DELTA AIR LINES INC /DE/

FORM 10-K
(Annual Report)

Filed 09/27/94 for the Period Ending 06/30/94

Address	HARTSFIELD ATLANTA INTL AIRPORT 1030 DELTA BLVD ATLANTA, GA 30354-1989
Telephone	4047152600
CIK	0000027904
Symbol	DAL
SIC Code	4512 - Air Transportation, Scheduled
Industry	Airline
Sector	Transportation
Fiscal Year	12/31

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Filed 9/27/1994 For Period Ending 6/30/1994

Address	HARTSFIELD ATLANTA INTL AIRPORT 1030 DELTA BLVD ATLANTA, Georgia 30354-1989
Telephone	404-715-2600
CIK	0000027904
Industry	Airline
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Fiscal Year	12/31

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 [FEE REQUIRED]

For the fiscal year ended June 30, 1994

OR

[_] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934 [NO FEE REQUIRED]

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 ATLANTA, GEORGIA	30320
(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:

TITLE OF EACH CLASS	NAME OF EACH EXCHANGE ON WHICH REGISTERED
COMMON STOCK, PAR VALUE $3.00 PER SHARE	NEW YORK STOCK EXCHANGE
PREFERRED STOCK PURCHASE RIGHTS	NEW YORK STOCK EXCHANGE
DEPOSITARY SHARES, EACH REPRESENTING 1/1,000 OF A SHARE OF SERIES C CONVERTIBLE PREFERRED STOCK	NEW YORK STOCK EXCHANGE

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

SERIES C CONVERTIBLE PREFERRED STOCK, PAR VALUE $1.00 PER SHARE, LIQUIDATION
PREFERENCE $50,000 PER SHARE
(TITLE OF CLASS)

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 voting stock held by non-affiliates of the registrant as of August 31, 1994, was approximately $2,985,545,000. As of August 31, 1994, 50,603,888 shares of the registrant's common stock were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Parts I and II of this Form 10-K incorporate by reference certain information from the registrant's 1994 Annual Report to Stockholders. Part III of this Form 10-K incorporates by reference certain information from the registrant's definitive Proxy Statement dated September 13, 1994, for its Annual Meeting of Stockholders to be held on October 27, 1994.

DELTA AIR LINES, INC.

PART I

ITEM 1. BUSINESS

General Description

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. At September 12, 1994, the Company served 153 domestic cities in 43 states, the District of Columbia, Puerto Rico and the U. S. Virgin Islands, as well as 57 cities in 32 foreign countries.

An important characteristic of Delta's domestic route system is its six hub airports in Atlanta, Cincinnati, Dallas/Ft. Worth, Los Angeles, Orlando and Salt Lake City. Each of these hub operations includes Delta flights which 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 access to Delta's international hubs at New York-Kennedy Airport and Portland, Oregon, and its European hub in Frankfurt, Germany.

Delta has significantly expanded its international route structure in recent years. Operating revenues from the Company's foreign operations were approximately $2.8 billion, $2.6 billion and $1.9 billion in the years ended June 30, 1994, 1993 and 1992, respectively. On November 1, 1991, Delta expanded its foreign operations by purchasing substantially all the transatlantic route authorities and related beyond rights of Pan American World Airways, Inc.

For the year ended June 30, 1994, passenger revenues accounted for 92% of Delta's operating revenues. Cargo revenues, which include freight and mail, accounted for 6% of Delta's operating revenues, and other sources accounted for 2% 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. The impact of seasonal variations on Delta's business has increased as a result of the Company's international expansion.

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.

Regulatory Environment

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; and certain consumer protection matters such as advertising, denied boarding compensation, baggage liability, smoking aboard aircraft and computer reservations systems. 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 mergers and acquisitions.

Because of the economic deregulation of the industry, unrestricted authority to operate domestic air transportation (including the carriage of passengers and cargo) is available to any air carrier which the DOT finds "fit" to operate. 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 competition on Delta's routes continues to increase. 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. The International Air Transportation Competition Act of 1979 extended to international air transportation certain procompetitive policies applicable to domestic air transportation.

The FAA has implemented a number of provisions and requirements which are being incorporated into Delta's maintenance program. These matters relate to, among other things, inspection and maintenance of aging aircraft, corrosion control, collision avoidance and windshear detection. Based on its current implementation schedule, Delta expects to be in compliance with applicable requirements within the required time periods.

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 and aircraft emissions) are regulated by various federal, state and local governmental entities.

Fares and Rates

Airlines are permitted to set their domestic prices without governmental regulation, and the industry is characterized by substantial price competition. With respect to foreign air transportation, the DOT retains authority over fares, rates and charges, and air carriers are required to file and observe tariffs covering such transportation. International fares and rates are also subject to the jurisdiction of the governments of the foreign countries involved. While air carriers are required to file and adhere to international fare and rate tariffs, many international markets are characterized by substantial commissions, overrides and discounts to travel agents, brokers and wholesalers.

Delta's financial results in fiscal 1994 were negatively impacted by discount fare promotions in domestic and international markets, and the increasing presence of low-cost, low-fare carriers in many domestic markets served by the Company. These factors resulted in a 1% decrease in the passenger mile yield in fiscal 1994 compared to fiscal 1993. As low-cost, low-fare carriers enter new domestic markets, passenger mile yields quickly decline, most often at a faster pace than traffic is stimulated. By the end of fiscal 1994, approximately 57% of Delta's domestic origin and destination revenue passenger miles were in markets also served by low-cost, low-fare carriers.

Delta's financial results in fiscal 1993 were negatively affected by a change in the airline industry's domestic fare structure for most of the year, which reduced the number of fare levels and generally lowered fares, a half-off sale promotion during the September 1992 quarter, and discount fare promotions in domestic and international markets. These fare initiatives contributed to a 3% decline in the passenger mile yield in fiscal 1993 compared to fiscal 1992.

Delta expects that price competition is likely to 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 continue to be negatively 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 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.

International alliances between foreign and domestic carriers, such as the marketing and code-sharing arrangements between British Airways Plc and USAir, Inc., KLM-Royal Dutch Airlines and Northwest Airlines, Inc., and Lufthansa German Airlines and United Air Lines, Inc., have significantly increased competition in international markets. Through code-sharing arrangements with U.S. carriers, British Airways, KLM and Lufthansa have obtained access to interior U.S. passenger traffic. Similarly, Northwest and United have increased their ability to sell transatlantic services and destinations to and beyond European cities served by KLM and Lufthansa.

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 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 Delta international 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.

On April 15, 1992, the DOT granted Delta final authority to serve the Detroit-London route. Delta's Detroit-London authority is subject to termination if a court issues a final judgment, not subject to further appeal, holding that Pan American World Airways, Inc. was not obligated to transfer that route to Delta.

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 carrier publish their respective airline designator codes on a single flight operation, thereby allowing Delta and the foreign carrier to share costs by providing 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 on foreign airlines that are resold as Delta service under Delta's "DL" designator code pursuant to code- sharing arrangements with Aeromexico, Austrian Airlines, Malev Hungarian Airlines, Sabena Belgian World Airlines, Swissair and Varig. Delta sells seats to foreign airlines for sale under those carriers' two-letter designator codes pursuant to code-sharing arrangements with Aeroflot, Aeromexico, Sabena and Swissair.

Delta and Virgin Atlantic Airways have entered into a blocked-space, code- sharing agreement under which Delta would purchase seats on Virgin Atlantic's flights between (1) London-Heathrow and Los Angeles, New York-Kennedy, Newark and San Francisco; and (2) London-Gatwick and Boston, Miami and Orlando. The agreement is subject to DOT approval.

Slot Allocations

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 or take off from the particular airport during a specified time period. In the United States, the FAA regulates slot allocations at New York-Kennedy Airport, LaGuardia Airport in New York, National Airport in Washington, D. C. and O'Hare International Airport in Chicago. The Delta Shuttle requires slot allocations at LaGuardia and National Airports, as do Delta's other operations at those four airports. Certain foreign airports, including Delta's European hub in Frankfurt, 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.

The Delta Connection

Delta has marketing agreements with four commuter carriers serving principally the following regions 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. serves the Northeast; Comair Inc. ("Comair") serves Florida and operates in the Midwest through Cincinnati; and SkyWest Airlines, Inc. ("SkyWest") serves California and operates in other western states through Salt Lake City. These carriers, which are known as "Delta Connection" airlines, use Delta's "DL" code on their flights and exchange connecting traffic with Delta in the regions served by each carrier. At June 30, 1994, Delta held equity interests in ASA, Comair Holdings, Inc. (the parent of Comair) and SkyWest, Inc. (the parent of SkyWest) of 23.3%, 20.6% and 13.6%, respectively.

Computer Reservation System Partnership

Delta owns 38% of WORLDSPAN, L.P. ("WORLDSPAN"), a Delaware limited partnership formed to develop, operate and market a computer reservation system ("CRS") 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 and car rental 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 by American Airlines, Inc.), the Covia Partnership (owned by United Air Lines, Inc., USAir, Inc. and certain foreign carriers) and System One (owned by Continental Airlines, Inc.). CRS vendors are subject to regulations promulgated by the DOT.

The CRS industry is highly competitive. Delta believes that WORLDSPAN ranks third, behind SABRE and the Covia Partnership, 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. Based on the Company's fiscal 1994 fuel consumption, a one-cent change in the average annual price-per-gallon of jet fuel would have caused an approximately $25 million change in Delta's annual fuel costs. The following table shows Delta's jet fuel consumption and costs for fiscal years 1990-1994.

Fiscal Year	Gallons Consumed (Millions)	Cost (Millions)	Average Price Per Gallon	Percent of Operating Expenses*
1990	1,966	$1,233	62.71c	15%
1991	2,060	1,599	77.63	17
1992	2,384	1,482	62.19	13
1993	2,529	1,592	62.95	13
1994	2,550	1,411	55.34	12

* Excluding restructuring charges.

Aircraft fuel expense decreased 11% in fiscal 1994 compared to fiscal 1993, as fuel gallons consumed increased 1% and the average price per fuel gallon decreased 12% to 55.34 cents, Delta's lowest average price per fuel gallon for any fiscal year since fiscal 1989.

Changes in fuel prices have industry-wide impact and benefit or harm Delta's competitors as well as Delta. Accordingly, lower 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 purchases most of its jet fuel from petroleum refiners 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. The Company also purchases aircraft fuel on the spot market, from off-shore sources and under contracts which establish the price based on various market indices.

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.

The Omnibus Budget Reconciliation Act imposes a 4.3 cents per gallon tax on commercial aviation jet fuel purchased for use in domestic operations, effective October 1, 1995. Based on Delta's fiscal 1994 domestic fuel requirement of 1.9 billion gallons, the new fuel tax, when effective, is expected to increase Delta's operating expenses by approximately $82 million annually.

Leadership 7.5

On April 28, 1994, Delta announced "Leadership 7.5," a three-year plan with the goal of reducing the Company's annual operating expenses by approximately $2 billion by the end of the June 1997 quarter. Delta has established operating cost per available seat mile ("unit cost") goals of 8.6 cents by the June 1995 quarter, 8.0 cents by the June 1996 quarter and 7.5 cents by the June 1997 quarter. These unit cost goals reflect the phase-in of the approximately $2 billion in targeted cost savings, exclude restructuring and other nonrecurring charges, and assume other costs and operating capacity remain at calendar 1993 levels. To the extent that other costs increase, Delta will seek additional cost reductions to achieve its goals.

The Leadership 7.5 program includes planned workforce reductions of 12,000 to 15,000 jobs. Delta is offering voluntary early retirement incentives, leaves of absence and severance programs, but furloughs of personnel will also be necessary to achieve these reductions.

The support and participation of the Air Line Pilots Association ("ALPA"), which represents Delta pilots, is critical to the success of Leadership 7.5. The Company is seeking $320 million to $340 million in annual productivity improvements and wage and benefit reductions from ALPA in connection with contract negotiations expected to commence in November 1994.

Delta's cost reduction and unit cost goals under Leadership 7.5 are aggressive, and no assurance can be given that Delta will achieve these goals.

Additional information regarding Leadership 7.5 is set forth under "Operational Review - Leadership 7.5" on pages 4-5 of Delta's 1994 Annual Report to Stockholders, and is incorporated herein by reference.

Information Technology Joint Venture

On August 23, 1994, Delta and AT&T Global Information Solutions ("AT&T") announced a memorandum of understanding to form a joint venture to provide certain information technology services and products to Delta and other companies in the travel and transportation industries. The memorandum of understanding contemplates that Delta and AT&T will each own 50% of the joint venture, which would manage Delta's computing and communications requirements except for the Company's reservation and related systems. The establishment of the joint venture is subject to the negotiation and completion of definitive documents.

Personnel

At June 30, 1994, Delta employed 71,412 active personnel, including 5,817 temporary and part-time personnel, compared to 73,533 active personnel, including 5,809 temporary and part-time personnel, at June 30, 1993. This reduction was primarily due to an early retirement program accepted by approximately 1,500 employees effective November 1, 1993. Delta's Leadership 7.5 program includes planned workforce reductions of 12,000 to 15,000 jobs. See "Leadership 7.5" above.

Approximately 13% of Delta's personnel in the United States are represented by unions. The following table presents certain information concerning Delta's domestic collective bargaining agreements.

Personnel Group	Approximate Number of Personnel Represented	Union	Contract Amendable Date
Pilots	9,100	Air Line Pilots Association	1/1/95
Flight Superintendents	170	Professional Airline Flight Control Association	1/1/95

Approximately 3,700 of Delta's personnel are based outside the United States. Delta personnel in certain foreign countries, including most of Delta's personnel in Germany, are represented by labor organizations.

The Company implemented a 5% salary reduction for domestic non-contract personnel effective February 1, 1993. During fiscal 1994, the Professional Airline Flight Control Association ("PAFCA") agreed to a 5% salary reduction but ALPA did not. Subject to the completion of a definitive agreement, ALPA has agreed to defer a 2% pay raise originally scheduled to become effective August 1, 1994 for one year, following which time ALPA would have the right to make that pay raise retroactive to its original effective date.

Delta's collective bargaining agreements with ALPA and PAFCA become amendable January 1, 1995, and negotiations are expected to begin in November 1994. The outcome of these negotiations 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.

At June 30, 1994, Delta operated 184 Stage 2 aircraft, constituting 33% of the Company's fleet. Accordingly, Delta anticipates that it will be able to comply with the requirements for December 31, 1994, by operating a fleet comprised of at least 55% Stage 3 aircraft. With respect to the later compliance deadlines, Delta has not yet determined which alternative it will select.

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 European Union has adopted a uniform policy requiring member states to phase-out Stage 2 aircraft. Under the policy provisions, the phase-out of Stage 2 aircraft will begin on April 1, 1995, and will extend for seven years. Each Stage 2 aircraft will be assured a 25 year operating life, but not extending beyond April 1, 2002. Delta anticipates it will be able to comply with this Stage 2 aircraft phase-out program, which will apply at all airports in the member states. Other local European airport regulations which penalize or restrict operations by Stage 2 aircraft have not in the past had an adverse effect on Delta's operations; Delta's operations could be adversely impacted, however, if such 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.

Delta has been identified by the EPA as a potentially responsible party (a "PRP") with respect to the following federal Superfund Sites: the Operating Industries, Inc. Site in Monterey Park, California; and the Peak Oil Site in Tampa, Florida. In addition, Delta is a third party defendant in United States of America v. J.B. Stringfellow, Jr., a lawsuit involving the cleanup of the Stringfellow Superfund Site in Los Angeles, California. Delta's alleged volumetric contribution to these sites is limited. Delta is also the subject of an administrative enforcement action brought by the Georgia Environmental Protection Division (the "Georgia EPD") concerning alleged violations of certain air permitting regulations and other provisions of the Clean Air Act and the Georgia air quality rules at Delta's aircraft maintenance facility at Hartsfield Atlanta International Airport. Delta is negotiating a consent order with the Georgia EPD, which has proposed a monetary penalty of $315,000 and an unspecified monetary settlement equal to Delta's economic benefit from its alleged noncompliance. Management presently believes that the resolution of these matters is not likely to have a material adverse effect on the Company's consolidated financial condition, results of operations or liquidity.

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 award travel 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 Frequent Flyer 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 without notice.

Mileage credits earned can be redeemed for free, discounted or upgraded travel, for membership in Delta's Crown Room Club and for other Frequent Flyer Program partner awards.

Once issued, modification or reissuance of an award is limited. Travel awards are subject to transfer restrictions and, in most cases, blackout dates and capacity controlled seating.

As of June 30, 1992, a participant in the Frequent Flyer Program generally became eligible for a free travel award after accruing 40,000 miles, and for two free travel awards after accruing 60,000 miles. Delta subsequently modified the Frequent Flyer Program by reducing the number of miles required to become eligible for a free travel award to 30,000 effective October 1, 1992 and 25,000 effective May 1, 1995. Delta estimates the potential number of roundtrip flight awards outstanding to be 3.2 million at June 30, 1992, 5.0 million at June 30, 1993 and 7.9 million at June 30, 1994 (based on program accounts with balances in excess of 40,000 miles, 30,000 miles and 25,000 miles, respectively). Of these earned awards, Delta expects up to approximately 2.4 million, 3.3 million and 5.1 million, respectively, to be redeemed. 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;
(2) be redeemed for something other than a free trip; or (3) be redeemed on another carrier participating in the Frequent Flyer Program. Accounts with balances in excess of 40,000 miles represented 41% of the total mileage balance of all program participants at June 30, 1992. Accounts with balances in excess of 30,000 miles represented 52% of the total mileage balance of all participants at June 30, 1993. Accounts with balances in excess of 25,000 miles represented 61% of the total mileage balance of all participants at June 30, 1994.

Delta accounts for its Frequent Flyer Program obligations by recording the estimated incremental cost associated with the potential flight awards as a liability and passenger service expense. Delta monitors changes in the potential free travel awards under the program, and the liability and appropriate expense account balances are adjusted as necessary. The estimated incremental cost associated with a potential flight award is based on Delta's system average cost per passenger for fuel; food and food supplies; passenger insurance, injuries, losses and damages; interrupted trips and oversales; porter service; ticket forms; bag tags; boarding forms; in-flight entertainment; and customs. The trip length is determined by calculating the average trip length to the various award destinations weighted by the historical number of redemptions for each destination. 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 account for the redemption of non-travel awards since the cost of these awards to Delta is negligible. At June 30, 1992, 1993 and 1994, the accrued liability was $45.7 million, $69.0 million and $95.0 million, respectively. The $95.0 million accrued liability at June 30, 1994 includes a $14.0 million one-time charge in fiscal 1994 related to Frequent Flyer Program changes that will become effective May 1, 1995.

Frequent Flyer Program participants flew 3.1 million, 4.5 million and 5.7 million free round-trips in fiscal years 1992, 1993 and 1994, respectively. These round-trips accounted for approximately 5%, 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.

Transactions with Pan Am Corporation

Asset Purchase Agreement. Pursuant to an asset purchase agreement dated July 27, 1991, as amended (the "Asset Purchase Agreement"), with Pan Am Corporation and certain of its subsidiaries, debtors-in-possession under Chapter 11 of the Bankruptcy Code ("Pan Am"), Delta purchased certain assets relating to Pan Am's Boston-New York-Washington, D. C. Shuttle (the "Shuttle Assets") and route authorities to Europe, Asia and Africa (the "North Atlantic Assets"). The purchased assets included (1) substantially all of Pan Am's then-existing transatlantic route authorities and related beyond rights; (2) certain take-off and landing authorizations and slots; (3) equity interests in three used A310-200 aircraft as well as certain aircraft spare engines and spare parts; and
(4) leasehold interests in certain airport facilities.

On September 1, 1991, Delta acquired the Shuttle Assets and began operating the Delta Shuttle between Boston and New York and between Washington, D. C. and New York. On November 1, 1991, Delta purchased the North Atlantic Assets and started service between New York-Kennedy Airport and 15 nonstop transatlantic destinations; between Miami and London; between Washington, D.C. and Frankfurt; and between Frankfurt and nine nonstop destinations in Europe, the Middle East and India.

Delta's purchase price under the Asset Purchase Agreement was $416 million, subject to certain adjustments. Under the Asset Purchase Agreement, Delta also assumed certain liabilities, including $66 million in mortgages on acquired assets and up to $100 million of Pan Am's passenger tickets under certain circumstances. In connection with these asset acquisitions, Delta hired approximately 7,800 Pan Am personnel and entered into operating leases for 42 used aircraft.

Participation in Plan of Reorganization. Pursuant to a letter dated August 11, 1991, as amended on October 22, 1991 (the "Letter Agreement"), among Delta, Pan Am and the Official Committee of Unsecured Creditors of Pan Am (the "Creditors Committee"), Delta agreed, subject to certain terms and conditions, to participate in a plan of reorganization for Pan Am, to provide certain debtor-in-possession financing (the "DIP Loan") to Pan Am prior to the effective date of Pan Am's proposed plan of reorganization and to amend the Asset Purchase Agreement in certain respects (including increasing the purchase price thereunder to the purchase price indicated above).

On December 1, 1991, Delta advised Pan Am that it could not agree to Pan Am's request to provide additional financing to Pan Am prior to the effective date of Pan Am's proposed plan of reorganization. Pan Am ceased operations on December 4, 1991, and its proposed plan of reorganization before the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court") was not confirmed. Pan Am is liquidating its assets.

The $115 million principal amount of the DIP Loan, plus accrued interest of $30 million, is outstanding and reflected as an asset in Delta's Consolidated Balance Sheets as of June 30, 1994. These amounts are secured by a lien on substantially all of Pan Am's remaining assets, but are subject to prior liens of approximately $60 million in favor of the Pan Am Shuttle bankruptcy estate and certain other liens on specific assets. As a result of the sale of Pan Am's assets, Delta expects Pan Am will have sufficient funds to repay in full these amounts due Delta under the DIP Loan, although there can be no assurance this will be the case. Delta believes the book value of the DIP Loan as recorded in the Company's Consolidated Balance Sheets approximates its fair value.

On February 24, 1993, Delta filed a motion requesting the Bankruptcy Court to order Pan Am to repay to Delta the outstanding principal amount of the DIP Loan plus certain accrued interest. Pan Am and the Creditors Committee opposed Delta's motion, and filed a cross-motion requesting the Bankruptcy Court to provide for the repayment of the DIP Loan, if at all, at the conclusion of the lawsuit discussed below filed against Delta by Pan Am, the Creditors Committee and the Ad Hoc Committee of Administrative and Priority Creditors of Pan Am (the "Ad Hoc Committee"). On May 20, 1993, the Bankruptcy Court consolidated these motions with the lawsuit described in the first three paragraphs under "Litigation Relating to Delta's Participation in Pan Am's Plan of Reorganization" below. Delta appealed this ruling to the United States District Court for the Southern District of New York (the "District Court") which, on December 27, 1993, remanded this matter to the Bankruptcy Court for (1) a statement of reasons for the Bankruptcy Court's ruling; and (2) reconsideration. The Bankruptcy Court has not yet taken any action on this remand.

CRAF. To resolve certain claims against Pan Am by the United States Air

Force (the "Air Force") related to Pan Am's participation in the Civil Reserve Air Fleet Enhancement Program (the "CRAF Program"), Delta entered into an agreement in principle dated October 17, 1991, with the Air Force. Under the agreement in principle, Delta committed to the CRAF Program, for five years, aircraft having a certain point value under the CRAF Program. This commitment is currently being met by Delta's agreeing to make available 43 of its international-range aircraft (which will be reduced to 26 aircraft as of October 1, 1994) for use by the military under certain stages of readiness related to national emergencies.

Litigation Relating to Delta's Participation in Pan Am's Plan of

Reorganization. On March 6, 1992, Pan Am, the Creditors Committee and the Ad Hoc Committee filed a consolidated amended complaint (the "Complaint") in the Bankruptcy Court against Delta relating to Delta's participation in Pan Am's proposed plan of reorganization. The Complaint alleges, among other things, that Delta breached its contractual obligations and promises to participate in the plan of reorganization; violated its duty of good faith and fair dealing; breached its fiduciary duties to Pan Am and its creditors; and acted in bad faith. The Complaint also asserts, among other things, that Delta induced Pan Am and the Creditors Committee to approve the sale to Delta of the Shuttle Assets and the North Atlantic Assets in exchange for Delta's commitment to participate in the proposed plan of reorganization; that once it acquired the Shuttle Assets and the North Atlantic Assets, Delta, in bad faith, refused to participate in the plan of reorganization; that Delta erected substantial obstacles to the successful completion of the plan of reorganization; that Delta failed to provide all the financing it committed to provide and delayed making known its decision not to participate in the plan of reorganization until the last possible moment, thereby knowingly precipitating Pan Am's shutdown; that, following the Bankruptcy Court's approval of the sale of the Shuttle Assets and North Atlantic Assets, Delta controlled Pan Am and was an active participant in every material decision concerning Pan Am's operations, including the development of a business plan for reorganized Pan Am; and that, to the degree there was any deterioration of the business plan for reorganized Pan Am, Delta either caused or materially contributed to such deterioration. In the Complaint, the plaintiffs seek to disallow, or to subordinate to the claims of Pan Am's general unsecured creditors, all claims Delta may have against Pan Am, including the repayment of the DIP Loan; to impose a constructive trust for the benefit of Pan Am's creditors on the profits Delta receives or should have received from the Shuttle Assets and the North Atlantic Assets; to recover at least $2.5 billion in compensatory damages plus punitive damages, costs and attorneys' fees; and to obtain such other relief as the Bankruptcy Court deems appropriate. In addition, in the Complaint, the Creditors Committee seeks, independently and in its own right, unspecified compensatory and punitive damages for, among other things, loss of its potential equity interest in, and loss of employment by Pan Am employees with, a reorganized Pan Am.

On April 6, 1992, Delta filed its answer denying liability under the Complaint and asserting various affirmative defenses. Additionally, Delta filed counterclaims against the Creditors Committee, its individual members and Pan Am. Delta's counterclaims allege, among other things, that the Creditors Committee and its members (1) violated their duty of good faith and fair dealing to Delta by engaging in destructive and manipulative acts which undermined Pan Am's proposed reorganization; and (2) interfered improperly with Delta's agreements with Pan Am. In its counterclaims against the Creditors Committee and its members, Delta is seeking compensatory and punitive damages in an amount to be determined at trial. In its counterclaims against Pan Am, Delta is seeking actual damages for Pan Am's failure to pay Delta amounts owed, including the DIP Loan. Pan Am filed an answer denying liability to Delta; the Creditors Committee and its members filed a motion to dismiss Delta's counterclaims. On November 5, 1992, the Bankruptcy Court denied the motion to dismiss Delta's counterclaims against the Creditors Committee, but dismissed Delta's counterclaims against the individual members of the Creditors Committee. Delta appealed this dismissal to the District Court which, on August 20, 1993, dismissed Delta's appeal as not then appealable.

On December 23, 1993, the District Court granted Delta's motion requesting that Court (before which are pending the two lawsuits filed against Delta by former Pan Am employees which are described below), rather than the Bankruptcy Court, to conduct the trial of this action. On May 2, 1994, the District Court
(1) denied the plaintiffs' motion requesting a jury trial or, alternatively, trial by an advisory jury; and (2) ruled that this lawsuit would be tried separately from the two lawsuits filed against Delta by former Pan Am employees which are described below. On May 3, 1994, the District Court denied Delta's motion for partial summary judgment, as well as the Creditors Committee's motion for summary judgment on Delta's counterclaims. The trial of liability issues (but not possible damages) in this lawsuit occurred between May 4, 1994, and June 10, 1994. The District Court has not yet issued its decision or indicated when such a decision may be forthcoming.

Several other legal actions relating to Delta's participation in Pan Am's proposed plan of reorganization are also pending including, among others, the following actions. Pan Am, which has been sued by the Air Force for, among other things, $382.4 million for Pan Am's alleged breach of its obligations under the CRAF Program, has filed a third party complaint in the Bankruptcy Court against Delta alleging that, to the extent the Air Force has a valid claim against Pan Am, Pan Am is entitled to recover from Delta such amounts as are required to satisfy any such claim. On April 6, 1992, Delta filed its answer denying liability under Pan Am's third party complaint and asserting various affirmative defenses. Additionally, Delta filed a counterclaim against Pan Am and a third party complaint against the Creditors Committee and its individual members. Delta's counterclaim and third party complaint in this case are similar to Delta's counterclaims against Pan Am, and the Creditors Committee and its members, respectively, described in the second preceding paragraph. Pan Am filed an answer denying liability to Delta; the Creditors Committee and its members filed a motion to dismiss Delta's third party complaint. On November 5, 1992, the Bankruptcy Court denied the motion to dismiss Delta's third party complaint against the Creditors Committee, but dismissed Delta's third party complaint against the individual members of the Creditors Committee. Delta appealed this dismissal to the District Court which, on August 20, 1993, dismissed Delta's appeal as not then appealable. On September 16, 1994, Pan Am objected to the assertions of the Air Force that certain of its alleged claims against Pan Am are secured or are otherwise entitled to priority treatment, and moved for partial summary judgment with respect to such assertions.

On March 12, 1992, a purported class action complaint was filed against Delta in the District Court by former Pan Am employees who allege, among other things, that they were intended third-party beneficiaries of Delta's agreement with Pan Am to participate in Pan Am's proposed plan of reorganization. The former employees, who have requested and are entitled to a jury trial, make allegations and claims similar to those asserted in the Complaint described above. In their complaint, the former employees seek damages of at least $1.1 billion for loss of employment, loss of continued wages and benefits with a reorganized Pan Am and out-of-pocket losses; costs and attorneys' fees; and other unspecified relief. On July 8, 1992, Delta filed its answer denying liability in this lawsuit and asserting various affirmative defenses. Additionally, Delta filed a third party complaint against the Creditors Committee, its individual members and Pan Am alleging that these parties are liable to Delta for any amounts that plaintiffs in this lawsuit may recover from Delta. Pan Am filed an answer denying liability to Delta; the Creditors Committee and its members filed a motion to dismiss Delta's third party complaint. On December 4, 1992, the District Court dismissed Delta's third party complaint against the Creditors Committee and its members, but granted Delta permission to replead its claims. On January 25, 1993, Delta filed an amended third party complaint against the Creditors Committee and its members, who filed a motion to dismiss Delta's amended claims. The District Court (1) denied plaintiffs' motion for class action certification on March 10, 1993 and reaffirmed this order on August 6, 1993; and (2) denied the motion by the Creditors Committee and its members to dismiss Delta's amended third party complaint on August 18, 1993. On September 24, 1993, the Creditors Committee and its members answered Delta's amended third party complaint, denying liability to Delta and asserting various affirmative defenses. On December 14, 1993, the District Court denied plaintiffs' motion requesting the District Court to reconsider its order denying plaintiffs' motion for class action certification or, alternatively, to permit an immediate appeal of that order. On February 28, 1994, Delta filed a motion for summary judgment on all of plaintiffs' claims in this lawsuit; the plaintiffs are opposing this motion. Also on February 28, 1994, the Creditors Committee and its members filed motions for summary judgment on Delta's third party claims for indemnification and contribution in this lawsuit; Delta is opposing these motions. The District Court has not yet ruled on these motions or scheduled the trial of this lawsuit.

On September 10, 1992, a lawsuit was filed against Delta in the District Court by approximately 120 former Pan Am pilots who make allegations and claims similar to those asserted in the purported class action complaint by former Pan Am employees described in the preceding paragraph. In their complaint, the plaintiffs, who have requested and are entitled to a jury trial, seek unspecified damages for lost wages and benefits and out-of-pocket losses; costs and attorneys' fees; and other unspecified relief. On January 8, 1993, Delta filed its answer denying liability in this lawsuit and asserting various affirmative defenses. Additionally, Delta filed a third party complaint against the Creditors Committee and its individual members alleging that these parties are liable to Delta for any amounts that plaintiffs in this lawsuit may recover from Delta. The Creditors Committee and its members filed a motion to dismiss Delta's third party complaint. On August 18, 1993, the District Court denied this motion. On September 24, 1993, the Creditors Committee and its members answered Delta's third party complaint, denying liability to Delta and asserting various affirmative defenses. On February 28, 1994, Delta filed a motion for summary judgment on all of plaintiffs' claims in this lawsuit; the plaintiffs are opposing this motion. Also on February 28, 1994, the Creditors Committee and its members filed motions for summary judgment on Delta's third party claims for indemnification and contribution in this lawsuit; Delta is opposing these motions. The District Court has not yet ruled on these motions or scheduled the trial of this lawsuit.

A purported class action complaint was commenced against Delta in the Supreme Court of the State of New York, County of New York, on behalf of participants of Pan Am's WorldPass Frequent Flyer Program ("WorldPass") who elected to obtain Pan Am WorldPass travel certificates rather than to transfer their accumulated miles into Delta's Frequent Flyer Program. The WorldPass participants are seeking unspecified damages, costs and attorneys' fees, and other unspecified relief. Delta has removed this action to the Bankruptcy Court. On April 6, 1992, Delta filed its answer denying liability in this lawsuit and asserting various affirmative defenses.

