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

FORM 10-K

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE FISCAL YEAR ENDED JUNE 30, 1998

OR

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

COMMISSION FILE NUMBER 1-5424

DELTA AIR LINES, INC.
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

DELAWARE 58-0218548
(STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION) (I.R.S. EMPLOYER IDENTIFICATION NO.)

HARTSFIELD ATLANTA INTERNATIONAL AIRPORT POST OFFICE BOX 20706 30320
ATLANTA, GEORGIA (ADDRESS OF PRINCIPAL EXECUTIVE OFFICES) (ZIP CODE)

REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE: (404) 715-2600

SECURITIES REGISTERED PURSUANT TO SECTION 12(B) OF THE ACT:

NAME OF EACH EXCHANGE ON WHICH REGISTERED

<table>
<thead>
<tr>
<th>TITLE OF EACH CLASS</th>
<th>NAME OF EACH EXCHANGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Common Stock, par value $3.00 per share</td>
<td>New York Stock Exchange</td>
</tr>
<tr>
<td>Preferred Stock Purchase Rights</td>
<td>New York Stock Exchange</td>
</tr>
</tbody>
</table>

SECURITIES REGISTERED PURSUANT TO SECTION 12(G) OF THE ACT: NONE

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes _X_ No __

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

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant as of August 31, 1998, was approximately $7,719,665,000. As of August 31, 1998, 73,482,933 shares of the registrant’s common stock were outstanding.
Parts I and II of this Form 10-K incorporate by reference certain information from the registrant's 1998 Annual Report to Shareowners. Part III of this Form 10-K incorporates by reference certain information from the registrant's definitive Proxy Statement dated September 16, 1998, for its Annual Meeting of Shareowners to be held on October 22, 1998.
Delta Air Lines, Inc. (“Delta” or the "Company") is a major air carrier providing scheduled air transportation for passengers, freight and mail over a network of routes throughout the United States and abroad. Based on calendar 1997 data, the Company is the largest United States airline in terms of aircraft departures and passengers enplaned, and the third largest United States airline as measured by operating revenues and revenue passenger miles flown. As of August 1, 1998, the Company provided scheduled air service to 148 domestic cities in 42 states, the District of Columbia, Puerto Rico and the United States Virgin Islands, as well as to 46 cities in 30 foreign countries.

An important characteristic of Delta's domestic route system is its four hub airports in Atlanta, Cincinnati, Dallas-Fort Worth and Salt Lake City. Each of these hub operations includes Delta flights that gather and distribute traffic from markets in the geographic region surrounding the hub to other major cities and to other Delta hubs. These hubs also provide connecting passengers with access to Delta's international gateway at New York's Kennedy Airport and its Pacific gateway in Portland, Oregon.

Delta conducts operations in various foreign countries, principally in Asia, Europe, Latin America and North America. Operating revenues from the Company's international operations were approximately $2.64 billion, $2.57 billion, and $2.44 billion in the years ended June 30, 1998, 1997 and 1996, respectively.

For the year ended June 30, 1998, passenger revenues accounted for 92% of Delta's operating revenues. Cargo revenues, which include freight and mail, accounted for 4% of Delta's operating revenues, and other sources accounted for 4% of the Company's operating revenues.

Delta's operating results for any interim period are not necessarily indicative of operating results for an entire year because of seasonal variations in the demand for air travel. In general, demand for air travel is higher in the June and September quarters, particularly in international markets, because there is more vacation travel during these periods than during the remainder of the year. Demand for air travel, especially by leisure and other discretionary customers, is also affected by factors such as general economic conditions and fare levels.

Delta is incorporated under the laws of the State of Delaware. Its principal executive offices are located at Hartsfield Atlanta International Airport, Atlanta, Georgia 30320, and its telephone number is (404) 715-2600.
While the United States Department of Transportation (the "DOT") and the Federal Aviation Administration (the "FAA") exercise regulatory authority over air carriers under the Federal Aviation Act of 1958, as amended (the "Act"), most domestic economic regulation of passenger and freight services was eliminated pursuant to the Airline Deregulation Act of 1978 and other statutes amending the Act. The DOT has jurisdiction over international tariffs and pricing; international routes; computer reservations systems; and certain economic and consumer protection matters such as advertising, denied boarding compensation, baggage liability and smoking aboard aircraft. The FAA regulates flying operations generally, including control of navigable air space, flight personnel, aircraft certification and maintenance, and other matters affecting air safety. The United States Department of Justice has jurisdiction over airline competition matters, including mergers and acquisitions.

As a result of the economic deregulation of the industry, any air carrier which the DOT finds "fit" to operate is given unrestricted authority to operate domestic air transportation (including the carriage of passengers and cargo). Authority to operate international routes continues to be regulated by the DOT and by the foreign governments involved. International route awards are also subject to the approval of the President of the United States for conformance with national defense and foreign policy objectives.

The economic deregulation of the industry permits unfettered competition with respect to domestic routes, services, fares and rates, and Delta faces significant competition on its routes. Except for constraints imposed by the Act's Essential Air Service provisions, which are applicable to certain small communities, airlines may terminate service to a city without restriction.

On April 6, 1998, the DOT published a proposed statement of enforcement policy to address DOT concerns that major carriers are taking actions designed to exclude new entrants in certain airline markets, particularly at hub airports. Information on this subject is set forth under "Governmental Matters" on page 32 of Delta's 1998 Annual Report to Shareowners, and is incorporated herein by reference.

The FAA has implemented a number of requirements which are incorporated into Delta's maintenance programs. These matters relate to, among other things, inspection and maintenance of aging aircraft, and corrosion control.

Delta is also subject to various other federal, state, local and foreign laws and regulations. The United States Postal Service has authority over certain aspects of the transportation of mail, and rates for the carriage of domestic mail are determined through negotiations or competitive bidding. The Communications Act of 1934, as amended, governs Delta's use and operation of radio facilities. Labor relations in the airline industry are generally governed by the Railway Labor Act. Environmental matters (including noise pollution) are regulated by various federal, state and local governmental entities.
FARES AND RATES

Airlines are permitted to set domestic ticket prices without governmental regulation, and the industry is characterized by substantial price competition. International fares and rates are subject to the jurisdiction of the DOT and governments of the foreign countries involved. Most international markets are characterized by significant price competition and substantial commissions, overrides and discounts to travel agents, brokers and wholesalers.

Delta's system passenger mile yield was virtually unchanged in fiscal 1998 compared to fiscal 1997. The Company's domestic passenger mile yield increased 1% due to a domestic fare increase implemented during the September 1997 quarter, largely offset by the full-year impact of the U.S. transportation excise tax and increased low-fare competition. Delta's international passenger mile yield decreased 3% mainly due to overall capacity growth in the Atlantic market.

Delta expects that low-fare competition will continue in domestic and international markets. If fare reductions are not offset by increases in traffic or changes in the mix of traffic that improve the passenger mile yield, Delta's operating results will be adversely affected.

COMPETITION AND ROUTE AUTHORITY

All domestic routes served by Delta are subject to competition from both new and existing carriers, and service over virtually all of Delta's domestic routes is highly competitive. On most of its principal domestic routes, the Company competes with at least one, and usually more than one, major airline. Delta also competes with regional and national carriers, all-cargo carriers, charter airlines and, particularly on its shorter routes, with surface transportation. Service over most of Delta's international routes is also highly competitive.

Certain major U.S. airlines have recently announced plans to establish marketing alliances with each other. These include the alliances between Continental Airlines, Inc. and Northwest Airlines, Inc., and between American Airlines, Inc. and US Airways, Inc. Information concerning Delta's marketing alliance with United Air Lines, Inc. is set forth under "Alliance Agreement" on page 31 of Delta's 1998 Annual Report to Shareowners, and is incorporated herein by reference.

International alliances between foreign and domestic carriers, such as the marketing and code-sharing arrangements between KLM-Royal Dutch Airlines and Northwest Airlines, Inc., and among Lufthansa German Airlines, Scandinavian Airline Systems and United Air Lines, Inc., have significantly increased competition in international markets. A proposed marketing alliance between British Airways Plc and American Airlines, Inc. is under review by United States and European governmental authorities. Through code-sharing arrangements with United States carriers, foreign carriers have obtained access to interior United States passenger traffic. Similarly, United States carriers have increased their ability to sell transatlantic services and destinations to and beyond European cities.
On June 14, 1996, Delta, Swissair, Sabena and Austrian Airlines received antitrust immunity from the DOT to pursue a global marketing alliance. The alliance agreements, which were effective as of February 1, 1997, establish the framework that allowed these four carriers to form a transatlantic air transport system which links Delta's domestic system with the European hubs of Swissair, Sabena and Austrian Airlines. The alliance enables the carriers to pursue a coordinated approach to worldwide sales and marketing; common pricing and inventory control; coordination of airline schedules and route planning; and the pooling of revenues on certain code-share flights.

Delta's flight operations are authorized by certificates of public convenience and necessity and, to a limited extent, by exemptions issued by the DOT. The requisite approvals of other governments for international operations are provided by bilateral agreements with, or permits issued by, foreign countries. Because international air transportation is governed by bilateral or other agreements between the United States and the foreign country or countries involved, changes in United States or foreign government aviation policies could result in the alteration or termination of such agreements, diminish the value of Delta's international route authorities or otherwise affect Delta's international operations. Bilateral agreements between the United States and various foreign countries served by Delta are subject to renegotiation from time to time.

Certain of Delta's international route authorities are subject to periodic renewal requirements. Delta requests extension of these authorities when and as appropriate. While the DOT usually renews temporary authorities on routes where the authorized carrier is providing a reasonable level of service, there is no assurance of this result. Dormant authority may not be renewed in some cases, especially where another United States carrier indicates a willingness to provide service.

As a result of the recent completion of a new aviation agreement between the United States and Japan, Delta began nonstop service between Atlanta and Tokyo in June 1998, and has announced plans to begin service between Portland, Oregon, and Fukuoka and Osaka; to expand its present service between Los Angeles and Tokyo; and to begin service between Honolulu and Tokyo.

**CODE-SHARING**

Delta has entered into marketing agreements with certain foreign carriers to maintain or improve Delta's access to international markets. Under these dual designator code-sharing arrangements, Delta and the foreign carriers publish their respective airline designator codes on a single flight operation, thereby allowing Delta and the foreign carrier to provide joint service with one aircraft rather than operating separate services with two aircraft.

Most of Delta's international code-sharing arrangements operate in discrete international city pairs. Delta purchases seats that are marketed under Delta's "DL" designator code and
sells seats that are marketed under foreign carriers' two-letter designator code pursuant to code-sharing arrangements with certain foreign airlines. In addition to its agreements with Swissair, Sabena and Austrian Airlines, as of August 15, 1998, Delta had code-sharing agreements with ten foreign carriers.

AIRPORT ACCESS

Operations at four major United States and certain foreign airports served by Delta are regulated by governmental entities through "slot" allocations. Each slot represents the authorization to land at or take off from the particular airport during a specified time period. In the United States, the FAA regulates slot allocations at Kennedy Airport in New York, La Guardia Airport in New York, Ronald Reagan National Airport in Washington, D. C., and O'Hare International Airport in Chicago. Delta's operations at those four airports require slot allocations. Certain foreign airports also have slot allocations.

Delta currently has sufficient slot authorizations to operate its existing flights, and has generally been able to obtain slots to expand its operations and to change its schedules. There is no assurance, however, that Delta will be able to obtain slots for these purposes in the future because, among other reasons, slot allocations are subject to changes in governmental policies.

DELTA EXPRESS

Delta Express is the Company's low-fare, leisure-oriented operation which provides service from certain cities in the Northeast and Midwest to Orlando and other Florida destinations. On October 1, 1996, Delta Express initiated service, operating a dedicated fleet of 12 B-737-200 aircraft with 62 daily departures to 13 cities. Since that time, Delta Express has expanded its operations. By December 1, 1998, Delta Express plans to operate a dedicated fleet of 37 B-737-200 aircraft with 170 daily departures to 22 cities.

THE DELTA CONNECTION PROGRAM

Delta has marketing agreements with five air carriers serving principally the following areas of the United States: Atlantic Southeast Airlines, Inc. ("ASA") operates in the Southeast through Atlanta and in the Southwest through Dallas-Fort Worth; Business Express, Inc. operates in the Northeast through Boston and New York; Comair, Inc. ("Comair") serves Florida and operates in the Midwest through Cincinnati; SkyWest Airlines, Inc. ("SkyWest") serves California and operates in other western states through Salt Lake City; and Trans States Airlines operates in the Northeast through New York. These carriers, which are known as "Delta Connection" airlines, use Delta's "DL" code on their flights and exchange connecting traffic with Delta. At June 30, 1998, Delta held equity interests in ASA Holdings, Inc. (the parent of ASA), Comair Holdings, Inc. (the parent of Comair) and SkyWest, Inc. (the parent of SkyWest) of 27%, 21% and 13%, respectively.
Delta owns 38% of WORLDSPAN, L.P. ("WORLDSPAN"), a Delaware limited partnership which operates and markets a computer reservation system ("CRS") and related systems for the travel industry. Northwest Airlines, Inc., Trans World Airlines, Inc. and ABACUS Distribution Systems Pte Ltd. own 32%, 25% and 5%, respectively, of WORLDSPAN.

CRS services are used primarily by travel agents to book airline, hotel, car rental and other travel reservations and issue airline tickets. CRS services are provided by several companies in the United States and worldwide. In the United States, other CRS competitors are SABRE (owned primarily by AMR Corporation), Galileo International, Inc. (owned by United Air Lines, Inc., US Airways, Inc. and certain foreign carriers) and AMADEUS (owned by Continental Airlines, Inc., and certain foreign carriers). CRS vendors are subject to regulations promulgated by the DOT and certain foreign governments.

The CRS industry is highly competitive. Delta believes that, based on the number of travel agents in the United States using a CRS, WORLDSPAN ranks third, behind SABRE and Galileo International, Inc. in market share among travel agents in the United States.

FUEL

Delta’s operations are significantly affected by the availability and price of jet fuel. The following table shows Delta’s jet fuel consumption and costs for fiscal years 1994-1998.

<table>
<thead>
<tr>
<th>FISCAL YEAR</th>
<th>GALLONS CONSUMED (MILLIONS)</th>
<th>COST (MILLIONS)</th>
<th>AVERAGE PRICE PER GALLON</th>
<th>PERCENT OF OPERATING EXPENSES*</th>
</tr>
</thead>
<tbody>
<tr>
<td>1994</td>
<td>2,550</td>
<td>$1,411</td>
<td>55.34 CENTS</td>
<td>12%</td>
</tr>
<tr>
<td>1995</td>
<td>2,533</td>
<td>1,370</td>
<td>54.09</td>
<td>12</td>
</tr>
<tr>
<td>1996</td>
<td>2,500</td>
<td>1,464</td>
<td>58.53</td>
<td>13</td>
</tr>
<tr>
<td>1997</td>
<td>2,599</td>
<td>1,722</td>
<td>66.23</td>
<td>14</td>
</tr>
<tr>
<td>1998</td>
<td>2,664</td>
<td>1,507</td>
<td>56.54</td>
<td>12</td>
</tr>
</tbody>
</table>

* Excludes restructuring and other non-recurring charges.

Aircraft fuel expense decreased 12% in fiscal 1998 compared to fiscal 1997, as the average fuel price per gallon declined 15% to 56.54 CENTS, and fuel gallons consumed increased 3%.

Changes in jet fuel prices have industry-wide impact and benefit or harm Delta’s competitors as well as Delta. Accordingly, lower jet fuel prices may be offset by increased
price competition and lower revenues for all air carriers. Moreover, there can be no assurance that Delta will be able to increase its fares in response to any future increases in fuel prices.

Delta's jet fuel contracts do not provide material protection against price increases or for assured availability of supplies. The Company purchases most of its jet fuel from petroleum refiners under contracts which establish the price based on various market indices. The Company also purchases aircraft fuel on the spot market, from off-shore sources and under contracts which permit the refiners to set the price and give the Company the right to terminate upon short notice if the price is unacceptable. Information regarding Delta's fuel hedging program is set forth under "Commodity Price Risk" on page 33, and in Note 4 of the Notes to Consolidated Financial Statements on page 41, of Delta's 1998 Annual Report to Shareowners, and is incorporated herein by reference.

Although Delta is currently able to obtain adequate supplies of jet fuel, it is impossible to predict the future availability or price of jet fuel. Political disruptions in the oil producing countries, changes in government policy concerning aircraft fuel production, transportation or marketing, changes in aircraft fuel production capacity, environmental concerns and other unpredictable events may result in fuel supply shortages and fuel price increases in the future. Such shortages and price increases could have a material adverse effect on Delta's business.

PERSONNEL

At June 30, 1998, Delta employed 70,846 full-time equivalent personnel, compared to 65,383 full-time equivalent personnel at June 30, 1997.

The following table presents certain information concerning Delta's domestic collective bargaining agreements.

<table>
<thead>
<tr>
<th>PERSONNEL GROUP</th>
<th>APPROXIMATE NUMBER OF PERSONNEL REPRESENTED</th>
<th>UNION</th>
<th>CONTRACT AMENDABLE DATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pilots</td>
<td>8,800</td>
<td>Air Line Pilots Association, International</td>
<td>May 2, 2000</td>
</tr>
<tr>
<td>Flight Superintendents</td>
<td>190</td>
<td>Professional Airline Flight Control Association</td>
<td>January 1, 1999</td>
</tr>
</tbody>
</table>

In June 1998, the Company and the Air Line Pilots Association, International reached an agreement, subject to the approval of Delta's pilots, regarding the pay rates for certain B-
Delta's relations with labor unions in the United States are governed by the Railway Labor Act. Under the Railway Labor Act, a labor union seeking to represent a craft or class of employees is required to file with the National Mediation Board ("NMB") an application alleging a representation dispute, along with representation cards signed by at least 35% of the employees in that craft or class. The NMB then investigates the dispute and, if it finds the labor union has obtained a sufficient number of representation cards, will conduct an election to determine whether to certify the labor union as the collective bargaining representative of that craft or class.

Certain labor unions are currently seeking to become the collective bargaining representative of various groups of Delta employees who are not represented by a union. None of these labor unions has filed an application with the NMB alleging a representation dispute. The outcome of the unions' efforts cannot presently be determined.

ENVIRONMENTAL MATTERS

The Airport Noise and Capacity Act of 1990 (the "ANCA") requires the phase-out of Stage 2 aircraft by December 31, 1999, subject to certain exceptions. In 1991, the FAA issued regulations which implement the ANCA by requiring air carriers to reduce (by modification or retirement) the number of Stage 2 aircraft operated by 25% by December 31, 1994, 50% by December 31, 1996, 75% by December 31, 1998, and 100% by December 31, 1999. Alternatively, a carrier may satisfy the regulations by operating a fleet that is at least 55%, 65%, 75% and 100% Stage 3 by the respective dates set forth in the preceding sentence.

Delta complied with the ANCA's December 31, 1994 and 1996 requirements. As of June 30, 1998, Delta operated 459 Stage 3 aircraft, constituting 81% of its fleet. The Company expects to comply with the ANCA's (1) December 31, 1998 requirement by operating a fleet comprised of at least 75% Stage 3 aircraft; and (2) December 31, 1999 requirement by hushkitting or retiring its remaining Stage 2 aircraft. Delta has entered into definitive agreements to purchase Stage 3 engine hushkits for a number of its B-727-200 and B-737-200 aircraft.

The ANCA recognizes the rights of operators of airports with noise problems to implement local noise abatement procedures so long as such procedures do not interfere unreasonably with interstate or foreign commerce or the national air transportation system. It generally provides that local noise restrictions on Stage 3 aircraft first effective after October 1, 1990, require FAA approval, and establishes a regulatory notice and review process for local restrictions on Stage 2 aircraft first proposed after October 1, 1990. While Delta has had sufficient scheduling flexibility to accommodate local noise restrictions in the past, the
Company's operations could be adversely impacted if locally-imposed regulations become more restrictive or widespread.

The United States Environmental Protection Agency (the "EPA") is authorized to regulate aircraft emissions. The engines on Delta's aircraft comply with the applicable EPA standards.

Federal and state laws impose certain requirements for the upgrading of underground storage tanks by December 22, 1998. Several years ago, Delta implemented a program to remove or upgrade its underground storage tanks, and to remediate contamination from those tanks. Delta expects to be in compliance with these requirements prior to the regulatory deadline.

Delta has been identified by the EPA as a potentially responsible party (a "PRP") with respect to certain Superfund Sites, and has entered into consent decrees regarding some of these sites. Delta's alleged disposal volume at each of these sites is small when compared to the total contributions of all PRPs at each site. Delta is aware of soil and/or ground water contamination present on its current or former leaseholds at several domestic airports; to address this contamination, the Company has a program in place to investigate and, if appropriate, remediate these sites. Management believes that the resolution of these matters is not likely to have a material adverse effect on the Company's consolidated financial statements.

FREQUENT FLYER PROGRAM

Delta, like other major airlines, has established a frequent flyer program offering incentives to maximize travel on Delta. This program allows participants to accrue mileage for travel awards while flying on Delta, the Delta Connection carriers and participating airlines. Mileage credit may also be accrued for the use of certain services offered by program partners such as hotels, car rental agencies and credit card companies. Delta reserves the right to terminate the program with six months advance notice, and to change the program's terms and conditions at any time without notice.

Mileage credits earned can be redeemed for free or upgraded air travel, for membership in Delta's Crown Room Club and for other program partner awards. Travel awards are subject to certain transfer restrictions and, in most cases, blackout dates and capacity controlled seating. Miles earned prior to May 1, 1995 do not expire so long as Delta has a frequent flyer program. Miles earned on or after May 1, 1995 are valid for 36 months from the month of the participant's last qualifying Delta or Delta Connection flight; every time a participant completes a qualifying Delta or Delta Connection flight, his mileage balance is extended for another 36 months.

Delta and United Air Lines, Inc. ("United") recently introduced a reciprocal frequent flyer program. Effective September 1, 1998, each carrier's frequent flyer members are
able to accrue miles in either carrier's program when they fly on Delta or United operated domestic flights. Members will be able to redeem frequent flyer awards on domestic flights operated by either carrier beginning October 15, 1998.

Delta accounts for its frequent flyer program obligations by recording a liability for the estimated incremental cost of flight awards the Company expects to be redeemed. The estimated incremental cost associated with a flight award does not include any contribution to overhead or profit. Such incremental cost is based on Delta's system average cost per passenger for fuel, food and other direct passenger costs. Delta does not record a liability for mileage earned by participants who have not reached the level to become eligible for a free travel award. Delta believes this exclusion is immaterial and appropriate because the large majority of these participants are not expected to earn a free flight award. Delta does not record a liability for the expected redemption of miles for non-travel awards since the cost of these awards to Delta is negligible.

Delta estimated the potential number of round-trip flight awards outstanding to be 8.6 million at June 30, 1996, 9.1 million at June 30, 1997 and 9.6 million at June 30, 1998. Of these earned awards, Delta expected that approximately 5.7 million, 6.0 million and 7.2 million, respectively, would be redeemed. At June 30, 1996, 1997 and 1998, Delta had recorded a liability for these awards of $103 million, $122 million and $140 million, respectively. The difference between the roundtrip awards outstanding and the awards expected to be redeemed is the estimate, based on historical data, of awards which will (1) never be redeemed or (2) be redeemed for something other than a free trip.

Frequent flyer program participants flew 1.7 million, 1.7 million and 1.9 million free roundtrips in fiscal years 1996, 1997 and 1998, respectively. These roundtrips accounted for approximately 8%, 6% and 7% of the total passenger miles flown for the respective periods. Delta believes that the low percentage of free passenger miles, its load factor and the restrictions applied to free travel awards minimize the displacement of revenue passengers.

The DOT is conducting a review of the frequent flyer programs of the larger U.S. airlines. The focus of the review relates to limitations placed by the carriers on the availability of award seats and the adequacy of consumer notices concerning such limitations.

**CIVIL RESERVE AIR FLEET PROGRAM**

Delta is a participant in the Civil Reserve Air Fleet Program pursuant to which the Company has agreed to make available, during the period beginning October 1, 1998 and ending September 30, 1999, up to 22 of its international range aircraft for use by the United States military under certain stages of readiness related to national emergencies.
ITEM 2. PROPERTIES

FLIGHT EQUIPMENT

During fiscal 1998, Delta and The Boeing Company ("Boeing") entered into definitive agreements under which Delta placed orders to purchase, and obtained options and rolling options to purchase, B-737-600/700/800, B-757-200, B-767-300ER, B-767-400 and B-777-200 aircraft. These agreements provide that, subject to certain conditions, Delta may switch orders among these aircraft types and defer the delivery of aircraft. The agreements also provide that Boeing will be the sole supplier of new aircraft to Delta for 20 years, subject to certain exceptions, but that this provision is not enforceable by Boeing until the European Commission permits such enforcement.


Delta's long-term aircraft fleet plan is to simplify its fleet by reducing aircraft family types from six to three. The Company plans to retire its remaining L-1011 aircraft by August 2001, and its B-727 fleet by June 2005. L-1011 and B-727 aircraft will be replaced primarily by B-767 and B-737 aircraft, respectively.

GROUND FACILITIES

Delta leases most of the land and buildings that it occupies. The Company's largest aircraft maintenance base, various computer, cargo, flight kitchen and training facilities and most of its principal offices are located at or near Hartsfield Atlanta International Airport in Atlanta, Georgia, on land leased from the City of Atlanta under long-term leases. Delta owns a portion of its principal offices, its Atlanta reservations center and other improved and unimproved real property in Atlanta, as well as a limited number of radio transmitting and receiving sites and certain other facilities.

Delta leases ticket counter and other terminal space, operating areas and air cargo facilities in most of the airports which it serves. These leases generally run for periods of from less than one year to thirty years or more, and contain provisions for periodic adjustment of lease rates. At most airports which it serves, Delta has entered into use agreements which provide for the non-exclusive use of runways, taxiways, and other facilities; landing fees under these agreements normally are based on the number of landings and weight of aircraft. The Company also leases aircraft maintenance facilities at certain airports, generally under long-term leases which cover the cost of providing, operating and maintaining such facilities. In addition, Delta leases marketing, ticket and reservations offices in certain major cities which it serves; these leases are generally for shorter terms than the airport leases. Additional information relating to Delta's ground facilities is set forth in Notes 7 and 8 of the Notes to
In recent years, some airports have increased or sought to increase the rates charged to airlines to levels that, in the airlines' opinion, are unreasonable. The extent to which such charges are limited by statute or regulation and the ability of airlines to contest such charges has been subject to litigation and to administrative proceedings before the DOT. If the limitations on such charges are relaxed or the ability of airlines to challenge such charges is restricted, the rates charged by airports to airlines may increase substantially.

ITEM 3. LEGAL PROCEEDINGS

Delta is a defendant in certain legal actions relating to alleged employment discrimination practices, antitrust matters, environmental issues and other matters concerning Delta's business. Although the ultimate outcome of these matters cannot be predicted with certainty, management believes that the resolution of these actions is not likely to have a material adverse effect on Delta's consolidated financial statements.

For a discussion of certain environmental matters, see "ITEM 1. Business--Environmental Matters" on pages 8-9 of this Form 10-K.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Not applicable.

EXECUTIVE OFFICERS OF THE REGISTRANT

Certain information concerning Delta's executive officers follows. Unless otherwise indicated, all positions shown are with Delta. There are no family relationships between any of Delta's executive officers.

Leo F. Mullin  
Mr. Mullin has been President and Chief Executive Officer of Delta since August 14, 1997. He was Vice Chairman of Unicom Corporation and its principal subsidiary, Commonwealth Edison Company, from 1995 through August 13, 1997. Mr. Mullin was an executive of First Chicago Corporation from 1981 to 1995, serving as that company's President and Chief Operating Officer from 1993 to 1995, and as Chairman and Chief Executive Officer of American National Bank, a subsidiary of First Chicago Corporation, from 1991 to 1993. Age 55.
Maurice W. Worth  
Chief Operating Officer, August 14, 1997 to date; Acting Chief Executive Officer, August 1, 1997 through August 13, 1997; Executive Vice President--Customer Service and Acting Chief Operating Officer, May 12, 1997 through July 31, 1997; Executive Vice President--Customer Service, September 13, 1995 through May 11, 1997; Senior Vice President--Personnel, May 1991 through September 12, 1995. Age 58.

Harry C. Alger  
Executive Vice President--Operations, March 1993 to date; Senior Vice President--Operations, February 1992 through February 1993; Vice President--Flight Operations, August 1987 through January 1992. Age 60.

Vicki B. Escarra  

Warren C. Jenson  
Mr. Jenson has been Executive Vice President and Chief Financial Officer of Delta since April 20, 1998. He was Senior Vice President and Chief Financial Officer of the National Broadcasting Company from 1992 to April 1998. Age 41.

Frederick W. Reid  
Mr. Reid has been Executive Vice President and Chief Marketing Officer of Delta since July 1, 1998. Mr. Reid was an executive of Lufthansa German Airlines from 1991 to 1998, serving as that company's President and Chief Operating Officer from April 1997 to June 1998, as Executive Vice President from 1996 to March 1997, and as Senior Vice President, The Americas, from 1991 to 1996. Age 48.

Robert S. Harkey  
Senior Vice President--General Counsel and Secretary, November 1994 to date; Senior Vice President--General Counsel, November 1990 through October 1994; Vice
ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Information required by this item is set forth under "Common Stock", "Number of Shareowners" and "Market Prices and Dividends" on page 56 of Delta's 1998 Annual Report to Shareowners, and is incorporated herein by reference.

Under the Delta Air Lines, Inc. Directors' Deferred Compensation Plan ("Plan"), members of the Company's Board of Directors may defer for a specified period all or any part of their cash compensation earned as a director. A participating director may choose an investment return on the deferred amount from among certain of the investment return choices available under the Delta Family-Care Savings Plan, a qualified defined contribution pension plan for eligible Delta personnel. One of the investment return choices under the Delta Family-Care Savings Plan that a participating director may select is a fund invested primarily in Delta's common stock ("Delta Common Stock Fund"). During the quarter ended June 30, 1998, a participant in the Plan deferred $15,125 in the Delta Common Stock Fund investment return choice (equivalent to 126 shares of Delta common stock at prevailing market prices). These transactions were not registered under the Securities Act of 1933, as amended, in reliance on Section 4(2) of such Act.

ITEM 6. SELECTED FINANCIAL DATA

Information required by this item is set forth on pages 54-55 of Delta's 1998 Annual Report to Shareowners, and is incorporated herein by reference.

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

Information required by this item is set forth on pages 25-33 of Delta's 1998 Annual Report to Shareowners, and is incorporated herein by reference.
ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Information required by this item is set forth under "Market Risks Associated With Financial Instruments" on page 33, and in Note 4 of the Notes to Consolidated Financial Statements on page 41, of Delta's 1998 Annual Report to Shareowners, and is incorporated herein by reference.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA


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

Not applicable.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Information required by this item is set forth on pages 8-10, and under "Other Matters Involving Directors and Executive Officers -Section 16 (a) Beneficial Ownership Reporting Compliance" on page 26, of Delta's Proxy Statement dated September 16, 1998, and is incorporated herein by reference. Certain information regarding executive officers is contained in Part I of this Form 10-K.

ITEM 11. EXECUTIVE COMPENSATION

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Information required by this item is set forth under "Beneficial Ownership of Securities" on pages 11-13 of Delta's Proxy Statement dated September 16, 1998, and is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Additional information required by this item is set forth on pages 24-26 of Delta's Proxy Statement dated September 16, 1998, and is incorporated herein by reference.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(a)(1), (2). The financial statements and schedule required by this item are listed in the Index to Consolidated Financial Statements and Schedule on page 19 of this Form 10-K.

(3). The exhibits required by this item are listed in the Exhibit Index on pages 24-27 of this Form 10-K. The management contracts and compensatory plans or arrangements required to be filed as an exhibit to this Form 10-K are listed as Exhibits 10.6 to 10.20 in the Exhibit Index.

(b). During the quarter ended June 30, 1998, Delta did not file any Current Reports on Form 8-K.

16
Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on the 25th day of September, 1998.

DELTA AIR LINES, INC.

BY: /S/ LEO F. MULLIN

Leo F. Mullin
PRESIDENT AND CHIEF EXECUTIVE OFFICER

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below on the 25th day of September, 1998 by the following persons on behalf of the registrant and in the capacities indicated.

<table>
<thead>
<tr>
<th>SIGNATURE</th>
<th>TITLE</th>
</tr>
</thead>
<tbody>
<tr>
<td>EDWIN L. ARTZT*</td>
<td>Director</td>
</tr>
<tr>
<td>Edwin L. Artzt</td>
<td></td>
</tr>
<tr>
<td>HENRY A. BIEDENHARN, III*</td>
<td>Director</td>
</tr>
<tr>
<td>Henry A. Biedenharn, III</td>
<td></td>
</tr>
<tr>
<td>JAMES L. BROADHEAD*</td>
<td>Director</td>
</tr>
<tr>
<td>James L. Broadhead</td>
<td></td>
</tr>
<tr>
<td>EDWARD H. BUDD*</td>
<td>Director</td>
</tr>
<tr>
<td>Edward H. Budd</td>
<td></td>
</tr>
<tr>
<td>R. EUGENE CARTLEDGE*</td>
<td>Director</td>
</tr>
<tr>
<td>R. Eugene Cartledge</td>
<td></td>
</tr>
</tbody>
</table>

17
<table>
<thead>
<tr>
<th>SIGNATURE</th>
<th>TITLE</th>
</tr>
</thead>
<tbody>
<tr>
<td>MARY JOHNSTON EVANS*</td>
<td>Director</td>
</tr>
<tr>
<td>--------------------------</td>
<td>------------------------------------------------</td>
</tr>
<tr>
<td>Mary Johnston Evans</td>
<td></td>
</tr>
<tr>
<td>GERALD GRINSTEIN*</td>
<td>Non-executive Chairman of the Board</td>
</tr>
<tr>
<td>--------------------------</td>
<td>------------------------------------------------</td>
</tr>
<tr>
<td>Gerald Grinstein</td>
<td></td>
</tr>
<tr>
<td>JESSE HILL, JR.*</td>
<td>Director</td>
</tr>
<tr>
<td>--------------------------</td>
<td>------------------------------------------------</td>
</tr>
<tr>
<td>Jesse Hill, Jr.</td>
<td></td>
</tr>
<tr>
<td>/s/ WARREN C. JENSON</td>
<td>Executive Vice President and Chief Financial Officer</td>
</tr>
<tr>
<td>--------------------------</td>
<td>------------------------------------------------</td>
</tr>
<tr>
<td>Warren C. Jenson</td>
<td>(Principal Financial Officer and Principal Accounting Officer)</td>
</tr>
<tr>
<td>/s/ LEO F. MULLIN</td>
<td>President and Chief Executive Officer and a Director</td>
</tr>
<tr>
<td>--------------------------</td>
<td>------------------------------------------------</td>
</tr>
<tr>
<td>Leo F. Mullin</td>
<td>(Principal Executive Officer)</td>
</tr>
<tr>
<td>ANDREW J. YOUNG*</td>
<td>Director</td>
</tr>
<tr>
<td>--------------------------</td>
<td>------------------------------------------------</td>
</tr>
<tr>
<td>Andrew J. Young</td>
<td></td>
</tr>
</tbody>
</table>

*By: /s/ WARREN C. JENSON

Warren C. Jenson

Attorney-In-Fact
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS AND SCHEDULE


FINANCIAL STATEMENTS--All of which are incorporated herein by reference to Delta's 1998 Annual Report to Shareowners.


Consolidated Statements of Shareowners' Equity for the years ended June 30, 1998, 1997 and 1996


REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON SCHEDULE

SCHEDULE SUPPORTING FINANCIAL STATEMENTS:

<table>
<thead>
<tr>
<th>SCHEDULE NUMBER</th>
<th>Valuation and Qualifying Accounts for the fiscal years ended June 30, 1998, 1997 and 1996</th>
</tr>
</thead>
<tbody>
<tr>
<td>II</td>
<td></td>
</tr>
</tbody>
</table>

All other schedules have been omitted as not applicable.

19
To Delta Air Lines, Inc.:

We have audited, in accordance with generally accepted auditing standards, the consolidated financial statements included in Delta Air Lines, Inc.’s annual report to shareowners incorporated by reference in this Form 10-K and have issued our report thereon dated August 14, 1998. Our audits were made for the purpose of forming an opinion on those statements taken as a whole. The schedule listed in the accompanying index is the responsibility of the Company’s management, is presented for purposes of complying with the Securities and Exchange Commission’s rules, and is not part of the basic financial statements. The schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, fairly states in all material respects the financial data required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

ARTHUR ANDERSEN LLP

Atlanta, Georgia

August 14, 1998
SCHEDULE II

DELTA AIR LINES, INC.

VALUATION AND QUALIFYING ACCOUNTS

FOR THE FISCAL YEAR ENDED JUNE 30, 1998

(AMOUNTS IN MILLIONS)

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>COLUMN A</th>
<th>COLUMN B</th>
<th>COLUMN C</th>
<th>COLUMN D</th>
<th>COLUMN E</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>BALANCE AT BEGINNING OF PERIOD</td>
<td>CHARGED TO COSTS AND EXPENSES</td>
<td>CHARGED TO OTHER ACCOUNTS - DESCRIBE</td>
<td>DEDUCTIONS - DESCRIBE</td>
<td>BALANCE AT END OF PERIOD</td>
</tr>
<tr>
<td>Allowance for uncollectible accounts receivable</td>
<td>$ 48</td>
<td>$ 23</td>
<td></td>
<td></td>
<td>$ 35 (a)</td>
</tr>
<tr>
<td>Allowance for unrealized gains on marketable equity securities</td>
<td>$ (166)</td>
<td></td>
<td></td>
<td></td>
<td>$ 22 (b)</td>
</tr>
<tr>
<td>Reserve for restructuring and other non-recurring charges</td>
<td>$ 88</td>
<td></td>
<td></td>
<td></td>
<td>$ 52 (c)</td>
</tr>
</tbody>
</table>

(a) Represents write-off of accounts considered to be uncollectible, less collections.

(b) Represents decrease in unrealized gain resulting from changes in market values.

(c) Represents payments made against restructuring reserves.
## SCHEDULE II

DELTA AIR LINES, INC.

VALUATION AND QUALIFYING ACCOUNTS

FOR THE FISCAL YEAR ENDED JUNE 30, 1997

(AMOUNTS IN MILLIONS)

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>COLUMN A</th>
<th>COLUMN B</th>
<th>COLUMN C</th>
<th>COLUMN D</th>
<th>COLUMN E</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>DESCRIPTION</td>
<td>BALANCE AT BEGINNING OF PERIOD</td>
<td>CHARGED TO COSTS AND EXPENSES</td>
<td>CHARGED TO OTHER ACCOUNTS- DESCRIBE</td>
<td>DEDUCTIONS- DESCRIBE</td>
</tr>
<tr>
<td>Allowance for uncollectible accounts receivable:</td>
<td>$ 44</td>
<td>$ 30</td>
<td>--</td>
<td>$ 26 (a)</td>
<td>$ 48</td>
</tr>
<tr>
<td>Allowance for unrealized gains on marketable equity securities:</td>
<td>$ (206)</td>
<td>--</td>
<td>--</td>
<td>$ 40 (b)</td>
<td>$ (166)</td>
</tr>
<tr>
<td>Reserve for restructuring and other non-recurring charges:</td>
<td>$ 69</td>
<td>$ 52</td>
<td>--</td>
<td>$ 33 (c)</td>
<td>$ 88</td>
</tr>
</tbody>
</table>

(a) Represents write-off of accounts considered to be uncollectible, less collections.

(b) Represents decrease in unrealized gain resulting from changes in market values.

(c) Represents payments against restructuring reserves.
## DELTA AIR LINES, INC.

### VALUATION AND QUALIFYING ACCOUNTS

FOR THE FISCAL YEAR ENDED JUNE 30, 1996

(AMOUNTS IN MILLIONS)

<table>
<thead>
<tr>
<th>COLUMN A</th>
<th>COLUMN B</th>
<th>COLUMN C</th>
<th>COLUMN D</th>
<th>COLUMN E</th>
</tr>
</thead>
<tbody>
<tr>
<td>DESCRIPTION</td>
<td>BALANCE AT BEGINNING OF PERIOD</td>
<td>CHARGED TO COSTS AND EXPENSES</td>
<td>CHARGED TO OTHER ACCOUNTS—DESCRIBE</td>
<td>DEDUCTIONS—DESCRIBE</td>
</tr>
<tr>
<td>Allowance for uncollectible accounts receivable:</td>
<td>$29</td>
<td>$15</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Allowance for unrealized gains on marketable equity securities:</td>
<td>$(131)</td>
<td>--</td>
<td>$(75)(a)</td>
<td>--</td>
</tr>
<tr>
<td>Reserve for restructuring and other non-recurring charges:</td>
<td>$66</td>
<td>$829</td>
<td>--</td>
<td>$826(b)</td>
</tr>
</tbody>
</table>

(a) Represents increase in unrealized gain resulting from changes in market values.

(b) Represents $452 million related to write-down of Lockheed L-1011 aircraft fleet; $252 million related to special early retirement program; $72 million of payments made against restructuring reserves; and $50 million relating to the reversal of prior restructuring charges.
3.1 Delta's Certificate of Incorporation (Filed as Exhibit 4.1 to Delta's Registration Statement on Form S-8 (Registration No. 333-16471)). *

3.2 Delta's By-Laws.

4.1 Rights Agreement dated as of October 24, 1996, between Delta and First Chicago Trust Company of New York, as Rights Agent (Filed as Exhibit 1 to Delta's Form 8-A/A Registration Statement dated November 4, 1996). *

4.2 Certificate of Designations, Preferences and Rights of Series B ESOP Convertible Preferred Stock and Series D Junior Participating Preferred Stock (Filed as part of Exhibit 3.1 of this Form 10-K).

4.3 Indenture dated as of March 1, 1983, between Delta and The Citizens and Southern National Bank, as trustee, as supplemented by the First and Second Supplemental Indentures thereto dated as of January 27, 1986 and May 26, 1989, respectively (Filed as Exhibit 4 to Delta's Registration Statement on Form S-3 (Registration No. 2-82412), Exhibit 4(b) to Delta's Registration Statement on Form S-3 (Registration No. 33-2972), and Exhibit 4.5 to Delta's Annual Report on Form 10-K for the year ended June 30, 1989). *


4.5 Third Supplemental Indenture dated as of August 10, 1998, between Delta and The Bank of New York, as successor trustee, to the Indenture, dated as of March 1, 1983, as supplemented, between Delta and The Citizens and Southern National Bank of Florida, as predecessor trustee.

4.6 Indenture dated as of April 30, 1990, between Delta and The Citizens and Southern National Bank of Florida, as trustee (Filed as Exhibit 4(a) to Amendment No. 1 to Delta's Registration Statement on Form S-3 (Registration No. 33-34523)). *

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

10.1 Stock Purchase Agreement dated July 10, 1989, between Delta and Swissair, Swiss Air Transport Company Ltd. (Filed as Exhibit 10.2 to Delta's Current Report on Form 10-K for the year ended June 30, 1989). *
10.2 Stock Purchase Agreement dated August 21, 1989, between Delta and Swissair, Swiss Air Transport Company Ltd. (Filed as Exhibit 10.9 to Delta's Annual Report on Form 10-K for the year ended June 30, 1989). *
10.3 Stock Purchase Agreement dated October 26, 1989, between Singapore Airlines Limited and Delta (Filed as Exhibit 10.1 to Delta's Current Report on Form 8-K dated November 2, 1989). *
10.4 Stock Purchase Agreement dated October 26, 1989, between Delta and Singapore Airlines Limited (Filed as Exhibit 10.2 to Delta's Current Report on Form 8-K dated November 2, 1989). *
10.5 Sixth Amended and Restated Limited Partnership Agreement of WORLDSPAN, L.P., dated as of April 30, 1993 (Filed as Exhibit 10.6 to Delta's Annual Report on Form 10-K for the year ended June 30, 1993). *
EXHIBITS


10.7 Agreement dated as of July 31, 1997 between Delta and Mr. Ronald W. Allen (Filed as Exhibit 10.8 to Delta's Annual Report on Form 10-K for the year ended June 30, 1997). *

10.8 Delta's Incentive Compensation Plan, as amended (Filed as Exhibit 10.1 to Delta's Quarterly Report on Form 10-Q for the quarter ended September 30, 1997). *

10.9 Delta's 1989 Stock Incentive Plan, as amended (Filed as Appendix A to Delta's Proxy Statement dated September 15, 1997). *

10.10 Delta's Executive Deferred Compensation Plan, as amended (Filed as Exhibit 10.2 to Delta's Quarterly Report on Form 10-Q for the quarter ended September 30, 1997). *

10.11 Directors' Deferred Compensation Plan (Filed as Exhibit 10.12 to Delta's Annual Report on Form 10-K for the year ended June 30, 1996). *

10.12 Directors' Charitable Award Program (Filed as Exhibit 10.3 to Delta's Quarterly Report on Form 10-Q for the quarter ended September 30, 1997). *


10.14 Delta's Non-employee Directors' Stock Plan (Filed as Exhibit 4.5 to Delta's Registration Statement on Form S-8 (Registration No. 33-65391)). *

10.15 Form of Stock Option and Restricted Stock Award Agreements under 1989 Stock Incentive Plan (Filed as Exhibit 10.17 to Delta's Annual Report on Form 10-K for the year ended June 30, 1996). *

10.16 Forms of Executive Retention Protection Agreements for Certain Officers (Filed as Exhibit 10.16 of Delta's Annual Report on Form 10-K for the year ended June 30, 1997). *

10.17 Form of Senior Officer Excess Benefit Plan Agreement.
EXHIBITS

10.18 Employment Agreement dated as of August 14, 1997 between Delta and Leo F. Mullin (Filed as Exhibit 10.1 to Delta's Quarterly Report on Form 10-Q for the quarter ended December 31, 1997). *


10.20 Employment Agreement dated June 5, 1998 between Delta and Frederick W. Reid.

10.21 Purchase Agreement No. 2022 between The Boeing Company and Delta relating to Boeing Model 737-632/-732/-832 Aircraft (Filed as Exhibit 10.3 to Delta's Quarterly Report on Form 10-Q for the quarter ended March 31, 1998). */**

10.22 Purchase Agreement No. 2025 between The Boeing Company and Delta relating to Boeing Model 767-432ER Aircraft (Filed as Exhibit 10.4 to Delta's Quarterly Report on Form 10-Q for the quarter ended March 31, 1998). */**

10.23 Letter Agreements related to Purchase Agreements No. 2022 and/or No. 2025 between The Boeing Company and Delta (Filed as Exhibit 10.5 to Delta's Quarterly Report on Form 10-Q for the quarter ended March 31, 1998). */**

10.24 Aircraft General Terms Agreement AGTA-DAL between The Boeing Company and Delta (Filed as Exhibit 10.6 to Delta's Quarterly Report on Form 10-Q for the quarter ended March 31, 1998). */**

10.25 Agreement dated April 29, 1996, between Delta and The Air Line Pilots in the service of Delta as represented by the Air Line Pilots Association, International (Filed as Exhibit 10 to Delta's Quarterly Report on Form 10-Q for the quarter ended March 31, 1996).*


23. Consent of Arthur Andersen LLP.


27. Financial Data Schedule.

* Incorporated herein by reference.

** Portions of this exhibit have been omitted and filed separately with the Commission pursuant to Delta's request for confidential treatment.
DELTA AIR LINES, INC.

BY-LAWS

As Amended
Through
July 23, 1998

Incorporated
Under the Laws of
Delaware
# TABLE OF CONTENTS

## BY-LAWS

<table>
<thead>
<tr>
<th>Article Section</th>
<th>Subject</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>I</td>
<td>Name, Incorporation and Location of Offices..</td>
<td>3</td>
</tr>
<tr>
<td>1.1</td>
<td>Name and Incorporation</td>
<td>3</td>
</tr>
<tr>
<td>1.2</td>
<td>Location of Registered Agent and Offices</td>
<td>3</td>
</tr>
<tr>
<td>II</td>
<td>Capital Stock</td>
<td>3</td>
</tr>
<tr>
<td>2.1</td>
<td>Amount and Class Authorized</td>
<td>3</td>
</tr>
<tr>
<td>2.2</td>
<td>Stock Certificates</td>
<td>3</td>
</tr>
<tr>
<td>2.3</td>
<td>Transfer Agents and Registrars</td>
<td>4</td>
</tr>
<tr>
<td>2.4</td>
<td>Transfers of Stock</td>
<td>4</td>
</tr>
<tr>
<td>2.5</td>
<td>Lost or Destroyed Certificates</td>
<td>4</td>
</tr>
<tr>
<td>2.6</td>
<td>No Preemptive Rights</td>
<td>5</td>
</tr>
<tr>
<td>III</td>
<td>Meetings of Stockholders</td>
<td>5</td>
</tr>
<tr>
<td>3.1</td>
<td>Annual Meeting</td>
<td>5</td>
</tr>
<tr>
<td>3.2</td>
<td>Special Meetings</td>
<td>5</td>
</tr>
<tr>
<td>3.3</td>
<td>Notices of Meetings</td>
<td>6</td>
</tr>
<tr>
<td>3.4</td>
<td>Record Date</td>
<td>6</td>
</tr>
<tr>
<td>3.5</td>
<td>Quorum and Adjournment</td>
<td>6</td>
</tr>
<tr>
<td>3.6</td>
<td>Voting Rights and Proxies</td>
<td>7</td>
</tr>
<tr>
<td>3.7</td>
<td>Presiding Officer</td>
<td>7</td>
</tr>
<tr>
<td>3.8</td>
<td>List of Stockholders Entitled To Vote</td>
<td>7</td>
</tr>
<tr>
<td>IV</td>
<td>Board of Directors</td>
<td>7</td>
</tr>
<tr>
<td>4.1</td>
<td>Power and Authority</td>
<td>7</td>
</tr>
<tr>
<td>4.2</td>
<td>Number, Nomination and Election of Directors.</td>
<td>8</td>
</tr>
<tr>
<td>4.2.1</td>
<td>Eligibility, Tenure and Vacancies</td>
<td>8</td>
</tr>
<tr>
<td>4.3</td>
<td>Regular Meetings of the Board of Directors</td>
<td>9</td>
</tr>
<tr>
<td>4.4</td>
<td>Special Meetings</td>
<td>10</td>
</tr>
<tr>
<td>4.5</td>
<td>Committees Appointed by the Board</td>
<td>10</td>
</tr>
<tr>
<td>4.6</td>
<td>Meetings of Committees Appointed by the Board</td>
<td>10</td>
</tr>
<tr>
<td>4.7</td>
<td>Quorum and Voting</td>
<td>11</td>
</tr>
<tr>
<td>4.8</td>
<td>Meeting by Conference Telephone</td>
<td>11</td>
</tr>
<tr>
<td>4.9</td>
<td>Action Without Meeting</td>
<td>11</td>
</tr>
<tr>
<td>4.10</td>
<td>Compensation</td>
<td>11</td>
</tr>
<tr>
<td>V</td>
<td>Officers</td>
<td>11</td>
</tr>
<tr>
<td>5.1</td>
<td>Election, Qualification, Tenure and Compensation</td>
<td>11</td>
</tr>
<tr>
<td>5.2</td>
<td>Chief Executive Officer</td>
<td>12</td>
</tr>
<tr>
<td>5.3</td>
<td>Chairman of the Board</td>
<td>12</td>
</tr>
<tr>
<td>5.4</td>
<td>President</td>
<td>12</td>
</tr>
<tr>
<td>5.5</td>
<td>Vice Chairman of the Board</td>
<td>13</td>
</tr>
<tr>
<td>5.6</td>
<td>Absence or Disability of Chairman and President</td>
<td>13</td>
</tr>
<tr>
<td>5.7</td>
<td>Secretary</td>
<td>13</td>
</tr>
<tr>
<td>5.8</td>
<td>Assistant Secretaries</td>
<td>13</td>
</tr>
<tr>
<td>Article Section</td>
<td>Subject</td>
<td>Page</td>
</tr>
<tr>
<td>-----------------</td>
<td>--------------------------------------------------------------------------</td>
<td>------</td>
</tr>
<tr>
<td>5.9</td>
<td>Comptroller</td>
<td>13</td>
</tr>
<tr>
<td>5.10</td>
<td>Treasurer</td>
<td>14</td>
</tr>
<tr>
<td>5.11</td>
<td>Assistant Treasurers</td>
<td>14</td>
</tr>
<tr>
<td>5.12</td>
<td>Bonds</td>
<td>14</td>
</tr>
<tr>
<td>VI</td>
<td>6.1 Corporate Seal</td>
<td>14</td>
</tr>
<tr>
<td>VII</td>
<td>7.1 Fiscal Year</td>
<td>14</td>
</tr>
<tr>
<td>VIII</td>
<td>8.1 $3 Par Value Common Stock</td>
<td>15</td>
</tr>
<tr>
<td></td>
<td>8.2 Record Date for Payment of Dividends</td>
<td>15</td>
</tr>
<tr>
<td>IX</td>
<td>Financial Transactions and Execution of Instruments in Writing</td>
<td>15</td>
</tr>
<tr>
<td></td>
<td>9.1 Depositories</td>
<td>15</td>
</tr>
<tr>
<td></td>
<td>9.2 Withdrawals and Payments</td>
<td>15</td>
</tr>
<tr>
<td></td>
<td>9.3 Evidence of Indebtedness and Instruments under Seal</td>
<td>16</td>
</tr>
<tr>
<td>X</td>
<td>Books and Records</td>
<td>16</td>
</tr>
<tr>
<td></td>
<td>10.1 Location</td>
<td>16</td>
</tr>
<tr>
<td></td>
<td>10.2 Inspection</td>
<td>16</td>
</tr>
<tr>
<td>XI</td>
<td>Transactions with Officers and Directors</td>
<td>16</td>
</tr>
<tr>
<td></td>
<td>11.1 Validation</td>
<td>16</td>
</tr>
<tr>
<td>XII</td>
<td>12.1 Amendment, Repeal or Alteration</td>
<td>17</td>
</tr>
<tr>
<td></td>
<td>EMERGENCY BY-LAWS</td>
<td>17</td>
</tr>
</tbody>
</table>
BY-LAWS OF  
DELTA AIR LINES, INC.  

