DELTA AIR LINES INC /DE/

FORM 10-K
(Annual Report)

Filed 09/30/96 for the Period Ending 06/30/96

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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Address	HARTSFIELD ATLANTA INTL AIRPORT 1030 DELTA BLVD
	ATLANTA, Georgia 30354-1989
Telephone	404-715-2600
CIK	0000027904
Industry	Airline
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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, 1996

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 (State or other jurisdiction of incorporation or organization)	58-0218548 (I.R.S. Employer Identification No.)
Hartsfield Atlanta International Airport Atlanta, Georgia (Address of principal executive offices)	30320 (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

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

None

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

Indicate by check mark if disclosure of delinquent filers pursuant to

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

The aggregate market value of the voting stock held by non-affiliates of the registrant as of August 30, 1996, was approximately $5,450,766,000. As of August 30, 1996, 77,045,178 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 1996 Annual Report to Stockholders. Parts I and III of this Form 10-K incorporate by reference certain information from the registrant's definitive Proxy Statement dated September 16, 1996, for its Annual Meeting of Stockholders to be held on October 24, 1996.

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. Based on calendar 1995 data, Delta is the largest United States airline as measured by aircraft departures and passengers enplaned, and the third largest United States airline as measured by operating revenues and revenue passenger miles flown. As of August 16, 1996, the Company served 153 domestic cities in 43 states, the District of Columbia, Puerto Rico and the United States Virgin Islands, as well as 44 cities in 25 foreign countries.

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

Delta conducts operations in various foreign countries, principally in North America, Europe and Asia. Operating revenues from the Company's foreign operations were approximately $2.7 billion, $2.6 billion and $2.5 billion in the years ended June 30, 1996, 1995 and 1994, respectively.

For the year ended June 30, 1996, passenger revenues accounted for 93% of Delta's operating revenues. Cargo revenues, which include freight and mail, accounted for 4% of Delta's operating revenues, and other sources accounted for 3% of the Company's operating revenues.

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

Delta is incorporated under the laws of the State of Delaware. Its principal executive offices are located at Hartsfield Atlanta International Airport, Atlanta, Georgia 30320, and its telephone number is (404) 715-2600.

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

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

Fares and Rates

Airlines are permitted to set domestic ticket prices without governmental regulation, and the industry is characterized by substantial price competition. 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.

The system passenger mile yield was virtually unchanged in fiscal 1996 compared to fiscal 1995. The domestic passenger mile yield decreased 1%, the result of discount fare promotions and the continued presence of low-cost, low-fare carriers in markets served by Delta. The international passenger mile yield increased 2%, primarily due to higher average fare levels in certain international markets.

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

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. A proposed marketing alliance between British Airways Plc and American Airlines, Inc. is under review by United States governmental authorities. Through code sharing arrangements with United States carriers, foreign carriers have obtained access to interior United States passenger traffic. Similarly, United States carriers have increased their ability to sell transatlantic services and destinations to and beyond European cities.

On June 14, 1996, Delta, Swissair, Sabena Belgian World Airlines and Austrian Airlines received antitrust immunity from the DOT to pursue a global marketing alliance. The alliance agreements establish a legal framework, subject to the negotiation of definitive operating agreements, to allow the four carriers to form a transatlantic air transport system which would link Delta's domestic hub system with the European hubs of Swissair, Sabena and Austrian Airlines. The alliance will enable the carriers to pursue a coordinated approach to worldwide sales and marketing; common pricing and inventory control; coordination of airline schedules and route planning; and the pooling of revenues on code share flights.

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

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

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 provide joint service with one aircraft rather than operating separate services with two aircraft.

Most of Delta's international code sharing arrangements operate in discrete international city pairs. Delta purchases seats that are marketed under Delta's "DL" designator code and sells seats that are marketed under foreign carriers' two-letter designator code pursuant to code sharing arrangements with certain foreign airlines.

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 at or take off from the particular airport during a specified time period. In the United States, the FAA regulates slot allocations at Kennedy Airport in New York, 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.

Delta Express

On October 1, 1996, Delta plans to begin Delta Express, a low-fare business unit within Delta that will operate a dedicated fleet of Boeing 737-200 aircraft in certain highly competitive, leisure-oriented markets within Delta's system. Delta Express will initially serve 10 cities in the northeast and midwest with 62 daily non-stop flights to Orlando and four other Florida cities.

The Delta Connection

Delta has marketing agreements with four air carriers serving principally the following areas of the United States: Atlantic Southeast Airlines, Inc. ("ASA") operates in the Southeast through Atlanta and in the Southwest through Dallas/Ft. Worth; Business Express, Inc. operates in the Northeast through Boston and New York; Comair, Inc. ("Comair") serves Florida and operates in the Midwest through Cincinnati; 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. At June 30, 1996, Delta held equity interests in ASA, Comair Holdings, Inc. (the parent of Comair) and SkyWest, Inc. (the parent of SkyWest) of 26%, 21% and 15%, respectively.

Computer Reservation System Partnership

Delta owns 38% of WORLDSPAN, L.P. ("WORLDSPAN"), a Delaware limited partnership which operates and markets a computer reservation system ("CRS") and related systems for the travel industry. Northwest Airlines, Inc., Trans World Airlines, Inc. and ABACUS Distribution Systems Pte Ltd. own 32%, 25% and 5%, respectively, of WORLDSPAN.

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

The CRS industry is highly competitive. Delta believes that, based on the number of travel agents in the United States using a CRS, WORLDSPAN ranks third, behind SABRE and the Galileo International 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 1996 jet 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 1992-1996.

Fiscal Year	Gallons Consumed (Millions)	Cost (Millions)	Average Price Per Gallon	Percent of Operating Expenses*
1992	2,384	$1,482	62.19c.	13%
1993	2,529	1,592	62.95	13
1994	2,550	1,411	55.34	12
1995	2,533	1,370	54.09	12
1996	2,500	1,464	58.53	13

* Excluding restructuring and other non-recurring charges

Aircraft fuel expense increased 7% in fiscal 1996 compared to fiscal 1995, as the average fuel price per gallon rose 8% to 58.53c., partially offset by a 1% reduction in gallons consumed.

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

Delta's jet fuel contracts do not provide material protection against price increases or for assured availability of supplies. The Company purchases most of its jet fuel from petroleum refiners under contracts which establish the price based on various market indices. The Company also purchases aircraft fuel on the spot market, from off-shore sources and under contracts which permit the refiners to set the price and give the Company the right to terminate upon short notice if the price is unacceptable. Information regarding Delta's fuel hedging program is set forth in Note 4 of the Notes to Consolidated Financial Statements on page 36 of Delta's 1996 Annual Report to Stockholders, and is incorporated herein by reference.

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

The Omnibus Budget Reconciliation Act of 1993 imposes a 4.3c. per gallon tax on commercial aviation jet fuel purchased for use in domestic operations. Based on Delta's fiscal 1997 expected domestic fuel requirement of 2.1 billion gallons, the continued imposition of this fuel tax will result in operating expense of approximately $90 million annually. Delta and other United States airlines are actively lobbying for a repeal of this tax. The outcome of these efforts cannot be determined.