Delta believes that it complied with all of its obligations to Pan Am and the Creditors Committee and that the actions filed against it are without merit, and it intends to defend these matters vigorously. Although the ultimate outcome of these matters cannot be predicted with certainty and could have a material adverse effect on Delta's consolidated financial condition, results of operations or liquidity, management presently believes that the resolution of these actions is not likely to have a material adverse effect on Delta's consolidated financial condition, results of operations or liquidity. It is possible that other actions and claims will be filed against Delta relating to its participation in Pan Am's proposed plan of reorganization.

ITEM 2. PROPERTIES

Flight Equipment

Information relating to Delta's aircraft fleet is set forth under "Operational Review - Aircraft Fleet" on page 6, and in Notes 2 and 6 of the Notes to Consolidated Financial Statements on pages 28 and 31, respectively, of Delta's 1994 Annual Report to Stockholders, and is incorporated herein by reference.

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, are based on fixed rental charges per square foot of floor space occupied, and contain provisions for periodic adjustment of 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 normally for shorter terms than the airport leases. Additional information relating to Delta's ground facilities is set forth in Note 6 of the Notes to Consolidated Financial Statements on page 31 of Delta's 1994 Annual Report to Stockholders, and is incorporated herein by reference.

ITEM 3. LEGAL PROCEEDINGS

On September 19, 1986, a purported class action lawsuit was filed against Delta, Western Air Lines, Inc. ("Western") and certain directors of Western in the Court of Chancery of the State of Delaware in New Castle County (the "Chancery Court") on behalf of persons who owned Western securities on September 9, 1986, the date Western and Delta entered into a merger agreement (the "Merger Agreement") providing for the merger (the "Merger") of a wholly owned subsidiary of Delta into Western. (The Merger was consummated on December 18, 1986 and Western was merged into Delta on April 1, 1987.) In their amended complaint, the plaintiffs, who are seeking unspecified compensatory and rescissionary damages, allege, among other things, that the consideration paid in the Merger was grossly inadequate, that Western's directors breached their fiduciary duties to Western stockholders by approving the Merger despite their knowledge that Western's common stock had a value of up to more than double the merger price, by agreeing to a "lock-up option" and a "no shop/no talk" clause in the Merger Agreement, by acquiescing in certain "golden parachute" arrangements and by failing to disclose certain information concerning the value of Western, and that Delta aided and abetted such breaches of duty. On September 11, 1989, the Chancery Court granted in part and denied in part Western's and the individual defendants' motions to dismiss the amended complaint, and granted Delta's motion to dismiss the amended complaint. The Chancery Court ruled that the amended complaint stated two claims against Western and the individual defendants that could not be resolved on a motion to dismiss: whether Western and the individual defendants failed (1) to act in the best interests of

Western's stockholders in conducting the sale of Western; and (2) to disclose certain information concerning the value of Western. On November 23, 1992, Western and the individual defendants filed a motion for summary judgment, which the Chancery Court granted on February 25, 1994. The plaintiffs have appealed this ruling to the Delaware Supreme Court. Delta believes that the defendants' conduct has been entirely proper and lawful, and it intends to continue to defend this lawsuit vigorously.

In January 1987, the Association of Flight Attendants ("AFA"), the collective bargaining agent for the flight attendants at Western prior to the merger of Western into Delta on April 1, 1987 (the "Second Merger"), filed suit against Western in the United States District Court for the District of Columbia. The AFA suit sought to compel Western to arbitrate a grievance alleging that Western breached the AFA-Western collective bargaining agreement by not requiring Delta (1) to be bound by that agreement; and (2) to recognize the AFA as representing the former Western flight attendants after the Second Merger. The District Court dismissed the action on the grounds that the grievance raised representation matters which under the Railway Labor Act are within the exclusive jurisdiction of the National Mediation Board (which subsequently ruled that the representation certification of the AFA at Western terminated on April 1, 1987). The AFA appealed to the United States Court of Appeals for the District of Columbia, which reversed the District Court's dismissal of the AFA's action to compel arbitration, ruling (1) that the AFA's claim based on any right of continued representation is moot; (2) that the AFA's claim for damages is not moot; and (3) that an arbitrator has authority under the Railway Labor Act to adjudicate the AFA's grievance to the extent it seeks damages for Western's alleged breach of the collective bargaining agreement. Delta then filed a petition for certiorari in the United States Supreme Court which, on April 2, 1990, refused to review the Court of Appeals' decision. As a result, arbitration of the AFA's grievance will proceed and, if the AFA's claim is upheld, damages could be assessed against Delta. Delta has a number of defenses which it considers to be valid, and will vigorously assert these defenses in the arbitration.

On May 16, 1994, a purported class action complaint was filed in the United States District Court for the Northern District of Georgia against Delta and certain Delta officers in their capacity as members of the Administrative Committee responsible for administering certain Company employee benefit plans. The plaintiffs, who have requested a jury trial, are 21 former Delta employees who seek to represent the class consisting of the approximately 1,800 former non-pilot employees of Delta who retired from active service between July 23, 1992 and January 1, 1993. The complaint alleges that Delta violated the Employee Retirement Income Security Act by (1) modifying health benefits for this group of retirees in spite of alleged oral and written representations that it would not make any such modifications; (2) breaching its fiduciary duties and interfering with plaintiffs' benefits by making such modifications and by allegedly giving false assurances that no enhanced retirement benefit incentives were being considered or would be offered in the future; and (3) discriminating against certain benefit plan participants. The complaint also alleges, among other things, that Delta breached a contract with plaintiffs by amending Delta's pass policy to suspend the flight privileges of a retiree during any period such retiree is employed by certain other airlines. Plaintiffs are seeking injunctive relief, unspecified compensatory and punitive damages, costs and attorneys' fees, and such other relief as the District Court deems appropriate. On July 18, 1994, Delta filed its answer denying liability under the complaint and asserting various affirmative defenses. Delta intends to defend this matter vigorously.

Delta is also a defendant in certain other legal actions relating to alleged employment discrimination practices, other matters concerning past and present employees, environmental issues and other matters concerning Delta's business. Although the ultimate outcome of these matters and the matters discussed above in this item 3 cannot be predicted with certainty and could have a material adverse effect on Delta's consolidated financial condition, results of operations or liquidity, management presently believes that the resolution of these actions is not likely to have a material adverse effect on Delta's consolidated financial condition, results of operations or liquidity.

For a discussion of certain environmental matters and litigation relating to Delta's participation in Pan Am's proposed plan of reorganization, see "ITEM
1. BUSINESS - Environmental Matters" on pages 8-9, and "ITEM 1. BUSINESS - Transactions with Pan Am Corporation" on pages 11-15, respectively, of this Form 10-K. For a discussion of the settlement of certain antitrust litigation, see "Capitalization, Financing and Liquidity - Fiscal Year 1994 -Antitrust Settlement" on page 14 of Delta's 1994 Annual Report to Stockholders, which is incorporated herein by reference.

On December 21, 1992, the United States Department of Justice filed a civil complaint in the United States District Court for the District of Columbia against Delta, seven other major domestic airlines and the Airline Tariff Publishing Company ("ATP"), a computerized fare publishing service owned by domestic and international air carriers. The complaint alleges that the defendants and unnamed co-conspirators violated Section 1 of the Sherman Act by engaging in price fixing and by operating the ATP's computerized fare exchange system in a manner that unreasonably restrains competition in the domestic air passenger transportation system. In March 1994, Delta, the ATP and five other airline defendants agreed to settle this lawsuit without admitting liability by entering into a stipulated final judgment that (1) prohibits the announcement of fare increases before their effective date; (2) restricts the use of fares which require that tickets be purchased by a specified date; and (3) bars or limits certain other pricing activities. On August 10, 1994, the District Court approved the final judgment, which is similar to a final judgment entered into by the two other airline defendants that was approved by the District Court in November 1993. Delta believes that its compliance with the stipulated final judgment will not have a material adverse effect on its operations.

The Attorneys General of several States are investigating whether several major airlines, including Delta, have engaged in price fixing and other unlawful restraints of trade. The States have issued a subpoena to the Company and other major airlines requiring them to provide certain information and documents. Delta and other airlines have met with the States to discuss a possible settlement of the States' potential claims, but there can be no assurance that a settlement will be reached. Delta believes that its pricing activities are legal and that it has not violated the antitrust laws.

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. All positions shown are with Delta. There are no family relationships between any of Delta's executive officers.

Ronald W. Allen	Mr. Allen has been Chairman of the Board and Chief Executive Officer since August 1, 1987. On March 1, 1993, Mr. Allen was elected to the additional office of President, a position he also held from August 9, 1990 through April 30, 1991. He was President and Chief Operating Officer from November 1983 through July 1987. Age 52.
H. 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 56.
W. Martin Braham	Senior Vice President - Airport Customer Service, March 1993 to date; Vice President - Airport Customer Service, August 1992 through February 1993; Assistant Vice President - International Airport Customer Service, February 1992 through July 1992; Assistant Vice President - Stations, August 1991 through January 1992; Director - Stations, August 1989 through July 1991. Age 49.
Robert W. Coggin	Senior Vice President - Marketing, August 1992 to date; Senior Vice President - Marketing Development and Planning, February 1992 through July 1992; Vice President - Marketing Development and Planning, November 1991 through January 1992; Vice President - Marketing Development, November 1988 through October 1991. Age 58.
Robert S. Harkey	Senior Vice President - General Counsel, November 1990 to date; Vice President - General Counsel, November 1988 through October 1990. Age 53.
Russell H. Heil	Senior Vice President - Technical Operations, February 1992 to date; Executive Vice President - Technical Operations, May 1991 through January 1992; Executive Vice President - Operations and Personnel, August 16, 1990 through April 1991; Senior Vice President - Personnel, November 1984 through August 15, 1990. Age 52.

Rex A. McClelland	Senior Vice President - Corporate Services, August 1993 to date; Senior Vice President - Administrative Services, February 1992 through July 1993; Senior Vice President - Operations, August 1987 through January 1992. Age 58.
Thomas J. Roeck, Jr.	Senior Vice President - Finance and Chief Financial Officer, June 1988 to date. Age 50.
Maurice W. Worth	Senior Vice President - Personnel, May 1991 to date; Vice President - Personnel, November 1989 through April 1991; Assistant Vice President - Personnel Administration, February 1987 through October 1989. Age 54.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Information required by this item is set forth under "Common Stock and Depositary Shares Representing Series C Convertible Preferred Stock", "Number of Stockholders" and "Market Prices and Dividends" on page 17 of Delta's 1994 Annual Report to Stockholders, and is incorporated herein by reference.

ITEM 6. SELECTED FINANCIAL DATA

Information required by this item is set forth on page 38 and the inside back cover of Delta's 1994 Annual Report to Stockholders, 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 under "Operational Review - Leadership 7.5" on pages 4-5, and pages 7-14, of Delta's 1994 Annual Report to Stockholders, and is incorporated herein by reference.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Information required by this item is set forth on pages 22-37, and in "Report of Independent Public Accountants" on page 21, of Delta's 1994 Annual Report to Stockholders, and is incorporated herein by reference.

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 4-7, and under "Other Matters Involving Directors and Executive Officers - Legal Services" and " - Compliance with Section 16(a) of the Securities Exchange Act of 1934" on page 12, of Delta's Proxy Statement dated September 13, 1994, 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

Information required by this item is set forth under "General Information - Compensation of Directors" on pages 3-4, and " - Charitable Award Program" on page 4, and on pages 10 and 16-19, of Delta's Proxy Statement dated September 13, 1994, and is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Information required by this item is set forth on pages 7-9 of Delta's Proxy Statement dated September 13, 1994, and is hereby incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Information required by this item is set forth on pages 10-11, and under "General Information - Legal Services" on page 12, of Delta's Proxy Statement dated September 13, 1994, 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 schedules required by this item are listed in the Index to Consolidated Financial Statements and Schedules on page 24 of this Form 10-K.

(3). The exhibits required by this item are listed in the Exhibit Index on pages 38-41 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 10.7 to 10.14 in the Exhibit Index.

(b) During the quarter ended June 30, 1994, Delta did not file any Current Reports on Form 8-K.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on the 26th day of September, 1994.

DELTA AIR LINES, INC.

By: /s/ Ronald W. Allen

Ronald W. Allen
Chairman of the Board, President
and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below on the 26th day of September, 1994 by the following persons on behalf of the registrant and in the capacities indicated.

Signature	*Title*
/s/ Ronald W. Allen - -------------------------------- *Ronald W. Allen*	*Chairman of the Board, President and Chief Executive Officer (Principal Executive Officer)*

Edwin L. Artzt* Director Edwin L. Artzt

Henry A. Biedenharn, III* Director Henry A. Biedenharn, III

James L. Broadhead* Director James L. Broadhead

Edward H. Budd* - -------------------------------- Edward H. Budd	Director

Signature	Title

George D. Busbee* Director George D. Busbee

R. Eugene Cartledge* Director R. Eugene Cartledge

Mary Johnston Evans* Director Mary Johnston Evans

David C. Garrett, Jr.* Director David C. Garrett, Jr.

Gerald Grinstein* Director Gerald Grinstein

Jesse Hill, Jr.* Director Jesse Hill, Jr.

Andrew Young* Director Andrew Young

/s/ Thomas J. Roeck, Jr.	*Senior Vice President-Finance and Chief Financial Officer*
Thomas J. Roeck, Jr.	*(Principal Financial Officer and Principal Accounting Officer)*
**By: /s/ Thomas J. Roeck, Jr.*	*Attorney-In-Fact*
Thomas J. Roeck, Jr.	

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS AND SCHEDULES

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS - Incorporated herein by reference to "Report of Independent Public Accountants" on page 21 of Delta's 1994 Annual Report to Stockholders.

FINANCIAL STATEMENTS - All of which are incorporated herein by reference to Delta's 1994 Annual Report to Stockholders.

Consolidated Balance Sheets - June 30, 1994 and 1993

Consolidated Statements of Operations for the years ended June 30, 1994, 1993 and 1992

Consolidated Statements of Cash Flows for the years ended June 30, 1994, 1993 and 1992

Consolidated Statements of Stockholders' Equity for the years ended June 30, 1994, 1993 and 1992

Notes to Consolidated Financial Statements - June 30, 1994, 1993 and 1992

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON SCHEDULES

SCHEDULES SUPPORTING FINANCIAL STATEMENTS:

Schedule
Number

I Marketable Securities - Other Investments as of June 30, 1994

V Operating Property and Equipment for the years ended June 30, 1994, 1993 and 1992

VI Accumulated Depreciation and Amortization of Operating Property and Equipment for the years ended June 30, 1994, 1993 and 1992

VII Guarantees of Securities of Other Issuers as of June 30, 1994

VIII Valuation and Qualifying Accounts for the years ended June 30, 1994, 1993 and 1992

X Supplementary Information on Statements of Operations for the years ended June 30, 1994, 1993 and 1992

All other schedules have been omitted as not applicable or because the required information is included in the financial statements or notes thereto.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON SCHEDULES

To Delta Air Lines, Inc.:

We have audited, in accordance with generally accepted auditing standards, the financial statements included in Delta Air Lines, Inc.'s annual report to stockholders incorporated by reference in this Form 10-K and have issued our report thereon dated August 12, 1994. Our audits were made for the purpose of forming an opinion on those statements taken as a whole. The schedules listed in the accompanying index are the responsibility of the Company's management, are presented for purposes of complying with the Securities and Exchange Commission's rules, and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, fairly state in all material respects the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

ARTHUR ANDERSEN LLP

Atlanta, Georgia
August 12, 1994

SCHEDULE I

DELTA AIR LINES, INC.
MARKETABLE SECURITIES - OTHER INVESTMENTS
AS OF JUNE 30, 1994

(In Millions, Except Share Amounts)

Column A	Column B	Column C	Column D	Column E
Issuer and Title of Issue	Number of Shares	Cost	Market Value at End of Year	Balance Sheet Value at End of Year
Swissair, Swiss Air Transport Company Ltd	105,000	$ 85	$ 61	$ 61
Singapore Airlines Limited Ordinary Shares	35,186,300	181	290	290
		$266	$351	$351

SCHEDULE V

DELTA AIR LINES, INC.
OPERATING PROPERTY AND EQUIPMENT
FOR THE YEAR ENDED JUNE 30, 1994

(Amounts in Millions)

Column A	Column B	Column C	Column D	Column E	Column F
Classifications	Balance at Beginning of Period	Additions at Cost (a)	Retirements or Sales (a)	Other Changes Add (Deduct)	Balance at End of Period
Flight Equipment Owned	$ 9,043	$1,125	$(842)	$(263)(b)	$ 9,063
Flight Equipment under Capital Leases	173	-	-	-	173
Ground Property and Equipment	2,372	170	(116)	(28)(c)	2,398
	$11,588	$1,295	$(958)	$(291)	$11,634

(a) Major additions included 8 A310-300 aircraft, 2 B-737-300 aircraft, 1 B-767-300 aircraft, 4 MD-11 aircraft and 4 MD-88 aircraft. The Company completed sale and leaseback agreements for 8 A310-300 aircraft, 1 B-767-300 aircraft and 1 MD-11 aircraft. Three B-737-300 aircraft were sold, and 3 A310-200 aircraft, 14 A310-300 aircraft, 11 B-727-200 aircraft and 2 MD-11 aircraft were returned to lessors.

(b) Primarily represents net transfers to non-operating flight equipment.

(c) Primarily represents net transfers to non-operating property.

SCHEDULE V

DELTA AIR LINES, INC.
OPERATING PROPERTY AND EQUIPMENT
FOR THE YEAR ENDED JUNE 30, 1993

(Amounts in Millions)

Column A Classifications	Column B Balance at Beginning of Period	Column C Additions at Cost (a)	Column D Retirements or Sales (a)	Column E Other Changes Add (Deduct)	Column F Balance at End of Period
Flight Equipment Owned	$ 8,354	$1,469	$(738)	$(42)(b)	$ 9,043
Flight Equipment under Capital Leases	173	--	--	--	173
Ground Property and Equipment	2,210	245	(29)	(54)(c)	2,372
	$10,737	$1,714	$(767)	$(96)	$11,588

(a) Major additions included 1 A310-300 aircraft, 6 B-757-200 aircraft, 3 B-737-300 aircraft, 1 B-767-300 aircraft, 4 B-767-300ER aircraft, 3 MD-11 aircraft and 11 MD-88 aircraft. The Company completed sale and leaseback agreements for 1 A310-300 aircraft, 5 B-757-200 aircraft, 1 B-767-300 aircraft, 2 B-767-300ER aircraft and 2 MD-11 aircraft. Eighteen DC-9 aircraft were sold, and 5 B-727-200 aircraft and 1 B-737-200 aircraft were returned to lessors.

(b) Primarily represents net transfers to non-operating flight equipment.

(c) Primarily represents net transfers to non-operating property.

SCHEDULE V

DELTA AIR LINES, INC.
OPERATING PROPERTY AND EQUIPMENT
FOR THE YEAR ENDED JUNE 30, 1992

(Amounts in Millions)

Column A Classifications	Column B Balance at Beginning of Period	Column C Additions at Cost (a)	Column D Retirements or Sales (a)	Column E Other Changes Add (Deduct)	Column F Balance at End of Period
Flight Equipment Owned	$6,831	$2,053	$(671)	$141(b)	$ 8,354
Flight Equipment under Capital Leases	173	--	--	--	173
Ground Property and Equipment	1,890	363	(54)	11(c)	2,210
	$8,894	$2,416	$(725)	$152	$10,737

(a) Major additions were 3 used A310-200 aircraft, 9 B-757-200 aircraft, 3 B-767-300 aircraft, 1 B-767-300ER aircraft, 13 used L-1011 aircraft, 4 MD-11 aircraft and 22 MD-88 aircraft. The Company completed sale and leaseback agreements for 1 B-767-300 aircraft, 1 B-767-300ER aircraft, 4 MD-11 aircraft and 9 MD-88 aircraft. Nine DC-9 aircraft were sold, and 5 DC-9 aircraft were returned to lessors. The Company acquired, under operating leases, 4 used A310-200 aircraft, 14 used A310-300 aircraft and 24 used B-727-200 aircraft.

(b) Primarily represents net transfers from non-operating property.

(c) Primarily represents net transfers from flight equipment.

SCHEDULE VI

DELTA AIR LINES, INC.
ACCUMULATED DEPRECIATION AND AMORTIZATION OF OPERATING PROPERTY AND EQUIPMENT
FOR THE YEAR ENDED JUNE 30, 1994

(Amounts in Millions)

Column A	Column B	Column C	Column D	Column E	Column F
		Additions	Deductions		
Classifications	Balance at Beginning of Period	Provision Charged to Income (a)	Retirements	Other Changes Add (Deduct)	Balance At End of Period
Flight Equipment Owned	$3,559	$419	$ (34)	$(64)(b)	$3,880
Flight Equipment under Capital Leases	128	14	-	-	142
Ground Property and Equipment	1,143	221	(108)	(6)(b)	1,250
	$4,830	$654	$(142)	$(70)	$5,272

(a)	Provision charged to income as above	$654
	Amortization of cost in excess of net assets acquired	9
	Amortization of leasehold and operating rights	64
	Amortization of pre-operating expense	9
	Amount shown as restructuring charge	(58)
	Depreciation and amortization as shown on consolidated statements of income	$678

(b) Primarily represents net transfers to non-operating property and flight equipment.

SCHEDULE VI

DELTA AIR LINES, INC.
ACCUMULATED DEPRECIATION AND AMORTIZATION OF OPERATING PROPERTY AND EQUIPMENT
FOR THE YEAR ENDED JUNE 30, 1993

(Amounts in Millions)

Column A	Column B	Column C	Column D	Column E	Column F
		Additions	Deductions		
Classifications	Balance at Beginning of Period	Provision Charged to Income(a)	Retirements	Other Changes Add (Deduct)	Balance At End of Period
Flight Equipment Owned	$3,213	$476	$ (90)	$(40)(b)	$3,559
Flight Equipment under Capital Leases	112	16	--	--	128
Ground Property and Equipment	983	186	(25)	(1)(b)	1,143
	$4,308	$678	$(115)	$(41)	$4,830

(a)	Provision charged to income as above	$678
	Amortization of cost in excess of net assets acquired	9
	Amortization of leasehold and operating rights	64
	Amortization of pre-operating expense	14
	Amount shown as restructuring charge	(30)
	Depreciation and amortization as shown on consolidated statements of income	$735

(b) Primarily represents net transfers to non-operating property and flight equipment.

SCHEDULE VI

DELTA AIR LINES, INC.
ACCUMULATED DEPRECIATION AND AMORTIZATION OF OPERATING PROPERTY AND EQUIPMENT
FOR THE YEAR ENDED JUNE 30, 1992

(Amounts in Millions)

Column A	Column B	Column C	Column D	Column E	Column F
		Additions	Deductions		
Classifications	Balance at Beginning of Period	Provision Charged to Income (a)	Retirements	Other Changes Add (Deduct)	Balance at End of Period
Flight Equipment Owned	$2,873	$390	$(26)	$(24)(b)	$3,213
Flight Equipment under Capital Leases	92	20	--	--	112
Ground Property and Equipment	854	174	(43)	(2)(b)	983
	$3,819	$584	$(69)	$(26)	$4,308

(a)

Provision charged to income as above	$584
Amortization of cost in excess of net assets acquired	9
Amortization of leasehold and operating rights	36
Amortization of pre-operating expense	6
Depreciation and amortization as shown on consolidated statements of income	$635

(b) Primarily represents net transfers to non-operating property.

DELTA AIR LINES, INC.
GUARANTEES OF SECURITIES OF OTHER ISSUERS
AS OF JUNE 30, 1994

(Amounts In Millions)

Name of Issuer of Securities Guaranteed by Person for Which Statement is Filed	Title of Issue of Each Class of Securities Guaranteed	Total Amount Guaranteed and Outstanding	Nature of Guarantee
Regional Airports Improvement Corporation	Regional Airports Improvement Corporation 11 1/4% Facilities Sublease Revenue Bonds, Issue of 1985	$ 94	Principal and Interest
Dallas-Fort Worth International Airport Facility Improvement Corporation	Dallas-Fort Worth International Airport Facility Improvement Corporation Delta Air Lines, Inc. Revenue Bonds, Series 1991	117	Principal and Interest
Kenton County Airport Board	Kenton County Airport Board (Commonwealth of Kentucky) Special Facilities Revenue Bonds, Series 1992 (Delta Air Lines, Inc. Project)	438	Principal and Interest
Dallas-Fort Worth International Airport Facility Improvement Corporation	Dallas-Fort Worth International Airport Facility Improvement Corporation Delta Air Lines, Inc. Revenue Refunding Bonds, Series 1993	26	Principal and Interest
		$ 675	

SCHEDULE VIII

DELTA AIR LINES, INC.
VALUATION AND QUALIFYING ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 1994

(Amounts in Millions)

Column A	Column B	Column C		Column D	Column E
		Additions			
Description	Balance At Beginning of Period	Charged to Income	Other	Deductions from Allowance	Balance At End of Period
DEDUCTED IN THE BALANCE SHEET FROM THE ASSET TO WHICH IT APPLIES:					
Allowance for uncollectible accounts receivable:	$82	$23	$ -	$55(a)	$50
Allowance for unrealized (gains) losses on non-current marketable securities:	$ 1	$ -	$(85)(b)	$ 1(c)	$(85)

(a) Represents write-off of accounts considered to be uncollectible, reversal of amounts deemed collectible and collections.

(b) Represents net unrealized gain to reflect increase in market value resulting from the adoption of Statement of Financial Accounting Standards No. 115, "Accounting for Certain Investments in Debt and Equity Securities."

(c) Represents reversal of previously recognized losses to reflect increases in market value.

SCHEDULE VIII

DELTA AIR LINES, INC.
VALUATION AND QUALIFYING ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 1993

(Amounts in Millions)

Column A	Column B	Column C		Column D	Column E
		Additions			
Description	Balance At Beginning of Period	Charged to Income	Other	Deductions from Allowance	Balance At End of Period
DEDUCTED IN THE BALANCE SHEET FROM THE ASSET TO WHICH IT APPLIES:					
Allowance for uncollectible accounts receivable:	$67	$27	$ -	$12(a)	$82
Allowance for unrealized losses on non-current marketable securities:	$19	$ -	$ -	$18(b)	$ 1

(a) Represents write-off of accounts considered to be uncollectible, reversal of amounts deemed collectible and collections.

(b) Represents reversal of previously recognized losses to reflect increases in market value.

SCHEDULE VIII

DELTA AIR LINES, INC.
VALUATION AND QUALIFYING ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 1992

(Amounts in Millions)

Column A	Column B	Column C		Column D	Column E
		Additions			
Description	Balance At Beginning of Period	Charged to Income	Other	Deductions from Allowance	Balance At End of Period
DEDUCTED IN THE BALANCE SHEET FROM THE ASSET TO WHICH IT APPLIES:					
Allowance for uncollectible accounts receivable:	$59	$38	$ -	$30(a)	$67
Allowance for unrealized losses on non-current marketable securities:	$22	$ -	$ -	$ 3(b)	$19

(a) Represents write-off of accounts considered to be uncollectible, reversal of amounts deemed collectible and collections.

(b) Represents reversal of previously recognized losses to reflect increases in market value.

SCHEDULE X

DELTA AIR LINES, INC.
SUPPLEMENTARY INFORMATION ON STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED JUNE 30, 1994, 1993 AND 1992

(Amounts in Millions)

Column A	Column B		
	Charged to Costs and Expenses		
Item (a)	1994	1993	1992
Maintenance and repairs	$1,160	$1,190	$1,113
Taxes other than payroll and income	169	166	169
Advertising costs	196	193	234

(a) Amounts for royalties and depreciation and amortization of intangible assets, pre-operating costs, and similar deferrals do not exceed 1% of total operating revenues.

EXHIBIT INDEX

3.1 Delta's Certificate of Incorporation (Filed as Exhibit 3 to Delta's Current Report on Form 8-K dated November 17, 1993).*

3.2 Delta's By-Laws (Filed as Exhibit 3 to Delta's Current Report on Form 8-K dated November 17, 1993).*

4.1 Rights Agreement dated as of October 23, 1986, and Amendment No. 1 thereto dated as of June 19, 1992, between Delta and NationsBank of Georgia, N. A. (Filed as Exhibit 1 to Delta's Current Report on Form 8-K dated November 4, 1986, and Exhibit 4-I to Amendment No. 2 to Delta's Registration Statement on Form S-3 (Registration No. 33-48136)).*

4.2 Resignation, Transfer and Acceptance Agreement dated November 30, 1992, among NationsBank of Georgia, N.A., First Chicago Trust Company of New York, and Delta (Filed as Exhibit 4-G to Amendment No. 1 to Delta's Registration Statement on Form S-3 (Registration No. 33-62048)).*

4.3 Certificate of Designations, Preferences and Rights of Series A Junior Participating Preferred Stock, Series B ESOP Convertible Preferred Stock and Series C Convertible Preferred Stock (Filed as part of Exhibit 3 to Delta's Current Report on Form 8-K dated November 17, 1993).*

4.4 Indenture dated as of March 1, 1983, between Delta and The Citizens and Southern National Bank, 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 Agreement dated May 31, 1989, among Delta, The Citizens and Southern National Bank and The Citizens and Southern National Bank of Florida relating to the appointment of a successor trustee under the Indenture dated as of March 1, 1983, as supplemented, between Delta and The Citizens and Southern National Bank (Filed as Exhibit 4.6 to Delta's Annual Report on Form 10-K for the year ended June 30, 1989).*

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

4.7 Indenture dated as of May 1, 1991, between Delta and The Citizens and Southern National Bank of Florida, Trustee (Filed as Exhibit 4 to Delta's Registration Statement on Form S-3 (Registration No. 33-40190)).*

4.8 Indenture dated as of June 15, 1993, between Delta and NationsBank of Georgia, N.A., Trustee, relating to Delta's 3.23% Convertible Subordinated Notes due June 15, 2003 (Filed as Exhibit 4.2 to Delta's Current Report on Form 8-K dated June 29, 1993).*

4.9 Note Purchase Agreement dated February 22, 1990, among the Delta Family-Care Savings Plan, Issuer, Delta, Guarantor, and Various Lenders relating to the Guaranteed Serial ESOP Notes (Filed as Exhibit 10 to Delta's Current Report on Form 8-K dated April 25, 1990).*

4.10 Indenture of Trust dated as of August 1, 1993, among Delta, Fidelity Management Trust Company, ESOP Trustee, and Wilmington Trust Company, Trustee, relating to the Guaranteed Serial ESOP Notes (Filed as Exhibit 4.12 to Delta's Annual Report on Form 10-K for the year ended June 30, 1993).*

4.11 Letter of Credit dated August 12, 1993, issued by NationsBank of Georgia, N.A., to Wilmington Trust Company, Trustee, relating to the Guaranteed Serial ESOP Notes (Filed as Exhibit 4.13 to Delta's Annual Report on Form 10-K for the year ended June 30, 1993).*

4.12 Credit Agreement dated as of December 19, 1991, among Delta, Certain Banks and NationsBank of Georgia, N.A., as Agent Bank, as amended by the First and Second Amendments thereto dated as of November 3, 1992 and December 4, 1992, respectively (Filed as Exhibit 4 to Delta's Quarterly Report on Form 10-Q for the quarter ended December 31, 1991, Exhibit 4.1 to Delta's Quarterly Report on Form 10-Q for the quarter ended December 31, 1992, and Exhibit 4.2 to Delta's Quarterly Report on Form 10-Q for the quarter ended December 31, 1992).*

4.13 Amended and Restated Credit Agreement dated as of December 4, 1992, among Delta, Certain Banks and NationsBank of Georgia, N.A., as Agent Bank, as amended by the First Amendment thereto dated as of June 4, 1993 (Filed as Exhibit 4.2 to Delta's Current Report on Form 8-K dated December 8, 1992 and Exhibit 4-I to Amendment No. 2 to Delta's Registration Statement on Form S-3 (Registration No. 33-62048)).*

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 Purchase Agreement No. 1646 between The Boeing Company and Delta relating to Boeing Model 737-332 aircraft (Filed as Exhibit 10.8 to Delta's Annual Report on Form 10-K for the year ended June 30, 1990).*

10.2 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 8-K dated July 24, 1989).*

10.3 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)*.