ARTICLE I.  
NAME, INCORPORATION AND LOCATION OF OFFICES  

SECTION 1.1 Name and Incorporation.  
The name of this corporation is DELTA AIR LINES, INC. It is incorporated under the laws of Delaware in perpetuity.

SECTION 1.2 Location of Registered Agent and Offices.  
The name of the registered agent of the corporation is the Corporation Trust Co., and its address and the address of the corporation's principal office in Delaware is No. 100 West 10th Street, Wilmington, Delaware 19801. Said registered agent and office may be changed as provided by the General Corporation law of Delaware, as now or hereafter in effect.  
The corporation may also have an office in Atlanta, Georgia, and may have offices at such other places as the business of the corporation may require.

ARTICLE II.  
CAPITAL STOCK  

SECTION 2.1 Amount and Class Authorized.  
Until otherwise provided by amendment to its Certificate of Incorporation, the authorized capital stock of the corporation shall consist of 170,000,000 shares, of which 150,000,000 shall be common stock of the par value of $3.00 per share and 20,000,000 shall be preferred stock of the par value of $1.00 per share. Shares of such authorized $3.00 par value common stock, in addition to the shares now outstanding, up to the authorized maximum of 150,000,000 shares, may be issued at such times, and from time to time, and may be sold for such considerations, not less than the par value thereof, as shall be fixed and determined by the board of directors. Shares of such authorized preferred stock up to the authorized maximum of 20,000,000 shares may be issued at such times, and from time to time, in such series and with such rights, including voting rights, preferences, and limitations, and may be sold for such considerations, not less than the par value thereof, as shall be fixed and determined by the board of directors.

SECTION 2.2 Stock Certificates.  
Certificates evidencing the stock of the corporation shall be in such forms as shall be authorized and approved by the board of directors. Such certificates shall be signed by the chairman of the board, the president or a vice president and by the secretary or an assistant secretary of the corporation, and the seal of the corporation shall be affixed thereto. The seal of the corporation and any or
all the signatures on such certificate may be facsimile engraved, stamped or printed. If any officer, transfer agent or registrar who has signed, or whose facsimile signature has been used on, a certificate has ceased to be an officer, transfer agent or registrar or if any officer who has signed has had a change in title before the certificate is delivered, such certificate may nevertheless be issued and delivered by the corporation as though the officer, transfer agent or registrar who signed or whose facsimile signature shall have been used had not ceased to be such officer, transfer agent or registrar or such officer had not had such change in title.

SECTION 2.3 Transfer Agents and Registrars.
The board of directors may appoint transfer agents and co-transfer agents and registrars and co-registrars for the stock of the corporation and, if it so elects, may appoint a single agency to serve as both transfer agent and registrar, and may require all certificates evidencing stock to bear the signature or signatures of any of them.

SECTION 2.4 Transfers of Stock.
Transfers of stock of the corporation shall be made only on the books of the corporation by the registered holder thereof in person or by attorney thereunto duly authorized in writing. Powers of attorney to transfer stock of the corporation shall be filed with the duly authorized transfer agent of the corporation, when appointed, and the certificates evidencing the stock to be transferred shall be surrendered to such transfer agent for cancellation, and shall be cancelled by it at the time of transfer. Until transfer shall have been made as provided above, possession of a certificate evidencing stock of the corporation shall not vest any ownership of such certificate, or of the stock evidenced thereby, in any person other than the person in whose name said stock stands registered on the books of the corporation and the corporation shall be entitled to treat the holder of record of any share or shares of stock as the holder thereof in fact and shall not be bound to recognize any equitable or other claim to or interest in any such share or shares on the part of any other person, whether or not it shall have express or other notice thereof. Notwithstanding the foregoing, the corporation shall have the power and is authorized to effect through the duly authorized transfer agent and registrar or otherwise transfers of stock of the corporation to various states or appropriate state authorities when applicable state laws of escheat or abandonment so require.

SECTION 2.5 Lost or Destroyed Certificates.
In case of the loss or destruction of an outstanding certificate of stock, another certificate for a like number of shares may be issued in place of the lost or destroyed certificate upon proof satisfactory to the board of directors or its delegate, and upon payment of the expenses, if any, incident to the issuance of such new certificate; provided, however, that the board of directors or its delegate, if it sees fit, may require that such lost or destroyed certificate be established as by the laws of Delaware in such cases made and provided, and further provided that, any provision of law to the contrary notwithstanding, the board of directors or its delegate may require the owner of such lost or destroyed certificate, or the legal representative of such owner, to give the corporation a bond sufficient, in the opinion of the board of directors or its delegate, to indemnify the corporation against and hold it harmless from any and all loss, damage, liability and claims (whether or not such claims be meritorious) on account of and with respect to such lost or destroyed certificate and the stock evidenced thereby and the issuance or establishment of such new certificate.
SECTION 2.6 No Preemptive Rights.
No holder of any stock of the corporation which shall at any time be outstanding shall have any preemptive rights to subscribe for or purchase additional shares of stock of the corporation of any class which at any time may be authorized or issued.

ARTICLE III.

MEETINGS OF STOCKHOLDERS

SECTION 3.1 Annual Meeting.
The annual meeting of stockholders shall be held on the fourth Thursday in October of each year or at such other time as the board of directors shall specify, at such place, either within or without the State of Delaware, as may be designated by the board of directors from time to time, for the purpose of electing directors and for the transaction of only such other business as is properly brought before the meeting in accordance with these By-Laws.

To be properly brought before the meeting, business must be either (a) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the board, (b) otherwise properly brought before the meeting by or at the direction of the board, or (c) otherwise properly brought before the meeting by a stockholder. In addition to any other applicable requirements, for business to be properly brought before an annual meeting by a stockholder, the stockholder must have given timely notice thereof in writing to the secretary of the corporation. To be timely, a stockholder's notice shall be delivered to or mailed and received at the principal executive offices of the corporation not less than 90 days nor more than 120 days prior to the anniversary date of the immediately preceding annual meeting of stockholders; provided that if the board calls the annual meeting for a date that is not within 30 days before or after such anniversary date, notice by the stockholder to be timely must be so delivered or mailed and received not later than the close of business on the 10th business day following the day on which the board gave such notice or made such public disclosure of the date of the annual meeting, whichever first occurs. Such stockholder's notice to the secretary shall set forth as to each matter the stockholder proposes to bring before the annual meeting (i) a brief description of the business desired to be brought before the annual meeting and the reasons for conducting such business at the annual meeting, (ii) the name and record address of the stockholder proposing such business, (iii) the class and number of shares of capital stock of the corporation which are beneficially owned by the stockholder, and (iv) any material interest of the stockholder in such business. Notwithstanding anything in the By-Laws to the contrary, no business shall be conducted at the annual meeting except in accordance with the procedures set forth in this Article III, provided, that nothing in this Article III shall be deemed to preclude discussion by any stockholder of any business properly brought before the annual meeting.

If business is not properly brought before the meeting in accordance with the provisions of this Article III, the Presiding Officer at an annual meeting shall so declare to the meeting and any such business not properly brought before the meeting shall not be transacted.

SECTION 3.2 Special Meetings.
Special meetings of the stockholders shall be held at such times, and at such places, either within or without the State of Delaware, as shall be designated in the notice of call of the meeting, and may be called by the
chairman of the board or the president at any time and must be called by the chairman of the board or the president whenever requested in writing by a majority of the board of directors.

SECTION 3.3 Notices of Meetings.
Written or printed notices of every annual or special meeting of the stockholders shall be mailed to each stockholder of record at the close of business on the record date hereinafter provided for, at the address shown on the stock book of the corporation or its transfer agents, not less than ten nor more than sixty days prior to the date of such meeting. Notices of special meetings shall briefly state or summarize the purpose or purposes of such meetings, and no business except that specified in the notice shall be transacted at any special meeting. It shall not be necessary that notices of annual meetings specify the business to be transacted at such annual meetings, and any business of the corporation may be transacted at any annual meeting of the stockholders to the extent not prohibited by applicable law, the Certificate of Incorporation or these By-Laws.

SECTION 3.4 Record Date.
It shall not be necessary to close the stock transfer books of the corporation for the purpose of determining the stockholders entitled to notice of and to participate in and vote at any meeting of the stockholders. In lieu of closing the stock transfer books of the corporation, and for all purposes that might be served by closing the stock transfer books, the board of directors may fix and declare a date not less than ten days nor more than sixty days prior to the date of any annual or special meeting as the record date for the determination of stockholders entitled to notice of and to participate in and vote at such meeting of the stockholders and any adjournment thereof; and the corporation and its transfer agents may continue to receive and record transfers of stock after any record date as so provided. In any such case, such stockholders, and only such stockholders as shall have been stockholders of record at the close of business on the record date shall be entitled to notice and to participate in and vote at any such meeting of the stockholders, notwithstanding any transfers of stock which may have been made on the books of the corporation or its transfer agents after such record date.

SECTION 3.5 Quorum and Adjournment.
Except as otherwise provided or required by law, by the Certificate of Incorporation or by these By-Laws, a quorum at any meeting of the stockholders shall consist of the holders of shares representing a majority of the number of votes entitled to be cast by the holders of all shares of stock then outstanding and entitled to vote, present in person or by proxy. If a quorum is not present at any duly called meeting, the Presiding Officer or the holders of a majority of the votes present may adjourn the meeting from day to day, or to a fixed date, without notice other than announcement at the meeting, but no other business may be transacted until a quorum is present; provided, however, that any meeting at which directors are to be elected shall be adjourned only from day to day until such directors have been elected, and further provided that those who attend the second of such adjourned meetings, although less than a quorum as fixed hereinabove, shall nevertheless constitute a quorum for the purpose of electing directors.
The stockholders present at a duly organized meeting at which a quorum is present at the outset may continue to do business until adjournment, notwithstanding the withdrawal of enough stockholders to result in less than a quorum or the refusal of any stockholder present to vote. The Presiding Officer may in his discretion defer voting on any proposed action and adjourn any meeting of the stockholders until a later date, provided
such actions are otherwise permitted by law and are not inconsistent with the Certificate of Incorporation or other provisions of these By-Laws.

SECTION 3.6 Voting Rights and Proxies.
At all meetings of stockholders, whether annual or special, the holder of each share of common stock which is then outstanding and entitled to vote shall be entitled to one vote for each share held and the holder of each share of any series of preferred stock which is then outstanding shall be entitled to such voting rights, if any, and such number of votes, as shall be specified in the resolution or resolutions of the board of directors providing for the issuance of such series. Stockholders may vote at all such meetings in person or by proxy duly authorized in writing or by a transmission permitted by law filed in accordance with the procedures established for the meeting. Any copy, facsimile telecommunication or other reliable reproduction of the writing or transmission created pursuant to this section may be substituted or used in lieu of the original writing or transmission for any and all purposes for which the original writing or transmission could be used, provided that such copy, facsimile telecommunication or other reproduction shall be a complete reproduction of the entire original writing or transmission. Except as otherwise specifically provided by law, by the Certificate of Incorporation or by these By-Laws, a majority of the valid votes present shall be necessary and sufficient to decide any question which shall come before any meeting of the stockholders. In case of any challenge of the right of a given stockholder to vote in person or by proxy, the Presiding Officer hereinafter provided for shall be authorized to make the appropriate determination, and his decision shall be final.

SECTION 3.7 Presiding Officer.
All meetings of the stockholders shall be presided over by the chairman of the board or, in the absence or disability of the chairman, by the president, or in his absence or disability, by the vice chairman, if any, or, in his absence or disability, by the senior director (in terms of length of service on the board of directors) present.

SECTION 3.8 List of Stockholders Entitled to Vote.
A complete list of the stockholders entitled to vote, arranged in alphabetical order and indicating the number of shares held by each, shall be prepared by the secretary and shall be available at the place where any stockholders' meeting is being held, and shall be open to the examination of any stockholder for any proper purpose during the whole of such meeting.

ARTICLE IV.

BOARD OF DIRECTORS

SECTION 4.1 Power and Authority.
All of the corporate powers of this corporation shall be vested in and the business, property and affairs of the corporation shall be managed by, or under the direction of, the board of directors; and the board of directors shall be, and hereby is, fully authorized and empowered to exercise all of the powers of the corporation and to do, and to authorize, direct and regulate the doing of, any and all things which the corporation has the lawful right to do which are not by statute, the Certificate of Incorporation or these By-Laws expressly directed or required to be exercised or done by the stockholders.
SECTION 4.2 Number, Nomination and Election of Directors.

The board of directors shall consist of not less than five nor more than nineteen directors who shall be stockholders of the corporation. The members of the board of directors shall be elected by the stockholders at the annual meeting of stockholders, or at a duly convened adjournment thereof or at a special meeting of stockholders duly called and convened for that purpose, provided, however, that only persons who are nominated in accordance with the following procedures shall be eligible for election as directors. Nominations of persons for election to the board of the corporation at the annual meeting or a duly convened adjournment thereof may be made by or at the direction of the board of directors, by any nominating committee or person appointed by the board, or by any stockholder of the corporation entitled to vote for the election of directors at the meeting or a duly convened adjournment thereof who complies with the notice procedures set forth in this Article IV. Such nominations, other than those made by or at the direction of the board, or by any nominating committee or person appointed by the board, shall be made pursuant to timely notice in writing to the secretary of the corporation. To be timely, a stockholder's notice shall be delivered to or mailed and received at the principal executive offices of the corporation not less than 90 days nor more than 120 days prior to the anniversary date of the immediately preceding annual meeting of stockholders; provided that if the board calls the annual meeting for a date that is not within 30 days before or after such anniversary date, notice by the stockholder to be timely must be so delivered or mailed and received not later than the close of business on the 10th business day following the day on which the board gave such notice or made such public disclosure of the date of the meeting, whichever first occurs. Such stockholder's notice to the secretary shall set forth (a) as to each person whom the stockholder proposes to nominate for election or re-election as a director, (i) the name, age, business address and residence address of the person, (ii) the principal occupation or employment of the person, (iii) the class and number of shares of capital stock of the corporation which are beneficially owned by the person and (iv) any other information relating to the person that is required to be disclosed in solicitations for proxies for election of directors pursuant to Rule 14a under the Securities Exchange Act of 1934, as amended; and (b) as to the stockholder giving the notice, (i) the name and record address of the stockholder and (ii) the class and number of shares of capital stock of the corporation which are beneficially owned by the stockholder. The corporation may require any proposed nominee to furnish such other information as may reasonably be required by the corporation to determine the qualifications of such proposed nominee to serve as director of the corporation. No person shall be eligible for election as a director of the corporation unless nominated in accordance with the procedures set forth herein. If a nomination is made that is not in accordance with the foregoing procedure, the Presiding Officer at an annual meeting shall so declare to the meeting and the defective nomination shall be disregarded.

SECTION 4.2.1 Eligibility, Tenure and Vacancies.

A nomination to serve as a director shall be accepted and votes cast for a nominee shall be counted only if the secretary has received, at least thirty days before the annual or a special meeting of stockholders, a statement signed by the nominee advising that he or she consents to being a nominee and, if elected, intends to serve as a director, and further provided that:
(a) Directors who are full-time employees of the company shall resign from the board coincident with their retirement from full-time employment.
(b) The age limit for directors not covered by subparagraph (a), above, or who, after resigning from the board upon retirement from full-time employment are re-elected to the board, shall be seventy-two, and such directors shall retire from the board as of the date and time of the annual meeting.
meeting of stockholders which next follows their attainment of age seventy-two; provided, however, that such directors originally elected to the board after November 1, 1981, shall retire from the board as of the date and time of the annual meeting of stockholders which next follows their attainment of age seventy.

(c) The board may extend the retirement date for one year for any director who is serving as chairman of a committee of the board who will have occupied such chairmanship less than two years at the time of his or her normal retirement date, but this subparagraph (c) shall be effective only through October 22, 1992 and no extension shall be valid beyond that date.

Each member of the board of directors shall hold office from the time of his election and qualification until the next annual meeting of the stockholders and until his successor shall have been elected and qualified; provided, however, that any member of the board of directors may be removed from such office by the stockholders at any time, with or without cause, at any meeting of the stockholders, duly called for such purpose, in which event a successor may be elected by the stockholders at such meeting or at any subsequent meeting of the stockholders duly called for such purpose.

The number of members of the board of directors may be increased or decreased at any time and from time to time to not less than five nor more than nineteen members by resolution adopted by the board of directors and in such event, and in the event any vacancy on the board of directors shall occur by death, resignation, retirement, disqualification or otherwise, additional or successor members of the board of directors may be elected by majority vote of the remaining members of the board of directors present in person at any duly convened meeting of said board.

Any director may resign at any time upon written notice to the corporation.

SECTION 4.3 Regular Meetings of the Board of Directors.
The first organizational meeting of each newly-elected board shall be held at such time and place, either within or without the State of Delaware, as shall be fixed by the outgoing board of directors at or before its last regular meeting preceding the annual meeting of the stockholders, and no notice of such meeting shall be necessary to the newly-elected directors in order to constitute the meeting legally, provided that a majority of the whole board shall be present, and further provided that such newly-elected board may meet at such other place and time as shall be fixed by the consent in writing of all of the said directors.
At such organizational meeting the board, by a vote of a majority of all of the members thereof, shall elect a chairman from among its members. The chairman shall preside over all meetings of the board of directors, if present, and shall have such other powers and perform such other duties as may be assigned to him by the board from time to time. In his capacity as chairman of the board he shall not necessarily be an officer of the corporation but he shall be eligible to serve, in addition, as an officer pursuant to Section 5.1 of these By-Laws.
All meetings of the directors shall be presided over by the chairman of the board or, in his absence or disability, by the chief executive officer of the corporation if he is a member of the Board or, in his absence or disability, by the president if he is a member of the Board or, in his absence or disability, by the vice chairman, if any, or, in his absence or disability, by the senior director (in terms of length of service on the board of directors) present.
Regular meetings of the board of directors shall be held during the months of January, April, June, July and September, on such dates and at such places as the board by resolution or, failing such resolution, as the chairman of the board or, during his absence or disability, the president or the secretary of the corporation may determine, and if not previously specified in a board resolution, each director shall be advised in writing of the date, place and time of each such meeting at least two days in advance, unless such notice be waived in writing.
SECTION 4.4 Special Meetings.
Special meetings of the board of directors shall be held at such time and place, within or without the State of Delaware, as shall be designated in the call and notice of the meeting; and may be called by the chairman of the board, or in his absence or disability by the president or the secretary of the company, at any time, and must be called by the chairman, or in his absence or disability by the president or the secretary of the corporation, whenever so requested in writing by three or more members of the board. Notices of special meetings shall be given to each member of the board not less than twenty-four hours before the time at which each such meeting is to convene. Such notices may be given by telephone or by any other form of written or verbal communication. It shall not be necessary that notices of special meetings state the purposes or the objects of the meetings, and any business which may come before any duly called and convened special meeting of the board may be transacted at such meeting.

The members of the board of directors, before or after any meeting of the board, may waive notice thereof and, if all members of the board be present in person at any meeting or waive notice of the meeting, the fact that proper notice of the meeting was not given shall not in any way affect the validity of the meeting or the business transacted at the meeting.

SECTION 4.5 Committees Appointed by the Board.
A majority of the whole board may from time to time appoint (a) committees of the board, the membership of which shall consist entirely of board members and (b) other committees, the membership of which may be either a mixture of board and non-board members or entirely non-members of the board. All committees so appointed shall elect a chairman and keep regular minutes of their meetings and transactions and such minutes shall be accessible to all members of the board at all reasonable times.

No such committee shall have the power or authority to amend the Certificate of Incorporation (except that a committee may, to the extent authorized in a resolution of the board of directors providing for the issuance of shares of stock, fix the designations and any of the preferences or rights of such shares relating to dividends, redemption, dissolution, any distribution of assets of the corporation or the conversion into, or the exchange of such shares for, shares of any other class or classes or any other series of the same or any other class or classes of stock of the corporation or fix the number of shares of any series of stock or authorize the increase or decrease of the shares of any series); to adopt an agreement of merger or consolidation; to recommend to the stockholders the sale, lease or exchange of all or substantially all of the corporation's property and assets; to recommend to the stockholders a dissolution of the corporation or a revocation of a dissolution; to amend the By-Laws of the corporation; or, unless a resolution of the board of directors, the By-Laws or the Certificate of Incorporation expressly so provides, to declare a dividend or authorize the issuance of stock.

SECTION 4.6 Meetings of Committees Appointed by the Board.
Meetings of any committee appointed by the Board shall be called by the secretary or any assistant secretary of the corporation (or, in the case of committees appointed by the board whose membership does not consist exclusively of board members, by such employee of the corporation as has been designated pursuant to By-Law 5.7 to record the votes and the minutes of such committee) upon the request of the chairman of the committee, the chairman of the Board, the chief executive officer of the corporation, or any two members of the committee. Notice of each such meeting shall be given in the same manner specified in Section 4.4 for special meetings of the board of directors.
SECTION 4.7 Quorum and Voting.
A majority of the members of the board of directors or of any committee appointed by the board shall be present at any meeting of the board or such committee in order to constitute a quorum, and a majority of the members present at any duly constituted meeting of the board or such committee may decide any question which properly may come before the meeting, unless a different vote is specifically required by these By-Laws, the Certificate of Incorporation or applicable law.

SECTION 4.8 Meeting by Conference Telephone.
Members of the board of directors or any committee appointed by the board may participate in a meeting by means of conference telephone or similar communications equipment whereby all persons participating in the meeting can hear each other, and participation in such meeting in such manner shall constitute presence in person at such meeting.
Notwithstanding the notice provisions of Sections 4.3, 4.4 and 4.6 above, participation in a meeting by means of conference telephone by a member of the board of directors or a committee appointed by the board shall constitute waiver of notice of the meeting by such director.

SECTION 4.9 Action Without Meeting.
Any action required or permitted to be taken at any meeting of the board of directors or any committee appointed by the board may be taken without a meeting if all of the directors or all of the members of such a committee, as the case may be, consent thereto in writing and the writing or writings are filed with the minutes of proceedings of the board of directors or of such committee.

SECTION 4.10 Compensation.
A director shall receive such reasonable compensation for his services as a director or as a member of a committee appointed by the board of directors (including service as chairman of the board or as chairman of a committee of the board) as may be fixed from time to time by the board of directors and shall be reimbursed for his reasonable expenses, if any, in attending any meeting of the board of directors or such a committee. A director shall not be barred from also serving the corporation in any other capacity and receiving reasonable compensation therefor.

ARTICLE V.
OFFICERS

SECTION 5.1 Election, Qualification, Tenure and Compensation.
The officers of the corporation shall be elected by the board of directors and shall include a president, one or more vice presidents (one or more of whom may be designated as an executive vice president or senior vice president), a secretary, a comptroller, a treasurer and such other officers, including a vice chairman, as from time to time the board of directors shall deem necessary or desirable. At the discretion of the board, the chairman of the board may also be elected under the same title as an officer of the corporation.
The chairman of the board and president (and the vice chairman, if any) shall be, and the other officers may be but need not be, members of the board of directors and stockholders.
Unless otherwise provided by the board of directors, each officer shall hold office from the time of his election until his successor shall have been elected and qualified, provided, however (except as otherwise provided in a contract duly authorized by the board of directors), any officer may be removed from office by the board of directors at any time, with or without cause, and any officer may resign at any time upon written notice to the corporation. Any two offices may be united in any one person, provided that no person shall act in more than one capacity in any one transaction.

The compensation of all officers shall be fixed and determined by the board of directors or pursuant to its delegated authority.

From time to time the board of directors, or its delegates, may appoint such other agents, for such terms and with such rights, powers and authorities, on such conditions, subject to such limitations and restrictions and at such compensation as shall seem right and proper to it or them, and any such agent may be removed from office by the board of directors or its delegates at any time, with or without cause.

SECTION 5.2 Chief Executive Officer.

From time to time the board of directors shall designate by resolution either the chairman of the board, if elected as an officer of the corporation, or the president to act as the chief executive officer of the corporation. The chief executive officer shall have responsibility for the active and general management of the corporation and such authorities and duties as are usually incident to the office of chief executive officer and as from time to time shall be specified by the board of directors. He shall prescribe the duties of all subordinate officers, agents and employees of the company to the extent not otherwise prescribed by the Certificate of Incorporation, the By-Laws or the board of directors. Such designation shall continue in full force and effect until modified or rescinded by further resolution of the board.

SECTION 5.3 Chairman of the Board.

The chairman of the board shall preside over all meetings of the board of directors and the stockholders of the corporation. He shall have such other authorities and duties as are usually incident to the office of chairman of the board and as from time to time shall be specifically directed by the board of directors. Except where by law the signature of the president is required, the chairman of the board shall possess the same power as the president to sign all certificates, contracts and other instruments of the corporation which may be authorized by the board of directors. During the absence or disability of the president, if the chairman has been elected as an officer of the corporation he shall exercise all of the powers and discharge all of the duties of the president. If the chairman has not been elected as an officer of the corporation, then the provisions of Section 5.6 shall apply.

SECTION 5.4 President.

Subject to the powers and duties hereinbefore delegated to the chairman of the board, and to the powers and duties hereinbefore delegated to the chief executive officer if the chairman of the board is designated by the board of directors to act as chief executive officer, the president shall direct the operations of the company. He shall have such other authorities and duties as are usually incident to the office of president and as, from time to time, shall be specifically directed by the board of directors. During the absence or disability of the chairman, the president shall exercise all of the powers and discharge all of the duties of the chairman.
SECTION 5.5 Vice Chairman of the Board.  
The vice chairman of the board, if any, who shall be an officer of the corporation, shall have such specific powers, duties and authority, and shall perform such administrative and executive duties as, from time to time, may be assigned by the board of directors, or the chief executive officer.

SECTION 5.6 Absence or Disability of Chairman and President.  
In the absence or disability of both the chairman of the board if he has been elected an officer of the corporation, and the president, or in the absence or disability of the president if the chairman has not been elected as an officer of the corporation, the vice chairman, if any, or if there is no vice chairman, an officer previously designated in writing by the chief executive officer or, in the absence of such designation, an officer designated by the board of directors, shall exercise all of the powers and discharge all of the duties of the said officer or officers until one or both return to active duty or until the board of directors authorizes another person or persons to act in their capacities.

SECTION 5.7 Secretary.  
The secretary or an assistant secretary shall record the votes and the minutes, in books to be kept for that purpose, of all meetings of the stockholders, of the board of directors, and of those committees of the board of directors whose membership is confined to members of the board, provided, however, that in the absence of the secretary and the assistant secretaries the chairman of any such meeting may designate another officer of the company to act as secretary of that meeting. Any employee of the corporation may be designated by committees which are appointed by the board, but whose membership is not confined to members of the board, to record the votes and minutes of the proceedings of such committees in books to be kept for that purpose. The secretary or an assistant secretary shall give or cause to be given, notice of all meetings of the stockholders, the board of directors and committees of the board of directors. The secretary and assistant secretaries shall keep in safe custody the seal of the corporation and shall affix the same to any instrument requiring it and, when required, it shall be attested by his signature or by the signature of an assistant secretary. In the absence or disability of the secretary and all assistant secretaries, the seal may be affixed and the instrument attested by any vice president. The secretary also shall perform such other duties as may be assigned to him by the board of directors, or the chief executive officer.

SECTION 5.8 Assistant Secretaries.  
In the absence or disability of the secretary, an assistant secretary, if specifically designated and directed by the chairman of the board or the president, shall perform the prescribed duties and functions of the secretary. The assistant secretaries also shall have such specific powers and authorities and shall perform such other duties and functions as from time to time may be assigned by the board of directors, or the chief executive officer.

SECTION 5.9 Comptroller.  
The comptroller shall cause to be kept full and accurate books and accounts of all assets, liabilities and transactions of the corporation. The comptroller shall establish and administer an adequate plan for the control of operations, including systems and procedures required to properly maintain internal controls on all financial transactions of the corporation. The comptroller shall prepare, or cause to be prepared, statements of the financial condition of the
corporation and proper profit and loss statements covering the operations of the corporation and such other and additional financial statements, if any, as the chief executive officer or the board of directors from time to time shall require. The comptroller also shall perform such other duties as may be assigned to him by the board of directors, or the chief executive officer.

SECTION 5.10 Treasurer.
The treasurer shall be responsible for the custody and care of all the funds and securities of the corporation and shall cause to be kept full and accurate books and records of account of all receipts and disbursements of the corporation. The treasurer shall cause all money and other valuable effects of the corporation to be deposited in the name and to the credit of the corporation in such depositories as shall be designated from time to time by the board of directors. He shall disburse the funds of the corporation as may be ordered by the board of directors, or the chief executive officer. The treasurer also shall perform such other duties as may be assigned to him by the board of directors, or the chief executive officer.

SECTION 5.11 Assistant Treasurers.
In the absence or disability of the treasurer, an assistant treasurer, if any, or any other officer of the corporation, if specifically designated and directed by the chairman of the board or the president, shall perform the prescribed duties and functions of the treasurer. Any such assistant treasurer also shall have such specific powers and authorities and shall perform such other duties and functions as from time to time shall be assigned by the board of directors, or the chief executive officer of the corporation.

SECTION 5.12 Bonds.
Any officer or agent of the corporation shall furnish to the corporation such bond or bonds, with security for the faithful performance of his duties, as from time to time may be required by the board of directors.

ARTICLE VI.
CORPORATE SEAL

SECTION 6.1 Corporate Seal.
The corporate seal shall have inscribed thereon the name of the corporation, the word "SEAL" and the word "Delaware". Said seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

ARTICLE VII.
FISCAL YEAR

SECTION 7.1 Fiscal Year.
The fiscal year of the corporation shall commence on the first day of July of each year and shall end on the thirtieth day of June of the next following year.
ARTICLE VIII.

DIVIDENDS

SECTION 8.1 $3 Par Value Common Stock.
Dividends may be paid on the $3 par value common stock of the corporation in such amounts and at such times as the board of directors shall determine.

SECTION 8.2 Record Date for Payment of Dividends.
It shall not be necessary to close the stock transfer books of the corporation for the purpose of determining the stockholders entitled to receive payment of any dividend on the stock of the corporation; but in lieu of closing the stock transfer books, and for all purposes that might be served by closing the stock transfer books, the board of directors, in declaring any dividend on the common stock, shall fix either the date on which the dividend is declared or a date between that date and the date on which the dividend is to be paid as the record date for determining stockholders entitled to receive payment of said dividend; and the corporation and its transfer agents may continue to receive and record transfers of stock after the record date so fixed and determined but, in any such case, such stockholders and only such stockholders as shall have been stockholders of record at the close of business on the record date so fixed and determined by the board of directors shall be entitled to receive payment of said dividend, notwithstanding any transfer of any stock which may have been made on the books of the corporation or its transfer agents after said record date.

ARTICLE IX.

FINANCIAL TRANSACTIONS AND EXECUTION OF INSTRUMENTS IN WRITING

SECTION 9.1 Depositories.
The funds and securities of the corporation shall be deposited, in the name of and to the credit of the corporation, in such banks, trust companies and other financial institutions as shall from time to time be determined and designated by the board of directors or its delegate.

SECTION 9.2 Withdrawals and Payments.
All checks and orders for the withdrawal or payment of funds of the corporation, shall be signed in the name of the corporation in such manner and form and by such officer, officers or other employees as from time to time may be authorized and provided by the board of directors or its delegate. Facsimile signatures may be used when authorized by the board or its delegate.

It shall be the duty of the secretary, an assistant secretary or the corporation's official in charge of internal auditing to certify to the designated depositories of the funds and securities of the corporation the names and signatures of the officers and other employees of the corporation who, from time to time, are authorized to sign checks, drafts or orders for the withdrawal of funds and/or securities. No check, drafts or order for the withdrawal or payment of funds of the corporation shall be signed in blank.
SECTION 9.3 Evidence of Indebtedness and Instruments Under Seal.
Unless otherwise authorized by the board of directors, all notes, bonds, and other evidences of indebtedness of the corporation, and all deeds, indentures, contracts and other instruments in writing required to be executed under the seal of the corporation, shall be signed in the name and on behalf of the corporation by the chairman of the board, the president, the vice chairman, if any, or a vice president of the corporation and shall be attested by the secretary or an assistant secretary.

ARTICLE X.

BOOKS AND RECORDS

SECTION 10.1 Location.
The books, accounts and records of the corporation, except as may be otherwise required by the laws of the State of Delaware, may be kept outside of the State of Delaware, at such place or places as the board of directors may from time to time appoint.

SECTION 10.2 Inspection.
Except as otherwise required by law, the board of directors or its delegate shall determine whether and to what extent the books, accounts and records of the corporation, or any of them other than the stock books, shall be open to the inspection of the stockholders.

ARTICLE XI.

TRANSACTIONS WITH OFFICERS AND DIRECTORS

SECTION 11.1 Validation.
Contracts and all other transactions, including but not limited to purchases and sales, by and between this corporation and one or more of its officers or directors, or by and between this corporation and any firm, partnership, association or corporation of which one or more of the officers or directors of this corporation shall be members, partners, officers or directors or in which one or more of the officers or directors of this corporation shall be interested, shall be valid, binding and enforceable, and shall not be voidable by this corporation or its stockholders notwithstanding the participation of any such interested director in any meeting of the board of directors of this corporation at which such contract or other transaction shall be considered, acted upon or authorized, and notwithstanding the participation of any such interested officer or director in the making or performance of such contract or transaction, if the material facts of such interest shall be disclosed to or be known by the members of the board of directors of this corporation who shall be present at the meeting of said board at which such contract or transaction, and such participation therein, shall be authorized or approved and if the board in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum.
ARTICLE XII.

AMENDMENT, REPEAL OR ALTERATION

SECTION 12.1 Amendment, Repeal or Alteration.
These By-Laws may be amended, repealed or altered, in whole or in part, by a majority of the valid votes cast at any duly convened regular annual meeting of the stockholders or at any duly convened special meeting of stockholders when such object shall have been announced in the call and notice of the meeting. These By-Laws also may be amended, repealed or altered by vote of a majority of the whole board of directors at any duly convened meeting of the board of directors; provided, however, that any such action of the board of directors may be repealed by the stockholders. The repeal of any such action of the board of directors by the stockholders, however, shall not invalidate or in anywise affect the validity of any act or thing done in reliance upon said action of the board of directors.

EMERGENCY BY-LAWS

Adopted October 27, 1967

Subject to repeal or change by the stockholders, and notwithstanding any different provision contained in the Delaware Corporation Law or in the Certificate of Incorporation or By-Laws of this corporation, the following emergency by-laws shall be operative in any emergency arising from an attack on the United States or on a locality in which the corporation conducts its business or customarily holds meetings of its board of directors or stockholders, or during any atomic or nuclear disaster or during the existence of any catastrophe or other similar emergency condition as a result of which a quorum of the board of directors cannot readily be convened for action.

1. In the event of emergency or disaster as described above, an emergency board of directors shall forthwith assume direction and control of the affairs of the corporation.

2. Such emergency board of directors shall consist of all living directors, and meetings of the emergency board may be called by the chairman of the board, the president, the vice chairman or the secretary or, in the event of the death or inability of any of the four to act, by any surviving director with the capacity and ability to act.

3. To the extent possible, notice of emergency board meetings shall be given in each instance to each known living member of the board at his last known business address, either orally or in writing delivered personally or by mail, telegraph, telephone or radio, or by publication; provided however, that if notice by such means is impossible insofar as specific individual directors are concerned, then the person calling the meeting shall give such directors such notice as is reasonably possible under the circumstances.

4. At any properly called meeting of the emergency board a quorum shall not be necessary, and the acts of a majority of the members of the emergency board present shall be and shall constitute the acts of the emergency board.

5. During its existence, the emergency board shall have the following powers:
(a) To appoint officers and agents of the corporation and to determine their compensation and duties;
(b) To borrow money and to issue bonds, notes or other obligations and evidence of indebtedness therefor;
(c) To determine questions of general policy with respect to the business of the corporation;
(d) To call stockholders' meetings; and
(e) To take all actions and to do all things necessary to preserve the corporation as an operating entity, and to direct and control its affairs and operations, until the regular board of directors has been reconstituted, either by the passage of time, by action of the stockholders, or otherwise in accordance with law.

6. No officer, director or employee acting in accordance with these emergency by-laws shall be liable to the corporation or its stockholders with respect to action taken under power granted herein except for willful misconduct.

7. As soon as reasonably possible following the creation of an emergency board of directors, if it appears clear that such action is required because of the number of directors killed or indefinitely incapacitated, the emergency board shall call a regular or special meeting of the stockholders of the corporation for the election of a new board of directors, or otherwise to reconstitute the board, and upon the election and qualification or reconstitution of such board, the emergency board established pursuant to these emergency by-laws shall cease and terminate and the direction and control of the affairs of the corporation shall vest in such new or reconstituted board of directors.

8. To the extent not inconsistent with these emergency by-laws, the regular by-laws of the corporation shall remain in effect during the emergency.
Exhibit 4.5

DELTA AIR LINES, INC.,

Company

and

THE BANK OF NEW YORK,

Trustee

THIRD SUPPLEMENTAL INDENTURE

Dated as of August 10, 1998
THIS THIRD SUPPLEMENTAL INDENTURE (the "Supplemental Indenture"), is made as of August 10, 1998 between Delta Air Lines, Inc., a Delaware corporation (the "Company"), and The Bank of New York, a New York banking organization, as successor trustee (the "Trustee") to The Citizens and Southern National Bank of Florida.

RECITALS

WHEREAS, the Company executed and delivered an Indenture dated as of March 1, 1983, supplemented as of January 27, 1986 and further supplemented as of May 26, 1989 (the "Indenture") by and between the Company and The Citizens and Southern National Bank of Florida, as predecessor trustee to the Trustee, under which are issued $102,455,000 aggregate principal amount of 9% Debentures due May 15, 2016 (the "Securities");

WHEREAS, the Company desires to execute and deliver a further amendment to the Indenture for the purpose of eliminating certain of the restrictive covenants contained in the Indenture;

WHEREAS, Section 902 of the Indenture provides that the Indenture may be amended, subject to certain exceptions specified in such Section 902, with the consent of the holders of two-thirds in aggregate principal amount of the Securities at the time outstanding (the "Requisite Consents");

WHEREAS, the Company has obtained and delivered to the Trustee the Requisite Consents to amend the Indenture as set forth in Article 1 of this Supplemental Indenture (the "Proposed Amendment");

WHEREAS, all other conditions and requirements necessary to make this Supplemental Indenture a valid and binding instrument in accordance with its terms and the terms of the Indenture have been satisfied.

NOW, THEREFORE, in consideration of the mutual agreements, provisions and covenants contained herein, the Company and the Trustee hereby covenant and agree, for the equal and proportionate benefit of all holders from time to time of the Securities as follows:

All capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Indenture.

ARTICLE 1

AMENDMENTS TO CERTAIN PROVISIONS OF INDENTURE

SECTION 1.1. Amendment of Certain Provisions of the Indenture. The
Indenture is hereby amended in the following respects:

The Section headings and the text of each of Sections 1007 and 1008, and all references thereto, are hereby deleted in their entirety and replaced with the following:

"[Intentionally Deleted by Amendment]."

ARTICLE 2

SUNDRY PROVISIONS

SECTION 2.1. Effect of Supplemental Indenture. Upon the execution and delivery of this Supplemental Indenture by the Company and the Trustee, the Indenture shall be modified in accordance herewith, and this Supplemental Indenture shall form a part of the Indenture for all purposes; and every Holder of Securities heretofore or hereafter authenticated and delivered under the Indenture shall be bound thereby. Upon the execution of this Supplemental Indenture, the Proposed Amendment shall automatically take effect without the requirement of any further action by or notice to the Company.

SECTION 2.2. Indenture Remains in Full Force and Effect. Except as supplemented hereby, all provisions in the Indenture shall remain in full force and effect.

SECTION 2.3. Indenture and Supplemental Indenture Construed Together. This Supplemental Indenture is an indenture supplemental to and in implementation of the Indenture, and the Indenture and this Supplemental Indenture shall henceforth be read and construed together.

SECTION 2.4. Confirmation and Preservation of Indenture. The Indenture as supplemented by this Supplemental Indenture is in all respects confirmed and preserved.

SECTION 2.5. Conflict with Trust Indenture Act. If any provision of this Supplemental Indenture limits, qualifies or conflicts with another provision hereof which is required to be included in this Supplemental Indenture by any of the provisions of the Trust Indenture Act, such required provision shall control.

SECTION 2.6. Certain Duties and Responsibilities of the Trustee. In entering into this Supplemental Indenture, the Trustee shall be entitled to the benefit of every provision of the Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee, whether or not elsewhere herein.
so provided. The Trustee, for itself and its successor or successors, accepts the terms of the Indenture as amended by this Supplemental Indenture, and agrees to perform the same, but only upon the terms and conditions set forth in the Indenture, including the terms and provisions defining and limiting the liabilities and responsibilities of the Trustee, which terms and provisions shall in like manner define and limit its liabilities and responsibilities in the performance of the trust created by the Indenture. The Trustee makes no representations as to the validity or sufficiency of this Supplemental Indenture other than as to the validity of its execution and delivery by the Trustee.

SECTION 2.7. Effect of Headings. The Article and Section headings herein are for convenience only and shall not affect the construction hereof.

SECTION 2.8. Successors and Assigns. All covenants and agreements in this Supplemental Indenture by the Company shall bind its successors and assigns, whether so expressed or not.

SECTION 2.9. Separability Clause. In case any provision in this Supplemental Indenture shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

SECTION 2.10. Benefits of Supplemental Indenture. Nothing in this Supplemental Indenture, the Indenture or the Securities, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder and the Holders, any benefit or any legal or equitable right, remedy or claim under this Supplemental Indenture.

SECTION 2.11. Governing Law. This Supplemental Indenture shall be governed by and construed in accordance with the laws of the State of New York.
IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed as of the date first above written.

DELTA AIR LINES, INC.

By: /s/ Edward H. West

Name: Edward H. West
Title: Vice President - Financial Planning & Analysis

THE BANK OF NEW YORK
as Trustee

By: /s/ Heidi Van Horn-Bash

Name: Heidi Van Horn-Bash
Title: Agent
Exhibit 4.7

DELTA AIR LINES, INC.,

Company

and

THE BANK OF NEW YORK,

Trustee

FIRST SUPPLEMENTAL INDENTURE

Dated as of August 10, 1998
THIS FIRST SUPPLEMENTAL INDENTURE (the "Supplemental Indenture"), is made as of August 10, 1998 between Delta Air Lines, Inc., a Delaware corporation (the "Company"), and The Bank of New York, a New York banking organization, as successor trustee (the "Trustee") to The Citizens and Southern National Bank of Florida.

RECITALS

WHEREAS, the Company executed and delivered an Indenture dated as of April 30, 1990 (the "Indenture") by and between the Company and The Citizens and Southern National Bank of Florida, as predecessor trustee to the Trustee, under which are issued $142,205,000 aggregate principal amount of 9 7/8% Notes due May 15, 2000, $113,000,000 aggregate principal amount of 10 1/8% Debentures due May 15, 2010, and $175,564,000 aggregate principal amount of 10 3/8% Debentures due February 1, 2011 (the "Securities");

WHEREAS, the Company desires to execute and deliver an amendment to the Indenture for the purpose of eliminating certain of the restrictive covenants contained in the Indenture;

WHEREAS, Section 9.2 of the Indenture provides that the Indenture may be amended, subject to certain exceptions specified in such Section 9.2, with the consent of the holders of a majority in aggregate principal amount of the Securities at the time outstanding (the "Requisite Consents");

WHEREAS, the Company has obtained and delivered to the Trustee the Requisite Consents to amend the Indenture as set forth in Article 1 of this Supplemental Indenture (the "Proposed Amendment");

WHEREAS, all other conditions and requirements necessary to make this Supplemental Indenture a valid and binding instrument in accordance with its terms and the terms of the Indenture have been satisfied.

NOW, THEREFORE, in consideration of the mutual agreements, provisions and covenants contained herein, the Company and the Trustee hereby covenant and agree, for the equal and proportionate benefit of all holders from time to time of the Securities as follows:

All capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Indenture.
ARTICLE 1

AMENDMENTS TO CERTAIN PROVISIONS OF INDENTURE

SECTION 1.1. Amendment of Certain Provisions of the Indenture. The Indenture is hereby amended in the following respects:

The Section headings and the text of each of Sections 10.5 and 10.6, and all references thereto, are hereby deleted in their entirety and replaced with the following:

"[Intentionally Deleted by Amendment]".

ARTICLE 2

SUNDRY PROVISIONS

SECTION 2.1. Effect of Supplemental Indenture. Upon the execution and delivery of this Supplemental Indenture by the Company and the Trustee, the Indenture shall be modified in accordance herewith, and this Supplemental Indenture shall form a part of the Indenture for all purposes; and every Holder of Securities heretofore or hereafter authenticated and delivered under the Indenture and any coupons appertaining thereto shall be bound thereby. Upon the execution of this Supplemental Indenture, the Proposed Amendment shall automatically take effect without the requirement of any further action by or notice to the Company.

SECTION 2.2. Indenture Remains in Full Force and Effect. Except as supplemented hereby, all provisions in the Indenture shall remain in full force and effect.

SECTION 2.3. Indenture and Supplemental Indenture Construed Together. This Supplemental Indenture is an indenture supplemental to and in implementation of the Indenture, and the Indenture and this Supplemental Indenture shall henceforth be read and construed together.

SECTION 2.4. Confirmation and Preservation of Indenture. The Indenture as supplemented by this Supplemental Indenture is in all respects confirmed and preserved.

SECTION 2.5. Conflict with Trust Indenture Act. If any provision of this Supplemental Indenture limits, qualifies or conflicts with another provision hereof which is required to be included in this Supplemental Indenture by any of the
provisions of the Trust Indenture Act, such required provision shall control.

SECTION 2.6. Certain Duties and Responsibilities of the Trustee. In entering into this Supplemental Indenture, the Trustee shall be entitled to the benefit of every provision of the Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee, whether or not elsewhere herein so provided. The Trustee, for itself and its successor or successors, accepts the terms of the Indenture as amended by this Supplemental Indenture, and agrees to perform the same, but only upon the terms and conditions set forth in the Indenture, including the terms and provisions defining and limiting the liabilities and responsibilities of the Trustee, which terms and provisions shall in like manner define and limit its liabilities and responsibilities in the performance of the trust created by the Indenture. The Trustee makes no representations as to the validity or sufficiency of this Supplemental Indenture other than as to the validity of its execution and delivery by the Trustee.

SECTION 2.7. Effect of Headings. The Article and Section headings herein are for convenience only and shall not affect the construction hereof.

SECTION 2.8. Successors and Assigns. All covenants and agreements in this Supplemental Indenture by the Company shall bind its successors and assigns, whether so expressed or not.

SECTION 2.9. Separability Clause. In case any provision in this Supplemental Indenture shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

SECTION 2.10. Benefits of Supplemental Indenture. Nothing in this Supplemental Indenture, the Indenture, the Securities or the coupons, express or implied, shall give to any Person, other than the parties hereto, their successors hereunder and the Holders of Securities and coupons, any benefit or any legal or equitable right, remedy or claim under this Supplemental Indenture.

SECTION 2.11. Governing Law. This Supplemental Indenture shall be governed by and construed in accordance with the laws of the State of New York.

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed of the date first above written.

3
IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed of the date first above written.

DELTA AIR LINES, INC.

By: /s/ Edward H. West
Name: Edward H. West
Title: Vice President - Financial Planning & Analysis

THE BANK OF NEW YORK
as Trustee

By: /s/ Heidi Van Horn-Bash
Name: Heidi Van Horn-Bash
Title: Agent
FORM OF SENIOR OFFICER EXCESS BENEFIT AGREEMENT

THIS EXCESS BENEFIT AGREEMENT ("Agreement") is made and entered into as of the ___ day of ___, 19__, by and between DELTA AIR LINES, INC. (hereinafter the "Company") and________ ____, (hereinafter "Key Employee"):  

W I T N E S S E T H :  

WHEREAS, the Company has implemented the 1991 Delta Excess Benefit Plan, and the Delta Supplemental Excess Benefit Plan, both as amended (collectively referred to as the "Plans"), and has entered into an Executive Retention Protection Agreement with Key Employee; and  

WHEREAS, Key Employee has been deemed to be a participant in the Plans in accordance with their terms; and  

WHEREAS, Key Employee has rendered valuable service to the Company in various executive capacities and the Company believes it is in the best interest of the Company in seeking to assure itself of Key Employee's continued best efforts in the future to provide for the payment of full retirement and other benefits to the Key Employee; and  

WHEREAS, various sections of the Internal Revenue Code of 1986 (the "Code"), including, but not limited to, Sections 79, 401(a)(4), 401(a)(17), 415, and 505(b) restrict either: (i) compensation that may be taken into account in determining benefits under a qualified pension plan; (ii) benefits that can be paid from qualified pension plans; (iii) compensation that may be taken into account in determining benefits for participants in a Voluntary Employee Beneficiary Association ("VEBA") described in Section 501(c)(9) of the Code; or (iv) restrict benefits that can be paid from a VEBA (such limitations collectively or individually hereinafter referred to as the "Restrictions"); and  

WHEREAS, the Company wishes to make up under nonqualified excess benefit plans and/or this Agreement any reduction in Key Employee's monthly retirement income benefit, disability or survivor benefits under either the Delta Family-Care Retirement Plan (the "Retirement Plan") or the Delta Family-Care Disability and Survivorship Plan (the "Disability and Survivorship Plan") which results from the Restrictions, or any other applicable laws, statutes, or regulations which restrict in any way the benefits that can be paid from a VEBA or qualified pension plan; and  

WHEREAS, the Board of Directors of the Company has authorized post-retirement life insurance benefits for senior officers in excess of the coverage provided to other employees of the Company through the Basic Lump Sum Death Benefit under the Disability and Survivorship Plan; and
WHEREAS, certain restrictions imposed by the Tax Equity and Fiscal Responsibility Act of 1982 ("TEFRA") prohibit the Company from providing post-retirement life insurance benefits to officers in excess of that provided to other employees of the Company; and

WHEREAS, the Company wishes to make up any such loss of group life insurance coverage for Key Employee which cannot be provided because of the TEFRA restrictions;

NOW, THEREFORE, the parties hereby agree as follows:

1. Certain Requirements Not Applicable. The parties specifically acknowledge that this Agreement and Key Employee's participation in the Delta Supplemental Excess Benefit Plan is exempt from certain provisions of the Employee Retirement Income Security Act of 1974 ("ERISA") including, but not limited to, parts 2, 3 and 4 of Subtitle B of Title 1 of ERISA and is also subject to limited reporting and disclosure requirements of part 1 of Subtitle B of Title 1 of ERISA. The parties further acknowledge that the 1991 Delta Excess Benefit Plan is an "excess benefit plan" as defined in section 3(36) of ERISA and is unfunded and not subject to any provision of ERISA.