Personnel

At June 30, 1996, Delta employed 60,289 full-time equivalent personnel, compared to 59,717 full-time equivalent personnel at June 30, 1995.

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	8,000	Air Line Pilots Association, International	May 2, 2000
Flight Superintendents	170	Professional Airline Flight Control Association	January 1, 1998

Approximately 2,900 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.

On April 24, 1996, Delta's Board of Directors adopted, subject to stockholder approval, two broad-based, non-qualified stock option plans ("Plans") for Delta personnel providing for the issuance of stock options to purchase 24.7 million shares of Delta common stock.

One plan is for eligible non-pilot personnel and the other is for Company pilots. The non-pilot and pilot plans involve stock options to purchase 14.7 million and 10 million shares of Delta common stock, respectively. The non-pilot and pilot plans are being presented to stockholders as one proposal.

The pilot stock option plan is an integral part of the new collective bargaining agreement between the Company and the Air Line Pilots Association, International ("ALPA"), which represents Delta's pilots. ALPA has the right to reopen the new collective bargaining agreement in its entirety if any required stockholder approval of the pilot stock option plan is not obtained, and Delta and ALPA are unable to reach agreement within 30 days on providing pilots with equivalent value to the pilot stock option plan.

Information regarding the Plans and a summary of the Company's collective bargaining agreement with ALPA are set forth on pages 25-30, and Appendices B and C, of Delta's Proxy Statement dated September 16, 1996, and is incorporated herein by reference.

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.

On December 31, 1994, Delta operated 364 Stage 3 aircraft, constituting 67% of the Company's fleet, and thus complied with the first phase-out deadline. On June 30, 1996, Delta operated 368 Stage 3 aircraft, constituting 68% of its fleet. Accordingly, Delta expects to comply with the requirement for December 31, 1996, by operating a fleet comprised of at least 65% Stage 3 aircraft. Delta anticipates it will comply with the later compliance deadlines, although the Company has not yet determined which alternative it will select with respect to such deadlines.

Delta has entered into definitive agreements to purchase (1) 46 shipsets of Stage 3 engine hushkits and 9 spare engine hushkits for B-727-200 aircraft between fiscal years 1995 and 2000; and (2) 25 shipsets of Stage 3 engine hushkits for B-737-200 aircraft between fiscal years 1997 and 2000.

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 began 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; the Peak Oil Site in Tampa, Florida; the Petroleum Products Corporation Site in Pembroke Park, Florida; and the Safety Engineered Disposal Site in Hillsboro, Ohio. 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 has executed a consent order with the Georgia EPD, which includes a monetary penalty of $372,000 and an additional, not yet determined, monetary penalty covering certain emissions. Delta is currently aware of soil and/or ground water contamination present on its current or former leaseholds at several domestic airports; the Company has a program in place to investigate and, if appropriate, remediate these sites. 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 program partners such as hotels, car rental agencies and credit card companies. Delta reserves the right to terminate the program with six months advance notice, and to change the program's terms and conditions at any time without notice.

Effective May 1, 1995, Delta modified its frequent flyer program in certain respects. The modifications included reducing the threshold for a free travel award from 30,000 miles to 25,000 miles; making free travel awards more readily transferable; providing that miles earned expire in certain circumstances; and reducing minimum mileage credit.

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

Delta 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 does not include any contribution to overhead or profit. Such incremental cost is based on Delta's system average cost per passenger for fuel; food and 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. 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.

Delta estimates the potential number of roundtrip flight awards outstanding to be 7.9 million at June 30, 1994, 8.8 million at June 30, 1995 and 8.6 million at June 30, 1996. Of these earned awards, Delta expects up to approximately 5.1 million, 5.7 million and 5.7 million, respectively, to be redeemed. At June 30, 1994, 1995 and 1996, the accrued liability for these awards was $95 million, $101 million and $103 million, respectively. The difference between the roundtrip awards outstanding and the awards expected to be redeemed is the estimate, based on historical data, of awards which will (1) never be redeemed; (2) be redeemed for something other than a free trip; or (3) be redeemed on another carrier participating in the program.

Frequent flyer program participants flew 1.5 million, 2.0 million and 1.7 million free round-trips in fiscal years 1994, 1995 and 1996, respectively. These round-trips accounted for approximately 7%, 8% and 8% 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.

Civil Reserve Air Fleet Program

Delta is a participant in the Civil Reserve Air Fleet Program pursuant to which Delta has agreed to make available, during the period beginning October 1, 1996 and ending September 30, 1997, 21 of its international range aircraft for use by the United States military under certain stages of readiness related to national emergencies.

ITEM 2. PROPERTIES

Flight Equipment

Information relating to Delta's aircraft fleet is set forth under "Operational Review - Aircraft Fleet" on pages 11-12, and in Notes 8 and 9 of the Notes to Consolidated Financial Statements on pages 40-41, of Delta's 1996 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, and contain provisions for periodic adjustment of lease rates. At most airports which it serves, Delta has entered into use agreements which provide for the non-exclusive use of runways, taxiways, and other facilities; landing fees under these agreements normally are based on the number of landings and weight of aircraft. The Company also leases aircraft maintenance facilities at certain airports, generally under long-term leases which cover the cost of providing, operating and maintaining such facilities. In addition, Delta leases marketing, ticket and reservations offices in certain major cities which it serves; these leases are generally for shorter terms than the airport leases. Additional information relating to Delta's ground facilities is set forth in Notes 4 and 8 of the Notes to Consolidated Financial Statements on pages 36-37 and 40 of Delta's 1996 Annual Report to Stockholders, and is incorporated herein by reference.

In recent years, some airports have increased or sought to increase the rates charged to airlines to levels that, in the airlines' opinion, are unreasonable. The extent to which such charges are limited by statute or regulation and the ability of airlines to contest such charges has been subject to litigation and to administrative proceedings before the DOT. If the limitations on such charges are relaxed or the ability of airlines to challenge such charges is restricted, the rates charged by airports to airlines may increase substantially.

ITEM 3. LEGAL PROCEEDINGS

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. On November 4, 1994, the District Court (1) denied the plaintiffs' motion for class action certification; and (2) granted Delta's motion to dismiss plaintiffs' claims concerning Delta's pass policy for lack of subject matter jurisdiction. On January 11, 1995, the District Court denied plaintiffs' motion requesting the District Court to reconsider its November 4, 1994 decision, but granted plaintiffs' motion to permit an immediate appeal of that order. The plaintiffs then filed a petition to appeal with the United States Court of Appeals for the Eleventh Circuit, which affirmed the District Court's

November 4, 1994 decision on August 5, 1996, and denied the plaintiffs' request for reconsideration on September 20, 1996. Delta intends to defend this matter vigorously.