10.4 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).*

10.5 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).*

10.6 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).*

10.7 Employment Agreement dated May 1, 1979, as amended, between Delta and Mr. David C. Garrett (Filed as Exhibit A(1) to Delta's Annual Report on Form 10-K for the year ended June 30, 1979, and Exhibit 10.6 to Delta's Annual Report on Form 10-K for the year ended June 30, 1986).*

10.8 Employment Agreement dated July 29, 1987, between Delta and Mr. Ronald W. Allen, as amended by the Amendments thereto dated February 1, 1992, August 15, 1992, and October 28, 1993 (Filed as Exhibit 10.8 to Delta's Annual Report on Form 10-K for the year ended June 30, 1987, Exhibit 10 to Delta's Quarterly Report on Form 10-Q for the quarter ended March 31, 1992, Exhibit 10.13 to Delta's Annual Report on Form 10-K for the year ended June 30, 1992, and Exhibit 10 to Delta's Quarterly Report on Form 10-Q for the quarter ended December 31, 1993).*

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10.9   Delta's Incentive Compensation Plan, as amended.

10.10  Delta's 1989 Stock Incentive Plan, as amended.

10.11  Delta's Executive Deferred Compensation Plan.

10.12  Directors' Deferred Compensation Plan (Filed as Exhibit 10.14 to
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Delta's Annual Report on Form 10-K for the year ended June 30, 1987).*

10.13 Directors' Charitable Award Program (Filed as Exhibit 10.14 to Delta's Annual Report on Form 10-K for the year ended June 30, 1993).*

10.14 1991 Delta Excess Benefit Plan, The Delta Supplemental Excess Benefit Plan and Form of Excess Benefit Plan Agreement (Filed as Exhibit 10.18 to Delta's Annual Report on Form 10-K for the year ended June 30, 1992).*

10.15 Agreement between Delta and The Air Line Pilots in the Service of Delta as Represented by The Air Line Pilots Association, International as supplemented (Filed as Exhibit 10.28 to Delta's Annual Report on Form 10-K for the year ended June 30, 1990 and Exhibit 10.20 to Delta's Annual Report on Form 10-K for the year ended June 30, 1992).*

10.16 Purchase Agreement No. DAC 90-10-D between McDonnell Douglas Corporation and Delta relating to MD-90 aircraft (Filed as Exhibit 10.1 to Delta's Quarterly Report on Form 10-Q for the quarter ended September 30, 1990).*

11. Statement regarding computation of per share earnings for the years ended June 30, 1992, 1993 and 1994.

12. Statement regarding computation of ratio of earnings to fixed charges for the years ended June 30, 1990, 1991, 1992, 1993 and 1994.

13. Portions of Delta's 1994 Annual Report to Stockholders.

21. Subsidiaries of Delta.

23. Consent of Arthur Andersen LLP.

24. Powers of Attorney.

27. Financial Data Schedule.

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*Incorporated herein by reference.

EXHIBIT 10.9

Delta Air Lines, Inc.
Incentive Compensation Plan

Article 1. Establishment and Purpose

1.1 Establishment of the Plan. Delta Air Lines, Inc., a Delaware corporation (the "Company"), hereby establishes an annual incentive compensation plan to be known as "The Delta Air Lines, Inc. Incentive Compensation Plan" (the "Plan"), as set forth in this document. The Plan permits the awarding of annual cash bonuses to Employees of the Company, based on the achievement of preestablished performance goals.

The Plan shall become effective as of July 1, 1994 (the "Effective Date") and shall remain in effect until terminated by the Board.

1.2 Purpose. The purposes of the Plan are to: (a) increase the incentives to Participants to achieve annual goals that are within group and/or individual control, and are considered key to the Company's success; (b) encourage teamwork among Participants in various segments of the Company; and
(c) reward performance with pay that varies in relation to the extent to which the preestablished goals are achieved.

Article 2. Definitions.

Whenever used in the Plan, the following terms shall have the meanings set forth below and, when the defined meaning is intended, the term is capitalized:

2.1 "Award Opportunity" means the various levels of incentive award payouts which a Participant may earn under the Plan, as established by the Committee pursuant to Sections 5.1 and 5.2 herein.

2.2 "Board" or "Board of Directors" means the Board of Directors of the Company.

2.3 "Change in Control" shall be deemed to have occurred:

(a) Fifteen (15) days after a public announcement that any person (as that term is used in Section 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended), without prior approval of the Board, has acquired, either directly or indirectly, beneficial ownership of securities representing twenty percent (20%) or more of the total votes that could be cast by the holders of all of the Company's outstanding securities entitled to vote in elections of Directors; or

(b) When individuals constituting the Board as of the Effective Date (or the successors of such individuals nominated by a Board of Directors on which such individuals or such successors constituted a majority) cease to constitute a majority of the Board of Directors.

2.4 "Code" means the Internal Revenue Code of 1986, as amended.

2.5 "Committee" means a committee of two (2) or more individuals, appointed by the Board to administer the Plan, pursuant to Article 3 herein.

2.6 "Company" means Delta Air Lines, Inc., a Delaware corporation (including any and all Subsidiaries), and any successor thereto.

2.7 "Disability" means a disability which would qualify the Participant for Long-Term Disability benefits as defined in Section 4.03 of the Delta Family-Care Disability and Survivorship Plan, as may be amended from time to time.

2.8 "Effective Date" means the date the Plan becomes effective, as set forth in Section 1.1 herein.

2.9 "Employee" means a full-time, salaried employee of the Company.

2.10 "Exchange Act" means the Securities Exchange Act of 1934, as amended from time to time, or any successor act thereto.

2.11 "Final Award" means the actual award earned during a Plan Year by a Participant, as determined by the Committee following the end of the Plan Year.

2.12 "Named Executive Officer" means a Participant who, as of the date of payout of a Final Award, is one of the group of "covered employees," as defined in the Regulations promulgated under Code Section 162(m), or any successor statute.

2.13 "Participant" means an Employee who is actively participating in the Plan.

2.14 "Plan" means the Delta Air Lines, Inc. Incentive Compensation Plan, as set forth herein.

2.15 "Plan Year" means the Company's fiscal year.

2.16 "Retirement" shall have the meanings ascribed to Early, Normal or Deferred Retirement in the Company's defined benefits tax-qualified retirement pension plan applicable to the participant.

2.17 "Subsidiary" means any corporation (other than the Company) in which the Company or a Subsidiary of the Company owns fifty percent (50%) or more of the total combined voting power of all classes of stock.

2.18 "Target Incentive Award" means the award to be paid to Participants when the Company meets "targeted" performance results, as established by the Committee.

Article 3. Administration

3.1 The Committee. The Plan shall initially be administered by the Personnel, Compensation & Nominating Committee of the Board. Subject to the terms of this Plan, the Board may appoint a successor Committee to administer the Plan. The members of the Committee shall be appointed by, must be members of, and shall serve at the discretion of, the Board.

3.2 Authority of the Committee. Except as limited by law or by the Certificate of Incorporation or Bylaws of the Company, and subject to the provisions herein, the Committee shall have full power to select Employees who shall participate in the Plan; determine the size and types of Award Opportunities and Final Awards; determine the terms and conditions of Award Opportunities in a manner consistent with the Plan; construe and interpret the Plan and any agreement or instrument entered into under the Plan; establish, amend, or waive rules and regulations for the Plan's administration; and (subject to the provisions of Article 8 herein) amend the terms and conditions of any outstanding Award Opportunity to the extent such terms and conditions are within the sole discretion of the Committee as provided in the Plan. Further, the Committee shall make all other determinations which may be necessary or advisable for the administration of the Plan. As permitted by law, the Committee may delegate its authorities as identified hereunder.

3.3 Decisions Binding. All determinations and decisions of the Committee as to any disputed question arising under the Plan, including questions of construction and interpretation, shall be final, binding, and conclusive upon all parties.

Article 4. Eligibility and Participation

4.1 Eligibility. All Employees who are deemed by the Committee to be key employees shall be eligible to participate in the Plan for such Plan Year.

4.2 Participation. Participation in the Plan shall be determined annually by the Committee based upon the criteria set forth in Section 4.1 herein. Employees who are chosen to participate in the Plan in any given Plan Year shall be so notified in writing, and shall be apprised of the performance measure(s), performance goal(s), and related Award Opportunities for the relevant Plan Year, as soon as is practicable.

4.3 Partial Plan Year Participation. Except as provided in Article 8 herein, an Employee who becomes eligible after the beginning of a Plan Year may participate in the Plan for that Plan Year. Such situations may include, but are not limited to (a) new hires; (b) when an Employee is promoted from a position which did not previously meet the eligibility criteria; or (c) when an Employee is transferred from an affiliate which does not participate in the Plan.

The Committee, in its sole discretion, retains the right to prohibit or allow participation in the initial Plan Year of eligibility for any of the aforementioned Employees.

4.4 No Right to Participate. No Participant or other Employee shall at any time have a right to be selected for participation in the Plan for any Plan Year, despite having previously participated in the Plan.

Article 5. Award Determination

5.1 Performance Measures and Performance Goals. Prior to the beginning of each Plan Year, or as soon as practicable thereafter, the Committee shall select performance measures and shall establish performance goals for that Plan Year. Except as provided in Article 8 herein, the performance measures may be based on any combination of corporate, divisional, and/or individual goals.

For each Plan Year, the Committee shall establish ranges of performance goals which will correspond to various levels of Award Opportunities. Each performance goal range shall include a level of performance at which one hundred percent (100%) of the Target Incentive Award shall be earned. In addition, each range shall include levels of performance above and below the one hundred percent (100%) performance level.

After the performance goals are established, the Committee will align the achievement of the performance goals with the Award Opportunities (as described in Section 5.2 herein), such that the level of achievement of the preestablished performance goals at the end of the Plan Year will determine the Final Awards. Except as provided in Article 8 herein, the Committee shall have the authority to exercise subjective discretion in the determination of Final Awards, as well as the authority to delegate the ability to exercise subjective discretion in this respect.

The Committee may establish one or more Company-wide performance measures which must be achieved for any Participant to receive a Final Award payment for that Plan Year.

5.2 Award Opportunities. Prior to the beginning of each Plan Year, or as soon as practicable thereafter, the Committee shall establish, in writing, Award Opportunities, which correspond to various levels of achievement of the preestablished performance goals. The established Award Opportunities shall vary in relation to the job classification of each Participant. Except as provided in Article 8 herein, in the event a Participant changes job levels during a Plan Year, the Participant's Award Opportunity may be adjusted to reflect the amount of time at each job level during the Plan Year.

5.3 Adjustment of Performance Goals and Award Opportunities. Once established, performance goals normally shall not be changed during the Plan Year. However, except as provided in Article 8 herein, if the Committee determines in its sole discretion that external changes or other unanticipated business conditions have materially affected the fairness of the goals, then the Committee may approve appropriate adjustments to the performance goals (either up or down) during the Plan Year as such goals apply to the Award Opportunities of specified Participants.

Notwithstanding any other provision of this Plan, in the event of any change in corporate capitalization, such as a stock split, or a corporate transaction, such as any merger, consolidation, separation, including a spin- off, or other distribution of stock or property of the Company, any reorganization (whether or not such reorganization comes within the definition of such term in Code Section 368), or any partial or complete liquidation of the Company, such adjustment shall be made in the Award Opportunities and/or the performance measures or performance goals related to then-current performance periods, as may be determined to be appropriate and equitable by the Committee, in its sole discretion, to prevent dilution or enlargement of rights; provided, however, that subject to Article 8 herein, any such adjustment shall not be made if it would eliminate the ability of Award Opportunities held by Named Executive Officers to qualify for the "performance-based" exception under Code Section 162(m).

5.4 Final Award Determinations. At the end of each Plan Year, Final Awards shall be computed for each Participant as determined by the Committee. Subject to the terms of Article 8 herein, Final Award amounts may vary above or below the Target Incentive Award, based on the level of achievement of the preestablished corporate, divisional, and/or individual performance goals.

5.5 Award Limit. The Committee may establish guidelines governing the maximum Final Awards that may be earned by Participants (either in the aggregate, by Employee class, or among individual Participants) in each Plan Year. The guidelines may be expressed as a percentage of Company-wide goals of financial measures, or such other measures as the Committee shall from time to time determine; provided, however, that the maximum payout with respect to a Final Award payable to any one Participant in connection with performance in any one Plan Year shall be three million dollars ($3,000,000).

5.6 Threshold Levels of Performance. The Committee may establish minimum levels of performance goal achievement, below which no payouts of Final Awards shall be made to any Participant.

Article 6. Payment of Final Awards

6.1 Form and Timing of Payment. Unless a deferral election is made by a Participant pursuant to Section 6.2 herein, or deferral of all or a portion of a Participant's Final Award is required by Section 6.3, each Participant's Final Award shall be paid in cash, in one lump sum, within seventy-five (75) calendar days after the end of each Plan Year.

6.2 Voluntary Deferral of Final Award Payouts. The Committee may permit a Participant to defer such Participant's receipt of the payment of cash that would otherwise be due pursuant to his or her Final Award. If any such deferral election is required or permitted, the Committee shall, in its sole discretion, establish rules and procedures for such payment deferrals.

6.3 Required Deferral of Final Award Payouts. In the event that all or a portion of a Participant's Final Award is not deductible by the Company due to limits contained in Code Section 162(m) or any successor Code Section, payment of the nondeductible portion of such Final Award shall be deferred until such time as it may be deducted by the Company.

6.4 Unsecured Interest. No participant or any other party claiming an interest in amounts earned under the Plan shall have any interest whatsoever in any specific asset of the Company. To the extent that any party acquires a right to receive payments under the Plan, such right shall be equivalent to that of an unsecured general creditor of the Company.

Article 7. Termination of Employment

7.1 Termination of Employment Due to Death, Disability or Retirement. In the event of a Participant's employment is terminated by reason of death, Disability, or Retirement, the Final Award determined in accordance with Section 5.4 herein shall be reduced to reflect participation prior to termination only. The reduced award shall be determined by multiplying said Final Award by a fraction, the numerator of which is the number of days of employment in the Plan Year through the date of employment termination, and the denominator of which is three hundred sixty-five (365). In the case of a Participant's Disability, the employment termination shall be deemed to have occurred on the date that the Committee determines the definition of Disability to have been satisfied.

The Final Award thus determined shall be paid within seventy-five (75) calendar days following the end of the Plan Year in which employment termination occurs.

7.2 Termination of Employment for Other Reasons. In the event a Participant's employment is terminated for any reason other than death, Disability, or Retirement (of which the Committee shall be the sole judge), all of the Participant's rights to a Final Award for the Plan Year then in progress shall be forfeited. However, the Committee, in its sole discretion, may pay a prorated award for the portion of the Plan Year that the Participant was employed by the Company, computed as determined by the Committee.

Article 8. Named Executive Officers

8.1 Applicability of Article 8. The provisions of this Article 8 shall apply only to Named Executive Officers. In the event of any inconsistencies between this Article 8 and the other Plan provisions as they pertain to Named Executive Officers, the provisions of this Article 8 shall control.

8.2 Establishment of Award Opportunities. Except as provided in
Section 8.8 herein, Award Opportunities for Named Executive Officers shall be established as a function of each Named Executive Officer's Base Salary (as defined below). Prior to the beginning of each Plan Year, or as soon as practicable thereafter, the Committee shall establish, in writing, various levels of Final Awards which will be paid with respect to specified levels of attainment of the preestablished performance goals.

For purposes of this Article 8, "Base Salary" shall mean, as to any specific Plan Year, a Participant's regular annual salary rate as of the first day of the Plan Year. Regular salary shall not be reduced by any salary reduction contributions made to any defined contribution plan or other deferred compensation plans of the Company, but shall not include any payments under this Plan or any other bonuses, incentive pay, or special awards.

8.3 No Partial Plan Year Participation. A Named Executive Officer who becomes eligible after the beginning of a Plan Year may first participate in the Plan for the succeeding Plan Year.

8.4 Components of Award Opportunities. Each Named Executive Officer's Award Opportunity shall be based on: (a) the Named Executive Officer's Target Incentive Award; (b) the potential Final Awards corresponding to various levels of achievement of the preestablished performance goals, as established by the Committee; and (c) Company performance in relation to the preestablished performance goals. Except as provided in Section 8.8 herein, performance measures which may serve as determinants of Named Executive Officers' Award Opportunities shall be limited to Pretax Income, Return on Assets, Operating Cash Flow, Return on Equity, Growth in Revenues, and Earnings per Share.

8.5 No Mid-Year Change in Award Opportunities. Except as provided in
Section 8.8 herein, each Named Executive Officer's Final Award shall be based exclusively on the Award Opportunity levels established by the Committee before the first day of each Plan Year.

8.6 Nonadjustment of Performance Goals. Except as provided in Section 8.8 herein, performance goals shall not be changed following their establishment, and Named Executive Officers shall not receive any payout when the minimum performance goals are not met or exceeded.

8.7 Individual Performance and Discretionary Adjustments. Except as provided in Section 8.8 herein, subjective evaluations of individual performance of Named Executive Officers shall not be reflected in their Final Awards. However, the Committee shall have the discretion to decrease or eliminate the amount of the Final Award otherwise payable to a Named Executive Officer.

8.8 Possible Modifications. If, on the advice of the Company's counsel, the Committee determines that Code Section 162(m) and the Regulations thereunder will not adversely affect the deductibility for federal income tax purposes of any amount paid under the Plan by permitting greater discretion and/or flexibility with respect to Award Opportunities granted to Named Executive Officers pursuant to this Article 8, then the Committee may, in its sole discretion, apply such greater discretion and/or flexibility to such Award Opportunities as is consistent with the terms of this Plan, and without regard to the restrictive provisions of this Article 8.

In addition, in the event that changes are made to Code Section 162(m) or the Regulations thereunder to permit greater flexibility with respect to any Award Opportunities under the Plan, the Committee may, subject to this Article 8, make any adjustments it deems appropriate.

Article 9. Rights of Participants

9.1 Employment. Nothing in the Plan shall interfere with or limit in any way the right of the Company to terminate any Participant's employment at any time, nor confer upon any Participant any right to continue in the employ of the Company.

9.2 Nontransferability. No right or interest of any Participant in the Plan shall be assignable or transferable, or subject to any lien, directly, by operation of law or otherwise, including, but not limited to, execution, levy, garnishment, attachment, pledge, and bankruptcy.

Article 10. Beneficiary Designation.

Each Participant under the Plan may, from time to time, name any beneficiary or beneficiaries (who may be named contingently or successively) to whom any benefit under the Plan is to be paid in case of his or her death before he or she receives any or all of such benefit. Each designation will revoke all prior designations by the same Participant, shall be in a form prescribed by the Committee, and will be effective only when filed by the Participant in writing with the Committee during his or her lifetime. In the absence of any such designation, benefits remaining unpaid at the Participant's death shall be paid to the Participant's estate.

Article 11. Change in Control

In the event of a Change in Control, each Participant shall, in the sole discretion of the Committee, be entitled to a pro rata payment of his or her Target Incentive Award for the Plan Year during which such Change in Control occurs. Such proration shall be determined as a function of the number of days within the Plan Year prior to the effective date of the Change in Control, in relation to three hundred sixty-five (365). Such amount shall be paid in cash to each Participant within one hundred twenty (120) days after the effective date of the Change in Control.

Article 12. Amendments

The Committee, in its sole discretion, without notice, at any time and from time to time, may modify or amend, in whole or in part, any or all of the provisions of the Plan, or suspend or terminate it entirely; provided, however, that no such modification, amendment, suspension, or termination may, without the consent of a Participant (or his or her beneficiary in the case of the death of the Participant), materially reduce the right of a Participant (or his or her beneficiary as the case may be) to a payment or distribution hereunder the which he or she is entitled.

Article 13. Miscellaneous

13.1 Governing Law. The Plan, and all agreements hereunder, shall be governed by and construed in accordance with the laws of the state of Georgia.

13.2 Withholding Taxes. The Company shall have the right to deduct from all payments under the Plan any foreign, Federal, state, or local income or other taxes required by law to be withheld with respect to such payments. Before payment of any Final Award may be deferred under Article 6, the Company may require that the Participant pay or agree to withholding for any foreign, Federal, state or local income or other taxes which may be imposed on any amount deferred.

13.3 Gender and Number. Except where otherwise indicated by the context, any masculine term used herein also shall include the feminine; the plural shall include the singular, and the singular shall include the plural.

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

13.5 Costs of the Plan. All costs of implementing and administering the Plan shall be borne by the Company.

13.6 Successors. All obligations of the Company under the Plan shall be binding upon and inure to the benefit of any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation, or otherwise, of all or substantially all of the business and/or assets of the Company.

13.7 Other Plans. Nothing contained in this Plan shall prevent the Board from adopting other or additional compensation arrangements, subject to stockholder approval if such approval is required; and such arrangements may be either generally applicable or applicable only in specific cases.

<u>EXHIBIT 10.10</u>

1989 STOCK INCENTIVE PLAN
OF
<u>DELTA AIR LINES, INC.</u>
As Amended Through October 28, 1993

SECTION 1. Purpose; Definitions.

The purpose of this plan, which shall be known as the "1989 Stock Incentive Plan of Delta Air Lines, Inc." (the "Plan"), is to promote the interests of Delta Air Lines, Inc. (the "Company") by attracting and retaining in its employment persons of outstanding ability, and to provide present and future officers and key employees of the Company, or any of its present or future Subsidiaries, greater incentive to make material contributions to the success of the Company by increasing their proprietary interest in the welfare and success of the Company through increased direct stock ownership and other incentives related to the value of the stock, all to the benefit of the Company and its shareholders.

For purposes of the Plan, the following terms shall be defined as set forth below:

(a) "Board" or "Board of Directors" means the Board of Directors of the Company.

(b) "Code" means the Internal Revenue Code of 1986, as amended from time to time, and any successor thereto.

(c) "Committee" means the Committee referred to in Section 2 of the Plan. If at any time no Committee shall be designated, then the functions of the Committee specified in the Plan shall be exercised by the Board.

(d) "Company" means Delta Air Lines, Inc., a corporation organized under the laws of the State of Delaware, or any successor corporation.

(e) "Disability" means disability as determined under the disability plan of the Company or Subsidiary applicable to the Participant.

(f) "Disinterested Person" shall have the meaning set forth in Rule 16b- 3(d)(3) as promulgated by the Securities and Exchange Commission under the Exchange Act, or any successor definition adopted by the Commission.

(g) "Exchange Act" means the Securities Exchange Act of 1934, as amended.

(h) "Fair Market Value" means, as of any given date, the opening or closing price, as determined by the Committee, of the Stock on the New York Stock Exchange or, if no sale of Stock occurs on the New York Stock Exchange on such date, the opening or closing price, as determined by the Committee, of the Stock on said exchange on the last preceding day on which such sale occurred.

(i) "Incentive Stock Option" means any Stock Option intended to be and designated as an "Incentive Stock Option" within the meaning of Section 422 of the Code.

(j) "Non-Qualified Stock Option" means any Stock Option that is not an Incentive Stock Option.

(k) "Other Stock-Based Award" means an award under Section 8 below of Stock or that is valued in whole or in part by reference to, or is otherwise based on, Stock.

(1) "Option Price" means the price specified in Section 5 below.

(m) "Participant" means the recipient of an award under the Plan.

(n) "Plan" means the 1989 Stock Incentive Plan of Delta Air Lines, Inc., as amended from time to time.

(o) "Restricted Stock" means Stock granted under an award pursuant to Section 7 below which is subject to the restrictions specified therein.

(p) "Retirement" means retirement from active employment with the Company or any Subsidiary pursuant to the retirement or pension plan of such entity applicable to the Participant.

(q) "Stock" means the Common Stock, $3.00 par value, of the Company.

(r) "Stock Appreciation Right" means a right granted under an award pursuant to Section 6 below to receive an amount equal to the excess of the Fair Market Value of the shares of Stock covered by such right over the Option Price applicable to such shares, as specified in Section 6 below.

(s) "Stock Option" or "Option" means any option to purchase shares of Stock granted pursuant to Section 5 below.

(t) "Subsidiary" means any corporation (other than the Company) in which the Company or a Subsidiary of the Company owns 50% or more of the total combined voting power of all classes of stock.

SECTION 2. Administration.

The Plan shall be administered by a Committee of the Board of Directors, designated by the Board and to be comprised of not less than three members of the Board. All the members of the Committee shall be Disinterested Persons. Each director, while serving as a member of the Committee, shall be considered to be acting in his capacity as a director of the Company. Members of the Committee shall be appointed from time to time for such terms as the Board shall determine, and may be removed by the Board at any time with or without cause. Subject to the provisions of the Plan, the Committee shall have sole and complete authority to construe and interpret the Plan, to establish, amend and rescind appropriate rules and regulations relating to the

Plan, to determine the persons to whom and the time or times at which to grant awards thereunder, to administer the Plan, and to take all such steps and make all such determinations in connection with the Plan and the awards granted thereunder as it may deem necessary or advisable to carry out the provisions and intent of the Plan. All determinations of the Committee shall be by a majority of its members, and its determinations shall be final and conclusive for all purposes and upon all persons, including but without limitation, the Company, the Committee, the directors, officers and employees of the Company, the Participants and their respective successors in interest.

Except as provided in the Plan, the Committee may make awards under Sections 5, 6, 7 and 8 of this Plan either alone or in such combinations as it deems appropriate, and awards need not be the same with respect to each Participant. When granting Stock Options under Section 5 of this Plan, the Committee shall designate the Stock Option as either an Incentive Stock Option or a Non- Qualified Stock Option. The Committee shall also designate whether the Stock Option is granted with Stock Appreciation Rights.

SECTION 3. Stock Subject to Plan.

The total number of shares of Stock reserved and available for distribution under the Plan shall be 6,000,000, subject to adjustment as provided in this Section. Stock issued under the Plan may be either authorized and unissued shares or treasury shares.

To the extent that any award under the Plan, or any portion thereof, is settled in cash rather than in shares of Stock, the number of shares of Stock subject to such award, less the number of shares of Stock issued, if any, in connection with such settlement, shall again be available for distribution in connection with future awards under the Plan. Subject to Section 6(d) below, if any shares of Stock subject to a Stock Option cease to be subject to such Option for any reason other than the exercise of such Option, or if any shares of Stock subject to a Restricted Stock award or Other Stock-Based Award are forfeited or any such award otherwise terminates, in whole or part, without a payment being made to the Participant in the form of Stock, the shares of Stock previously subject to such Option or award shall again be available for distribution in connection with future awards under the Plan.

In the event of any merger, reorganization, consolidation, recapitalization, Stock dividend, Stock split or other change in corporate structure affecting the Stock, the Committee, in its sole discretion, shall make such modifications, substitutions or adjustments as it deems necessary to reflect such change so as to prevent the deletion or enlargement of rights, including but not limited to, modifications, substitutions, or adjustments in the aggregate number of shares reserved for issuance under the Plan, in the number and Option Price of shares subject to outstanding Options or Stock Appreciation Rights granted under the Plan, and in the number of shares subject to other outstanding awards granted under the Plan, provided that the number of shares subject to any award shall always be a whole number.

SECTION 4. Eligibility.

Officers and other key employees of the Company and its Subsidiaries who are responsible for or contribute to the management, growth and/or profitability of the Company and/or its Subsidiaries, as determined by the Committee, are eligible to be granted awards under the Plan.

SECTION 5. Stock Options.

Award Limitation

The number of shares of Stock subject to Stock Options that may be awarded to a Participant under the Plan shall not exceed ten percent of the maximum total number of shares of Stock reserved for distribution under Section 3 of the Plan.

Grant

Subject to the provisions of the Plan, the Committee shall have sole and complete authority to determine the persons to whom Stock Options shall be granted, the number of shares to be covered by each Stock Option and the conditions and limitations, if any, in addition to those set forth in this Section 5, applicable to such Stock Options. The Committee shall have the authority to grant both Incentive Stock Options and Non-Qualified Stock Options. In the case of Incentive Stock Options, the terms and conditions of such grants shall be subject to and comply with the requirements of Section 422 of the Code, as from time to time amended, and any implementing regulations. Each such award shall be confirmed by an agreement executed by the Committee and the Participant, which agreement shall contain such provisions as the Committee determines to be necessary or appropriate to carry out the intent of this Plan with respect to such award. Each such agreement shall provide that the Option (and any related Stock Appreciation Right) is not transferable by the Participant otherwise than by will, by the laws of descent and distribution, or by a written designation referred to in Section 10(c) below, and is exercisable, during the Participant's lifetime, only by such Participant.

Option Price

The Committee shall establish the Option Price at the time each Stock Option is granted, which price shall not be less than 100% of the Fair Market Value of the Stock on the date of grant. The Option Price shall be the price payable by the Participant for a share of Stock upon the exercise of a Stock Option. The Option Price shall be subject to adjustment in accordance with the provisions of Section 3 hereof.

Exercise

The Committee shall determine when a Stock Option shall become exercisable, and may provide that a Stock Option is exercisable in installments, provided that no Stock Option shall be exercisable earlier than one (1) year or later than ten (10) years after the date of grant, except that if a Participant dies prior to one (1) year after the date of grant the one (1) year limitation shall not apply and the Option may be exercised as provided in Section 10 hereof.

The Option Price of each share as to which an Option is exercised shall be paid in full at the time of such exercise. Such payment shall be made in cash, or, subject to the consent of the Committee and to such limitations as the Committee may impose, by tender of shares of unrestricted Stock valued at Fair Market Value as of the date of exercise, or by a combination of cash and shares of unrestricted Stock.

Incentive Stock Options

Anything in the Plan to the contrary notwithstanding, no term of this Plan relating to Incentive Stock Options shall be interpreted, amended or altered, nor shall any discretion or authority granted under the Plan be so exercised, so as to disqualify the Plan under Section 422 of the Code, or, without the consent of the Participant(s) affected, to disqualify any Incentive Stock Option under such Section 422.

To the extent permitted under Section 422 of the Code or the applicable regulations thereunder or any applicable Internal Revenue Service pronouncement, and subject to such terms and conditions as the Committee shall prescribe, any Incentive Stock Option that does not continue to comply with the requirements of the Code shall be treated as a Non-Qualified Stock Option.

SECTION 6. Stock Appreciation Rights.

Grant

Subject to the provisions of the Plan, the Committee shall have sole and complete authority to determine the persons who shall receive Stock Appreciation Rights and the number of shares of Stock with respect to which each Stock Appreciation Right is granted. Stock Appreciation Rights may be granted only in conjunction with Stock Options granted under the Plan. Whenever Stock Appreciation Rights are granted, they shall be provided for in the agreement referred to in Section 5 above, or an amendment thereto.

A Stock Appreciation Right or applicable portion thereof granted in conjunction with a given Stock Option shall terminate and no longer be exercisable upon the termination or exercise of the related Stock Option, and a Stock Option or applicable portion thereof granted in conjunction with a Stock Appreciation Right shall terminate and no longer be exercisable upon the termination or exercise of the related Stock Appreciation Right.

Terms and Conditions

Stock Appreciation Rights shall be exercisable in accordance with procedures established by the Committee and shall be subject to such terms and conditions, not inconsistent with the provisions of the Plan, as shall be determined from time to time by the Committee, in addition to the following:

(a) Stock Appreciation Rights shall be exercisable only at such time or times and to the extent that the Stock Options to which they relate shall be exercisable in accordance with the provisions of Section 5 of the Plan. The exercise of Stock Appreciation Rights by Participants who are subject to Section 16(b) of the Exchange Act shall comply with Rule 16b-3 (or any successor rule) thereunder, to the extent applicable; provided, however, that the Committee, in its sole discretion, may require the exercise of Stock Appreciation Rights by any Participant to comply with the requirements of Rule 16b-3 (or any successor rule).

(b) Upon the exercise of a Stock Appreciation Right, a Participant shall be entitled to receive an amount in cash or shares of Stock or a combination thereof, as determined by the Committee, equal in value to the excess of the Fair Market Value of one share of Stock over the Option Price per share specified in the related Stock Option multiplied by the number of shares in respect of which the Stock Appreciation Right shall have been exercised. The Fair Market Value used to determine the amount payable (and the number of shares payable to the extent that the payment is in the form of Stock) shall be the Fair Market Value on the last trading day preceding the date of exercise of the Stock Appreciation Right or, if so specified by the Committee, the highest Fair Market Value during the applicable period referred to in Rule 16b-3(e)(3)(iii) (or any successor rule) under the Exchange Act in which the Stock Appreciation Right is exercised.

(c) Stock Appreciation Rights shall be transferable only when and to the extent that the related Stock Option would be transferable under Section 5 of the Plan.

(d) Upon the exercise of a Stock Appreciation Right, the Stock Option or part thereof to which such Stock Appreciation Right is related shall be deemed to have been exercised for the purpose of the limitation set forth in Section 3 of the Plan on the number of shares of Stock to be issued under the Plan, but only to the extent of the number of shares actually issued, if any, upon the exercise of the Stock Appreciation Right.

SECTION 7. Restricted Stock.