2. Incorporation of the Retirement Plan and the Disability and Survivorship Plan. The terms of the Retirement Plan and the Disability and Survivorship Plan are hereby incorporated into this Agreement by reference, except that changes in those plans which reduce benefits (except such changes as may be required by law) shall be incorporated as to Key Employee only if advance notice of such proposed reduction is given to the Key Employee and the Key Employee agrees to an amendment of this Agreement to incorporate the benefit reduction. The incorporation of the Retirement Plan and the Disability and Survivorship Plan is not intended to modify any provision of this Agreement, and the benefits provided hereunder shall be governed only by the provisions hereof and the Plans. Unless indicated otherwise, capitalized terms used in this Agreement shall have the meaning given those terms in the Retirement Plan and Disability and Survivorship Plan.

3. Supplemental Retirement Income. Subject to Sections 8 and 18, the Company agrees to pay Key Employee, or, in the event of Key Employee's death, Key Employee's Spouse, at the time and in the manner set forth below, supplemental retirement income ("Supplemental Retirement Income") equal to (a) minus (b) where

(a) equals the Early, Normal or Deferred Retirement income benefit or deferred vested pension benefit (whichever is appropriate) which Key Employee would receive or survivor benefit to which his spouse would receive under the Retirement Plan beginning on the Benefit Commencement Date (as defined below) if the Restrictions as reflected in the Retirement Plan and the Code were not in effect;

(b) equals the Early, Normal or Deferred Retirement income benefit or deferred vested pension benefit (whichever is appropriate) which would be provided to the Key Employee under the Retirement Plan if the Restrictions were not in effect.
(b) equals the Early, Normal or Deferred Retirement benefit, or deferred vested pension benefit (whichever is appropriate) which Key Employee actually receives or survivor benefit which his Spouse actually receives under the Retirement Plan beginning on the Benefit Commencement Date;

(c) For purposes of determining benefits under (a) and (b) above, any Qualified Domestic Relations Order (QDRO) will be taken into account, such that the benefits payable hereunder will not exceed those which would be payable absent the QDRO.

Except as provided in the next sentence, for purposes of determining benefits under (a) and (b) above, any Qualified Domestic Relations Order (QDRO) will be taken into account, such that the benefits payable hereunder will not exceed those which would be payable absent the QDRO.

Except as provided in the next sentence, for purposes of calculating the Supplemental Retirement Income, Key Employee shall be credited with an additional 11 years of service for vesting and benefit accrual purposes under the Retirement Plan (the "Additional Service Credit"). The Additional Service Credit shall not apply if prior to March 23, 2001 either (i) Key Employee's employment with the Company is terminated for Cause; or (ii) Key Employee terminates employment with the Company without Good Reason. For purposes of this paragraph, "Cause" and "Good Reason" shall have the same meaning as ascribed to those terms in Exhibit C attached to the March 23, 1998 letter to Key Employee from Leo Mullin.

The amount of Supplemental Retirement Income paid under this Agreement will be adjusted when and if the amount in (b) above increases or decreases as a result of a change in the Restrictions, including cost of living adjustments to such Restrictions.

4. Supplemental Disability Income. Subject to Sections 8 and 18, the Company agrees to pay Key Employee at the time set forth below a supplemental monthly disability income ("Supplemental Disability Income") equal to (a) minus (b), where

(a) equals the monthly disability benefit which the Key Employee would receive under the Disability and Survivorship Plan beginning on the Benefit Commencement Date (as defined below) if the Restrictions were not in effect and taking into account his or her elections under the Delta Air Lines, Inc. DELTAFLEX Plan; and

(b) equals the monthly disability benefit which the Key Employee actually receives from the Disability and Survivorship Plan beginning on the Benefit Commencement Date, taking into account his or her elections under the Delta Air Lines, Inc. DELTAFLEX Plan.

The amount of Supplemental Disability Income paid under this Agreement will be adjusted as permitted under the Plan, and if the amount in (b) above increases or decreases as a result of a change in the Restrictions.
5. Supplemental Monthly Survivor Income. Subject to Sections 8 and 18, the Company agrees to pay to Eligible Family Member(s) (as defined in the Disability and Survivorship Plan) of Key Employee at Key Employee's death a supplemental monthly survivor income ("Supplemental Survivor Income") equal to
(a) minus (b), where

(a) equals the monthly survivor benefit which the Eligible Family Member(s) of Key Employee would receive under the Disability and Survivorship Plan beginning on the Benefit Commencement Date (as defined below) without considering any Restrictions on any benefit plan; and

(b) equals the monthly survivor benefit which the Eligible Family Member(s) of Key Employee actually receives under the terms of the Disability and Survivorship Plan.

The amount of Supplemental Survivor Income paid under this Agreement will be adjusted as permitted under the Plan and the Code to account for, inter alia, changes in the number of Eligible Family Members.

6. Benefit Commencement Date; Cessation of Benefits. Subject to Section 18 (Change In Control), the Company shall commence payment of the Supplemental Retirement Income as of the Benefit Commencement Date under the Retirement Plan and the Supplemental Disability or Survivor Income as of the Benefit Commencement Date under the Disability and Survivorship Plan. Subject to Section 18, Benefit Commencement Date under this Agreement shall mean the day that the retirement income benefit, disability benefit or survivor benefit, as the case may be, commences under the Retirement Plan or Disability and Survivorship Plan with respect to Key Employee or his Spouse, or Eligible Family Member(s); Supplemental Retirement Income will cease upon the death of the last to die of Key Employee or, if applicable, his Spouse, or if changes in the Restrictions permit the full benefit due under the Retirement Plan to be paid from the Retirement Plan and the Retirement Plan assumes such full payment, or if full payment of retirement benefits due hereunder have already been made. Supplemental Disability Income will cease if the full benefit due under the Disability and Survivorship Plan may be paid from that Plan and the Disability and Survivorship Plan assumes full payment or when the Key Employee is no longer eligible for disability benefits under that Plan. Supplemental Survivor Income will cease if the full benefit due under the Disability and Survivorship Plan may be paid from that plan, and the Disability and Survivorship Plan assumes full payment of the benefit amount or when there are no remaining Eligible Family Member(s) under that Plan. Subject to Section 18, all benefits payable hereunder may cease pursuant to Section 8 at any time.

7. Supplemental Lump Sum Death Benefit. Subject to Sections 8 and 18, the Company agrees to pay to the named beneficiary (as designated by Key Employee for the Basic Life Benefit under the Disability and Survivorship Plan) of Key Employee at Key Employee's death, a supplemental lump sum death benefit in the amount necessary to
provide a total lump sum death benefit of $50,000 when combined with the Basic Life Benefit actually provided by the Disability and Survivorship Plan.

8. Certain Restrictions. Subject to Section 18, or unless waived by the Committee under circumstances the Committee deems appropriate, if a Key Employee terminates active employment with the Company prior to his Normal Retirement Date and within two years of such termination directly or indirectly provides management or executive services (whether as a consultant, advisor, officer or director) to any Person (as defined in Section 18) who is in direct and substantial competition with the air transportation business of the Company or any of its subsidiaries, then (a) if benefits under this Agreement shall have not yet commenced, no benefits shall be paid under this Agreement to such Key Employee, his Spouse, Eligible Family Member or beneficiary; and (b) if benefits under this Agreement have commenced, no further benefits shall be paid. Because of the broad and extensive scope of the Company’s air transportation business, the restrictions contained in this provision are intended to extend to management or executive services which are directly related to the provision of air transportation services into, within or from the United States, as no smaller geographical restriction will adequately protect the legitimate business interest of the Company. This section shall be deemed waived, but only with respect to the Supplemental Retirement Income, if at any time subsequent to March 23, 2001 either (i) Key Employee's employment with the Company is terminated for cause; or (ii) Key Employee terminates his employment with the Company without Good Reason; provided "Cause" and "Good Reason" shall have the same meaning as ascribed to those terms in Exhibit C attached to the letter dated ____________, 19__. 19__ to Key Employee from [the CEO].

9. Funding of Benefit. Subject to Section 18 (Change In Control) the benefits provided by this Agreement shall be paid, as they become due, from the Company's general assets or by such other means as the Company deems advisable, including a trust or trusts established by the Company; provided however, if such trusts are established, benefits shall be payable from such trusts only as and to the extent provided therein. To the extent Key Employee acquires the right to receive payments from the Company under this Agreement, such right shall be no greater than that of a general creditor of the Company. The Company shall have complete discretion under this Agreement to account for and report, or to refrain from accounting for or reporting, its liabilities under this Agreement. In the event that the Company in its sole discretion establishes a reserve or bookkeeping account for the benefits payable under this Agreement, the Key Employee shall have no proprietary or security interest in any such reserve or account.

10. Nonassignability of Benefits. No benefit payable under this Agreement may be assigned, transferred, encumbered or subjected to legal process for the payment of any claim against Key Employee, his Spouse, Eligible Family Member, or beneficiary.

11. No Right to Continued Employment. Nothing in this Agreement shall be deemed to give Key Employee the right to be retained in the service of the Company or to deny the Company any right it may have to discharge Key Employee at any time, subject
to the Company's obligation to provide benefits and amounts as may be required hereunder.

12. Arbitration. The parties acknowledge that any claims or controversy arising out of this Agreement is subject to arbitration in accordance with the Plans.

13. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Georgia without regard to its conflict of laws rules.

14. Successors and Assigns. This Agreement shall be binding upon the successors and assigns of the parties hereto.

15. Amendment. This writing, including any terms or documents incorporated herein by reference, supersedes any previous excess benefit agreement between Key Employee and the Company. This Agreement may not be modified orally, but only by writing signed by the parties hereto.

16. Notice. All notices, requests, demands and other communications under this Agreement, shall be in writing and shall be delivered personally (including by courier) or mailed by certified mail, return receipt requested. Refusal to acknowledge receipt of such notice shall constitute receipt of such notice upon the date it is returned to the sender. Any notice under this Agreement shall be sent to Key Employee, Spouse, his Eligible Family Member or beneficiary at the last known address of such person as reflected in the Company's records. Notice to the Company or the Committee shall be sent to:

Delta Air Lines, Inc. Law Department 1030 Delta Boulevard Atlanta, Georgia 30320 Attention: Robert S. Harkey, Senior Vice President - General Counsel

17. Form of Payment; No Elections. Subject to Section 18 (Change In Control), Key Employee shall not be permitted to exercise any election under the Plans which affects the date of commencement, manner or form in which Key Employee's Supplemental Retirement Income is paid. In addition, no election under the Retirement Plan shall affect the manner or form in which Supplemental Retirement Income is paid under the Plans. If Key Employee becomes entitled to Supplemental Retirement Income under this Excess Benefit Agreement, such benefit shall automatically be paid commencing with the date payments under the Retirement Plan begin as follows:

(a) In every case in which the form of benefit payable under the Retirement Plan is automatic and does not depend on the election
of the Participant thereunder, Supplemental Retirement Income under this Excess Benefit Agreement shall automatically be paid in the identical form that it is payable under the Retirement Plan.

(b) In the case of any Key Employee who becomes eligible for Early Retirement under the Retirement Plan and is eligible to elect the level income option thereof, such Key Employee's Supplemental Retirement income under this Agreement, if any, shall be automatically payable in the form that would have been payable disregarding any election by such Key Employee of the level income option.

18. Change In Control. Notwithstanding anything in this Agreement to the contrary, in the event Key Employee has rights under an Executive Retention Protection Agreement with the Company at the time a Change In Control (as defined below) occurs, the Company shall, if not previously established, establish a grantor trust (the "Trust") to provide benefits payable under this Agreement and the Plans. Subject to the following paragraph, the Company shall promptly cause to be irrevocably deposited in such Trust for the benefit of Key Employee and his or her beneficiaries, on the terms set forth below, an amount equal to the balance as of the date of such deposit of Key Employee's accrued benefit under the Plans and Agreement, regardless of whether such benefit is vested. From and after the date of such Change In Control, the Company shall cause to be irrevocably deposited in the Trust any additional accruals under the Plans and Agreement, regardless of whether such benefit is vested.

The instrument governing the Trust shall, to the extent reasonably necessary to assure that the Plans and this Agreement will continue to be treated as "unfunded" for purposes of ERISA and the Code, provide that upon insolvency of the Company, the assets of the trust will be subject to the claims of the Company's general creditors. The Trust instrument shall provide that in all other respects the assets of the Trust will be maintained for the exclusive benefit of Key Employee and his or her beneficiaries, and will otherwise be subject to all fiduciary and other requirements of applicable state trust law.

In addition, in the event Employee's employment terminates as a result of a Qualifying Event (as defined in any Executive Retention Protection Agreement between Key Employee and the Company), Section 8 of this Agreement shall be deemed waived and Section 6 of the 1991 Delta Excess Benefit Plan and Section 6 of the Delta Supplemental Excess Benefit Plan shall not be applicable to Key Employee. Further, the timing and payments of any retirement benefits to be provided hereunder shall be governed by, and subject to, the terms of said Executive Retention Protection Agreement to the extent such Agreement provides for accelerated payments of retirement benefits otherwise payable under this Agreement.

For purposes of this Agreement, "Change In Control" means, and shall be deemed to have occurred upon, the first to occur of any of the following events:
(a) Any Person (other than an Excluded Person) acquires, together with all Affiliates and Associates of such Person, Beneficial Ownership of securities representing 20% or more of the combined voting power of the Voting Stock then outstanding, unless such Person acquires Beneficial Ownership of 20% or more of the combined voting power of the Voting Stock then outstanding solely as a result of an acquisition of Voting Stock by the Company which, by reducing the Voting Stock outstanding, increases the proportionate Voting Stock beneficially owned by such Person (together with all Affiliates and Associates of such Person) to 20% or more of the combined voting power of the Voting Stock then outstanding; provided, that if a Person shall become the Beneficial Owner of 20% or more of the combined voting power of the Voting Stock then outstanding by reason of such Voting Stock acquisition by the Company and shall thereafter become the Beneficial Owner of any additional Voting Stock which causes the proportionate voting power of Voting Stock beneficially owned by such Person to increase to 20% or more of the combined voting power of the Voting Stock then outstanding, such Person shall, upon becoming the Beneficial Owner of such additional Voting Stock, be deemed to have become the Beneficial Owner of 20% or more of the combined voting power of the Voting Stock then outstanding other than solely as a result of such Voting Stock acquisition by the Company;

(b) During any period of two consecutive years (not including any period prior to the Effective Date), individuals who at the beginning of such period constitute the Board (and any new Director, whose election by the Board or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds of the Directors then still in office who either were Directors at the beginning of the period or whose election or nomination for election was so approved), cease for any reason to constitute a majority of Directors then constituting the Board;

(c) A reorganization, merger or consolidation of the Company is consummated, in each case, unless, immediately following such reorganization, merger or consolidation, (i) more than 50% of, respectively, the then outstanding shares of common stock of the corporation resulting from such reorganization, merger or consolidation and the combined voting power of the then outstanding voting securities of such corporation entitled to vote generally in the election of directors is then beneficially owned, directly or indirectly, by all or substantially all of the individuals and entities who were the beneficial owners of the Voting Stock outstanding immediately prior to such reorganization, merger or consolidation, (ii) no Person (but excluding for this purpose any Excluded Person and any Person beneficially owning, immediately prior to such reorganization, merger or consolidation, directly or indirectly, 20% or more of the voting power of the outstanding Voting Stock) beneficially
owns, directly or indirectly, 20% or more of, respectively, the then outstanding shares of common stock of the corporation resulting from such reorganization, merger or consolidation or the combined voting power of the then outstanding voting securities of such corporation entitled to vote generally in the election of directors and (iii) at least a majority of the members of the board of directors of the corporation resulting from such reorganization, merger or consolidation were members of the Board at the time of the execution of the initial agreement providing for such reorganization, merger or consolidation; or

(d) The shareholders of the Company approve (i) a complete liquidation or dissolution of the Company or (ii) the sale or other disposition of all or substantially all of the assets of the Company, other than to any corporation with respect to which, immediately following such sale or other disposition, (A) more than 50% of, respectively, the then outstanding shares of common stock of such corporation and the combined voting power of the then outstanding voting securities of such corporation entitled to vote generally in the election of directors is then beneficially owned, directly or indirectly, by all or substantially all of the individuals and entities who were the beneficial owners of the Voting Stock outstanding immediately prior to such sale or other disposition of assets, (B) no Person (but excluding for this purpose any Excluded Person and any Person beneficially owning, immediately prior to such sale or other disposition, directly or indirectly, 20% or more of the voting power of the outstanding Voting Stock) beneficially owns, directly or indirectly, 20% or more of, respectively, the then outstanding shares of common stock of such corporation or the combined voting power of the then outstanding voting securities of such corporation entitled to vote generally in the election of directors and (C) at least a majority of the members of the board of directors of such corporation were members of the Board at the time of the execution of the initial agreement or action of the Board providing for such sale or other disposition of assets of the Company.

Notwithstanding the foregoing, in no event shall a "Change in Control" be deemed to have occurred (i) as a result of the formation of a Holding Company, or (ii) with respect to Key Employee, if Key Employee is part of a "group," within the meaning of Section 13(d)(3) of the Exchange Act as in effect on the Effective Date, which consummates the Change in Control transaction. In addition, for purposes of the definition of "Change in Control" a Person engaged in business as an underwriter of securities shall not be deemed to be the "Beneficial Owner" of, or to "beneficially own," any securities acquired through such Person's participation in good faith in a firm commitment underwriting until the expiration of forty days after the date of such acquisition.
As used in the above definition, the terms "Person", "Excluded Person", "Affiliate", "Associate", "Beneficial Ownership", "Voting Stock", "Board", "Exchange Act", "Holding Company", and "Effective Date" shall have the same meaning as ascribed to those terms in the then current Executive Retention Protection Agreement between the Company and Key Employee.

IN WITNESS WHEREOF, the parties hereto have set their hands and seals on the date(s) shown below.

DELTA AIR LINES, INC.

By:

President and Chief Executive Officer

Date:

10
Dear Warren:

I am pleased to confirm my verbal offer of employment for the position of Executive Vice President and Chief Financial Officer (CFO) for Delta Air Lines, Inc. (Delta or the Company), effective today. In this assignment, you will report directly to me.

Your initial and minimum base salary will be $500,000 per annum, payable in accordance with the usual payment practices of the Company.

With respect to each fiscal year beginning with the fiscal year ending June 30, 1999 during which you are employed by the Company, you will be eligible to receive in addition to your base salary an annual incentive compensation award (Annual Award) for services rendered during such fiscal year, subject to the terms and conditions of the Company's annual incentive compensation plan as in effect from time to time. Except as provided in the immediately following paragraph, the amount of the Annual Award, if any, with respect to any fiscal year will be based upon performance targets and award levels determined by the Personnel & Compensation Committee of the Board of Directors (or any successor committee designated by the Board) in its sole discretion, in accordance with the Company's annual incentive compensation plan as in effect from time to time; provided that for each fiscal year beginning with the fiscal year ending June 30, 1999, your target award level shall be established in such a manner as to provide you with the opportunity to earn an award of at least 57.5% of your base salary for such fiscal year, assuming performance at the target level.
Notwithstanding the preceding paragraph, you will receive an Annual Award of not less than (1) $100,000 with respect to fiscal year 1998 and (2) $400,000 with respect to fiscal year 1999, unless your employment is terminated by the Company for Cause prior to June 30, 1998 or June 30, 1999, respectively; provided, that if your employment terminates for any reason other than Cause prior to June 30, 1998 or June 30, 1999, respectively, the applicable minimum amount shall be reduced by multiplication by a fraction which, (1) with respect to fiscal year 1998, the numerator of which is the number of days from March 23, 1998 through the date of termination of your employment, and the denominator of which is 100 and (2) with respect to fiscal year 1999, the numerator of which is the number of days from July 1, 1998 through the date of termination of your employment, and the denominator of which is 365.

You will also be a participant in the 1989 Stock Incentive Plan in accordance with the terms of that Plan. You will be granted an initial award with non-qualified stock options on 250,000 shares of Delta common stock. The award date will be March 23, 1998, and the exercise price will be the closing price of Delta common stock on the New York Stock Exchange on that date. These options will vest in 20% increments on each of the first five anniversaries of the award date, subject to the terms and conditions set forth in the award agreement attached as Exhibit A. Future grants, if any, will be in accordance with the Plan.

To compensate you for benefits which you are forfeiting by resigning from NBC to accept a position with the Company, you will be granted (1) 33,000 shares of restricted stock, which will vest in equal amounts (11,000 shares) on each of the first, second, and third anniversaries of March 23, 1998; and (2) an additional 7,000 shares of restricted stock which will vest in equal amounts (1,400 shares) on each of the first five anniversaries of March 23, 1998. These restricted stock awards are subject to the terms and conditions set forth in the award agreement attached as Exhibit B.

Delta will provide reimbursement for the reasonable cost of your legal counsel in connection with the negotiation and preparation of this agreement. While employed by the Company, you will be entitled to such fringe benefits as are provided to Executive Vice Presidents of the Company.
including free and reduced-rate travel, automobile allowance, initiation fees and monthly dues for one country club membership, and similar programs as in effect from time to time.

Except as otherwise provided in this letter agreement, your employment with Delta will be subject to Delta's standard policies and will be governed by the terms and conditions of the Personnel Practices Manual, as may be amended from time to time hereafter. You will be provided with vacation, sick leave, and paid holidays in accordance with Delta's standard policy regarding these benefits for Executive Vice Presidents of the Company.

You will also be eligible to participate in Delta's standard benefit programs, as amended from time to time, including the following:

1. DeltaFlex, our flexible benefits plan, which provides you with a menu of choices for medical, dental, life insurance, and disability benefits.

2. The Officer Life Insurance program.

3. The Delta Family-Care Disability and Survivorship Plan, which provides certain disability benefits to you and certain benefits in the event of your death.

4. The Delta Family-Care Retirement Plan benefit will accrue from the date you join Delta. In addition, Delta has a nonqualified plan which will cover any excess benefits not payable by the Delta Family-Care Retirement Plan (due to Section 415 or 401(a)(17) limitations). For purposes of both vesting and benefit accrual, you will be deemed to have eleven (11) additional years of service with Delta, provided that you complete at least three (3) years of actual service as an employee with Delta. The additional benefit will be paid under the nonqualified plan.

5. After one year of service, the Delta Family-Care Savings Plan, which currently features pre-tax or post-tax employee contributions of up to 12% (up to the limits of the Internal Revenue Code), and a 50% match of your contributions on the first 4% of salary, with Delta's maximum contribution equal to 2% of your salary.
The Company will pay all costs of relocation of you and your family to the Atlanta metropolitan area in accordance with the Company's relocation policy supplemented as follows:

a) Reasonable temporary living expenses for you and your family in the Atlanta metropolitan area for a period not to exceed six months from April 23, 1998;

b) If you so elect prior to April 23, 1999, the Company will purchase from you your primary residence as of the date hereof. The purchase price will be equal to the average of the estimates of the fair market value of the residence as determined, within 30 days of such election, by two reputable and independent professional real estate appraisers, one of which will be selected by you and one of which will be selected by the Company;

c) The weight limitation for movement of your household effects will be waived;

d) The Company will pay up to two discount points with respect to one mortgage financing of your initial new residence in the Atlanta metropolitan area; and

e) The Company will absorb any income tax liability resulting from relocation benefits provided on your behalf.

Your eligibility for severance benefits is summarized below:

**Change in Control**

Your eligibility for benefits in conjunction with a Change in Control will be governed by Delta's Retention Protection Agreement applicable to Executive Vice Presidents of the Company.

**Termination for Cause or Without Good Reason**

No severance benefit provided.
Termination Without Cause or For Good Reason*

If your employment is terminated prior to March 23, 2001 (other than by reason of death or disability) by the Company without Cause or by you with Good Reason, you will receive: (1) the balance of your then current base salary and then current target ICP award through March 22, 2001 (subject to a minimum of twelve (12) months of such salary and award), (2) immediate vesting of any unvested stock option and restricted stock awards which you have been granted on March 23, 1998, and (3) immediate vesting of all accrued retirement plan benefits, including your eleven (11) additional years of service credit. For purposes of this letter agreement, the terms "Cause" and "Good Reason" (and related terms) shall have the meanings set forth in Exhibit C accompanying this letter agreement.

Termination After Death or Disability*

If your employment is terminated due to death or disability prior to March 23, 2001, you will receive: (1) such death or disability benefits as shall then be maintained by the Company for which you or your survivors are eligible; (2) immediate vesting of any unvested stock option and restricted stock awards which you have been granted on March 23, 1998, and (3) immediate vesting of all accrued retirement plan benefits, including your eleven (11) additional years of service credit.

In the event of any conflict between the terms of this letter agreement and the terms of any other agreement, award or arrangement contemplated hereby, the terms of this letter agreement shall control. This letter agreement supersedes all prior discussions and documentation concerning your compensation arrangements with the Company.

If the terms outlined above reflect your understanding of our offer and you accept employment based on these terms, please indicate your acceptance by signing the two original letters provided. Please keep one letter for your records and return the other to me.

Warren, we are extremely pleased to have you join the Delta team, and I look forward with great pleasure to our association with you in this important role.

* In the event a Qualifying Event (as defined in your Retention Protection Agreement) occurs during the term of your Retention Protection Agreement, the Retention Protection Agreement shall apply instead of these provisions.
at Delta. I anticipate benefiting from your expertise, and I believe you will help us establish a winning formula for success in the future.

Sincerely,

Leo F. Mullin

Accepted and agreed to this
23rd day of March, 1998

Warren Jenson
EXECUTIVE RETENTION PROTECTION AGREEMENT

EXECUTIVE RETENTION PROTECTION AGREEMENT ("Agreement") dated as of March 23, 1998 (the "Effective Date") by and between Delta Air Lines, Inc., a Delaware corporation (the "Company"), and Warren C. Jenson ("Executive").

WHEREAS, Executive is presently employed by the Company in a key management capacity; and

WHEREAS, the Board of Directors of the Company (the "Board") has determined that it is in the best interests of the Company and its stockholders that appropriate steps be taken to reinforce and encourage the continued attention of key management personnel, including Executive, to their assigned duties without the distraction that may arise from personal uncertainties associated with any pending or threatened change in control of the Company; and

WHEREAS, the Board has also determined that it is in the best interests of the Company and its stockholders to encourage Executive's continued availability to the Company in the event of a change in control.

NOW THEREFORE, in consideration of the foregoing and of the mutual covenants and agreements of the parties set forth in this Agreement, and of other good and valuable consideration including, but not limited to, Executive's continuing employment with the Company, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, agree as follows:

ARTICLE 1

TERM OF AGREEMENT

SECTION 1.01. Initial Term. The term of this Agreement shall commence on the Effective Date and shall expire December 31, 1998 (the "Initial Term"), subject to Sections 1.02 and 1.03.

SECTION 1.02. Extensions. As of each December 31 after the Effective Date, the term of this Agreement shall automatically be extended by one year (each such additional one-year period following the Initial Term a "Successive Period") unless, at least sixty days prior to such December 31, (i) either party has provided the other with written notice of such party's intent that the term of this Agreement not be so extended or (ii) there occurs a termination of Executive's employment with the Company.
SECTION 1.03. Automatic Extension Upon Change in Control. In the event that a Change in Control occurs during the Initial Term or any Successive Period, upon the effective date of such Change in Control the term of this Agreement shall automatically be extended for a period of 36 months from the effective date of such Change in Control. The 36-month extension described in this Section 1.03 shall take effect regardless of whether, before or after the effective date of a Change in Control, Executive or the Company has given written notice of intent not to extend the term of the Agreement pursuant to Section 1.02 or there has occurred a termination of Executive's employment, provided the term of the Agreement has not yet expired as of such effective date.

ARTICLE 2

OBLIGATIONS OF COMPANY ON CHANGE IN CONTROL

SECTION 2.01. Deferred Compensation. (a) In the event that a Change in Control occurs during the term of this Agreement, the Company shall promptly thereafter cause to be irrevocably deposited in trust for the benefit of Executive and his or her beneficiaries, on the terms set forth in Section 2.01(c), an amount equal to the balance as of the date of such deposit of Executive's accounts under the Deferred Compensation Plan. (Such trust is hereinafter referred to as the "Deferred Compensation Trust.") From and after the date of such Change in Control, the Company shall cause to be irrevocably deposited in the Deferred Compensation Trust any additional amounts that may be deferred from time to time by Executive under the Deferred Compensation Plan. Each such subsequent deposit shall be made on the date the applicable deferred amount would otherwise have been received by Executive, but for Executive's election to defer such receipt under the Deferred Compensation Plan.

(b) The trustee of the Deferred Compensation Trust shall be a bank that is organized under the laws of the United States of America, has assets exceeding $500,000,000, and may validly exercise trustee powers under Georgia state law. All trustee's fees and other expenses of administering the Deferred Compensation Trust shall be borne by the Company.

(c) The instrument governing the Deferred Compensation Trust (the "Trust Instrument") shall, to the extent reasonably necessary to assure that the Deferred Compensation Plan will continue to be treated as "unfunded" for purposes of ERISA and the Code, provide that upon insolvency of the Company the assets of the Trust will be subject to the claims of the Company's general creditors. The Trust Instrument shall provide that in all other respects the assets of the Deferred Compensation Trust will be maintained for the exclusive benefit of Executive and his or her beneficiaries, and will otherwise be subject to all fiduciary and other requirements of applicable state trust law. The Trust Instrument shall require that the trustee invest the assets of the Trust in a manner calculated to match as closely
as the trustee deems reasonably possible the investment elections made from time to time by Executive under the Deferred Compensation Plan, and shall provide for payment of benefits in accordance with the terms of Executive's applicable payment elections as in effect from time to time under the Deferred Compensation Plan.

(d) After the date of a Change in Control, the Company shall not (other than pursuant to Section 3.03(i) hereof) take any steps to disturb or alter Executive's (or Executive's beneficiaries') rights to receive amounts deferred under the Deferred Compensation Plan in accordance with such Executive's applicable payment elections as in effect from time to time. Nothing herein or in the Trust Instrument shall relieve the Company of its obligation to pay benefits under the Deferred Compensation Plan in accordance with the terms of such Plan, to the extent such benefits are not paid from the Deferred Compensation Trust.

SECTION 2.02. Payment of Performance-Based Awards. In the event that a Change in Control occurs during the term of this Agreement and while Executive is employed by the Company, the Company shall promptly thereafter pay Executive the sum of (i) the Reference Incentive Compensation Award, prorated to reflect the portion of the fiscal year elapsed through the date of the Change in Control, and (ii) the Reference Long-Term Award, for each performance period that includes the date of the Change in Control under any long-term incentive plan maintained by the Company, prorated to reflect the portion of such performance period elapsed through the date of the Change in Control. The amounts referred to in clauses (i) and (ii) above shall be paid in the form of cash or shares of Company stock, in accordance with the terms of the applicable award agreements. The payment under this Section 2.02 shall discharge all liabilities of the Company to Executive under the Company's annual and long-term incentive plans and programs, and under this Agreement, with respect to performance-based incentive compensation (other than stock options and stock appreciation rights) for the periods referred to in clauses (i) and (ii) above.

SECTION 2.03. Stock Options, Stock Appreciation Rights and Non-Performance-Based Award. In the event that a Change in Control occurs during the term of this Agreement and while Executive is employed by the Company, all outstanding stock options, stock appreciation rights, restricted stock (if not performance-based), or other non-performance-based awards held by Executive pursuant to the provisions of the Company's 1989 Stock Incentive Plan or any successor plan shall become immediately vested, nonforfeitable and exercisable as of the date of the Change in Control.

SECTION 2.04. Gross-Up Payment. In the event that a Change in Control occurs during the term of this Agreement, if any payment or acceleration of vesting or exercisability under this Article 2 would result in the imposition of excise tax under Section 4999 of the Code, or of any interest or penalties with respect to such excise tax, then Executive shall be entitled to a Gross-Up Payment with respect to
such excise tax, interest or penalties. Such Gross-Up Payment shall be determined in the manner set forth in Article 4 (excluding Paragraph A and the last sentence of Paragraph B of Section 4.01), substituting the term "Change in Control" for the term "Qualifying Event" in Section 4.02. In addition, such Gross-Up Payment shall be subject to the provisions of Section 4.03 in the same manner as if such Gross-Up Payment had been paid under Article 4. The Company shall pay Executive the Gross-Up Payment described in this Section 2.04 as soon as practicable following the Change in Control, but in no event later than 30 days from such Change in Control.

ARTICLE 3

SEVERANCE BENEFITS

SECTION 3.01. Right to Severance Benefits. In the event that a Qualifying Event occurs during the term of this Agreement, Executive shall be entitled to receive from the Company Severance Benefits as described in Section 3.03 and the Gross-Up Payment described in Section 4.01. The Severance Benefits described in Sections 3.03(a), 3.03(b), 3.03(c), 3.03(d), 3.03(e), 3.03(f), 3.03(h) and 3.03(i), as well as the Gross-Up Payment, shall be paid or provided to Executive as soon as practicable following the Qualifying Event, but in no event later than 30 days from such Qualifying Event.

SECTION 3.02. Qualifying Event. A "Qualifying Event" means any of the following events:

(a) The involuntary termination of Executive's employment by the Company during the 36-month period following a Change in Control, other than (i) for Cause, or (ii) by reason of Executive's death or Disability;

(b) Executive's voluntary termination of employment for Good Reason during the 36-month period following a Change in Control; or

(c) The occurrence of a Change in Control within one year after (i) the involuntary termination of Executive's employment by the Company other than (A) for Cause, or (B) by reason of Executive's death or Disability; or (ii) Executive's voluntary termination of employment for Good Reason; if, in the case of either clause (i) or (ii), the involuntary termination or actions giving rise to the existence of Good Reason, as the case may be, were undertaken by the Company in anticipation of a Change in Control.

SECTION 3.03. Severance Benefits. Executive shall be entitled to the following benefits (the "Severance Benefits") under the circumstances described in Section 3.01:
(a) The Company shall pay Executive a lump sum, in cash, equal to Executive's earned but unpaid Base Salary and other earned but unpaid cash entitlements for the period through and including the date of termination of Executive's employment, including unused earned and accrued vacation pay and unreimbursed business expenses. In addition, Executive shall be entitled to any other benefits earned or accrued by Executive for the period through and including the date of termination of Executive's employment under any other employee benefit plans and arrangements maintained by the Company, in accordance with the terms of such plans and arrangements, except as modified herein.

(b) In the case of a Qualifying Event described in Section 3.02(c), the Company shall pay Executive the amount that would have been payable to Executive under Section 2.02, had the Change in Control occurred as of the date of termination of Executive's employment. The payment under this Section 3.03(b) shall be reduced by any payments previously made to Executive under the Company's annual and long-term incentive plans and programs, and under this Agreement, with respect to performance-based incentive compensation (other than stock options and stock appreciation rights) for the periods referred to in clauses (i) and (ii) of Section 2.02.

(c) The Company shall pay Executive a lump sum, in cash, equal to three times the sum of Executive's Reference Salary and Reference Incentive Compensation Award.

(d) The Company shall pay Executive a lump sum, in cash, equal to the actuarial present value of the difference between the retirement benefits described in clauses (i) and (ii) below:

(i) The retirement benefits described in this clause shall be the total benefits that would be payable to Executive and his or her spouse under the Qualified Pension Plan and the Nonqualified Pension Plans in the form of a monthly annuity commencing as of Executive's Earliest Retirement Date, calculated in accordance with the terms of such plans as in effect on the date of termination of Executive's employment (or, if greater, as in effect immediately prior to the Change in Control), and assuming:

(A) Executive is fully vested in his or her benefits under such plans;

(B) The number of years of Executive's credited service for purposes of benefit accrual under such plans is equal to three plus the number of such years of service credited under such plans without regard to this Section 3.03(d)(i)(B);
(C) Executive's age as of the Earliest Retirement Date is equal to Executive's actual age as of such date plus three years, for purposes of calculating any reduction under such plans for early commencement of benefits; and

(D) As of Executive's annuity starting date, Executive has a spouse who meets the requirements set forth in the Qualified Pension Plan for entitlement to automatic joint and survivor annuity benefits.

(ii) The retirement benefits described in this clause shall be the benefits that would be payable to Executive and his or her spouse under the Qualified Pension Plan in the form of a monthly annuity commencing as of Executive's Earliest Retirement Date, calculated in accordance with the terms of such Plan, assuming that as of Executive's annuity starting date Executive has a spouse who meets the requirements set forth in the Qualified Pension Plan for entitlement to automatic joint and survivor annuity benefits.

For purposes of this Section 3.03(d), "actuarial present value" shall be calculated using the assumptions in effect, immediately prior to the Change in Control, for purposes of calculating actuarial equivalence under the Qualified Pension Plan. The payment under this Section 3.03(d) shall be reduced, in the case of a Qualifying Event described in Section 3.02(c), by the total amount of payments (if any) made to Executive and his or her spouse under the Nonqualified Pension Plans between the date of termination of Executive’s employment and the date of payment under this Section 3.03(d). The payment under this Section 3.03(d) shall discharge all liabilities of the Company with respect to retirement benefits of Executive under the Nonqualified Pension Plans.

(e) (i) If Executive has attained age 52 as of the date of termination of his or her employment, Executive shall be entitled to retiree medical and monthly survivor benefits from the Company commencing as of the date of the Qualifying Event. Such benefits shall be provided at a level of coverage no less generous, and at the same cost to Executive, as the retiree medical and monthly survivor benefits for which Executive would have been eligible upon retirement under the retiree benefits program maintained by the Company as in effect immediately prior to the Change in Control, provided, that if Executive has earned at least ten years of Continuous Service under the Qualified Pension Plan as of the date of termination of
employment (taking into account the assumption set forth in Section 3.03(d)(i)(B)), the Company shall pay Executive a lump sum, in cash, equal to the present value (as of the date of the Qualifying Event) of any premium imposed solely because of early retirement. The assumption set forth in Section 3.03(d)(i)(B) shall be taken into account in determining the level of any service-related premium to which Executive becomes subject at any time with respect to retiree medical benefits provided by the Company.

(ii) If, after taking into account the assumption set forth in Section 3.03(d)(i)(C), Executive has attained age 52 as of the date of termination of his or her employment, the Company shall, at its election, provide to Executive either: (A) retiree medical and monthly survivor benefits described in (i) above; or (B) a lump sum, in cash, equal to the present value (as of the date of the Qualifying Event) of the retiree medical and monthly survivor benefits described in (i) above.

(iii) If, after taking into account the assumption set forth in Section 3.03(d)(i)(C), Executive has not attained age 52 as of the date of termination of his or her employment, the Company shall pay Executive a lump sum, in cash, equal to the present value (as of the date of the Qualifying Event) of medical, disability and monthly survivor coverage (as provided to active nonpilot personnel) of Executive and Executive’s eligible dependents under the Medical Plans and Disability Plan for 36 months from the date of the Qualifying Event.

(iv) In determining present value under clauses (i), (ii) and (iii) above, all terms applicable to Executive under the Medical Plans and Disability Plan immediately prior to the date of the Change in Control (including the level of premiums payable by Executive) shall be taken into account. The amount of such present value shall be determined by Northern Trust Retirement Consulting Inc. (the “Actuarial Firm”) on the basis of such assumptions as the Actuarial Firm determines to be reasonable. In the event that the Actuarial Firm is serving as actuary for the Person effecting the Change in Control or is otherwise unavailable, Executive may appoint another nationally recognized actuarial firm to make the determinations required hereunder (which actuarial firm shall then be referred to as the Actuarial Firm hereunder). The Actuarial Firm shall provide its determination and detailed supporting calculations both to the Company and Executive within fifteen business days of the receipt of notice from Executive that there has been a Qualifying Event, or such earlier time as is requested by the Company. All fees and expenses of the Actuarial Firm shall be borne solely by the Company.

(f) The Company shall provide Executive with a fully paid-up term life insurance policy (with premiums pre-paid for the remainder of Executive’s life) on
Executive’s life, providing Executive’s beneficiaries with a death benefit of $50,000. In addition, if Executive is eligible for early or normal retirement benefits under the Qualified Pension Plan as of the date of termination of Executive’s employment, the Company shall provide Executive a fully paid-up term life insurance policy (with premiums pre-paid for the remainder of Executive’s life) on Executive’s life, providing Executive’s beneficiaries with a death benefit of two times Executive’s Reference Salary. For purposes of determining Executive’s entitlement to the life insurance policy described in the preceding sentence, the assumptions set forth in Sections 3.03(d)(i)(B) and 3.03(d)(i)(C) shall be taken into account.

(g) Executive and Executive’s spouse, for the remainder of their respective lives, and Executive’s dependent children, for so long as they are under age 18 (or under age 23 if a full-time student), shall be entitled to free system-wide flight privileges on Company flights to any location which the Company serves. Such privileges shall entitle Executive, Executive’s spouse and Executive’s dependent children to unlimited positive space (or space available, at Executive’s option) first-class tickets, but Executive’s dependent children shall not be entitled to first-class privileges if under age 8; provided further that all of such flight privileges shall otherwise be subject to the same conditions and restrictions as pertain from time to time to the flight privileges generally provided by the Company to its retirees. Nothing herein shall be deemed as a limitation upon any retiree flight privileges for which Executive may otherwise qualify.

(h) In the case of a Qualifying Event described in Section 3.02(c), all outstanding stock options, stock appreciation rights, restricted stock (if not performance-based), or other non-performance-based awards held by Executive pursuant to the provisions of the Company’s 1989 Stock Incentive Plan or any successor plan shall become immediately vested, nonforfeitable and exercisable as of the date of the Change in Control. In addition, in the case of such a Qualifying Event, the Company shall, with respect to any such stock option, stock appreciation right, restricted stock or other nonperformance-based award forfeited by Executive on or after the date of termination of Executive’s employment (except where such forfeiture occurs solely by reason of expiration of the term of such award), pay to Executive a lump sum, in cash, equal to the fair market value such award would have had as of the date of the Change in Control, taking into account the exercise price, if any, associated with such award and treating such award as fully vested and exercisable.

(i) The Company shall pay (or cause the Deferred Compensation Trust to pay) to Executive a lump sum, in cash, equal to the balance of Executive’s accounts under the Deferred Compensation Plan.

(j) The Company shall indemnify Executive (and Executive’s legal representatives or other successors) to the fullest extent permitted by the
Certificate of Incorporation and By-Laws of the Company, as in effect at such time or on the Effective Date, or by the terms of any indemnification agreement between the Company and Executive, whichever affords or afforded greater protection to Executive, and Executive shall be entitled to the protection of any insurance policies the Company may elect to maintain generally for the benefit of its directors and officers (and to the extent the Company maintains such an insurance policy or policies, Executive shall be covered by such policy or policies, in accordance with its or their terms, to the maximum extent of the coverage available for any Company officer or director), against all costs, charges and expenses whatsoever incurred or sustained by Executive or Executive's legal representatives at the time such costs, charges and expenses are incurred or sustained, in connection with any action, suit or proceeding to which Executive (or Executive's legal representatives or other successors) may be made a party by reason of Executive's being or having been a director, officer or employee of the Company, or any Subsidiary or Executive's serving or having served any other enterprise as a director, officer, employee or fiduciary at the request of the Company.

ARTICLE 4

CERTAIN TAX PAYMENTS

SECTION 4.01. Gross-Up Payment. The Company shall pay to Executive an additional lump sum payment (the "Gross-Up Payment"), in cash, equal to the sum of the amounts described in Paragraphs A and B (if any), below:

A. Executive shall be entitled under this paragraph to the sum of (i) the present value of all of Executive's applicable Federal, state and local taxes arising due to payments or coverage provided under Section 3.03(e), and (ii) an additional amount such that after payment by Executive of all of Executive's applicable Federal, state and local taxes on such additional amount, Executive will retain an amount equal to the total of Executive's applicable Federal, state and local taxes arising due to the payment required pursuant to clause (i) above. For purposes of clause (i) above, present value shall be determined using the appropriate "applicable federal rate" promulgated by the Treasury Department under Code Section 1274(d) for the month in which the Gross-Up Payment is made, assuming that all taxes will be paid on the due date therefor (without regard to extensions).

B. If any portion of the Severance Benefits or any other payment under this Agreement, or under any other agreement with, or plan of the Company, including but not limited to stock options and other long-term incentives (in the aggregate "Total Payments") would be subject to the excise tax imposed by Section 4999 of the Code or any interest or penalties with respect to such excise tax (such excise tax, together with any such
For purposes of Paragraphs A and B above, Executive's applicable Federal, state and local taxes shall be computed at the maximum marginal rates, taking into account the effect of any loss of personal exemptions resulting from receipt of the Gross-Up Payment.

SECTION 4.02. Determinations. All determinations required to be made under this Article 4, including the amount of the Gross-Up Payment, whether a payment is required under Paragraph B of Section 4.01, and the assumptions to be used in determining the Gross-Up Payment, shall be made by Arthur Andersen LLP (the "Accounting Firm") which shall provide detailed supporting calculations both to the Company and Executive within twenty business days of the receipt of notice from Executive that there has been a Qualifying Event, or such earlier time as is requested by the Company. In the event that the Accounting Firm is serving as accountant or auditor for the Person effecting the Change in Control or is otherwise unavailable, Executive may appoint another nationally recognized accounting firm to make the determinations required hereunder (which accounting firm shall then be referred to as the Accounting Firm hereunder). All fees and expenses of the Accounting Firm shall be borne solely by the Company.

SECTION 4.03. Subsequent Redetermination. Executive agrees (unless requested otherwise by the Company) to use reasonable efforts to contest in good faith any subsequent determination by the Internal Revenue Service that Executive owes an amount of Excise Tax greater than the amount determined pursuant to Section 4.02; provided, that Executive shall be entitled to reimbursement by the Company of all fees and expenses reasonably incurred by Executive in contesting such determination. In the event the Internal Revenue Service or any court of competent jurisdiction determines that Executive owes an amount of Excise Tax that is either greater or less than the amount previously taken into account and paid under this Article 4, the Company shall promptly pay to Executive, or Executive shall promptly repay to the Company, as the case may be, the amount of such excess or shortfall. In the case of any payment that the Company is required to make to Executive pursuant to the preceding sentence (a "Later Payment"), the Company shall also pay to Executive an additional amount such that after payment by Executive of all of Executive's...
applicable Federal, state and local taxes on such additional amount, Executive will retain an amount equal to the total of Executive's applicable Federal, state and local taxes arising due to the Later Payment. In the case of any repayment of Excise Tax that Executive is required to make to the Company pursuant to the second sentence of this Section 4.03, Executive shall also repay to the Company the amount of any additional payment received by Executive from the Company in respect of applicable Federal, state and local taxes on such repaid Excise Tax, to the extent Executive is entitled to a refund of (or has not yet paid) such Federal, state or local taxes.

ARTICLE 5

SUCCESSORS AND ASSIGNMENTS

SECTION 5.01. Successors. The Company will require any successor (whether by reason of a Change in Control, direct or indirect, by purchase, merger, consolidation, or otherwise) to all or substantially all of the business and/or assets of the Company to expressly assume and agree to perform the obligations under this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place.

SECTION 5.02. Assignment by Executive. This Agreement shall inure to the benefit of and be enforceable by Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees, and legatees. If Executive should die while any amount is owed but unpaid to Executive hereunder, all such amounts, unless otherwise provided herein, shall be paid to Executive's devisee, legatee, or other designee, or if there is no such designee, to Executive's estate. Executive's rights hereunder shall not otherwise be assignable.

ARTICLE 6

MISCELLANEOUS

SECTION 6.01. Notices. Any notice required to be delivered hereunder shall be in writing and shall be addressed

if to the Company, to:

Delta Air Lines, Inc.
Hartsfield Atlanta International Airport Post Office Box 20706
Atlanta, GA 30320-2534 Attn: General Counsel;

if to Executive, to Executive's last known address as reflected on the books and records of the Company
or such other address as such party may hereafter specify for the purpose by written notice to the other party hereto. Any such notice shall be deemed received on the date of receipt by the recipient thereof if received prior to 5 p.m. in the place of receipt and such day is a business day in the place of receipt. Otherwise, any such notice shall be deemed not to have been received until the next succeeding business day in the place of receipt.

SECTION 6.02. Legal Fees and Expenses. The Company shall pay all legal fees, costs of litigation, prejudgment interest, and other expenses which are reasonably incurred by Executive as a result of (i) the Company's refusal to provide Severance Benefits or other amounts in accordance herewith, (ii) the Company's (or any third party's) contesting the validity, enforceability, or interpretation of the Agreement, (iii) any conflict between the parties pertaining to this Agreement, (iv) Executive's contesting any determination by the Internal Revenue Service pursuant to Section 4.03, or (v) Executive's pursuing any claim under Section 6.16 hereof.

SECTION 6.03. Arbitration. Executive shall have the right and option to elect (in lieu of litigation) to have any dispute or controversy arising under or in connection with this Agreement settled by arbitration, conducted before a panel of three arbitrators sitting in a location selected by Executive within 50 miles from the location of his or her job with the Company, in accordance with the rules of the American Arbitration Association then in effect. Executive's election to arbitrate, as herein provided, and the decision of the arbitrators in that proceeding, shall be binding on the Company and Executive. Judgment may be entered on the award of the arbitrator in any court having jurisdiction. All expenses of such arbitration, including the fees and expenses reasonably incurred by Executive, shall be borne by the Company.

SECTION 6.04. Unfunded Agreement. Except to the extent otherwise provided in Article 2, the obligations of the Company under this Agreement represent an unsecured, unfunded promise to pay benefits to Executive and/or Executive's beneficiaries, and shall not entitle Executive or such beneficiaries to a preferential claim to any asset of the Company.

SECTION 6.05. Non-Exclusivity of Benefits. Unless specifically provided herein, neither the provisions of this Agreement nor the benefits provided hereunder shall reduce any amounts otherwise payable, or in any way diminish Executive's rights as an employee of the Company, whether existing now or hereafter, under any compensation and/or benefit plans (qualified or nonqualified), programs, policies, or practices provided by the Company, for which Executive may qualify. Vested benefits or other amounts which Executive is otherwise entitled to receive under any plan, policy, practice, or program of the Company (i.e., including, but not limited to, vested benefits under the Qualified Pension Plan), at or subsequent to the date of termination of Executive's employment shall be payable in accordance with
such plan, policy, practice, or program except as expressly modified by this Agreement.

SECTION 6.06. Compensation Taken Into Account. Severance Benefits provided hereunder (other than the Base Salary and Reference Incentive Compensation Award payable pursuant to Sections 3.03(a) or 3.03(b)) shall not be considered for purposes of determining Executive's benefits under any other plan or program of the Company (including without limitation the Qualified Pension Plan and the Nonqualified Pension Plans).

SECTION 6.07. Employment Status. Nothing herein contained shall interfere with the Company's right to terminate Executive's employment with the Company at any time, with or without Cause, subject to the Company's obligation to provide such Severance Benefits and other amounts as may be required hereunder.

SECTION 6.08. Mitigation. In no event shall Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to Executive under any of the provisions of this Agreement, nor shall the amount of any payment hereunder be reduced by any compensation earned by Executive as a result of employment by another employer.

SECTION 6.09. No Set-Off. The Company's obligations to make all payments and honor all commitments under this Agreement shall be absolute and unconditional and shall not be affected by any circumstances including, without limitation, any set-off, counterclaim, recoupment, defense or other right which the Company may have against Executive.

SECTION 6.10. Entire Agreement. This Agreement represents the entire agreement between the parties with respect to Executive's employment and/or severance rights upon a Change in Control, and supersedes all prior discussions, negotiations, and agreements concerning such rights, including, but not limited to, any prior severance agreement made between Executive and the Company.

SECTION 6.11. Tax Withholding. Notwithstanding anything in this Agreement to the contrary, the Company shall withhold from any amounts payable under this Agreement all federal, state, city, or other taxes as are legally required to be withheld.

SECTION 6.12. Waiver of Rights. The waiver by either party of a breach of any provision of this Agreement shall not operate or be construed as a continuing waiver or as a consent to or waiver of any subsequent breach hereof.

SECTION 6.13. Severability. In the event any provision of the Agreement shall be held illegal or invalid for any reason, the illegality or invalidity shall not
affect the remaining parts of the Agreement, and the Agreement shall be construed and enforced as if the illegal or invalid provision had not been included.