On June 27, 1996, many of the named plaintiffs in the case described in the preceding paragraph and approximately 225 additional Delta retirees filed a complaint 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 Delta employee benefit plans. The complaint makes the same allegations and seeks the same relief as the purported class action lawsuit described in the preceding paragraph, but does not seek class action certification. Delta has not yet responded to this complaint but intends to file an answer denying liability and to defend this matter vigorously.

On February 10, 1995, Delta changed its domestic travel agency commission program by introducing a maximum commission payment of $50 for any round trip domestic airline ticket with a base fare in excess of $500, and $25 for any one-way domestic airline ticket with a base fare in excess of $250. The maximum commission applies to all tickets issued by United States and Canada-based travel agencies for travel on Delta flights within and between the Continental United States, Alaska, Hawaii, Puerto Rico and the United States Virgin Islands. Most of the major United States airlines subsequently adopted similar commission cap programs.

Travel agents and a travel agency trade association filed more than 30 class action antitrust lawsuits in various federal district courts against airlines, including Delta, that implemented new travel agent commission cap programs. The plaintiffs, who were seeking damages of approximately $725 million (to be trebled under the antitrust laws), and an injunction to prevent the airlines from maintaining the new commission cap programs, alleged that the defendants conspired to reduce the commissions paid to travel agents in violation of the Sherman Act. On June 1, 1995, the Judicial Panel on Multidistrict Litigation consolidated these cases for pretrial proceedings before the United States District Court in Minneapolis, which certified a plaintiff class consisting of all travel agents in the United States who sold airline tickets subject to the commission cap on American Airlines, Inc., Continental Airlines, Inc., Delta, Northwest Airlines Corporation, Trans World Airlines, Inc. ("TWA"), United Air Lines, Inc. or USAir, Inc. On August 23, 1995, the District Court denied the plaintiffs' motion for a preliminary injunction, as well as the motions for summary judgment filed by the airline defendants. On September 27, 1995, the District Court denied a motion by the airline defendants to permit an immediate appeal of the District Court's ruling denying the airlines' motions for summary judgment. The airline defendants and the plaintiffs have entered into agreements to settle this litigation. Under the terms of the Delta settlement, the Company agreed to pay the plaintiffs $20 million. The settlement is subject to the approval of the District Court, which has scheduled a hearing to consider final approval of the settlement for November 15, 1996. Delta believes this lawsuit is without merit, but settled this litigation to avoid the uncertainty, expense and diversion of management time associated with a lengthy trial.

On November 2, 1995, Delta reached an agreement with TWA to lease ten takeoff/landing slots ("Slots") at New York's LaGuardia Airport ("LaGuardia"). On November 9, 1995, ValuJet Airlines, Inc. ("ValuJet") filed suit against Delta and TWA in the United States District Court for the Northern District of Georgia. ValuJet alleges, among other things, that (1) TWA breached an alleged agreement to lease the Slots to ValuJet; (2) Delta tortiously interfered with the alleged contract between ValuJet and TWA; (3) Delta and TWA conspired to restrain trade in violation of Section 1 of the Sherman Act; and (4) Delta engaged in acts of monopolization and attempted monopolization in violation of Section 2 of the Sherman Act. ValuJet, which has requested a jury trial, is seeking injunctive relief, unspecified compensatory damages, treble damages under the antitrust laws, punitive damages, costs and attorney's fees, and such other relief as the Court deems appropriate. On November 17, 1995, the District Court denied ValuJet's motion for a preliminary injunction. On December 7, 1995, Delta filed its answer denying liability and asserting various affirmative defenses. On July 12, 1996, the District Court granted TWA's motion for summary judgment in whole, and granted Delta's motion for summary judgment with respect to ValuJet's claims of tortious interference and conspiracy. The District Court denied Delta's motion for summary judgment with respect to ValuJet's remaining claim under Section 2 of the Sherman Act on the ground that those claims were not subject to resolution without further discovery at this stage of the case, but without prejudice to Delta's right to renew the motion after discovery has been completed. Delta intends to defend this matter vigorously.

On January 10, 1996, a purported class action complaint was filed against Delta and TWA in the United States District Court for the Eastern District of New York on behalf of persons who purchased tickets on Delta for travel between LaGuardia and Atlanta beginning November 1, 1995. The named plaintiff, who has requested a jury trial, makes antitrust allegations and claims similar to those asserted by ValuJet in the lawsuit described in the preceding paragraph. The named plaintiff seeks, on behalf of the purported class, unspecified compensatory damages, treble damages under the antitrust laws, injunctive relief, costs and attorney's fees, and such other relief as the Court deems appropriate. On April 11, 1996, the United States District Court for the Eastern District of New York granted Delta's and TWA's motions to transfer this lawsuit to the United States District Court for the Northern District of Georgia which, on August 6, 1996, denied the plaintiff's motion for class action certification. Delta intends to defend this matter vigorously.

Delta also received a Civil Investigative Demand from the United States Department of Justice ("DOJ") requesting information and documents concerning Delta's lease of the Slots. Delta is cooperating with the DOJ investigation.

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, see "ITEM 1. Business - Environmental Matters" on pages 8-9 of this Form 10-K.

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

Not applicable.

EXECUTIVE OFFICERS OF THE REGISTRANT

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

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 54.
Harry C. Alger	Executive Vice President - Operations, March 1993 to date; Senior Vice President - Operations, February 1992 through February 1993; Vice President - Flight Operations, August 1987 through January 1992. Age 58.
Robert W. Coggin	Executive Vice President - Marketing, September 13, 1995 to date; Senior Vice President - Marketing, August 1992 through September 12, 1995; 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 60.
Maurice W. Worth	Executive Vice President - Customer Service, September 13, 1995 to date; Senior Vice President - Personnel, May 1991 through September 12, 1995; Vice President - Personnel, November 1989 through April 1991. Age 56.
W. Martin Braham	Senior Vice President - Delta Staffing Services Business Unit Development, July 26, 1996 to date; Senior Vice President - Airport Customer Service, March 1993 to July 25, 1996; 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 51.

Robert S. Harkey	Senior Vice President - General Counsel and Secretary, November 1994 to date; Senior Vice President - General Counsel, November 1990 through October 1994; Vice President - General Counsel, November 1988 through October 1990. Age 55.
Thomas J. Roeck, Jr.	Senior Vice President - Finance and Chief Financial Officer, June 1988 to date. Age 52.
Robert G. Adams	Vice President - Personnel, September 16, 1995 to date; Vice President - Personnel Services, November 1, 1993 through September 15, 1995; Assistant Vice President - Personnel Services, August 1, 1993 through October 31, 1993; Assistant Vice President - Personnel - International, November 1, 1991 through July 31, 1993; Vice President - Human Resources, Pan American World Airways, Inc., 1982 through October 31, 1991. Age 58.

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", "Number of Stockholders" and "Market Prices and Dividends" on page 52 of Delta's 1996 Annual Report to Stockholders, and is incorporated herein by reference.