Grant

Subject to the provisions of the Plan, the Committee shall have sole and complete authority to determine the persons to whom, and the time or times at which, grants of Restricted Stock will be made, the number of shares to be awarded, the price (if any) to be paid by the recipient of Restricted Stock, the time or times within which such awards may be subject to forfeiture, and all other terms and conditions of the awards.

The Committee may condition the grant of Restricted Stock upon the attainment of specified performance goals or such other factors as the Committee may determine, in its sole discretion.

Each Restricted Stock award shall be confirmed by an agreement executed by the Committee and the Participant, which agreement shall contain such provisions as the Committee determines to be necessary or appropriate to carry out the intent of this Plan with respect to such award.

Each Participant receiving a Restricted Stock award shall be issued a Stock certificate in respect of such shares of Restricted Stock. Such certificate shall be registered in the name of such Participant, and shall bear an appropriate legend referring to the terms, conditions, and restrictions applicable to such award.

The Committee shall require that Stock certificates evidencing such shares be held by the Company until the restrictions thereon shall have lapsed, and that, as a condition of any Restricted Stock award, the Participant shall have delivered to the Company a stock power, endorsed in blank, relating to the Stock covered by such award.

Restrictions and Conditions

The shares of Restricted Stock awarded pursuant to this Section 7 shall be subject to the following restrictions and conditions:

(a) During a period set by the Committee commencing with the date of such award (the "Restriction Period"), the Participant shall not be permitted to sell, transfer, pledge or assign shares of Restricted Stock awarded under the Plan. Within these limits, the Committee, in its sole discretion, may provide for the lapse of such restrictions in installments and may accelerate or waive such restrictions in whole or in part, based on service, performance and/or such other factors or criteria as the Committee may determine.

(b) Except as provided in this paragraph (b) and paragraph (a) above, the Participant shall have, with respect to the shares of Restricted Stock, all of the rights of a shareholder of the Company, including the right to vote the shares, and the right to receive any cash dividends. The Committee, in its sole discretion, as determined at the time of award, may provide that the payment of cash dividends shall or may be deferred and, if the Committee so determines, reinvested in additional shares of Stock or Restricted Stock to the extent shares are available under Section 3, or otherwise reinvested. Pursuant to
Section 3 above, Stock dividends issued with respect to Restricted Stock shall be treated as additional shares of Restricted Stock that are subject to the same restrictions and other terms and conditions that apply to the shares with respect to which such dividends are issued.

(c) Upon termination of a Participant's employment with the Company or any Subsidiary for any reason during the Restriction Period, all shares still subject to restriction will vest, or be forfeited, in accordance with the terms and conditions established by the Committee in the award agreement.

(d) If and when the Restriction Period expires without a prior forfeiture of the Restricted Stock subject to such Restriction Period, certificates for an appropriate number of unrestricted shares of Stock shall be delivered promptly to the Participant, and the certificates for the shares of Restricted Stock shall be cancelled.

SECTION 8. Other Stock-Based Awards.

Grant

Other awards of Stock and other awards that are valued in whole or in part by reference to, or are otherwise based on, Stock ("Other Stock-Based Awards"), may be granted either alone or in addition to or in conjunction with other awards under this Plan. Awards under this section may include, but are not limited to, the grant of Stock upon the continued employment of a Participant for a specified period of time, the payment of cash based upon the performance of the Stock, or the grant of securities convertible into Stock.

Subject to the provisions of the Plan, the Committee shall have sole and complete authority to determine the persons to whom and the time or times at which such awards shall be made, the number of shares of Stock or other securities, if any, to be granted pursuant to such awards, and all other conditions of the awards. Any such award shall be subject to an agreement between the Company and the Participant.

Each Other Stock-Based Award shall be confirmed by an agreement executed by the Committee and the Participant, which agreement shall contain such provisions as the Committee determines to be necessary or appropriate to carry out the intent of this Plan with respect to such award.

Terms and Conditions

In addition to the terms and conditions specified in the award agreement, Other Stock-Based Awards made pursuant to this Section 8 shall be subject to the following:

(a) Any shares of Stock subject to awards made under this Section 8 may not be sold, assigned, transferred, pledged or otherwise encumbered prior to the date on which the shares are issued, or, if later, the date on which any applicable restriction, performance or deferral period lapses.

(b) If specified by the Committee in the award agreement, the recipient of an award under this Section 8 shall be entitled to receive, currently or on a deferred basis, interest or dividends or dividend equivalents with respect to the Stock or other securities covered by the award, and the Committee may provide that such amounts (if any) shall be deemed to have been reinvested in additional Stock or otherwise reinvested.

(c) The award agreement with respect to any Other Stock-Based Award shall contain provisions dealing with the disposition of such award in the event of a termination of the Participant's employment prior to the exercise, realization or payment of such award, whether such termination occurs because of Retirement, Disability, death or other reason, with such provisions to take account of the specific nature and purpose of the award.

SECTION 9. Change in Control.

In order to maintain the Participants' rights in the event of a "Change in Control" of the Company, as hereinafter defined, the Committee, in its sole discretion, may, either at the time an Award is made hereunder or at any time prior to, or simultaneously with, a Change in Control (i) provide for the acceleration of any time periods relating to the exercise or realization of such Awards so that such Awards may be exercised or realized in full on or before a date fixed by the Committee; (ii) provide for the purchase of such Awards, upon the Participant's request, for an amount of cash equal to the amount which could have been attained upon the exercise or realization of such Awards had such Awards been currently exercisable or payable; (iii) make such adjustment to the Awards then outstanding as the Committee deems appropriate to reflect such transaction or change; or (iv) with the approval of and through the Board of Directors, cause the Awards then outstanding to be assumed, or new Awards substituted therefor, by the surviving corporation in such change. The Committee may, in its discretion, include such further provisions and limitations with respect to a Change in Control in any agreement entered into pursuant to this Plan as it may deem appropriate and in the best interests of the Company. A "Change in Control" shall be deemed to have occurred (i) fifteen (15) days after public announcement that any person, entity or group, without prior approval of the Board of Directors, has acquired, either directly or indirectly, beneficial ownership of securities representing twenty percent (20%) or more of the total votes that could be cast by the holders of all of the Company's outstanding securities entitled to vote in elections of directors; or (ii) when individuals currently constituting the Board of Directors (or the successors of such individuals nominated by a Board of Directors on which such individuals or such successors constituted a majority) cease to constitute a majority of the Board of Directors.

SECTION 10. Termination of Employment, Retirement, Disability, Death and Voluntary Demotion.

Except as provided in award agreements under Sections 7 or 8, the following shall apply:

(a) If a Participant's employment shall be terminated by the Company or a Subsidiary, or if a Participant resigns from employment with the Company or a Subsidiary, the Stock Options or Stock Appreciation Rights held by such Participant shall be forfeited unless the Committee authorizes the exercise of such Stock Options or Stock Appreciation Rights, provided that any such exercise shall be permissible only for a period of up to four (4) months following such termination or resignation and only if such exercise is otherwise permissible under the Plan and the applicable award agreement.

(b) With respect to awards made prior to October 28, 1993, a Participant whose employment is terminated because of his Retirement or Disability shall be treated as though he remains in active employment, unless the applicable award agreement is amended to shorten the exercise period following Retirement or Disability. With respect to awards made on or after October 28, 1993, a Participant whose employment is terminated because of his Retirement or Disability may exercise his outstanding Stock Options or Stock Appreciation Rights only during the shorter of the exercise period remaining under the applicable award agreement or the three years after such Retirement or Disability. In the case of an exercise under either of the two preceding sentences, such exercise must otherwise comply with the Plan and the applicable award agreement. Notwithstanding the preceding sentences, however, if a Participant's employment is terminated because of Retirement prior to his normal retirement date (as determined under the retirement or pension plan of the Company or Subsidiary applicable to the Participant) and, within two years after such early Retirement and without the Committee's approval, such Participant is employed or retained by any air carrier or organization which the Committee determines is in direct and substantial competition with the Company or any of its affiliates, then such Participant shall (i) immediately forfeit any Stock Options and Stock Appreciation Rights held by him; and (ii) within 30 days after the Committee makes a determination hereunder, repay the Company in cash an amount equal to the amount realized in cash and/or stock at the time of exercise of any Stock Options or Stock Appreciation Rights exercised by such Participant after such early Retirement.

(c) With respect to awards made prior to October 28, 1993, in the event of the death of a Participant while employed by the Company or a Subsidiary or while covered by Section 10(b) above, such Participant's Stock Options or Stock Appreciation Rights may only be exercised within one year after the Participant's death, unless the applicable award agreement is amended to provide a maximum exercise period of up to three years as described in the next sentence. With respect to awards made on or after October 28, 1993, in the event of the death of a Participant while employed by the Company or a Subsidiary, such Participant's Stock Options or Stock Appreciation Rights may be exercised only within the shorter of the exercise period remaining under the applicable award agreement or the three years after the Participant's death. In the case of an exercise under either of the two preceding sentences, such exercise may be made by the person or persons named in a written designation by the Participant delivered to and approved by the Committee, or if there is no such approved designation, by the executor or administrator of the Participant's estate or such other personal representative, legatee or devisee, as may be designated in the Participant's last will and testament; provided, however, that such exercise must otherwise comply with the Plan and the applicable award agreement.

(d) In the event that prior to the time that a Stock Option or Stock Appreciation Right is exercisable, a Participant voluntarily suggests and later accepts a demotion to a job involving lesser responsibilities than those of the job held by the Participant at the time of an award hereunder, the Committee in its sole discretion may revoke or modify such award as it deems appropriate under the circumstances.

(e) Notwithstanding anything in Section 10(a)-(d) above to the contrary, if a Participant resigns from employment with the Company and coincident with such resignation becomes an employee of WORLDSPAN L.P. ("WORLDSPAN"), such Participant shall be treated as though he remains in active employment with the Company with respect to Stock Options and Stock Appreciation Rights outstanding at the time of such resignation; provided, however, that, after becoming an employee of WORLDSPAN coincident with his resignation from the Company:

(i) If a Participant's employment is terminated by WORLDSPAN, or if a Participant resigns from employment with WORLDSPAN (other than if such Participant becomes an employee of the Company or a Subsidiary coincident with his resignation from WORLDSPAN), the Stock Options or Stock Appreciation Rights held by such Participant shall be forfeited unless the Committee authorizes the exercise of such Stock Options or Stock Appreciation Rights, provided that any such exercise shall be permissible only for a period of up to four (4) months following such termination or resignation and only if such exercise is otherwise permissible under the Plan and the applicable award agreement; and provided further that if a Participant resigns from WORLDSPAN and coincident with such resignation becomes an employee of the Company or a Subsidiary, such Participant shall, subject to Sections 10(a)-(d) above, be treated as in active employment with the Company.

(ii) If a Participant's employment with WORLDSPAN is terminated because of his retirement or disability under WORLDSPAN's, retirement or disability plan applicable to such Participant, such Participant shall be treated as though he remains in active employment.

(iii) If a Participant dies while employed by WORLDSPAN or while covered by
Section 10(e)(ii) above, such Participant's Stock Options or Stock Appreciation Rights may only

be exercised within one year after the Participant's death by the person or persons named in a written designation by the Participant delivered to and approved by the Committee, or if there is no such approved designation, by the executor or administrator of the Participant's estate or such other personal representative, legatee or devisee, as may be designated in the Participant's last will and testament; provided, however, that such exercise must otherwise comply with the Plan and the applicable award agreement.

(iv) If prior to the time that a Stock Option or Stock Appreciation Right is exercisable, a Participant voluntarily suggests and later accepts a demotion to a job involving lesser responsibilities than those of the job held by the Participant at the time of first becoming an employee of WORLDSPAN, the Committee in its sole discretion may revoke or modify such award as it deems appropriate under the circumstances.

SECTION 11. Amendments and Termination.

The Board may amend, alter, or discontinue the Plan, but no amendment, alteration, or discontinuation shall be made which would impair the rights of a Participant under a Stock Option, Stock Appreciation Right, Restricted Stock award, or Other Stock-Based Award theretofore granted, without the Participant's consent, or which, without the approval of the Company's stockholders, would cause the Plan not to continue to comply with Rule 16b-3 under the Exchange Act, or any successor to such Rule.

The Committee may amend the terms of any Stock Option or other award theretofore granted, including but not limited to extending the time during which awards granted prior to October 28, 1993 may be exercised to the full period of time permitted by the Plan; provided, however, that, subject to Section 3 above, no such amendment shall impair the rights of any Participant without the Participant's consent, except as provided in Section 10(d) above.

Subject to the above provisions, the Board shall have broad authority to amend the Plan to take into account changes in applicable securities and tax laws and accounting rules, as well as other developments.

SECTION 12. General Provisions.

(a) The Committee may require each person purchasing shares pursuant to a Stock Option, Stock Appreciation Right or other award under the Plan to represent to and agree with the Company in writing that such person is acquiring the shares without a view to distribution thereof. The certificates for such shares may include any legend which the Committee deems appropriate to reflect any restrictions on transfer.

All certificates for shares of Stock or other securities delivered under the Plan shall be subject to such stock-transfer orders and other restrictions as the Committee may deem advisable under the rules, regulations, and other requirements of the Securities and Exchange Commission, any stock exchange upon which the Stock is then listed, and any applicable Federal or state securities law, and the Committee may cause a legend or legends to be put on any such certificates to make appropriate references to such restrictions. Except as otherwise provided in the Plan, Participants shall have no rights as stockholders of Stock covered by an award prior to the issuance of a Stock certificate to such Participant.

(b) Nothing contained in this Plan shall prevent the Board from adopting other or additional compensation arrangements, subject to stockholder approval if such approval is required; and such arrangements may be either generally applicable or applicable only in specific cases.

(c) The adoption of the Plan shall not confer upon any employee of the Company or any Subsidiary any right to continued employment with the Company or a Subsidiary, as the case may be, nor shall it interfere in any way with the right of the Company or a Subsidiary to terminate the employment of any of its employees at any time.

(d) No later than the date as of which an amount first becomes includible in the gross income of the Participant for Federal income tax purposes with respect to any award under the Plan, the Participant shall pay to the Company, or make arrangements satisfactory to the Company regarding the payment of, any Federal, state, or local taxes of any kind required by law to be withheld with respect to such amount. Subject to the consent of the Committee and to such limitations as the Committee may impose, withholding obligations may be settled with Stock, including Stock that is part of the award that gives rise to the withholding requirement. The obligations of the Company under the Plan shall be conditioned on such payment or arrangements and the Company and its Subsidiaries shall, to the extent permitted by law, have the right to deduct any such taxes from any payment of any kind otherwise due to the Participant.

(e) The Plan and all awards made and actions taken thereunder shall be governed by and construed in accordance with the laws of the State of Georgia.

(f) Agreements with respect to awards pursuant to the Plan may contain, in addition to terms and conditions prescribed in the Plan, such other terms and conditions as the Committee may deem appropriate provided such terms and conditions are not inconsistent with the provisions of the Plan.

SECTION 13. Effective Date of Plan.

The Plan shall be effective as of January 1, 1989, subject to the approval of the Plan by the affirmative votes of the holders of a majority of the Stock present and entitled to vote at the 1988 annual meeting of stockholders. Any grants made under the Plan prior to such approval shall be effective when made (unless otherwise specified by the Committee at the time of grant), but shall be conditioned on, and subject to, such approval of the Plan by such stockholders.

SECTION 14. Term of Plan.

No Stock Option, Stock Appreciation Right, Restricted Stock award or Other Stock-Based Award shall be granted pursuant to the Plan on or after the tenth anniversary of the effective date of the Plan, but awards granted prior to such tenth anniversary may extend beyond that date.

NOTE: The foregoing is the original 1989 Stock Incentive Plan as adopted by Delta Air Lines' Board of Directors on July 28, 1988, for effectiveness on January 1, 1989, and as amended April 26, 1990, January 24, 1991, July 22, 1993, and October 28, 1993.

Mary E. Raines Corporate Secretary

EXHIBIT 10.11

Delta Air Lines, Inc.
Executive Deferred Compensation Plan

Article 1. Establishment and Purposes

1.1 Establishment. Delta Air Lines, Inc., a Delaware corporation (the "Company"), hereby establishes, effective as of July 1, 1994, a deferred compensation plan for key employees as described herein, which shall be known as the "Delta Air Lines, Inc. Executive Deferred Compensation Plan" (the "Plan").

1.2 Purpose. The purpose of the Plan is to provide certain key employees of the Company with the opportunity to voluntarily defer a portion of their compensation, subject to the terms of the Plan. By adopting the plan, the Company desires to enhance its ability to attract and retain employees of outstanding competence.

Article 2. Definitions

Whenever used herein, the following terms shall have the meanings set forth below, and, when the defined meaning is intended, the term is capitalized:

(a) "Board" or "Board of Directors" means the Board of Directors of the Company.

(b) "Bonus" means any incentive award based on an assessment of performance, payable by the Company to a Participant with respect to the Participant's services during a Year, and shall be deemed earned only upon award by the Company. For purposes of the Plan, "Bonus" shall not include incentive awards which relate to a period exceeding one (1) Year.

(c) "Change in Control" shall be deemed to have occurred:

(i) Fifteen (15) days after a public announcement that any person (as that term is used in Section 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended), without prior approval of the Board, has acquired, either directly or indirectly, beneficial ownership of securities representing twenty percent (20%) or more of the total votes that could be cast by the holders of all the Company's outstanding securities entitled to vote in elections of Directors; or

(ii) When individuals constituting the Board as of the Effective Date (or the successors of such individuals nominated by a Board of Directors on which such individuals or such successors constituted a majority) cease to constitute a majority of the Board of Directors.

(d) "Code" means the Internal Revenue Code of 1986, as amended.

(e) "Committee" means a committee of two (2) or more individuals, appointed by the Board to administer the Plan, pursuant to Article 3.

(f) "Company" means Delta Air Lines, Inc., a Delaware corporation (including any and all Subsidiaries), and any successor thereto.

(g) "Compensation" means the gross Salary, Bonus, Long-Term Awards, and other payments eligible for deferral under the Plan, which are payable to a Participant with respect to services performed during a Year.

(h) "Disability" means a disability which would qualify the Participant for Long-Term Disability benefits as defined in Section 4.03 of the Delta Family-Care Disability and Survivorship Plan, as may be amended from time to time.

(i) "Effective Date" means the date the Plan becomes effective, as set forth in Section 1.1 herein.

(j) "Employee" means a full-time, salaried employee of the Company.

(k) "ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time, or any successor Act thereto.

(l) "Long-Term Award" means any cash award (other than cash payment in connection with any stock option or stock appreciation right awards under the 1989 Stock Incentive Plan) payable to a Participant pursuant to a Company program which establishes incentive award opportunities which are contingent upon performance which is measured over periods greater than one (1) Year.

(m) "Participant" means an Employee who is actively participating in the Plan.

(n) "Plan" means the Delta Air Lines, Inc. Executive Deferred Compensation Plan.

(o) "Salary" means all regular, basic wages, before reduction for amounts deferred pursuant to the Plan or any other plan of the Company, payable in cash to a Participant for services to be rendered during the Year, exclusive of any Bonus, Long-Term Awards, other special fees, awards, or incentive compensation, allowances, or amounts designated by the Company as payment toward or reimbursement of expenses.

(p) "Subsidiary" means any corporation (other than the Company) in which the Company or a Subsidiary of the Company owns fifty percent (50%) or more of the total combined voting power of all classes of stock.

(q) "Year" means the fiscal year of the Company.

Article 3. Administration

3.1 Authority of the Committee. The Plan shall initially be administered by the Personnel, Compensation and Nominating Committee of the Board. Subject to the terms of this Plan, the Board may appoint a successor Committee to administer the Plan. The members of the Committee shall be appointed by, must be members of, and shall serve at the discretion of the Board.

Subject to the provisions herein, the Committee shall have the exclusive discretion to select Employees for participation in the Plan; to determine the terms and conditions of each Employee's participation in the Plan; to construe and interpret the Plan and any agreement or instrument entered into under the Plan; to establish, amend, or waive rules and regulations for the Plan's administration; to amend (subject to the provisions of Article 9 herein) the terms and conditions of the Plan and any agreement entered into under the Plan; and to make other determinations which may be necessary or advisable for the administration of the Plan. Subject to the terms of the Plan, the Committee may delegate any or all of its authority granted under the Plan to an executive or executives of the Company.

3.2 Claims Procedure. If a request for benefits by a Participant or beneficiary is wholly or partially denied, the Committee will provide such claimant written notice setting forth the denial. A review procedure is available upon written request by the claimant to the Committee within 90 days after the date of the Committee's written notice of the denial of the claim, and includes the right to examine pertinent documents and submit issues and comments in writing to the Committee. The decision on review will be made within 90 days after receipt of the request for review, unless circumstances warrant an extension of time not to exceed an additional 90 days, and shall be in writing. If a decision on review is not made within such period, the Participant's claim shall be deemed denied.

3.3 Decisions Binding. All determinations and decisions of the Committee as to any disputed question arising under the Plan, including questions of construction and interpretation, shall be final, conclusive, and binding on all parties.

Article 4. Eligibility and Participation

4.1 Eligibility. Employees eligible to participate in the Plan include key policy-makers and decision-makers of the Company, as selected by the Committee, at its sole discretion. It is the intent of the Company to extend eligibility only to those executives who comprise a select group of management or highly compensated employees, such that the Plan will qualify for treatment as a "Top Hat" plan under ERISA.

In the event a Participant no longer meets the requirements for participation in the Plan, such Participant shall become an inactive Participant, retaining all the rights described under the

Plan, except the right to make any further deferrals, until such time that the Participant again becomes an active Participant.

4.2 Participation. Participation in the Plan shall be determined annually by the Committee based upon the criteria set forth in Section 4.1 herein. Employees who are chosen to participate in the Plan in any given Year shall be so notified in writing.

4.3 Partial Year Eligibility. In the event that an Employee first becomes eligible to participate in the Plan during a Year, such Employee shall, within thirty (30) calendar days of becoming eligible, be notified by the Company of his or her eligibility to participate, and the Company shall provide each such Employee with an "Election to Defer Form," which must be completed by the Employee as provided in Section 5.2 herein; provided, however, that such Employee may only make an election to defer with respect to that portion of his or her Compensation for such Year which is to be earned after the filing of the deferral election.

4.4 No Right to Participate. No Employee shall have the right to be selected as a Participant, or, having been so selected for any given Year, to be selected again as a Participant for any other Year.

Article 5. Deferral Opportunity

5.1 Amount Which May Be Deferred. A Participant may elect to defer up to one hundred percent (100%) of eligible components of Compensation, including but not limited to Salary, Bonus, and Long-Term Awards, in any Year; provided, however, that the Committee shall have sole discretion to designate which components of Compensation are eligible for deferral elections under the Plan in any given Year. The minimum amount of any single eligible component of Compensation which may be deferred in any Year is the lesser of ten percent (10%) of such component and ten thousand dollars ($10,000). In addition, an election to defer Compensation in any Year shall be expressed by each Participant in minimum increments of either ten percent (10%) of the applicable component of Compensation or ten thousand dollars ($10,000).

5.2 Deferral Election. Participants shall make their elections to defer Compensation under the Plan at least thirty (30) calendar days prior to the beginning of each Year, or not later than thirty (30) calendar days following notification of eligibility to participate for a partial Year. All deferral elections shall be irrevocable, and shall be made on an "Election to Defer Form," as described herein. Notwithstanding the foregoing, Participants shall make their elections to defer Salary under the Plan at least thirty (30) calendar days prior to the beginning of each calendar year for which the Salary is payable, or not later than thirty (30) calendar days following notification of eligibility to participate for a partial calendar year.

Participants shall make the following irrevocable elections on each "Election to Defer Form":

(a) The amount to be deferred with respect to each eligible component of Compensation for the Year;

(b) The length of the deferral period with respect to each eligible component of Compensation, pursuant to the terms of Section 5.3 herein; and

(c) The form of payment to be made to the Participant at the end of the deferral period (s), pursuant to the terms of Section 5.4 herein.

Notwithstanding the amounts requested to be deferred pursuant to Subparagraph (a) above, the limits on deferrals set forth in Section 5.1 herein shall apply to the requested deferrals each Year.

5.3 Length of Deferral. The deferral periods elected by each Participant with respect to deferrals of Compensation for any Year shall be at least equal to one (1) year following the end of the Year in which the Compensation is earned, and shall be no greater than ten (10) years following such date. However, notwithstanding the deferral periods elected by a Participant, payment of deferred amounts and accumulated interest thereon shall be made to the Participant in a single lump sum in the event the Participant's employment with the Company is terminated by reason of death or Disability at any time prior to full payment of deferred amounts and interest thereon. Such payment following employment termination shall be made in cash, within thirty (30) calendar days after the termination of the Participant's employment.

5.4 Payment of Deferred Amounts. Subject to the provisions of Section 5.5, 5.6 and Article 9 of the Plan, Participants shall be entitled to elect to receive payment of deferred amounts, together with interest earned thereon, at the end of the deferral period in a single lump-sum cash payment, by means of installments, or in such other format approved by the Committee. Such elections shall be made within the same time periods as required in Section 5.2 of the Plan.

(a) Lump-Sum Payment. Such payment shall be made in cash within sixty
(60) calendar days of the date specified by the Participant as the date for payment of deferred Compensation, as described in Sections 5.2 and 5.3 herein.

(b) Installment Payments. Participants may elect payout in installments, with a minimum number of installments of two (2), and a maximum of fifteen (15). The initial payment shall be made in cash within sixty
(60) calendar days after the commencement date selected by the Participant pursuant to Sections 5.2 and 5.3 herein. The remaining installment payments shall be made in cash each year thereafter, until the Participant's entire deferred compensation account has been paid. Interest shall accrue on the deferred amounts in the Participant's deferred compensation account, as provided in Section 6.2 of this Plan. The amount of each installment payment shall be equal to the balance remaining in the Participant's deferred compensation account immediately prior to each such payment, multiplied by a fraction, the numerator of which is one (1), and the denominator of which is the number of installment payments remaining.

In the event a Participant's employment with the Company is terminated by reason of death or Disability at a time when there is a balance in the Participant's deferred compensation account, the entire balance shall be paid out to the Participant, as set forth in Section 5.3 herein.

(c) Alternative Payment Schedule. A participant may submit an alternate payment schedule to the Committee for approval; provided, however, that no such alternate payment schedule shall be permitted unless approved by the Committee.

5.5 Financial Hardship. The Committee shall have the authority to alter the timing or manner of payment of deferred amounts in the event that the Participant establishes, to the satisfaction of the Committee, severe financial hardship. In such event, the Committee may, in its sole discretion:

(a) Authorize the cessation of deferrals by such Participant under the Plan; or

(b) Provide that all, or a portion, of the amount previously deferred by the Participant shall immediately be paid in a lump-sum cash payment; or

(c) Provide that all, or a portion, of the installments payable over a period of time shall immediately be paid in a lump-sum cash payment; or

(d) Provide for such other installment payment schedule as deemed appropriate by the Committee under the circumstances.

For purposes of this Section 5.5, "severe financial hardship" shall mean any financial hardship resulting from extraordinary and unforeseeable circumstances arising as a result of one or more recent events beyond the control of the Participant. In any event, payment may not be made to the extent such emergency is or may be relieved: (i) through reimbursement or compensation by insurance or otherwise; (ii) by liquidation of the Participant's assets, to the extent the liquidation of such assets would not itself cause severe financial hardship; and (iii) by cessation of deferrals under the Plan.

Withdrawals of amounts because of a severe financial hardship may only be permitted to the extent reasonably necessary to satisfy the hardship. Examples of what are not considered to be severe financial hardships include the need to send a Participant's child to college or the desire to purchase a home. The Participant's account will be credited with earnings in accordance with the Plan up to the date of distribution.

The severity of the financial hardship shall be judged by the Committee. The Committee's decision with respect to the severity of financial hardship and the manner in which, if at all, the Participant's future deferral opportunities shall be ceased, and/or the manner in which, if at all the payment of deferred amounts to the Participant shall be altered or modified, shall be final, conclusive, and not subject to appeal.

5.6 Change in Control. Notwithstanding any provision contained in the Plan, in the event of a Change in Control, in its sole discretion, the Committee may direct that all Participants shall be entitled to an immediate lump sum payment of their deferred amounts, together with interest earned thereon.

Article 6. Deferred Compensation Accounts

6.1 Participants' Accounts. The Company shall establish and maintain an individual bookkeeping account for deferrals made by each Participant under Article 5 herein. Each account shall be credited as of the date the amount deferred otherwise would have become due and payable to the Participant.

6.2 Interest on Deferred Amounts. Compensation deferred under Article 5 shall accrue interest on a quarterly basis at a rate equal to the rate elected by the participant from among the alternatives offered by the Company upon deferral. Each Participant's deferred compensation account shall be credited on the last day of each calendar quarter, with interest computed on the average balance in the account during such quarter.

Interest earned on deferred amounts shall be paid out to Participants at the same time and in the same manner as the underlying deferred amounts.

6.3 Charges Against Accounts. There shall be charged against each Participant's deferred compensation account any payments made to the Participant or to his or her beneficiary.

6.4 Designation of Beneficiary. Each Participant may designate a beneficiary or beneficiaries (who may be named contingently or successively) who, upon the Participant's death, will receive the amounts that otherwise would have been paid to the Participant under the Plan. All designations shall be signed by the Participant, and shall be in such form as prescribed by the Committee. Each designation shall be effective as of the date received by to the Corporate Secretary of the Company from the Participant.

Participants may change their designations of beneficiary on such form as prescribed by the Committee. The payment of amounts deferred under the Plan shall be in accordance with the last unrevoked written designation of beneficiary that has been signed by the Participant and delivered by the Participant to the Secretary of the Company prior to the Participant's death.

In the event that all the beneficiaries named by a Participant pursuant to this Section 6.4 predecease the Participant, the deferred amounts that would have been paid to the Participant or the Participant's beneficiaries shall be paid to the Participant's estate.

In the event a Participant does not designate a beneficiary, or for any reason such designation is ineffective, in whole or in part, the amounts that otherwise would have been paid to the Participant or the Participant's beneficiaries under the Plan shall be paid to the Participant's estate.

Article 7. Rights of Participants

7.1 Contractual Obligation. The Plan shall create a contractual obligation on the part of the Company to make payments from the Participants' accounts when due. Payment of account balances shall be made out of the general funds of the Company.

7.2 Unsecured Interest. No Participant or party claiming an interest in deferred amounts or contributions under a Participant shall have any interest whatsoever in any specific asset of the Company. To the extent that any party acquires a right to receive payments under the Plan, such right shall be equivalent to that of an unsecured general creditor of the Company.

The Company may establish one or more trusts, with such trustee as the Committee may approve, for the purpose of providing for the payment of deferred amounts and/or contributions. Any such trust created by the Company will conform to the terms of the model trust as contained in the most current revenue procedure and related releases. Such trust or trusts may be irrevocable, but the assets thereof shall be subject to the claims of the Company's general creditors. To the extent any deferred amounts or contributions under the Plan are actually paid from any such trust, the Company shall have no further obligation with respect thereto, but to the extent not so paid, such deferred amounts and contributions shall remain the obligation of, and shall be paid by, the Company.

7.3 Employment. Nothing in the Plan shall interfere with nor limit in any way the right of the Company to terminate any Participant's employment at any time, nor confer upon any Participant any right to continue in the employ of the Company.

Article 8. Withholding of Taxes

The Company shall withhold from an employee's regular compensation from the Company an amount sufficient to satisfy foreign, Federal, state, and local income or other withholding tax requirements with regard to amounts deferred under the Plan. However, the Company reserves the right to institute alternative methods for satisfying the applicable income and withholding tax requirements.

Article 9. Amendment and Termination

The Company hereby reserves the right to amend, modify, or terminate the Plan at any time by action of the Committee. Except as described below in this Article 9, no such amendment or termination shall in any material manner adversely affect any Participant's rights to deferred amounts, contributions, or interest earned thereon, without the consent of the Participant.

The Plan is intended to be an unfunded plan maintained primarily to provide deferred compensation benefits for a select group of "management or highly compensated employees" within the meaning of Sections 201, 301, and 401 of ERISA, and therefore to be exempt from the provisions of Parts 2, 3, and 4 of Title I of ERISA. Accordingly, the Board may terminate the

Plan and commence termination payout for all or certain Participants, or remove certain employees as Participants, if it is determined by the United States Department of Labor or a court of competent jurisdiction that the Plan constitutes an employee pension benefit plan within the meaning of Section 3(2) of ERISA which is not so exempt. If payout is commenced pursuant to the operation of this Article 9, the payment of such amounts shall be made in a lump sum regardless of the manner selected by each Participant under Section 5.4 herein as applicable.