SECTION 6.14. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Georgia without reference to principles of conflict of laws.

SECTION 6.15. Counterparts. This Agreement may be signed in several counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were on the same instrument.

SECTION 6.16. Claim Review Procedure. If Executive is denied benefits under this Agreement, Executive may request, in writing, a review of the denial by the Company or its designee within 60 days of receiving written notice of the denial. The Company shall respond in writing to a written request for review within 90 days of receipt of such request. Neither the claim procedure set forth in this Section 6.16 nor Executive's failure to adhere to such procedure shall derogate from Executive's right to enforce this Agreement through legal action, including arbitration as provided in Section 6.03.

ARTICLE 7
DEFINITIONS

For purposes of this Agreement, the following terms shall have the meanings set forth below.

"Accounting Firm" has the meaning accorded such term in Section 4.02.

"Actuarial Firm" has the meaning accorded such term in Section 3.03(e)(iv).

"Affiliate" and "Associate" have the respective meanings accorded to such terms in Rule 12b-2 under the Exchange Act as in effect on the Effective Date.

"Base Salary" means, at any time, the then-regular annual rate of pay which Executive is receiving as annual salary.

"Beneficial Ownership." A Person shall be deemed the "Beneficial Owner" of, and shall be deemed to "beneficially own," securities pursuant to Rule 13d-3 under the Exchange Act as in effect on the Effective Date.

"Board" has the meaning accorded such term in the second "Whereas" clause of this Agreement.
"Cause" means the occurrence of any one or more of the following:

(a) A demonstrably willful and deliberate act or failure to act by Executive (other than as a result of incapacity due to physical or mental illness) which is committed in bad faith, without reasonable belief that such action or inaction is in the best interests of the Company, and which act or inaction is not remedied within fifteen business days of written notice from the Company; or

(b) Executive's conviction for committing an act of fraud, embezzlement, theft, or any other act constituting a felony involving moral turpitude.

Notwithstanding the foregoing, Executive shall not be deemed to have been terminated for Cause unless and until there shall have been delivered to Executive a copy of a resolution duly adopted by the affirmative vote (which cannot be delegated) of not less than three-quarters of the entire membership of the Board at a meeting of the Board called and held for such purpose (after reasonable notice to Executive and an opportunity for Executive, together with Executive's counsel, to be heard before the Board), finding that, in the good faith opinion of the Board, Executive is guilty of conduct set forth above in clauses (a) or (b) of this definition and specifying the particulars thereof in detail.

"Change in Control" means, and shall be deemed to have occurred upon, the first to occur of any of the following events:

(a) Any Person (other than an Excluded Person) acquires, together with all Affiliates and Associates of such Person, Beneficial Ownership of securities representing 20% or more of the combined voting power of the Voting Stock then outstanding, unless such Person acquires Beneficial Ownership of 20% or more of the combined voting power of the Voting Stock then outstanding solely as a result of an acquisition of Voting Stock by the Company which, by reducing the Voting Stock outstanding, increases the proportionate Voting Stock beneficially owned by such Person (together with all Affiliates and Associates of such Person) to 20% or more of the combined voting power of the Voting Stock then outstanding; provided, that if a Person shall become the Beneficial Owner of 20% or more of the combined voting power of the Voting Stock then outstanding by reason of such Voting Stock acquisition by the Company and shall thereafter become the Beneficial Owner of any additional Voting Stock which causes the proportionate voting power of Voting Stock beneficially owned by such Person to increase to 20% or more of the combined voting power of the Voting Stock then outstanding, such Person shall, upon becoming
the Beneficial Owner of such additional Voting Stock, be deemed to have become the Beneficial Owner of 20% or more of the combined voting power of the Voting Stock then outstanding other than solely as a result of such Voting Stock acquisition by the Company;

(b) During any period of two consecutive years (not including any period prior to the Effective Date), individuals who at the beginning of such period constitute the Board (and any new Director, whose election by the Board or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds of the Directors then still in office who either were Directors at the beginning of the period or whose election or nomination for election was so approved), cease for any reason to constitute a majority of Directors then constituting the Board;

(c) A reorganization, merger or consolidation of the Company is consummated, in each case, unless, immediately following such reorganization, merger or consolidation, (i) more than 50% of, respectively, the then outstanding shares of common stock of the corporation resulting from such reorganization, merger or consolidation and the combined voting power of the then outstanding voting securities of such corporation entitled to vote generally in the election of directors is then beneficially owned, directly or indirectly, by all or substantially all of the individuals and entities who were the beneficial owners of the Voting Stock outstanding immediately prior to such reorganization, merger or consolidation, (ii) no Person (but excluding for this purpose any Excluded Person and any Person beneficially owning, immediately prior to such reorganization, merger or consolidation, directly or indirectly, 20% or more of the voting power of the outstanding Voting Stock) beneficially owns, directly or indirectly, 20% or more of, respectively, the then outstanding shares of common stock of the corporation resulting from such reorganization, merger or
consolidation or the combined voting power of the then outstanding voting securities of such corporation entitled to vote generally in the election of directors and (iii) at least a majority of the members of the board of directors of the corporation resulting from such reorganization, merger or consolidation were members of the Board at the time of the execution of the initial agreement providing for such reorganization, merger or consolidation; or

(d) The shareholders of the Company approve (i) a complete liquidation or dissolution of the Company or (ii) the sale or other disposition of all or substantially all of the assets of the Company, other than to any corporation with respect to which, immediately following such sale or other disposition, (A) more than 50% of, respectively, the then outstanding shares of common stock of such corporation and the combined voting power of the then outstanding voting securities of such corporation entitled to vote generally in the election of directors is then beneficially owned, directly or indirectly, by all or substantially all of the individuals and entities who were the beneficial owners of the Voting Stock outstanding immediately prior to such sale or other disposition of assets, (B) no Person (but excluding for this purpose any Excluded Person and any Person beneficially owning, immediately prior to such sale or other disposition, directly or indirectly, 20% or more of the voting power of the outstanding Voting Stock) beneficially owns, directly or indirectly, 20% or more of, respectively, the then outstanding shares of common stock of such corporation or the combined voting power of the then outstanding voting securities of such corporation entitled to vote generally in the election of directors and (C) at least a majority of the members of the board of directors of such corporation were members of the Board at the time of the execution of the initial agreement or action of the Board providing for such sale or other disposition of assets of the Company.

Notwithstanding the foregoing, in no event shall a "Change in Control" be deemed to have occurred (i) as a result of the formation of a Holding Company, or (ii) with respect to Executive, if Executive is part of a "group," within the meaning of Section 13(d)(3) of the Exchange Act as in effect on the Effective Date, which consummates the Change in Control transaction. In addition, for purposes of the definition of "Change in Control" a Person engaged in business as an underwriter of securities shall not be deemed to be the "Beneficial Owner" of, or to "beneficially own," any securities acquired through such Person's participation in good faith in a firm commitment underwriting until the expiration of forty days after the date of such acquisition.

"Company" has the meaning accorded such term in the introductory paragraph of this Agreement.

"Deferred Compensation Plan" means the Company's Executive Deferred Compensation Plan (or any similar successor plan adopted by the Company), as in effect immediately prior to the Change in Control.

"Deferred Compensation Trust" has the meaning accorded such term in Section 2.01.

"Disability" means Long-Term Disability, as such term is defined in the Disability Plan.

"Disability Plan" means the Delta Family-Care Disability and Survivorship Plan (or any successor disability and/or survivorship plan adopted by the Company), as in effect immediately prior to the Change in Control (subject to changes in coverage levels applicable to all employees generally covered by such Plan).

"Earliest Retirement Date" means the earliest date, after the date of termination of Executive's employment, as of which Executive would be eligible to commence receiving retirement benefits under the Qualified Pension Plan.

"Effective Date" has the meaning accorded such term in the introductory paragraph of this Agreement.


"Excise Tax" has the meaning accorded such term in Section 4.01.

"Excluded Person" means (i) the Company; (ii) any of the Company's Subsidiaries; (iii) any Holding Company; (iv) any employee benefit plan of the Company, any of its Subsidiaries or a Holding Company; or (v) any Person organized, appointed or established by the Company, any of its Subsidiaries or a Holding Company for or pursuant to the terms of any plan described in clause (iv).

"Executive" has the meaning accorded such term in the introductory paragraph of this Agreement.
"Good Reason" means, without Executive's express written consent, the occurrence of any one or more of the following:

(a) The assignment to Executive of duties inconsistent with Executive's authorities, duties, responsibilities and status as an officer of the Company, or a reduction or alteration in the nature or status of Executive's authorities, duties, or responsibilities, from those in effect as of the Reference Date; other than an insubstantial and inadvertent act that is remedied by the Company promptly after receipt of notice thereof given by Executive;

(b) The Company's requiring Executive to be based at a location in excess of 50 miles from Executive's principal job location or office immediately prior to the Reference Date; except for required travel on the Company's business to an extent consistent with Executive's business travel obligations immediately prior to the Reference Date;

(c) A reduction by the Company of Executive's Base Salary as in effect on the Reference Date (other than pursuant to a reduction by a uniform percentage of the salary of all full-time domestic employees of the Company who are not subject to a collective bargaining agreement); or a reduction in Executive's short-term or long-term incentive compensation opportunities under the executive incentive compensation plans of the Company for which Executive is eligible as in effect on the Reference Date;

(d) The failure by the Company to keep in effect compensation, retirement, health and welfare benefits, or perquisite programs under which Executive receives benefits substantially similar, in the aggregate, to the benefits under such programs as exist immediately prior to the Reference Date (other than pursuant to an equivalent reduction in such benefits of all full-time domestic employees of the Company who are not subject to a collective bargaining agreement); or the failure of the Company to meet the funding requirements, if any, of any of such programs; or

(e) Any material breach by the Company of its obligations under this Agreement or any failure of a successor of the Company to assume and agree to perform the Company's entire obligations under this Agreement, as required by Article 5 herein, provided that such successor has received at least ten days written notice from the Company or Executive of the requirements of Article 5.

"Gross-Up Payment" has the meaning accorded such term in Section 4.01.
"Holding Company" means an entity that becomes a holding company for the Company or its businesses as a part of any reorganization, merger, consolidation or other transaction, provided that the outstanding shares of common stock of such entity and the combined voting power of the then outstanding voting securities of such entity entitled to vote generally in the election of directors is, immediately after such reorganization, merger, consolidation or other transaction, beneficially owned, directly or indirectly, by all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Voting Stock outstanding immediately prior to such reorganization, merger, consolidation or other transaction in substantially the same proportions as their ownership, immediately prior to such reorganization, merger, consolidation or other transaction, of such outstanding Voting Stock.

"Initial Term" has the meaning accorded such term in Section 1.01.

"Later Payment" has the meaning accorded such term in Section 4.03.

"Medical Plans" means the DeltaFlex and the Delta Family-Care Medical Plans (or any successor medical plans adopted by the Company), as in effect immediately prior to the Change in Control (subject to changes in coverage levels applicable to all employees generally covered by such Plans).

"Nonqualified Pension Plans" means the 1991 Delta Excess Benefit Plan and the Delta Supplemental Excess Benefit Plan (or any successor nonqualified defined benefit retirement plans adopted by the Company).

"Person" means an individual, corporation, partnership, association, trust or any other entity or organization.

"Qualified Pension Plan" means the Delta Family-Care Retirement Plan (or any successor qualified defined benefit retirement plan adopted by the Company).

"Qualifying Event" has the meaning accorded such term in Section 3.02.

"Reference Date" means the earlier to occur of (i) a Change in Control and (ii) the date 90 days prior to the termination of Executive's employment.

"Reference Incentive Compensation Award" means:
(a) for purposes of Article 2 hereof, the greater of the target annual incentive compensation award or bonus (A) for the Company's most recently completed fiscal year prior to the Change in Control; and (B) for the Company's fiscal year that includes the Change in Control.

(b) for purposes of Article 3 hereof, the greater of the target annual incentive compensation award or bonus (A) for the Company's most recently completed fiscal year prior to the termination of Executive's employment; and (B) for the Company's fiscal year that includes Executive's termination of employment.

For purposes of both parts (a) and (b) of this definition, the "target annual incentive compensation award or bonus" with respect to any fiscal year shall be determined by multiplying the target salary percentage applicable to Executive for such year by the Reference Salary.

"Reference Long-Term Award" means, for each performance period that includes the date of a Change in Control under a long-term incentive plan maintained by the Company, the greater of (i) the actual award payable to Executive for such performance period, calculated as if such performance period had ended on the date of the Change in Control and (ii) the target award payable to Executive for such performance period.

"Reference Salary" means the greater of Executive's annual rate of Base Salary as in effect (i) upon the date of termination of Executive's employment, and (ii) immediately prior to the Change in Control.

"Severance Benefits" has the meaning accorded such term in Section 3.03.

"Subsidiary" of any Person means any other Person of which securities or other ownership interests having voting power to elect a majority of the board of directors or other Persons performing similar functions are at the time directly or indirectly owned by such Person.

"Successive Period" has the meaning accorded such term in Section 1.02.

"Total Payments" has the meaning accorded such term in Section 4.01.

"Trust Instrument" has the meaning accorded such term in Section 2.01.
"Voting Stock" means securities of the Company entitled to vote generally in the election of members of the Board.

IN WITNESS WHEREOF, the Company and Executive have executed this Agreement, to be effective as of the day and year first written above.

EXECUTIVE                         Delta Air Lines, Inc.

/s/ Warren C. Jenson              By: /s/ Leo F. Mullin
---------------------------------- ----------------------------------
Name: Leo F. Mullin
Title: President and Chief Executive Officer
The 1989 Stock Incentive Plan of Delta Air Lines, Inc., as amended ("Plan"), is intended as an inducement for officers, executives and key employees of Delta Air Lines, Inc. (the "Company") to continue in the employment of the Company, and to provide a greater incentive to such employees to make material contributions to the Company's success by increasing their proprietary interest in the Company through increased direct stock ownership. The Plan, which provides for certain awards to eligible employees, is administered by the Personnel & Compensation Committee of the Board of Directors (the "Committee"). Pursuant to the Plan, the Committee selected you to receive an award of a Nonqualified Stock Option under the Plan, effective as of the close of business on March 23, 1998, and has instructed me, on behalf of the Company, to provide this Agreement to you.

In consideration of the mutual covenants herein contained and for other good and valuable consideration, the Company and you as an employee of the Company (hereinafter called "Employee"), do hereby agree as follows:

1. The Company hereby grants to Employee a Nonqualified Stock Option ("Stock Option") covering 250,000 shares of Stock, as defined in the Plan, a copy of which has been furnished to Employee. This award is in all respects made subject to the terms and conditions of the Plan and, by signing and returning a copy of this Agreement to the Secretary of the Company, Employee acknowledges that he has read this Agreement and the Plan and agrees to all of the terms and conditions thereof for himself, any designated beneficiary and his heirs, executors, administrators or personal representatives. Terms used in this Agreement which are defined in the Plan shall have the meanings set forth in the Plan. In the event of any conflict between the Plan and this Agreement, the Plan shall control. Employee also acknowledges receipt of the Prospectus dated October 23, 1997, relating to the Plan.

2. The Option Price of the Stock Option covered by this award shall be $115.75 per share, the closing price of the Stock on the New York Stock Exchange (the "NYSE") on March 23, 1998, the date of this award.
3. Subject to the terms and conditions of the Plan and the other provisions of this Agreement, the Stock Option shall become exercisable in installments as follows, provided Employee continues to be employed by the Company on the dates indicated:

<table>
<thead>
<tr>
<th>Number of Shares with Respect to which Option First Becomes Exercisable</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>50,000</td>
<td>March 23, 1999</td>
</tr>
<tr>
<td>50,000</td>
<td>March 23, 2000</td>
</tr>
<tr>
<td>50,000</td>
<td>March 23, 2001</td>
</tr>
<tr>
<td>50,000</td>
<td>March 23, 2002</td>
</tr>
<tr>
<td>50,000</td>
<td>March 23, 2003</td>
</tr>
</tbody>
</table>

In the event of the occurrence prior to March 23, 2001 of the termination of Employee's employment (i) by the Company without Cause, (ii) by Employee with Good Reason or (iii) by reason of Employee's death or Disability (as defined in the Plan), the Stock Option shall immediately become fully exercisable, and the termination of Employee's employment will be treated, for purposes of determining the terms of exercise of the Stock Option under Section 10(b) of the Plan, as having occurred because of Employee's Retirement. For purposes of this Agreement, the terms "Cause" and "Good Reason" shall have the respective meanings assigned such terms in Annex A attached hereto.

4. Subject to the terms and conditions of the Plan and the other provisions of this Agreement, including Paragraph 8 below, the Stock Option granted to Employee herein may be exercised during the period beginning as set forth in Paragraph 3 above and ending March 22, 2008, except as provided in Sections 5 and 10 of the Plan. Subject to the terms and conditions of the Plan, Employee (or, if Employee is deceased, a party acting on his behalf pursuant to Section 10 of the Plan) may exercise the Stock Option granted herein in whole or, from time to time, in part by way of a written notice delivered to the Secretary of the Company which includes the following: (i) name, mailing address and social security number of Employee and the date, which shall be actual date of the notice; (ii) the number of shares of Stock with respect to which the Stock Option is being exercised; (iii) the date of grant and the Option Price with respect to the Stock Option being exercised; and (iv) the signature of Employee or a party acting on behalf of a deceased employee. Payment of the full purchase price of the shares of Stock covered by the exercise shall be made in the manner prescribed by the Committee from time to time. If the Committee, in its sole discretion, shall determine that it is appropriate to do so, such payment may be made in whole or in part by tender of shares of unrestricted Stock, as set forth in Section 5 of the Plan, subject to such requirements or procedures as the Committee may specify.

5. When the Stock Option is exercised, the Company shall make the appropriate calculations under the Plan and deliver to Employee, as soon as practicable, a certificate or certificates representing the net number of shares of Stock due to Employee.
pursuant to such exercise, calculated in accordance with this paragraph. Unless other tax withholding arrangements are made by Employee and the Company, the Company shall withhold from the shares of Stock issued to Employee a sufficient number of shares of Stock based on its fair market value on the date of exercise to cover any amounts which the Company is required to withhold to comply with withholding requirements of federal, state or local tax laws, rules or regulations. The fair market value for purposes of the second sentence of this paragraph shall be as reasonably determined by the Committee.

6. The Stock Option granted herein is not transferable otherwise than by will, by the laws of descent and distribution, or by a written designation referred to in Section 10(c) of the Plan, and is exercisable during Employee's lifetime only by Employee. In the event that the Stock Option is exercised pursuant to Section 10 of the Plan by any person other than Employee, such notice shall be accompanied by appropriate proof of the right of such person to exercise the Stock Option.

7. The Stock Option granted herein is subject to all terms of the Plan, including but not limited to Section 10(b), which provides for the forfeiture of certain benefits in certain circumstances in the event of Employee's Retirement prior to his normal retirement date.

8. Employee acknowledges that the federal securities laws and/or the Company's policies regarding trading in its securities may limit or restrict Employee's right to buy or sell shares of Stock, including, without limitation, sales of Stock to exercise the Stock Option or sales of Stock acquired pursuant to the exercise of the Stock Option. Employee agrees to comply with such federal securities law requirements and Company policies, as such laws and policies are amended from time to time.

This Agreement has been prepared in duplicate. Please note your acceptance in the space provided therefor and return the original for the Company's records.

IN WITNESS WHEREOF, the Company, acting through its duly authorized officer, has caused this Agreement to be duly executed, and Employee has hereunto set his hand, all as of the day and year first written above.

DELTA AIR LINES, INC.

BY __________________________
Leo F. Mullin
President and Chief Executive Officer

EMPLOYEE

_________________________________
Warren C. Jenson
"Cause" means the occurrence of any one or more of the following:

(a) A demonstrably willful and deliberate act or failure to act by you (other than as a result of incapacity due to physical or mental illness) which is committed in bad faith, without reasonable belief that such action or inaction is in the best interests of the Company, and which act or inaction is not remedied within fifteen business days of written notice from the Company; or

(b) Your conviction for committing an act of fraud, embezzlement, theft, or any other act constituting a felony involving moral turpitude.

Notwithstanding the foregoing, you shall not be deemed to have been terminated for Cause unless and until there shall have been delivered to you a copy of a resolution duly adopted by the affirmative vote (which cannot be delegated) of not less than three-quarters of the entire membership of the Board of Directors at a meeting of the Board called and held for such purpose (after reasonable notice to you and an opportunity for you, together with your counsel, to be heard before the Board), finding that, in the good faith opinion of the Board, you are guilty of conduct set forth above in clauses (a) or (b) of this definition and specifying the particulars thereof in detail.

"Effective Date" means March 23, 1998.

"Good Reason" means the occurrence of any one or more of the following, unless you have expressly consented in writing thereto:

(a) The assignment to you of duties inconsistent with your authorities, duties, titles, responsibilities and status as an officer of the Company, or a reduction or alteration in the nature or status of your authorities, duties, titles or responsibilities, from those in effect as of the Effective Date, other than an insubstantial and inadvertent act that is remedied by the Company promptly after receipt of notice thereof given by you;

(b) The Company's requiring you to be based at a location in excess of 50 miles from your principal job location or office on the later of (i) the Effective Date or (ii) immediately prior to the Reference Date; except for required travel on the Company's business to an extent consistent with your business travel obligations on the later of (i) the Effective Date or (ii) immediately prior to the Reference Date;

(c) A reduction by the Company of your base salary as in effect on the later of (i) the Effective Date or (ii) the Reference Date (other than pursuant to a reduction by a uniform percentage of the salary of all full-time domestic employees of the Company who are not subject to a collective bargaining agreement); or a reduction in your short-term or long-term incentive compensation opportunities under the executive incentive
compensation plans of the Company for which you are eligible as in effect on the later of (i) the Effective Date or (ii) the Reference Date;

(d) The failure by the Company to keep in effect compensation, retirement, health and welfare benefits, or perquisite programs under which you receive benefits substantially similar, in the aggregate, to the benefits under such programs as exist on the later of (i) the Effective Date or (ii) immediately prior to the Reference Date (other than pursuant to an equivalent reduction in such benefits of all full-time domestic employees of the Company who are not subject to a collective bargaining agreement); or the failure of the Company to meet the funding requirements, if any, of any of such programs; or

(e) Any material breach by the Company of its obligations under the letter agreement to which this Annex A relates or any failure of a successor of the Company to assume and agree to perform the Company's entire obligations under that letter agreement, provided that such successor has received at least ten days written notice from the Company or you of the requirement to assume those obligations.

"Reference Date" means the date 90 days prior to the termination of your employment.
Attachment B

RESTRICTED STOCK AWARD AGREEMENT
UNDER THE 1989 STOCK INCENTIVE PLAN

March 23, 1998

Warren C. Jenson
Executive Vice President and Chief Financial Officer

The 1989 Stock Incentive Plan of Delta Air Lines, Inc., as amended ("Plan"), is intended as an inducement for officers, executives and key employees of Delta Air Lines, Inc. (the "Company") to continue in the employment of the Company, and to provide a greater incentive to such employees to make material contributions to the Company's success by increasing their proprietary interest in the Company through increased direct stock ownership. The Plan, which provides for certain awards to eligible employees, is administered by the Personnel & Compensation Committee of the Board of Directors (the "Committee"). Pursuant to the Plan, the Committee has selected you to receive an award of Restricted Stock (as defined in the Plan) effective as of the close of business on March 23, 1998, and has instructed me to direct this letter to you.

In consideration of the mutual covenants herein contained and for other good and valuable consideration, the Company and you as an employee of the Company (hereinafter called "Employee"), do hereby agree as follows:

1. Grant of Shares. Pursuant to action of the Committee, the Company hereby grants to Employee 40,000 shares of Restricted Stock (the "Shares"). This award is in all respects made subject to the terms and conditions of the Plan, a copy of which has been provided to Employee, and by signing and returning a copy of this Agreement to the Secretary of the Company, Employee acknowledges that he has read the Plan and agrees to all of the terms and conditions thereof for himself, any designated beneficiary and his heirs, executors, administrators or personal representatives. Terms used in this Agreement which are defined in the Plan shall have the meanings set forth in the Plan. In the event of any conflict between the Plan and this Agreement, the Plan shall control. Employee also acknowledges receipt of the Prospectus dated October 23, 1997, relating to the Plan.

As soon as practicable following Employee's execution of this Agreement and the stock power described below in Section 6, a certificate or certificates representing the Shares and bearing the legend described below in Section 6 shall be issued to Employee. Upon issuance of the certificates representing the Shares, Employee shall have all rights of a stockholder with respect to the Shares, including the right to vote and, subject to Section 10 of this Agreement, to receive all dividends or other distributions paid or made with respect to the Shares; provided, however, that the Shares (and any securities of the Company which may be issued with respect to the Shares by virtue of any dividend reinvestment, stock split, combination, stock dividend or recapitalization, which securities

...
shall be deemed to be "Shares" hereunder) shall be subject to the terms and all of the restrictions set forth in this Agreement.

2. Restriction. Until the restriction imposed by this Section 2 (the "Restriction") has lapsed pursuant to Section 3 or 4 below, Employee shall not be permitted to sell, exchange, assign, transfer, pledge or otherwise dispose of the Shares and the Shares shall be subject to forfeiture as set forth in Section 5 below.

3. Lapse of Restriction by Passage of Time. The Restriction shall lapse and have no further force or effect as follows: (a) with respect to 33,000 of the Shares, as to 33-1/3% of such Shares (including 33-1/3% of any additional Shares which at the time have been purchased with dividends on such Shares) on each of March 23, 1999, 2000 and 2001, provided Employee remains employed by the Company on such dates; and (b) with respect to 7,000 of the Shares, as to 20% of such Shares (including 20% of any additional Shares which at the time have been purchased with dividends on such Shares) on each of March 23, 1999, 2000, 2001, 2002 and 2003, provided Employee remains employed by the Company on such dates.

4. Lapse of Restriction in Certain Cases. The Restriction shall lapse and have no further force or effect with respect to all Shares hereunder upon the occurrence prior to March 23, 2001 of the termination of Employee's employment (i) by the Company without Cause, (ii) by Employee with Good Reason or (iii) by reason of Employee's death or Disability (as defined in the Plan). For purposes of this Agreement, the terms "Cause" and "Good Reason" shall have the respective meanings assigned such terms in Annex A attached hereto. Employee may provide to the Company written designation naming a person or persons who shall receive the Shares in the event of Employee's death, and such designation must be in a form approved by counsel for the Company. If there is no such approved designation, Shares shall be distributed upon Employee's death pursuant to Employee's last will and testament or as provided by law.

5. Forfeiture of Shares. In the event of termination of Employee's employment with the Company other than in the circumstances described in clauses (i), (ii) or (iii) of Section 4 and prior to lapse of the Restriction under Section 3, Employee shall immediately forfeit all right, title, and interest to the Shares which are still subject to the Restriction, and such Shares shall be canceled or transferred to the Company by Employee, without consideration to Employee or his heirs, executors, administrators or personal representatives.

6. Endorsement and Retention of Certificates. All certificates representing the Shares shall be endorsed on the face thereof with the following legend:

"The shares of stock represented by this certificate and the sale, transfer or other disposition of such shares are restricted by and subject to a Restricted Stock Award Agreement dated March 23, 1998 between Warren C. Jenson and the Company, a copy of which is on file with the Secretary of the Company."

All certificates for Shares shall be held by the Company until the restrictions thereon shall have lapsed and, as a condition to this award, Employee shall execute and
deliver to the Company a stock power, endorsed in blank and approved by counsel for the Company, relating to the Shares, as set forth in the Plan.

Upon lapse of the Restriction pursuant to Section 3 or 4 of this Agreement without a prior forfeiture of the Shares, a certificate or certificates for an appropriate number of unrestricted Shares shall be delivered to Employee and the certificate with the legend indicated above shall be canceled.

7. Withholding Taxes. Upon lapse of the Restriction on the Shares pursuant to Section 3 or 4 above, unless other tax withholding arrangements are made by Employee and the Company, sufficient Shares shall be transferred to the Company to provide for the payment of any taxes required to be withheld by federal, state, or local law with respect to income resulting from such lapse. The value of the Shares so transferred shall be the closing price of the Common Stock on the NYSE on the date the Restriction lapses (or, in the event that no sale of the Common Stock takes place on the NYSE on such date, the closing price of the Common Stock on the NYSE on the immediately preceding date on which such a sale occurred).

8. Rights Not Enlarged. Nothing herein confers on Employee any right to continue in the employ of the Company or any of its subsidiaries.

9. Succession. This Agreement shall be binding upon and operate for the benefit of the Company and its successors and assigns, and Employee and his heirs, executors, administrators or personal representatives.

10. Dividends. Any cash dividends which may become payable on the Shares shall be reinvested by the Company in shares of Common Stock, to the extent Shares are available under the Plan. If shares are not so available, dividends shall be paid in cash and held by the Company for the account of Employee until the Restriction lapses. In such event the Company shall pay interest on the amount so held as determined by the Committee, and the accumulated amount of such dividends and interest shall be payable to Employee upon the lapse of the Restriction. Those Shares and any cash held for the account of the Employee shall be governed by the Restriction set forth in the Agreement; the Restriction with respect to such Shares and such cash shall lapse as provided in Sections 3 and 4 of this Agreement; and such shares and such cash shall be forfeited pursuant to Section 5 to the extent that the Shares on which such dividends were paid shall be so forfeited.

11. Fractional Shares. Upon lapse of the Restriction, certificates for fractional Shares shall not be delivered to Employee, and the value of any fractional Shares which may result from the application of Section 3 or 4 of this Agreement shall be paid in cash to Employee, as determined in the last sentence of Section 7 above.

This Agreement has been prepared in duplicate. Please note your acceptance in the space provided therefor and return the original for the Company's records.
IN WITNESS WHEREOF, the Company, acting through its duly authorized officer, has caused this Agreement to be duly executed, and Employee has hereunto set his hand, all as of the day and year first written above.

DELTA AIR LINES, INC.

BY

Leo F. Mullin President and Chief Executive Officer

EMPLOYEE

__________________________
Warren C. Jenson
"Cause" means the occurrence of any one or more of the following:

(a) A demonstrably willful and deliberate act or failure to act by you (other than as a result of incapacity due to physical or mental illness) which is committed in bad faith, without reasonable belief that such action or inaction is in the best interests of the Company, and which act or inaction is not remedied within fifteen business days of written notice from the Company; or

(b) Your conviction for committing an act of fraud, embezzlement, theft, or any other act constituting a felony involving moral turpitude.

Notwithstanding the foregoing, you shall not be deemed to have been terminated for Cause unless and until there shall have been delivered to you a copy of a resolution duly adopted by the affirmative vote (which cannot be delegated) of not less than three-quarters of the entire membership of the Board of Directors at a meeting of the Board called and held for such purpose (after reasonable notice to you and an opportunity for you, together with your counsel, to be heard before the Board), finding that, in the good faith opinion of the Board, you are guilty of conduct set forth above in clauses (a) or (b) of this definition and specifying the particulars thereof in detail.

"Effective Date" means March 23, 1998.

"Good Reason" means the occurrence of any one or more of the following, unless you have expressly consented in writing thereto:

(a) The assignment to you of duties inconsistent with your authorities, duties, titles, responsibilities and status as an officer of the Company, or a reduction or alteration in the nature or status of your authorities, duties, titles or responsibilities, from those in effect as of the Effective Date, other than an insubstantial and inadvertent act that is remedied by the Company promptly after receipt of notice thereof given by you;

(b) The Company's requiring you to be based at a location in excess of 50 miles from your principal job location or office on the later of (i) the Effective Date or (ii) immediately prior to the Reference Date; except for required travel on the Company's business to an extent consistent with your business travel obligations on the later of (i) the Effective Date or (ii) immediately prior to the Reference Date;

(c) A reduction by the Company of your base salary as in effect on the later of (i) the Effective Date or (ii) the Reference Date (other than pursuant to a reduction by a uniform percentage of the salary of all full-time domestic employees of the Company who are not subject to a collective bargaining agreement); or a reduction in your short-term or long-term incentive compensation opportunities under the executive incentive
compensation plans of the Company for which you are eligible as in effect on the later of (i) the Effective Date or (ii) the Reference Date;

(d) The failure by the Company to keep in effect compensation, retirement, health and welfare benefits, or perquisite programs under which you receive benefits substantially similar, in the aggregate, to the benefits under such programs as exist on the later of (i) the Effective Date or (ii) immediately prior to the Reference Date (other than pursuant to an equivalent reduction in such benefits of all full-time domestic employees of the Company who are not subject to a collective bargaining agreement); or the failure of the Company to meet the funding requirements, if any, of any of such programs; or

(e) Any material breach by the Company of its obligations under the letter agreement to which this Annex A relates or any failure of a successor of the Company to assume and agree to perform the Company's entire obligations under that letter agreement, provided that such successor has received at least ten days written notice from the Company or you of the requirement to assume those obligations.

"Reference Date" means the date 90 days prior to the termination of your employment.
IRREVOCABLE STOCK POWER

The undersigned, Warren C. Jenson, does hereby assign, transfer and deliver unto _____________________ ________________ all of those shares of common stock of Delta Air Lines, Inc. (the "Company") granted as restricted stock (the "Restricted Stock") pursuant to the Restricted Stock Award Agreement Under The 1989 Stock Incentive Plan dated as of March 23, 1998, between the Company and Warren C. Jenson, as well as all of those shares of common stock of the Company purchased for the undersigned with reinvested dividends from the Restricted Stock (collectively, the "Shares").

The undersigned does hereby irrevocably constitute and appoint _______________________________________ attorney-in-fact, with full power of substitution, to transfer the Shares on the books of the Company, or to direct the Transfer Agent of the Company to so transfer the Shares.

Signature:

Printed Name:

Date:

Witness:
"Cause" means the occurrence of any one or more of the following:

(a) A demonstrably willful and deliberate act or failure to act by you

(other than as a result of incapacity due to physical or mental illness) which is committed in bad faith, without reasonable belief that such action or inaction is in the best interests of the Company, and which action or inaction is not remedied within fifteen business days of written notice from the Company; or

(b) Your conviction for committing an act of fraud, embezzlement, theft, or any other act constituting a felony involving moral turpitude.

Notwithstanding the foregoing, you shall not be deemed to have been terminated for Cause unless and until there shall have been delivered to you a copy of a resolution duly adopted by the affirmative vote (which cannot be delegated) of not less than three-quarters of the entire membership of the Board of Directors at a meeting of the Board called and held for such purpose (after reasonable notice to you and an opportunity for you, together with your counsel, to be heard before the Board), finding that, in the good faith opinion of the Board, you are guilty of conduct set forth above in clauses (a) or (b) of this definition and specifying the particulars thereof in detail.

"Effective Date" means March 23, 1998.

"Good Reason" means the occurrence of any one or more of the following, unless you have expressly consented in writing thereto:

(a) The assignment to you of duties inconsistent with your authorities, duties, titles, responsibilities and status as an officer of the Company, or a reduction or alteration in the nature or status of your authorities, duties, titles or responsibilities, from those in effect as of the Effective Date, other than an insubstantial and inadvertent act that is remedied by the Company promptly after receipt of notice thereof given by you;

(b) The Company's requiring you to be based at a location in excess of 50 miles from your principal job location or office on the later of (i) the Effective Date or (ii) immediately prior to the Reference Date; except for required travel on the Company's business to an extent consistent with your business travel obligations on the later of (i) the Effective Date or (ii) immediately prior to the Reference Date;
(c) A reduction by the Company of your base salary as in effect on the later of (i) the Effective Date or (ii) the Reference Date (other than pursuant to a reduction by a uniform percentage of the salary of all full-time domestic employees of the Company who are not subject to a collective bargaining agreement); or a reduction in your short-term or long-term incentive compensation opportunities under the executive incentive compensation plans of the Company for which you are eligible as in effect on the later of (i) the Effective Date or (ii) the Reference Date;

(d) The failure by the Company to keep in effect compensation, retirement, health and welfare benefits, or perquisite programs under which you receive benefits substantially similar, in the aggregate, to the benefits under such programs as exist on the later of (i) the Effective Date or (ii) immediately prior to the Reference Date (other than pursuant to an equivalent reduction in such benefits of all full-time domestic employees of the Company who are not subject to a collective bargaining agreement); or the failure of the Company to meet the funding requirements, if any, of any of such programs; or

(e) Any material breach by the Company of its obligations under the letter agreement to which this Exhibit C relates or any failure of a successor of the Company to assume and agree to perform the Company’s entire obligations under that letter agreement, provided that such successor has received at least ten days written notice from the Company or you of the requirement to assume those obligations.

"Reference Date" means the date 90 days prior to the termination of your employment.
EXCESS BENEFIT AGREEMENT

THIS EXCESS BENEFIT AGREEMENT ("Agreement") is made and entered into as of the 1st day of May, 1998, by and between DELTA AIR LINES, INC. (hereinafter the "Company") and Warren C. Jenson, (hereinafter "Key Employee"): 

WITNESSETH:

WHEREAS, the Company has implemented the 1991 Delta Excess Benefit Plan, and the Delta Supplemental Excess Benefit Plan, both as amended (collectively referred to as the "Plans"), and has entered into an Executive Retention Protection Agreement with Key Employee; and

WHEREAS, Key Employee has been deemed to be a participant in the Plans in accordance with their terms; and

WHEREAS, Key Employee has rendered valuable service to the Company in various executive capacities and the Company believes it is in the best interest of the Company in seeking to assure itself of Key Employee's continued best efforts in the future to provide for the payment of full retirement and other benefits to the Key Employee; and

WHEREAS, various sections of the Internal Revenue Code of 1986 (the "Code"), including, but not limited to, Sections 79, 401(a)(4), 401(a)(17), 415, and 505(b) restrict either: (i) compensation that may be taken into account in determining benefits under a qualified pension plan; (ii) benefits that can be paid from qualified pension plans; (iii) compensation that may be taken into account in determining benefits for participants in a Voluntary Employee Beneficiary Association ("VEBA") described in Section 501(c)(9) of the Code; or (iv) restrict benefits that can be paid from a VEBA (such limitations collectively or individually hereinafter referred to as the "Restrictions"); and

WHEREAS, the Company wishes to make up under nonqualified excess benefit plans and/or this Agreement any reduction in Key Employee's monthly retirement income benefit, disability or survivor benefits under either the Delta Family-Care Retirement Plan (the "Retirement Plan") or the Delta Family-Care Disability and Survivorship Plan (the "Disability and Survivorship Plan") which results from the Restrictions, or any other applicable laws, statutes, or regulations which restrict in any way the benefits that can be paid from a VEBA or qualified pension plan; and

WHEREAS, the Board of Directors of the Company has authorized post-retirement life insurance benefits for senior officers in excess of the coverage provided to other employees of the Company through the Basic Lump Sum Death Benefit under the Disability and Survivorship Plan; and
WHEREAS, certain restrictions imposed by the Tax Equity and Fiscal Responsibility Act of 1982 ("TEFRA") prohibit the Company from providing post-retirement life insurance benefits to officers in excess of that provided to other employees of the Company; and

WHEREAS, the Company wishes to make up any such loss of group life insurance coverage for Key Employee which cannot be provided because of the TEFRA restrictions;

NOW, THEREFORE, the parties hereby agree as follows:

1. Certain Requirements Not Applicable. The parties specifically acknowledge that this Agreement and Key Employee's participation in the Delta Supplemental Excess Benefit Plan is exempt from certain provisions of the Employee Retirement Income Security Act of 1974 ("ERISA") including, but not limited to, parts 2, 3 and 4 of Subtitle B of Title 1 of ERISA and is also subject to limited reporting and disclosure requirements of part 1 of Subtitle B of Title 1 of ERISA. The parties further acknowledge that the 1991 Delta Excess Benefit Plan is an "excess benefit plan" as defined in section 3(36) of ERISA and is unfunded and not subject to any provision of ERISA.

2. Incorporation of the Retirement Plan and the Disability and Survivorship Plan. The terms of the Retirement Plan and the Disability and Survivorship Plan are hereby incorporated into this Agreement by reference, except that changes in those plans which reduce benefits (except such changes as may be required by law) shall be incorporated as to Key Employee only if advance notice of such proposed reduction is given to the Key Employee and the Key Employee agrees to an amendment of this Agreement to incorporate the benefit reduction. The incorporation of the Retirement Plan and the Disability and Survivorship Plan is not intended to modify any provision of this Agreement, and the benefits provided hereunder shall be governed only by the provisions hereof and the Plans. Unless indicated otherwise, capitalized terms used in this Agreement shall have the meaning given those terms in the Retirement Plan and Disability and Survivorship Plan.

3. Supplemental Retirement Income. Subject to Sections 8 and 18, the Company agrees to pay Key Employee, or, in the event of Key Employee's death, Key Employee's Spouse, at the time and in the manner set forth below, supplemental retirement income ("Supplemental Retirement Income") equal to (a) minus (b) where

(a) equals the Early, Normal or Deferred Retirement income benefit or deferred vested pension benefit (whichever is appropriate) which Key Employee would receive or survivor benefit to which his spouse would receive under the Retirement Plan beginning on the Benefit Commencement Date (as defined below) if the Restrictions as reflected in the Retirement Plan and the Code were not in effect;
(b) equals the Early, Normal or Deferred Retirement benefit, or deferred vested pension benefit (whichever is appropriate) which Key Employee actually receives or survivor benefit which his Spouse actually receives under the Retirement Plan beginning on the Benefit Commencement Date;

(c) For purposes of determining benefits under (a) and (b) above, any Qualified Domestic Relations Order (QDRO) will be taken into account, such that the benefits payable hereunder will not exceed those which would be payable absent the QDRO.

Except as provided in the next sentence, for purposes of calculating the Supplemental Retirement Income, Key Employee shall be credited with an additional 11 years of service for vesting and benefit accrual purposes under the Retirement Plan (the “Additional Service Credit”). The Additional Service Credit shall not apply if prior to March 23, 2001 either (i) Key Employee's employment with the Company is terminated for Cause; or (ii) Key Employee terminates employment with the Company without Good Reason. For purposes of this paragraph, “Cause” and “Good Reason” shall have the same meaning as ascribed to those terms in Exhibit C attached to the March 23, 1998 letter to Key Employee from Leo Mullin.

The amount of Supplemental Retirement Income paid under this Agreement will be adjusted when and if the amount in (b) above increases or decreases as a result of a change in the Restrictions, including cost of living adjustments to such Restrictions.

4. Supplemental Disability Income. Subject to Sections 8 and 18, the Company agrees to pay Key Employee at the time set forth below a supplemental monthly disability income (“Supplemental Disability Income”) equal to (a) minus (b), where

(a) equals the monthly disability benefit which the Key Employee would receive under the Disability and Survivorship Plan beginning on the Benefit Commencement Date (as defined below) if the Restrictions were not in effect and taking into account his or her elections under the Delta Air Lines, Inc. DELTAFLEX Plan; and

(b) equals the monthly disability benefit which the Key Employee actually receives from the Disability and Survivorship Plan beginning on the Benefit Commencement Date, taking into account his or her elections under the Delta Air Lines, Inc. DELTAFLEX Plan.

The amount of Supplemental Disability Income paid under this Agreement will be adjusted as permitted under the Plan, and if the amount in (b) above increases or decreases as a result of a change in the Restrictions.
5. Supplemental Monthly Survivor Income. Subject to Sections 8 and 18, the Company agrees to pay to Eligible Family Member(s) (as defined in the Disability and Survivorship Plan) of Key Employee at Key Employee's death a supplemental monthly survivor income ("Supplemental Survivor Income") equal to

(a) minus (b), where

(a) equals the monthly survivor benefit which the Eligible Family Member(s) of Key Employee would receive under the Disability and Survivorship Plan beginning on the Benefit Commencement Date (as defined below) without considering any Restrictions on any benefit plan; and

(b) equals the monthly survivor benefit which the Eligible Family Member(s) of Key Employee actually receives under the terms of the Disability and Survivorship Plan.

The amount of Supplemental Survivor Income paid under this Agreement will be adjusted as permitted under the Plan and the Code to account for, inter alia, changes in the number of Eligible Family Members.

6. Benefit Commencement Date; Cessation of Benefits. Subject to Section 18 (Change In Control), the Company shall commence payment of the Supplemental Retirement Income as of the Benefit Commencement Date under the Retirement Plan and the Supplemental Disability or Survivor Income as of the Benefit Commencement Date under the Disability and Survivorship Plan. Subject to Section 18, Benefit Commencement Date under this Agreement shall mean the day that the retirement income benefit, disability benefit or survivor benefit, as the case may be, commences under the Retirement Plan or Disability and Survivorship Plan with respect to Key Employee or his Spouse, or Eligible Family Member(s); Supplemental Retirement Income will cease upon the death of the last to die of Key Employee or, if applicable, his Spouse, or if changes in the Restrictions permit the full benefit due under the Retirement Plan to be paid from the Retirement Plan and the Retirement Plan assumes such full payment, or if full payment of retirement benefits due hereunder have already been made. Supplemental Disability Income will cease if the full benefit due under the Disability and Survivorship Plan may be paid from that Plan and the Disability and Survivorship Plan assumes such full payment or when the Key Employee is no longer eligible for disability benefits under that Plan. Supplemental Survivor Income will cease if the full benefit due under the Disability and Survivorship Plan may be paid from that Plan, and the Disability and Survivorship Plan assumes full payment of the benefit amount or when there are no remaining Eligible Family Member(s) under that Plan. Subject to Section 18, all benefits payable hereunder may cease pursuant to Section 8 at any time.

7. Supplemental Lump Sum Death Benefit. Subject to Sections 8 and 18, the Company agrees to pay to the named beneficiary (as designated by Key Employee for the Basic Life Benefit under the Disability and Survivorship Plan) of Key Employee at Key Employee's death, a supplemental lump sum death benefit in the amount necessary to
provide a total lump sum death benefit of $50,000 when combined with the Basic Life Benefit actually provided by the Disability and Survivorship Plan.

8. Certain Restrictions. Subject to Section 18 and the last sentence of this section, or unless waived by the Committee under circumstances the Committee deems appropriate, if a Key Employee terminates active employment with the Company prior to his Normal Retirement Date and within two years of such termination directly or indirectly provides management or executive services (whether as a consultant, advisor, officer or director) to any Person (as defined in Section 18) who is in direct and substantial competition with the air transportation business of the Company or any of its subsidiaries, then (a) if benefits under this Agreement shall have not yet commenced, no benefits shall be paid under this Agreement to such Key Employee, his Spouse, Eligible Family Member or beneficiary; and (b) if benefits under this Agreement have commenced, no further benefits shall be paid. Because of the broad and extensive scope of the Company's air transportation business, the restrictions contained in this provision are intended to extend to management or executive services which are directly related to the provision of air transportation services into, within or from the United States, as no smaller geographical restriction will adequately protect the legitimate business interest of the Company. This section shall be deemed waived, but only with respect to the Supplemental Retirement Income, if at any time subsequent to March 23, 2001 either (i) Key Employee's employment with the Company is terminated for Cause; or (ii) Key Employee terminates his employment with the Company without Good Reason; provided "Cause" and "Good Reason" shall have the same meaning as ascribed to those terms in Exhibit C attached to the letter dated March 23, 1998 to Key Employee from Leo Mullin.

9. Funding of Benefit. Subject to Section 18 (Change In Control) the benefits provided by this Agreement shall be paid, as they become due, from the Company's general assets or by such other means as the Company deems advisable, including a trust or trusts established by the Company; provided however, if such trusts are established, benefits shall be payable from such trusts only as and to the extent provided therein. To the extent Key Employee acquires the right to receive payments from the Company under this Agreement, such right shall be no greater than that of a general creditor of the Company. The Company shall have complete discretion under this Agreement to account for and report, or to refrain from accounting for or reporting, its liabilities under this Agreement. In the event that the Company in its sole discretion establishes a reserve or bookkeeping account for the benefits payable under this Agreement, the Key Employee shall have no proprietary or security interest in any such reserve or account.

10. Nonassignability of Benefits. No benefit payable under this Agreement may be assigned, transferred, encumbered or subjected to legal process for the payment of any claim against Key Employee, his Spouse, Eligible Family Member, or beneficiary.

11. No Right to Continued Employment. Nothing in this Agreement shall be deemed to give Key Employee the right to be retained in the service of the Company or to deny the Company any right it may have to discharge Key Employee at any time, subject
to the Company's obligation to provide benefits and amounts as may be required hereunder.

12. Arbitration. The parties acknowledge that any claims or controversy arising out of this Agreement is subject to arbitration in accordance with the Plans.

13. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Georgia without regard to its conflict of laws rules.

14. Successors and Assigns. This Agreement shall be binding upon the successors and assigns of the parties hereto.

15. Amendment. This writing, including any terms or documents incorporated herein by reference, supersedes any previous excess benefit agreement between Key Employee and the Company. This Agreement may not be modified orally, but only by writing signed by the parties hereto.

16. Notice. All notices, requests, demands and other communications under this Agreement, shall be in writing and shall be delivered personally (including by courier) or mailed by certified mail, return receipt requested. Refusal to acknowledge receipt of such notice shall constitute receipt of such notice upon the date it is returned to the sender. Any notice under this Agreement shall be sent to Key Employee, Spouse, his Eligible Family Member or beneficiary at the last known address of such person as reflected in the Company's records. Notice to the Company or the Committee shall be sent to:

Delta Air Lines, Inc. Law Department
1030 Delta Boulevard Atlanta, Georgia 30320 Attention: Robert S. Harkey, Senior Vice President - General Counsel

17. Form of Payment; No Elections. Subject to Section 18 (Change In Control), Key Employee shall not be permitted to exercise any election under the Plans which affects the date of commencement, manner or form in which Key Employee's Supplemental Retirement Income is paid. In addition, no election under the Retirement Plan shall affect the manner or form in which Supplemental Retirement Income is paid under the Plans. If Key Employee becomes entitled to Supplemental Retirement Income under this Excess Benefit Agreement, such benefit shall automatically be paid commencing with the date payments under the Retirement Plan begin as follows:

(a) In every case in which the form of benefit payable under the Retirement Plan is automatic and does not depend on the election...
of the Participant thereunder, Supplemental Retirement Income under this Excess Benefit Agreement shall automatically be paid in the identical form that it is payable under the Retirement Plan.

(b) In the case of any Key Employee who becomes eligible for Early Retirement under the Retirement Plan and is eligible to elect the level income option thereof, such Key Employee's Supplemental Retirement Income under this Agreement, if any, shall be automatically payable in the form that would have been payable disregarding any election by such Key Employee of the level income option.

18. Change In Control. Notwithstanding anything in this Agreement to the contrary, in the event Key Employee has rights under an Executive Retention Protection Agreement with the Company at the time a Change In Control (as defined below) occurs, the Company shall, if not previously established, establish a grantor trust (the "Trust") to provide benefits payable under this Agreement and the Plans. Subject to the following paragraph, the Company shall promptly cause to be irrevocably deposited in such Trust for the benefit of Key Employee and his or her beneficiaries, on the terms set forth below, an amount equal to the balance as of the date of such deposit of Key Employee's accrued benefit under the Plans and Agreement, regardless of whether such benefit is vested. From and after the date of such Change In Control, the Company shall cause to be irrevocably deposited in the Trust any additional accruals under the Plans and Agreement, regardless of whether such benefit is vested.

The instrument governing the Trust shall, to the extent reasonably necessary to assure that the Plans and this Agreement will continue to be treated as "unfunded" for purposes of ERISA and the Code, provide that upon insolvency of the Company, the assets of the trust will be subject to the claims of the Company's general creditors. The Trust instrument shall provide that in all other respects the assets of the Trust will be maintained for the exclusive benefit of Key Employee and his or her beneficiaries, and will otherwise be subject to all fiduciary and other requirements of applicable state trust law.

In addition, in the event Employee's employment terminates as a result of a Qualifying Event (as defined in any Executive Retention Protection Agreement between Key Employee and the Company), Section 8 of this Agreement shall be deemed waived and Section 6 of the 1991 Delta Excess Benefit Plan and Section 6 of the Delta Supplemental Excess Benefit Plan shall not be applicable to Key Employee. Further, the timing and payments of any retirement benefits to be provided hereunder shall be governed by, and subject to, the terms of said Executive Retention Protection Agreement to the extent such Agreement provides for accelerated payments of retirement benefits otherwise payable under this Agreement.