ITEM 6. SELECTED FINANCIAL DATA

Information required by this item is set forth on pages 50-51 of Delta's 1996 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 and Beyond" on pages 7-8, and under "Financial Review" on pages 12-21, of Delta's 1996 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 in "Report of Independent Public Accountants" on page 22, and on pages 28-49, of Delta's 1996 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 - Section 16 (a) Beneficial Ownership Reporting Compliance" on page 12, of Delta's Proxy Statement dated September 16, 1996, 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, under "Other Matters Involving Directors and Executive Officers" on pages 11-12, and on pages 17-20, of Delta's Proxy Statement dated September 16, 1996, 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 8-10 of Delta's Proxy Statement dated September 16, 1996, and is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Information required by this item is set forth under "Other Matters Involving Directors and Executive Officers" on pages 11-12 of Delta's Proxy Statement dated September 16, 1996, and is incorporated herein by reference.

PART IV

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

(a)(1), (2). The financial statements and schedule required by this item are listed in the Index to Consolidated Financial Statements and Schedule on page 20 of this Form 10-K.

(3). The exhibits required by this item are listed in the Exhibit Index on pages 25-28 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 Exhibit 10.1 and Exhibits 10.8 to 10.14 in the Exhibit Index.

(b) During the quarter ended June 30, 1996, Delta filed a Current Report on Form 8-K dated May 2, 1996 regarding its new collective bargaining agreement with the Air Line Pilots Association, International.

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 27th day of September, 1996.

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 27th day of September, 1996 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** *- ------------------------* *Edwin L. Artzt*	*Director*
*Henry A. Biedenharn, III** *- ------------------------* *Henry A. Biedenharn, III*	*Director*
*James L. Broadhead** *- ------------------------* *James L. Broadhead*	*Director*
*Edward H. Budd** *- ------------------------* *Edward H. Budd*	*Director*

Signature	Title
George D. Busbee* - ------------------------------ George D. Busbee	Director
R. Eugene Cartledge* - ------------------------------ R. Eugene Cartledge	Director
Mary Johnston Evans* - ------------------------------ Mary Johnston Evans	Director
Gerald Grinstein* - ------------------------------ Gerald Grinstein	Director
Jesse Hill, Jr.* - ------------------------------ Jesse Hill, Jr.	Director
Peter D. Sutherland* - ------------------------------ Peter D. Sutherland	Director
Andrew J. Young* - ------------------------------ Andrew J. Young	Director
/s/ Thomas J. Roeck, Jr. - ------------------------------ Thomas J. Roeck, Jr.	Senior Vice President-Finance and Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)
*By: /s/ Thomas J. Roeck, Jr. - ------------------------------ Thomas J. Roeck, Jr.	Attorney-In-Fact

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS AND SCHEDULE

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS - Incorporated herein by reference to "Report of Independent Public Accountants" on page 22 of Delta's 1996 Annual Report to Stockholders.

FINANCIAL STATEMENTS - All of which are incorporated herein by reference to Delta's 1996 Annual Report to Stockholders.

Consolidated Balance Sheets - June 30, 1996 and 1995

Consolidated Statements of Operations for the years ended June 30, 1996, 1995 and 1994

Consolidated Statements of Cash Flows for the years ended June 30, 1996, 1995 and 1994

Consolidated Statements of Stockholders' Equity for the years ended June 30, 1996, 1995 and 1994

Notes to Consolidated Financial Statements - June 30, 1996, 1995 and 1994

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON SCHEDULE

SCHEDULE SUPPORTING FINANCIAL STATEMENTS:

Schedule Number	
II	Valuation and Qualifying Accounts for the years ended June 30, 1996, 1995 and 1994

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 SCHEDULE

To Delta Air Lines, Inc.:

We have audited, in accordance with generally accepted auditing standards, the consolidated financial statements included in Delta Air Lines, Inc.'s annual report to stockholders incorporated by reference in this Form 10-K and have issued our report thereon dated August 16, 1996. Our audits were made for the purpose of forming an opinion on those statements taken as a whole. The schedule listed in the accompanying index is the responsibility of the Company's management, is presented for purposes of complying with the Securities and Exchange Commission's rules, and is not part of the basic financial statements. The schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, fairly states in all material respects the financial data required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

ARTHUR ANDERSEN LLP

Atlanta, Georgia
August 16, 1996

SCHEDULE II

DELTA AIR LINES, INC.
VALUATION AND QUALIFYING ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 1996

(Amounts in Millions)

Column A	Column B	Column C		Column D	Column E
		Additions			
Description	Balance at Beginning of Period	Charged to Costs and Expenses	Charged to Other Accounts-describe	Deductions-describe	Balance at End of Period
DEDUCTION (INCREASE) IN THE BALANCE SHEET FROM THE ASSET TO WHICH IT APPLIES:					
Allowance for uncollectible accounts receivable:	$ 29	$15	-	$ -	$ 44
Allowance for unrealized losses (gains) on marketable securities:	$(131)	-	$(75) (a)	-	$(206)

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

SCHEDULE II

DELTA AIR LINES, INC.
VALUATION AND QUALIFYING ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 1995

(Amounts in Millions)

Column A	Column B	Column C		Column D	Column E
		Additions			
Description	Balance at Beginning of Period	Charged to Costs and Expenses	Charged to Other Accounts-describe	Deductions-describe	Balance at End of Period
DEDUCTION (INCREASE) IN THE BALANCE SHEET FROM THE ASSET TO WHICH IT APPLIES:					
Allowance for uncollectible accounts receivable:	$ 50	$21	-	$ 42 (a)	$ 29
Allowance for unrealized losses (gains) on marketable securities:	$(85)	-	$(46) (b)	-	$(131)

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

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

SCHEDULE II

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 Costs and Expenses	Charged to Other Accounts-describe	Deductions-describe	Balance at End of Period
DEDUCTION (INCREASE) IN THE BALANCE SHEET FROM THE ASSET TO WHICH IT APPLIES:					
Allowance for uncollectible accounts receivable:	$82	$23	-	$ 55 (a)	$ 50
Allowance for unrealized losses (gains) on marketable securities:	$ 1	-	$(85) (b)	1	$(85)

(a) Represents write-off of accounts considered to be uncollectible, less collections.
(b) Represents net unrealized gain resulting from changes in market values.

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 and Series B ESOP 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 Second Amended and Restated Credit Agreement dated as of September 27, 1995, among Delta, Certain Banks and NationsBank of Georgia, N.A., as Agent Bank (Filed as Exhibit 4 to Delta's Quarterly Report on Form 10-Q for the Quarter Ended September 30, 1995).*

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).*

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 Delta's Incentive Compensation Plan, as amended (Filed as Appendix A to Delta's Proxy Statement dated September 16, 1996).*

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 Purchase Agreement No. DAC 90-10-D between McDonnell Douglas Corporation and Delta relating to MD-90 aircraft, as amended (Filed as Exhibit 10.1 to Delta's

Quarterly Report on Form 10-Q for the quarter ended September 30, 1990, and Exhibit 10 to Delta's Quarterly Report on Form 10-Q for the quarter ended September 30, 1994). *

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).*

10.9 Amendment dated August 16, 1996, to the Employment Agreement dated July 29, 1987, between Delta and Mr. Ronald W. Allen.