Article 10. Miscellaneous

10.1 Notice. Any notice or filing required or permitted to be given to the Company under the Plan shall be sufficient if in writing and hand delivered, or sent by registered or certified mail to the Corporate Secretary of the Company. Notice to the Corporate Secretary of the Company, if mailed, shall be addressed to the principal executive offices of the Company Notice mailed to a Participant shall be at such address as is given in the records of the Company. Notices shall be deemed given as of the date of delivery or, if delivery is made by mail, as of the date shown on the postmark on the receipt for registration or certification.

10.2 Nontransferability. Participants' rights to deferred amounts, contributions, and interest earned thereon under the Plan may not be sold, transferred, assigned, or otherwise alienated or hypothecated, other than by will or by the laws of descent and distribution. In no event shall the Company make any payment under the Plan to any assignee or creditor of a Participant.

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

10.4 Gender and Number. Except where otherwise indicated by the context, any masculine term used herein also shall include the feminine; the plural shall include the singular, and the singular shall include the plural.

10.5 Costs of the Plan. All costs of implementing and administering the Plan shall be borne by the Company.

10.6 Applicable Law. The Plan shall be construed and enforced in accordance with the provisions of ERISA. In the event that ERISA is not applicable or does not preempt State law, the laws of the state of Georgia shall govern.

10.7 Successors. All obligations of the Company under the Plan shall be binding on any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation, or otherwise, of all or substantially all of the business and/or assets of the Company.

DELTA AIR LINES, INC.

STATEMENT REGARDING COMPUTATION OF PER SHARE EARNINGS
FOR YEARS ENDED JUNE 30, 1992, 1993, AND 1994

EXHIBIT 11

(In millions except per share amounts)

	1992	1993	1994
PRIMARY:			
Weighted average shares outstanding	49	50	50
Additional shares assuming exercise of stock options	*	*	*
Average shares outstanding as adjusted	49	50	50
Income (loss) before cumulative effect of changes in accounting principles	$ (506)	$ (415)	$ (409)
Preferred dividends series C	-	(80)	(80)
Preferred dividends series B	(19)	(30)	(30)
Income (loss) before cumulative effect of changes in accounting principles attributable to primary shares	(525)	(525)	(519)
Cumulative effect of changes in accounting principles	-	(587)	-
Net income (loss) attributable to primary shares	$ (525)	$ (1,112)	$ (519)
Primary earnings (loss) per share before cumulative effect of changes in accounting principles	$ (10.60)	$ (10.54)	$ (10.32)
Cumulative effect of changes in accounting principles	-	(11.78)	-
Primary earnings (loss) per share	$ (10.60)	$ (22.32)	$ (10.32)
FULLY DILUTED:			
Weighted average shares outstanding	49	50	50
Additional shares assuming:			
Conversion of series C convertible preferred stock	-	17	17
Conversion of series B ESOP convertible preferred stock	6	6	7
Conversion of 3.23% convertible subordinated notes	-	-	10
Exercise of stock options	*	*	*
Average shares outstanding as adjusted	55	73	84
Income (loss) before cumulative effect of changes in accounting principles	$ (506)	$ (415)	$ (409)
Interest on 3.23% convertible subordinated notes net of taxes	-	-	32
Additional required ESOP contribution assuming conversion of series B ESOP convertible preferred stock	(14)	(16)	(18)
Income (loss) before cumulative effect of changes in accounting principles	(520)	(431)	(395)
Cumulative effect of changes in accounting principles	-	(587)	-
Net income (loss) attributable to fully diluted common shares	$ (520)	$ (1,018)	$ (395)
Fully diluted earnings (loss) per common share before cumulative effect of changes in accounting principles	$ (9.39)	$ (5.86)	$ (4.72)
Cumulative effect of changes in accounting principles	-	(7.99)	-
Fully diluted earnings (loss) common share	$ (9.39)	$ (13.85)	$ (4.72)

*Antidilutive

DELTA AIR LINES, INC. EXHIBIT 12

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

	Years Ended June 30,				
	1990	1991	1992	1993	1994
Earnings (before cumulative effect of accounting changes):					
Net income (loss)	$ 303	$ (324)	$ (506)	$ (415)	$ (409)
Add (deduct):					
Income tax (credit) provision	187	(163)	(271)	(233)	(250)
Fixed charges	272	402	569	615	688
Interest capitalized	(57)	(65)	(70)	(62)	(33)
Interest offset on Guaranteed Serial ESOP Notes	(7)	(16)	(15)	(15)	(14)
Earnings (loss) as adjusted	$ 698	$ (166)	$ (293)	$ (110)	$ (18)
Fixed charges:					
Interest expense	$ 84	$ 162	$ 221	$ 239	$ 304
1/3 of rentals	181	224	333	361	370
Additional interest on Guaranteed Serial ESOP Notes	7	16	15	15	14
Total fixed charges	$ 272	$ 402	$ 569	$ 615	$ 688
Ratio of earnings to fixed charges	2.57	-	-	-	-

Earnings for the fiscal years ended June 30, 1991, 1992, 1993, and 1994 were inadequate to cover fixed charges.

Additional earnings of $568 million for the fiscal year ended June 30, 1991, of $862 million for the fiscal year ended June 30, 1992, of $725 million for the fiscal year ended June 30, 1993 and of $706 million for the fiscal year ended

June 30, 1994, would have been necessary to bring the ratio to 1.0.

EXHIBIT 13

THE YEAR IN REVIEW

September 1993 Quarter

*Delta Chairman Ron Allen supports the findings of the National Commission to Ensure a Strong and Competitive Airline Industry. Allen urges Congress and the Executive Branch to quickly implement the Commission's recommendations to ease tax and regulatory burdens on the airline industry and to develop a new aviation trade policy.

*Delta offers an early retirement program to personnel in selected departments of the Company to align staffing levels with business needs and reduce costs.

*For the second consecutive year, Delta is honored as the recipient of the ASTA Agency Management Magazine Rex Award for U.S. domestic airlines, recognizing Delta for providing the best programs and policies for travel agents.

*Delta reports September 1993 quarter net income of $60 million and operating income of $121 million.

December 1993 Quarter

*Delta introduces "Rapid Redemption," the industry's first program allowing Frequent Flyers to instantly redeem mileage for free tickets or upgrades.

*Delta reaches understandings with aircraft manufacturers to defer delivery of 37 aircraft on firm order that were scheduled for delivery in fiscal 1995 and 1996. These deferrals reduce aircraft capital spending by approximately $1 billion through fiscal 1996.

*Delta strengthens its transatlantic operations, announcing a rework of its New York-Kennedy flight complex, including a restructuring of up to one-third of its transatlantic routes.

*Delta reports a $71 million net loss for the December 1993 quarter, excluding a $112 million pretax restructuring charge related to the early retirement program discussed above. Operating loss, excluding the charge, was $68 million.

March 1994 Quarter

*Delta announces additional steps to strengthen transatlantic operations, including route reductions, code-sharing arrangements and increased domestic connecting flights to international departures at New York-Kennedy.

*Ron Allen proposes an international aviation strategy to promote fair and equal access to an increasingly competitive global marketplace.

*Delta reports a $78 million net loss and $67 million operating loss for the March 1994 quarter.

June 1994 Quarter

*Delta unveils SKYMILES,(TM) a revised frequent flyer program that lowers redemption levels and permits the transfer of awards.

*Delta forms Business Travel Advisory Councils, comprised of business travelers, to promote effective communications between Delta and its business customers.

*Delta announces "Leadership 7.5," a three-year program designed to reduce the Company's annual operating costs by approximately $2 billion by the end of the June 1997 quarter. The program, which includes an anticipated reduction of 12,000 to 15,000 jobs, addresses the Company's plans for operating profitably in a low-fare industry environment.

*Delta announces suspension of service in four transatlantic markets and plans to phase-out its Airbus A310 fleet.

*Delta reports June 1994 quarter net income of $11 million, excluding a $414 million restructuring charge related to Leadership 7.5. Operating income, excluding the charge, was $93 million.

Description Of Business

Delta Air Lines, Inc., has been engaged in the air transportation business since 1929. Based on calendar 1993 data, Delta is the third largest

U.S. airline as measured by operating revenues and revenue passenger miles flown, and the largest U.S. airline as measured by passengers enplaned.

The Company provides scheduled air transportation over an extensive route network. At September 12, 1994, Delta served 153 domestic cities in 43 states, the District of Columbia, Puerto Rico, and the U.S. Virgin Islands, and 57 cities in 32 foreign countries. Service over most of Delta's routes is highly competitive. In addition to scheduled passenger service, Delta also provides air freight, mail and other related aviation services.

Delta is incorporated under the laws of the State of Delaware and is subject to government regulation under the Federal Aviation Act of 1958, as amended, as well as many other federal, state and foreign laws and regulations.
[Inside Front Cover]

OPERATIONAL REVIEW

"Leadership 7.5 is the most difficult task ever faced by this Company, but I firmly believe the Delta people are up to the challenge."

Leadership 7.5

The emergence of low-cost, low-fare carriers is causing many traditional airlines, including Delta, to reexamine their domestic operations. The industry is faced with a growing number of deeply discounted fares and is experiencing a shift in customers' perceptions of value, largely brought on by the prevalence of lower fares in the market.

As low-cost, low-fare carriers enter new domestic markets, passenger mile yields quickly decline, most often at a faster pace than traffic is stimulated. By the end of fiscal 1994, approximately 57% of Delta's domestic origin and destination revenue passenger miles were in markets also served by low-cost, low-fare carriers. Consequently, as fiscal 1994 progressed, the Company's domestic passenger mile yield weakened from the previous year.

Leadership 7.5 Targets
Operating Cost/ASM
In cents
(Graphic material omitted)

June Quarters	Operating Cost/ASM
1995	8.6
1996	8.0
1997	7.5

In November 1993, Delta began a comprehensive study of its domestic operations, with the goal of developing a strategy for competing profitably in a low-fare environment. The study addressed the challenges brought on by low-cost, low-fare carriers: achieving permanent cost reductions to compete profitably at low-fare levels, increasing productivity and utilization of assets, and adjusting service to appropriate levels.

As a result of the study, on April 28, 1994, Delta announced "Leadership 7.5," a three-year plan with the goal of reducing annual operating expenses by approximately $2 billion by the end of the June 1997 quarter. The $2 billion cost reduction would lower the Company's system operating cost per available seat mile (unit cost) to approximately 7.5 cents by the June 1997 quarter. Delta has established interim unit cost goals of 8.6 cents by the June 1995 quarter and 8.0 cents by the June 1996 quarter. These unit cost goals reflect the phase- in of the approximately $2 billion in targeted cost savings, exclude restructuring and other nonrecurring charges, and assume other costs and operating capacity remain at calendar 1993 levels. To the extent that other costs increase, the Company will seek additional cost reductions to achieve its goals.

Delta considered, but rejected, creating a separate low-fare airline to compete on high-density routes in favor of a more comprehensive effort to substantially reduce costs and improve productivity throughout its system. However, in the event Delta is not able to reach its cost reduction goal, the Company is exploring an alternate business plan to provide service in certain markets through a joint venture with one or more third parties.

The Leadership 7.5 program includes planned workforce reductions of 12,000 to 15,000 jobs. The Company is offering voluntary early retirement incentives, leaves of absence and severance programs, but furloughs of personnel will also be necessary to achieve these reductions.

Delta has established 11 internal teams to develop plans to reach its Leadership 7.5 cost reduction goals.

Leadership 7.5 Teams

Team	Cost Reduction Target (Millions)
Marketing	$ 400
Flying Operations	320-340
On-Board Services	310
Personnel	200-300
Technical Support	175-280
Airport Operations	175-250
Administrative Support	150
Other Flying Operations	50-80
Fleet and Network Reconfiguration	25-150
Product/Service	*
Joint Venture	*
Total	$1,805-2,260

*Support Team; no savings target

The teams are scheduled to finalize their plans by September 15, 1994. However, a number of cost reduction initiatives have already begun. Actions expected to result in over $500 million in annual cost savings have been implemented or are scheduled for implementation, including:

*Outsourcing of certain non-passenger contact functions and changes in staffing formulas in Airport Customer Service, resulting in the reduction of 4,500 full-time jobs.

*Reengineering of processes in Technical Operations, resulting in the elimination of 2,500 jobs as well as reductions in inventory levels.

*Adjusting service levels on certain flights and improving flight attendant productivity through staffing changes.

*Beginning a point-of-service employee medical plan.

*Implementing the planned phase-out of the Airbus A310 fleet.

The support and participation of the Air Line Pilots Association (ALPA), which represents Delta pilots, is critical to the success of Leadership 7.5. The Company is seeking $320-340 million in annual productivity improvements and wage and benefit reductions from ALPA in connection with contract negotiations expected to commence in November 1994. The contract becomes amendable in January 1995.

Delta's cost reduction and unit cost goals are aggressive, and no assurance can be given that Delta will achieve these goals.

"We also made progress in fiscal 1994 on the very serious need to make our transatlantic routes profitable."

International Operations

Transatlantic operating results, while unprofitable, improved significantly from the previous year. Transatlantic revenue continued to be negatively affected by weak economies in much of Europe and by discount fares in most of the markets Delta serves. In addition, many of the costs associated with international operations continued to escalate. Because of these factors, Delta initiated a detailed analysis of its transatlantic operations to improve performance on these routes.

During fiscal 1994, Delta improved the efficiency of its New York-Kennedy operation by adding domestic flights and reducing connecting times to international flight departures. In addition, the Company began code-sharing agreements with Sabena between New York-Kennedy and Brussels, with Malev Hungarian Airlines between New York-Kennedy and Budapest, and with Austrian Airlines between New York-Kennedy and Vienna.

Delta also announced a code-sharing agreement with Virgin Atlantic Airways on its flights from Los Angeles, Miami, New York-Kennedy, Newark and San Francisco to London-Heathrow airport, and from Boston and Orlando to London- Gatwick airport. The agreement is subject to U.S. Department of Transportation approval.

Other transatlantic route reconfiguration activities included discontinuation of service in several unprofitable markets. During fiscal 1994, Delta cancelled service from San Francisco to Frankfurt and announced the suspension of service, effective September 1994, from Cincinnati to Munich, Miami to London, and New York-Kennedy to Oslo and Stockholm.

Delta also implemented a number of initiatives to strengthen customer service, sales and marketing efforts. These initiatives include development of specific sales performance targets, a marketing plan to target key accounts, and an enhanced automation system. In addition, the Company implemented operational initiatives to reduce costs or increase productivity, including outsourcing in- flight duty-free services, closing the Frankfurt distribution center, rebidding European catering contracts, insourcing ground handling services at New York- Kennedy and increasing self-handling of ground services at Frankfurt.

Delta expects future transatlantic financial results to improve through further actions resulting from the transatlantic study, additional schedule changes to adjust for seasonal demand, and continued emphasis on revenue enhancement and cost reduction.

"Part of our international strategy is to use code-sharing with other quality air carriers to support Delta's international service."

Bilateral Agreements and Code-Sharing

Delta's ability to provide certain international service is governed by bilateral agreements between the United States and the foreign countries involved. Recent financial hardships experienced by the industry have led a number of foreign governments to seek amended bilateral agreements restricting the operational flexibility of U.S. carriers.

Delta continues to advocate bilateral agreements that allow foreign carriers open access into and beyond the U.S. in exchange for similar rights for U.S. carriers abroad. However, with protectionist sentiment running high in a number of countries, U.S. Government negotiators have been forced to accept operating restrictions in order to avoid renunciations of existing bilateral agreements. Delta will continue to advocate a more open, market-oriented operating environment.

A key factor affecting a number of U.S.-foreign country bilateral relations is the practice of code-sharing. Code-sharing is the application of one airline's code on another carrier's flight. In a blocked-space, code-sharing agreement, the non-operating carrier purchases seats from the operating carrier, and each carrier separately markets its respective seats on the flight. Both carriers must have underlying route authority. Code-sharing enables airlines to use their resources efficiently, provides passengers with a convenient means of travel to an increased range of destinations and enhances competition.

As Delta allocates its resources to markets with the most profit potential, the Company is increasing its use of code-sharing to gain or maintain access to international markets. Delta's goal is to serve its customers while increasing efficiency and expanding market presence by developing a network of mutually beneficial code-sharing alliances.

During fiscal 1994, Delta began a number of code-sharing arrangements, including the transatlantic agreements previously discussed. In addition, the Company began a code-sharing arrangement with Varig Brazilian Airlines on its

flights from Atlanta, Los Angeles, Miami and New York-Kennedy to Rio de Janeiro and Sao Paulo; and announced a code-sharing agreement with Aeromexico on its flights from Dallas/Ft. Worth to Mexico City, on Delta flights from Atlanta to Monterrey, and on both carriers' flights from Atlanta to Mexico City beginning September 1994.

Delta will continue to seek code-sharing alliances with quality international airlines as a cost-effective means of expanding its global presence.

"We continued to simplify our fleet and refine our fleet plan."

Aircraft Fleet

During fiscal 1994, Delta made revisions to its aircraft fleet and fleet plan to strengthen its financial position, and to continue a fleet simplification program begun in fiscal 1992.

Aircraft Fleet At June 30, 1994

Type of Aircraft	Average Age of Aircraft Type (Years)	Owned	Leased	Total
A310-200	9.5	3	1	4
A310-300	0.7	--	9	9
B-727-200	17.2	106	32	138
B-737-200	9.8	1	57	58
B-737-300	7.4	2	13	15
B-757-200	5.5	43	41	84
B-767-200	11.1	15	--	15
B-767-300	5.1	2	24	26
B-767-300ER	2.7	7	7	14
L-1011-1	17.3	32	--	32
L-1011-200	16.0	1	--	1
L-1011-250	11.7	6	--	6
L-1011-500	13.4	17	--	17
MD-11	1.4	4	7	11
MD-88	4.0	63	57	120
Total	9.6	302	248	550

During fiscal 1994, Delta accepted delivery of 19 new aircraft, including 8 A310-300 aircraft, 2 B-737-300 aircraft, 1 B-767-300 aircraft, 4 MD-11 aircraft and 4 MD-88 aircraft.

Also during fiscal 1994, Delta returned to lessors 3 A310-200 aircraft, 14 A310-300 aircraft, 11 B-727-200 aircraft and 2 MD-11 aircraft, and sold 3 B-737-300 aircraft. These aircraft retirements were part of Delta's continuing fleet simplification program. Delta also announced plans to phase out its entire A310 fleet by the end of calendar 1995. Delta intends to continue its fleet simplification program as part of the Leadership 7.5 program.

Consistent with Delta's efforts to strengthen its financial position, the Company continued to reduce capital spending plans during fiscal 1994 by deferring delivery of 37 aircraft on firm order that were scheduled for delivery in fiscal 1995 and 1996, to fiscal years after fiscal 1996. These deferrals reduced previously planned aircraft capital expenditures by approximately $1 billion through fiscal 1996. As a result of these deferrals and changes to the fleet plan announced in fiscal 1993 and 1992, Delta will take delivery of only eight aircraft in each of the next two fiscal years.

In spite of reductions in new aircraft deliveries, Delta maintains one of the youngest aircraft fleets of the major U.S. airlines. At June 30, 1994, the average age of Delta's fleet was 9.6 years. The Company expects the average age of the fleet will increase modestly over the next several years.

Aircraft Delivery Schedule Aircraft on Firm Order at July 31, 1994

	Delivery in Year Ending June 30:						
Orders:	1995	1996	1997	1998	1999	After 1999	Total
B-737-300..............	--	--	6	6	5	35	52
B-757-200..............	1	1	2	2	--	--	6
B-767-300..............	1	1	--	--	--	--	2
B-767-300ER............	--	1	4	--	--	--	5
MD-11..................	--	--	2	2	--	--	4
MD-90..................	6	5	16	20	8	--	55

Total..............	8	8	30	30	13	35	124

The aircraft orders include 22 B-737-300 aircraft and 24 MD-90 aircraft scheduled for delivery after fiscal 2001 and fiscal 1996, respectively, that are subject to reconfirmation by Delta. In addition, the B-737-300 aircraft orders may be converted to B-737-400 or B-737-500 aircraft orders at Delta's election, and 4 B-767-300ER aircraft orders may be converted to B-767-300 aircraft orders, also at Delta's election.

Delta's aircraft on option provide the Company with the flexibility to adjust aircraft deliveries. During fiscal 1994, Delta allowed 19 aircraft options to expire.

Aircraft Delivery Schedule Aircraft on Option at July 31, 1994

	Delivery in Year Ending June 30:						
Options:	1995	1996	1997	1998	1999	After 1999	Total
B-737-300..............	--	--	--	2	6	48	56
B-757-200..............	--	--	1	3	5	28	37
B-767-300ER............	--	--	1	5	4	--	10
MD-11..................	--	--	5	5	5	12	27
MD-88..................	--	--	15	15	15	--	45
MD-90..................	--	--	--	--	9	41	50
Total	--	--	22	30	44	129	225

The MD-88 aircraft options may be converted to MD-90 aircraft orders, the B-737-300 aircraft options may be converted to B-737-400 or B-737-500 aircraft orders, and the B-767-300ER aircraft options may be converted to B-767-300 aircraft orders, all at Delta's election.

FINANCIAL REVIEW

Management's Discussion and Analysis of Financial Condition and Results of Operations

Results of Operations--
Fiscal 1994 Compared with Fiscal 1993

For fiscal 1994, Delta recorded a net loss of $409 million ($10.32 primary and fully diluted loss per common share after preferred stock dividend requirements) and an operating loss of $447 million. In fiscal 1993, Delta recorded a net loss of $1.0 billion ($22.32 primary and fully diluted loss per common share after preferred stock dividend requirements) and an operating loss of $575 million.

The results for fiscal 1994 and 1993 were affected by, among other factors, certain nonrecurring charges, increased price competition, weak economies in a number of international regions and certain changes in accounting estimates.

Primary Earnings (Loss)
Per Common Share*
In dollars
(Graphic material omitted)

Fiscal Year	1985	$ 6.50
	1986	1.18
	1987	5.90
	1988	6.30
	1989	9.37
	1990	5.79
	1991	(7.73)
	1992	(10.60)
	1993	(9.49)
	1994	(3.73)

*Excludes restructuring changes and cumulative effect of accounting changes

Fiscal 1994 results include pretax restructuring charges totaling $526 million ($331 million after tax, or $6.59 per common share) related to an early retirement program under which approximately 1,500 employees elected to retire, effective November 1, 1993, and the Company's Leadership 7.5 program.

Fiscal 1993 results include an $82 million pretax fleet restructuring charge ($52 million after tax, or $1.05 per common share), reflecting nonrecurring costs associated with the retirement of 21 A310 aircraft. Fiscal 1993 results were also affected by Delta's adoption effective July 1, 1992, of Statement of Financial Accounting Standards No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions" (SFAS 106) and Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" (SFAS 109), which resulted in an aggregate $587 million after-tax charge ($11.78 per common share). See Notes 12 and 10, respectively, of Notes to Consolidated Financial Statements.

Excluding restructuring charges and the cumulative effect of accounting changes, the net loss for fiscal 1994 was $77 million ($3.73 primary and fully diluted loss per common share after preferred stock dividend requirements), and operating income was $79 million, compared to a net loss of $363 million ($9.49 primary and fully diluted loss per common share after preferred stock dividend requirements) and an operating loss of $493 million in fiscal 1993.

Fiscal 1994 results were negatively impacted by discount fare promotions in domestic and international markets, and the increasing presence of low-cost, low-fare carriers in many of the domestic markets served by Delta, which resulted in a 1% decrease in the passenger mile yield from fiscal 1993.

Fiscal 1993 results were negatively affected by a change in the airline industry's domestic fare structure for most of the year, which reduced the number of fare levels and generally lowered fares, a half-off sale promotion during the September 1992 quarter, and discount fare promotions in domestic and international markets. These fare initiatives contributed to a 3% decline in the passenger mile yield from fiscal 1992.

Delta expects that price competition is likely to 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 negatively affected.

In fiscal 1994 and 1993, transatlantic and intra-European operations accounted for 20% and 19%, respectively, of the Company's system available seat miles and 78% and 77%, respectively, of international available seat miles. Generally weak economies in much of Europe, and particularly in Germany where Delta operates a hub in Frankfurt, negatively affected international revenues for fiscal 1994 and 1993.

Effective April 1, 1993, Delta revised its depreciation policy by increasing the estimated useful lives of substantially all of its flight equipment from 15 to 20 years and reducing residual values from 10% to 5% of cost. Also effective April 1, 1993, Delta increased from 9% to 10% its assumption regarding the expected annual return on plan assets associated with defined benefit pension plans. (See Notes 1 and 12, respectively, of Notes to Consolidated Financial Statements.) Results for fiscal 1994 include a full-year benefit from these changes, versus a three-month benefit for fiscal 1993.

The following table summarizes Delta's financial results for fiscal 1994 and 1993:

	1994	1993	Percent Change
	(In Millions, Except Share Amounts)		
Operating Revenues.................	$12,359	$11,997	+ 3%
Operating Expenses.................	12,806	12,572	+ 2
Operating Loss.....................	(447)	(575)	- 22
Other Expense, Net.................	(213)	(76)	*
Loss Before Income Taxes and Cumulative Effect of Accounting Changes...............	(660)	(651)	+ 1
Income Tax Benefit.................	251	236	+ 6
Net Loss Before Cumulative Effect of Accounting Changes............	(409)	(415)	- 1
Cumulative Effect of Accounting Changes...........................	--	(587)	--
Net Loss...........................	(409)	(1,002)	- 59
Preferred Stock Dividends..........	(110)	(110)	--
Net Loss Attributable to Common Stockholders..............	$ (519)	$(1,112)	- 53%
Primary and Fully Diluted Per Share Amounts:			
Loss Before Cumulative Effect of Accounting Changes........	$(10.32)	$(10.54)	- 2%
Cumulative Effect of Accounting Changes...........	--	(11.78)	--
Net Loss Per Common Share......	$(10.32)	$(22.32)	- 54%
Number of Shares Used to Compute Net Loss Per Share Amounts.......	50,257,721	49,836,959	+ 1%

***Exceeds 100%**

OPERATING REVENUES

Operating revenues for fiscal 1994 were $12.4 billion, up 3% from $12.0 billion in fiscal 1993. The following table compares operating revenues by major category for fiscal 1994 and 1993:

	1994	1993	Percent Change
	(In Millions)		
Passenger...............	$11,316	$11,075	+ 2%
Cargo...................	769	698	+10
Other, Net.............	274	224	+22
Total..............	$12,359	$11,997	+ 3%

Passenger revenue in fiscal 1994 increased 2% to $11.3 billion, the result of 3% growth in revenue passenger miles partly offset by a 1% decline in the passenger mile yield to 13.28 cents. Domestic revenue passenger miles increased 1% and the domestic passenger mile yield declined less than 1%, primarily due to discount fare promotions and the growing presence of low-cost, low-fare carriers in many markets served by Delta. International revenue passenger miles grew 10% and the international passenger mile yield declined 3%, largely the result of discount fares and other promotional programs. During fiscal 1994, domestic operating capacity declined 2% and international operating capacity rose 4%, compared to fiscal 1993.

Revenue Per
Available Seat Mile
In cents
(Graphic material omitted)

Fiscal Year	Passenger	Total
1985	8.48	9.07
1986	7.75	8.36

1987	7.13	7.71
1988	7.51	8.06
1989	8.35	8.91
1990	8.34	8.90
1991	8.21	8.79
1992	8.22	8.80
1993	8.37	9.07
1994	8.59	9.38

Cargo revenues increased 10% to $769 million in fiscal 1994. Cargo ton miles increased 10%, primarily due to Delta's international expansion, and the ton mile yield rose less than 1%.

1994 Distribution of Operating Revenues
(Graphic material omitted)

Domestic Passenger	72%
International Passenger	20%
Cargo	6%
Other	2%

All other revenues were up 22% to $274 million, mainly due to increased revenue from joint marketing programs and fees collected for passenger ticket changes.

The following table compares revenue-related statistics for fiscal 1994 and 1993:

Revenue Statistics	1994	1993	Change
Revenue Passenger Miles (Millions).........	85,206	82,406	+ 3%
Revenue Passengers Enplaned (Thousands).....	87,399	85,085	+ 3%
Passenger Load Factor......	64.66%	62.30%	+2.36 pts.
Passenger Mile Yield.......	13.28c	13.44c	- 1%
Operating Revenue Per Available Seat Mile......	9.38c	9.07c	+ 3%
Cargo Ton Miles (Millions).	1,384	1,257	+10%
Cargo Ton Mile Yield.......	55.59c	55.47c	--

Operating Expenses

Operating expenses in fiscal 1994 totaled $12.8 billion, up 2% from $12.6 billion in fiscal 1993. Operating capacity decreased less than 1% to 131.8 billion available seat miles. The cost per available seat mile increased 2% to 9.72 cents. Excluding restructuring charges in both periods, operating expenses totaled $12.3 billion in fiscal 1994, down 2% from $12.5 billion in fiscal 1993, and the cost per available seat mile decreased 1% to 9.32 cents.

The following table compares operating expenses by major category for fiscal 1994 and 1993:

	1994	1993	Percent Change
	(In Millions)		
Salaries and Related Costs	$ 4,589	$ 4,798	- 4%
Aircraft Fuel	1,411	1,592	-11
Passenger Commissions	1,318	1,250	+ 5
Aircraft Rent	732	729	--
Depreciation and Amortization	678	735	- 8
Passenger Service	530	549	- 3
Aircraft Maintenance Materials and Outside Repairs	418	465	-10
Facilities and Other Rent	380	356	+ 7
Landing Fees	261	262	--
Restructuring Charges	526	82	*
Other	1,963	1,754	+12
Total	$12,806	$12,572	+ 2%

***Exceeds 100%**

Salaries and related expenses decreased 4% to $4.6 billion, the result of lower employee benefits expenses, a 3% reduction in the number of employees, primarily due to an early retirement program accepted by approximately 1,500 employees effective November 1, 1993, and a 5% pay cut for domestic non-contract personnel effective February 1, 1993. Aircraft fuel expense decreased 11% to $1.4 billion, as fuel gallons consumed increased 1% and the average price per fuel gallon decreased 12% to 55.34 cents, Delta's lowest average price per fuel gallon for any fiscal year since 1989.

1994 Operating Expenses*
As a percent of total operating expenses
(Graphic material omitted)

Salaries and Related	37%
Aircraft Fuel	12%
Passenger Commissions	11%
Rentals and Landing Fees	11%
Depreciation and Amortization	6%
Passenger Service	4%
Aircraft Maintenance Materials and Outside Repairs	3%
Other Costs	16%

* Excludes restructuring charges

Passenger commissions rose 5%, mainly the result of growth in international passenger revenue and higher commission rates. Aircraft rent expense increased less than 1%.

Depreciation and amortization expense decreased 8% in fiscal 1994, primarily due to a change in the Company's depreciation policy previously discussed.

Passenger service expense decreased 3%, reflecting continued cost reduction programs, partially offset by 3% growth in passenger traffic. Aircraft maintenance materials and outside repairs expense decreased 10%, primarily attributable to lower outside repairs expense for both airframes and engines and lower airframe material usage.

Cost Per Available Seat Mile*
In cents
(Graphic material omitted)

Excluding

Fiscal Year	Fuel	Total
1985	6.63	8.36
1986	6.80	8.30
1987	6.15	7.12
1988	6.33	7.48
1989	7.08	8.17
1990	7.18	8.46
1991	7.69	9.22
1992	8.15	9.35
1993	8.24	9.44
1994	8.25	9.32

*Excludes restructuring charges

Facilities and other rent expenses increased 7%, the result of new passenger and maintenance facilities and increased rental rates in certain domestic hub locations. Landing fees decreased less than 1%, as certain rate adjustments offset systemwide rate increases.

Fiscal 1994 operating expenses included a $112 million restructuring charge for costs associated with an early retirement program under which approximately 1,500 employees elected to retire effective November 1, 1993, and a $414 million restructuring charge related to the Leadership 7.5 program, which includes costs associated with workforce reductions, reductions in inventory levels, facility closings and route terminations.

Fiscal 1993 operating expenses included an $82 million fleet restructuring charge, which included $28 million for costs of maintenance required prior to returning 18 leased A310 aircraft to lessors; a $20 million write-off of aircraft leasehold improvements on nine of the aircraft; a $30 million write- down of three owned A310-200 aircraft and certain A310 spare parts to reflect current market value; and $4 million related to pilot furloughs.

Cash payments for the fiscal 1994 restructuring charges will approximate $473 million, of which $392 million is associated with workforce reductions and represents future funding of pension and postretirement benefits that will occur over many periods. The remaining $81 million represents costs for severence payments and lease termination fees for aircraft and facilities, which are expected to be substantially complete by fiscal 1996. Cash payments associated with the fiscal 1993 restructuring charge were completed in fiscal 1994 and totaled $28 million. See Note 14 of Notes to Consolidated Financial Statements.