For purposes of this Agreement, "Change In Control" means, and shall be deemed to have occurred upon, the first to occur of any of the following events:

7
(a) Any Person (other than an Excluded Person) acquires, together with all Affiliates and Associates of such Person, Beneficial Ownership of securities representing 20% or more of the combined voting power of the Voting Stock then outstanding, unless such Person acquires Beneficial Ownership of 20% or more of the combined voting power of the Voting Stock then outstanding solely as a result of an acquisition of Voting Stock by the Company which, by reducing the Voting Stock outstanding, increases the proportionate Voting Stock beneficially owned by such Person (together with all Affiliates and Associates of such Person) to 20% or more of the combined voting power of the Voting Stock then outstanding; provided, that if a Person shall become the Beneficial Owner of 20% or more of the combined voting power of the Voting Stock then outstanding by reason of such Voting Stock acquisition by the Company and shall thereafter become the Beneficial Owner of any additional Voting Stock which causes the proportionate voting power of Voting Stock beneficially owned by such Person to increase to 20% or more of the combined voting power of the Voting Stock then outstanding, such Person shall, upon becoming the Beneficial Owner of such additional Voting Stock, be deemed to have become the Beneficial Owner of 20% or more of the combined voting power of the Voting Stock then outstanding other than solely as a result of such Voting Stock acquisition by the Company;

(b) During any period of two consecutive years (not including any period prior to the Effective Date), individuals who at the beginning of such period constitute the Board (and any new Director, whose election by the Board or nomination for election by the Company’s stockholders was approved by a vote of at least two-thirds of the Directors then still in office who either were Directors at the beginning of the period or whose election or nomination for election was so approved), cease for any reason to constitute a majority of Directors then constituting the Board;

(c) A reorganization, merger or consolidation of the Company is consummated, in each case, unless, immediately following such reorganization, merger or consolidation, (i) more than 50% of, respectively, the then outstanding shares of common stock of the corporation resulting from such reorganization, merger or consolidation and the combined voting power of the then outstanding voting securities of such corporation entitled to vote generally in the election of directors is then beneficially owned, directly or indirectly, by all or substantially all of the individuals and entities who were the beneficial owners of the Voting Stock outstanding immediately prior to such reorganization, merger or consolidation, (ii) no Person (but excluding for this purpose any Excluded Person and any Person beneficially owning, immediately prior to such reorganization, merger or consolidation, directly or indirectly, 20% or more of the voting power of the outstanding Voting Stock) beneficially
owns, directly or indirectly, 20% or more of, respectively, the then outstanding shares of common stock of the corporation resulting from such reorganization, merger or consolidation or the combined voting power of the then outstanding voting securities of such corporation entitled to vote generally in the election of directors and (iii) at least a majority of the members of the board of directors of the corporation resulting from such reorganization, merger or consolidation were members of the Board at the time of the execution of the initial agreement providing for such reorganization, merger or consolidation; or

(d) The shareholders of the Company approve (i) a complete liquidation or dissolution of the Company or (ii) the sale or other disposition of all or substantially all of the assets of the Company, other than to any corporation with respect to which, immediately following such sale or other disposition, (A) more than 50% of, respectively, the then outstanding shares of common stock of such corporation and the combined voting power of the then outstanding voting securities of such corporation entitled to vote generally in the election of directors is then beneficially owned, directly or indirectly, by all or substantially all of the individuals and entities who were the beneficial owners of the Voting Stock outstanding immediately prior to such sale or other disposition of assets, (B) no Person (but excluding for this purpose any Excluded Person and any Person beneficially owning, immediately prior to such sale or other disposition, directly or indirectly, 20% or more of the voting power of the outstanding Voting Stock) beneficially owns, directly or indirectly, 20% or more of, respectively, the then outstanding shares of common stock of such corporation or the combined voting power of the then outstanding voting securities of such corporation entitled to vote generally in the election of directors and (C) at least a majority of the members of the board of directors of such corporation were members of the Board at the time of the execution of the initial agreement or action of the Board providing for such sale or other disposition of assets of the Company.

Notwithstanding the foregoing, in no event shall a "Change in Control" be deemed to have occurred (i) as a result of the formation of a Holding Company, or (ii) with respect to Key Employee, if Key Employee is part of a "group," within the meaning of Section 13(d)(3) of the Exchange Act as in effect on the Effective Date, which consummates the Change in Control transaction. In addition, for purposes of the definition of "Change in Control" a Person engaged in business as an underwriter of securities shall not be deemed to be the "Beneficial Owner" of, or to "beneficially own," any securities acquired through such Person's participation in good faith in a firm commitment underwriting until the expiration of forty days after the date of such acquisition.
As used in the above definition, the terms "Person", "Excluded Person", "Affiliate", "Associate", "Beneficial Ownership", "Voting Stock", "Board", "Exchange Act", "Holding Company", and "Effective Date" shall have the same meaning as ascribed to those terms in the then current Executive Retention Protection Agreement between the Company and Key Employee.

IN WITNESS WHEREOF, the parties hereto have set their hands and seals on the date(s) shown below.

DELTA AIR LINES, INC.

By:

Leo F. Mullin President and Chief Executive Officer

Date:  

Warren C. Jenson

Date:  

10
June 5, 1998

Mr. Frederick W. Reid
Heinrich von Kleist Strabe 42
61350 Bad Homburg, Germany

Dear Fred:

I am pleased to confirm my verbal offer of employment for the position of Executive Vice President and Chief Marketing Officer (CMO) for Delta Air Lines, Inc. (Delta or the Company), commencing on the date you accept this letter agreement, with your active employment beginning on a date to be mutually agreed upon which shall not be later than September 1, 1998. In this assignment, you will report directly to me.

Your initial and minimum base salary will be $500,000 per annum, payable in accordance with the usual payment practices of the Company.

With respect to each fiscal year beginning with the fiscal year ending June 30, 1999, during which you are employed by the Company, you will be eligible to receive in addition to your base salary an annual incentive compensation award (Annual Award) for services rendered during such fiscal year, subject to the terms and conditions of the Company's annual incentive compensation plan as in effect from time to time. Except as provided in the immediately following paragraph, the amount of the Annual Award, if any, with respect to any fiscal year will be based upon performance targets and award levels determined by the Personnel & Compensation Committee of the Board of Directors (or any successor committee designated by the Board) in its sole discretion, in accordance with the Company's annual incentive compensation plan as in effect from time to time; provided that for each fiscal year beginning with the fiscal year ending June 30, 1999, your target award level shall be established in such a manner as to provide you with the opportunity to earn an award of at least 57.5% of your base salary for such fiscal year, assuming performance at the target level.
Notwithstanding the preceding paragraph, you will receive an Annual Award not less than $300,000 with respect to fiscal year 1999, unless your employment is terminated by the Company for Cause prior to June 30, 1999; provided, that if your employment terminates for any reason other than Cause prior to June 30, 1999, the applicable minimum amount shall be reduced by multiplication by a fraction, the numerator of which is the number of days from July 1, 1998 through the date of termination of your employment, and the denominator of which is 365.

You will also be a participant in the 1989 Stock Incentive Plan in accordance with the terms of that Plan. You will be granted an initial award of nonqualified stock options on 125,000 shares of Delta common stock. The award date will be the date of your acceptance of this letter agreement, and the exercise price will be the closing price of Delta common stock on the New York Stock Exchange on the day prior to the public announcement of your joining the Company. These options will vest in 20% increments on each of the first five anniversaries of the award date, subject to the terms and conditions set forth in the award agreement attached as Exhibit A. Future grants, if any, will be in accordance with the Plan.

To compensate you for benefits which you are forfeiting by resigning from Lufthansa to accept a position with the Company, you will be granted 3,000 shares of restricted Delta common stock, which will vest in equal amounts (1,000 shares) on each of the first, second, and third anniversaries of the date of your acceptance of this letter agreement. This restricted stock award is subject to the terms and conditions set forth in the award agreement attached as Exhibit B.

Through the end of April 2002, Delta will provide reimbursement for the premium payments, plus full tax gross-up on the premium payments, for your current $3.2 million life insurance policy. Currently, the approximate annual premium is $63,000.

Delta will provide reimbursement for the reasonable cost of your legal counsel in connection with the negotiation and preparation of this agreement. While employed by the Company, you will be entitled to such fringe benefits as are provided to Executive Vice Presidents of the Company, including free and
reduced-rate travel, automobile allowance, initiation fees and monthly dues for one country club membership, and similar programs as in effect from time to time.

Except as otherwise provided in this letter agreement, your employment with Delta will be subject to Delta's standard policies and will be governed by the terms and conditions of the Personnel Practices Manual, as may be amended from time to time hereafter. You will be provided with vacation, sick leave, and paid holidays in accordance with Delta's standard policy regarding these benefits for Executive Vice Presidents of the Company.

You will also be eligible to participate in Delta's standard benefit programs, as amended from time to time, including the following:

1. DeltaFlex, our flexible benefits plan, which provides you with a menu of choices for medical, dental, life insurance, and disability benefits.

2. The Officer Life Insurance program.

3. The Delta Family-Care Disability and Survivorship Plan, which provides certain disability benefits to you and certain benefits in the event of your death.

4. The Delta Family-Care Retirement Plan benefit will accrue from the date you join Delta. In addition, Delta has a nonqualified plan which will cover any excess benefits not payable by the Delta Family-Care Retirement Plan (due to Section 415 or 401(a)(17) limitations). For purposes of both vesting and benefit accrual, you will be deemed to have eleven (11) additional years of service with Delta, provided that you complete at least three (3) years of actual service as an employee with Delta. The additional benefit will be paid under the nonqualified plan.

5. After one year of service, the Delta Family-Care Savings Plan, which currently features pre-tax or post-tax employee contributions of up to 12% (up to the limits of the Internal Revenue Code), and at 50% match of your contributions on the first 4% of salary, with Delta's maximum contribution equal to 2% of your salary.
The Company will pay all costs of relocation of you and your family to the Atlanta metropolitan area in accordance with the Company's relocation policy supplemented as follows:

(a) Reasonable temporary living expenses for you and your family in the Atlanta metropolitan area for a period not to exceed six months from the date you commence your duties with the Company;

(b) If you so elect prior to July 1, 1999, the Company will purchase from you your primary residence as of the date hereof. The purchase price will be equal to the average of the estimates of the fair market value of the residence as determined, within 30 days of such election, by two reputable and independent professional real estate appraisers, one of which will be selected by you and one of which will be selected by the Company;

(c) The weight limitation for movement of your household effects will be waived;

(d) The Company will pay up to two discount points with respect to one mortgage financing of your initial new residence in the Atlanta metropolitan area; and

(e) The Company will absorb any income tax liability resulting from relocation benefits provided on your behalf.

Your eligibility for severance benefits is summarized below:

**Change in Control**

Your eligibility for benefits in conjunction with a Change in Control will be governed by Delta's Retention Protection Agreement applicable to Executive Vice Presidents of the Company.

**Termination for Cause or Without Good Reason**

No severance benefit provided.
Termination Without Cause or For Good Reason*

If your employment is terminated prior to July 1, 2001 (other than by reason of death or disability) by the Company without Cause or by you with Good Reason, you will receive: (1) the balance of your then current base salary and then current target incentive compensation plan award through July 1, 2001 (subject to a minimum of twelve (12) months of such salary and award), (2) immediate vesting of any unvested stock option and restricted stock awards which you have been granted under the terms of this letter agreement, and (3) immediate vesting of all accrued retirement plan benefits, including your eleven (11) additional years of service credit. For purposes of this letter agreement, the terms "Cause" and "Good Reason" (and related terms) shall have the meanings set forth in Exhibit C accompanying this letter agreement.

Termination After Death or Disability*

If your employment is terminated due to death or disability prior to July 1, 2001, you will receive: (1) such death or disability benefits as shall then be maintained by the Company for which you or your survivors are eligible; (2) immediate vesting of any unvested stock option and restricted stock awards which you have been granted under the terms of this letter agreement, and (3) immediate vesting of all accrued retirement plan benefits, including your eleven (11) additional years of service credit.

In the event of any conflict between the terms of this letter agreement and the terms of any other agreement, award or arrangement contemplated hereby, the terms of this letter agreement shall control. This letter agreement supersedes all prior discussions and documentation concerning your compensation arrangements with the Company.

* In the event a Qualifying Event (as defined in your Retention Protection Agreement) occurs during the term of your Retention Protection Agreement, the Retention Protection Agreement shall apply instead of these provisions.
This offer shall remain open for your acceptance until 5:00 p.m. eastern time, on Monday, June 15, 1998. If the terms outlined above reflect your understanding of our offer and you accept employment based on these terms, please indicate your acceptance by signing the two original letters provided. Please keep one letter for your records and return the other to me.

Fred, we are extremely pleased to have you join the Delta team, and I look forward with great pleasure to our association with you in this important role at Delta. I anticipate benefiting from your expertise, and I believe you will help us establish a winning formula for success in the future.

Sincerely,

/s/ Leo F. Mullin

/s/ Frederick W. Reid

---------------------

Frederick W. Reid

Accepted and agreed to this 9th day of June, 1998

/s/ Frederick W. Reid

---------------------

Frederick W. Reid
The 1989 Stock Incentive Plan of Delta Air Lines, Inc., as amended ("Plan"), is intended as an inducement for officers, executives and key employees of Delta Air Lines, Inc. (the "Company") to continue in the employment of the Company, and to provide a greater incentive to such employees to make material contributions to the Company’s success by increasing their proprietary interest in the Company through increased direct stock ownership. The Plan, which provides for certain awards to eligible employees, is administered by the Personnel & Compensation Committee of the Board of Directors (the "Committee"). Pursuant to the Plan, the Committee selected you to receive an award of a Nonqualified Stock Option under the Plan, effective as of the close of business on June 9, 1998, and has instructed me, on behalf of the Company, to provide this Agreement to you.

In consideration of the mutual covenants herein contained and for other good and valuable consideration, the Company and you as an employee of the Company (hereinafter called "Employee"), do hereby agree as follows:

1. The Company hereby grants to Employee a Nonqualified Stock Option ("Stock Option") covering 125,000 shares of Stock, as defined in the Plan, by signing and returning a copy of this Agreement to the Secretary of the Company, Employee acknowledges that he has read this Agreement and the Plan and agrees to all of the terms and conditions thereof for himself, any designated beneficiary and his heirs, executors, administrators or personal representatives. Terms used in this Agreement which are defined in the Plan shall have the meanings set forth in the Plan. In the event of any conflict between the Plan and this Agreement, the Plan shall control. Employee also acknowledges receipt of the Prospectus dated October 23, 1997, relating to the Plan.

2. The Option Price of the Stock Option covered by this award shall be the closing price of the Stock on the New York Stock Exchange (the "NYSE") on June 9, 1998, the date of this award.

3. Subject to the terms and conditions of the Plan and the other provisions of this Agreement, the Stock Option shall become exercisable in installments as follows, provided Employee continues to be employed by the Company on the dates indicated:
In the event of the occurrence prior to July 1, 2001 of the termination of Employee's employment (i) by the Company without Cause, (ii) by Employee with Good Reason or (iii) by reason of Employee's death or Disability (as defined in the Plan), the Stock Option shall immediately become fully exercisable, and the termination of Employee's employment will be treated, for purposes of determining the terms of exercise of the Stock Option under Section 10(b) of the Plan, as having occurred because of Employee's Retirement. For purposes of this Agreement, the terms "Cause" and "Good Reason" shall have the respective meanings assigned such terms in Annex A attached hereto.

4. Subject to the terms and conditions of the Plan and the other provisions of this Agreement, including Paragraph 8 below, the Stock Option granted to Employee herein may be exercised during the period beginning as set forth in Paragraph 3 above and ending June 8, 2008, except as provided in Sections 5 and 10 of the Plan. Subject to the terms and conditions of the Plan, Employee (or, if Employee is deceased, a party acting on his behalf pursuant to Section 10 of the Plan) may exercise the Stock Option granted herein in whole or, from time to time, in part by way of a written notice delivered to the Secretary of the Company which includes the following: (i) name, mailing address and social security number of Employee and the date, which shall be actual date of the notice; (ii) the number of shares of Stock with respect to which the Stock Option is being exercised; (iii) the date of grant and the Option Price with respect to the Stock Option being exercised; and (iv) the signature of Employee or a party acting on behalf of a deceased employee. Payment of the full purchase price of the shares of Stock covered by the exercise shall be made in the manner prescribed by the Committee from time to time. If the Committee, in its sole discretion, shall determine that it is appropriate to do so, such payment may be made in whole or in part by tender of shares of unrestricted Stock, as set forth in Section 5 of the Plan, subject to such requirements or procedures as the Committee may specify.

5. When the Stock Option is exercised, the Company shall make the appropriate calculations under the Plan and deliver to Employee, as soon as practicable, a certificate or certificates representing the net number of shares of Stock due to Employee pursuant to such exercise, calculated in accordance with this paragraph. Unless other tax withholding arrangements are made by Employee and the Company, the Company shall withhold from the shares of Stock issued to Employee a sufficient number of shares of Stock based on its fair market value on the date of exercise to cover any amounts which the Company is required to withhold to comply with withholding requirements of federal, state or local tax laws, rules or regulations. The fair market value for purposes of the second sentence of this paragraph shall be as reasonably determined by the Committee.
6. The Stock Option granted herein is not transferable otherwise than by will, by the laws of descent and distribution, or by a written designation referred to in Section 10(c) of the Plan, and is exercisable during Employee's lifetime only by Employee. In the event that the Stock Option is exercised pursuant to Section 10 of the Plan by any person other than Employee, such notice shall be accompanied by appropriate proof of the right of such person to exercise the Stock Option.

7. The Stock Option granted herein is subject to all terms of the Plan, including but not limited to Section 10(b), which provides for the forfeiture of certain benefits in certain circumstances in the event of Employee's Retirement prior to his normal retirement date.

8. Employee acknowledges that the federal securities laws and/or the Company's policies regarding trading in its securities may limit or restrict Employee's right to buy or sell shares of Stock, including, without limitation, sales of Stock to exercise the Stock Option or sales of Stock acquired pursuant to the exercise of the Stock Option. Employee agrees to comply with such federal securities law requirements and Company policies, as such laws and policies are amended from time to time.

This Agreement has been prepared in duplicate. Please note your acceptance in the space provided therefor and return the original for the Company's records.

IN WITNESS WHEREOF, the Company, acting through its duly authorized officer, has caused this Agreement to be duly executed, and Employee has hereunto set his hand, all as of the day and year first written above.

DELTA AIR LINES, INC.

BY

Leo F. Mullin
President and Chief Executive Officer

EMPLOYEE

________________________
Frederick W. Reid
"Cause" means the occurrence of any one or more of the following:

(a) A demonstrably willful and deliberate act or failure to act by you (other than as a result of incapacity due to physical or mental illness) which is committed in bad faith, without reasonable belief that such action or inaction is in the best interests of the Company, and which action or inaction is not remedied within fifteen business days of written notice from the Company; or

(b) Your conviction for committing an act of fraud, embezzlement, theft, or any other act constituting a felony involving moral turpitude.

Notwithstanding the foregoing, you shall not be deemed to have been terminated for Cause unless and until there shall have been delivered to you a copy of a resolution duly adopted by the affirmative vote (which cannot be delegated) of not less than three-quarters of the entire membership of the Board of Directors at a meeting of the Board called and held for such purpose (after reasonable notice to you and an opportunity for you, together with your counsel, to be heard before the Board), finding that, in the good faith opinion of the Board, you are guilty of conduct set forth above in clauses (a) or (b) of this definition and specifying the particulars thereof in detail.

"Effective Date" means June 9, 1998.

"Good Reason" means the occurrence of any one or more of the following, unless you have expressly consented in writing thereto:

(a) The assignment to you of duties inconsistent with your authorities, duties, titles, responsibilities and status as an officer of the Company, or a reduction or alteration in the nature or status of your authorities, duties, titles or responsibilities, from those in effect as of the Effective Date, other than an insubstantial and inadvertent act that is remedied by the Company promptly after receipt of notice thereof given by you;

(b) The Company's requiring you to be based at a location in excess of 50 miles from your principal job location or office on the later of (i) the Effective Date or (ii) immediately prior to the Reference Date; except for required travel on the Company's business to an extent consistent with your business travel obligations on the later of (i) the Effective Date or (ii) immediately prior to the Reference Date;

(c) A reduction by the Company of your base salary as in effect on the later of (i) the Effective Date or (ii) the Reference Date (other than pursuant to a reduction by a uniform percentage of the salary of all full-time domestic employees of the Company who are not subject to a collective bargaining agreement); or a reduction in your short-term or long-term incentive compensation opportunities under the executive incentive compensation plans of the Company for which you are eligible as in effect on the later of (i) the Effective Date or (ii) the Reference Date;
(d) The failure by the Company to keep in effect compensation, retirement, health and welfare benefits, or perquisite programs under which you receive benefits substantially similar, in the aggregate, to the benefits under such programs as exist on the later of (i) the Effective Date or (ii) immediately prior to the Reference Date (other than pursuant to an equivalent reduction in such benefits of all full-time domestic employees of the Company who are not subject to a collective bargaining agreement); or the failure of the Company to meet the funding requirements, if any, of any of such programs; or

(e) Any material breach by the Company of its obligations under the letter agreement to which this Annex A relates or any failure of a successor of the Company to assume and agree to perform the Company's entire obligations under that letter agreement, provided that such successor has received at least ten days written notice from the Company or you of the requirement to assume those obligations.

"Reference Date" means the date 90 days prior to the termination of your employment.
RESTRICTED STOCK AWARD AGREEMENT
UNDER THE 1989 STOCK INCENTIVE PLAN

June 9, 1998

Frederick W. Reid
Executive Vice President and Chief Marketing Officer

The 1989 Stock Incentive Plan of Delta Air Lines, Inc., as amended ("Plan"), is intended as an inducement for officers, executives and key employees of Delta Air Lines, Inc. (the "Company") to continue in the employment of the Company, and to provide a greater incentive to such employees to make material contributions to the Company's success by increasing their proprietary interest in the Company through increased direct stock ownership. The Plan, which provides for certain awards to eligible employees, is administered by the Personnel & Compensation Committee of the Board of Directors (the "Committee"). Pursuant to the Plan, the Committee has selected you to receive an award of Restricted Stock (as defined in the Plan) effective as of the close of business on June 9, 1998, and has instructed me to direct this letter to you.

In consideration of the mutual covenants herein contained and for other good and valuable consideration, the Company and you as an employee of the Company (hereinafter called "Employee"), do hereby agree as follows:

1. Grant of Shares. Pursuant to action of the Committee, the Company hereby grants to Employee 3,000 shares of Restricted Stock (the "Shares"). This award is in all respects made subject to the terms and conditions of the Plan, a copy of which has been provided to Employee, and by signing and returning a copy of this Agreement to the Secretary of the Company, Employee acknowledges that he has read the Plan and agrees to all of the terms and conditions thereof for himself, any designated beneficiary and his heirs, executors, administrators or personal representatives. Terms used in this Agreement which are defined in the Plan shall have the meanings set forth in the Plan. In the event of any conflict between the Plan and this Agreement, the Plan shall control. Employee also acknowledges receipt of the Prospectus dated October 23, 1997, relating to the Plan.

As soon as practicable following Employee's execution of this Agreement and the stock power described below in Section 6, a certificate or certificates representing the Shares and bearing the legend described below in Section 6 shall be issued to Employee. Upon issuance of the certificates representing the Shares, Employee shall have all rights of a stockholder with respect to the Shares, including the right to vote and, subject to Section 10 of this Agreement, to receive all dividends or other distributions paid or made with respect to the Shares; provided, however, that the Shares (and any securities of the Company which may be issued with respect to the Shares by virtue of any dividend reinvestment, stock split, combination, stock dividend or recapitalization, which securities shall be deemed to be "Shares" hereunder) shall be subject to the terms and all of the restrictions set forth in this Agreement.
2. Restriction. Until the restriction imposed by this Section 2 (the "Restriction") has lapsed pursuant to Section 3 or 4 below, Employee shall not be permitted to sell, exchange, assign, transfer, pledge or otherwise dispose of the Shares and the Shares shall be subject to forfeiture as set forth in Section 5 below.

3. Lapse of Restriction by Passage of Time. The Restriction shall lapse and have no further force or effect as to 33-1/3% of such Shares (including 33-1/3% of any additional Shares which at the time have been purchased with dividends on such Shares) on each of June 9, 1999, 2000 and 2001, provided Employee remains employed by the Company on such dates.

4. Lapse of Restriction in Certain Cases. The Restriction shall lapse and have no further force or effect with respect to all Shares hereunder upon the occurrence prior to July 1, 2001 of the termination of Employee's employment (i) by the Company without Cause, (ii) by Employee with Good Reason or (iii) by reason of Employee's death or Disability (as defined in the Plan). For purposes of this Agreement, the terms "Cause" and "Good Reason" shall have the respective meanings assigned such terms in Annex A attached hereto. Employee may provide to the Company written designation naming a person or persons who shall receive the Shares in the event of Employee's death, and such designation must be in a form approved by counsel for the Company. If there is no such approved designation, Shares shall be distributed upon Employee's death pursuant to Employee's last will and testament or as provided by law.

5. Forfeiture of Shares. In the event of termination of Employee's employment with the Company other than in the circumstances described in clauses (i), (ii) or (iii) of Section 4 and prior to lapse of the Restriction under Section 3, Employee shall immediately forfeit all right, title and interest to the Shares which are still subject to the Restriction, and such Shares shall be canceled or transferred to the Company by Employee, without consideration to Employee or his heirs, executors, administrators or personal representatives.

6. Endorsement and Retention of Certificates. All certificates representing the Shares shall be endorsed on the face thereof with the following legend:

"The shares of stock represented by this certificate and the sale, transfer or other disposition of such shares are restricted by and subject to a Restricted Stock Award Agreement dated June 9, 1998 between Frederick W. Reid and the Company, a copy of which is on file with the Secretary of the Company."

All certificates for Shares shall be held by the Company until the restrictions thereon shall have lapsed and, as a condition to this award, Employee shall execute and deliver to the Company a stock power, endorsed in blank and approved by counsel for the Company, relating to the Shares, as set forth in the Plan.

Upon lapse of the Restriction pursuant to Section 3 or 4 of this Agreement without a prior forfeiture of the Shares, a certificate or certificates for an appropriate number of unrestricted Shares shall be delivered to Employee and the certificate with the legend indicated above shall be canceled.
7. Withholding Taxes. Upon lapse of the Restriction on the Shares pursuant to Section 3 or 4 above, unless other tax withholding arrangements are made by Employee and the Company, sufficient Shares shall be transferred to the Company to provide for the payment of any taxes required to be withheld by federal, state, or local law with respect to income resulting from such lapse. The value of the Shares so transferred shall be the closing price of the Common Stock on the NYSE on the date the Restriction lapses (or, in the event that no sale of the Common Stock takes place on the NYSE on such date, the closing price of the Common Stock on the NYSE on the immediately preceding date on which such a sale occurred).

8. Rights Not Enlarged. Nothing herein confers on Employee any right to continue in the employ of the Company or any of its subsidiaries.

9. Succession. This Agreement shall be binding upon and operate for the benefit of the Company and its successors and assigns, and Employee and his heirs, executors, administrators or personal representatives.

10. Dividends. Any cash dividends which may become payable on the Shares shall be reinvested by the Company in shares of Common Stock, to the extent Shares are available under the Plan. If shares are not so available, dividends shall be paid in cash and held by the Company for the account of Employee until the Restriction lapses. In such event the Company shall pay interest on the amount so held as determined by the Committee, and the accumulated amount of such dividends and interest shall be payable to Employee upon the lapse of the Restriction. Those Shares and any cash held for the account of the Employee shall be governed by the Restriction set forth in the Agreement; the Restriction with respect to such Shares and such cash shall lapse as provided in Sections 3 and 4 of this Agreement; and such shares and such cash shall be forfeited pursuant to Section 5 to the extent that the Shares on which such dividends were paid shall be so forfeited.

11. Fractional Shares. Upon lapse of the Restriction, certificates for fractional Shares shall not be delivered to Employee, and the value of any fractional Shares which may result from the application of Section 3 or 4 of this Agreement shall be paid in cash to Employee, as determined in the last sentence of Section 7 above.

This Agreement has been prepared in duplicate. Please note your acceptance in the space provided therefor and return the original for the Company's records.

IN WITNESS WHEREOF, the Company, acting through its duly authorized officer, has caused this Agreement to be duly executed, and Employee has hereunto set his hand, all as of the day and year first written above.

DELTA AIR LINES, INC.

BY

Leo F. Mullin
President and Chief Executive Officer

EMPLOYEE

Frederick W. Reid
"Cause" means the occurrence of any one or more of the following:

(a) A demonstrably willful and deliberate act or failure to act by you (other than as a result of incapacity due to physical or mental illness) which is committed in bad faith, without reasonable belief that such action or inaction is in the best interests of the Company, and which action or inaction is not remedied within fifteen business days of written notice from the Company; or

(b) Your conviction for committing an act of fraud, embezzlement, theft, or any other act constituting a felony involving moral turpitude.

Notwithstanding the foregoing, you shall not be deemed to have been terminated for Cause unless and until there shall have been delivered to you a copy of a resolution duly adopted by the affirmative vote (which cannot be delegated) of not less than three-quarters of the entire membership of the Board of Directors at a meeting of the Board called and held for such purpose (after reasonable notice to you and an opportunity for you, together with your counsel, to be heard before the Board), finding that, in the good faith opinion of the Board, you are guilty of conduct set forth above in clauses (a) or (b) of this definition and specifying the particulars thereof in detail.

"Effective Date" means June 9, 1998.

"Good Reason" means the occurrence of any one or more of the following, unless you have expressly consented in writing thereto:

(a) The assignment to you of duties inconsistent with your authorities, duties, titles, responsibilities and status as an officer of the Company, or a reduction or alteration in the nature or status of your authorities, duties, titles or responsibilities, from those in effect as of the Effective Date, other than an insubstantial and inadvertent act that is remedied by the Company promptly after receipt of notice thereof given by you;

(b) The Company's requiring you to be based at a location in excess of 50 miles from your principal job location or office on the later of (i) the Effective Date or (ii) immediately prior to the Reference Date; except for required travel on the Company's business to an extent consistent with your business travel obligations on the later of (i) the Effective Date or (ii) immediately prior to the Reference Date;

(c) A reduction by the Company of your base salary as in effect on the later of (i) the Effective Date or (ii) the Reference Date (other than pursuant to a reduction by a uniform percentage of the salary of all full-time domestic employees of the Company who are not subject to a collective bargaining agreement); or a reduction in your short-term or long-term incentive compensation opportunities under the executive incentive compensation plans of the Company for which you are eligible as in effect on the later of (i) the Effective Date or (ii) the Reference Date;
(d) The failure by the Company to keep in effect compensation, retirement, health and welfare benefits, or perquisite programs under which you receive benefits substantially similar, in the aggregate, to the benefits under such programs as exist on the later of (i) the Effective Date or (ii) immediately prior to the Reference Date (other than pursuant to an equivalent reduction in such benefits of all full-time domestic employees of the Company who are not subject to a collective bargaining agreement); or the failure of the Company to meet the funding requirements, if any, of any of such programs; or

(e) Any material breach by the Company of its obligations under the letter agreement to which this Annex A relates or any failure of a successor of the Company to assume and agree to perform the Company's entire obligations under that letter agreement, provided that such successor has received at least ten days written notice from the Company or you of the requirement to assume those obligations.

"Reference Date" means the date 90 days prior to the termination of your employment.
IRREVOCABLE STOCK POWER

The undersigned, Frederick W. Reid, does hereby assign, transfer and deliver unto ____________________ all of those shares of common stock of Delta Air Lines, Inc. (the "Company") granted as restricted stock (the "Restricted Stock") pursuant to the Restricted Stock Award Agreement Under The 1989 Stock Incentive Plan dated as of June 9, 1998, between the Company and Frederick W. Reid, as well as all of those shares of common stock of the Company purchased for the undersigned with reinvested dividends from the Restricted Stock (collectively, the "Shares").

The undersigned does hereby irrevocably constitute and appoint ________________________________________ attorney-in-fact, with full power of substitution, to transfer the Shares on the books of the Company, or to direct the Transfer Agent of the Company to so transfer the Shares.

Signature:
Printed Name:

Date:
Witness:
"Cause" means the occurrence of any one or more of the following:

(a) A demonstrably willful and deliberate act or failure to act by you

(other than as a result of incapacity due to physical or mental illness) which is committed in bad faith, without reasonable belief that such action or inaction is in the best interests of the Company, and which action or inaction is not remedied within fifteen business days of written notice from the Company; or

(b) Your conviction for committing an act of fraud, embezzlement, theft, or any other act constituting a felony involving moral turpitude.

Notwithstanding the foregoing, you shall not be deemed to have been terminated for Cause unless and until there shall have been delivered to you a copy of a resolution duly adopted by the affirmative vote (which cannot be delegated) of not less than three-quarters of the entire membership of the Board of Directors at a meeting of the Board called and held for such purpose (after reasonable notice to you and an opportunity for you, together with your counsel, to be heard before the Board), finding that, in the good faith opinion of the Board, you are guilty of conduct set forth above in clauses (a) or (b) of this definition and specifying the particulars thereof in detail.

"Effective Date" means June 9, 1998.

"Good Reason" means the occurrence of any one or more of the following, unless you have expressly consented in writing thereto:

(a) The assignment to you of duties inconsistent with your authorities, duties, titles, responsibilities and status as an officer of the Company, or a reduction or alteration in the nature or status of your authorities, duties, titles or responsibilities, from those in effect as of the Effective Date, other than an insubstantial and inadvertent act that is remedied by the Company promptly after receipt of notice thereof given by you;

(b) The Company's requiring you to be based at a location in excess of 50 miles from your principal job location or office on the later of (i) the Effective Date or (ii) immediately prior to the Reference Date; except for required travel on the Company's business to an extent consistent with your business travel obligations on the later of (i) the Effective Date or (ii) immediately prior to the Reference Date;

(c) A reduction by the Company of your base salary as in effect on the later of (i) the Effective Date or (ii) immediately prior to; except for required travel on the Company's business to an extent consistent with your business travel obligations on the later of (i) the Effective Date or (ii) the Reference Date (other than pursuant to a reduction by a uniform percentage of the salary of all full-time domestic employees of the Company who are not subject to a collective bargaining agreement); or a reduction in your short-term or long-term incentive compensation opportunities under the executive incentive compensation plans of the Company for which you are eligible as in effect on the later of (i) the Effective Date or (ii) the Reference Date;

(d) The failure by the Company to keep in effect compensation, retirement, health and welfare benefits, or perquisite programs under which you receive benefits substantially similar, in the aggregate, to the benefits under such programs as exist on the later of (i) the Effective Date or
(ii) immediately prior to the Reference Date (other than pursuant to an equivalent reduction in such benefits of all full-time domestic employees of the Company who are not subject to a collective bargaining agreement); or the failure of the Company to meet the funding requirements, if any, of any of such programs; or

(e) Any material breach by the Company of its obligations under the letter agreement to which this Exhibit C relates or any failure of a successor of the Company to assume and agree to perform the Company’s entire obligations under that letter agreement, provided that such successor has received at least ten days written notice from the Company or you of the requirement to assume those obligations.

"Reference Date" means the date 90 days prior to the termination of your employment.
EXECUTIVE RETENTION PROTECTION AGREEMENT

EXECUTIVE RETENTION PROTECTION AGREEMENT ("Agreement") dated as of June 9, 1998 (the "Effective Date") by and between Delta Air Lines, Inc., a Delaware corporation (the "Company"), and Frederick W. Reid ("Executive").

WHEREAS, Executive is presently employed by the Company in a key management capacity; and

WHEREAS, the Board of Directors of the Company (the "Board") has determined that it is in the best interests of the Company and its stockholders that appropriate steps be taken to reinforce and encourage the continued attention of key management personnel, including Executive, to their assigned duties without the distraction that may arise from personal uncertainties associated with any pending or threatened change in control of the Company; and

WHEREAS, the Board has also determined that it is in the best interests of the Company and its stockholders to encourage Executive's continued availability to the Company in the event of a change in control.

NOW THEREFORE, in consideration of the foregoing and of the mutual covenants and agreements of the parties set forth in this Agreement, and of other good and valuable consideration including, but not limited to, Executive's continuing employment with the Company, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, agree as follows:

ARTICLE 1

TERM OF AGREEMENT

SECTION 1.01. Initial Term. The term of this Agreement shall commence on the Effective Date and shall expire December 31, 1998 (the "Initial Term"), subject to Sections 1.02 and 1.03.

SECTION 1.02. Extensions. As of each December 31 after the Effective Date, the term of this Agreement shall automatically be extended by one year (each such additional one-year period following the Initial Term a "Successive Period") unless, at least sixty days prior to such December 31, (i) either party has provided the other with written notice of such party's intent that the term of this Agreement not be so extended or (ii) there occurs a termination of Executive's employment with the Company.
SECTION 1.03. Automatic Extension Upon Change in Control. In the event that a Change in Control occurs during the Initial Term or any Successive Period, upon the effective date of such Change in Control the term of this Agreement shall automatically be extended for a period of 36 months from the effective date of such Change in Control. The 36-month extension described in this Section 1.03 shall take effect regardless of whether, before or after the effective date of a Change in Control, Executive or the Company has given written notice of intent not to extend the term of the Agreement pursuant to Section 1.02 or there has occurred a termination of Executive's employment, provided the term of the Agreement has not yet expired as of such effective date.

ARTICLE 2

OBLIGATIONS OF COMPANY ON CHANGE IN CONTROL

SECTION 2.01. Deferred Compensation. (a) In the event that a Change in Control occurs during the term of this Agreement, the Company shall promptly thereafter cause to be irrevocably deposited in trust for the benefit of Executive and his or her beneficiaries, on the terms set forth in Section 2.01(c), an amount equal to the balance as of the date of such deposit of Executive's accounts under the Deferred Compensation Plan. (Such trust is hereinafter referred to as the "Deferred Compensation Trust.") From and after the date of such Change in Control, the Company shall cause to be irrevocably deposited in the Deferred Compensation Trust any additional amounts that may be deferred from time to time by Executive under the Deferred Compensation Plan. Each such subsequent deposit shall be made on the date the applicable deferred amount would otherwise have been received by Executive, but for Executive's election to defer such receipt under the Deferred Compensation Plan.

(b) The trustee of the Deferred Compensation Trust shall be a bank that is organized under the laws of the United States of America, has assets exceeding $500,000,000, and may validly exercise trustee powers under Georgia state law. All trustee's fees and other expenses of administering the Deferred Compensation Trust shall be borne by the Company.

(c) The instrument governing the Deferred Compensation Trust (the "Trust Instrument") shall, to the extent reasonably necessary to assure that the Deferred Compensation Plan will continue to be treated as "unfunded" for purposes of ERISA and the Code, provide that upon insolvency of the Company the assets of the Trust will be subject to the claims of the Company's general creditors. The Trust Instrument shall provide that in all other respects the assets of the Deferred Compensation Trust will be maintained for the exclusive benefit of Executive and his or her beneficiaries, and will otherwise be subject to all fiduciary and other requirements of applicable state trust law. The Trust
Instrument shall require that the trustee invest the assets of the Trust in a manner calculated to match as closely as the trustee deems reasonably possible the investment elections made from time to time by Executive under the Deferred Compensation Plan, and shall provide for payment of benefits in accordance with the terms of Executive's applicable payment elections as in effect from time to time under the Deferred Compensation Plan.

(d) After the date of a Change in Control, the Company shall not (other than pursuant to Section 3.03(i) hereof) take any steps to disturb or alter Executive's (or Executive's beneficiaries') rights to receive amounts deferred under the Deferred Compensation Plan in accordance with such Executive's applicable payment elections as in effect from time to time. Nothing herein or in the Trust Instrument shall relieve the Company of its obligation to pay benefits under the Deferred Compensation Plan in accordance with the terms of such Plan, to the extent such benefits are not paid from the Deferred Compensation Trust.

SECTION 2.02. Payment of Performance-Based Awards. In the event that a Change in Control occurs during the term of this Agreement and while Executive is employed by the Company, the Company shall promptly thereafter pay Executive the sum of (i) the Reference Incentive Compensation Award, prorated to reflect the portion of the fiscal year elapsed through the date of the Change in Control, and (ii) the Reference Long-Term Award, for each performance period that includes the date of the Change in Control under any long-term incentive plan maintained by the Company, prorated to reflect the portion of such performance period elapsed through the date of the Change in Control. The amounts referred to in clauses (i) and (ii) above shall be paid in the form of cash or shares of Company stock, in accordance with the terms of the applicable award agreements. The payment under this Section 2.02 shall discharge all liabilities of the Company to Executive under the Company's annual and long-term incentive plans and programs, and under this Agreement, with respect to performance-based incentive compensation (other than stock options and stock appreciation rights) for the periods referred to in clauses (i) and (ii) above.

SECTION 2.03. Stock Options, Stock Appreciation Rights and Non-Performance-Based Award. In the event that a Change in Control occurs during the term of this Agreement and while Executive is employed by the Company, all outstanding stock options, stock appreciation rights, restricted stock (if not performance-based), or other non-performance-based awards held by Executive pursuant to the provisions of the Company's 1989 Stock Incentive Plan or any successor plan shall become immediately vested, nonforfeitable and exercisable as of the date of the Change in Control.

SECTION 2.04. Gross-Up Payment. In the event that a Change in Control occurs during the term of this Agreement, if any payment or acceleration of vesting or exercisability under this Article 2 would result in the imposition of
excise tax under Section 4999 of the Code, or of any interest or penalties with respect to such excise tax, then Executive shall be entitled to a Gross-Up Payment with respect to such excise tax, interest or penalties. Such Gross-Up Payment shall be determined in the manner set forth in Article 4 (excluding Paragraph A and the last sentence of Paragraph B of Section 4.01), substituting the term "Change in Control" for the term "Qualifying Event" in Section 4.02. In addition, such Gross-Up Payment shall be subject to the provisions of Section 4.03 in the same manner as if such Gross-Up Payment had been paid under Article 4. The Company shall pay Executive the Gross-Up Payment described in this Section 2.04 as soon as practicable following the Change in Control, but in no event later than 30 days from such Change in Control.

ARTICLE 3

SEVERANCE BENEFITS

SECTION 3.01. Right to Severance Benefits. In the event that a Qualifying Event occurs during the term of this Agreement, Executive shall be entitled to receive from the Company Severance Benefits as described in Section 3.03 and the Gross-Up Payment described in Section 4.01. The Severance Benefits described in Sections 3.03(a), 3.03(b), 3.03(c), 3.03(d), 3.03(e), 3.03(f), 3.03(h) and 3.03(i), as well as the Gross-Up Payment, shall be paid or provided to Executive as soon as practicable following the Qualifying Event, but in no event later than 30 days from such Qualifying Event.

SECTION 3.02. Qualifying Event. A "Qualifying Event" means any of the following events:

(a) The involuntary termination of Executive's employment by the Company during the 36-month period following a Change in Control, other than (i) for Cause, or (ii) by reason of Executive's death or Disability;

(b) Executive's voluntary termination of employment for Good Reason during the 36-month period following a Change in Control; or

(c) The occurrence of a Change in Control within one year after (i) the involuntary termination of Executive's employment by the Company other than (A) for Cause, or (B) by reason of Executive's death or Disability; or (ii) Executive's voluntary termination of employment for Good Reason; if, in the case of either clause (i) or (ii), the involuntary termination or actions giving rise to the existence of Good Reason, as the case may be, were undertaken by the Company in anticipation of a Change in Control.
SECTION 3.03. Severance Benefits. Executive shall be entitled to the following benefits (the “Severance Benefits”) under the circumstances described in Section 3.01:

(a) The Company shall pay Executive a lump sum, in cash, equal to Executive's earned but unpaid Base Salary and other earned but unpaid cash entitlements for the period through and including the date of termination of Executive's employment, including unused earned and accrued vacation pay and unreimbursed business expenses. In addition, Executive shall be entitled to any other benefits earned or accrued by Executive for the period through and including the date of termination of Executive's employment under any other employee benefit plans and arrangements maintained by the Company, in accordance with the terms of such plans and arrangements, except as modified herein.

(b) In the case of a Qualifying Event described in Section 3.02(c), the Company shall pay Executive the amount that would have been payable to Executive under Section 2.02, had the Change in Control occurred as of the date of termination of Executive's employment. The payment under this Section 3.03(b) shall be reduced by any payments previously made to Executive under the Company's annual and long-term incentive plans and programs, and under this Agreement, with respect to performance-based incentive compensation (other than stock options and stock appreciation rights) for the periods referred to in clauses (i) and (ii) of Section 2.02.

(c) The Company shall pay Executive a lump sum, in cash, equal to three times the sum of Executive’s Reference Salary and Reference Incentive Compensation Award.

(d) The Company shall pay Executive a lump sum, in cash, equal to the actuarial present value of the difference between the retirement benefits described in clauses (i) and (ii) below:

(i) The retirement benefits described in this clause shall be the total benefits that would be payable to Executive and his or her spouse under the Qualified Pension Plan and the Nonqualified Pension Plans in the form of a monthly annuity commencing as of Executive's Earliest Retirement Date, calculated in accordance with the terms of such plans as in effect on the date of termination of Executive's employment (or, if greater, as in effect immediately prior to the Change in Control), and assuming:

(A) Executive is fully vested in his or her benefits under such plans;
(B) The number of years of Executive's credited service for purposes of benefit accrual under such plans is equal to three plus the number of such years of service credited under such plans without regard to this Section 3.03(d)(i)(B);

(C) Executive's age as of the Earliest Retirement Date is equal to Executive's actual age as of such date plus three years, for purposes of calculating any reduction under such plans for early commencement of benefits; and

(D) As of Executive's annuity starting date, Executive has a spouse who meets the requirements set forth in the Qualified Pension Plan for entitlement to automatic joint and survivor annuity benefits.

(ii) The retirement benefits described in this clause shall be the benefits that would be payable to Executive and his or her spouse under the Qualified Pension Plan in the form of a monthly annuity commencing as of Executive's Earliest Retirement Date, calculated in accordance with the terms of such Plan, assuming that as of Executive's annuity starting date Executive has a spouse who meets the requirements set forth in the Qualified Pension Plan for entitlement to automatic joint and survivor annuity benefits.

For purposes of this Section 3.03(d), "actuarial present value" shall be calculated using the assumptions in effect, immediately prior to the Change in Control, for purposes of calculating actuarial equivalence under the Qualified Pension Plan. The payment under this Section 3.03(d) shall be reduced, in the case of a Qualifying Event described in Section 3.02(c), by the total amount of payments (if any) made to Executive and his or her spouse under the Nonqualified Pension Plans between the date of termination of Executive's employment and the date of payment under this Section 3.03(d). The payment under this Section 3.03(d) shall discharge all liabilities of the Company with respect to retirement benefits of Executive under the Nonqualified Pension Plans.

(e) (i) If Executive has attained age 52 as of the date of termination of his or her employment, Executive shall be entitled to retiree medical and monthly survivor benefits from the Company commencing as of the date of the Qualifying Event. Such benefits shall be provided at a level of coverage no less generous, and at the same cost to Executive, as the retiree medical and monthly survivor benefits for which Executive would have been eligible upon retirement under the retiree benefits program maintained by the Company as in effect immediately prior to the Change in Control, provided, that if Executive has earned at least ten years of Continuous Service under the Qualified Pension Plan as of the date of termination of
employment (taking into account the assumption set forth in Section 3.03(d)(i)(B)), the Company shall pay Executive a lump sum, in cash, equal to the present value (as of the date of the Qualifying Event) of any premium imposed solely because of early retirement. The assumption set forth in Section 3.03(d)(i)(B) shall be taken into account in determining the level of any service-related premium to which Executive becomes subject at any time with respect to retiree medical benefits provided by the Company.

(ii) If, after taking into account the assumption set forth in Section 3.03(d)(i)(C), Executive has attained age 52 as of the date of termination of his or her employment, the Company shall, at its election, provide to Executive either: (A) retiree medical and monthly survivor benefits described in (i) above; or (B) a lump sum, in cash, equal to the present value (as of the date of the Qualifying Event) of the retiree medical and monthly survivor benefits described in (i) above.

(iii) If, after taking into account the assumption set forth in Section 3.03(d)(i)(C), Executive has not attained age 52 as of the date of termination of his or her employment, the Company shall pay Executive a lump sum, in cash, equal to the present value (as of the date of the Qualifying Event) of medical, disability and monthly survivor coverage (as provided to active nonpilot personnel) of Executive and Executive's eligible dependents under the Medical Plans and Disability Plan for 36 months from the date of the Qualifying Event.

(iv) In determining present value under clauses (i), (ii) and (iii) above, all terms applicable to Executive under the Medical Plans and Disability Plan immediately prior to the date of the Change in Control (including the level of premiums payable by Executive) shall be taken into account. The amount of such present value shall be determined by Northern Trust Retirement Consulting Inc. (the “Actuarial Firm”) on the basis of such assumptions as the Actuarial Firm determines to be reasonable. In the event that the Actuarial Firm is serving as actuary for the Person effecting the Change in Control or is otherwise unavailable, Executive may appoint another nationally recognized actuarial firm to make the determinations required hereunder (which actuarial firm shall then be referred to as the Actuarial Firm hereunder). The Actuarial Firm shall provide its determination and detailed supporting calculations both to the Company and Executive within fifteen business days of the receipt of notice from Executive that there has been a Qualifying Event, or such earlier time as is requested by the Company. All fees and expenses of the Actuarial Firm shall be borne solely by the Company.

(f) The Company shall provide Executive with a fully paid-up term life insurance policy (with premiums pre-paid for the remainder of Executive’s life)
on Executive's life, providing Executive's beneficiaries with a death benefit of $50,000. In addition, if Executive is eligible for early or normal retirement benefits under the Qualified Pension Plan as of the date of termination of Executive's employment, the Company shall provide Executive a fully paid-up term life insurance policy (with premiums pre-paid for the remainder of Executive's life) on Executive's life, providing Executive's beneficiaries with a death benefit of two times Executive's Reference Salary. For purposes of determining Executive's entitlement to the life insurance policy described in the preceding sentence, the assumptions set forth in Sections 3.03(d)(i)(B) and 3.03(d)(i)(C) shall be taken into account.

(g) Executive and Executive's spouse, for the remainder of their respective lives, and Executive's dependent children, for so long as they are under age 18 (or under age 23 if a full-time student), shall be entitled to free system-wide flight privileges on Company flights to any location which the Company serves. Such privileges shall entitle Executive, Executive's spouse and Executive's dependent children to unlimited positive space (or space available, at Executive's option) first-class tickets, but Executive's dependent children shall not be entitled to first-class privileges if under age 8; provided further that all of such flight privileges shall otherwise be subject to the same conditions and restrictions as pertain from time to time to the flight privileges generally provided by the Company to its retirees. Nothing herein shall be deemed as a limitation upon any retiree flight privileges for which Executive may otherwise qualify.

(h) In the case of a Qualifying Event described in Section 3.02(c), all outstanding stock options, stock appreciation rights, restricted stock (if not performance-based), or other non-performance-based awards held by Executive pursuant to the provisions of the Company's 1989 Stock Incentive Plan or any successor plan shall become immediately vested, nonforfeitable and exercisable as of the date of the Change in Control. In addition, in the case of such a Qualifying Event, the Company shall, with respect to any such stock option, stock appreciation right, restricted stock or other non-performance-based award forfeited by Executive on or after the date of termination of Executive's employment (except where such forfeiture occurs solely by reason of expiration of the term of such award), pay to Executive a lump sum, in cash, equal to the fair market value such award would have had as of the date of the Change in Control, taking into account the exercise price, if any, associated with such award and treating such award as fully vested and exercisable.

(i) The Company shall pay (or cause the Deferred Compensation Trust to pay) to Executive a lump sum, in cash, equal to the balance of Executive's accounts under the Deferred Compensation Plan.
(j) The Company shall indemnify Executive (and Executive's legal representatives or other successors) to the fullest extent permitted by the Certificate of Incorporation and By-Laws of the Company, as in effect at such time or on the Effective Date, or by the terms of any indemnification agreement between the Company and Executive, whichever affords or afforded greater protection to Executive, and Executive shall be entitled to the protection of any insurance policies the Company may elect to maintain generally for the benefit of its directors and officers (and to the extent the Company maintains such an insurance policy or policies, Executive shall be covered by such policy or policies, in accordance with its or their terms, to the maximum extent of the coverage available for any Company officer or director), against all costs, charges and expenses whatsoever incurred or sustained by Executive or Executive's legal representatives at the time such costs, charges and expenses are incurred or sustained, in connection with any action, suit or proceeding to which Executive (or Executive's legal representatives or other successors) may be made a party by reason of Executive's being or having been a director, officer or employee of the Company, or any Subsidiary or Executive's serving or having served any other enterprise as a director, officer, employee or fiduciary at the request of the Company.