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

10.11 Delta's Executive Deferred Compensation Plan, as amended (Filed as Exhibit 10.11 to Delta's Annual Report on Form 10-K for the year ended June 30, 1995).*

10.12 Directors' Deferred Compensation Plan.

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

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

10.17 Form of Stock Option and Restricted Stock Award Agreements under 1989 Stock Incentive Plan.

11. Statement regarding computation of per share earnings for the years ended June 30, 1994, 1995 and 1996.

12. Statement regarding computation of ratio of earnings to fixed charges for the years ended June 30, 1992, 1993, 1994, 1995 and 1996.

13. Portions of Delta's 1996 Annual Report to Stockholders.

23. Consent of Arthur Andersen LLP.

24. Powers of Attorney.

27. Financial Data Schedule. (for SEC use only).

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*Incorporated herein by reference

EXHIBIT 10.9

AMENDMENT TO EMPLOYMENT AGREEMENT

This Amendment is entered into as of August 16, 1996 between Delta Air Lines, Inc. (hereinafter called "Delta"), and Mr. Ronald W. Allen of Atlanta, Georgia ("Employee").

WITNESSETH:

WHEREAS, the parties entered into an Employment Agreement dated July 29, 1987, which previously has been amended; and

WHEREAS, effective August 15, 1992, the Employment Agreement was amended at Employee's request to reflect a reduction in Employee's basic annual compensation rate of Five Hundred Seventy-Five Thousand Dollars ($575,000) (the Employee's salary of record) to Four Hundred Seventy-Five Thousand Dollars ($475,000) per year; and

WHEREAS, consistent with Delta's use of the salaries of record for other personnel to protect certain benefits (including but not limited to disability and retirement benefits) from being reduced by the salary reductions taken by non-pilot personnel during fiscal year 1993, Employee's benefits under the Employment Agreement were also protected; and

WHEREAS, Delta's Board of Directors has determined that, effective August 16, 1996, Employee's basic annual compensation rate should be restored to the level that existed prior to his above described voluntary salary reduction, and that Employee's benefits under the Employment Agreement should continue to be protected by disregarding such voluntary salary reduction;

NOW, THEREFORE, in consideration of the premises and the mutual considerations herein mentioned or contained, it is agreed as follows:

Section 3(a) of the said Employment Agreement shall be amended by striking the existing clause and substituting the following, effective August 16, 1996:

(a) basic compensation (herein sometimes called "Basic Compensation") at a rate of not less than Five Hundred Seventy-Five Thousand ($575,000) Dollars per year, payable in equal installments at such periods as may be convenient to Delta but not less often than monthly, provided, however, that for purposes of calculating the amounts payable under Sections 5 and 7 of this Employment Agreement, Employee's Basic Compensation shall be deemed to have been Five Hundred Seventy-Five Thousand ($575,000) Dollars per year for the period beginning August 15, 1992 and ending August 15, 1996.

It is further agreed that all other terms and conditions of the said Employment Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the day and year first above written.

DELTA AIR LINES, INC.

By /s/ Gerald Grinstein

Gerald Grinstein, Chairman
Personnel, Compensation &
Nominating Committee

/s/ Ronald W. Allen

Ronald W. Allen

EXHIBIT 10.10

1989 STOCK INCENTIVE PLAN
OF
DELTA AIR LINES, INC.
As Amended Through January 26, 1995

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 or after the time that a Stock Option or Stock Appreciation Right first becomes exercisable, a Participant either voluntarily suggests and later accepts a demotion, or is involuntarily demoted, to a job involving lesser responsibilities than those of the job held by the Participant at the time of an award hereunder, the Committee may in its sole discretion, not later than six months from the date of the demotion, revoke or modify such award in any manner as it deems appropriate under the circumstances. The Committee shall determine in its sole discretion what constitutes a demotion to a job involving lesser responsibilities for purposes of this Section 10(d).

(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") or of the Delta/AT&T Global Information Solutions Joint Venture (the "Joint Venture"), 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 or the Joint Venture coincident with his resignation from the Company:

(i) If a Participant's employment is terminated by WORLDSPAN or the Joint Venture, or if a Participant resigns from employment with WORLDSPAN or the Joint Venture (other than if such Participant becomes an employee of the Company or a Subsidiary coincident with his resignation from WORLDSPAN or the Joint Venture), 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 or the Joint Venture 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 or the Joint Venture is terminated because of his retirement or disability under WORLDSPAN's or the Joint Venture's retirement or disability plan applicable to such Participant, such Participant's Stock Options or Stock Appreciation Rights may only be exercised during the shorter of the exercise period remaining under the applicable award agreement or the three years after such retirement or disability; provided, however, that such exercise must otherwise comply with the Plan and the applicable award agreement. Notwithstanding the preceding sentence, however, if a Participant's employment is terminated because of retirement prior to his normal retirement date (as determined under WORLDSPAN's or the Joint Venture's retirement or pension plan 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.

(iii) If a Participant dies while employed by WORLDSPAN or the Joint Venture or while covered by Section 10(e)(ii) above, such Participant's Stock Options or Stock Appreciation Rights may only be exercised within the shorter of the exercise period remaining under the applicable award agreement or the three years 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 or the Joint Venture, 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, October 28, 1993, October 27, 1994 and January 26, 1995.

/s/ Robert S. Harkey

Robert S. Harkey
Senior Vice President - General Counsel
& Secretary

EXHIBIT 10.12

DELTA AIR LINES, INC.
DIRECTORS' DEFERRED COMPENSATION PLAN

(As Proposed to be Amended and Restated Through October 26, 1995)

SECTION 1. Purpose.

The purpose of the Delta Air Lines, Inc. Directors' Deferred Compensation Plan (the "Plan") is to provide members of the Board of Directors (the "Board") of Delta Air Lines, Inc. (the "Company") who are not employees of the Company ("Participants") with the opportunity to defer receipt of payment of their fees for services as a Director.

SECTION 2. Administration.

The Plan shall be administered by a committee (the "Committee") of three or more individuals appointed by the Board to administer the Plan. The members of the Committee must be members of, and shall serve at the discretion of, the Board. The Plan initially shall be administered by the Personnel, Compensation & Nominating Committee of the Board.

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 administer the Plan; and to take all such steps and make all such determinations in connection with the Plan 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 Participants and their respective successors in interest.

SECTION 3. Eligibility and Participation.

Participation in the Plan shall be limited to members of the Board who are not employees of the Company.

A Participant may elect to defer receipt of all or a portion of his or her fees for services as a member of the Board. These fees include, without limitation, the annual retainer, the committee chairperson retainer and any meeting fees for attendance at meetings of the Board and its committees (collectively, the "Fees").

SECTION 4. Deferral Election.

