK Associates, Inc. consents to the inclusion of this appraisal report in the Prospectus Supplement and to the inclusion of BK Associates, Inc.'s name in the Prospectus Supplement under the caption "Experts".

Sincerely,

BK ASSOCIATES, INC.



Pooja Gardemal, CPA/ABV
Managing Director



Ben Wallace
Financial Analyst



Simon Chang
Financial Analyst



Richard Britton
Vice President
ISTAT Senior Certified Appraiser

PG/BW/SC/RLB

XII. APPENDIX

Latin Routes

1	ATLEZE	Argentina
2	EZEJFK	Argentina
3	ATLBON	Bonaire, Sint Eustatius, and Saba
4	ATLGIG	Brazil
5	ATLGRU	Brazil
6	GRUJFK	Brazil
7	ATLSCL	Chile
8	ATLBOG	Colombia
9	ATLCTG	Colombia
10	BOGJFK	Colombia
11	ATLUIO	Ecuador
12	ATLCUN	Mexico
13	ATLCZM	Mexico
14	ATLGDL	Mexico
15	ATLMEX	Mexico
16	ATLMTY	Mexico
17	ATLPVR	Mexico
18	ATLSJD	Mexico
19	BNACUN	Mexico
20	BOSCUN	Mexico
21	CUNCVG	Mexico
22	CUNDTW	Mexico
23	CUNJFK	Mexico
24	CUNLAX	Mexico
25	CUNMCI	Mexico
26	CUNMCO	Mexico
27	CUNMSP	Mexico
28	CUNRDU	Mexico
29	CUNSEA	Mexico
30	CUNSLC	Mexico
31	CUNTPA	Mexico
32	CZMMSP	Mexico
33	DTWMEX	Mexico
34	DTWMTY	Mexico
35	DTWPVR	Mexico
36	DTWSJD	Mexico
37	JFKMEX	Mexico
38	LAXMEX	Mexico
39	LAXPVR	Mexico
40	LAXSJD	Mexico
41	MEXMSP	Mexico
42	MEXSLC	Mexico
43	MSPPVR	Mexico
44	MSPSJD	Mexico
45	PVRSEA	Mexico
46	PVRSLC	Mexico
47	SEASJD	Mexico
48	SJDSLC	Mexico
49	CZMDTW	Mexico
50	BDLCUN	Mexico
51	BWICUN	Mexico
52	CMHCUN	Mexico
53	CUNIND	Mexico
54	CUNMKE	Mexico
55	CUNMSY	Mexico
56	CUNPIT	Mexico
57	BOSMEX	Mexico
58	MEXRDU	Mexico
59	INDMEX	Mexico
60	ATLLIM	Peru



Delta Air Lines, Inc.

\$3,500,000,000

7.000% Senior secured notes due 2025

Offering memorandum

April 27, 2020

Joint lead bookrunners and arrangers

J.P. Morgan

Barclays

Joint bookrunners

BofA Securities

BBVA

BNP PARIBAS

Citigroup

Goldman Sachs & Co. LLC

Morgan Stanley

SMBC Nikko

**Standard Chartered
Bank**

US Bancorp

Wells Fargo Securities