**ARTICLE 4**

**CERTAIN TAX PAYMENTS**

SECTION 4.01. Gross-Up Payment. The Company shall pay to Executive an additional lump sum payment (the "Gross-Up Payment"), in cash, equal to the sum of the amounts described in Paragraphs A and B (if any), below:

A. Executive shall be entitled under this paragraph to the sum of (i) the present value of all of Executive's applicable Federal, state and local taxes arising due to payments or coverage provided under Section 3.03(e), and (ii) an additional amount such that after payment by Executive of all of Executive's applicable Federal, state and local taxes on such additional amount, Executive will retain an amount equal to the total of Executive's applicable Federal, state and local taxes arising due to the payment required pursuant to clause (i) above. For purposes of clause (i) above, present value shall be determined using the appropriate "applicable federal rate" promulgated by the Treasury Department under Code Section 1274(d) for the month in which the Gross-Up Payment is made, assuming that all taxes will be paid on the due date therefor (without regard to extensions).

B. If any portion of the Severance Benefits or any other payment under this Agreement, or under any other agreement with, or plan of the Company, including but not limited to stock options and other long-term...
incentives (in the aggregate "Total Payments") would be subject to the excise tax imposed by Section 4999 of the Code or any interest or penalties with respect to such excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the "Excise Tax"), then Executive shall be entitled under this paragraph to an additional amount such that after payment by Executive of all of Executive's applicable Federal, state and local taxes, including any Excise Tax, imposed upon such additional amount, Executive will retain an amount equal to the Excise Tax imposed on the Total Payments. The amount determined under this Paragraph B upon the occurrence of a Qualifying Event shall be reduced by the amount of any Gross-Up Payment previously paid to Executive under Section 2.04.

For purposes of Paragraphs A and B above, Executive's applicable Federal, state and local taxes shall be computed at the maximum marginal rates, taking into account the effect of any loss of personal exemptions resulting from receipt of the Gross-Up Payment.

SECTION 4.02. Determinations. All determinations required to be made under this Article 4, including the amount of the Gross-Up Payment, whether a payment is required under Paragraph B of Section 4.01, and the assumptions to be used in determining the Gross-Up Payment, shall be made by Arthur Andersen LLP (the "Accounting Firm") which shall provide detailed supporting calculations both to the Company and Executive within twenty business days of the receipt of notice from Executive that there has been a Qualifying Event, or such earlier time as is requested by the Company. In the event that the Accounting Firm is serving as accountant or auditor for the Person effecting the Change in Control or is otherwise unavailable, Executive may appoint another nationally recognized accounting firm to make the determinations required hereunder (which accounting firm shall then be referred to as the Accounting Firm hereunder). All fees and expenses of the Accounting Firm shall be borne solely by the Company.

SECTION 4.03. Subsequent Redetermination. Executive agrees (unless requested otherwise by the Company) to use reasonable efforts to contest in good faith any subsequent determination by the Internal Revenue Service that Executive owes an amount of Excise Tax greater than the amount determined pursuant to Section 4.02; provided, that Executive shall be entitled to reimbursement by the Company of all fees and expenses reasonably incurred by Executive in contesting such determination. In the event the Internal Revenue Service or any court of competent jurisdiction determines that Executive owes an amount of Excise Tax that is either greater or less than the amount previously taken into account and paid under this Article 4, the Company shall promptly pay to Executive, or Executive shall promptly repay to the Company, as the case may be, the amount of such excess or shortfall. In the case of any payment that the Company is required
to make to Executive pursuant to the preceding sentence (a "Later Payment"), the Company shall also pay to Executive an additional amount such that after payment by Executive of all of Executive's applicable Federal, state and local taxes on such additional amount, Executive will retain an amount equal to the total of Executive's applicable Federal, state and local taxes arising due to the Later Payment. In the case of any repayment of Excise Tax that Executive is required to make to the Company pursuant to the second sentence of this Section 4.03, Executive shall also repay to the Company the amount of any additional payment received by Executive from the Company in respect of applicable Federal, state and local taxes on such repaid Excise Tax, to the extent Executive is entitled to a refund of (or has not yet paid) such Federal, state or local taxes.

ARTICLE 5

SUCCESSORS AND ASSIGNMENTS

SECTION 5.01. Successors. The Company will require any successor (whether by reason of a Change in Control, direct or indirect, by purchase, merger, consolidation, or otherwise) to all or substantially all of the business and/or assets of the Company to expressly assume and agree to perform the obligations under this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place.

SECTION 5.02. Assignment by Executive. This Agreement shall inure to the benefit of and be enforceable by Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees, and legatees. If Executive should die while any amount is owed but unpaid to Executive hereunder, all such amounts, unless otherwise provided herein, shall be paid to Executive's devisee, legatee, or other designee, or if there is no such designee, to Executive's estate. Executive's rights hereunder shall not otherwise be assignable.

ARTICLE 6

MISCELLANEOUS

SECTION 6.01. Notices. Any notice required to be delivered hereunder shall be in writing and shall be addressed

if to the Company, to:

Delta Air Lines, Inc.
Hartsfield Atlanta International Airport Post Office Box 20706
Atlanta, GA 30320-2534 Attn: General Counsel;
or such other address as such party may hereafter specify for the purpose by written notice to the other party hereto. Any such notice shall be deemed received on the date of receipt by the recipient thereof if received prior to 5 p.m. in the place of receipt and such day is a business day in the place of receipt. Otherwise, any such notice shall be deemed not to have been received until the next succeeding business day in the place of receipt.

SECTION 6.02. Legal Fees and Expenses. The Company shall pay all legal fees, costs of litigation, prejudgment interest, and other expenses which are reasonably incurred by Executive as a result of (i) the Company's refusal to provide Severance Benefits or other amounts in accordance herewith, (ii) the Company's (or any third party's) contesting the validity, enforceability, or interpretation of the Agreement, (iii) any conflict between the parties pertaining to this Agreement, (iv) Executive's contesting any determination by the Internal Revenue Service pursuant to Section 4.03, or (v) Executive's pursuing any claim under Section 6.16 hereof.

SECTION 6.03. Arbitration. Executive shall have the right and option to elect (in lieu of litigation) to have any dispute or controversy arising under or in connection with this Agreement settled by arbitration, conducted before a panel of three arbitrators sitting in a location selected by Executive within 50 miles from the location of his or her job with the Company, in accordance with the rules of the American Arbitration Association then in effect. Executive's election to arbitrate, as herein provided, and the decision of the arbitrators in that proceeding, shall be binding on the Company and Executive. Judgment may be entered on the award of the arbitrator in any court having jurisdiction. All expenses of such arbitration, including the fees and expenses reasonably incurred by Executive, shall be borne by the Company.

SECTION 6.04. Unfunded Agreement. Except to the extent otherwise provided in Article 2, the obligations of the Company under this Agreement represent an unsecured, unfunded promise to pay benefits to Executive and/or Executive's beneficiaries, and shall not entitle Executive or such beneficiaries to a preferential claim to any asset of the Company.

SECTION 6.05. Non-Exclusivity of Benefits. Unless specifically provided herein, neither the provisions of this Agreement nor the benefits provided hereunder shall reduce any amounts otherwise payable, or in any way diminish Executive's rights as an employee of the Company, whether existing now or hereafter, under any compensation and/or benefit plans (qualified or nonqualified), programs, policies, or practices provided by the Company, for which Executive may qualify. Vested benefits or other amounts which Executive is otherwise
entitled to receive under any plan, policy, practice, or program of the Company (i.e., including, but not limited to, vested benefits under the Qualified Pension Plan), at or subsequent to the date of termination of Executive's employment shall be payable in accordance with such plan, policy, practice, or program except as expressly modified by this Agreement.

SECTION 6.06. Compensation Taken Into Account. Severance Benefits provided hereunder (other than the Base Salary and Reference Incentive Compensation Award payable pursuant to Sections 3.03(a) or 3.03(b)) shall not be considered for purposes of determining Executive's benefits under any other plan or program of the Company (including without limitation the Qualified Pension Plan and the Nonqualified Pension Plans).

SECTION 6.07. Employment Status. Nothing herein contained shall interfere with the Company's right to terminate Executive's employment with the Company at any time, with or without Cause, subject to the Company's obligation to provide such Severance Benefits and other amounts as may be required hereunder.

SECTION 6.08. Mitigation. In no event shall Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to Executive under any of the provisions of this Agreement, nor shall the amount of any payment hereunder be reduced by any compensation earned by Executive as a result of employment by another employer.

SECTION 6.09. No Set-Off. The Company's obligations to make all payments and honor all commitments under this Agreement shall be absolute and unconditional and shall not be affected by any circumstances including, without limitation, any set-off, counterclaim, recoupment, defense or other right which the Company may have against Executive.

SECTION 6.10. Entire Agreement. This Agreement represents the entire agreement between the parties with respect to Executive's employment and/or severance rights upon a Change in Control, and supersedes all prior discussions, negotiations, and agreements concerning such rights, including, but not limited to, any prior severance agreement made between Executive and the Company.

SECTION 6.11. Tax Withholding. Notwithstanding anything in this Agreement to the contrary, the Company shall withhold from any amounts payable under this Agreement all federal, state, city, or other taxes as are legally required to be withheld.

SECTION 6.12. Waiver of Rights. The waiver by either party of a breach of any provision of this Agreement shall not operate or be construed as a continuing waiver or as a consent to or waiver of any subsequent breach hereof.
SECTION 6.13. Severability. In the event any provision of the Agreement shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining parts of the Agreement, and the Agreement shall be construed and enforced as if the illegal or invalid provision had not been included.

SECTION 6.14. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Georgia without reference to principles of conflict of laws.

SECTION 6.15. Counterparts. This Agreement may be signed in several counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were on the same instrument.

SECTION 6.16. Claim Review Procedure. If Executive is denied benefits under this Agreement, Executive may request, in writing, a review of the denial by the Company or its designee within 60 days of receiving written notice of the denial. The Company shall respond in writing to a written request for review within 90 days of receipt of such request. Neither the claim procedure set forth in this Section 6.16 nor Executive's failure to adhere to such procedure shall derogate from Executive's right to enforce this Agreement through legal action, including arbitration as provided in Section 6.03.

ARTICLE 7
DEFINITIONS

For purposes of this Agreement, the following terms shall have the meanings set forth below.

"Accounting Firm" has the meaning accorded such term in Section 4.02.

"Actuarial Firm" has the meaning accorded such term in Section 3.03(e)(iv).

"Affiliate" and "Associate" have the respective meanings accorded to such terms in Rule 12b-2 under the Exchange Act as in effect on the Effective Date.

"Base Salary" means, at any time, the then-regular annual rate of pay which Executive is receiving as annual salary.
"Beneficial Ownership." A Person shall be deemed the "Beneficial Owner" of, and shall be deemed to "beneficially own," securities pursuant to Rule 13d-3 under the Exchange Act as in effect on the Effective Date.

"Board" has the meaning accorded such term in the second "Whereas" clause of this Agreement.

"Cause" means the occurrence of any one or more of the following:

(a) A demonstrably willful and deliberate act or failure to act by Executive (other than as a result of incapacity due to physical or mental illness) which is committed in bad faith, without reasonable belief that such action or inaction is in the best interests of the Company, and which act or inaction is not remedied within fifteen business days of written notice from the Company; or

(b) Executive's conviction for committing an act of fraud, embezzlement, theft, or any other act constituting a felony involving moral turpitude.

Notwithstanding the foregoing, Executive shall not be deemed to have been terminated for Cause unless and until there shall have been delivered to Executive a copy of a resolution duly adopted by the affirmative vote (which cannot be delegated) of not less than three-quarters of the entire membership of the Board at a meeting of the Board called and held for such purpose (after reasonable notice to Executive and an opportunity for Executive, together with Executive's counsel, to be heard before the Board), finding that, in the good faith opinion of the Board, Executive is guilty of conduct set forth above in clauses (a) or (b) of this definition and specifying the particulars thereof in detail.

"Change in Control" means, and shall be deemed to have occurred upon, the first to occur of any of the following events:

(a) Any Person (other than an Excluded Person) acquires, together with all Affiliates and Associates of such Person, Beneficial Ownership of securities representing 20% or more of the combined voting power of the Voting Stock then outstanding, unless such Person acquires Beneficial Ownership of 20% or more of the combined voting power of the Voting Stock then outstanding solely as a result of an acquisition of Voting Stock by the Company which, by reducing the Voting Stock outstanding, increases the proportionate Voting Stock beneficially owned by such Person.

15
to 20% or more of the combined voting power of the Voting Stock then outstanding; provided, that if a Person shall become the Beneficial Owner of 20% or more of the combined voting power of the Voting Stock then outstanding by reason of such Voting Stock acquisition by the Company and shall thereafter become the Beneficial Owner of any additional Voting Stock which causes the proportionate voting power of Voting Stock beneficially owned by such Person to increase to 20% or more of the combined voting power of the Voting Stock then outstanding, such Person shall, upon becoming the Beneficial Owner of such additional Voting Stock, be deemed to have become the Beneficial Owner of 20% or more of the combined voting power of the Voting Stock then outstanding other than solely as a result of such Voting Stock acquisition by the Company;

(b) During any period of two consecutive years (not including any period prior to the Effective Date), individuals who at the beginning of such period constitute the Board (and any new Director, whose election by the Board or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds of the Directors then still in office who either were Directors at the beginning of the period or whose election or nomination for election was so approved), cease for any reason to constitute a majority of Directors then constituting the Board;

(c) A reorganization, merger or consolidation of the Company is consummated, in each case, unless, immediately following such reorganization, merger or consolidation, (i) more than 50% of, respectively, the then outstanding shares of common stock of the corporation resulting from such reorganization, merger or consolidation and the combined voting power of the then outstanding voting securities of such corporation entitled to vote generally in the election of directors is then beneficially owned, directly or indirectly, by all or substantially all of the individuals and entities who were the beneficial owners of the Voting Stock outstanding immediately prior to such reorganization, merger or consolidation, (ii) no Person (but excluding for this purpose any Excluded Person and any Person beneficially owning, immediately prior to such reorganization, merger or consolidation, directly or indirectly, 20% or more of the voting power of the outstanding Voting Stock) beneficially owns, directly or indirectly, 20% or more of, respectively, the then outstanding shares of common stock of the corporation resulting from such reorganization, merger or
consolidation or the combined voting power of the then outstanding voting securities of such corporation entitled to vote generally in the
election of directors and (iii) at least a majority of the members of the board of directors of the corporation resulting from such reorganization,
merger or consolidation were members of the Board at the time of the execution of the initial agreement providing for such reorganization,
merger or consolidation; or

(d) The shareholders of the Company approve (i) a complete liquidation or dissolution of the Company or (ii) the sale or other disposition of all
or substantially all of the assets of the Company, other than to any corporation with respect to which, immediately following such sale or other
disposition, (A) more than 50% of, respectively, the then outstanding shares of common stock of such corporation and the combined voting
power of the then outstanding voting securities of such corporation entitled to vote generally in the election of directors is then beneficially
owned, directly or indirectly, by all or substantially all of the individuals and entities who were the beneficial owners of the Voting Stock
outstanding immediately prior to such sale or other disposition of assets, (B) no Person (but excluding for this purpose any Excluded Person
and any Person beneficially owning, immediately prior to such sale or other disposition, directly or indirectly, 20% or more of the voting power
of the outstanding Voting Stock) beneficially owns, directly or indirectly, 20% or more of, respectively, the then outstanding shares of common
stock of such corporation or the combined voting power of the then outstanding voting securities of such corporation entitled to vote generally
in the election of directors and (C) at least a majority of the members of the board of directors of such corporation were members of the Board
at the time of the execution of the initial agreement or action of the Board providing for such sale or other disposition of assets of the Company.

Notwithstanding the foregoing, in no event shall a "Change in Control" be deemed to have occurred (i) as a result of the formation of a Holding
Company, or (ii) with respect to Executive, if Executive is part of a "group," within the meaning of Section 13(d)(3) of the Exchange Act as in
effect on the Effective Date, which consummates the Change in Control transaction. In addition, for purposes of the definition of "Change in
Control" a Person engaged in business as an underwriter of securities shall not be deemed to be the "Beneficial Owner" of, or to "beneficially
own," any securities acquired through such Person's participation in good faith.
in a firm commitment underwriting until the expiration of forty days after the date of such acquisition.


"Company" has the meaning accorded such term in the introductory paragraph of this Agreement.

"Deferred Compensation Plan" means the Company's Executive Deferred Compensation Plan (or any similar successor plan adopted by the Company), as in effect immediately prior to the Change in Control.

"Deferred Compensation Trust" has the meaning accorded such term in Section 2.01.

"Disability" means Long-Term Disability, as such term is defined in the Disability Plan.

"Disability Plan" means the Delta Family-Care Disability and Survivorship Plan (or any successor disability and/or survivorship plan adopted by the Company), as in effect immediately prior to the Change in Control (subject to changes in coverage levels applicable to all employees generally covered by such Plan).

"Earliest Retirement Date" means the earliest date, after the date of termination of Executive's employment, as of which Executive would be eligible to commence receiving retirement benefits under the Qualified Pension Plan.

"Effective Date" has the meaning accorded such term in the introductory paragraph of this Agreement.


"Excise Tax" has the meaning accorded such term in Section 4.01.

"Excluded Person" means (i) the Company; (ii) any of the Company's Subsidiaries; (iii) any Holding Company; (iv) any employee benefit plan of the Company, any of its Subsidiaries or a Holding Company; or (v) any Person organized, appointed or established by the Company, any of its Subsidiaries or a Holding Company for or pursuant to the terms of any plan described in clause (iv).
"Executive" has the meaning accorded such term in the introductory paragraph of this Agreement.

"Good Reason" means, without Executive's express written consent, the occurrence of any one or more of the following:

(a) The assignment to Executive of duties inconsistent with Executive's authorities, duties, responsibilities and status as an officer of the Company, or a reduction or alteration in the nature or status of Executive's authorities, duties, or responsibilities, from those in effect as of the Reference Date; other than an insubstantial and inadvertent act that is remedied by the Company promptly after receipt of notice thereof given by Executive;

(b) The Company's requiring Executive to be based at a location in excess of 50 miles from Executive's principal job location or office immediately prior to the Reference Date; except for required travel on the Company's business to an extent consistent with Executive's business travel obligations immediately prior to the Reference Date;

(c) A reduction by the Company of Executive's Base Salary as in effect on the Reference Date (other than pursuant to a reduction by a uniform percentage of the salary of all full-time domestic employees of the Company who are not subject to a collective bargaining agreement); or a reduction in Executive's short-term or long-term incentive compensation opportunities under the executive incentive compensation plans of the Company for which Executive is eligible as in effect on the Reference Date;

(d) The failure by the Company to keep in effect compensation, retirement, health and welfare benefits, or perquisite programs under which Executive receives benefits substantially similar, in the aggregate, to the benefits under such programs as exist immediately prior to the Reference Date (other than pursuant to an equivalent reduction in such benefits of all full-time domestic employees of the Company who are not subject to a collective bargaining agreement); or the failure of the Company to meet the funding requirements, if any, of any of such programs; or

(e) Any material breach by the Company of its obligations under this Agreement or any failure of a successor of the Company to assume and agree to perform the Company's entire obligations under this Agreement, as required by Article 5 herein, provided that
such successor has received at least ten days written notice from the Company or Executive of the requirements of Article 5.

"Gross-Up Payment" has the meaning accorded such term in Section 4.01.

"Holding Company" means an entity that becomes a holding company for the Company or its businesses as a part of any reorganization, merger, consolidation or other transaction, provided that the outstanding shares of common stock of such entity and the combined voting power of the then outstanding voting securities of such entity entitled to vote generally in the election of directors is, immediately after such reorganization, merger, consolidation or other transaction, beneficially owned, directly or indirectly, by all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Voting Stock outstanding immediately prior to such reorganization, merger, consolidation or other transaction in substantially the same proportions as their ownership, immediately prior to such reorganization, merger, consolidation or other transaction, of such outstanding Voting Stock.

"Initial Term" has the meaning accorded such term in Section 1.01.

"Later Payment" has the meaning accorded such term in Section 4.03.

"Medical Plans" means the DeltaFlex and the Delta Family-Care Medical Plans (or any successor medical plans adopted by the Company), as in effect immediately prior to the Change in Control (subject to changes in coverage levels applicable to all employees generally covered by such Plans).

"Nonqualified Pension Plans" means the 1991 Delta Excess Benefit Plan and the Delta Supplemental Excess Benefit Plan (or any successor nonqualified defined benefit retirement plans adopted by the Company).

"Person" means an individual, corporation, partnership, association, trust or any other entity or organization.

"Qualified Pension Plan" means the Delta Family-Care Retirement Plan (or any successor qualified defined benefit retirement plan adopted by the Company).
"Qualifying Event" has the meaning accorded such term in Section 3.02.

"Reference Date" means the earlier to occur of (i) a Change in Control and (ii) the date 90 days prior to the termination of Executive's employment.

"Reference Incentive Compensation Award" means:

(a) for purposes of Article 2 hereof, the greater of the target annual incentive compensation award or bonus (A) for the Company's most recently completed fiscal year prior to the Change in Control; and (B) for the Company's fiscal year that includes the Change in Control.

(b) for purposes of Article 3 hereof, the greater of the target annual incentive compensation award or bonus (A) for the Company's most recently completed fiscal year prior to the termination of Executive's employment; and (B) for the Company's fiscal year that includes Executive's termination of employment.

For purposes of both parts (a) and (b) of this definition, the "target annual incentive compensation award or bonus" with respect to any fiscal year shall be determined by multiplying the target salary percentage applicable to Executive for such year by the Reference Salary.

"Reference Long-Term Award" means, for each performance period that includes the date of a Change in Control under a long-term incentive plan maintained by the Company, the greater of (i) the actual award payable to Executive for such performance period, calculated as if such performance period had ended on the date of the Change in Control and (ii) the target award payable to Executive for such performance period.

"Reference Salary" means the greater of Executive's annual rate of Base Salary as in effect (i) upon the date of termination of Executive's employment, and (ii) immediately prior to the Change in Control.

"Severance Benefits" has the meaning accorded such term in Section 3.03.

"Subsidiary" of any Person means any other Person of which securities or other ownership interests having voting power to elect a majority of the board of directors or other Persons performing similar functions are at the time directly or indirectly owned by such Person.
"Successive Period" has the meaning accorded such term in Section 1.02.

"Total Payments" has the meaning accorded such term in Section 4.01.

"Trust Instrument" has the meaning accorded such term in Section 2.01.

"Voting Stock" means securities of the Company entitled to vote generally in the election of members of the Board.

IN WITNESS WHEREOF, the Company and Executive have executed this Agreement, to be effective as of the day and year first written above.

EXECUTIVE                                      Delta Air Lines, Inc.

By:                                              By:

----------------------------------------------- -----------------------------------------------
Name: Leo F. Mullin                             Name: Leo F. Mullin
Title: President and Chief Executive Officer    Title: President and Chief Executive Officer

22
DELTA AIR LINES, INC.

STATEMENT REGARDING COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES
(In millions, except ratios)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Earnings (loss):</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Earnings (loss) before income taxes and cumulative effect of accounting change</td>
<td>$1,648</td>
<td>$1,415</td>
<td>$ 276</td>
<td>$ 494</td>
<td>$(660)</td>
</tr>
<tr>
<td>Add (deduct):</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fixed charges from below</td>
<td>669</td>
<td>673</td>
<td>582</td>
<td>665</td>
<td>689</td>
</tr>
<tr>
<td>Interest capitalized</td>
<td>(38)</td>
<td>(33)</td>
<td>(26)</td>
<td>(30)</td>
<td>(33)</td>
</tr>
<tr>
<td>Interest offset on Guaranteed Serial ESOP Notes</td>
<td>--</td>
<td>--</td>
<td>(2)</td>
<td>(4)</td>
<td>(14)</td>
</tr>
<tr>
<td>Earnings (loss) as adjusted</td>
<td>$2,279</td>
<td>$2,055</td>
<td>$ 830</td>
<td>$1,125</td>
<td>$(18)</td>
</tr>
<tr>
<td>Fixed charges:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest expense</td>
<td>$186</td>
<td>$207</td>
<td>$269</td>
<td>$292</td>
<td>$304</td>
</tr>
<tr>
<td>Portion of rental expense representative of the interest factor</td>
<td>483</td>
<td>466</td>
<td>311</td>
<td>369</td>
<td>371</td>
</tr>
<tr>
<td>Additional interest on Guaranteed Serial ESOP Notes</td>
<td>--</td>
<td>--</td>
<td>2</td>
<td>4</td>
<td>14</td>
</tr>
<tr>
<td>Total fixed charges</td>
<td>669</td>
<td>673</td>
<td>582</td>
<td>665</td>
<td>689</td>
</tr>
<tr>
<td>Ratio of earnings to fixed charges</td>
<td>3.41</td>
<td>3.05</td>
<td>1.43</td>
<td>1.69</td>
<td>--</td>
</tr>
</tbody>
</table>

Earnings for fiscal years ended June 30, 1994 were inadequate to cover fixed charges. Additional earnings of $707 million for the fiscal year ended June 30, 1994 would have been necessary to bring the ratio to 1.0.
At the heart of the Company's operations is Delta's aircraft fleet. To maintain a young and technologically advanced fleet, Delta has entered into a long-term aircraft purchase agreement with The Boeing Company (Boeing). The agreement covers firm orders, options and rolling options for certain aircraft through calendar year 2017, and supports the Company's plan for disciplined growth, aircraft rationalization and fleet replacement.

The agreement with Boeing provides Delta with long-term price controls, risk sharing and the flexibility to adjust scheduled aircraft deliveries or substitute between aircraft models and aircraft types, subject to certain conditions.

The majority of the aircraft under firm order will be used to replace older aircraft. Delta's long-term plan is to reduce aircraft family types from six to three. A move to a more standardized fleet is expected to improve reliability and result in long-term cost savings. As previously announced, the Company plans to retire its remaining L-1011 aircraft by August 2001, replaced primarily by B-767 aircraft. Delta also has announced a three-year acceleration of the planned retirement of the B-727 aircraft fleet which it now plans to retire by the end of fiscal 2005. The B-727 aircraft will be replaced primarily by new generation B-737 aircraft.

Delta accepted delivery of 15 new aircraft and acquired 10 aircraft from other carriers during fiscal 1998, composed of two B-727-200 aircraft, six B-737-300 aircraft, four B-757-200 aircraft, 12 B-767-300ER aircraft and one MD-11 aircraft. In addition, Delta purchased four 727-200 aircraft that it previously leased. The Company expects to take delivery of seven aircraft from other carriers in fiscal 1999, five of which have been delivered. Delta retired nine L-1011 aircraft from the fleet in fiscal 1998.

### AIRCRAFT FLEET AT JUNE 30, 1998

<table>
<thead>
<tr>
<th>Aircraft Type</th>
<th>Average Age</th>
<th>Owned</th>
<th>Capital</th>
<th>Operating</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>B-727-200</td>
<td>21.2</td>
<td>121</td>
<td>–</td>
<td>10</td>
<td>131</td>
</tr>
<tr>
<td>B-737-200</td>
<td>13.6</td>
<td>1</td>
<td>45</td>
<td>8</td>
<td>54</td>
</tr>
<tr>
<td>B-737-300</td>
<td>11.6</td>
<td>–</td>
<td>3</td>
<td>16</td>
<td>19</td>
</tr>
<tr>
<td>B-757-200</td>
<td>9.1</td>
<td>54</td>
<td>–</td>
<td>41</td>
<td>95</td>
</tr>
<tr>
<td>B-767-200</td>
<td>15.1</td>
<td>15</td>
<td>–</td>
<td>–</td>
<td>15</td>
</tr>
<tr>
<td>B-767-300</td>
<td>9.1</td>
<td>2</td>
<td>–</td>
<td>24</td>
<td>26</td>
</tr>
<tr>
<td>B-767-300ER</td>
<td>4.2</td>
<td>31</td>
<td>–</td>
<td>8</td>
<td>39</td>
</tr>
<tr>
<td>L-1011-1</td>
<td>19.8</td>
<td>18</td>
<td>–</td>
<td>–</td>
<td>18</td>
</tr>
<tr>
<td>L-1011-250</td>
<td>15.7</td>
<td>6</td>
<td>–</td>
<td>–</td>
<td>6</td>
</tr>
<tr>
<td>L-1011-500</td>
<td>17.3</td>
<td>15</td>
<td>–</td>
<td>–</td>
<td>15</td>
</tr>
<tr>
<td>MD-11</td>
<td>4.4</td>
<td>8</td>
<td>–</td>
<td>7</td>
<td>15</td>
</tr>
<tr>
<td>MD-88</td>
<td>8.0</td>
<td>63</td>
<td>–</td>
<td>57</td>
<td>120</td>
</tr>
<tr>
<td>MD-90</td>
<td>2.6</td>
<td>16</td>
<td>–</td>
<td>–</td>
<td>16</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>12.3</strong></td>
<td><strong>350</strong></td>
<td><strong>48</strong></td>
<td><strong>171</strong></td>
<td><strong>569</strong></td>
</tr>
</tbody>
</table>

### AIRCRAFT DELIVERY SCHEDULES AT AUGUST 14, 1998

#### Delivery in Year Ending June 30:

<table>
<thead>
<tr>
<th>Aircraft on Firm Order</th>
<th>1999</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>After 2002</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>B-737-600/700/800</td>
<td>7</td>
<td>12</td>
<td>5</td>
<td>9</td>
<td>54</td>
<td>87</td>
</tr>
<tr>
<td>B-757-200</td>
<td>5</td>
<td>7</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>12</td>
</tr>
<tr>
<td>B-767-300/300ER</td>
<td>14</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>14</td>
</tr>
<tr>
<td>B-767-400</td>
<td>–</td>
<td>2</td>
<td>19</td>
<td>–</td>
<td>–</td>
<td>21</td>
</tr>
<tr>
<td>B-777-200</td>
<td>2</td>
<td>10</td>
<td>2</td>
<td>–</td>
<td>–</td>
<td>14</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>28</strong></td>
<td><strong>31</strong></td>
<td><strong>26</strong></td>
<td><strong>9</strong></td>
<td><strong>54</strong></td>
<td><strong>148</strong></td>
</tr>
</tbody>
</table>

#### Delivery in Year Ending June 30:

<table>
<thead>
<tr>
<th>Aircraft on Option*</th>
<th>1999</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>After 2002</th>
<th>Total</th>
<th>Options</th>
</tr>
</thead>
<tbody>
<tr>
<td>B-737-600/700/800</td>
<td>–</td>
<td>5</td>
<td>12</td>
<td>7</td>
<td>36</td>
<td>60</td>
<td>275</td>
</tr>
<tr>
<td>B-757-200</td>
<td>–</td>
<td>4</td>
<td>3</td>
<td>8</td>
<td>5</td>
<td>20</td>
<td>85</td>
</tr>
</tbody>
</table>
Aircraft options have scheduled delivery slots, while rolling options replace options and are assigned delivery slots as options expire or are exercised.

<table>
<thead>
<tr>
<th>Aircraft</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>B-767-300/300ER</td>
<td>-</td>
<td>1</td>
<td>4</td>
<td>2</td>
<td>4</td>
<td>11</td>
<td>19</td>
</tr>
<tr>
<td>B-767-400</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>12</td>
<td>12</td>
<td>24</td>
<td>25</td>
</tr>
<tr>
<td>B-777-200</td>
<td>-</td>
<td>-</td>
<td>1</td>
<td>5</td>
<td>14</td>
<td>20</td>
<td>30</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>-</td>
<td>10</td>
<td>20</td>
<td>34</td>
<td>71</td>
<td>135</td>
<td>434</td>
</tr>
</tbody>
</table>

*Aircraft options have scheduled delivery slots, while rolling options replace options and are assigned delivery slots as options expire or are exercised.*
RESULTS OF OPERATIONS

SUMMARY OF RESULTS

For fiscal 1998, Delta recorded operating income of $1.7 billion and net income of $1.0 billion ($13.28 basic and $12.68 diluted income per common share). These results represent the strongest financial performance ever reported by Delta for a fiscal year. In fiscal 1997, Delta recorded operating income of $1.5 billion and net income of $854 million ($11.39 basic and $11.03 diluted income per common share).

Financial Results Summary

(In Millions, Except Share Amounts)        1998            1997       Change
------------------------------------------- --------------------------- ---------------------------
Operating Revenues                        $14,138         $13,594        4%
Operating Expenses                        12,445          12,063        3
------------------------------------------- --------------
Operating Income                           1,693           1,531       11
Other Expense, Net                         45             116      (61)
------------------------------------------- --------------
Income Before Income Taxes                 1,648           1,415       16
Income Taxes Provided                      647             561       15
------------------------------------------- --------
Net Income                                 1,001             854       17
Preferred Stock Dividends                  11               9       22
------------------------------------------- --------
Net Income Available to Common Shareowners $  990          $  845       17%
------------------------------------------- --------
Income per common share:
Basic                                      $  13.28         $ 11.39       17%
Diluted                                    $  12.68         $ 11.03       15%
Number of Shares Used to Compute Income
Per Common Share:
Basic                                     74,567,059      74,233,606
Diluted                                    78,630,519      76,964,892

Fiscal 1997 results include pretax restructuring and other non-recurring charges of $52 million ($32 million after-tax or $0.43 basic and $0.42 diluted income per common share) related to the realignment of the Company's transatlantic and European operations.

FISCAL 1998 COMPARED WITH FISCAL 1997
OPERATING REVENUES

Operating Revenue Detail

(In Millions)        1998            1997       Change
------------------------------------------- --------------------------- ---------------------------
Passenger            $12,976         $12,505        4%
Cargo                582             554        5
Other, Net           580             535        8
------------------------------------------- --------
Total                $14,138         $13,594        4%

Operating revenues for fiscal 1998 were $14.1 billion, up 4% from $13.6 billion in fiscal 1997. Passenger revenue increased 4%, which reflects a 3% increase in revenue passenger miles on capacity growth of 2%. The passenger mile yield was 12.83 cents, virtually unchanged from fiscal 1997. During fiscal 1998, Delta benefited from continued favorable economic conditions, increased demand for air travel and the strategic reallocation of certain aircraft.

Domestic passenger revenue increased 4%, to $10.7 billion, driven by a 3% increase in domestic revenue passenger miles on a 2% increase in domestic capacity. The increase in domestic revenue passenger miles is primarily due to favorable economic conditions and improved asset utilization. Domestic passenger mile yield increased 1% due to a domestic fare increase implemented during the September 1997 quarter, largely offset by the full-year impact of the U.S. transportation excise tax and increased low-fare competition.

Consistent with the Company's strategy to expand its global reach, international passenger revenue increased 3%, to $2.3 billion, reflecting a
6% increase in international revenue passenger miles on a 5% increase in international capacity. The increase in international revenue passenger miles is primarily due to the addition of new routes, improved asset utilization, and continued strong demand in the Atlantic market, as well as the Company's recent expansion into Latin America. The international passenger mile yield decreased 3% year over year, mainly due to overall capacity growth in the Atlantic market.

Cargo revenues increased 5% to $582 million, reflecting a 14% increase in cargo ton miles and an 8% decrease in cargo ton mile yield. All other revenues increased 8% to $580 million, mainly due to higher administrative service charge revenues.

Revenue-Related Statistics

<table>
<thead>
<tr>
<th></th>
<th>1998</th>
<th>1997</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enplaned (Thousands)</td>
<td>104,148</td>
<td>101,147</td>
<td>3%</td>
</tr>
<tr>
<td>Revenue Passenger Miles (Millions)</td>
<td>101,136</td>
<td>97,758</td>
<td>3%</td>
</tr>
<tr>
<td>Passenger Load Factor</td>
<td>72.2%</td>
<td>71.4%</td>
<td>0.8 pts.</td>
</tr>
<tr>
<td>Cargo Ton Miles (Millions)</td>
<td>1,745</td>
<td>1,532</td>
<td>14%</td>
</tr>
<tr>
<td>Cargo Ton Mile Yield</td>
<td>33.35 cents</td>
<td>36.14 cents</td>
<td>(8)%</td>
</tr>
<tr>
<td>Operating Revenue</td>
<td>10.09 cents</td>
<td>9.94 cents</td>
<td>2%</td>
</tr>
</tbody>
</table>
MANAGEMENT'S DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS continued DELTA AIR LINES, INC.

OPERATING EXPENSES

Operating expenses in fiscal 1998 totaled $12.4 billion, up 3% from $12.1 billion in fiscal 1997. Operating cost per available seat mile increased 1% to 8.88 cents.

Operating Expense Detail

<table>
<thead>
<tr>
<th>(In Millions)</th>
<th>1998</th>
<th>1997</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and Related Costs</td>
<td>$4,850</td>
<td>$4,534</td>
<td>7%</td>
</tr>
<tr>
<td>Aircraft Fuel</td>
<td>1,507</td>
<td>1,722</td>
<td>(12)</td>
</tr>
<tr>
<td>Passenger Commissions</td>
<td>980</td>
<td>1,017</td>
<td>(4)</td>
</tr>
<tr>
<td>Depreciation and Amortization</td>
<td>861</td>
<td>710</td>
<td>21</td>
</tr>
<tr>
<td>Contracted Services</td>
<td>694</td>
<td>630</td>
<td>10</td>
</tr>
<tr>
<td>Other Selling Expenses</td>
<td>681</td>
<td>677</td>
<td>1</td>
</tr>
<tr>
<td>Landing Fees and Other Rents</td>
<td>649</td>
<td>649</td>
<td>1</td>
</tr>
<tr>
<td>Aircraft Rent</td>
<td>552</td>
<td>547</td>
<td>1</td>
</tr>
<tr>
<td>Aircraft Maintenance Materials</td>
<td>495</td>
<td>434</td>
<td>14</td>
</tr>
<tr>
<td>Aircraft Rent</td>
<td>552</td>
<td>547</td>
<td>1</td>
</tr>
<tr>
<td>Passenger Service</td>
<td>450</td>
<td>389</td>
<td>16</td>
</tr>
<tr>
<td>Restructuring and</td>
<td>726</td>
<td>702</td>
<td>3</td>
</tr>
<tr>
<td>Other Non-recurring Charges</td>
<td>726</td>
<td>702</td>
<td>3</td>
</tr>
<tr>
<td>Total</td>
<td>$12,445</td>
<td>$12,063</td>
<td>3%</td>
</tr>
</tbody>
</table>

Salaries and related costs increased 7% due to an 8% increase in full-time equivalent employees, primarily in customer service areas, and compensation and benefit enhancements for non-contract domestic employees, which became effective July 1, 1997. Aircraft fuel expense decreased 12% as the average fuel price per gallon declined 15% to 56.54 cents. Passenger commissions expense decreased 4% due to the implementation of a lower commission rate structure in the September 1997 quarter and increased utilization of lower cost distribution channels, partially offset by higher total commissions resulting from increased passenger revenue. Depreciation and amortization expense increased 21% due to the acquisition of additional aircraft and ground equipment, as well as increased investment in information systems. Contracted services expense rose 10% due to higher information technology costs and increased airport contract expenses associated with customer service initiatives and higher passenger volume. Aircraft maintenance materials and outside repairs expense increased 14% largely due to increased scheduled maintenance visits. Passenger service expense increased 16% due to onboard service enhancements and increased passenger traffic.

Operating Statistics

<table>
<thead>
<tr>
<th></th>
<th>1998</th>
<th>1997</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Available Seat Miles (Millions)</td>
<td>140,149</td>
<td>136,821</td>
<td>2%</td>
</tr>
<tr>
<td>Fuel Gallons Consumed (Millions)</td>
<td>2,664</td>
<td>2,599</td>
<td>3%</td>
</tr>
<tr>
<td>Average Fuel Price Per Gallon</td>
<td>56.54 cents</td>
<td>66.23 cents</td>
<td>(15)%</td>
</tr>
<tr>
<td>Breakeven Passenger Load Factor</td>
<td>62.7%</td>
<td>62.7%</td>
<td>0.7 pts.</td>
</tr>
<tr>
<td>Operating Cost Per Available Seat Mile</td>
<td>8.88 cents</td>
<td>8.82 cents</td>
<td>1%</td>
</tr>
</tbody>
</table>

OTHER INCOME (EXPENSE)

Other expense for fiscal 1998 decreased $71 million to $45 million, primarily due to lower interest expense resulting from lower average levels of debt outstanding and higher interest income resulting from higher cash balances. In addition, fiscal 1997 other expense included a $20 million payment to settle certain class action antitrust lawsuits filed by travel agents.

FISCAL 1997 COMPARED WITH FISCAL 1996

For fiscal 1997, Delta recorded operating income of $1.5 billion and net income of $854 million ($11.39 basic and $11.03 diluted income per common share). In fiscal 1996, Delta recorded operating income of $463 million and net income of $156 million ($1.43 basic and diluted income per common share).
As discussed previously, fiscal 1997 results include pretax restructuring and other non-recurring charges of $52 million. Fiscal 1996 results include pretax restructuring and other non-recurring charges totaling $829 million ($506 million after-tax or $9.77 per common share) related to the write-down of Delta’s L-1011 fleet and certain cost reduction initiatives.

OPERATING REVENUES

Operating revenues for fiscal 1997 were $13.6 billion, up 9% from $12.5 billion in fiscal 1996. Passenger revenue increased 8%, the result of 10% growth in revenue passenger miles partially offset by a 2% decline in the passenger mile yield.
Domestic passenger revenue increased 9%, to $10.3 billion, reflecting a 13% increase in domestic revenue passenger miles on a 6% increase in domestic capacity, and a 3% decline in the domestic passenger mile yield. Domestic traffic growth was primarily due to the Company's realignment of domestic routes which increased Delta's operations at its Atlanta and Cincinnati hubs; reduced operations by a competitor; and favorable economic conditions. The decrease in the domestic passenger mile yield was due to the use of more competitive pricing strategies and the reimposition of the U.S. transportation excise tax on March 7, 1997.

International passenger revenue rose 1%, to $2.2 billion, due to a 3% increase in international revenue passenger miles which was largely offset by a 2% decline in the international passenger mile yield. The increase in international revenue passenger miles was primarily due to improved asset utilization and favorable economic conditions. The decrease in the international passenger mile yield was due to the Company's use of more competitive pricing strategies.

Cargo revenues increased 6% to $554 million, reflecting a 12% increase in cargo ton miles and a 5% decline in cargo ton mile yield. Other revenues were up 68% to $535 million, mainly due to increased revenues from expanded joint marketing programs and improved results from code-sharing arrangements.

OPERATING EXPENSES

Operating expenses in fiscal 1997 totaled $12.1 billion, up 1% from $12.0 billion in fiscal 1996. Operating capacity increased 5% to 136.8 billion available seat miles, and operating cost per available seat mile decreased 4% to 8.82(cent). Excluding restructuring and other non-recurring charges, operating expenses were up 8%, and operating cost per available seat mile increased 3%. This increase was primarily due to higher salaries and related costs, aircraft fuel expense and certain traffic-related costs.

OTHER INCOME (EXPENSE)

Other expense for fiscal 1997 decreased $71 million, to $116 million, primarily due to lower interest expense and higher equity income from associated companies. Other expense for fiscal 1997 included Delta's $20 million payment to settle certain class action antitrust lawsuits filed by travel agents.

LIQUIDITY AND CAPITAL RESOURCES

FISCAL YEAR 1998

During fiscal 1998, strong operating results enabled the Company to continue to strengthen its financial position. Cash and cash equivalents and short-term investments totaled $1.6 billion at June 30, 1998, compared to $1.2 billion at June 30, 1997. The principal sources of funds during fiscal 1998 were $2.9 billion of cash from operations, $402 million (including an income tax benefit of $84 million related to the exercise of stock options) from the issuance of Common Stock, primarily under the Company's broad-based employee stock option plans, and $125 million from the issuance of long-term obligations.

During fiscal 1998, Delta invested $1.8 billion in flight equipment and $531 million in ground property and equipment. The Company also made payments of $307 million on long-term debt and capital lease obligations; paid $354 million to repurchase Common Stock; and paid cash dividends of $28 million on its Series B ESOP Convertible Preferred Stock, and $15 million on its Common Stock. The Company may repurchase additional long-term debt and Common Stock from time to time.

As of June 30, 1998 and 1997, the Company had negative working capital of $1.2 billion. A negative working capital position is normal for Delta and does not indicate a lack of liquidity. The Company expects to meet its current and long-term obligations as they become due through available cash, short-term investments and internally generated funds, supplemented as necessary by debt financing and proceeds from sale and leaseback transactions. At August 14, 1998, the Company had $1.25 billion of credit available under its 1997 Bank Credit Agreement. See Note 6 of Notes to Consolidated Financial Statements.
Long-term debt and capital lease obligations, including current maturities, totaled $1.9 billion at June 30, 1998, compared to $2.1 billion at June 30, 1997. Shareowners' equity was $4.0 billion at June 30, 1998, compared to $3.0 billion at June 30, 1997. The Company's debt-to-equity position, including current maturities, was 32% debt and 68% equity at June 30, 1998, compared to 41% debt and 59% equity at June 30, 1997.

At August 14, 1998, there was outstanding $290 million principal amount of the Delta Family-Care Savings Plan's Series C Guaranteed Serial ESOP Notes (Series C ESOP Notes), which are guaranteed by Delta. Delta is required to purchase the Series C ESOP Notes in certain circumstances. See Note 6 of Notes to Consolidated Financial Statements.

**FISCAL YEAR 1997**

During fiscal 1997, the principal source of funds was $2.0 billion of cash from operations. Delta invested $1.6 billion in flight equipment and $350 million in ground property and equipment. The Company also made payments of $196 million on long-term debt and capital lease obligations; paid $379 million to repurchase Common Stock; and paid cash dividends of $29 million on its Series B ESOP Convertible Preferred Stock and $15 million on its Common Stock.

**FISCAL YEAR 1996**

In fiscal 1996, the principal source of funds was $1.4 billion of cash from operations. During fiscal 1996, Delta invested $639 million in flight equipment, and $297 million in ground property and equipment. The Company made payments of $440 million on long-term debt and capital lease obligations; paid cash dividends of $80 million on its Series C Convertible Preferred Stock, $30 million on its Series B ESOP Convertible Preferred Stock and $10 million on its Common Stock; and paid $66 million to repurchase Common Stock.

**COMMITMENTS**

Future expenditures for aircraft, engines and engine hush-kits on firm order as of August 14, 1998, are estimated to be $6.9 billion. The Company has also authorized fiscal 1999 capital expenditures of approximately $550 million for improvement of airport and office facilities, ground equipment and other assets. See Notes 7 and 8 of Notes to Consolidated Financial Statements for additional information on the Company's lease obligations and commitments.

**YEAR 2000 ISSUE**

**Background**

Many computer systems in use today were designed and developed using two digits, rather than four, to specify the year. As a result, such systems will recognize the year 2000 as "00." This could cause many computer applications to fail completely or to create erroneous results unless corrective measures are taken.

**Delta's Year 2000 Program**

The Company's flight operations, flight support units and other business support units depend on internal and external computer systems and equipment that will be affected by the Year 2000 issue. Accordingly, achieving Year 2000 readiness is a top priority of the Company. Delta has implemented a Year 2000 program for its internal systems and equipment which has four phases: (1) identification; (2) assessment (including prioritization); (3) remediation (including modification, upgrading and replacement); and (4) testing. The Company is also reviewing the Year 2000 readiness of third parties who provide goods or services which are essential to Delta's operations. In addition, Delta is revising its existing business interruption contingency plans to address issues specific to the Year 2000 problem. The Company's senior management and the Board of Directors receive regular updates on the status of the Company's Year 2000 program.
Safety-of-Flight Systems

The Company has completed its review of the impact of Year 2000 issues on its aircraft fleet and onboard flight support systems and has determined that there are no safety-of-flight issues with such equipment or systems. The Company has completed the assessment phase for its onboard flight management systems, which maximize operating efficiency but are not essential to the safe operation of flights, and expects to complete the remediation and testing phases for these systems by June 1999.

The Company also uses ground-based, safety-related computer systems and equipment which are vital to the maintenance of aircraft and the control of flight operations. The identification and assessment phases are complete with respect to such systems and equipment and the Company expects to complete the remediation and testing phases by June 1999.

Critical Internal Business Systems

The Company's critical internal business systems and equipment include computer hardware, software and related equipment which are essential for customer reservations, ticketing, flight scheduling and seat inventory management; airport customer services; finance systems, such as revenue management, revenue accounting and payroll; and other functions, such as internal voice and data communications, aircraft ground handling, baggage handling, facility management and security.

The identification and assessment phases for all of the Company's critical internal business systems and equipment are complete. The remediation phase is complete for Delta's internal customer reservations, ticketing, flight scheduling and seat inventory management systems and the Company expects to complete the testing phase for these systems by June 1999. These are the internal business systems which are the most critical for Delta to continue its operations without interruption. The Company expects to complete the remediation and testing phases for all other critical internal business systems and equipment by December 1998 and June 1999, respectively, except for customer service hardware installed at the Company's airport facilities, which will be replaced with upgraded, Year 2000-compliant hardware. The Company will begin installing this new hardware in September 1998 and expects to complete all installations by the end of the December 1999 quarter.

Interfaces with Third Parties

The Company is reviewing, and has initiated formal communications with, third parties which provide goods or services which are essential to Delta's operations in order to: (1) determine the extent to which the Company is vulnerable to any failure by such material third parties to remediate their respective Year 2000 problems; and (2) resolve such problems to the extent practicable. These entities include the suppliers of infrastructure critical to the airline industry, such as the air traffic control and related systems of the U.S. Federal Aviation Administration and international aviation authorities, the U.S. Department of Transportation and local airport authorities. Other critical third parties on which Delta relies include airlines and the suppliers of aircraft fuel, utilities, external computer reservations services, and communication services. As part of this review, the Company is actively involved in airline industry Year 2000 review efforts led by the Air Transport Association and the International Air Transport Association (IATA).

Estimated Year 2000 Costs

The Company estimates that the total cost of achieving Year 2000 readiness for its internal systems and equipment is approximately $160 million to $175 million, of which $40 million has been recognized as expense in the Company's Consolidated Statements of Operations through June 30, 1998. The Company believes a majority of the estimated total Year 2000 compliance cost will be funded by reallocating existing resources rather than incurring incremental costs.
Contingency Planning

The Company is revising its existing business interruption contingency plans to address internal and external issues specific to the Year 2000 problem, to the extent practicable. Such revisions are expected to be completed by July 1999. These plans, which are intended to enable the Company to continue to operate to the extent that it can do so safely, include performing certain processes manually; repairing or obtaining replacement systems; changing suppliers; and reducing or suspending operations. The Company believes, however, that due to the widespread nature of potential Year 2000 issues, the contingency planning process is an ongoing one which will require further modifications as the Company obtains additional information regarding (1) the Company's internal systems and equipment during the remediation and testing phases of its Year 2000 program; and (2) the status of third party Year 2000 readiness.

Possible Consequences of Year 2000 Problems

Delta believes that completed and planned modifications and conversions of its internal systems and equipment will allow it to be Year 2000 compliant in a timely manner. There can be no assurance, however, that the Company's internal systems or equipment or those of third parties on which Delta relies will be Year 2000 compliant in a timely manner or that the Company's or third parties' contingency plans will mitigate the effects of any noncompliance. The failure of the systems or equipment of Delta or third parties (which Delta believes is the most reasonably likely worst case scenario) could result in the reduction or suspension of the Company's operations and could have a material adverse effect on the Company's business or consolidated financial statements.

Forward-Looking Statements

The preceding "Year 2000 Issue" discussion contains various forward-looking statements which represent the Company's beliefs or expectations regarding future events. When used in the "Year 2000 Issue" discussion, the words "believes," "expects," "estimates" and similar expressions are intended to identify forward-looking statements. Forward-looking statements include, without limitation, the Company's expectations as to when it will complete the remediation and testing phases of its Year 2000 program as well as its Year 2000 contingency plans; its estimated cost of achieving Year 2000 readiness; and the Company's belief that its internal systems and equipment will be Year 2000 compliant in a timely manner. All forward-looking statements involve a number of risks and uncertainties that could cause the actual results to differ materially from the projected results. Factors that may cause these differences include, but are not limited to, the availability of qualified personnel and other information technology resources; the ability to identify and remediate all date sensitive lines of computer code or to replace embedded computer chips in affected systems or equipment; and the actions of governmental agencies or other third parties with respect to Year 2000 problems.