A Director of the Company who desires to defer receipt of payment of all or a portion of his or her Fees must complete and deliver an Election Agreement, substantially in the form attached hereto as Attachment A, to the Corporate Secretary of the Company no later than December 31 prior to the calendar year in which the Fees otherwise would be paid; provided, however, that any Director hereafter elected to the Board who was not a Director on the preceding December 31 may make an election to defer payment of Fees not yet received for the calendar year in which he or she is first elected to the Board by delivering an Election Agreement to the Corporate Secretary of the Company within thirty (30) days after such election. An Election Agreement, once timely delivered, shall be effective for the succeeding calendar year (or the remainder of the current calendar year in the case of a newly elected Director).

Any deferral elections made by a Director of the Company prior to October 26, 1995, shall remain in effect in accordance with the terms of such deferral election agreement and the Directors' Deferred Compensation Plan in effect when such elections were made.

A Participant's election to join the Plan shall be irrevocable; shall relate solely to amounts earned after the filing of a deferral election with the Corporate Secretary; and shall be made on the Election Agreement, as described herein.

Participants shall make the following irrevocable elections on each Election Agreement:

(a) The amount of Fees to be deferred;

(b) The length of the deferral period, pursuant to Section 5 herein;

(c) The investment return choice(s) with respect to deferred amounts, pursuant to Section 6 herein; and

(d) The form of payment of deferred amounts following the end of the deferral period, pursuant to Section 7 herein.

SECTION 5. Deferral Period.

Unless the Committee determines otherwise, the deferral period elected by each Participant with respect to deferrals of Fees for any given year shall be at least equal to one (1) year, and no more than ten (10) years, following the end of the calendar year in which the Fees are earned. However, notwithstanding the deferral periods elected by a Participant, payment of deferred amounts and accrued investment return thereon shall be made to the Participant, or the Participant's beneficiary designated pursuant to Section 8 herein, as the case may be, in a single lump sum within 30 days in the event the Participant's service as a Director of the Company is terminated by reason of death or disability at any time prior to full payment of deferred amounts and accrued investment return thereon. "Disability" for this purpose shall mean a long-term disability as determined in the sole discretion of the Committee.

SECTION 6. Deferred Compensation Accounts.

The Fees which a Participant elects to defer shall be treated as if they were set aside in an unfunded deferred compensation account, maintained by the Company or its agent for bookkeeping purposes, on the date the Fees otherwise would have been paid to the Participant (the "Account"). The obligation of the Company under the Plan to make payment of Fees and the accrued investment return with respect to a Participant's account constitutes the Company's unsecured promise to make payments from its general assets as provided herein. A Participant shall have the status of a general unsecured creditor of the Company.

A Participant's Account will be credited with the amount of the deferred Fees and the investment return on the investment choice (and debited with any losses thereon) specified by the Participant. The investment return shall be equivalent to the investment performance during the applicable deferral period of the Delta Family-Care Savings Plan Core Options/Window of Choices Funds specified by the Participant or, in lieu of or in addition to such investment choices, such other investment return choices as may be specified from time to time by the Committee.

Unless the Committee otherwise determines, Participants may change their investment return choices for amounts deferred under this Plan as often as they wish by notifying the Corporate Secretary of the Company or agent of the Company appointed to manage Accounts under this Plan, except that changes to amounts invested in the investment account equivalent of the Delta Common Stock Fund may only be made during any period when the Participant is not subject to the reporting and short-swing trading profits rules of Section 16 of the Securities Exchange Act of 1934, as amended.

SECTION 7. Payment of Account.

A Participant's Account balance shall be paid following the end of the deferral period, as determined under Section 5 herein, in either (a) a single lump sum cash payment, together with the accrued investment return thereon, as soon as practicable thereafter, or (b) quarterly installments over a period not to exceed five (5) years, in either case as elected by the Participant on his or her Election Agreement pursuant to Section 4 herein. The quarterly installment payments, if elected, will be based upon a Participant's then existing Account balance divided by the number of installment payments remaining to be made. A Participant may submit an alternate payment schedule to the Committee for approval in its sole discretion.

SECTION 8. Death of Participant.

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

Participants may change their designations of beneficiary by submitting a new designation form. The payment of amounts deferred under the Plan shall be in accordance with the last unrevoked
designation of beneficiary that has been signed by the Participant and delivered by the Participant to the Corporate 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 8 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.

SECTION 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 or by the Board of Directors. No such amendment, modification or termination shall in any material manner adversely affect any Participant's right to deferred amounts, contributions, or accrued investment return thereon, without the consent of the Participant.

SECTION 10. Additional Provisions.

Any notice or filing required to be given to the Company or the Corporate Secretary 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 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.

Participants' rights with respect to deferred amounts, contributions and accrued investment return 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 will the Company make any payment under the Plan to any assignee or creditor of a Participant.

In the event that 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.

All costs of implementing and administering the Plan shall be borne by the Company. The Plan shall be construed and enforced in accordance with the laws of the State of Georgia. All obligations of the Company under the Plan shall be binding upon 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.
DIRECTORS' DEFERRED COMPENSATION PLAN

ELECTION AGREEMENT (CALENDAR YEAR 1996)

To: Corporate Secretary

I hereby irrevocably elect to participate in the Delta Air Lines, Inc. Directors' Deferred Compensation Plan (the "Plan") with respect to the compensation designated below which I may be entitled to receive from Delta Air Lines, Inc. (the "Company") as a member of its Board of Directors, beginning January 1, 1996 and ending on December 31, 1996.

I. AMOUNT DEFERRED

I hereby elect to defer payment of my annual retainer, committee chairperson retainer and meeting fees which I am entitled to receive for services as a member of the Board of Directors of the Company, as follows:

A. Annual retainer and committee chairperson retainer fees (check one):
________100%
________Other (specify percentage)

B. Board and Committee meeting fees (check one):
________100%
________Other (specify percentage)

II. DEFERRAL PERIOD

Please defer my fees as specified above until the following date (specify date, which must be at least one (1) year, but no more than ten (10) years, following the end of the calendar year in which the Fees are earned): December 31, 19___.

III. FORM OF PAYMENT OF DEFERRED AMOUNTS

Please make payment following the end of the deferral period specified above of amounts deferred under the Plan and the accrued investment return thereon as follows (check one):

A. _____Single lump sum payment.

B. _____Quarterly installment payments, beginning on the January 1st following the end of the deferral period specified above (specify number, not to exceed 20 installments
[five years]:_____).

IV. INVESTMENT CHOICES

Please credit (debit) my unfunded Account, which is being maintained by the Company or its agent for bookkeeping purposes, with investment returns
(losses) on deferral amounts pursuant to the investment return choice(s)
specified below equivalent to the Delta Family-Care Savings Plan Core Options/Window of Choices Funds, as provided in Section 6 of the Plan (specify one or more funds, giving percentages for each, totaling 100%):

Core Options

% Insurance Contracts/Stable Value Fund % Commingled Bonds Fund % Conservative Growth Balanced Fund % Growth Balanced Fund % Fidelity U.S. Equity Index Commingled Pool % Commingled Stocks Fund % Delta Common Stock Fund

Window of Choices Funds

% Merrill Lynch Capital Fund (Class A) % Fidelity Equity-Income Fund % Fidelity Growth & Portfolio % Fidelity Magellan (R) Fund % Twentieth Century Select Investors Fund % Fidelity Contrafund % Twentieth Century Ultra Investors Fund % Fidelity OTC Portfolio % Delaware Group Trend Fund % Templeton Foreign Equity Series

100%

I acknowledge that I have reviewed the Plan and understand that my participation is subject to the terms and conditions contained in the Plan. Words and phrases used in this Election Agreement shall have the meanings assigned by the Plan.