All other operating expenses for fiscal 1994 increased 12%, largely due to growth in traffic and international operations. Cargo commissions increased 25%, reflecting traffic growth and higher commission rates in international markets. Booking fee payments to computer reservations systems increased 22%, primarily due to increased passenger traffic. Insurance expense grew 42%, a result of industry-wide premium increases. The Company also recorded a $14 million one- time charge in fiscal 1994 related to Frequent Flyer program changes.

The following table compares significant operating statistics for fiscal 1994 and 1993:

Operating Statistics	1994	1993	Change
Available Seat Miles (Millions)...............	131,780	132,282	--
Available Ton Miles (Millions)................	18,302	18,182	+ 1%
Fuel Gallons Consumed (Millions).........................	2,550	2,529	+ 1%
Average Fuel Price Per Gallon.................	55.34c	62.95c	-12%
Passenger Load Factor.........................	64.66%	62.30%	+2.36 pts.
Breakeven Passenger Load Factor:			
Including Restructuring Charges....................................	67.21%	65.53%	+1.68 pts.
Excluding Restructuring Charges....................................	64.21%	65.07%	-0.86 pts.
Cost Per Available Seat Mile:			
Including Restructuring Charges....................................	9.72c	9.50c	+ 2%
Excluding Restructuring Charges....................................	9.32c	9.44c	- 1%

See page 4 for information regarding Leadership 7.5, a three-year plan introduced during fiscal 1994, with the goal of reducing annual operating expenses by approximately $2 billion by the end of the June 1997 quarter.

Other Income and Expenses

Nonoperating expense for fiscal 1994 totaled $213 million, compared to $76 million in fiscal 1993. Interest expense rose 27% to $304 million, principally due to a full year's interest incurred on debt issued in fiscal 1993. Interest capitalized on funds advanced for the purchase of flight equipment and construction of facilities totaled $33 million, down 46% from fiscal 1993, resulting from a decline in the average balance of advance payments for aircraft. The average monthly balance of such advance payments was $301 million in fiscal 1994, compared to $587 million in fiscal 1993. Interest income for fiscal 1994 totaled $57 million, up from $22 million in fiscal 1993, primarily due to a higher average level of short-term investments. Gains from the disposition of flight equipment totaled $2 million in fiscal 1994, compared to $65 million in fiscal 1993, which included the sale of 18 DC-9-32 aircraft. Miscellaneous expense was $1 million in fiscal 1994, compared to miscellaneous income of $14 million in fiscal 1993, primarily due to costs associated with the sale of certain accounts receivables and the letter of credit used to credit enhance the Guaranteed Serial ESOP Notes (see Notes 4 and 5, respectively, of Notes to Consolidated Financial Statements).

Tax Provision

The $660 million pretax loss for fiscal 1994 was reduced by an income tax benefit of $250 million and by the amortization of $1 million of investment tax credits.

RESULTS OF OPERATIONS-
FISCAL 1993 COMPARED WITH FISCAL 1992

For fiscal 1993, Delta recorded a net loss of $1.0 billion ($22.32 primary and fully diluted loss per common share after preferred stock dividend requirements) and an operating loss of $575 million. Excluding the $82 million fleet restructuring charge and the cumulative effect of the adoption of SFAS 106 and SFAS 109 previously discussed, the net loss was $363 million ($9.49 primary and fully diluted loss per common share after preferred stock dividend requirements), and the operating loss was $493 million. In fiscal 1992, Delta recorded a net loss of $506 million ($10.60 primary and fully diluted loss per common share after preferred stock dividend requirements) and an operating loss of $675 million.

Operating Revenues

Operating revenues for fiscal 1993 were $12.0 billion, up 11% from $10.8 billion in fiscal 1992. Passenger revenue in fiscal 1993 increased 9% to $11.1 billion, the result of 13% growth in revenue passenger miles offset by a 3% decline in the passenger mile yield to 13.44 cents. Delta's traffic growth in fiscal 1993 primarily resulted from route expansion and discount fare promotions in domestic and international markets, as domestic revenue passenger miles increased 8% and international revenue passenger miles grew 35%. International traffic growth also reflected Delta's operation of the international routes acquired from Pan Am on November 1, 1991, for the entire 1993 fiscal year compared to eight months of operation during fiscal 1992.

The domestic passenger mile yield for fiscal 1993 decreased 2% and the international passenger mile yield fell 3%. Declines in passenger mile yield were primarily due to widespread domestic and international discount fares.

Cargo revenues increased 19% to $698 million in fiscal 1993. Cargo ton miles grew 16%, primarily due to international expansion, and the cargo ton mile yield increased 3%.

All other revenues were up 67% to $224 million, mainly due to fees collected for passenger ticket changes and additional revenue related to certain marketing programs.

Operating Expenses

Operating expenses in fiscal 1993 totaled $12.6 billion, up 9% from $11.5 billion in fiscal 1992. Operating capacity grew 7% to 132.3 billion available seat miles. The cost per available seat mile increased 2% to 9.50 cents. Excluding the $82 million fleet restructuring charge, the cost per available seat mile increased 1% to 9.44 cents.

Salaries and related expenses grew 8% to $4.8 billion, the result of higher payroll overhead costs, a 1% increase in the average level of employment, and a $129 million increase in operating expenses related to the Company's adoption of SFAS 106, partly offset by a 5% wage reduction for domestic noncontract personnel effective February 1, 1993, which reduced salaries expense by $51 million, and a $13 million benefit from the change in accounting estimate related to pension expense. While the average level of employment increased 1% in fiscal 1993, the Company's efforts to reduce staffing resulted in a 6% decrease in active employees at June 30, 1993, compared to June 30, 1992.

Aircraft fuel expense increased 7% to $1.6 billion, as fuel gallons consumed increased 6% and the average fuel cost per gallon increased 1% to 62.95 cents.

Passenger commissions rose 8%, principally due to 25% of total passenger traffic traveling in international markets in fiscal 1993, compared to 21% in fiscal 1992. International commission rates are generally significantly higher than domestic rates.

Depreciation and amortization expense in fiscal 1993 rose 16%, primarily from the addition of owned flight and ground equipment, as well as the November 1, 1991, acquisition of international route authorities from Pan Am. Depreciation expense was partially offset by a $34 million reduction related to the change in depreciation policy previously discussed.

Aircraft rent expense increased 13% during fiscal 1993, reflecting additional leased aircraft in the fleet.

Passenger service expense increased 5%, the result of traffic growth and increased catering costs related to a larger international operation, partially offset by lower food costs associated with new menus and other cost control efforts.

Aircraft maintenance materials and outside repairs expense increased 4%, primarily due to the addition of new and used aircraft to the fleet, increased engine repairs expense, and a higher level of aircraft maintenance contracted outside the Company.

Facilities and other rent expenses remained unchanged due to lower rental rates from the renegotiation of certain leases, the consolidation of certain city ticket offices and other cost reduction programs, offset by increases related to growth in operations and various rate increases.

Landing fees rose 17%, primarily the result of rate increases and growth in international operations, where rates are generally substantially higher than domestic operations.

All other operating expenses for fiscal 1993 increased 9%, primarily the result of growth in traffic and capacity, particularly in international markets. Cargo commissions increased 60%, reflecting 19% growth in cargo revenues and an increase in commission rates in international markets. Outside services expense grew 13%, primarily due to increased outsourcing of certain ground services and a higher level of international departures. Bad debt expense decreased 28%, largely reflecting higher expenses in fiscal 1992 related to Delta's participation in Pan Am's failed reorganization and weaker financial positions of several competitors. Credit card service charges increased 9%, due to growth in passenger revenue and an increase in the number of tickets purchased with credit cards. Advertising and promotion expenses decreased 17%, primarily the result of cost control programs implemented during fiscal 1993 and higher levels of promotion expense during fiscal 1992 to support Delta's inauguration of service on domestic routes and the international routes purchased from Pan Am.

Other Income and Expenses

Nonoperating expense for fiscal 1993 totaled $76 million, compared to $111 million in fiscal 1992. Interest expense rose 8% to $239 million, principally due to an increased level of outstanding debt. Interest capitalized on funds advanced for the purchase of flight equipment and construction of facilities totaled $62 million, down 11% from fiscal 1992, primarily due to lower advance deposits for flight equipment, reductions in aircraft deliveries and a decline in interest rates. The average monthly balance of such advance payments was $587 million in fiscal 1993, compared to $757 million in fiscal 1992. Gains from the disposition of flight equipment totaled $65 million in fiscal 1993, reflecting the sale of 18 DC-9-32 aircraft, compared to $35 million in fiscal 1992, which included the sale of eight DC-9-32 aircraft. Interest income decreased $4 million and miscellaneous income declined $8 million, primarily due to the settlement of certain litigation. Fiscal 1992 results included $43 million of nonoperating expenses included in a $50 million write-off related to Delta's participation in Pan Am's failed reorganization.

Tax Provision

The $651 million pretax loss for fiscal 1993 was reduced by an income tax benefit of $234 million and by the amortization of $2 million of investment tax credits.

CAPITALIZATION, FINANCING AND LIQUIDITY -- FISCAL YEAR 1994

Cash and cash equivalents and short-term investments totaled $1.7 billion at June 30, 1994, compared to $1.2 billion at June 30, 1993. The principal sources of funds during fiscal 1994 were $1.3 billion of cash from operations, which includes $300 million from the sale of certain receivables (see Note 4 of Notes to Consolidated Financial Statements); $748 million proceeds from aircraft sale and leaseback transactions; $226 million of long-term borrowings; and $103 million from the sale of flight equipment.

During fiscal 1994, Delta invested $1.0 billion in flight equipment, net of advance payment refunds of $94 million, and $173 million in ground property and equipment. The Company also made payments of $547 million on long-term debt and capital lease obligations, and 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. Subsequent to June 30, 1994, the Company repurchased $202 million of its long-term debt.

As of June 30, 1994, the Company had negative working capital of $313 million, compared to negative working capital of $197 million at June 30, 1993. A negative working capital position is normal for Delta and does not indicate a lack of liquidity. The Company expects to meet its current obligations as they become due through available cash and internally generated funds, supplemented as necessary by debt financings and proceeds from sale and leaseback transactions. At August 12, 1994, the Company also had a total of $866 million of credit available under its bank credit agreements, subject to compliance with certain conditions.

Long-term debt and capital lease obligations, including current maturities, totaled $3.5 billion at June 30, 1994, compared to $3.8 billion at June 30, 1993. Stockholders' equity was $1.5 billion at June 30, 1994, compared to $1.9 billion at June 30, 1993. The Company's debt-to-equity position, including current maturities, was 70% debt and 30% equity at June 30, 1994, compared to 66% debt and 34% equity at June 30, 1993.

Capital Expenditures
In millions of dollars
(Graphic material omitted)

Fiscal Year	Flight (Includes Leased Aircraft)	Ground	Total
1985	530	152	682
1986	504	98	602
1987	1,133	92	1,225
1988	1,184	146	1,330
1989	1,205	276	1,481
1990	1,425	265	1,690
1991	1,875	269	2,144
1992	2,164	317	2,481
1993	1,221	192	1,413
1994	1,032	173	1,205

At August 12, 1994, there was outstanding $421 million principal amount of Guaranteed Serial ESOP Notes (ESOP Notes) guaranteed by Delta. The terms of the ESOP Notes require Delta to purchase the ESOP Notes at the option of the holders thereof if the credit rating of Delta's long-term senior unsecured debt falls below certain levels (Purchase Event), unless Delta obtains within a specified period of a Purchase Event certain credit enhancements (Approved Credit Enhancement) that result in the ESOP Notes being rated A3 or higher by Moody's and A- or higher by S&P (Required Ratings). As a result of Moody's rating action on May 11, 1993, a Purchase Event occurred, and Delta became obligated to purchase on September 15, 1993, any ESOP Notes properly tendered to it. Prior to September 15, 1993, Delta obtained an Approved Credit Enhancement in the form of a letter of credit under its 1992 Bank Credit Agreement which, as of August 12, 1994, was in the face amount of $634 million. Due to the issuance of the letter of credit, the ESOP Notes received the Required Ratings. Accordingly, Delta no longer has an obligation to purchase ESOP Notes as a result of the Purchase Event that occurred on May 11, 1993. There can be no assurance that Delta will not be required to purchase the ESOP Notes at a later date. See Note 5 of Notes to Consolidated Financial Statements.

Invested Capital
In millions of dollars
(Graphic material omitted)

Fiscal Year	Stockholders' Equity	Long-Term Debt and Capital Leases	Total
1985	1,287	535	1,822
1986	1,302	869	2,171
1987	1,938	1,018	2,956
1988	2,209	729	2,938
1989	2,620	703	3,323
1990	2,596	1,315	3,911
1991	2,457	2,059	4,516

1992	1,894	2,833	4,727
1993	1,913	3,716	5,629
1994	1,467	3,228	4,695

Commitments

Future expenditures for aircraft and engines on firm order as of July 31, 1994, are estimated to be $3.2 billion, excluding aircraft orders subject to reconfirmation. The Company expects to finance these commitments using available cash, internally generated funds, debt financings, and proceeds from sale and leaseback transactions. See Note 2 of Notes to Consolidated Financial Statements. Also, see Note 6 of Notes to Consolidated Financial Statements for information on the Company's lease commitments.

Deferred Tax Asset

At June 30, 1994, Delta had net cumulative deferred tax assets of $896 million. The net cumulative deferred tax assets consist of $2.1 billion of deferred tax assets, offset by $1.2 billion of deferred tax liabilities. Included in the deferred tax assets are, among other items, $564 million related to obligations for postretirement benefits, $185 million related to alternative minimum tax (AMT) credit carryforwards and $237 million of net operating loss (NOL) carryforwards. The AMT credit carryforwards do not expire; the NOL carryforwards will generally expire in 2008 and 2009 if not utilized prior to that time.

Management believes that a significant portion of the deferred tax assets will be realized through reversals of existing taxable temporary differences with similar reversal patterns. To realize the benefits of the remaining deferred tax assets, excluding AMT credits, Delta needs to generate approximately $1.9 billion in future taxable income. Based on the expectations for future taxable income, the extended period over which postretirement benefits will be recognized, and the fact that AMT credits do not expire, management believes that it is more likely than not that the deferred tax assets will be realized.

Although Delta has experienced book and tax losses in the past four fiscal years, the Company reported book income in all other fiscal years since 1947, with the exception of fiscal 1983. Following is a summary of Delta's pretax book income (loss) and taxable income (loss) for the last five fiscal years, prior to NOL carrybacks:

	1994	1993	1992	1991	1990
	(In Millions)				
Pretax Book Income (Loss)................	$(660)	$(651)	$(786)	$(500)	$468
Taxable Income (Loss)..........	$(411)	$(580)	$(568)	$(204)	$411

The Company's losses in the past four years reflect numerous factors, many of which were beyond management's control, including, in recent years, weak economies in a number of regions worldwide and the effects of many discount fare promotions initiated by other airlines and matched by Delta for competitive reasons; the Middle East crisis during fiscal 1991; an uneconomic fare structure implemented by another airline late in fiscal 1992, which spurred a half-off fare sale in fiscal 1993, both of which Delta matched; and most recently, the growing presence of low-cost, low-fare carriers in many of the domestic markets served by Delta.

Management believes it has taken and is taking appropriate action to improve the Company's financial performance through a number of initiatives, many of which are discussed throughout this report, including the implementation of Leadership 7.5, a three-year plan introduced during fiscal 1994 with the goal of reducing annual operating expenses by approximately $2 billion by the end of the June 1997 quarter.

Prior to the implementation of Leadership 7.5, the Company took a number of steps to improve its financial performance, including:

* Completion of the Profit Improvement Program, which improved the Company's operating results by $700 million in fiscal 1994 and held operating cost per available seat mile, excluding fuel and restructuring charges, flat for the past two fiscal years.

* Changes to transatlantic operations, which resulted in improved transatlantic operating results for fiscal 1994 compared to fiscal 1993.

* A 10% reduction in staffing from the peak level in June 1992 and a 5% wage reduction for domestic noncontract personnel.

* A $7 billion reduction in planned capital expenditures from fiscal 1993 through 1996.

* An ongoing reallocation of certain aircraft to markets with greater profit potential.

The Company has begun to realize benefits from these initiatives. Excluding restructuring charges, Delta recorded operating income of $79 million for fiscal 1994, partly attributable to cost reduction efforts. Management is prepared to take further actions to return the Company to consistent levels of profitability.

Delta's ability to generate the expected amounts of taxable income from future operations is dependent upon various factors, many of which are beyond management's control. Accordingly, there can be no assurances that Delta will meet its expectation of future taxable income. However, after considering Delta's earnings history, the actions that Delta has already taken and will continue to take to improve its financial performance, expectations of future taxable income, and other relevant considerations, management believes that it is more likely than not that future taxable income will be sufficient to fully utilize the deferred tax assets which existed at June 30, 1994. See Note 10 of Notes to Consolidated Financial Statements.

New Accounting Standards

Effective June 30, 1994, Delta adopted Statement of Financial Accounting Standards No. 115, "Accounting for Certain Investments in Debt and Equity Securities" (SFAS 115). The adoption of SFAS 115 resulted in a net increase in stockholders' equity of $53 million at June 30, 1994, and may result in volatility in stockholders' equity due to changes in unrealized gains and losses on securities classified as available-for-sale. See Note 3 of Notes to Consolidated Financial Statements.

Effective July 1, 1994, Delta adopted Statement of Financial Accounting Standards No. 112, "Employers' Accounting for Postemployment Benefits" (see Note 12 of Notes to Consolidated Financial Statements) and American Institute of Certified Public Accountants Statement of Position 93-6, "Employers' Accounting for Employee Stock Ownership Plans" (see Note 11 of Notes to Consolidated Financial Statements).

Antitrust Settlement

During 1992, Delta and five other U.S. airlines agreed to settle class action claims asserted against them in the Domestic Air Transportation Antitrust Litigation. Under the settlement, which has been approved by the United States District Court for the Northern District of Georgia, the six carriers paid $45 million in cash (of which Delta's share was $12 million) and will issue $397 million in face amount of certificates for discounts of approximately 10% on future domestic air travel on any of the six carriers.

Delta recorded its $12 million share of the cash settlement as a nonoperating expense during fiscal 1992, and will account for the certificates that are redeemed for travel on Delta as a reduction to revenue equal to the value of the redeemed certificates when transportation is provided. The Company anticipates that its share of certificate redemption will approximate, but will not necessarily be limited to, its relative domestic market share among the six carriers, which was approximately 22% in calendar 1993. The ultimate impact of the settlement on Delta's future results of operations is not reasonably estimable, because neither the face amount of the certificates to be redeemed on Delta nor the generative or dilutive revenue effect of certificate redemptions is known.

Pan Am Litigation

Delta is a defendant in certain legal actions relating to its participation in the proposed plan of reorganization of Pan Am, including a lawsuit filed by Pan Am and others, the trial of which began on May 4, 1994, and ended on June 10, 1994. The United States District Court for the Southern District of New York has not yet issued its decision in this lawsuit. See Note 16 of Notes to Consolidated Financial Statements.

At June 30, 1994, there was outstanding and reflected as an asset in the Company's Consolidated Balance Sheets $115 million principal amount of certain debtor-in-possession financing Delta provided to Pan Am plus accrued interest of $30 million. See Notes 15 and 16 of Notes to Consolidated Financial Statements.

Aircraft Fuel

The Omnibus Budget Reconciliation Act imposes a 4.3 cents per gallon tax on commercial aviation jet fuel purchased for use in domestic operations, effective October 1, 1995. Based on Delta's fiscal 1994 domestic fuel requirement of 1.9 billion gallons, the new fuel tax, when effective, is expected to increase Delta's operating expenses by approximately $82 million annually.

FISCAL YEAR 1993

In fiscal 1993, the principal sources of cash were $1.1 billion from the issuance of Series C Convertible Preferred Stock, $1.4 billion of long-term borrowings, $684 million proceeds from aircraft sale and leaseback transactions, $677 million of cash from operations, and $87 million from the sale of flight equipment. Delta invested $1.2 billion in flight equipment, net of $104 million of advance payment refunds received, and $192 million in ground property and equipment. The Company made payments of $801 million on short-term borrowings, $519 million on long-term debt and capital lease obligations, and paid cash dividends of $73 million on its Series C Convertible Preferred Stock, $35 million on its Common Stock, and $30 million on its Series B ESOP Convertible Preferred Stock.

FISCAL YEAR 1992

In fiscal 1992, the principal sources of cash were long-term borrowings of $1.5 billion, proceeds from sale and leaseback transactions of $813 million, net short-term borrowings of $744 million, cash reserves of $714 million, net cash provided from operations of $149 million, and proceeds from the sale of flight equipment of $43 million. Delta invested $2.2 billion in flight equipment, $317 million in ground property and equipment, and $70 million in leasehold and operating rights. The Company made payments of $794 million on long-term debt and capital lease obligations and paid cash dividends of $89 million on its Common Stock and Series B ESOP Convertible Preferred Stock. Additionally, Delta made payments of $416 million for assets purchased from Pan Am, and provided a net of $115 million of debtor-in-possession financing to Pan Am.

DIRECTORS AND OFFICERS

BOARD OF DIRECTORS

RONALD W. ALLEN	Chairman of the Board, President and Chief Executive Officer, Delta Air Lines, Inc.
EDWIN L. ARTZT	Chairman of the Board and Chief Executive Officer, The Procter & Gamble Company, Cincinnati, Ohio
HENRY A. BIEDENHARN, III	Chairman of the Board, President and Chief Executive Officer, Ouachita Coca-Cola Bottling Company, Inc., Monroe, Louisiana
JAMES L. BROADHEAD	Chairman of the Board, President and Chief Executive Officer, FPL Group, Inc., Juno Beach, Florida
EDWARD H. BUDD	Chairman of the Executive Committee and Director, The Travelers Inc., Hartford, Connecticut
GEORGE D. BUSBEE	Of counsel to law firm of King & Spalding, Atlanta, Georgia; former Governor of Georgia
R. EUGENE CARTLEDGE	Retired Chairman of the Board and Chief Executive Officer, Union Camp Corporation, Wayne, New Jersey
MARY JOHNSTON EVANS	Director of various corporations
DAVID C. GARRETT, JR.	Retired Chairman of the Board and Chief Executive Officer, Delta Air Lines, Inc.
GERALD GRINSTEIN	Chairman and Chief Executive Officer, Burlington Northern Inc.; Chairman and Chief Executive Officer, Burlington Northern Railroad Company, Fort Worth, Texas
JESSE HILL, JR.	Chairman of the Board, Atlanta Life Insurance Company, Atlanta, Georgia
ANDREW J. YOUNG	Vice Chairman of the Board, Law Companies Group, Inc.; Chairman of Law International, Inc., Atlanta, Georgia; former Mayor of Atlanta, Georgia

AUDIT COMMITTEE
JESSE HILL, JR., Chairman

EDWIN L. ARTZT
HENRY A. BIEDENHARN, III
JAMES L. BROADHEAD
GEORGE D. BUSBEE
MARY JOHNSTON EVANS

BENEFIT FUNDS INVESTMENT COMMITTEE
EDWARD H. BUDD, Chairman
EDWIN L. ARTZT
HENRY A. BIEDENHARN, III
JAMES L. BROADHEAD
JESSE HILL, JR.

EXECUTIVE COMMITTEE
DAVID C. GARRETT, JR., Chairman
RONALD W. ALLEN
EDWARD H. BUDD
R. EUGENE CARTLEDGE
GERALD GRINSTEIN
JESSE HILL, JR.

FINANCE COMMITTEE
R. EUGENE CARTLEDGE, Chairman
EDWARD H. BUDD
GEORGE D. BUSBEE
DAVID C. GARRETT, JR.

GERALD GRINSTEIN

PERSONNEL, COMPENSATION AND NOMINATING COMMITTEE
GERALD GRINSTEIN, Chairman
R. EUGENE CARTLEDGE
MARY JOHNSTON EVANS
DAVID C. GARRETT, JR.

STOCK INCENTIVE PLAN COMMITTEE
GERALD GRINSTEIN, Chairman
R. EUGENE CARTLEDGE
MARY JOHNSTON EVANS

OFFICERS

RONALD W. ALLEN	Chairman of the Board, President and Chief Executive Officer
HARRY C. ALGER	Executive Vice President - Operations
W. MARTIN BRAHAM	Senior Vice President - Airport Customer Service
ROBERT W. COGGIN	Senior Vice President - Marketing
ROBERT S. HARKEY	Senior Vice President - General Counsel
RUSSELL H. HEIL	Senior Vice President - Technical Operations
REX A. McCLELLAND	Senior Vice President - Corporate Services
THOMAS J. ROECK, JR.	Senior Vice President - Finance and Chief Financial Officer
MAURICE W. WORTH	Senior Vice President - Personnel
ROBERT G. ADAMS	Vice President - Personnel Services
HAROLD L. BEVIS	Vice President - Public Affairs
VINCENT F. CAMINITI	Vice President - Sales
FRANK S. CHEW	Vice President - Investment Management
JOHN W. COX	Vice President - Community Affairs
W. E. DOLL	Vice President - Engineering
TERRY M. ERSKINE	Vice President - Personnel Relations
H. D. GREENBERG	Vice President - Flight Operations
JULIUS P. GWIN	Vice President - Finance
JOHN C. KING	Vice President - Information Technologies
AL H. KOLAKOWSKI	Vice President - Marketing Technologies
PAUL G. MATSEN	Vice President - Advertising and Consumer Marketing
MARCEY McCANN	Vice President - Reservations Sales
HAROLD G. McDONALD	Vice President - Maintenance
MICHAEL G. MEDLICOTT	Vice President - Europe
LEON A. PIPER	Vice President - Personnel Benefits
JENNY POOLE	Vice President - In-Flight Service
THOMAS J. SLOCUM	Vice President - Corporate Communications
W. B. SUGGS	Vice President - Production Control and Materiel Services
D. SCOTT YOHE	Vice President - Government Affairs

JAMES G. MATHEWS	Controller
JAMES H. SANREGRET	Treasurer
MARY E. RAINES	Corporate Secretary
SUSAN T. HUDSON	Assistant Secretary
LESLIE P. KLEMPERER	Assistant Secretary
KIMBERLY A. SHRECKENGOST	Assistant Secretary

STOCKHOLDER INFORMATION

TRANSFER AGENT, REGISTRAR AND DIVIDEND PAYING AGENT FOR SERIES C CONVERTIBLE PREFERRED STOCK AND COMMON STOCK

Registered stockholder inquiries regarding stock transfers, address changes, lost stock certificates, dividend payments, or account consolidations should be directed to the following address or phone number:

First Chicago Trust Company of New York
P. O. Box 2500
Jersey City, New Jersey 07303-2500
Telephone (201) 324-0498

DIVIDEND REINVESTMENT AND STOCK PURCHASE PLAN

Registered holders of Common Stock may purchase additional shares of such stock through automatic dividend reinvestment or cash contributions under the Company's Dividend Reinvestment and Stock Purchase Plan. Delta pays all service and brokerage charges for the purchase of these shares. Inquiries, notices, requests and other communications regarding participation in the plan should be directed to:

First Chicago Trust Company of New York
P.O. Box 2598
Jersey City, New Jersey 07303-2598
Telephone (201) 324-0498

INDEPENDENT PUBLIC ACCOUNTANTS

Arthur Andersen & Co.
133 Peachtree Street N.E.
Atlanta, Georgia 30303

ANNUAL MEETING

The Annual Meeting of Stockholders will be held on Thursday, October 27, 1994, at 9:00 a.m., local time, at the Holiday Inn Professional Centre/Atrium, 2001 Louisville Avenue, Monroe, Louisiana.

AVAILABILITY OF FORM 10-K AND OTHER FINANCIAL INFORMATION

A copy of the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 1994, will be provided without charge upon written request. Stockholder inquiries and requests for other financial documents may also be directed to:

Delta Air Lines, Inc.
Department 827
Hartsfield Atlanta International Airport Atlanta, Georgia 30320
Telephone (404) 715-2391

All other financial information may be obtained from:

Delta Air Lines, Inc.
Investor Relations
Hartsfield Atlanta International Airport Atlanta, Georgia 30320
Telephone (404) 715-6679

COMMON STOCK AND DEPOSITARY SHARES REPRESENTING SERIES C CONVERTIBLE PREFERRED STOCK

Listed on the New York Stock Exchange

NUMBER OF STOCKHOLDERS

As of August 10, 1994, there were 26,315 registered holders of Common Stock.

MARKET PRICES AND DIVIDENDS

Fiscal Year 1994	Market Price Range of Common Stock on New York Stock Exchange		Cash Dividends Per Common Share
Quarter Ended:	High	Low	
September 30	56	46 1/8	$.05
December 31	61 1/8	52	.05
March 31	57 7/8	43 7/8	.05
June 30	47 3/4	39 1/2	.05

Fiscal Year 1993			
Quarter Ended:	High	Low	
September 30	58 1/4	48 7/8	$.30
December 31	60 1/4	47 3/4	.30
March 31	55	45 3/4	.05
June 30	61 3/8	46 1/2	.05

Report of Independent Public Accountants

[ARTHUR ANDERSEN & CO. LOGO APPEARS HERE]

To the Stockholders and the 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, 1994 and 1993, and the related consolidated statements of operations, cash flows and stockholders' equity for each of the three years in the period ended June 30, 1994. 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 financial position of Delta Air Lines, Inc., and subsidiaries as of June 30, 1994 and 1993, and the results of their operations and their cash flows for each of the three years in the period ended June 30, 1994, in conformity with generally accepted accounting principles.

As discussed in Note 3 of the Notes to Consolidated Financial Statements, effective June 30, 1994, the Company changed its method of accounting for certain debt and equity securities. Also, as discussed in Notes 10 and 12 of the Notes to Consolidated Financial Statements, effective July 1, 1992, the Company changed its methods of accounting for income taxes and postretirement benefits other than pensions.

ARTHUR ANDERSEN & CO.

Atlanta, Georgia
August 12, 1994

REPORT OF MANAGEMENT

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 & Co., 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/ Thomas J. Roeck, Jr.	*/s/ Ronald W. Allen*
THOMAS J. ROECK, JR.	*RONALD W. ALLEN*
Senior Vice President-Finance and Chief Financial Officer	*Chairman of the Board, President and Chief Executive Officer*

CONSOLIDATED BALANCE SHEETS

June 30, 1994 and 1993

ASSETS	1994	1993
	(In Millions)	
Current Assets:		
Cash and cash equivalents	$ 1,302	$ 1,180
Short-term investments	408	--
Accounts receivable, net of allowance for uncollectible accounts of $50 at June 30, 1994, and $83 at June 30, 1993	886	1,055
Maintenance and operating supplies, at average cost	67	91
Deferred income taxes	336	173
Prepaid expenses and other	224	323
Total current assets	3,223	2,822
Property and Equipment:		
Flight equipment	9,063	9,043
Less: Accumulated depreciation	3,880	3,559
	5,183	5,484
Flight equipment under capital leases	173	173
Less: Accumulated amortization	142	128
	31	45
Ground property and equipment	2,398	2,372
Less: Accumulated depreciation	1,250	1,143
	1,148	1,229
Advance payments for equipment	241	383
	6,603	7,141
Other Assets:		
Marketable equity securities	351	265
Deferred income taxes	560	505
Investments in associated companies	219	202
Cost in excess of net assets acquired, net of accumulated amortization of $66 at June 30, 1994, and $58 at June 30, 1993	283	291
Leasehold and operating rights, net of accumulated amortization of $135 at June 30, 1994, and $101 at June 30, 1993	207	306
Other	450	339
	2,070	1,908
	$11,896	$11,871

CONSOLIDATED BALANCE SHEETS
June 30, 1994 and 1993

LIABILITIES AND STOCKHOLDERS' EQUITY	1994	1993
	(In Millions, Except Share Amounts)	
Current Liabilities:		
Current maturities of long-term debt	$ 227	$ 35
Current obligations under capital leases	11	12
Accounts payable and miscellaneous accrued liabilities	1,552	1,248
Air traffic liability	1,247	1,190
Accrued rent	195	201
Accrued vacation pay	196	194
Transportation tax payable	108	139
Total current liabilities	3,536	3,019
Noncurrent Liabilities:		
Long-term debt	3,142	3,619
Postretirement benefits	1,641	1,381
Accrued rent	541	440
Capital leases	86	97
Other	395	223
	5,805	5,760
Deferred Credits:		
Deferred gain on sale and leaseback transactions	923	991
Manufacturers and other credits	63	105
	986	1,096
Commitments and Contingencies (Notes 2, 5, 6 and 16)		
Employee Stock Ownership Plan Preferred Stock:		
Series B ESOP Convertible Preferred Stock, $1.00 par value, $72.00 stated and liquidation value; issued and outstanding, 6,878,292 shares at June 30, 1994, and 6,913,171 shares at June 30, 1993	495	498
Less: Unearned compensation under employee stock ownership plan	393	415
	102	83
Stockholders' Equity:		
Series C Convertible Preferred Stock, $1.00 par value, $50,000 liquidation preference; issued and outstanding 23,000 shares at June 30, 1994 and 1993	--	--
Common Stock, $3.00 par value; authorized 150,000,000 shares; issued 54,469,491 shares at June 30, 1994, and 54,450,286 shares at June 30, 1993	163	163
Additional paid-in capital	2,013	2,012
Retained earnings (deficit)	(490)	36
Net unrealized gain (loss) on marketable equity securities	53	(1)
Less: Treasury stock at cost, 4,016,219 shares at June 30, 1994, and 4,386,445 shares at June 30, 1993	272	297
	1,467	1,913
	$11,896	$11,871

The accompanying notes are an integral part of these balance sheets.