Euro Currency Issue

On January 1, 1999, eleven of the fifteen countries which are members of the European Union are scheduled to introduce a new currency unit called the "euro." Prior to the full implementation of the new currency for the participating countries on January 1, 2002, there will be a transition period during which parties may use either the existing currencies or the euro. However, all exchanges between currencies of the participating countries are required to be converted first into the euro and then into the other country's currency.

Delta's internal customer reservations systems and business support systems and processes are currently being modified to operate effectively in the euro environment. The Company expects these modifications to be completed by the end of the December 1998 quarter. Delta also depends on third party financial institutions, computer reservation systems and IATA programs to process most of its international ticket payment and refund transactions and therefore is reviewing their respective euro-related conversion plans. Delta does not expect the implementation of the euro currency to have a material adverse impact on the Company's business or consolidated financial statements.
Delta's expectations regarding the euro currency issue are forward-looking statements that involve a number of risks and uncertainties that could cause the actual results to differ materially from the projected results. Factors that may cause these differences include, but are not limited to, the ability or willingness of third parties to convert affected systems in a timely manner; the ability of the Company to modify its systems and processes in a timely manner; and the actions of governmental agencies or other third parties with respect to euro currency issues.

OTHER MATTERS

Stock Split

In July 1998, Delta's Board of Directors approved a two-for-one Common Stock split, subject to shareowner approval of an amendment to the Company's Certificate of Incorporation to increase the number of shares of Common Stock the Company is authorized to issue and to effect the proposed split. If the amendment is approved by shareowners at Delta's October 22, 1998 annual meeting, the split would be effective for common shareowners of record at 5 p.m., eastern standard time, on November 2, 1998.

Common Stock Repurchase Programs

For information regarding the Company's Common Stock repurchase programs, see Note 14 of Notes to Consolidated Financial Statements.

Broad-Based Employee Stock Option Plans

During fiscal 1997, the Company's shareowners approved two plans providing for the issuance of non-qualified stock options to substantially all of Delta's non-officer personnel. For additional information regarding these plans, see Note 13 of Notes to Consolidated Financial Statements.

Change in Estimate

As a result of a review of its aircraft fleet plan and comparable industry practices, the Company increased the depreciable life of certain new generation aircraft types from 20 to 25 years. The change in estimate is effective July 1, 1998.

Alliance Agreement

On April 29, 1998, Delta and United Air Lines, Inc. (United) entered into a marketing alliance agreement (Agreement) pursuant to which the two airlines would engage in code-sharing arrangements, reciprocal frequent flyer programs and other areas of marketing cooperation.

The implementation of the code-sharing aspects of the Agreement is subject to the approval of both companies' pilot unions. In August 1998, Delta's Board of Directors (Board) decided not to grant the request of the Delta pilot union for a voting seat on the Board. Following this decision, the Delta pilot union said it would no longer consider the approval of the code-sharing aspects of the Agreement. As a result, Delta has discontinued consideration of code-sharing arrangements with United.

On September 1, 1998, Delta and United began reciprocal frequent flyer program participation.

Personnel Matters

On May 1, 1996, the Company and the Air Line Pilots Association, International (ALPA) entered into a new collective bargaining agreement covering the rates of pay, rules and working conditions of the Company's approximately 8,800 pilots. The contract, which becomes amendable on May 2, 2000, provides in part (1) that if the Company operates an aircraft type (New Equipment) for which the rates of pay, rules and working conditions (collectively, Pay Rates) are not set forth in the collective bargaining agreement, the Company and ALPA will negotiate the Pay Rates applicable to the New Equipment; (2) that pilots will fly the New Equipment whether or not Pay Rates for the equipment have been agreed upon; but (3) that the pilots' obligation to fly the New Equipment will end if Pay Rates have not been agreed upon within six months after the Company places the New Equipment into operation.

The Company has placed orders to purchase the following aircraft types, each of which constitutes New Equipment under the collective bargaining agreement: B-737-600/700/800 aircraft; B-777-200 aircraft; and B-767-400 aircraft. Delta plans to place these aircraft types in service shortly after their delivery, which is expected to begin in October 1998,
March 1999, and May 2000, respectively. In addition, the Company is leasing from a third party eight B-737-300 aircraft and has agreed, subject to certain conditions, to lease one additional B-737-300 aircraft which also constitutes New Equipment under the collective bargaining agreement. The Company placed the first of these leased aircraft in service in July 1998.

In October 1997, the Company and ALPA began discussions on the Pay Rates applicable to B-737-600/700/800 aircraft and the nine B-737-300 aircraft discussed above. ALPA has announced plans to request pilots not to fly these aircraft types subsequent to the six-month period after such aircraft are initially placed in service unless and until Pay Rates for these aircraft are agreed upon. Additionally, in January 1998, the Company's pilots voted to authorize ALPA to assess pilots 1% of their gross pay for up to nine months to finance a contingency fund for pilots who would have flown these aircraft.

On June 23, 1998, the Company and ALPA reached an agreement regarding Pay Rates applicable to the B-737 aircraft discussed above (B-737 Agreement). The B-737 Agreement is subject to the approval of Delta's pilots. ALPA is planning to distribute ballots to pilots beginning in September to vote on the B-737 Agreement, and to announce the results of the voting in October. The outcome of this matter cannot presently be determined.

**Governmental Matters**

On April 6, 1998, the U.S. Department of Transportation (DOT) published a proposed statement of enforcement policy to address DOT concerns that major carriers are taking actions designed to exclude new entrants in certain airline markets, particularly at hub airports. The proposed DOT guidelines focus on unreasonable price cuts and/or capacity increases by major carriers in response to entry by new carriers at hub airports, and whether the major carrier could have pursued a more reasonable alternative strategy for competing with the new entrant. The proposed policy, if adopted, could adversely affect Delta's ability to respond to competitive challenges by new entrant carriers.

**Competitive Environment**

Delta expects that low-fare competition will continue in domestic and international markets. If price reductions are not offset by increases in traffic or changes in the mix of traffic that improve the passenger mile yield, Delta's operating results will be adversely affected.

**Environmental and Legal Contingencies**

The Company is a defendant in certain legal actions relating to alleged employment discrimination practices, antitrust matters, environmental issues and other matters concerning the Company's business. Although the ultimate outcome of these matters cannot be predicted with certainty, management believes that the resolution of these actions is not likely to have a material adverse effect on Delta's consolidated financial statements.

**Forward-Looking Information**

Delta and its representatives may make forward-looking statements, within the meaning of the Private Securities Litigation Reform Act of 1995, about the Company and its business from time to time, either orally or in writing. These forward-looking statements involve a number of risks and uncertainties that could cause the actual results to differ materially from the projected results. It is not possible to list all of the many factors and events that could cause the actual results to differ materially from the projected results. Such factors and events may include, but are not limited to: (1) competitive factors such as the airline pricing environment and the capacity decisions of other airlines; (2) general economic conditions; (3) changes in aircraft fuel prices; (4) fluctuations in foreign currency exchange rates; (5) actions by the United States and foreign governments; and (6) the willingness of customers to travel.

**New Accounting Standards**

In June 1997, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income" (SFAS 130), and Statement of Financial Accounting Standards No. 131, "Disclosures about Segments of an Enterprise and Related Information" (SFAS 131). SFAS 130 establishes standards...
for the reporting and presentation of comprehensive income and its components. SFAS 131 establishes standards for reporting information about operating segments. Delta is required to adopt both SFAS 130 and SFAS 131 in fiscal 1999. The adoption of SFAS 130 and SFAS 131 will not have a material effect on the Company's financial statements.

In March 1998, the American Institute of Certified Public Accountants (AICPA) issued Statement of Position 98-1, "Accounting for Costs of Computer Software Developed or Obtained for Internal Use" (SOP 98-1), which defines the type of costs related to such activities that should be capitalized versus expensed as incurred.

In April 1998, the AICPA issued Statement of Position 98-5, "Reporting on the Costs of Start-Up Activities" (SOP 98-5), which requires all costs incurred in the start-up of a new business or business segment to be expensed as incurred.

In June 1998, the FASB issued Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities" (SFAS 133), which establishes accounting and reporting standards for derivatives and hedging activities.

Delta is required to adopt SOP 98-1, SOP 98-5 and SFAS 133 in fiscal 2000. The adoption of these statements is not expected to have a material impact on the Company's financial statements.

**MARKET RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS**

**Commodity Price Risk**

The Company's results of operations are significantly impacted by changes in the price of aircraft fuel. During fiscal 1998, aircraft fuel accounted for 12% of the Company's operating expenses. Based on the Company's fiscal 1999 projected aircraft fuel consumption of 2.7 billion gallons, a one-cent change in the average annual price per gallon of aircraft fuel would impact Delta's annual aircraft fuel expense by approximately $27 million. The Company uses fuel swap and option contracts to manage aircraft fuel price risk. At June 30, 1998, the Company had entered into hedge agreements for 2.1 billion gallons of its projected fiscal 1999 aircraft fuel requirements. (See Note 4 of Notes to Consolidated Financial Statements.)

**Equity Price Risk**

At June 30, 1998, the quoted fair value of Delta's equity investments in ASA Holdings, Inc., Comair Holdings, Inc., Singapore Airlines Limited, SAirGroup and SkyWest, Inc. was approximately $1.3 billion. The aggregate unrealized gain from these investments was $785 million at June 30, 1998. The market risk associated with these equity investments is the potential loss in fair value resulting from a decrease in market prices. In addition, Delta has exposure to foreign currency exchange rate risk relating to its investments in Singapore Airlines and SAirGroup. See Notes 2 and 3 of Notes to Consolidated Financial Statements.

**Interest Rate Risk**

The Company's exposure to market risk for changes in interest rates relates to its long-term debt obligations and cash investment portfolio.

At June 30, 1998, the fair value of the Company's long-term fixed-rate debt was estimated at approximately $1.9 billion using quoted market prices where available, or discounted cash flow analyses. Market risk associated with the Company's long-term debt is the potential increase in fair value resulting from a decrease in interest rates. A 10% decrease in assumed interest rates would increase the fair value of Delta's long-term debt by approximately $117 million.

Based on the Company's average balance of cash equivalents and short-term investments during fiscal 1998, a 10% decrease in the average interest rate experienced in fiscal 1998 would not materially impact Delta's annual interest income.

**Foreign Currency Exchange Rate Risk**

Delta is exposed to foreign currency exchange rate fluctuations on the U.S. dollar value of foreign currency denominated transactions. Based on the Company's average net currency positions in fiscal 1998, the potential loss due to a 10% adverse change in foreign currency exchange rates is immaterial. The Company enters into certain foreign exchange forward contracts, generally with maturities of less than two months, to manage its foreign currency exchange rate risk. The principal amount of such contracts was approximately $26 million at June 30, 1998.
## CONSOLIDATED BALANCE SHEETS

### JUNE 30, 1998 AND 1997

**DELTA AIR LINES, INC.**

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>1998</th>
<th>1997</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>(In Millions)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current Assets:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$ 1,077</td>
<td>$ 662</td>
</tr>
<tr>
<td>Short-term investments</td>
<td>557</td>
<td>508</td>
</tr>
<tr>
<td>Accounts receivable, net of allowance for uncollectible accounts of $36 at June 30, 1998 and $48 at June 30, 1997</td>
<td>938</td>
<td>943</td>
</tr>
<tr>
<td>Deferred income taxes</td>
<td>464</td>
<td>413</td>
</tr>
<tr>
<td>Prepaid expenses and other</td>
<td>326</td>
<td>341</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>3,362</td>
<td>2,867</td>
</tr>
<tr>
<td><strong>Property and Equipment:</strong></td>
<td>11,180</td>
<td>9,619</td>
</tr>
<tr>
<td>Flight equipment</td>
<td>7,285</td>
<td>6,109</td>
</tr>
<tr>
<td>Less: Accumulated depreciation</td>
<td>3,895</td>
<td>3,510</td>
</tr>
<tr>
<td><strong>Flight equipment under capital leases</strong></td>
<td>515</td>
<td>523</td>
</tr>
<tr>
<td>Less: Accumulated amortization</td>
<td>216</td>
<td>176</td>
</tr>
<tr>
<td><strong>Ground property and equipment</strong></td>
<td>3,285</td>
<td>3,032</td>
</tr>
<tr>
<td>Less: Accumulated depreciation</td>
<td>1,854</td>
<td>1,758</td>
</tr>
<tr>
<td><strong>Advance payments for equipment</strong></td>
<td>306</td>
<td>312</td>
</tr>
<tr>
<td><strong>Total property and equipment</strong></td>
<td>9,321</td>
<td>8,042</td>
</tr>
<tr>
<td><strong>Other Assets:</strong></td>
<td>424</td>
<td>432</td>
</tr>
<tr>
<td>Marketable equity securities</td>
<td>--</td>
<td>103</td>
</tr>
<tr>
<td>Deferred income taxes</td>
<td>326</td>
<td>299</td>
</tr>
<tr>
<td>Investments in associated companies</td>
<td>265</td>
<td>275</td>
</tr>
<tr>
<td>Cost in excess of net assets acquired, net of accumulated amortization of $112 at June 30, 1998 and $102 at June 30, 1997</td>
<td>124</td>
<td>134</td>
</tr>
<tr>
<td>Leasehold and operating rights, net of accumulated amortization of $209 at June 30, 1998 and $199 at June 30, 1997</td>
<td>781</td>
<td>589</td>
</tr>
<tr>
<td><strong>Total other assets</strong></td>
<td>1,920</td>
<td>1,832</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>$14,603</td>
<td>$12,741</td>
</tr>
<tr>
<td>-----------------------------------------</td>
<td>------</td>
<td>------</td>
</tr>
<tr>
<td>Current maturities of long-term debt</td>
<td>$67</td>
<td>$236</td>
</tr>
<tr>
<td>Current obligations under capital leases</td>
<td>63</td>
<td>62</td>
</tr>
<tr>
<td>Accounts payable and miscellaneous accrued liabilities</td>
<td>2,025</td>
<td>1,691</td>
</tr>
<tr>
<td>Air traffic liability</td>
<td>1,667</td>
<td>1,418</td>
</tr>
<tr>
<td>Accrued rent</td>
<td>202</td>
<td>213</td>
</tr>
<tr>
<td>Accrued salaries and vacation pay</td>
<td>553</td>
<td>463</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td>4,577</td>
<td>4,083</td>
</tr>
<tr>
<td>Noncurrent Liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long-term debt</td>
<td>1,533</td>
<td>1,475</td>
</tr>
<tr>
<td>Postretirement benefits</td>
<td>1,873</td>
<td>1,839</td>
</tr>
<tr>
<td>Accrued rent</td>
<td>651</td>
<td>602</td>
</tr>
<tr>
<td>Capital leases</td>
<td>249</td>
<td>322</td>
</tr>
<tr>
<td>Deferred income taxes</td>
<td>262</td>
<td>--</td>
</tr>
<tr>
<td>Other</td>
<td>511</td>
<td>406</td>
</tr>
<tr>
<td><strong>Total noncurrent liabilities</strong></td>
<td>5,079</td>
<td>4,644</td>
</tr>
<tr>
<td>Deferred Credits:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deferred gain on sale and leaseback transactions</td>
<td>694</td>
<td>746</td>
</tr>
<tr>
<td>Manufacturers' and other credits</td>
<td>55</td>
<td>105</td>
</tr>
<tr>
<td><strong>Total deferred credits</strong></td>
<td>749</td>
<td>851</td>
</tr>
<tr>
<td>Commitments and Contingencies</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee Stock Ownership Plan Preferred Stock:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Series B ESOP Convertible Preferred Stock, $1.00 par value, $72.00 stated and liquidation value; issued and outstanding 6,603,429 shares at June 30, 1998 and 6,668,248 shares at June 30, 1997</td>
<td>475</td>
<td>480</td>
</tr>
<tr>
<td>Unearned compensation under employee stock ownership plan</td>
<td>(300)</td>
<td>(324)</td>
</tr>
<tr>
<td><strong>Total shareowners' equity</strong></td>
<td>175</td>
<td>156</td>
</tr>
<tr>
<td>Shareowners' Equity:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Common stock, $3.00 par value; authorized 150,000,000 shares; issued 88,283,089 shares at June 30, 1998 and 83,645,047 shares at June 30, 1997</td>
<td>265</td>
<td>251</td>
</tr>
<tr>
<td>Additional paid-in capital</td>
<td>3,034</td>
<td>2,645</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>1,687</td>
<td>711</td>
</tr>
<tr>
<td>Net unrealized gain on marketable equity securities</td>
<td>89</td>
<td>101</td>
</tr>
<tr>
<td>Treasury stock at cost, 13,057,892 shares at June 30, 1998 and 9,949,060 shares at June 30, 1997</td>
<td>(1,052)</td>
<td>(701)</td>
</tr>
<tr>
<td><strong>Total shareowners' equity</strong></td>
<td>4,023</td>
<td>3,007</td>
</tr>
<tr>
<td><strong>Total liabilities and shareowners' equity</strong></td>
<td>$14,603</td>
<td>$12,741</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these Consolidated Balance Sheets.
CONSOLIDATED STATEMENTS OF OPERATIONS
DELTA AIR LINES, INC.

(In Millions, Except Per Share Data)                              1998            1997            1996
--------------------------------------------------- --------------------------------------------------- --
Operating Revenues:
Passenger                                                    $ 12,976       $ 12,505       $ 11,616
Cargo                                                             582            554            521
Other, net                                                        580            535            318
--------------------------------------------------- --------------------------------------------------- --
Total operating revenues                                   14,138         13,594         12,455
--------------------------------------------------- --------------------------------------------------- --
Operating Expenses:
Salaries and related costs                                      4,850          4,534          4,206
Aircraft fuel                                                   1,507          1,722          1,464
Passenger commissions                                             980          1,017          1,042
Depreciation and amortization                                     861            710            634
Contracted services                                               694            630            704
Other selling expenses                                            681            677            594
Landing fees and other rents                                      649            649            627
Aircraft rent                                                     552            547            555
Aircraft maintenance materials and outside repairs                495            434            376
Passenger service                                                 450            389            368
Restructuring and other non-recurring charges                    --               52            829
Other                                                             726            702            593
--------------------------------------------------- --------------------------------------------------- --
Total operating expenses                                   12,445         12,063         11,992
--------------------------------------------------- --------------------------------------------------- --
Operating Income                                                   1,693          1,531            463
--------------------------------------------------- --------------------------------------------------- --
Other Income (Expense):
Interest expense                                                 (186)          (207)          (269 )
Interest capitalized                                               38             33             26
Interest income                                                    79             63             86
Miscellaneous income (expense), net                              24             (5 )           (30)
--------------------------------------------------- --------------------------------------------------- --
(45)          (116)          (187 )
--------------------------------------------------- --------------------------------------------------- --
Income Before Income Taxes                                         1,648          1,415            276
Income Taxes Provided                                               (647)          (561)          (120 )
--------------------------------------------------- --------------------------------------------------- --
Net Income                                                         1,001          854            156
Preferred Stock Dividends                                          (11)            (9)           (82)
--------------------------------------------------- --------------------------------------------------- --
Net Income Available to Common Shareowners                      $    990       $    845       $     74
--------------------------------------------------- --------------------------------------------------- --
Basic Income Per Common Share                                  $  13.28       $  11.39       $   1.43
--------------------------------------------------- --------------------------------------------------- --
Diluted Income Per Common Share                                 $  12.68       $  11.03       $   1.43
--------------------------------------------------- --------------------------------------------------- --

The accompanying notes are an integral part of these consolidated statements.
## CONSOLIDATED STATEMENTS OF CASH FLOWS
DELTA AIR LINES, INC.

### (In Millions)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash Flows from Operating Activities:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net income</td>
<td>$ 1,001</td>
<td>$ 854</td>
<td>$ 156</td>
</tr>
<tr>
<td>Adjustments to reconcile net income to cash provided by operating activities:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Restructuring and other non-recurring charges</td>
<td>--</td>
<td>52</td>
<td>829</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>861</td>
<td>710</td>
<td>634</td>
</tr>
<tr>
<td>Deferred income taxes</td>
<td>294</td>
<td>240</td>
<td>(57)</td>
</tr>
<tr>
<td>Rental expense less than rent payments</td>
<td>(17)</td>
<td>(58)</td>
<td>(32)</td>
</tr>
<tr>
<td>Pension, postretirement and postemployment expense in excess of (less than) payments</td>
<td>179</td>
<td>92</td>
<td>(67)</td>
</tr>
<tr>
<td>Changes in certain current assets and liabilities:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Decrease (increase) in accounts receivable</td>
<td>5</td>
<td>25</td>
<td>(213)</td>
</tr>
<tr>
<td>Decrease (increase) in prepaid expenses and other current assets</td>
<td>15</td>
<td>(31)</td>
<td>(47)</td>
</tr>
<tr>
<td>Increase in air traffic liability</td>
<td>249</td>
<td>4</td>
<td>271</td>
</tr>
<tr>
<td>Increase (decrease) in other payables and accrued expenses</td>
<td>330</td>
<td>186</td>
<td>(91)</td>
</tr>
<tr>
<td>Other, net</td>
<td>(1)</td>
<td>(35)</td>
<td>8</td>
</tr>
<tr>
<td><strong>Net cash provided by operating activities</strong></td>
<td>$ 2,916</td>
<td>$ 2,039</td>
<td>$ 1,391</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash Flows from Investing Activities:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property and equipment additions:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Flight equipment, including advance payments</td>
<td>(1,760)</td>
<td>(1,598)</td>
<td>(639)</td>
</tr>
<tr>
<td>Ground property and equipment</td>
<td>(531)</td>
<td>(350)</td>
<td>(297)</td>
</tr>
<tr>
<td>Decrease (increase) in short-term investments, net</td>
<td>(43)</td>
<td>(1)</td>
<td>22</td>
</tr>
<tr>
<td>Proceeds from sale of flight equipment</td>
<td>10</td>
<td>8</td>
<td>26</td>
</tr>
<tr>
<td><strong>Net cash used in investing activities</strong></td>
<td>(2,324)</td>
<td>(1,941)</td>
<td>(888)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash Flows from Financing Activities:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payments on long-term debt and capital lease obligations</td>
<td>(307)</td>
<td>(196)</td>
<td>(440)</td>
</tr>
<tr>
<td>Cash dividends</td>
<td>(43)</td>
<td>(44)</td>
<td>(320)</td>
</tr>
<tr>
<td>Issuance of long-term obligations</td>
<td>125</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Issuance of Common Stock</td>
<td>318</td>
<td>38</td>
<td>35</td>
</tr>
<tr>
<td>Income tax benefit from exercise of stock options</td>
<td>84</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Repurchase of Common Stock</td>
<td>(354)</td>
<td>(379)</td>
<td>(66)</td>
</tr>
<tr>
<td><strong>Net cash used in financing activities</strong></td>
<td>(177)</td>
<td>(581)</td>
<td>(591)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Increase (Decrease) in Cash and Cash Equivalents</strong></td>
<td>$ 415</td>
<td>(483)</td>
<td>(88)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents at beginning of fiscal year</td>
<td>662</td>
<td>1,145</td>
<td>1,233</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents at end of fiscal year</strong></td>
<td>$ 1,077</td>
<td>$ 662</td>
<td>$ 1,145</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these consolidated statements.
The accompanying notes are an integral part of these consolidated statements.
Nature of Business - Delta Air Lines, Inc. (a Delaware corporation) is a major air carrier providing scheduled air transportation for passengers, freight and mail over a network of routes throughout the United States and abroad. At August 1, 1998, Delta served 148 domestic cities in 42 states, the District of Columbia, Puerto Rico and the U.S. Virgin Islands, as well as 46 cities in 31 foreign countries.

Basis of Presentation - The consolidated financial statements include the accounts of Delta Air Lines, Inc. and its wholly owned subsidiaries (Delta or the Company). All significant intercompany account balances and transactions have been eliminated. Certain prior year amounts have been reclassified to conform with the current year financial statement presentation.

Use of Estimates - The Company follows generally accepted accounting principles (GAAP). The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

Accounting Changes - During fiscal 1998, the Company adopted Statement of Financial Accounting Standards (SFAS) No. 128, "Earnings Per Share" (SFAS 128), and SFAS No. 132, "Employers' Disclosures about Pensions and Other Postretirement Benefits" (SFAS 132). (See Notes 11 and 10, respectively.) During fiscal 1997, the Company adopted SFAS No. 123, "Accounting for Stock-Based Compensation" (SFAS 123). (See Note 13.)

Cash and Cash Equivalents - Investments with an original maturity of three months or less are classified as cash and cash equivalents. These investments are stated at cost, which approximates fair value.

Short-Term Investments - Cash in excess of operating requirements is invested in short-term, highly liquid investments. These investments are classified as available-for-sale under SFAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities" (SFAS 115), and are stated at fair value. (See Note 2.)

Depreciation and Amortization - Effective July 1, 1998, the Company increased the depreciable life of certain new generation aircraft types from 20 to 25 years. Owned flight equipment is depreciated on a straight-line basis to a residual value equal to 5% of cost. Flight equipment under capital leases is amortized on a straight-line basis over the original terms of the respective leases, which generally range from 4 to 11 years. Ground property and equipment are depreciated on a straight-line basis over their estimated service lives, which range from 3 to 30 years. Costs assigned to the purchase of leasehold rights and landing slots are amortized over the lives of the respective leases at the associated airports. Purchased international route authorities are amortized over the lives of the authorities as determined by their expiration dates. Permanent route authorities with no stated expiration dates are amortized over 40 years.

Interest Capitalized - Interest attributable to funds used to finance the acquisition of new aircraft and construction of major ground facilities is capitalized as an additional cost of the related asset. Interest is capitalized at the Company's weighted average interest rate on long-term debt or, where applicable, the interest rate related to specific borrowings. Capitalization of interest ceases when the property or equipment is placed in service.

Investments in Associated Companies - The Company's investments in the following companies are accounted for under the equity method: WORLDSPAN, L.P. (WORLDSPAN), a computer reservations system partnership; ASA Holdings, Inc. (ASA), the parent of Atlantic Southeast Airlines, Inc.; Comair Holdings, Inc. (Comair), the parent of Comair, Inc.; and Empresa de Transporte Aereo del Peru, S.A., Aeroperu (Aeroperu). Effective July 1997, the Company began accounting for its investment in SkyWest, Inc. (SkyWest), the parent of SkyWest Airlines, Inc., under the cost method. (See Note 2.) Atlantic Southeast Airlines, Inc., Comair, Inc., and SkyWest Airlines, Inc. are participants in the Delta Connection program.

Cost in Excess of Net Assets Acquired - The cost in excess of net assets acquired (goodwill), which is being amortized over 40 years, is primarily related to the Company's acquisition of Western Air Lines, Inc. in December 1986.

Frequent Flyer Program - The Company accrues the estimated incremental cost of providing free travel awards earned under its SkyMiles(R) frequent flyer program when free travel...
award levels are achieved. The accrued incremental cost is included in accounts payable and miscellaneous accrued liabilities in the Company's Consolidated Balance Sheets. The Company also sells mileage credits to participating partners in the SkyMiles-Registered Trademark-program such as hotels, car rental agencies and credit card companies. The resulting revenue is recorded as other operating revenue in the Company's Consolidated Statements of Operations during the period in which the credits are sold.

Passenger and Cargo Revenues - Passenger ticket sales are recorded as air traffic liability in the Company's Consolidated Balance Sheets. Passenger and cargo revenues are recognized when the transportation is provided, reducing the air traffic liability, as applicable.

Deferred Gains on Sale and Leaseback Transactions - Gains on the sale and leaseback of property and equipment under operating leases are deferred and amortized over the lives of the respective leases as a reduction in rent expense. Gains on the sale and leaseback of property under capital leases are credited directly to the carrying value of the related asset.

Manufacturers' Credits - In connection with the acquisition of certain aircraft and engines, the Company receives certain credits. These credits are deferred until the aircraft and engines are delivered, at which time the credits are applied on a pro rata basis as a reduction of the acquisition cost of the related equipment.

Advertising Costs - Advertising costs are expensed when incurred and are included as a component of other selling expense. Advertising expense for fiscal 1998, 1997 and 1996 was $105 million, $121 million and $109 million, respectively.

Foreign Currency Remeasurement - Assets and liabilities denominated in foreign currencies are remeasured generally at exchange rates in effect at the balance sheet date, except fixed assets are recorded at exchange rates in effect when the assets were acquired. The resulting foreign exchange gains and losses are recognized as a component of miscellaneous income (expense). Revenues and expenses from foreign operations are recorded using applicable average monthly exchange rates prevailing during the year, except depreciation and amortization charges are recorded at the exchange rate in effect when the related assets were acquired.

Stock-Based Compensation - The Company accounts for its stock-based compensation plans in accordance with Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" (APB 25). Under APB 25, no compensation expense is recognized for a stock option grant if the exercise price of the stock option at the measurement date is equal to or greater than the fair market value of the Common Stock on the date of grant. (See Note 13.)

2. FINANCIAL INSTRUMENTS All financial instruments, except long-term debt, are carried at fair value or have a carrying value which approximates fair value.

Long-Term Debt - The fair values and carrying values of long-term debt, including current maturities, at June 30, 1998 and 1997, were as follows:

<table>
<thead>
<tr>
<th></th>
<th>1998</th>
<th>1997</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fair value</td>
<td>$1.9</td>
<td>$1.8</td>
</tr>
<tr>
<td>Carrying value</td>
<td>1.6</td>
<td>1.7</td>
</tr>
</tbody>
</table>

These values are based on quoted market prices, where available, or discounted cash flow analyses.

 Marketable Equity Securities - Effective July 1, 1997, the Company began accounting for its investment in SkyWest under the cost method due to dilution in the Company's equity ownership in SkyWest. The Company's investments in Singapore Airlines Limited (Singapore Airlines), SAirGroup (formerly Swissair, Swiss Air Transport Company Ltd.) and SkyWest are classified as available-for-sale under SFAS 115 and are recorded at fair value. The following table summarizes the Company's investments in Singapore Airlines, SAirGroup and SkyWest:

<table>
<thead>
<tr>
<th>(In Millions)</th>
<th>Quoted Fair Value</th>
<th>Cost Basis</th>
<th>Unrealized Gain (Loss)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Singapore Airlines</td>
<td>$165</td>
<td>$315</td>
<td>$181</td>
</tr>
<tr>
<td>SAirGroup</td>
<td>$172</td>
<td>$117</td>
<td>$85</td>
</tr>
<tr>
<td>SkyWest</td>
<td>$ 87</td>
<td>N/A*</td>
<td>$ 14</td>
</tr>
</tbody>
</table>

* Prior to fiscal 1998, the Company accounted for its investment in SkyWest under the equity method. (See Note 3.)
The aggregate unrealized gains, net of the related deferred tax provision, of these investments at June 30, 1998 and 1997 are reflected in shareowners’ equity. Delta’s right to vote, to transfer or to acquire additional shares of the stock of Singapore Airlines and SAirGroup is subject to certain restrictions.

Short-Term Investments - The Company invests its cash in excess of operating requirements in short-term, highly-liquid investments. These investments are classified as available-for-sale securities, have an average stated maturity of eight months, and are recorded as short-term investments in the Company’s Consolidated Balance Sheets. The aggregate fair value of these investments was $557 million and $508 million at June 30, 1998 and 1997, respectively. Unrealized gains and losses from these investments, net of deferred taxes, are reflected in shareowners' equity. Such amounts were immaterial at June 30, 1998 and 1997.

3. INVESTMENTS IN ASSOCIATED COMPANIES

The Company’s percentage ownership and quoted fair value (where applicable) of its investment in associated companies at June 30, 1998, and equity earnings (losses) for fiscal 1998, 1997 and 1996, were as follows:

<table>
<thead>
<tr>
<th>Investment</th>
<th>Percentage Ownership</th>
<th>Fair Value (In Millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>WORLDSpan</td>
<td>38%</td>
<td>N/A</td>
</tr>
<tr>
<td>ASA</td>
<td>27</td>
<td>$397</td>
</tr>
<tr>
<td>Comair</td>
<td>21</td>
<td>434</td>
</tr>
<tr>
<td>Aeroperu</td>
<td>35</td>
<td>N/A</td>
</tr>
<tr>
<td>SkyWest</td>
<td>13</td>
<td>87</td>
</tr>
</tbody>
</table>

4. RISK MANAGEMENT

Fuel Price Risk Management -- Delta enters into fuel swap and option contracts up to one year in duration to manage risk associated with changes in aircraft fuel prices. Under these contracts, Delta receives or makes payments based on differences between fixed and variable prices for certain fuel commodities. Gains and losses from fuel swap and option contracts are deferred and recognized as a component of fuel expense when the underlying fuel being hedged is used. Premiums paid to enter into hedging contracts are recorded as a prepaid expense and amortized to fuel expense over the respective contract period. At June 30, 1998, the Company had entered into hedge agreements for 2.1 billion gallons of its projected fiscal 1999 aircraft fuel requirements. At June 30, 1998, unrealized gains and losses from these contracts were immaterial.

Foreign Exchange Risk Management - Delta enters into foreign exchange forward contracts, generally with maturities of less than two months, to manage risk associated with its net foreign currency denominated positions. The principal amount, which approximates fair value, of outstanding foreign exchange forward contracts was approximately $26 million at June 30, 1998. Gains and losses resulting from foreign exchange forward contracts are recognized as a component of miscellaneous income (expense).

Credit Risks - To manage credit risk associated with its fuel price risk and foreign exchange risk management programs, the Company selects counterparties based on their credit ratings, limits its exposure to any one counterparty under defined guidelines, and monitors the market position of the program and its relative market position with each counterparty.

Concentration of Credit Risk - Delta’s accounts receivable are generated primarily from airline ticket and cargo service sales to individuals and various commercial enterprises that are economically and geographically dispersed, and the accounts receivable are generally short-term in duration. Accordingly, Delta does not believe it is subject to any significant concentration of credit risk.
5. INCOME TAXES

Deferred income taxes reflect the net tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and for income tax purposes. Significant components of the Company's deferred tax assets and liabilities as of June 30, 1998 and 1997 are a result of temporary differences related to the items described below:

<table>
<thead>
<tr>
<th>(In Millions)</th>
<th>1998</th>
<th>1997</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Deferred Tax Assets:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Postretirement benefits</td>
<td>$ 756</td>
<td>$ 741</td>
</tr>
<tr>
<td>Other employee benefits</td>
<td>405</td>
<td>328</td>
</tr>
<tr>
<td>Gains on sale and leaseback transactions (net)</td>
<td>257</td>
<td>302</td>
</tr>
<tr>
<td>Rent expense</td>
<td>200</td>
<td>212</td>
</tr>
<tr>
<td>Spare parts repair expense</td>
<td>139</td>
<td>122</td>
</tr>
<tr>
<td>Alternative minimum tax credit carryforwards</td>
<td>107</td>
<td>216</td>
</tr>
<tr>
<td>Other</td>
<td>159</td>
<td>212</td>
</tr>
<tr>
<td><strong>Total Deferred Tax Assets</strong></td>
<td>$2,023</td>
<td>$2,133</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>(In Millions)</th>
<th>1998</th>
<th>1997</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Deferred Tax Liabilities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>$1,446</td>
<td>$1,239</td>
</tr>
<tr>
<td>Other</td>
<td>375</td>
<td>378</td>
</tr>
<tr>
<td><strong>Total Deferred Tax Liabilities</strong></td>
<td>$1,821</td>
<td>$1,617</td>
</tr>
</tbody>
</table>

Income taxes provided in fiscal 1998, 1997 and 1996 consisted of:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Current taxes</td>
<td>$(353)</td>
<td>$(321)</td>
<td>$(177)</td>
</tr>
<tr>
<td>Deferred taxes</td>
<td>(298)</td>
<td>(244)</td>
<td>54</td>
</tr>
<tr>
<td>Tax benefit of dividends on allocated Series B ESOP Convertible Preferred Stock</td>
<td>4</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td><strong>Income taxes provided</strong></td>
<td>$(647)</td>
<td>$(561)</td>
<td>$(120)</td>
</tr>
</tbody>
</table>

The income tax provisions generated for fiscal 1998, 1997 and 1996 differ from amounts which would result from applying the federal statutory tax rate to pretax income, as follows:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Income before income taxes</td>
<td>$1,648</td>
<td>$1,415</td>
<td>$ 276</td>
</tr>
<tr>
<td>Items not deductible for tax purposes: Meals and entertainment</td>
<td>42</td>
<td>39</td>
<td>36</td>
</tr>
<tr>
<td>Amortization</td>
<td>9</td>
<td>9</td>
<td>9</td>
</tr>
<tr>
<td>Other, net</td>
<td>(27)</td>
<td>(17)</td>
<td>(8)</td>
</tr>
<tr>
<td><strong>Adjusted pretax income</strong></td>
<td>1,672</td>
<td>1,446</td>
<td>313</td>
</tr>
<tr>
<td>Federal statutory tax rate</td>
<td>35%</td>
<td>35%</td>
<td>35%</td>
</tr>
<tr>
<td><strong>Income tax provision at statutory rate</strong></td>
<td>(585)</td>
<td>(506)</td>
<td>(110)</td>
</tr>
<tr>
<td>State and other income taxes, net of federal income tax provision</td>
<td>(62)</td>
<td>(55)</td>
<td>(10)</td>
</tr>
<tr>
<td><strong>Income taxes provided</strong></td>
<td>$(647)</td>
<td>$(561)</td>
<td>$(120)</td>
</tr>
</tbody>
</table>

6. LONG-TERM DEBT

At June 30, 1998 and 1997, the Company's long-term debt (including current maturities) was as follows:

<table>
<thead>
<tr>
<th>(In Millions)</th>
<th>1998</th>
<th>1997</th>
</tr>
</thead>
<tbody>
<tr>
<td>9 7/8% Notes, unsecured, due January 1, 1998</td>
<td>$ --</td>
<td>$ 207</td>
</tr>
<tr>
<td>Medium-Term Notes, Series A and B, unsecured, interest rates from 7.79% to 9.15%; maturities ranging from 1998 to 2007</td>
<td>128</td>
<td>157</td>
</tr>
<tr>
<td>9 7/8% Notes, unsecured, due May 15, 2000</td>
<td>142</td>
<td>142</td>
</tr>
<tr>
<td>8 1/2% Notes, unsecured, due March 15, 2002</td>
<td>71</td>
<td>71</td>
</tr>
<tr>
<td>8.10% Series C Guaranteed Serial ESOP Notes, unsecured, due in installments between 2002 and 2009 and $20 million on November 1, 2012. Interest rates from 6.85% to 6.95%</td>
<td>30</td>
<td>30</td>
</tr>
<tr>
<td>Development Authority of Fulton County, unsecured loan agreement, due $10 million on November 1, 2007</td>
<td>113</td>
<td>113</td>
</tr>
<tr>
<td>Development Authority of Fulton County, unsecured loan agreement, due $19 million on May 1, 2013, $85 million on May 1, 2023, and $21 million on May 1, 2033. Interest rates from 5.30% to 5.50%</td>
<td>125</td>
<td>-</td>
</tr>
<tr>
<td>9% Debentures, unsecured, due May 15, 2016</td>
<td>101</td>
<td>101</td>
</tr>
<tr>
<td>7 5/8% Development Authority of Clayton County, unsecured loan agreement, due on January 1, 2020</td>
<td>45</td>
<td>45</td>
</tr>
<tr>
<td>9 3/4% Debentures, unsecured, due May 15, 2021</td>
<td>250</td>
<td>250</td>
</tr>
<tr>
<td>9 1/4% Debentures, unsecured, due March 15, 2022</td>
<td>64</td>
<td>64</td>
</tr>
<tr>
<td>10 3/8% Debentures, unsecured, due December 15, 2022</td>
<td>66</td>
<td>66</td>
</tr>
<tr>
<td>Total</td>
<td>1,600</td>
<td>1,711</td>
</tr>
<tr>
<td>Less: Current maturities</td>
<td>67</td>
<td>236</td>
</tr>
<tr>
<td>Total long-term debt</td>
<td>$1,533</td>
<td>$1,475</td>
</tr>
</tbody>
</table>

Under its 1997 Bank Credit Agreement with a group of banks, the Company may borrow up to $1.25 billion on an unsecured and revolving basis until May 1, 2002, subject to compliance with certain conditions. Up to $700 million of this facility may be used for the issuance of letters of credit. The interest rate under this facility is, at the Company's option, the London Interbank Offered Rate or the prime rate, in each case plus a margin which is subject to adjustment based on certain changes in the credit ratings of the Company's long-term senior unsecured debt. The Company also has the option to obtain loans through a competitive bid procedure. The 1997 Bank Credit Agreement contains certain covenants that restrict the Company's ability to grant liens, to incur or guarantee debt and to enter into flight equipment leases. It also provides that if there is a change of control (as defined) of the Company, the banks' obligation to extend credit terminates, any amounts outstanding become immediately due and payable and the Company will immediately deposit cash collateral with the banks in an amount equal to all outstanding letters of credit. At August 14, 1998, no borrowings or letters of credit were outstanding under the 1997 Bank Credit Agreement.

At June 30, 1998, there were outstanding $290 million principal amount of the Delta Family-Care Savings Plan's Series C Guaranteed Serial ESOP Notes (Series C ESOP Notes), which are guaranteed by Delta and are payable in installments between July 1, 2002 and January 1, 2009. The Series C ESOP Notes were issued under note purchase agreements (1) which require Delta to purchase the Series C ESOP Notes at the option of the holders thereof (Noteholders) if the credit rating of Delta's long-term senior unsecured debt falls below Baa3 by Moody's and BBB- by Standard & Poor's (Purchase Event); but (2) which provide that Delta has no obligation to purchase the Series C ESOP Notes under the note purchase agreements so long as Delta obtains, within 127 days of a Purchase Event, certain credit enhancements (Approved Credit Enhancement) that result in the Series C ESOP Notes being rated A3 or higher by Moody's and A- or higher by Standard & Poor's (Required Ratings). If Delta is required to purchase the Series C ESOP Notes because of the occurrence of a Purchase Event, such purchase would be made at a price (Purchase Price) equal to the outstanding principal amount of the Series C ESOP Notes being purchased, together

43
with accrued interest and a Make Whole Premium Amount. The Make Whole Premium Amount is based on, among other factors, the yield to maturity of U.S. Treasury notes having maturities equal to the remaining average life to maturity of the Series C ESOP Notes as of the date Delta purchases the Series C ESOP Notes.

On May 11, 1993, a Purchase Event occurred, and Delta became obligated to purchase on September 15, 1993 any Series C ESOP Notes tendered to it. Prior to September 15, 1993, Delta obtained an Approved Credit Enhancement in the form of a letter of credit to credit enhance the Series C ESOP Notes. This letter of credit was issued in favor of Wilmington Trust Company, as trustee (Trustee), under Delta's then-existing bank credit agreement. Due to the issuance of this letter of credit, the Series C ESOP Notes received the Required Ratings, and Delta no longer had an obligation to purchase the Series C ESOP Notes as a result of the Purchase Event that occurred on May 11, 1993.

On June 6, 1996, the Company entered into a credit agreement with ABN AMRO Bank, N.V. and a group of banks (Letter of Credit Facility) which, as amended, provides for the issuance of letters of credit for up to $500 million in stated amount to credit enhance the Series C ESOP Notes. The Letter of Credit Facility contains negative covenants and a change of control provision that are substantially similar to those contained in the 1997 Bank Credit Agreement. In the event of any drawing under the Letter of Credit Facility, Delta is required, at its election, (1) to immediately repay the amount drawn; or (2) to convert its reimbursement obligation to a loan for a period not to exceed one year at varying rates of interest. On June 6, 1996, Delta obtained a letter of credit under the Letter of Credit Facility to replace the letter of credit issued under its then-existing bank credit agreement to credit enhance the Series C ESOP Notes. The Letter of Credit Facility expires June 6, 2000.

At August 14, 1998, the face amount of the letter of credit issued under the Letter of Credit Facility was $445 million. It covers the $290 million outstanding principal amount of the Series C ESOP Notes, up to $123 million of Make Whole Premium Amount and approximately one year of interest on the Series C ESOP Notes.

An Indenture of Trust, dated August 1, 1993 (Indenture), among Delta, the Trustee, and Fidelity Management Trust Company, as ESOP trustee, contains certain terms and conditions relating to any letter of credit used to credit enhance the Series C ESOP Notes. The Indenture requires the Trustee to draw under the letter of credit to make regularly scheduled payments of principal and interest on the Series C ESOP Notes. The Indenture also requires the Trustee to draw under the letter of credit to purchase the Series C ESOP Notes in certain circumstances in which Delta would not be required to purchase the Series C ESOP Notes under the note purchase agreements. Subject to certain conditions, the Indenture requires the Trustee to purchase the Series C ESOP Notes at the Purchase Price at the option of the Noteholders in the event that (1) the Required Ratings on the Notes are not maintained; (2) the letter of credit is not extended 20 days before its scheduled expiration date; (3) Delta elects to terminate the letter of credit; or (4) the Trustee receives notice that there has occurred an event of default under the credit agreement relating to the letter of credit; unless, generally within 10 days of any such event, the Series C ESOP Notes receive the Required Ratings due to Delta's obtaining a substitute credit enhancement or otherwise.

The Required Ratings on the Series C ESOP Notes are subject to reconsideration at any time, and to annual confirmation, by Moody's and Standard & Poor's. Circumstances that might cause either rating agency to lower or fail to confirm its rating include, without limitation, a downgrading of the deposits of the letter of credit issuer below A3 by Moody's or A- by Standard & Poor's, or a determination that the Make Whole Premium Amount covered by the letter of credit is insufficient.

Subject to certain conditions, the Indenture does not permit the Trustee to purchase the Series C ESOP Notes at the option of the Noteholders if the Series C ESOP Notes receive the Required Ratings without the benefit of a credit enhancement. The Series C ESOP Notes are not likely to receive the Required Ratings absent a credit enhancement unless Delta's long-term senior unsecured debt is rated at least A3 by Moody's and A- by Standard & Poor's. On August 14, 1998, Delta's long-term senior unsecured debt was rated Baa3 by Moody's and BBB- by Standard & Poor's.

At June 30, 1998, the annual scheduled maturities of long-term debt during the next five fiscal years were as follows:

<table>
<thead>
<tr>
<th>Years Ending June 30</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>(In Millions)</td>
<td></td>
</tr>
<tr>
<td>1999</td>
<td>67</td>
</tr>
<tr>
<td>2000</td>
<td>142</td>
</tr>
<tr>
<td>2001</td>
<td>-</td>
</tr>
<tr>
<td>2002</td>
<td>75</td>
</tr>
<tr>
<td>2003</td>
<td>43</td>
</tr>
</tbody>
</table>

-----------------------------------------------
The Company's debt agreements contain certain restrictive covenants, but do not limit the payment of dividends on the Company's capital stock. The terms of the Series B ESOP Convertible Preferred Stock limit the Company's ability to pay cash dividends on the Company's Common Stock (Common Stock) in certain circumstances. (See Note 12.)

Cash payments for interest, net of interest capitalized, totaled $152 million in fiscal 1998; $171 million in fiscal 1997; and $232 million in fiscal 1996.

7. LEASE OBLIGATIONS

The Company leases certain aircraft, airport terminal and maintenance facilities, ticket offices and other property and equipment. Rent expense is generally recorded on a straight-line basis over the lease term. Amounts charged to rental expense for operating leases were $0.9 billion in fiscal 1998, 1997 and 1996.

At June 30, 1998, the Company's minimum rental commitments under capital leases (primarily aircraft) and noncancelable operating leases with initial or remaining terms of more than one year were as follows:

<table>
<thead>
<tr>
<th>Years Ending June 30 (In Millions)</th>
<th>Capital Leases</th>
<th>Operating Leases</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999</td>
<td>$ 100</td>
<td>$ 950</td>
</tr>
<tr>
<td>2000</td>
<td>67</td>
<td>950</td>
</tr>
<tr>
<td>2001</td>
<td>57</td>
<td>940</td>
</tr>
<tr>
<td>2002</td>
<td>57</td>
<td>960</td>
</tr>
<tr>
<td>2003</td>
<td>48</td>
<td>960</td>
</tr>
<tr>
<td>After 2003</td>
<td>71</td>
<td>10,360</td>
</tr>
<tr>
<td>Total minimum lease payments</td>
<td>$ 400</td>
<td>$15,120</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Less: Amounts representing interest</th>
<th>88</th>
</tr>
</thead>
<tbody>
<tr>
<td>Present value of future minimum capital lease payments</td>
<td>312</td>
</tr>
<tr>
<td>Less: Current obligations under capital leases</td>
<td>63</td>
</tr>
<tr>
<td>Long-term capital lease obligations</td>
<td>$ 249</td>
</tr>
</tbody>
</table>

As of June 30, 1998, Delta leased 219 aircraft. These leases have remaining terms ranging from 18 months to 19 years and expiration dates ranging from 1999 to 2017. Of these leases, 48 are accounted for as capital leases.

Certain municipalities and airport authorities have issued special facility revenue bonds to build or improve airport terminal and maintenance facilities that Delta leases under operating leases. Under these lease agreements, the Company is required to make rental payments sufficient to pay principal and interest on the bonds as they become due.

8. PURCHASE COMMITMENTS

Future expenditures for aircraft, engines and engine hush-kits on firm order as of August 14, 1998 are estimated to be $6.9 billion, as follows:

<table>
<thead>
<tr>
<th>Years Ending June 30 (In Millions)</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999</td>
<td>$1,580</td>
</tr>
<tr>
<td>2000</td>
<td>1,610</td>
</tr>
<tr>
<td>2001</td>
<td>1,570</td>
</tr>
<tr>
<td>2002</td>
<td>300</td>
</tr>
<tr>
<td>2003</td>
<td>370</td>
</tr>
<tr>
<td>After 2003</td>
<td>1,460</td>
</tr>
<tr>
<td>Total</td>
<td>$6,890</td>
</tr>
</tbody>
</table>

The Company has authorized capital expenditures of approximately $550 million for fiscal 1999 for improvement of airport and office facilities, ground equipment and other assets.

The Company expects to finance its aircraft, engine and engine hushkit commitments, as well as other authorized capital expenditures, using available cash, short-term investments and internally generated funds, supplemented as necessary by debt financings and proceeds from sale
and leaseback transactions.

The Company has entered into code-sharing agreements under which it has agreed to purchase seats at established prices from specific airlines, subject to certain conditions. None of these agreements has material noncancelable terms in excess of one year.
9. CONTINGENCIES

The Company is a defendant in certain legal actions relating to alleged employment discrimination practices, antitrust matters, environmental issues and other matters concerning the Company's business. Although the ultimate outcome of these matters cannot be predicted with certainty, management believes that the resolution of these actions is not likely to have a material adverse effect on Delta's consolidated financial statements.

Delta's approximately 8,800 pilots are represented by the Air Line Pilots Association, International (ALPA). The collective bargaining agreement between the Company and ALPA becomes amendable on May 2, 2000. The Company and ALPA are currently in negotiations to establish pay rates for certain aircraft equipment types. See "Personnel Matters" on page 31 of Management's Discussion and Analysis for additional information on this subject.

10. EMPLOYEE BENEFIT PLANS

The Company sponsors various pension plans, medical plans and disability and survivorship plans for employees who meet certain service and other requirements. In addition, the Company sponsors the Delta Family-Care Savings Plan (Savings Plan) in which employees who meet certain service and other requirements may elect to participate.

During fiscal 1997, the Company changed the annual measurement date for its employee benefit plan assets and liabilities from June 30 to March 31. This change in measurement date has been accounted for as a change in accounting principle. The change in measurement date had no material cumulative effect on employee benefit expense for prior years.

Defined Benefit Pension Plans - The Company's primary retirement plans consist of defined benefit pension plans. The Company has reserved the right to modify these plans to the extent permitted by the Internal Revenue Code and the Employee Retirement Income Security Act of 1974 (ERISA). The qualified defined benefit plans are funded, on a current basis, to meet the minimum funding requirements of ERISA.