I acknowledge that I have been advised to consult with my own tax and estate planning advisors before making this election to defer in order to determine the tax effect of my participation in the Plan.

Date:

(Signature)

(Printed Name)

DELTA AIR LINES, INC.
DIRECTORS' DEFERRED COMPENSATION PLAN

BENEFICIARY DESIGNATION

In accordance with the terms and conditions of the Delta Air Lines, Inc. Directors' Deferred Compensation Plan (the "Plan"), in the event of my death, I hereby designate the person(s) indicated below as my beneficiary(ies) to receive all amounts payable to me under said Plan:

Name:
Address:

Social Security Number of Beneficiary:

Relationship: Date of Birth:

In the event that the above-named beneficiary predeceases me, I hereby designate the following person as beneficiary:

Name:
Address:

Social Security Number of Beneficiary:

Relationship: Date of Birth:

I hereby expressly revoke all prior designations of beneficiaries, reserve the right to change the beneficiary(ies) herein designated, and agree that the rights of said beneficiary(ies) shall be subject to the terms of said Plan. In the event that there is no beneficiary living at the time of my death, I understand that the amounts payable under said Plan will be paid to my estate.

Date:

(Signature)

(Printed Name)

EXHIBIT 10.17

RESTRICTED STOCK AWARD AGREEMENT
UNDER THE 1989 STOCK INCENTIVE PLAN

January 26, 1995

Dear

The 1989 Stock Incentive Plan of Delta Air Lines, Inc., as amended ("Plan"), is intended as an inducement for officers, executives and key employees of Delta Air Lines, Inc. (the "Company") to continue in the employment of the Company, and to provide a greater incentive to such employees to make material contributions to the Company's success by increasing their proprietary interest in the Company through increased direct common stock ownership. The Plan, which provides for certain awards to eligible employees, is administered by the Personnel, Compensation & Nominating Committee of the Board of Directors (the "Committee"). Pursuant to the Plan, the Committee has selected you to receive an award of Restricted Stock (as defined in the Plan) effective as of the close of business on January 26, 1995, and has instructed me to direct this letter to you.

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

1. Grant of Shares. Pursuant to action of the Committee, the Company has granted to the Employee _______________ shares of Restricted Stock (the "Shares"). This award is in all respects made subject to the terms and conditions of the Plan, a copy of which has been provided to you, and by signing and returning a copy of this Agreement to the Secretary of the Company, you acknowledge that you have read the Plan and agree to all of the terms and conditions thereof for yourself, any designated beneficiary and your heirs, executors, administrators or personal representative. Terms used in this Agreement which are defined in the Plan shall have the meanings set forth in the Plan. In the event of any conflict between the Plan and this Agreement, the Plan shall control. You also acknowledge receipt of the Prospectus dated January 26, 1995, relating to the Plan.

As soon as practicable following the Employee's execution of this Agreement and the stock power described below in Section 7, a certificate or certificates representing the Shares and bearing the legend described below in Section 7 shall be issued to the Employee. Upon issuance of the certificates representing the Shares, the Employee shall have all rights of a stockholder with respect to the Shares, including the right to vote and, subject to Section 11 of this Agreement, to receive all dividends or other distributions paid or made with respect to the Shares; provided, however, that the Shares (and any securities of the Company which may be issued with respect to the Shares by virtue of any dividend reinvestment, stock split, combination, stock dividend or recapitalization, which securities shall be deemed to be "Shares" hereunder) shall be subject to the terms and all of the restrictions set forth in this Agreement.

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

3. Lapse of Restriction by Passage of Time or at Retirement. The Restriction shall lapse and have no further force or effect upon the earlier of: (a) the fifth anniversary of the date of this Agreement; or (b) Employee's Retirement (as defined in the Plan) at or after his normal retirement date as determined under the retirement or pension plan of the Company applicable to Employee and then in effect ("Normal Retirement").

If Employee's employment is terminated because of early Retirement prior to his Normal Retirement as permitted under the retirement or pension plan of the Company applicable to Employee, the Restriction shall be deemed to have lapsed on 33-1/3% of the Shares (including 33-1/3% of any additional Shares which at the time have been purchased with dividends on the Shares) awarded hereunder for each full year after the second full year which shall have elapsed between the date of this Agreement and the date of such early Retirement, and the remaining Shares awarded hereunder shall be forfeited and transferred to the Company in the manner described in Section 5; provided, however, that if within two years of any such early Retirement and without the Committee's approval the Employee 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, Employee shall be required to repay to the Company the cash value of any Shares and any cash which vested at such early Retirement. The amount of such repayment shall be the closing price of the Company's common stock ("Common Stock") on the New York Stock Exchange ("NYSE") on the day that the Restriction on such Shares lapsed (or, in the event that no sale of the Common Stock takes place on the NYSE on such date, the closing price of the Common Stock on the NYSE on the immediately preceding date on which such a sale occurred) multiplied by the number of such Shares.

4. Lapse of Restriction by Death or Disability. The Restriction shall lapse with respect to all Shares hereunder, and have no further force or effect, upon the Employee's death or Disability (as defined in the Plan). Employee may provide to the Company written designation naming a person or persons who shall receive the Shares in the event of Employee's death, and such designation must be in a form approved by counsel for the Company. If there is no such approved designation, Shares shall be distributed upon Employee's death pursuant to Employee's last will and testament or as provided by law.

5. Forfeiture of Shares. In the event of termination of the Employee's employment with the Company due to the Employee's voluntary resignation (other than Normal Retirement), involuntary discharge or early Retirement to the extent provided for in Section 3, prior to lapse of the Restriction under
Section 3 or 4, Employee shall immediately forfeit all right, title, and interest to the Shares (and in the case of early Retirement the remaining Shares referred to in Section 3), and such Shares shall be canceled or transferred to the Company by the Employee, without consideration to the Employee or his heirs, executors, administrators or personal representative.

6. Revocation or Modification of Award. In the event that Employee either voluntarily suggests and later accepts a demotion, or is involuntarily demoted, to a job involving lesser responsibilities than those of the job held by Employee at the time of this Agreement, the Committee may in its sole discretion, prior to the earlier of six months from the date of the demotion or the lapse of the Restriction pursuant to Section 3 or 4 above, revoke or modify this award of Shares in any manner as it deems appropriate under the circumstances. The Committee shall determine in its sole discretion what constitutes a demotion to a job involving lesser responsibilities for purposes of this Section 6.