CONSOLIDATED STATEMENTS OF OPERATIONS
For the years ended June 30, 1994, 1993 and 1992

	1994	1993	1992
	(In Millions, Except Per Share Amounts)		
Operating Revenues:			
Passenger	$11,316	$11,075	$10,115
Cargo	769	698	588
Other, net	274	224	134
Total operating revenues	12,359	11,997	10,837
Operating Expenses:			
Salaries and related costs	4,589	4,798	4,437
Aircraft fuel	1,411	1,592	1,482
Passenger commissions	1,318	1,250	1,153
Aircraft rent	732	729	642
Depreciation and amortization	678	735	635
Passenger service	530	549	524
Aircraft maintenance materials and outside repairs	418	465	446
Facilities and other rent	380	356	356
Landing fees	261	262	224
Restructuring charges	526	82	-
Other	1,963	1,754	1,613
Total operating expenses	12,806	12,572	11,512
Operating Loss	(447)	(575)	(675)
Other Income (Expense):			
Interest expense	(304)	(239)	(221)
Interest capitalized	33	62	70
Interest income	57	22	26
Gain on disposition of flight equipment	2	65	35
Write-off of Pan Am reorganization costs	--	--	(43)
Miscellaneous income (expense), net	(1)	14	22
	(213)	(76)	(111)
Loss Before Income Taxes and Cumulative Effect of Accounting Changes	(660)	(651)	(786)
Income Tax Benefit	251	236	280
Loss Before Cumulative Effect of Accounting Changes	(409)	(415)	(506)
Cumulative Effect of Accounting Changes:			
Postretirement benefits other than pensions, net of tax	--	(818)	--
Income taxes	--	231	--
Net Loss	(409)	(1,002)	(506)
Preferred Stock Dividends	(110)	(110)	(19)
Net Loss Attributable to Common Stockholders	$ (519)	$(1,112)	$ (525)
Primary and Fully Diluted Per Share Amounts:			
Loss before cumulative effect of accounting changes	$(10.32)	$(10.54)	$(10.60)
Cumulative effect of accounting changes	--	(11.78)	--
Loss per common share	$(10.32)	$(22.32)	$(10.60)

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended June 30, 1994, 1993 and 1992

	1994	1993	1992
		(In Millions)	
Cash Flows From Operating Activities:			
Net loss	$ (409)	$(1,002)	$ (506)
Adjustments to reconcile net loss to cash provided by operating activities:			
Cumulative effect of accounting changes	--	587	--
Restructuring charges	526	82	--
Depreciation and amortization	678	735	635
Deferred income taxes	(242)	(209)	(123)
Amortization of investment tax credits	(1)	(2)	(9)
Amortization of deferred gain on sale and leaseback transactions	(62)	(57)	(49)
Gain on disposition of flight equipment	(2)	(65)	(35)
Rental expense in excess of rent payments	134	89	158
Pension expense in excess of (less than) funding	(45)	47	67
Compensation under ESOP	29	27	23
Other postretirement expense in excess of payments	66	129	--
Changes in certain assets and liabilities, net of effects of asset acquisition from Pan Am:			
Decrease (increase) in accounts receivable	169	199	(421)
Increase (decrease) in prepaid expenses and other current assets	123	(19)	(69)
Increase (decrease) in air traffic liability	57	(58)	239
Increase in accounts payable and miscellaneous accrued liabilities	207	215	258
Increase (decrease) in other payables and accrued expenses	(34)	50	31
Increase in other noncurrent liabilities	64	14	--
Other, net	66	(85)	(50)
Net cash provided by operating activities	1,324	677	149
Cash Flows From Investing Activities:			
Property and equipment additions:			
Flight equipment, including advance payments	(1,032)	(1,221)	(2,164)
Ground property and equipment	(173)	(192)	(317)
Increase in short-term investments, net	(408)	--	--
Purchase of leasehold and operating rights	--	--	(70)
Proceeds from sale of flight equipment	103	87	43
Purchase of assets from Pan Am	--	--	(416)
Advances to Pan Am	--	--	(115)
Investments in associated companies	--	(1)	--
Net cash used in investing activities	(1,510)	(1,327)	(3,039)
Cash Flows From Financing Activities:			
Issuance of Series C Convertible Preferred Stock, net	--	1,126	--
Issuance of long-term obligations	226	1,427	1,500
Issuance of common stock	1	1	2
Net short-term borrowings	--	(801)	744
Payments on long-term debt and capital lease obligations	(547)	(519)	(794)
Cash dividends	(120)	(138)	(89)
Proceeds from sale and leaseback			

transactions	748	684	813
Net cash provided by financing activities	308	1,780	2,176
Net Increase (Decrease) in Cash and Cash Equivalents	122	1,130	(714)
Cash and cash equivalents at beginning of period	1,180	50	764
Cash and cash equivalents at end of period	$ 1,302	$ 1,180	$ 50

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
For the years ended June 30, 1994, 1993 and 1992

	Common Stock	Additional Paid-In Capital	Retained Earnings (Deficit)	Unrealized Gain (Loss) on Equity Securities	Treasury Stock	Total
	(In Millions, Except Share Amounts)					
Balance at June 30, 1991	$ 163	$ 884	$1,761	$ (13)	$ (338)	$2,457
Fiscal Year 1992:						
Net loss	--	--	(506)	--	--	(506)
Dividends on common stock ($1.20 per share)	--	--	(59)	--	--	(59)
Dividends on Series B ESOP Convertible Preferred Stock, net of tax benefit of $11	--	--	(19)	--	--	(19)
Issuance of 27,441 shares of common stock under dividend reinvestment and stock purchase plan ($63.39 per share)	--	1	--	--	--	1
Issuance of 8,428 shares of common stock under stock option and stock incentive plans ($72.20 per share)	--	1	--	--	--	1
Transfer of 261,450 shares of common stock from treasury under ESOP and stock incentive plan ($67.76 per share)	--	--	--	--	18	18
Net unrealized gain on marketable equity securities	--	--	--	1	--	1
Balance at June 30, 1992	163	886	1,177	(12)	(320)	1,894
Fiscal Year 1993:						
Net loss	--	--	(1,002)	--	--	(1,002)
Issuance of Series C Convertible Preferred Stock	--	1,126	--	--	--	1,126
Dividends on Series C Convertible Preferred Stock	--	--	(80)	--	--	(80)
Dividends on common stock ($0.70 per share)	--	--	(35)	--	--	(35)
Dividends on Series B ESOP Convertible Preferred Stock, net of tax benefit of $9	--	--	(21)	--	--	(21)
Issuance of 26,202 shares of common stock under dividend reinvestment and stock purchase plan ($53.13 per share)	--	1	--	--	--	1
Transfer of 336,064 shares of common stock from treasury under ESOP and stock incentive plan ($67.75 per share)	--	(1)	(3)	--	23	19
Net unrealized gain on marketable equity securities	--	--	--	11	--	11
Balance at June 30, 1993	163	2,012	36	(1)	(297)	1,913
Fiscal Year 1994:						
Net loss	--	--	(409)	--	--	(409)
Dividends on Series C Convertible Preferred Stock	--	--	(80)	--	--	(80)
Dividends on common stock ($0.20 per share)	--	--	(10)	--	--	(10)
Dividends on Series B ESOP Convertible Preferred Stock, net of tax benefit of $8	--	--	(22)	--	--	(22)
Issuance of 17,140 shares of common stock under dividend reinvestment and stock purchase plan ($50.38 per share)	--	1	--	--	--	1
Transfer of 370,226 net shares of common stock from treasury under ESOP and stock incentive plan ($67.75 per share)	--	--	(5)	--	25	20
Net unrealized gain on marketable equity securities	--	--	--	54	--	54
Balance at June 30, 1994	$ 163	$2,013	$ (490)	$ 53	$ (272)	$1,467

The accompanying notes are an integral part of these statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 1994, 1993 and 1992

1. Summary of Significant Accounting Policies:

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 accounts and transactions have been eliminated. Certain prior year amounts have been reclassified to conform with the current financial statement presentation.

Investments in Associated Companies -- The Company's investments in WORLDSPAN, L.P. (WORLDSPAN), a computer reservations system partnership, Atlantic Southeast Airlines, Inc. (ASA), Comair Holdings, Inc. (Comair), the parent of Comair, Inc., and SkyWest, Inc. (SkyWest), the parent of SkyWest Airlines, Inc., are accounted for under the equity method. ASA, Comair, Inc., and SkyWest Airlines, Inc., are participants in the Delta Connection program.
(See Note 13.)

Accounting Changes -- Effective July 1, 1992, the Company adopted Statement of Financial Accounting Standards No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions" (SFAS 106) and Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" (SFAS 109). Effective June 30, 1994, the Company adopted Statement of Financial Accounting Standards No. 115, "Accounting for Certain Investments in Debt and Equity Securities" (SFAS 115). (See Notes 12, 10 and 3, respectively.)

Cash and Cash Equivalents -- Investments with an original maturity of three months or less on their acquisition date 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 115 and stated at fair value. (See Note 3.)

Cost in Excess of Net Assets Acquired -- The cost in excess of net assets acquired, which is being amortized over 40 years, is related to the Company's acquisition of Western Air Lines, Inc., on December 18, 1986. The Company periodically reviews the value assigned to goodwill to determine if it has been other than temporarily impaired by adverse conditions affecting the Company. Management believes that goodwill is appropriately valued.

Leasehold and Operating Rights -- 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 the expiration dates of such authorities. Permanent route authorities with no stated expiration dates are amortized over 40 years.

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.

Manufacturers Credits -- In connection with the acquisition of certain aircraft and engines, the Company receives various 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.

Frequent Flyer Program -- The Company sponsors a travel incentive program whereby frequent travelers accumulate mileage credits that entitle them to certain awards, including free travel. The Company accrues the estimated incremental cost of providing free travel awards under its Frequent Flyer program when free travel award levels are achieved. The accrued incremental cost is included in accounts payable and miscellaneous accrued liabilities as a current liability.

Passenger and Cargo Revenues -- Passenger and cargo revenues are recorded when the transportation is provided. The value of unused passenger tickets is included in current liabilities as air traffic liability.

Depreciation and Amortization -- Prior to April 1, 1993, substantially all of the Company's flight equipment was being depreciated on a straight-line basis to residual values (10% of cost) over a 15-year period from the dates placed in service. As a result of a review of its fleet plan, effective April 1, 1993, the Company increased the estimated useful lives of substantially all of its flight equipment. Flight equipment that was not already fully depreciated is being depreciated on a straight-line basis to residual values (5% of cost) over a 20-year period from the dates placed in service. The effect of this change was a $34 million decrease in depreciation expense and a $22 million ($0.44 per common share) decrease in net loss for fiscal 1993. Ground property and equipment are depreciated on a straight-line basis over their estimated service lives, which range from three years to thirty 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.

Loss Per Share -- Primary and fully diluted loss per share is computed by dividing net loss attributable to common stockholders by the weighted average number of shares of Delta common stock (Common Stock) and, if dilutive, Common Stock equivalents outstanding during the year, which was 50,257,721 for fiscal 1994; 49,836,959 for fiscal 1993; and 49,498,411 for fiscal 1992. Common Stock equivalents consist of the shares issuable upon exercise of outstanding stock options less the number of shares deemed to be repurchased under application of the treasury stock method.

Prior to fiscal 1993, the tax benefits resulting from deductible Series B ESOP Convertible Preferred Stock (ESOP Preferred Stock) dividends paid to service debt related to the Guaranteed Serial ESOP Notes were credited directly to retained earnings and were considered earnings for the purpose of calculating earnings per share. With the adoption of SFAS 109, effective July 1, 1992, the tax benefits related to dividends on unallocated shares of ESOP Preferred Stock are no longer considered earnings for per share calculations, but continue to be credited directly to retained earnings.

Foreign Currency Translation -- Assets and liabilities denominated in foreign currencies are translated at exchange rates in effect at the balance sheet date, except that fixed assets are translated at exchange rates in effect when these assets are acquired. Revenues and expenses of foreign operations are translated at average monthly exchange rates prevailing during the year, except that depreciation and amortization charges are translated at the exchange rates in effect when the related assets are acquired. The resulting foreign exchange gains and losses are recognized as incurred. Such amounts were not significant for any of the years presented in this report.

2. Purchase Commitments:

Future expenditures for aircraft and engines on firm order as of July 31, 1994, are estimated to be $3.2 billion, excluding aircraft orders subject to reconfirmation, as follows:

Years Ending June 30	Amount (In Millions)
1995	$ 400
1996	440
1997	930
1998	710
1999	310
After 1999	410
Total	$3,200

In addition, at July 31, 1994, the Company had authorized capital expenditures of approximately $250 million for fiscal 1995 for improvement of airport and office facilities, various ground equipment and other assets.

The Company expects to finance its aircraft and engine commitments, as well as other authorized capital expenditures, using available cash, internally generated funds, debt financings, and proceeds from sale and leaseback transactions.

3. Investments in Debt and Equity Securities:

Effective June 30, 1994, the Company adopted SFAS 115, which changes the accounting and reporting for investments in equity securities that have readily determinable fair values and for all investments in debt securities.

Under SFAS 115, the Company's investments in Singapore Airlines Limited (Singapore Airlines) and Swissair, Swiss Air Transport Company Ltd. (Swissair) are classified as available-for-sale and carried at aggregate market value. Prior to the adoption of SFAS 115, these investments were carried at the lower of aggregate cost or market value.

At June 30, 1994 and 1993, the gross unrealized gain on the Company's investment in Singapore Airlines was $109 million and $35 million, respectively, and the gross unrealized loss on the Company's investment in Swissair was $24 million and $37 million, respectively. The $53 million net unrealized gain, net of the related deferred tax provision, on these investments at June 30, 1994, and the $1 million net unrealized loss, net of the related tax benefit, on these investments at June 30, 1993, are reflected in stockholders' equity. Delta's rights to vote, transfer or acquire additional shares of the stock of Singapore Airlines and Swissair are subject to certain restrictions.

Delta's other investments in available-for-sale securities, recorded as short-term investments in the Company's Consolidated Balance Sheets, include government agency debt (52%) and corporate debt securities (48%) with average stated maturity dates of 21 and 23 months, respectively. These investments approximate fair value at June 30, 1994.

The proceeds from sales of available-for-sale securities during fiscal 1994 were $473 million, which resulted in realized losses of $3 million.

4. Sale of Receivables:

On June 24, 1994, Delta entered into a revolving accounts receivable facility (Facility) providing for the sale of $489 million of a defined pool of accounts receivable (Receivables) through a wholly-owned subsidiary to a trust in exchange for a senior certificate in the principal amount of $300 million (Senior Certificate) and a subordinate certificate in the principal amount of $189 million (Subordinate Certificate). The subsidiary retained the Subordinate Certificate and the Company received $300 million in cash from the sale of the Senior Certificate to a third party. The principal amount of the Subordinate Certificate fluctuates daily depending upon the volume of Receivables sold, and is payable to the subsidiary only to the extent the collections received on the Receivables exceed amounts due on the Senior Certificate. The Facility, which replaced an interim facility established in March 1994, is scheduled to terminate in July 1995, subject to earlier termination in certain circumstances.

At June 30, 1994, the $300 million net proceeds from the sale were reported as operating cash flows in the Company's Consolidated Statements of Cash Flows and as a reduction in accounts receivable on the Company's Consolidated Balance Sheets. The Subordinate Certificate is included in accounts receivable on the Company's Consolidated Balance Sheets. The full amount of the allowance for doubtful accounts related to the Receivables sold has been retained, as the Company has substantially the same credit risk as if the Receivables had not been sold. Under the terms of the Facility, the Company is obligated to pay fees which approximate the purchaser's cost of issuing a like amount of commercial paper plus certain administrative costs. These fees totaling $7 million are included in other income (expense) under miscellaneous, net in the Company's Consolidated Statements of Operations.

5. Long-Term Debt:

At June 30, 1994 and 1993, the Company's long-term debt (including current maturities) was as follows:

	1994	1993
	(In Millions)	
3.23% Convertible Subordinated Notes, unsecured, due June 15, 2003, net of unamortized discount of $202 million and $225 million at June 30, 1994 and 1993, respectively.....	$ 598	$ 575

	1994	1993
	(In Millions)	
7.26% -- 8.10% Guaranteed Serial ESOP Notes, unsecured, payable in installments through 2009	432	441
Medium-Term Notes, Series A and B, unsecured, interest rates ranging from 6.52% to 9.15% and with maturities ranging from 1995 to 2007	381	177
9 3/4% Debentures, unsecured, due May 15, 2021	350	350
9 7/8% Notes, unsecured, due January 1, 1998	225	225
10 3/8% Debentures, unsecured, due February 1, 2011	200	200
9 1/4% Debentures, unsecured, due March 15, 2022	200	200
9 7/8% Notes, unsecured, due May 15, 2000	175	175
10 3/8% Debentures, unsecured, due December 15, 2022	175	175
8 1/4% Notes, unsecured, due May 15, 1996	150	150
9% Debentures, unsecured, due May 15, 2016	150	150
10 1/8% Debentures, unsecured, due May 15, 2010	125	125
8 1/2% Notes, unsecured, due March 15, 2002	100	100
Clayton County Development Authority, 7 5/8% unsecured loan agreement, repayable on January 1, 2020	45	45
Development Authority of Clayton County, 6 5/8% unsecured loan agreement, repayable in installments beginning in 2000, with the remaining balance payable in 2011	35	35
Development Authority of Fulton County, unsecured loan agreement, repayable $10 million on November 1, 2007 and $20 million on November 1, 2022. Interest ranges from 6.85% to 6.95% over the life of the loan	30	30
1992 Amended and Restated Bank Credit Agreement, providing unsecured borrowings up to $1 billion payable on or before December 4, 1996	--	275
1991 Bank Credit Agreement, providing unsecured borrowings up to $500 million payable on or before December 19, 1994	--	225
Other, net	(2)	1
Total	3,369	3,654
Less: Current maturities	227	35
Total long-term debt	$3,142	$3,619

The fair value of long-term debt, including current maturities, at June 30, 1994, is estimated to be $3.3 billion, based on quoted market prices, where available, or discounted cash flow analyses.

Current maturities of long-term debt include $202 million principal amount of debt that the Company voluntarily repurchased and retired subsequent to June 30, 1994. As a result of these transactions, the Company will recognize a net pretax gain of approximately $7 million during the quarter ending September 30, 1994.

The 1991 and 1992 Bank Credit Agreements provide for unsecured borrowings by the Company on a revolving basis of up to $500 million until December 19, 1994, and $1 billion until December 4, 1996, respectively. Up to $700 million of the facility available under the 1992 Bank Credit Agreement may be used for the issuance of letters of credit. The interest rate under these agreements is, at the Company's option, an adjusted certificate of deposit rate, the LIBOR 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 Bank Credit Agreements contain certain negative covenants that restrict the Company's ability to grant liens, incur or guarantee debt, and enter into flight equipment leases. These agreements also provide 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, with respect to the 1992 Bank Credit Agreement, the Company will immediately deposit cash collateral with the banks in an amount equal to all outstanding letters of credit. At June 30, 1994, there were no borrowings outstanding under the 1991 and 1992 Bank Credit Agreements, but there was outstanding under the 1992 Bank Credit Agreement a letter of credit in the amount of $699 million (which was reduced to $634 million at August 12, 1994) to credit enhance the Guaranteed Serial ESOP Notes.

At August 12, 1994, there was outstanding $421 million principal amount of Guaranteed Serial ESOP Notes (ESOP Notes) guaranteed by Delta. The ESOP Notes, which were issued in three series pursuant to certain note purchase agreements, have final maturity dates between July 1, 1999 and January 1, 2009. The note purchase agreements require Delta to purchase the 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); provided that Delta has no obligation to purchase the ESOP Notes under the note purchase agreements so long as it obtains, within 127 days of a Purchase Event, certain credit enhancements (Approved Credit Enhancement) that result in the 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 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 ESOP Notes being purchased, together with accrued interest and a Make Whole

Premium Amount. The Make Whole Premium Amount for each series of ESOP Notes 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 such series as of the date Delta purchases the ESOP Notes.

As a result of Moody's rating action on May 11, 1993, a Purchase Event occurred, and Delta became obligated to purchase on September 15, 1993, any ESOP Notes properly tendered to it. Prior to September 15, 1993, Delta obtained an Approved Credit Enhancement in the form of a letter of credit (Letter of Credit) to credit enhance the ESOP Notes. The Letter of Credit was issued by NationsBank of Georgia, National Association (NationsBank), in favor of Wilmington Trust Company, as trustee (Trustee), under Delta's 1992 Bank Credit Agreement. Due to the issuance of the Letter of Credit, which is scheduled to expire on December 4, 1996, the ESOP Notes received the Required Ratings. Accordingly, Delta no longer has an obligation to purchase the ESOP Notes as a result of the Purchase Event that occurred on May 11, 1993.

At August 12, 1994, the face amount of the Letter of Credit was $634 million. It covers the $421 million outstanding principal amount of the ESOP Notes, up to $167 million of Make Whole Premium Amount and approximately one year of interest on the ESOP Notes.

Delta, the Trustee, and Fidelity Management Trust Company, as ESOP trustee, entered into an Indenture of Trust, dated as of August 1, 1993 (Indenture), that contains certain terms and conditions relating to the Letter of Credit. The Indenture requires the Trustee to draw under the Letter of Credit to make regularly scheduled payments of principal and interest on the ESOP Notes. The Indenture also requires the Trustee to draw under the Letter of Credit to purchase the ESOP Notes in certain circumstances in which Delta would not be required to purchase the ESOP Notes under the note purchase agreements. Subject to certain conditions, the Indenture requires the Trustee to purchase the ESOP Notes at the Purchase Price at the option of the Noteholders in the event that
(1) the Required Ratings on the ESOP 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 there has occurred an Event of Default (as defined) under the 1992 Bank Credit Agreement; unless, generally within 10 days of any such event, the ESOP Notes receive the Required Ratings due to Delta's obtaining a substitute credit enhancement or otherwise.

The Required Ratings on the 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 NationsBank 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 ESOP Notes at the option of the Noteholders if the ESOP Notes receive the Required Ratings without the benefit of a credit enhancement. The 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 12, 1994, Delta's long-term senior unsecured debt was rated Ba1 by Moody's and BB by Standard & Poor's.

If the Trustee draws under the Letter of Credit to purchase the ESOP Notes, Delta is required to reimburse NationsBank under the 1992 Bank Credit Agreement by, at Delta's election, (1) immediately repaying the amount drawn; or (2) converting its reimbursement obligation to an outstanding borrowing under that Agreement. The 1992 Bank Credit Agreement is scheduled to expire on December 4, 1996.

On June 24, 1993, the Company issued $800 million principal amount at stated maturity of 3.23% Convertible Subordinated Notes due June 15, 2003 (Notes). The Notes were issued at an original issue discount of 28.2% from, and bear interest at the rate of 3.23% per annum on, the principal amount at stated maturity. This original issue discount and rate of interest represents a yield to maturity, compounded semiannually, of 7.25% per annum. The Notes are convertible at any time prior to stated maturity by the holders thereof, unless previously redeemed, into shares of Common Stock, at a conversion rate of 12.68 shares per $1,000 principal amount at stated maturity of the Notes, subject to adjustment in certain circumstances. The Notes are redeemable at any time on or after June 15, 1996, at the Company's option at a price (Repurchase Price) for each Note equal to the issue price plus accrued original issue discount to the redemption date, together with accrued and unpaid interest to the redemption date. If a Change in Control (as defined) of the Company occurs, the holders of the Notes may require the Company to repurchase their Notes at the Repurchase Price, payable in cash or, at the Company's option, in shares of Common Stock.

At June 30, 1994, the annual scheduled maturities of long-term debt during the next five fiscal years were as follows:

Years Ending June 30	Amount (In Millions)
1995	$227
1996	163
1997	54
1998	270
1999	124

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 ESOP Preferred Stock and Series C Convertible Preferred Stock (Series C Preferred Stock) limit the Company's ability to pay cash dividends on Common Stock in certain circumstances.

Cash payments of interest, net of interest capitalized, totaled $231 million in fiscal 1994; $171 million in fiscal 1993; and $151 million in fiscal

1992.

6. Lease Obligations:

The Company leases certain aircraft, airport terminal and maintenance facilities, ticket offices, and other property and equipment under agreements with terms of more than one year. Rent expense is generally recorded on a straight-line basis over the lease term.

Amounts charged to rental expense for operating leases were $1.1 billion in fiscal 1994; $1.1 billion in fiscal 1993; and $1.0 billion in fiscal 1992.

At June 30, 1994, the Company's minimum rental commitments under capital leases and noncancelable operating leases with initial or remaining terms of more than one year were as follows:

Years Ending June 30	Capital Leases	Operating Leases
	(In Millions)	
1995	$ 18	$ 952
1996	18	965
1997	18	961
1998	15	940
1999	14	953
After 1999	44	12,605
Total minimum lease payments	127	$17,376
Less: Amounts representing interest	30	
Present value of future minimum capital lease payments	97	
Less: Current obligations under capital leases	11	
Long-term capital lease obligations	$ 86	

Special facility revenue bonds have been issued by certain municipalities and airport authorities to build or improve airport terminal and maintenance facilities that are leased under operating leases by Delta. 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. At June 30, 1994, Delta had guaranteed $675 million principal amount of such bonds.

7. Short-Term Borrowings:

The maximum and average outstanding balances of short-term borrowings and the weighted average interest rates during fiscal 1994, 1993 and 1992 were as follows:

	1994	1993	1992
	(In Millions)		
Maximum amount of borrowings outstanding during period	$164	$917	$933
Average daily borrowings during period	$ 2	$251	$385
Weighted average interest rate on borrowings during period	5.03%	3.86%	4.60%

At June 30, 1994 and 1993, no commercial paper or short-term notes were outstanding.

8. Stock Options and Awards:

Under the Company's stock option plans, selected employees have received awards of stock options and, prior to fiscal 1994, tandem stock appreciation rights.

The option price for all stock options, and the base upon which stock appreciation rights are measured, is the fair market value of Common Stock on the date of grant. Awards exercised as stock appreciation rights are payable in a combination of cash and Common Stock.

Transactions involving stock options and tandem stock appreciation rights during fiscal 1992, 1993 and 1994 were as follows:

	Awards	Award Price

Balance July 1, 1991	1,705,800	$ 43.25-$68.375
Fiscal 1992:		
Granted	864,000	$73.125
Exercised	(66,450)	$ 43.25-$67.375
Balance June 30, 1992	2,503,350	$ 43.25-$73.125
Fiscal 1993:		
Exercised	(55,400)	$ 43.25-$54.00
Balance June 30, 1993	2,477,950	$ 54.00-$73.125
Fiscal 1994:		
Granted	650,200	$54.375
Exercised	(56,400)	$54.00
Forfeited	(27,000)	$68.375-$73.125
Balance June 30, 1994	3,014,750	$ 54.00-$73.125

Awards in fiscal 1994 were granted without tandem stock appreciation rights. Stock options and tandem stock appreciation rights are generally exercisable between one and ten years after the date of award. Awards outstanding as of June 30, 1994, and the option prices of those awards were as follows:

Date of Award	Awards Outstanding	Award Price
January 26, 1989	106,000	$54.00
January 25, 1990	662,550	$67.375
January 24, 1991	747,500	$68.375
January 23, 1992	848,500	$73.125
January 27, 1994	650,200	$54.375
	3,014,750	$54.00-$73.125

Substantially all awards of stock options and tandem stock appreciation rights have been exercised as stock appreciation rights. In fiscal 1994, the Company issued 2,065 shares of Common Stock at $60.625 per common share in connection with the exercise of stock appreciation rights.

9. Common and Preferred Stock:

At June 30, 1994, 5,922,758 common shares were reserved for issuance under the 1989 Stock Incentive Plan, 5,900,199 common shares were reserved for conversion of the ESOP Preferred Stock, 17,490,494 common shares were reserved for conversion of the Series C Preferred Stock and 10,149,072 common shares were reserved for conversion of the 3.23% Convertible Subordinated Notes due 2003.

Each outstanding share of Common Stock is accompanied by a preferred stock purchase right which entitles the holder to purchase from the Company 1/100th of a share of Series A Junior Participating Preferred Stock for $200, subject to adjustment in certain circumstances. The rights become exercisable only after a person or group acquires beneficial ownership of 20% or more of the Common Stock, or commences a tender or exchange offer that would result in such person or group beneficially owning 30% or more of the Common Stock. The rights expire on November 4, 1996, and may be redeemed by Delta for $0.05 per right until 15 days following the announcement that a person or group beneficially owns 20% or more of the Common Stock. Subject to certain conditions, if a person or group becomes the beneficial owner of 30% or more of the Common Stock, or a person or group beneficially owning 20% or more of the Common Stock receives compensation from Delta other than compensation for full-time employment as a regular employee, each right will entitle its holder (other than certain acquiring persons) to receive, upon exercise, Common Stock having a value equal to two times the right's exercise price. In addition, subject to certain conditions, if Delta is involved in a merger or certain other business combination transactions, each right will entitle its holder (other than certain acquiring persons) to receive, upon exercise, common stock of the acquiring company having a value equal to two times the right's exercise 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 shares 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. 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.

On July 1, 1992, the Company issued 23 million Depositary Shares, each representing 1/1000th of a share of Series C Preferred Stock. Each share of Series C Preferred Stock bears annual cumulative cash dividends of $3,500 (equivalent to $3.50 per annum per Depositary Share); has a liquidation preference of $50,000 (equivalent to $50 per Depositary Share) plus accrued and unpaid dividends; and is convertible at any time at the option of the holder into shares of Common Stock at a conversion price of $65.75 per share of Common Stock (equivalent to a conversion rate of 0.7605 shares of Common Stock per Depositary Share), subject to adjustment in certain circumstances. Except under certain circumstances, the holders of the Series C Preferred Stock have no voting rights.

The Series C Preferred Stock is redeemable by Delta at its option on and after July 1, 1995, for such number of shares of Common Stock as equals the liquidation preference of the Series C Preferred Stock being redeemed divided by the conversion price (equivalent to a conversion rate of 0.7605 shares of Common Stock for each Depositary Share), subject to adjustment in certain circumstances. Delta may exercise its redemption option only if for 20 trading days within any period of 30 consecutive trading days, including the last trading day of such period, the closing price of the Common Stock on the New York Stock Exchange exceeds $82.125, subject to adjustment in certain circumstances.

The Series C Preferred Stock ranks senior to the Common Stock and on a parity with the ESOP Preferred Stock with respect to payment of dividends and amounts upon liquidation, dissolution or winding up. The terms of the Series C Preferred Stock prohibit Delta from paying cash dividends on the Common Stock unless (1) all accrued and unpaid dividends on the Series C Preferred Stock and the ESOP Preferred Stock have been paid or set apart for payment; and (2) sufficient funds have been paid or set apart for payment for the current dividend period with respect to the Series C Preferred Stock and the ESOP Preferred Stock.

10. Income Taxes:

Effective July 1, 1992, Delta adopted SFAS 109, which changed the Company's method of accounting for income taxes from the deferred method to the liability method. As permitted under the new rules, prior years' financial statements have not been restated to reflect the change in accounting method. The cumulative effect of adopting SFAS 109 decreased the net loss for fiscal 1993 by $231 million.

Deferred income taxes reflect the net tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred tax assets and liabilities as of June 30, 1994 and 1993, are a result of temporary differences related to the items described as follows:

	1994 Deferred Tax Assets	1994 Deferred Tax Liabilities	1993 Deferred Tax Assets	1993 Deferred Tax Liabilities
	(In Millions)			
Postretirement benefits	$ 564	$ --	$ 528	$ --
Gains on sale and lease-back transactions (net)	380	--	371	--
Net operating loss carryforwards	237	--	74	--
Alternative minimum tax credit carryforwards	185	--	193	--
Rent expense	167	--	142	--
Restructuring charges	162	--	22	--
Other employee benefits	137	--	150	--
Spare parts repair expense	85	--	74	--
Depreciation and amortization	--	1,008	--	857
Other	172	185	127	146
	$2,089	$1,193	$1,681	$1,003

Management believes, based on the Company's earnings history, the actions that the Company has already taken and will continue to take to improve its financial performance, expectations of future taxable income, and other relevant considerations, that it is more likely than not that future taxable income will be sufficient to fully utilize the deferred tax assets which existed at June 30, 1994.