The following table sets forth the defined benefit pension plans' change in projected benefit obligation for the plan years ended June 30, 1998 and 1997:

<table>
<thead>
<tr>
<th>(In Millions)</th>
<th>1998</th>
<th>1997</th>
</tr>
</thead>
<tbody>
<tr>
<td>Projected benefit obligation at</td>
<td></td>
<td></td>
</tr>
<tr>
<td>beginning of year</td>
<td>7,572</td>
<td>7,430</td>
</tr>
<tr>
<td>Service cost</td>
<td>207</td>
<td>188</td>
</tr>
<tr>
<td>Interest cost</td>
<td>574</td>
<td>568</td>
</tr>
<tr>
<td>Actuarial (gain) loss</td>
<td>605</td>
<td>(46)</td>
</tr>
<tr>
<td>Benefits paid</td>
<td>(648)</td>
<td>(568)</td>
</tr>
<tr>
<td>Projected benefit obligation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>at end of year</td>
<td>8,310</td>
<td>7,572</td>
</tr>
</tbody>
</table>

The weighted average discount rate and rate of increase in future compensation levels used in determining the actuarial present value of the projected benefit obligations in the above table was 7.0% and 4.3%, respectively, at March 31, 1998, and 7.75% and 4.7%, respectively, at March 31, 1997. The expected long-term rate of return on assets was 10.0% at March 31, 1998 and 1997.

The following table sets forth the defined benefit pension plans' change in the fair value of plan assets for the plan years ended June 30, 1998 and 1997:

<table>
<thead>
<tr>
<th>(In Millions)</th>
<th>1998</th>
<th>1997</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fair value of plan assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>at beginning of year</td>
<td>7,512</td>
<td>7,233</td>
</tr>
<tr>
<td>Actual return on plan assets</td>
<td>2,203</td>
<td>744</td>
</tr>
<tr>
<td>Employer contributions</td>
<td>54</td>
<td>103</td>
</tr>
<tr>
<td>Benefits paid</td>
<td>(648)</td>
<td>(568)</td>
</tr>
<tr>
<td>Fair value of plan assets at end of year</td>
<td>9,121</td>
<td>7,512</td>
</tr>
</tbody>
</table>
The accrued pension cost recognized in the Consolidated Balance Sheets is computed as follows:

<table>
<thead>
<tr>
<th></th>
<th>1998</th>
<th>1997</th>
</tr>
</thead>
<tbody>
<tr>
<td>Funded status</td>
<td>$811</td>
<td>$(60)</td>
</tr>
<tr>
<td>Unrecognized net actuarial gain</td>
<td>(1,239)</td>
<td>(331)</td>
</tr>
<tr>
<td>Unrecognized transition obligation</td>
<td>61</td>
<td>63</td>
</tr>
<tr>
<td>Unrecognized prior service cost</td>
<td>27</td>
<td>29</td>
</tr>
<tr>
<td>Contributions made between April 1 and June 30</td>
<td>11</td>
<td>18</td>
</tr>
</tbody>
</table>

Accrued pension cost recognized in the Consolidated Balance Sheets $ (329) $(281)
Net periodic defined benefit pension cost for fiscal 1998, 1997 and 1996 included the following components:

Delta also sponsors several non-qualified pension plans which are funded from current assets. The accumulated benefit obligation of these plans totaled $259 million at March 31, 1998.

**Defined Contribution Pension Plans:**

Delta Pilots Money Purchase Pension Plan - The Company sponsors the Delta Pilots Money Purchase Pension Plan (MPPP) to which the Company contributes 5% of covered pay for each eligible pilot. The MPPP is a continuation of the Delta Pilots Target Benefit Plan and is related to the Delta Pilots Retirement Plan through a floor-offset arrangement whereby the defined benefit pension payable to a pilot is subject to reduction by the actuarial equivalent of the accumulated account balance in the MPPP. During fiscal 1998, 1997 and 1996, the Company recognized expense of $54 million, $49 million and $2 million, respectively, for these plans.

Employee Stock Ownership Plan -- The Company sponsors the Savings Plan, a qualified defined contribution pension plan under which eligible Delta personnel may contribute a portion of their earnings. The Savings Plan includes an employee stock ownership plan (ESOP) feature. Subject to certain conditions, the Company matches 50% of a participant's contributions to the Savings Plan, up to a maximum employer contribution of 2% of a participant's earnings. The Company's contributions are made quarterly through the allocation of Series B ESOP Convertible Preferred Stock (ESOP Preferred Stock), Common Stock or cash, and are recorded as salaries and related costs in the Company's Consolidated Statements of Operations. Delta's contributions to the Savings Plan were $49 million in fiscal 1998 and $45 million in fiscal 1997 and fiscal 1996.

In connection with the adoption of the ESOP in 1989, the Company sold 6,944,450 shares of ESOP Preferred Stock to the Savings Plan for approximately $500 million. The Company has recorded unearned compensation to reflect the value of ESOP Preferred Stock sold to the Savings Plan but not yet allocated to participants' accounts. As shares of the ESOP Preferred Stock are allocated to participants' accounts, unearned compensation is reduced. Dividends on unallocated shares of ESOP Preferred Stock are used by the ESOP for debt service on the Series C ESOP Notes and are not considered dividends for financial reporting purposes. Dividends on allocated shares of ESOP Preferred Stock are credited to participants and considered dividends for financial reporting purposes. For purposes of computing basic and diluted income per common share, allocated shares of ESOP Preferred Stock are considered outstanding, but unallocated shares of ESOP Preferred Stock are not considered outstanding.

Postretirement Benefits Other Than Pensions - Delta's medical plans provide medical and dental benefits to substantially all retirees and their eligible dependents. Benefits are funded from general assets on a current basis. Plan benefits are subject to co-payments, deductibles and certain other limits described in the plans and are reduced once a retiree is eligible for Medicare. The Company has reserved the right to modify or terminate the medical plans for both current and future retirees.

The following table sets forth the postretirement benefit plans' change in accumulated postretirement benefit obligation (APBO) for the plan years ended June 30, 1998 and 1997:

<table>
<thead>
<tr>
<th>(In Millions)</th>
<th>1998</th>
<th>1997</th>
</tr>
</thead>
<tbody>
<tr>
<td>APBO at beginning of year</td>
<td>$1,565</td>
<td>$1,505</td>
</tr>
<tr>
<td>Service cost</td>
<td>33</td>
<td>25</td>
</tr>
<tr>
<td>Interest cost</td>
<td>110</td>
<td>115</td>
</tr>
<tr>
<td>Actuarial gain</td>
<td>(17)</td>
<td>(35)</td>
</tr>
<tr>
<td>Benefits paid</td>
<td>(64)</td>
<td>(45)</td>
</tr>
<tr>
<td>APBO at end of year</td>
<td>$1,627</td>
<td>$1,565</td>
</tr>
</tbody>
</table>
The accrued postretirement benefit cost recognized in the Consolidated Balance Sheets is computed as follows:

<table>
<thead>
<tr>
<th></th>
<th>1998</th>
<th>1997</th>
</tr>
</thead>
<tbody>
<tr>
<td>Funded status</td>
<td>$(1,627)</td>
<td>$(1,565)</td>
</tr>
<tr>
<td>Unrecognized net loss</td>
<td>61</td>
<td>76</td>
</tr>
<tr>
<td>Unrecognized prior service cost</td>
<td>(388)</td>
<td>(426)</td>
</tr>
<tr>
<td>Contributions made between April 1 and June 30</td>
<td>16</td>
<td>14</td>
</tr>
<tr>
<td>Accrued postretirement benefit cost in the Consolidated Balance Sheets</td>
<td>$(1,938)</td>
<td>$(1,901)</td>
</tr>
</tbody>
</table>

Net periodic postretirement benefit cost for fiscal 1998, 1997 and 1996 included the following components:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Service cost</td>
<td>$33</td>
<td>$25</td>
<td>$32</td>
</tr>
<tr>
<td>Interest cost</td>
<td>110</td>
<td>115</td>
<td>118</td>
</tr>
<tr>
<td>Amortization of prior service cost</td>
<td>(38)</td>
<td>(38)</td>
<td>(31)</td>
</tr>
<tr>
<td>Recognized net actuarial (gain) loss</td>
<td>(2)</td>
<td>1</td>
<td>4</td>
</tr>
<tr>
<td>Net periodic postretirement benefit cost</td>
<td>$103</td>
<td>$103</td>
<td>$123</td>
</tr>
</tbody>
</table>

The weighted average discount rate used to estimate the APBO was 7.0% at March 31, 1998 and 7.75% at March 31, 1997. The assumed health care cost trend rate used in measuring the APBO was 6.0% in fiscal 1998 and 8.0% in fiscal 1997, declining gradually to 4.25% by March 31, 2000, and remaining level thereafter. A one-percentage-point change in the health care cost rate used in measuring the APBO at March 31, 1998 would have the following effects:

<table>
<thead>
<tr>
<th></th>
<th>One-Percentage-Point Increase</th>
<th>One-Percentage-Point Decrease</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase (decrease) in the total service and interest cost</td>
<td>$14</td>
<td>$(13)</td>
</tr>
<tr>
<td>Increase (decrease) in the APBO</td>
<td>130</td>
<td>(117)</td>
</tr>
</tbody>
</table>

Postemployment Benefits - The Company provides certain welfare benefits to its former or inactive employees after employment but before retirement. Such benefits primarily include those related to disability and survivorship plans. The Company has reserved the right to modify or terminate these plans at any time for all participants.

The Company's postemployment benefit expense for fiscal years 1998, 1997 and 1996 was $74 million, $71 million and $78 million, respectively. The amount funded in excess of the liability is included in other noncurrent assets in the Company's Consolidated Balance Sheets. Future period expenses will vary based on actual claims experience and the return on plan assets.

Gains and losses that occur because actual experience differs from that assumed will be amortized over the average future service period of employees. Amounts allocable to prior service for amendments to retiree and inactive insurance plans are amortized in a similar manner.

The Company continues to evaluate ways to better manage employee benefits and control costs. Any changes in the plans or revisions to assumptions that affect the amount of expected future benefits may have a significant effect on the amount of the reported obligation and future annual expense.

11. INCOME PER SHARE

During fiscal 1998, Delta adopted SFAS 128, which establishes new standards for computing, presenting, and disclosing income per share data. All prior year income per share data have been restated to conform with SFAS 128. Application of SFAS 128 did not have a material impact on previously reported income per share amounts for the fiscal years ended June 30, 1997 and 1996.
The following table shows a reconciliation of the numerator (net income) and the denominator (average shares outstanding) used in computing basic and diluted income per share:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>(In Millions, except per share data)</td>
<td>------</td>
<td>------</td>
<td>------</td>
</tr>
<tr>
<td>Basic:</td>
<td>------</td>
<td>------</td>
<td>------</td>
</tr>
<tr>
<td>Net income</td>
<td>$1,001</td>
<td>$854</td>
<td>$156</td>
</tr>
<tr>
<td>Dividends on allocated Series B ESOP</td>
<td>(11)</td>
<td>(9)</td>
<td>(8)</td>
</tr>
<tr>
<td>Convertible Preferred Stock</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividends on Series C</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Convertible Preferred Stock</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income available to common shareowners</td>
<td>$990</td>
<td>$845</td>
<td>$74</td>
</tr>
<tr>
<td>Weighted average shares outstanding</td>
<td>74.6</td>
<td>74.2</td>
<td>51.8</td>
</tr>
<tr>
<td>Basic income per common share</td>
<td>$13.28</td>
<td>$11.39</td>
<td>$1.43</td>
</tr>
<tr>
<td>Diluted:</td>
<td>------</td>
<td>------</td>
<td>------</td>
</tr>
<tr>
<td>Net Income</td>
<td>$1,001</td>
<td>$854</td>
<td>$156</td>
</tr>
<tr>
<td>Adjustment to net income assuming</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>conversion of allocated Series B ESOP</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Convertible Preferred Stock</td>
<td>(4)</td>
<td>(5)</td>
<td>(5)</td>
</tr>
<tr>
<td>Dividends on Series C</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Convertible Preferred Stock</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income available to common shareowners</td>
<td>$997</td>
<td>$849</td>
<td>$77</td>
</tr>
<tr>
<td>Weighted average shares outstanding</td>
<td>74.6</td>
<td>74.2</td>
<td>51.8</td>
</tr>
<tr>
<td>Additional shares assuming:</td>
<td>------</td>
<td>------</td>
<td>------</td>
</tr>
<tr>
<td>Exercise of stock options</td>
<td>1.9</td>
<td>.6</td>
<td>.3</td>
</tr>
<tr>
<td>Conversion of allocated Series B ESOP</td>
<td>2.1</td>
<td>1.9</td>
<td>1.6</td>
</tr>
<tr>
<td>Convertible Preferred Stock</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Conversion of Series C</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Convertible Preferred Stock</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Weighted average shares as adjusted</td>
<td>78.6</td>
<td>77.0</td>
<td>53.7</td>
</tr>
<tr>
<td>Diluted income per common share</td>
<td>$12.68</td>
<td>$11.03</td>
<td>$1.43</td>
</tr>
</tbody>
</table>

Fiscal 1996 diluted income per common share calculation does not assume conversion of the 3.23% Convertible Subordinated Notes due June 15, 2003 and the Series C Convertible Preferred Stock, because to do so would have been antidilutive.

12. COMMON AND PREFERRED STOCK

During fiscal 1998, the Company issued 4,160,501 shares of Common Stock under its broad-based employee stock option plans, and a total of 477,541 shares of Common Stock under its 1989 Stock Incentive and Dividend Reinvestment and Stock Purchase Plans. In addition, the Company distributed a total of 49,541 shares of Common Stock from treasury under its 1989 Stock Incentive Plan. Also during fiscal 1998, the Company repurchased 3,158,373 shares of Common Stock.

At June 30, 1998, 20,539,449 shares of Common Stock were reserved for issuance under the Company's broad-based employee stock option plans; 7,663,763 shares of Common Stock were reserved for issuance under the 1989 Stock Incentive Plan; 5,664,421 shares of Common Stock were reserved for conversion of the ESOP Preferred Stock; and 248,215 shares of Common Stock were reserved for issuance under the Non-Employee Directors' Stock Plan. In addition, 1,500,000 shares of preferred stock were reserved for issuance under the Shareowner Rights Plan.

The Shareowner Rights Plan is designed to enhance the ability of the Board of Directors to protect shareowners against attempts to acquire Delta that do not offer an adequate price to all shareowners, or that are otherwise not in the best interest of the Company and its shareowners. Under this plan, each outstanding share of Common Stock is accompanied by a preferred stock purchase right which entitles the holder to purchase from the Company 1/100 of a share of Series D Junior Participating Preferred Stock for $300, subject to adjustment in certain circumstances (Purchase Price). The rights become exercisable only after a person or group acquires beneficial ownership of 15% or more of the Common Stock or commences a tender or exchange offer that would result in such person or group beneficially owning 15% or more of the Common Stock. The rights expire on November 4, 2006, and may be redeemed by Delta for $0.01 per right until 10 business days following the announcement that a person or group beneficially owns 15% or more of the Common Stock. Subject to certain conditions, if a person or group becomes the beneficial owner of 15% or more of the Common Stock, each right will entitle its holder (other than certain acquiring persons) to purchase, for the Purchase Price, Common Stock having a market value of twice the Purchase Price. In addition, subject to certain conditions, if Delta is involved in a merger or certain other business combination.
transactions, or the Company sells or otherwise transfers more than 50% of its assets or earning power, each right will entitle its holder to purchase, for the Purchase Price, Common Stock of the other party having a market value of twice the Purchase Price.

Each share of ESOP Preferred Stock has a stated value of $72; bears an annual cumulative cash dividend of 6%, or $4.32; is convertible into 0.8578 share of Common Stock (a conversion price of $83.94), subject to adjustment in certain circumstances; has a liquidation preference of $72, plus any accrued and unpaid dividends; generally votes together as a single class with the Common Stock on matters upon which the Common Stock is entitled to vote; and has one vote, subject to adjustment in certain circumstances. The ESOP Preferred Stock is redeemable at Delta's option at specified redemption prices payable, at Delta's election, in cash or Common Stock. If full cumulative dividends on the ESOP Preferred Stock have not been paid when due, Delta may not pay cash dividends on the Common Stock.

13. STOCK OPTIONS AND AWARDS

Under its 1989 Stock Incentive Plan and a predecessor plan, the Company has granted non-qualified stock options and, prior to fiscal 1993, tandem stock appreciation rights (SARs) to officers and other key employees. The exercise price for all stock options, and the base price upon which the SARs are measured, is the fair market value of the Common Stock on the date of grant. Awards exercised as SARs are payable in a combination of cash and Common Stock. The Company recognized compensation expense (included in salary and related costs) related to SARs in fiscal 1998, 1997 and 1996 of $8 million, $3 million and $14 million, respectively. Stock options are generally exercisable beginning one year, and ending ten years, after their grant date.

On October 24, 1996, the Company's shareowners approved two plans providing for the issuance of non-qualified stock options to substantially all of Delta's non-officer personnel to purchase a total of 24.7 million shares of Common Stock. One plan is for eligible Delta personnel who are not pilots (Nonpilot Plan); the other plan covers the Company's eligible pilots (Pilot Plan).

The Nonpilot and Pilot Plans involve non-qualified stock options to purchase 14.7 million and 10 million shares of Common Stock, respectively. The plans provide for grants in three annual installments at an exercise price equal to the opening price of the Common Stock on the New York Stock Exchange on the grant date. Stock options awarded under these plans are generally exercisable beginning one year and ending ten years after their grant dates, and are not transferable other than upon the death of the person granted the stock options. On October 30, 1997 and 1996, Delta granted eligible personnel non-qualified stock options to purchase 8.3 million and 8.2 million shares of Common Stock, respectively, at exercise prices of $98 per share and $69 per share, respectively. The third grant date under the Nonpilot and Pilot Plans is scheduled to occur on October 30, 1998.

Transactions involving stock options and SARs during fiscal 1998, 1997 and 1996 were as follows:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Shares</td>
<td>Average</td>
<td>Shares</td>
</tr>
<tr>
<td></td>
<td>(000)</td>
<td>Exercise</td>
<td>(000)</td>
</tr>
<tr>
<td>Outstanding at beginning of fiscal year</td>
<td>9,901</td>
<td>$69</td>
<td>2,332</td>
</tr>
<tr>
<td>Granted</td>
<td>9,849</td>
<td>100</td>
<td>8,932</td>
</tr>
<tr>
<td>Exercised</td>
<td>(4,659)</td>
<td>69</td>
<td>(1,278)</td>
</tr>
<tr>
<td>Forfeited</td>
<td>(88)</td>
<td>92</td>
<td>(84)</td>
</tr>
<tr>
<td>Outstanding at end of fiscal year</td>
<td>15,003</td>
<td>89</td>
<td>9,901</td>
</tr>
<tr>
<td>Stock options exercisable at fiscal year end</td>
<td>5,211</td>
<td>$70</td>
<td>1,049</td>
</tr>
</tbody>
</table>
The following table summarizes information about stock options outstanding at June 30, 1998:

<table>
<thead>
<tr>
<th>Range of Exercise Prices</th>
<th>Number Outstanding at June 30, 1998 (000)</th>
<th>Weighted Remaining Life (Years)</th>
<th>Weighted Average Exercise Price</th>
<th>Number Exercisable at June 30, 1998 (000)</th>
<th>Weighted Average Exercise Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>$52-$68</td>
<td>276</td>
<td>5</td>
<td>$ 56</td>
<td>276</td>
<td>$56</td>
</tr>
<tr>
<td>$69-$83</td>
<td>4,935</td>
<td>8</td>
<td>71</td>
<td>4,935</td>
<td>71</td>
</tr>
<tr>
<td>$84-$125</td>
<td>9,792</td>
<td>9</td>
<td>100</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

SFAS 123 requires pro forma information regarding net income and income per share, determined as if the Company accounted for its employee stock option plans under the fair value method of SFAS 123. The fair value of stock options granted in fiscal 1998, 1997 and 1996 was derived using the Black-Scholes stock option pricing model. The assumptions and the weighted average fair values were as follows:

### Assumptions

- **Risk-free interest rate**
  - 1998: 5.8%
  - 1997: 6.0%
  - 1996: 5.4%

- **Average expected life of stock options (Years)**
  - 1998: 3.3
  - 1997: 2.7
  - 1996: 5.1

- **Expected volatility of Common Stock**
  - 1998: 25.3%
  - 1997: 26.4%
  - 1996: 26.5%

- **Expected annual dividends on Common Stock**
  - 1998: $0.20
  - 1997: $0.20
  - 1996: $0.20

- **Weighted average fair value of stock options**
  - 1998: $26
  - 1997: $17
  - 1996: $24

### Pro Forma Net Income and Income per Common Share:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net income:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>As reported</td>
<td>$1,001</td>
<td>$ 854</td>
<td>$ 156</td>
</tr>
<tr>
<td>Pro forma</td>
<td>875</td>
<td>791</td>
<td>152</td>
</tr>
<tr>
<td><strong>Basic income per common share:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>As reported</td>
<td>$13.28</td>
<td>$ 11.39</td>
<td>$ 1.43</td>
</tr>
<tr>
<td>Pro forma</td>
<td>11.59</td>
<td>10.53*</td>
<td>1.36*</td>
</tr>
<tr>
<td><strong>Diluted income per common share:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>As reported</td>
<td>$12.68</td>
<td>$ 11.03</td>
<td>$ 1.43</td>
</tr>
<tr>
<td>Pro forma</td>
<td>11.07</td>
<td>10.21*</td>
<td>1.35*</td>
</tr>
</tbody>
</table>

*Restated in accordance with SFAS 128. See Note 11.

Under SFAS 123, stock options granted prior to fiscal year 1996 are not required to be included as compensation in determining pro forma net income. Therefore, the pro forma effects on net income and income per common share for fiscal 1998 may not be representative of the pro forma effects SFAS 123 may have in future years.

### 14. STOCK REPURCHASE AUTHORIZATION

In April 1996, Delta's Board of Directors authorized the Company to repurchase up to 24.7 million shares of Common Stock and Common Stock equivalents. Under this authorization, the Company could repurchase up to 6.2 million of these shares before October 30, 1997 - the date the initial stock option grants under the broad-based employee stock option plans became exercisable - and may purchase the remaining shares as Delta personnel exercise their stock options under those plans. (See Note 13.) The Company repurchased 3,079,000, 5,378,700 and 821,300 shares of Common Stock for $345 million, $379 million and $66 million during fiscal 1998, 1997 and 1996, respectively, under this authorization.

In July 1998, Delta's Board of Directors authorized the Company to repurchase Common Stock and Common Stock equivalents for an aggregate purchase price of up to $750 million from time to time through December 31, 1999. This authorization is in addition to the Company's stock repurchase plan discussed in the preceding paragraph.

Repurchases under both of the above authorizations are subject to market conditions and may be made on the open market or in privately negotiated transactions.
15. RESTRUCTURING AND OTHER NON-RECURRING CHARGES

During fiscal 1997 and 1996, the Company recorded pretax restructuring and other non-recurring charges of $52 million and $829 million, respectively. These charges were due to the writedown of Delta's L-1011 fleet in accordance with SFAS 121; employee early retirement programs; lease termination costs related to abandoned facilities and discontinued routes; and costs related to the realignment of the Company's transatlantic and European operations.

The Company made payments of $51 million related to these charges during fiscal 1998. The remaining liability related to the charges was $36 million as of June 30, 1998.

Actual costs incurred, realization on the sales of excess inventories, and costs associated with lease terminations and abandoned facilities may vary from current estimates. The appropriate accrued liability will be adjusted upon completion of these activities.

16. INTERNATIONAL REVENUES

Delta provides scheduled air transportation for passengers, freight and mail over a network of routes throughout the United States and abroad. Delta's operating revenues by international region are as follows:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Atlantic</td>
<td>2,092</td>
<td>2,024</td>
<td>1,909</td>
</tr>
<tr>
<td>Pacific</td>
<td>304</td>
<td>325</td>
<td>342</td>
</tr>
<tr>
<td>Latin America</td>
<td>245</td>
<td>218</td>
<td>187</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>2,641</td>
<td>2,567</td>
<td>2,438</td>
</tr>
</tbody>
</table>

17. QUARTERLY FINANCIAL DATA (UNAUDITED)

The following is a summary of the unaudited quarterly results of operations for fiscal 1998 and 1997 (in millions, except per share data):

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Sept. 30</th>
<th>Dec. 31</th>
<th>Mar. 31</th>
<th>June 30</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating revenues</td>
<td>$3,553</td>
<td>$3,434</td>
<td>$3,390</td>
<td>$3,761</td>
</tr>
<tr>
<td>Operating income</td>
<td>$ 431</td>
<td>$ 332</td>
<td>$ 336</td>
<td>$ 594</td>
</tr>
<tr>
<td>Net income</td>
<td>$ 254</td>
<td>$ 190</td>
<td>$ 195</td>
<td>$ 362</td>
</tr>
<tr>
<td>Basic income per common share</td>
<td>$ 3.41*</td>
<td>$ 2.52</td>
<td>$ 2.57</td>
<td>$ 4.77</td>
</tr>
<tr>
<td>Diluted income per common share</td>
<td>$ 3.26*</td>
<td>$ 2.40</td>
<td>$ 2.45</td>
<td>$ 4.52</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Sept. 30</th>
<th>Dec. 31</th>
<th>Mar. 31</th>
<th>June 30</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating revenues</td>
<td>$3,433</td>
<td>$3,198</td>
<td>$3,421</td>
<td>$3,542</td>
</tr>
<tr>
<td>Operating income</td>
<td>$ 439</td>
<td>$ 227</td>
<td>$ 346</td>
<td>$ 519</td>
</tr>
<tr>
<td>Net income</td>
<td>$ 238</td>
<td>$ 125</td>
<td>$ 190</td>
<td>$ 301</td>
</tr>
<tr>
<td>Basic income per common share</td>
<td>$ 3.10*</td>
<td>$ 1.66*</td>
<td>$ 2.56*</td>
<td>$ 4.06*</td>
</tr>
<tr>
<td>Diluted income per common share</td>
<td>$ 2.98*</td>
<td>$ 1.63*</td>
<td>$ 2.47*</td>
<td>$ 3.90*</td>
</tr>
</tbody>
</table>

*Restated to conform with SFAS 128. See Note 11.

The sum of the quarterly income per common share does not equal the fiscal income per common share due to changes in average share calculations.

Operating expenses for the March 1997 quarter include $52 million pretax restructuring and other non-recurring charges related to the realignment of the Company's transatlantic and European operations. (See Note 15.)
REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS
DELTA AIR LINES, INC.

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

We have audited the accompanying consolidated balance sheets of Delta Air Lines, Inc. (a Delaware corporation) and subsidiaries as of June 30, 1998 and 1997, and the related consolidated statements of operations, cash flows and shareowners' equity for each of the three years in the period ended June 30, 1998. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Delta Air Lines, Inc. and subsidiaries as of June 30, 1998 and 1997, and the consolidated results of their operations and their cash flows for each of the three years in the period ended June 30, 1998, in conformity with generally accepted accounting principles.

REPORT OF MANAGEMENT
DELTA AIR LINES, INC.
The integrity and objectivity of the information presented in this Annual Report are the responsibility of Delta management. The financial statements contained in this report have been audited by Arthur Andersen LLP, independent public accountants, whose report appears on this page.

Delta maintains a system of internal financial controls which are independently assessed on an ongoing basis through a program of internal audits. These controls include the selection and training of the Company's managers, organizational arrangements that provide a division of responsibilities, and communication programs explaining the Company's policies and standards. We believe that this system provides reasonable assurance that transactions are executed in accordance with management's authorization; that transactions are appropriately recorded to permit preparation of financial statements that, in all material respects, are presented in conformity with generally accepted accounting principles; and that assets are properly accounted for and safeguarded against loss from unauthorized use.

The Board of Directors pursues its responsibilities for these financial statements through its Audit Committee, which consists solely of directors who are neither officers nor employees of the Company. The Audit Committee meets periodically with the independent public accountants, the internal auditors and representatives of management to discuss internal accounting control, auditing and financial reporting matters.

/s/Warren C. Jenson    /s/Leo F. Mullin
------------------------  ------------------------
Warren C. Jenson        Leo F. Mullin
Executive Vice President President and
and Chief Financial Officer Chief Executive Officer
CONSOLIDATED SUMMARY OF OPERATIONS
DELTA AIR LINES, INC.

For the fiscal years ended June 30

(In Millions, Except Per Share Data)

<table>
<thead>
<tr>
<th></th>
<th>1998</th>
<th>1997(1)</th>
<th>1996(2)</th>
<th>1995(3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating revenues</td>
<td>$14,138</td>
<td>$13,594</td>
<td>$12,455</td>
<td>$12,194</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>$12,445</td>
<td>$12,063</td>
<td>$11,992</td>
<td>$11,533</td>
</tr>
<tr>
<td>Operating income (loss)</td>
<td>1,693</td>
<td>1,531</td>
<td>463</td>
<td>661</td>
</tr>
<tr>
<td>Interest expense, net</td>
<td>(148)</td>
<td>(174)</td>
<td>(243)</td>
<td>(262)</td>
</tr>
<tr>
<td>Gain (loss) on disposition of flight equipment</td>
<td>-</td>
<td>-</td>
<td>2</td>
<td>97</td>
</tr>
<tr>
<td>Miscellaneous income, net(6)</td>
<td>103</td>
<td>58</td>
<td>54</td>
<td>95</td>
</tr>
<tr>
<td>Income (loss) before income taxes</td>
<td>1,648</td>
<td>1,415</td>
<td>276</td>
<td>494</td>
</tr>
<tr>
<td>Income tax benefit (provision)</td>
<td>(647)</td>
<td>(561)</td>
<td>(120)</td>
<td>(200)</td>
</tr>
<tr>
<td>Amortization of investment tax credits</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Net income (loss)</td>
<td>1,001</td>
<td>854</td>
<td>156</td>
<td>294</td>
</tr>
<tr>
<td>Net income (loss) attributable to common shareowners</td>
<td>$ 990</td>
<td>$ 845</td>
<td>$ 74</td>
<td>$ 206</td>
</tr>
<tr>
<td>Net income (loss) per common share:(7)</td>
<td>Basic</td>
<td>$ 13.28</td>
<td>$ 11.39</td>
<td>$ 1.43</td>
</tr>
<tr>
<td></td>
<td>Diluted</td>
<td>$ 12.68</td>
<td>$ 11.03</td>
<td>$ 1.43</td>
</tr>
<tr>
<td>Dividends declared on Common Stock</td>
<td>$ 15</td>
<td>$ 15</td>
<td>$ 10</td>
<td>$ 10</td>
</tr>
<tr>
<td>Dividends declared per common share</td>
<td>$ 0.20</td>
<td>$ 0.20</td>
<td>$ 0.20</td>
<td>$ 0.20</td>
</tr>
</tbody>
</table>

For the fiscal years ended June 30

(In Millions, Except Per Share Data)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating revenues</td>
<td>$12,077</td>
<td>$11,657</td>
<td>$10,837</td>
<td>$9,171</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>$12,524</td>
<td>$12,232</td>
<td>$11,512</td>
<td>$9,621</td>
</tr>
<tr>
<td>Operating income (loss)</td>
<td>(447)</td>
<td>(575)</td>
<td>(675)</td>
<td>(450)</td>
</tr>
<tr>
<td>Interest expense, net</td>
<td>(271)</td>
<td>(177)</td>
<td>(151)</td>
<td>(97)</td>
</tr>
<tr>
<td>Gain (loss) on disposition of flight equipment</td>
<td>2</td>
<td>65</td>
<td>35</td>
<td>17</td>
</tr>
<tr>
<td>Miscellaneous income, net(6)</td>
<td>56</td>
<td>36</td>
<td>5</td>
<td>30</td>
</tr>
<tr>
<td>Income (loss) before income taxes</td>
<td>(660)</td>
<td>(651)</td>
<td>(786)</td>
<td>(500)</td>
</tr>
<tr>
<td>Income tax benefit (provision)</td>
<td>250</td>
<td>233</td>
<td>271</td>
<td>163</td>
</tr>
<tr>
<td>Amortization of investment tax credits</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Net income (loss)</td>
<td>(409)</td>
<td>(415)</td>
<td>(506)</td>
<td>(324)</td>
</tr>
<tr>
<td>Net income (loss) attributable to common shareowners</td>
<td>$ (519)</td>
<td>$ (525)</td>
<td>$ (525)</td>
<td>$(343)</td>
</tr>
<tr>
<td>Net income (loss) per common share:(7)</td>
<td>Basic</td>
<td>$(10.32)</td>
<td>$(10.54)</td>
<td>$(10.60)</td>
</tr>
<tr>
<td></td>
<td>Diluted</td>
<td>$(10.32)</td>
<td>$(10.54)</td>
<td>$(10.60)</td>
</tr>
<tr>
<td>Dividends declared on Common Stock</td>
<td>$ 10</td>
<td>$ 35</td>
<td>$ 59</td>
<td>$ 54</td>
</tr>
<tr>
<td>Dividends declared per common share</td>
<td>$ 0.20</td>
<td>$ 0.70</td>
<td>$ 1.20</td>
<td>$ 1.20</td>
</tr>
</tbody>
</table>

For the fiscal years ended June 30

(In Millions, Except Per Share Data)

<table>
<thead>
<tr>
<th></th>
<th>1990</th>
<th>1989</th>
<th>1988</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating revenues</td>
<td>$8,583</td>
<td>$8,089</td>
<td>$6,915</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>8,163</td>
<td>7,411</td>
<td>6,418</td>
</tr>
<tr>
<td>Operating income (loss)</td>
<td>420</td>
<td>678</td>
<td>497</td>
</tr>
<tr>
<td>Interest expense, net</td>
<td>(27)</td>
<td>(39)</td>
<td>(65)</td>
</tr>
<tr>
<td>Gain (loss) on disposition of flight equipment</td>
<td>18</td>
<td>17</td>
<td>(1)</td>
</tr>
<tr>
<td>Miscellaneous income, net(6)</td>
<td>57</td>
<td>55</td>
<td>25</td>
</tr>
<tr>
<td>Income (loss) before income taxes</td>
<td>468</td>
<td>711</td>
<td>456</td>
</tr>
<tr>
<td>Income tax benefit (provision)</td>
<td>(187)</td>
<td>(279)</td>
<td>(181)</td>
</tr>
<tr>
<td>Amortization of investment tax credits</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Net income (loss)</td>
<td>303</td>
<td>461</td>
<td>307</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>--------------------------------</td>
<td>-------</td>
<td>-------</td>
<td>-------</td>
</tr>
<tr>
<td>Preferred stock dividends</td>
<td>(18)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Net income (loss) attributable to common shareowners</td>
<td>$  285</td>
<td>$ 461</td>
<td>$  307</td>
</tr>
</tbody>
</table>

Net income (loss) per common share:(7)

<p>| | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic</td>
<td>$  5.79</td>
<td>$  9.37</td>
<td>$  6.30</td>
</tr>
<tr>
<td>Diluted</td>
<td>$  5.28</td>
<td>$  9.37</td>
<td>$  6.30</td>
</tr>
</tbody>
</table>

Dividends declared on Common Stock

<p>| | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Dividends declared per common share</td>
<td>$  1.70</td>
<td>$  1.20</td>
<td>$  1.20</td>
</tr>
</tbody>
</table>

Dividends declared on Common Stock

<p>| | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Dividends declared per common share</td>
<td>$  1.70</td>
<td>$  1.20</td>
<td>$  1.20</td>
</tr>
</tbody>
</table>
OTHER FINANCIAL AND STATISTICAL DATA

For the fiscal years ended June 30

(Financial Data In Millions) 1998 1997(1) 1996(2) 1995(3)

Total assets $14,603 $12,741 $12,226 $12,143
Long-term debt and capital leases (excluding current maturities) $1,783 $1,797 $2,175 $3,121
Shareowners' equity $4,023 $3,007 $2,540 $1,827
Shares of Common Stock outstanding at year end 75,225,197 73,695,987 67,778,106 50,816,010

Revenue passengers enlisted (Thousands) 104,148 101,147 91,341 88,893
Available seat miles (Millions) 140,149 136,821 130,751 130,645
Revenue passenger miles (Millions) 101,136 97,758 88,673 86,417
Operating revenue per available seat mile 10.09(cent) 9.94(cent) 9.53(cent) 9.33(cent)
Passenger mile yield 12.83(cent) 12.79(cent) 13.10(cent) 13.10(cent)
Operating cost per available seat mile 8.88(cent) 8.82(cent) 9.17(cent) 8.83(cent)
Passenger load factor 72.2% 71.4% 67.8% 66.2%
Breakeven passenger load factor 62.7% 62.7% 65.1% 62.3%
Available ton miles (Millions) 19,890 18,984 18,084 18,150
Revenue ton miles (Millions) 11,859 11,308 10,235 10,142
Operating cost per available ton mile 62.57(cent) 63.54(cent) 66.31(cent) 63.55(cent)

For the fiscal years ended June 30


Total assets $11,896 $11,871 $10,162 $8,411
Long-term debt and capital leases (excluding current maturities) $3,228 $3,716 $2,833 $2,059
Shareowners' equity $1,467 $1,913 $1,894 $2,457
Shares of Common Stock outstanding at year end 50,453,272 50,063,841 49,699,098 49,401,779

Revenue passengers enlisted (Thousands) 87,399 85,085 77,038 69,127
Available seat miles (Millions) 131,906 132,282 123,102 104,328
Revenue passenger miles (Millions) 85,268 82,406 72,693 62,086
Operating revenue per available seat mile 9.16(cent) 8.81(cent) 8.80(cent) 8.79(cent)
Passenger mile yield 13.23(cent) 13.23(cent) 13.91(cent) 13.80(cent)
Operating cost per available seat mile 9.49(cent) 9.25(cent) 9.35(cent) 9.22(cent)
Passenger load factor 64.6% 62.3% 59.1% 59.5%
Breakeven passenger load factor 67.2% 65.6% 63.0% 62.6%
Available ton miles (Millions) 18,302 18,182 16,625 13,825
Revenue ton miles (Millions) 9,911 9,503 8,361 7,104
Operating cost per available ton mile 68.43(cent) 67.27(cent) 69.24(cent) 69.59(cent)

For the fiscal years ended June 30

(Financial Data In Millions) 1990 1989 1988

Total assets $7,227 $6,484 $5,748
Long-term debt and capital leases (excluding current maturities) $1,315 $703 $729
Shareowners' equity $2,596 $2,620 $2,209
Shares of Common Stock outstanding at year end 46,086,110 49,265,884 49,101,271

Revenue passengers enlisted (Thousands) 67,240 64,242 58,565
Available seat miles (Millions) 96,463 90,742 85,834
Revenue passenger miles (Millions) 58,987 55,904 49,009
Operating revenue per available seat mile 8.90(cent) 8.91(cent) 8.06(cent)
Passenger mile yield 13.63(cent) 13.56(cent) 13.15(cent)
Operating cost per available seat mile 8.46(cent) 8.17(cent) 7.48(cent)
Passenger load factor 61.2% 61.6% 57.1%
Breakeven passenger load factor 58.0% 56.1% 52.7%
Available ton miles (Millions) 12,500 11,725 11,250
Revenue ton miles (Millions) 6,694 6,338 5,557
Operating cost per available ton mile 65.30(cent) 63.21(cent) 57.05(cent)

(1) Summary of operations and other financial and statistical data include $52 million in pretax restructuring and other non-recurring charges ($0.43 basic and $0.42 diluted after-tax income per common share).

(2) Summary of operations and other financial and statistical data include $829 million in pretax restructuring charges and other non-recurring charges ($9.77 after-tax per common share).

(3) Summary of operations and other financial and statistical data exclude $114 million after-tax cumulative effect of change in accounting standards ($2.25 basic and $1.43 diluted income per common share).

(4) Summary of operations and other financial and statistical data include $526 million in pretax restructuring charges ($6.59 after-tax per common share).

(5) Summary of operations and other financial and statistical data include $82 million pretax restructuring charge ($1.05 after-tax per common share). Summary of operations exclude $587 million after-tax cumulative effect of changes in accounting standards ($11.78 after-tax per common share).
(6) Includes interest income.

(7) Income per share data for fiscal years 1988-1997 have been restated in accordance with SFAS 128. See Note 11 of Notes to Consolidated Financial Statements.
COMMON STOCK

Listed on the New York Stock Exchange under the ticker symbol DAL.

NUMBER OF SHAREOWNERS
As of August 1, 1998, there were 21,672 registered owners of Common Stock.

MARKET PRICES AND DIVIDENDS

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Quarter Ended</th>
<th>Closing Price of Common Stock on New York Stock Exchange</th>
<th>Cash Dividends Per Common Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>1998</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>September 30</td>
<td>$107 1/8</td>
<td>$0.05</td>
</tr>
<tr>
<td></td>
<td>December 31</td>
<td>120 3/8</td>
<td>0.05</td>
</tr>
<tr>
<td></td>
<td>March 31</td>
<td>123 1/8</td>
<td>0.05</td>
</tr>
<tr>
<td></td>
<td>June 30</td>
<td>129 3/8</td>
<td>0.05</td>
</tr>
<tr>
<td>1997</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>September 30</td>
<td>82 7/8</td>
<td>0.05</td>
</tr>
<tr>
<td></td>
<td>December 31</td>
<td>77 1/2</td>
<td>0.05</td>
</tr>
<tr>
<td></td>
<td>March 31</td>
<td>87 3/4</td>
<td>0.05</td>
</tr>
<tr>
<td></td>
<td>June 30</td>
<td>98 1/8</td>
<td>0.05</td>
</tr>
</tbody>
</table>
CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation by reference of our reports dated August 14, 1998 included or incorporated by reference in Delta Air Lines, Inc.’s Annual Report on Form 10-K for the year ending June 30, 1998 into the Company’s previously filed Registration Statement File Nos. 2-94541, 33-30454, 33-65391, 333-16471, 333-49553, and 333-58647.

/s/ ARTHUR ANDERSEN LLP
---------------------------------------
Atlanta, Georgia
September 23, 1998
POWER OF ATTORNEY

I hereby constitute and appoint Maurice W. Worth, Warren C. Jenson and Robert S. Harkey, and each of them separately, as my true and lawful attorneys-in-fact and agents, with full power of substitution, for me and in my name, in any and all capacities, to sign on my behalf the Annual Report on Form 10-K of Delta Air Lines, Inc. for the fiscal year ended June 30, 1998, and any amendment or supplement thereto; and to file such Annual Report on Form 10-K with the Securities and Exchange Commission, the New York Stock Exchange, and any other appropriate agency pursuant to applicable laws and regulations.

IN WITNESS WHEREOF, I have hereunto set my hand this 12th day of September, 1998.

/s/ Leo F. Mullin
-------------------
Leo F. Mullin
Director
Delta Air Lines, Inc.
I hereby constitute and appoint Maurice W. Worth, Warren C. Jenson and Robert S. Harkey, and each of them separately, as my true and lawful attorneys-in-fact and agents, with full power of substitution, for me and in my name, in any and all capacities, to sign on my behalf the Annual Report on Form 10-K of Delta Air Lines, Inc. for the fiscal year ended June 30, 1998, and any amendment or supplement thereto; and to file such Annual Report on Form 10-K with the Securities and Exchange Commission, the New York Stock Exchange, and any other appropriate agency pursuant to applicable laws and regulations.

IN WITNESS WHEREOF, I have hereunto set my hand this 11th day of September, 1998.

/s/ Edwin L. Artzt

-----------------------------------
Edwin L. Artzt
Director
Delta Air Lines, Inc.
POWER OF ATTORNEY

I hereby constitute and appoint Maurice W. Worth, Warren C. Jenson and Robert S. Harkey, and each of them separately, as my true and lawful attorneys-in-fact and agents, with full power of substitution, for me and in my name, in any and all capacities, to sign on my behalf the Annual Report on Form 10-K of Delta Air Lines, Inc. for the fiscal year ended June 30, 1998, and any amendment or supplement thereto; and to file such Annual Report on Form 10-K with the Securities and Exchange Commission, the New York Stock Exchange, and any other appropriate agency pursuant to applicable laws and regulations.

IN WITNESS WHEREOF, I have hereunto set my hand this 11th day of September, 1998.

/s/ Henry A. Biedenharn, III

Henry A. Biedenharn, III
Director
Delta Air Lines, Inc.
POWER OF ATTORNEY

I hereby constitute and appoint Maurice W. Worth, Warren C. Jenson and Robert S. Harkey, and each of them separately, as my true and lawful attorneys-in-fact and agents, with full power of substitution, for me and in my name, in any and all capacities, to sign on my behalf the Annual Report on Form 10-K of Delta Air Lines, Inc. for the fiscal year ended June 30, 1998, and any amendment or supplement thereto; and to file such Annual Report on Form 10-K with the Securities and Exchange Commission, the New York Stock Exchange, and any other appropriate agency pursuant to applicable laws and regulations.

IN WITNESS WHEREOF, I have hereunto set my hand this 18th day of September, 1998.

/s/ James L. Broadhead
-----------------------------------
James L. Broadhead
Director
Delta Air Lines, Inc.
I hereby constitute and appoint Maurice W. Worth, Warren C. Jenson and Robert S. Harkey, and each of them separately, as my true and lawful attorneys-in-fact and agents, with full power of substitution, for me and in my name, in any and all capacities, to sign on my behalf the Annual Report on Form 10-K of Delta Air Lines, Inc. for the fiscal year ended June 30, 1998, and any amendment or supplement thereto; and to file such Annual Report on Form 10-K with the Securities and Exchange Commission, the New York Stock Exchange, and any other appropriate agency pursuant to applicable laws and regulations.

IN WITNESS WHEREOF, I have hereunto set my hand this 11th day of September, 1998.

/s/ Edward H. Budd
Edward H. Budd
Director
Delta Air Lines, Inc.
I hereby constitute and appoint Maurice W. Worth, Warren C. Jenson and Robert S. Harkey, and each of them separately, as my true and lawful attorneys-in-fact and agents, with full power of substitution, for me and in my name, in any and all capacities, to sign on my behalf the Annual Report on Form 10-K of Delta Air Lines, Inc. for the fiscal year ended June 30, 1998, and any amendment or supplement thereto; and to file such Annual Report on Form 10-K with the Securities and Exchange Commission, the New York Stock Exchange, and any other appropriate agency pursuant to applicable laws and regulations.

IN WITNESS WHEREOF, I have hereunto set my hand this 11th day of September, 1998.

/s/ R. Eugene Cartledge
-----------------------------------
R. Eugene Cartledge
Director
Delta Air Lines, Inc.
I hereby constitute and appoint Maurice W. Worth, Warren C. Jenson and Robert S. Harkey, and each of them separately, as my true and lawful attorneys-in-fact and agents, with full power of substitution, for me and in my name, in any and all capacities, to sign on my behalf the Annual Report on Form 10-K of Delta Air Lines, Inc. for the fiscal year ended June 30, 1998, and any amendment or supplement thereto; and to file such Annual Report on Form 10-K with the Securities and Exchange Commission, the New York Stock Exchange, and any other appropriate agency pursuant to applicable laws and regulations.

IN WITNESS WHEREOF, I have hereunto set my hand this 11th day of September, 1998.

/s/ Mary Johnston Evans
Mary Johnston Evans
Director
Delta Air Lines, Inc.
I hereby constitute and appoint Maurice W. Worth, Warren C. Jenson and Robert S. Harkey, and each of them separately, as my true and lawful attorneys-in-fact and agents, with full power of substitution, for me and in my name, in any and all capacities, to sign on my behalf the Annual Report on Form 10-K of Delta Air Lines, Inc. for the fiscal year ended June 30, 1998, and any amendment or supplement thereto; and to file such Annual Report on Form 10-K with the Securities and Exchange Commission, the New York Stock Exchange, and any other appropriate agency pursuant to applicable laws and regulations.

IN WITNESS WHEREOF, I have hereunto set my hand this 11th day of September, 1998.

/s/ Gerald Grinstein  
Gerald Grinstein  
Director  
Delta Air Lines, Inc.
I hereby constitute and appoint Maurice W. Worth, Warren C. Jenson and Robert S. Harkey, and each of them separately, as my true and lawful attorneys-in-fact and agents, with full power of substitution, for me and in my name, in any and all capacities, to sign on my behalf the Annual Report on Form 10-K of Delta Air Lines, Inc. for the fiscal year ended June 30, 1998, and any amendment or supplement thereto; and to file such Annual Report on Form 10-K with the Securities and Exchange Commission, the New York Stock Exchange, and any other appropriate agency pursuant to applicable laws and regulations.

IN WITNESS WHEREOF, I have hereunto set my hand this 11th day of September, 1998.

/s/ Jesse Hill, Jr.

Jesse Hill, Jr.
Director
Delta Air Lines, Inc.
I hereby constitute and appoint Maurice W. Worth, Warren C. Jenson and Robert S. Harkey, and each of them separately, as my true and lawful attorneys-in-fact and agents, with full power of substitution, for me and in my name, in any and all capacities, to sign on my behalf the Annual Report on Form 10-K of Delta Air Lines, Inc. for the fiscal year ended June 30, 1998, and any amendment or supplement thereto; and to file such Annual Report on Form 10-K with the Securities and Exchange Commission, the New York Stock Exchange, and any other appropriate agency pursuant to applicable laws and regulations.

IN WITNESS WHEREOF, I have hereunto set my hand this 11th day of September, 1998.

/s/ Andrew J. Young

Andrew J. Young
Director
Delta Air Lines, Inc.
ARTICLE 5

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM DELTA AIR LINES, INC.'S FORM 10-K FOR THE FISCAL YEAR ENDED JUNE 30, 1998 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE RELATED FINANCIAL STATEMENTS.

MULTIPLIER: 1,000,000

<table>
<thead>
<tr>
<th>PERIOD TYPE</th>
<th>YEAR</th>
</tr>
</thead>
<tbody>
<tr>
<td>FISCAL YEAR END</td>
<td>JUN 30 1998</td>
</tr>
<tr>
<td>PERIOD START</td>
<td>JUL 01 1997</td>
</tr>
<tr>
<td>PERIOD END</td>
<td>JUN 30 1998</td>
</tr>
<tr>
<td>CASH</td>
<td>1,077</td>
</tr>
<tr>
<td>SECURITIES</td>
<td>557</td>
</tr>
<tr>
<td>RECEIVABLES</td>
<td>974</td>
</tr>
<tr>
<td>ALLOWANCES</td>
<td>36</td>
</tr>
<tr>
<td>INVENTORY</td>
<td>100</td>
</tr>
<tr>
<td>CURRENT ASSETS</td>
<td>3,362</td>
</tr>
<tr>
<td>PP&amp;E</td>
<td>15,286</td>
</tr>
<tr>
<td>DEPRECIATION</td>
<td>5,965</td>
</tr>
<tr>
<td>TOTAL ASSETS</td>
<td>14,603</td>
</tr>
<tr>
<td>CURRENT LIABILITIES</td>
<td>4,577</td>
</tr>
<tr>
<td>BONDS</td>
<td>1,913</td>
</tr>
<tr>
<td>PREFERRED MANDATORY</td>
<td>0</td>
</tr>
<tr>
<td>PREFERRED</td>
<td>0</td>
</tr>
<tr>
<td>COMMON</td>
<td>265</td>
</tr>
<tr>
<td>OTHER SE</td>
<td>3,758</td>
</tr>
<tr>
<td>TOTAL LIABILITY AND EQUITY</td>
<td>14,603</td>
</tr>
<tr>
<td>SALES</td>
<td>0</td>
</tr>
<tr>
<td>TOTAL REVENUES</td>
<td>14,138</td>
</tr>
<tr>
<td>CGS</td>
<td>0</td>
</tr>
<tr>
<td>TOTAL COSTS</td>
<td>12,445</td>
</tr>
<tr>
<td>OTHER EXPENSES</td>
<td>(141)</td>
</tr>
<tr>
<td>LOSS PROVISION</td>
<td>23</td>
</tr>
<tr>
<td>INTEREST EXPENSE</td>
<td>186</td>
</tr>
<tr>
<td>INCOME PRETAX</td>
<td>1,648</td>
</tr>
<tr>
<td>INCOME TAX</td>
<td>647</td>
</tr>
<tr>
<td>INCOME CONTINUING</td>
<td>1,001</td>
</tr>
<tr>
<td>DISCONTINUED</td>
<td>0</td>
</tr>
<tr>
<td>EXTRAORDINARY</td>
<td>0</td>
</tr>
<tr>
<td>CHANGES</td>
<td>0</td>
</tr>
<tr>
<td>NET INCOME</td>
<td>1,001</td>
</tr>
<tr>
<td>EPS PRIMARY</td>
<td>13.28</td>
</tr>
<tr>
<td>EPS DILUTED</td>
<td>12.68</td>
</tr>
</tbody>
</table>