The income tax benefit generated in fiscal 1994, 1993 and 1992 consisted of:

	1994	1993	1992
	(In Millions)		
Current taxes	$ 8	$ 25	$ 148
Deferred taxes	227	207	123
Increase in corporate statutory rate	13	--	--
Tax benefit of dividends on allocated ESOP Preferred Stock	2	2	--
	250	234	271
Amortization of investment tax credits	1	2	9
Income tax benefit	$ 251	$ 236	$ 280

Components of the deferred tax benefits (provisions) are as follows:

	1994	1993	1992
	(In Millions)		
Postretirement benefits	$ 36	$ 48	$ --
Gains on sale and leaseback transactions	9	4	68
Net operating loss carryforwards	163	74	--
Alternative minimum tax credit carryforwards	(8)	114	58
Rent expense	25	22	36
Restructuring charges	140	22	--
Pension expense	(15)	22	35
Depreciation and amortization	(151)	(117)	(106)
Software development costs	(17)	(12)	3
Other, net	45	30	29
	$ 227	$ 207	$ 123

The income tax benefits generated for fiscal 1994, 1993 and 1992 differ from amounts which would result from applying the federal statutory tax rate to pretax loss, as follows:

	1994	1993	1992
	(In Millions)		
Loss before income taxes	$ 660	$ 651	$ 786
Depreciation and amortization not deductible for tax purposes	(9)	(11)	(33)
Other, net	(16)	(8)	(13)
Adjusted pretax loss	635	632	740
Statutory rate	x 35%	x 34%	x 34%
Income tax benefit at statutory rate	222	215	251
State and other income taxes, net of federal income tax benefit	15	19	20
Benefit due to increase in corporate statutory tax rate	13	--	--
Amortization of investment tax credits	1	2	9
Income tax benefit	$ 251	$ 236	$ 280

The Company received income tax refunds, net of cash income tax payments, of $13 million in fiscal 1994, $166 million in fiscal 1993 and $34 million in fiscal 1992.

11. Employee Stock Ownership Plan:

The Company sponsors the Delta Family-Care Savings Plan (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 contributes to the ESOP 50% of a participant's contributions to the Savings Plan, up to a maximum employer contribution of 2% of a participant's earnings.

In connection with the adoption of the ESOP, 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 ESOP but not yet allocated to individual participants' accounts. As shares of the ESOP Preferred Stock are allocated to participants, compensation expense is recorded and unearned compensation is reduced. Interest expense on the ESOP Notes is also recorded as an additional component of ESOP expense. The compensation and interest components of ESOP costs are reduced by the amount of dividends accrued on the ESOP Preferred Stock.

Delta recorded compensation and interest expense, made cash contributions to the ESOP, and incurred actual interest on the ESOP Notes in fiscal 1994, 1993 and 1992, as follows:

	1994	1993	1992
	(In Millions)		
Compensation expense...........	$29	$27	$23
Interest expense...............	20	20	20
Cash contributions, including dividends on the ESOP Preferred Stock..............	50	43	52
Actual interest on ESOP Notes..	34	35	36

Effective July 1, 1994, Delta adopted American Institute of Certified Public Accountants Statement of Position 93-6, "Employers' Accounting for Employee Stock Ownership Plans," which changed the Company's method of accounting for the dividends on unallocated shares of ESOP Preferred Stock. This change will not have a material effect on Delta's financial position or results of operations.

12. Employee Benefit Plans:

Substantially all of the Company's permanent employees are covered under various defined benefit pension plans, medical plans, and disability and survivorship plans, and certain employees meeting service requirements are eligible to participate in the Savings Plan discussed in Note 11.

Defined Benefit Pension Plans

The following table sets forth the defined benefit pension plans' funded status and amounts recognized in Delta's Consolidated Balance Sheets as of June 30, 1994 and 1993:

	1994	1993
	(In Millions)	
Actuarial present value of benefit obligations:		
Accumulated benefit obligation/1/	$4,518	$3,823
Projected benefit obligation	$5,846	$5,344
Plan assets at fair value/2/	5,365	4,974
Projected benefit obligation in excess of plan assets	481	370
Unrecognized net loss	(176)	(122)
Unrecognized transition obligation	(67)	(72)
Unrecognized prior service cost	(8)	(9)
Accrued pension cost recognized in the consolidated balance sheets	$ 230	$ 167

/1/Substantially all of the accumulated benefit obligation is vested.

/2/Plan assets were invested at June 30, 1994, approximately as follows: cash equivalents (8%), government and corporate bonds and notes (21%), common stock and other equity-oriented investments (67%) and real estate investments (4%).

The weighted average discount rate and rate of increase in future compensation levels used in determining the actuarial present value of the projected benefit obligation were 8.25% and 4.8%, respectively, at June 30, 1994, and 8.5% and 4.9%, respectively, at June 30, 1993. The expected long-term rate of return on assets was 10% at June 30, 1994 and 1993.

Effective April 1, 1993, the Company increased the expected annual return on plan assets associated with defined benefit pension plans from 9% to 10%. This change reduced pretax operating expenses by $13 million and decreased net loss by $8 million ($0.16 per common share) in fiscal 1993.

The net periodic cost of defined benefit pension plans for fiscal 1994, 1993 and 1992 included the following components:

	1994	1993	1992
	(In Millions)		
Service cost -- benefits earned during the year	$ 248	$ 240	$ 217
Interest cost on projected benefit obligation	466	431	389
Actual return on plan assets	(355)	(647)	(494)
Net amortization and deferral	(119)	259	153
Net periodic pension cost	$ 240	$ 283	$ 265

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, although amounts sufficient to pay claims incurred, but not yet paid, are held in trust. 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 and dental plans for both current and future retirees.

Effective July 1, 1992, the Company adopted SFAS 106, which requires the accrual of the cost of providing postretirement benefits over the active service period of the employee. The Company adopted SFAS 106 using the immediate recognition transition option and recorded a one-time pretax charge of $1.3 billion ($818 million after tax) as the cumulative effect of the accounting change. Prior to fiscal 1993, postretirement benefit expense was recognized when claims were paid. The total cost of these postretirement benefits was $25 million in fiscal 1992.

Net periodic postretirement benefit cost for fiscal 1994 and 1993 included the following components:

	1994	1993
	(In Millions)	
Service cost -- benefits earned during the year	$ 35	$ 47
Interest cost on accumulated postretirement benefit obligation	101	119
Amortization of prior service cost	(31)	--
Amortization of accumulated losses	6	--
Net periodic postretirement benefit cost	$ 111	$ 166

The accumulated postretirement benefit obligation (APBO) at June 30, 1994 and 1993 consisted of the following components:

	1994	1993
	(In Millions)	
Retirees and dependents	$ 810	$ 589
Fully eligible participants	352	358
Other active participants	262	222
Total accumulated postretirement benefit obligation	1,424	1,169
Unamortized prior service cost (from plan changes)	405	450
Unrecognized net loss	(132)	(192)
Accrued postretirement cost	$1,697	$1,427

The weighted average discount rate used to estimate the APBO was 8.25% at June 30, 1994, and 8.50% at June 30, 1993. The assumed health care cost trend rate used in measuring the APBO was 9.5% and 10% at June 30, 1994 and 1993, respectively, declining gradually to 4 1/2% by June 30, 2002, and remaining level thereafter. Increasing the assumed health care cost trend rate annually by 1% for all future years would increase the APBO as of June 30, 1994, by approximately $126 million, and the net periodic postretirement benefit cost by $17 million for fiscal 1994.

Included in the restructuring charges described in Note 14 are aggregate charges of $112 million and $198 million for defined benefit pension plans and postretirement benefit plans, respectively. These charges represent costs primarily associated with special termination benefits and curtailment losses related to workforce reductions.

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 insurance plans are amortized in a similar manner.

The Company continues to evaluate ways in which it can better manage employee benefits and control costs. Any changes in the plan 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.

Postemployment Benefits

The Company provides certain benefits to its former or inactive employees after employment but before retirement. Such benefits primarily include those related to disability and survivorship plans.

Effective July 1, 1994, Delta adopted Statement of Financial Accounting Standards No. 112, "Employers' Accounting for Postemployment Benefits" (SFAS 112), which requires recognition of the liability for postemployment benefits during the period of employment.

Adoption of SFAS 112 will result in a cumulative after-tax transition benefit of approximately $100 million, primarily due to the net overfunded status of the Company's disability and survivorship plans. Future period expenses will vary based on actual claims experience and the return on plan assets.

13. Investments in Associated Companies:

The Company's percent ownership in associated companies at June 30, 1994, and equity earnings for fiscal 1994, 1993 and 1992 were as follows:

		Equity Earnings		
Investment	Percent Ownership	1994	1993	1992
		(In Millions)		
WORLDSPAN..........	38.0%	$ 1	$ 5	$ 3
ASA................	23.3	12	9	8
Comair.............	20.6	6	4	3
SkyWest............	13.6	2	1	--

WORLDSPAN provides reservations services to Delta, which are billed to Delta in the form of segment fees; such fees were $60 million in fiscal 1994, $47 million in fiscal 1993 and $46 million in fiscal 1992. Additionally, Delta made monthly subscriber support payments to WORLDSPAN; these payments totaled $23 million in fiscal 1994, $32 million in fiscal 1993 and $40 million in fiscal 1992. Delta provides communications, information processing and administrative services to WORLDSPAN; WORLDSPAN reimbursed Delta for these services in the amount of $15 million in fiscal 1994, $26 million in fiscal 1993 and $32 million in fiscal 1992.

14. Restructuring Charges:

During fiscal 1993 and 1994, the Company recorded pretax restructuring charges of $82 million ($1.05 primary and fully diluted per common share) and $526 million ($6.59 primary and fully diluted per common share), respectively. These charges are summarized in the table below:

	Charges (Credits)			
	1993	1994	Total	Amounts Utilized
Fleet Simplification.................	$ 82	$(24)	$ 58	$ 58
Early Retirement Program............................	--	112	112	--
Leadership 7.5 Initiatives...........	--	438	438	77
Totals............................	$ 82	$526	$608	$135

During fiscal 1993, the Company recorded an $82 million restructuring charge related to the planned retirement of 21 Airbus A310 aircraft acquired in 1991 in connection with the Company's purchase of certain assets from Pan Am Corporation and certain of its subsidiaries (Pan Am). The Company returned 17 of these aircraft to lessors during fiscal 1994, recognizing cash and non-cash costs totaling $28 million and $30 million, respectively, and reversed $24 million of the restructuring charge due to lower than expected maintenance costs associated with the return of the 17 aircraft.

During the December 1993 quarter, Delta recorded a $112 million restructuring charge primarily for special termination benefits relating to an early retirement program under which approximately 1,500 employees elected to retire effective November 1, 1993.

During the June 1994 quarter, the Company announced a three-year restructuring program, Leadership 7.5, with a goal of reducing its annual operating expenses by approximately $2 billion by the end of the June 1997 quarter. This program includes expected cost savings from planned workforce reductions of 12,000 to 15,000 jobs, which will be accomplished through voluntary programs, including early retirement incentives, leaves of absence and severance programs, as well as furloughs; the reengineering of processes in the Company's Technical Operations division, resulting in increased productivity and reductions in inventory levels; the suspension of service in certain transatlantic markets; the phase-out of the A310 fleet; and the closing of certain facilities. During the June 1994 quarter, the Company recorded a restructuring charge of $414 million for these Leadership 7.5 initiatives, net of the $24 million reversal related to the fleet simplification charge discussed above.

This $414 million charge includes $280 million for workforce reductions of approximately 8,700 employees expected to occur during fiscal 1995, including pension plan curtailment losses of $33 million, special termination benefits of $165 million (for approximately 2,500 employees), and severance payments and related costs of $82 million. Cash outlays for severence payments are expected to occur substantially during fiscal 1995. Payments associated with the curtailment loss and special termination benefits will be expended as required for funding appropriate pension and other postretirement plans in future years.

Also included in the $414 million restructuring charge is $134 million representing cash and noncash costs associated with reductions in inventory levels, the suspension of service in certain transatlantic markets, and lease termination costs for facilities to be abandoned as a result of the restructuring. Cash costs of approximately $81 million are expected to occur primarily during fiscal 1995 and 1996. The remaining $53 million represents noncash costs.

15. Transactions with Pan Am Corporation:

Pursuant to an asset purchase agreement with Pan Am dated July 27, 1991, as amended, Delta purchased certain assets relating to Pan Am's Boston-New York- Washington, D.C. Shuttle and route authorities to Europe, Asia and Africa. The purchased assets included substantially all of Pan Am's transatlantic route authorities and related beyond rights; certain take-off and landing authorizations and slots; equity interests in three used A310-200 aircraft and certain aircraft spare engines and spare parts; and leasehold interests in certain airport facilities.

Delta's purchase price under the asset purchase agreement was $416 million, subject to certain adjustments. Delta also assumed certain liabilities, including $66 million in mortgages on acquired assets, and agreed to honor up to $100 million of Pan Am's passenger tickets under certain circumstances. In connection with these asset purchases, Delta hired approximately 7,800 Pan Am personnel and entered into operating leases with respect to 42 used aircraft. Delta also agreed, subject to certain terms and conditions, to participate in a plan of reorganization for Pan Am and to provide Pan Am with certain debtor-in- possession financing (DIP Loan) prior to the effective date of its proposed plan of reorganization.

The $115 million principal amount of the DIP Loan, plus accrued interest of $30 million, is outstanding and reflected as an asset in Delta's Consolidated Balance Sheets as of June 30, 1994. These amounts are secured by a lien on substantially all of Pan Am's remaining assets, but are subject to prior liens of approximately $60 million in favor of the Pan Am Shuttle bankruptcy estate and certain other liens on specific assets. As a result of the sale of Pan Am's assets, Delta expects Pan Am will have sufficient funds to repay in full these amounts due Delta under the DIP Loan, although there can be no assurance this will be the case. Management believes the book value of the DIP Loan as recorded in the Company's Consolidated Balance Sheets approximates its fair value. Certain litigation involving the DIP Loan is discussed in Note 16.

16. Contingencies:

On March 6, 1992, Pan Am and the Official Committee of Unsecured Creditors of Pan Am (Creditors Committee), together with the Ad Hoc Committee of Administrative and Priority Creditors of Pan Am, filed a consolidated amended complaint (the Complaint) against Delta relating to Delta's participation in Pan Am's proposed plan of reorganization. The Complaint alleges, among other things, that Delta breached its contractual obligations and promises to participate in the plan of reorganization; violated its duty of good faith and fair dealing; breached its fiduciary duties to Pan Am and its creditors; and acted in bad faith. The plaintiffs are seeking to disallow, or to subordinate to the claims of Pan Am's general unsecured creditors, all claims Delta may have against Pan Am, including the repayment of the $115 million principal amount of the DIP Loan; to impose a constructive trust for the benefit of Pan Am's creditors on the profits Delta receives or should have received from the assets Delta purchased from Pan Am under the asset purchase agreement dated July 27, 1991, as amended (See Note 15); to recover at least $2.5 billion in compensatory damages plus punitive damages, costs and attorneys' fees; and to obtain such other relief as the Court deems appropriate. In addition, the Creditors Committee is seeking, independently and in its own right, unspecified compensatory and punitive damages for, among other things, loss of its potential equity interest in, and loss of employment by Pan Am employees with, a reorganized Pan Am. The trial of this lawsuit was held between May 4, 1994 and June 10, 1994 before the United States District Court for the Southern District of New York, which has not yet issued its decision. Several other lawsuits have been filed against Delta relating to its participation in Pan Am's proposed plan of reorganization.

Delta believes that it complied with all of its obligations to Pan Am and the Creditors Committee and that the actions filed against it are without merit, and it intends to continue to defend these matters vigorously. Although the ultimate outcome of these matters cannot be predicted with certainty and could have a material adverse effect on Delta's consolidated financial condition, results of operations or liquidity, management presently believes that the resolution of these actions is not likely to have a material adverse effect on Delta's consolidated financial condition, results of operations or liquidity.

The Company is also a defendant in certain legal actions relating to alleged employment discrimination practices, other matters concerning past and present employees, environmental issues and other matters concerning the Company's business. Given the unsettled status of the law in many of the areas involved, the ultimate outcome of these matters cannot be predicted with certainty. Although the ultimate outcome of these matters could have a material adverse effect on Delta's consolidated financial condition, results of operations or liquidity, management presently believes that the resolution of these actions is not likely to have a material adverse effect on Delta's consolidated financial condition, results of operations or liquidity.

17. Foreign Operations:

Delta conducts operations in various foreign countries, principally in North America, Europe, the Middle East and Asia. Operating revenues from foreign operations were approximately $2.8 billion in fiscal 1994, $2.6 billion in fiscal 1993 and $1.9 billion in fiscal 1992.

18. Quarterly Financial Data (Unaudited):

The following is a summary of the unaudited quarterly results of operations for fiscal 1994 and 1993 (dollars in millions, except per share amounts):

	Three Months Ended			
	Sept. 30	Dec. 31	Mar. 31	June 30
Fiscal 1994				
Operating revenues	$ 3,220	$ 3,017	$ 2,943	$ 3,179
Operating income (loss)	$ 121	$ (180)	$ (67)	$ (321)
Net income (loss)	$ 60	$ (141)	$ (78)	$ (250)
Primary and fully diluted income (loss) per common share	$ 0.65	$ (3.36)	$ (2.10)	$ (5.50)
Fiscal 1993				
Operating revenues	$ 3,064	$ 2,875	$ 2,927	$ 3,131
Operating income (loss)	$ (194)	$ (227)	$ (211)	$ 57
Income (loss) before cumulative effect of accounting changes	$ (125)	$ (145)	$ (152)	$ 7
Cumulative effect of accounting changes	(587)	--	--	--
Net income (loss)	$ (712)	$ (145)	$ (152)	$ 7
Primary and fully diluted loss per common share:				
Loss before cumulative effect of accounting changes	$ (3.07)	$ (3.46)	$ (3.61)	$ (0.41)
Cumulative effect of accounting changes	(11.81)	--	--	--
Net loss	$(14.88)	$ (3.46)	$ (3.61)	$ (0.41)

Operating expenses for the December 1993 quarter include a $112 million restructuring charge for costs associated with the early retirement of approximately 1,500 employees who elected to retire effective November 1, 1993. Operating expenses for the June 1994 quarter include a $414 million restructuring charge for costs associated with the Leadership 7.5 program. See Note 14.

The September 1992 quarter was restated for a cumulative charge of $587 million as a result of the adoption of SFAS Nos. 106 and 109 (see Notes 12 and 10, respectively). The September 1992, December 1992, and March 1993 quarters were restated for an operating expense increase of $32 million per quarter related to SFAS 106. Operating expenses for the March 1993 quarter include an $82 million restructuring charge associated with the retirement of certain aircraft. The June 1993 quarter results reflect a $34 million decrease in depreciation expense related to a change in depreciation policy (see Note 1), and a $13 million operating expense reduction due to a change in assumption on the expected annual return on plan assets associated with defined benefit pension plans from 9% to 10% (see Note 12).

CONSOLIDATED SUMMARY OF OPERATIONS For the years ended June 30
(Dollars in millions, except per share figures)

	1994/2/	1993/3/	1992	1991
Operating Revenues				
Passenger	$ 11,316	$ 11,075	$ 10,115	$ 8,567
Cargo	769	698	588	476
Other, net	274	224	134	128
Total operating revenues	12,359	11,997	10,837	9,171
Operating expenses	12,806	12,572	11,512	9,621
Operating income (loss)	(447)	(575)	(675)	(450)
Interest expense, net/1/	(271)	(177)	(151)	(97)
Gain (loss) on disposition of flight equipment	2	65	35	17
Miscellaneous income, net	56	36	5	30
Income (loss) before income taxes	(660)	(651)	(786)	(500)
Income tax benefit (provision)	250	233	271	163
Amortization of investment tax credits	1	3	9	13
Net income (loss)	(409)	(415)	(506)	(324)
Preferred stock dividends	(110)	(110)	(19)	(19)
Net income (loss) attributable to common stockholders	$ (519)	$ (525)	$ (525)	$ (343)
Net income (loss) per common share:				
Primary	$ (10.32)	$ (10.54)	$ (10.60)	$ (7.73)
Fully diluted	$ (10.32)	$ (10.54)	$ (10.60)	$ (7.73)
Dividends declared on common stock	$ 10	$ 35	$ 59	$ 54
Dividends declared per common share	$ 0.20	$ 0.70	$ 1.20	$ 1.20
/1/Has been reduced by interest capitalized of	$ 33	$ 62	$ 70	$ 65

/2/Results include $526 million in pretax restructuring charges ($6.59 per common share).
/3/Results include $82 million pretax restructuring charge ($1.05 per common share) and exclude $587 million after-tax cumulative effect of changes in accounting standards ($11.78 per common share).

	1990	1989	1988	1987
Operating Revenues				
Passenger	$ 8,043	$ 7,580	$ 6,443	$ 4,922
Cargo	416	393	350	280
Other, net	124	116	122	116
Total operating revenues	8,583	8,089	6,915	5,318
Operating expenses	8,163	7,411	6,418	4,913
Operating income (loss)	420	678	497	405
Interest expense, net/1/	(27)	(39)	(65)	(62)
Gain (loss) on disposition of flight equipment	18	17	(1)	96
Miscellaneous income, net	57	55	25	8
Income (loss) before income taxes	468	711	456	447
Income tax benefit (provision)	(187)	(279)	(181)	(219)
Amortization of investment tax credits	22	29	32	36
Net income (loss)	303	461	307	264
Preferred stock dividends	(18)	--	--	--
Net income (loss) attributable to common stockholders	$ 285	$ 461	$ 307	$ 264
Net income (loss) per common share:				
Primary	$ 5.79	$ 9.37	$ 6.30	$ 5.90
Fully diluted	$ 5.28	$ 9.37	$ 6.30	$ 5.90
Dividends declared on common stock	$ 85	$ 59	$ 59	$ 44
Dividends declared per common share	$ 1.70	$ 1.20	$ 1.20	$ 1.00
/1/Has been reduced by interest capitalized of	$ 57	$ 32	$ 32	$ 32

	1986	1985	1984
Operating Revenues			
Passenger	$ 4,132	$ 4,377	$ 3,964
Cargo	240	235	240
Other, net	88	72	60
Total operating revenues	4,460	4,684	4,264
Operating expenses	4,426	4,318	4,052
Operating income (loss)	34	366	212
Interest expense, net/1/	(55)	(62)	(110)
Gain (loss) on disposition of flight equipment	16	94	130
Miscellaneous income, net	8	7	9

Income (loss) before income taxes	3	405	241
Income tax benefit (provision)	2	(187)	(103)
Amortization of investment tax credits	42	41	38
Net income (loss)	47	259	176
Preferred stock dividends	--	--	--
Net income (loss) attributable to common stockholders	$ 47	$ 259	$ 176
Net income (loss) per common share:			
Primary	$ 1.18	$ 6.50	$ 4.42
Fully diluted	$ 1.18	$ 6.50	$ 4.42
Dividends declared on common stock	$ 40	$ 28	$ 24
Dividends declared per common share	$ 1.00	$ 0.70	$ 0.60
/1/Has been reduced by interest capitalized of	$ 24	$ 22	$ 18

OTHER FINANCIAL AND STATISTICAL DATA For the years ended June 30
(Dollars in millions, except share figures)

	1994	1993	1992	1991
Total assets	$ 11,896	$ 11,871	$ 10,162	$ 8,411
Long-term debt and capital leases	$ 3,228	$ 3,716	$ 2,833	$ 2,059
Stockholders' 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 enplaned (Thousands)	87,399	85,085	77,038	69,127
Available seat miles (Millions)	131,780	132,282	123,102	104,328
Revenue passenger miles (Millions)	85,206	82,406	72,693	62,086
Operating revenue per available seat mile	9.38c	9.07c	8.80c	8.79c
Passenger mile yield	13.28c	13.44c	13.91c	13.80c
Cost per available seat mile	9.72c	9.50c	9.35c	9.22c
Passenger load factor	64.66%	62.30%	59.05%	59.51%
Breakeven passenger load factor	67.21%	65.53%	62.99%	62.64%
Available ton miles (Millions)	18,302	18,182	16,625	13,825
Revenue ton miles (Millions)	9,911	9,503	8,361	7,104
Cost per available ton mile	69.97c	69.14c	69.24c	69.59c

	1990	1989	1988	1987
Total assets	$ 7,227	$ 6,484	$ 5,748	$ 5,342
Long-term debt and capital leases	$ 1,315	$ 703	$ 729	$ 1,018
Stockholders' equity	$ 2,596	$ 2,620	$ 2,209	$ 1,938
Shares of common stock outstanding at year end	46,086,110	49,265,884	49,101,271	48,639,469
Revenue passengers enplaned (Thousands)	67,240	64,242	58,565	48,173
Available seat miles (Millions)	96,463	90,742	85,834	69,014
Revenue passenger miles (Millions)	58,987	55,904	49,009	38,415
Operating revenue per available seat mile	8.90c	8.91c	8.06c	7.71c
Passenger mile yield	13.63c	13.56c	13.15c	12.81c
Cost per available seat mile	8.46c	8.17c	7.48c	7.12c
Passenger load factor	61.15%	61.61%	57.10%	55.66%
Breakeven passenger load factor	57.96%	56.09%	52.69%	51.09%
Available ton miles (Millions)	12,500	11,725	11,250	9,000
Revenue ton miles (Millions)	6,694	6,338	5,557	4,327
Cost per available ton mile	65.30c	63.21c	57.05c	54.60c

	1986	1985	1984
Total assets	$ 3,785	$ 3,627	$ 3,269
Long-term debt and capital leases	$ 869	$ 535	$ 671
Stockholders' equity	$ 1,302	$ 1,287	$ 1,049
Shares of common stock outstanding at year end	40,116,383	39,958,467	39,761,154
Revenue passengers enplaned (Thousands)	39,582	39,341	36,320
Available seat miles (Millions)	53,336	51,637	50,935
Revenue passenger miles (Millions)	30,123	29,062	26,099
Operating revenue per available seat mile	8.36c	9.07c	8.37c
Passenger mile yield	13.72c	15.06c	15.19c
Cost per available seat mile	8.30c	8.36c	7.96c
Passenger load factor	56.48%	56.28%	51.24%
Breakeven passenger load factor	56.01%	51.57%	48.51%
Available ton miles (Millions)	6,934	6,668	6,569
Revenue ton miles (Millions)	3,372	3,275	2,984
Cost per available ton mile	63.82c	64.76c	61.69c

The financial and statistical information presented above reflects the Company's acquisition of Western Air Lines, Inc. on December 18, 1986.

[Inside Back Cover]

EXHIBIT 21

Subsidiaries of Delta Air Lines, Inc.

Name of Subsidiary	State or Other Jurisdiction of Incorporation or Organization
Crown Rooms, Inc.	Nevada
Crown Rooms of Texas, Inc.	Texas
DAL Foreign Sales, Inc.	U.S. Virgin Islands
Delta Air Lines Holdings, Inc.	Delaware
Delta Air Lines Funding Corporation	Delaware
Delta Ventures I, Inc.	Delaware
Delta Ventures II, Inc.	Delaware
Delta Ventures III, Inc.	Delaware
Deltair U.K. Investments Limited	United Kingdom
DELTACAP, Ltd.	Bermuda
Epsilon Trading, Inc.	Delaware
Global Excellence (India) Private Limited	India
Lesteris Limited	United Kingdom
DAL Moscow, Inc.	Delaware
Delta Air Lines und Pan American World Airways Unterstutzungkasse GmbH	Germany

<u>EXHIBIT 23</u>

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation by reference of our reports dated August 12, 1994 included in or incorporated by reference in Delta Air Lines, Inc.'s Annual Report on Form 10-K for the year ending June 30, 1994 into the Company's previously filed Registration Statement File Nos. 2-94541, 33-30454, 33-32618, 33-40190, 33-46663 and 33-50175.

/s/ ARTHUR ANDERSEN LLP

Atlanta, Georgia

September 23, 1994

Exhibit 24

POWER OF ATTORNEY

I hereby constitute and appoint Thomas J. Roeck, Jr., Julius P. Gwin and Mary E. Raines, 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, 1994, 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 8th day of August, 1994.

/s/Edwin L. Artzt

Edwin L. Artzt
Director
Delta Air Lines, Inc.

POWER OF ATTORNEY

I hereby constitute and appoint Thomas J. Roeck, Jr., Julius P. Gwin and Mary E. Raines, 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, 1994, 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 8th day of August, 1994.

/s/Henry A. Biedenharn, III

Henry A. Biedenharn, III
Director
Delta Air Lines, Inc.

POWER OF ATTORNEY

I hereby constitute and appoint Thomas J. Roeck, Jr., Julius P. Gwin and Mary E. Raines, 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, 1994, 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 15th day of August, 1994.

/s/James L. Broadhead

James L. Broadhead
Director
Delta Air Lines, Inc.

POWER OF ATTORNEY

I hereby constitute and appoint Thomas J. Roeck, Jr., Julius P. Gwin and Mary E. Raines, 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, 1994, 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 8th day of August, 1994.

/s/Edward H. Budd

Edward H. Budd
Director
Delta Air Lines, Inc.

POWER OF ATTORNEY

I hereby constitute and appoint Thomas J. Roeck, Jr., Julius P. Gwin and Mary E. Raines, 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, 1994, 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 8th day of August, 1994.

/s/George D. Busbee

George D. Busbee
Director
Delta Air Lines, Inc.

POWER OF ATTORNEY

I hereby constitute and appoint Thomas J. Roeck, Jr., Julius P. Gwin and Mary E. Raines, 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, 1994, 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 8th day of August, 1994.

/s/R. Eugene Cartledge

R. Eugene Cartledge
Director
Delta Air Lines, Inc.

POWER OF ATTORNEY

I hereby constitute and appoint Thomas J. Roeck, Jr., Julius P. Gwin and Mary E. Raines, 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, 1994, 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 8th day of August, 1994.

/s/Mary Johnston Evans

Mary Johnston Evans
Director
Delta Air Lines, Inc.

POWER OF ATTORNEY

I hereby constitute and appoint Thomas J. Roeck, Jr., Julius P. Gwin and Mary E. Raines, 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, 1994, 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 8th day of August, 1994.

/s/David C. Garrett, Jr.

David C. Garrett, Jr.
Director
Delta Air Lines, Inc.

POWER OF ATTORNEY

I hereby constitute and appoint Thomas J. Roeck, Jr., Julius P. Gwin and Mary E. Raines, 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, 1994, 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 8th day of August, 1994.

/s/Gerald Grinstein

Gerald Grinstein
Director
Delta Air Lines, Inc.

POWER OF ATTORNEY

I hereby constitute and appoint Thomas J. Roeck, Jr., Julius P. Gwin and Mary E. Raines, 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, 1994, 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 8th day of August, 1994.

/s/Jesse Hill, Jr.

Jesse Hill, Jr.
Director
Delta Air Lines, Inc.

POWER OF ATTORNEY

I hereby constitute and appoint Thomas J. Roeck, Jr., Julius P. Gwin and Mary E. Raines, 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, 1994, 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 8th day of August, 1994.

/s/Andrew Young

Andrew Young
Director

Delta Air Lines, Inc.

ARTICLE 5

This schedule contains summary financial information extracted from the Form 10-K for the fiscal year ended June 30, 1994 and is qualified in its entirety by reference to such financial statements.

MULTIPLIER: 1,000,000

FISCAL YEAR END	Jun 30 1994
PERIOD START	Jul 01 1993
PERIOD END	Jun 30 1994
PERIOD TYPE	12 MOS
CASH	1,302
SECURITIES	408
RECEIVABLES	936
ALLOWANCES	50
INVENTORY	67
CURRENT ASSETS	3,223
PP&E	11,875
DEPRECIATION	5,272
TOTAL ASSETS	11,896
CURRENT LIABILITIES	3,536
BONDS	3,466
PREFERRED MANDATORY	0
PREFERRED	0
COMMON	163
OTHER SE	1,304
TOTAL LIABILITY AND EQUITY	11,896
SALES	0
TOTAL REVENUES	12,359
CGS	0
TOTAL COSTS	12,806
OTHER EXPENSES	(91)
LOSS PROVISION	23
INTEREST EXPENSE	304
INCOME PRETAX	(660)
INCOME TAX	(251)
INCOME CONTINUING	(409)
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	(409)
EPS PRIMARY	(10.32)
EPS DILUTED	(10.32)

End of Filing