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

"The shares of stock represented by this certificate and the sale, transfer or other disposition of such shares are restricted by and subject to a Restricted Stock Award Agreement dated January 26, 1995 between ______________________________ and the Company, a copy of which is on file with the Secretary of the Company."

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

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

8. Withholding Taxes. Upon lapse of the Restriction on the Shares pursuant to Section 3 or 4 above, sufficient Shares shall be transferred to the Company to provide for the payment of any taxes required to be withheld by federal, state, or local law with respect to income resulting from such lapse. The value of the Shares so transferred shall be the closing price of the Common Stock on the NYSE on the date the Restriction lapses (or, in the event that no sale of the Common Stock takes place on the NYSE on such date,

the closing price of the Common Stock on the NYSE on the immediately preceding date on which such a sale occurred).

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

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

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

12. Fractional Shares. Upon lapse of the Restriction, certificates for fractional Shares shall not be delivered to the Employee, and any fractional Shares which may result from the application of Sections 3 or 4 of this Agreement shall be paid in cash to Employee, as determined in the last sentence of Section 8, above.

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

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

DELTA AIR LINES, INC.

By:

EMPLOYEE

NONQUALIFIED STOCK OPTION AWARD AGREEMENT
UNDER THE 1989 STOCK INCENTIVE PLAN

January 25, 1996

Dear

The 1989 Stock Incentive Plan of Delta Air Lines, Inc., as amended ("Plan"), is intended as an inducement for officers, executives and key employees of Delta Air Lines, Inc. (the "Company") to continue in the employment of the Company, and to provide a greater incentive to such employees to make material contributions to the Company's success by increasing their proprietary interest in the Company through increased direct stock ownership. The Plan, which provides for certain awards to eligible employees, is administered by the Personnel, Compensation & Nominating Committee of the Board of Directors (the "Committee"). Pursuant to the Plan, the Committee selected you to receive an award of a Nonqualified Stock Option under the Plan, effective as of the close of business on January 25, 1996, and has instructed me, on behalf of the Company, to provide this Agreement to you.

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

A. 1996 Stock Option Awards

1. The Company hereby grants to Employee a Nonqualified Stock Option ("Stock Option") covering ______________________ shares of Stock, as defined in the Plan, a copy of which has been furnished to you. This award is in all respects made subject to the terms and conditions of the Plan and, by signing and returning a copy of this Agreement to the Secretary of the Company, you acknowledge that you have read this Agreement and the Plan and agree to all of the terms and conditions thereof for yourself, any designated beneficiary and your heirs, executors, administrators or personal representative. Terms used in this Agreement which are defined in the Plan shall have the meanings set forth in the Plan. In the event of any conflict between the Plan and this Agreement, the Plan shall control. You also acknowledge receipt of the Prospectus dated January 26, 1995, relating to the Plan.

2. The Option Price of the Stock Option covered by this award shall be $______ per share, which price was the closing price of the Stock on the New York Stock Exchange (the "NYSE") on the date of this award.

3. Subject to the terms and conditions of the Plan and Paragraph 7 below, the Stock Option granted to you herein may be exercised during the period beginning January 25, 1997 and

ending January 24, 2006, except as provided in Sections 5 and 10 of the Plan. Subject to the terms and conditions of the Plan, Employee (or a party acting on behalf of a deceased employee pursuant to Section 10 of the Plan) may exercise the Stock Option granted herein in whole or, from time to time, in part by way of a written notice delivered to the Secretary of the Company which includes the following: (i) name, mailing address and social security number of Employee and the date, which shall be the actual date of the notice; (ii) the number of shares of Stock with respect to which the Stock Option is being exercised; (iii) the date of grant and the Option Price with respect to the Stock Option being exercised; and (iv) the signature of Employee or a party acting on behalf of a deceased employee. Such notice shall be accompanied by payment of the full purchase price of the shares of Stock covered by the exercise, in a check made payable to the order of the Company. If the Committee, in its sole discretion, shall determine that it is appropriate to do so, such payment may be made in whole or in part by tender of shares of unrestricted Stock, as set forth in Section 5 of the Plan, subject to such requirements or procedures as the Committee may specify.

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

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

6. The Stock Option granted herein is subject to all terms of the Plan, including, but not limited to, (i) Section 10(b), which provides for the forfeiture and repayment of certain benefits in certain circumstances in the event of Employee's Retirement prior to his normal retirement date; and (ii)
Section 10(d), which provides that the Committee may in its sole discretion revoke or modify this award in any manner as it deems appropriate under the circumstances if Employee either voluntarily suggests and later accepts a demotion, or is involuntarily demoted, to a job involving lesser responsibilities than those of the job held by Employee at the time of this award.

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

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

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

DELTA AIR LINES, INC.

By

EMPLOYEE

EXHIBIT 11
DELTA AIR LINES, INC.

STATEMENT REGARDING COMPUTATION OF PER SHARE EARNINGS
FOR YEARS ENDED JUNE 30, 1994, 1995, AND 1996
(In millions except per share amounts)

PRIMARY:	1994	1995	1996
Weighted average shares outstanding	50	51	52
Additional shares assuming exercise of stock options	*	-	-
Average shares outstanding as adjusted	50	51	52
Income (loss) before cumulative effect of accounting changes	$ (409)	$ 294	$ 156
Preferred dividends series C	(80)	(80)	(74)
Preferred dividends series B	(30)	(8)	(8)
Income (loss) before cumulative effect of accounting changes attributable to primary shares	(519)	206	74
Cumulative effect of accounting changes	-	114	-
Net income (loss) attributable to primary shares	$ (519)	$ 320	$ 74
Primary earnings (loss) per share before cumulative effect of accounting changes	$ (10.32)	$ 4.07	$ 1.42
Cumulative effect of accounting changes	-	2.25	-
Primary earnings (loss) per common share	$ (10.32)	$ 6.32	$ 1.42
FULLY DILUTED:			
Weighted average shares outstanding	50	51	52
Additional shares assuming:			
Conversion of series C convertible preferred stock	17	17	17
Conversion of series B ESOP convertible preferred stock	7	2	2
Conversion of 3.23% convertible subordinated notes	10	10	9
Exercise of stock options	*	-	-
Average shares outstanding as adjusted	84	80	80
Income (loss) before cumulative effect of accounting changes	$ (409)	$ 294	$ 156
Interest on 3.23% convertible subordinated notes net of taxes	32	32	26
Additional required ESOP contribution assuming conversion of series B ESOP convertible preferred stock	(18)	(5)	(4)
Income (loss) before cumulative effect of accounting changes	(395)	321	178
Cumulative effect of accounting changes	-	114	-
Net income (loss) attributable to fully diluted common shares	$ (395)	$ 435	$ 178
Fully diluted earnings (loss) per common share before cumulative effect of accounting changes	$ (4.72)*	$ 4.01	$ 2.21 *
Cumulative effect of accounting changes	-	1.42	-
Fully diluted earnings (loss) common share	$ (4.72)*	$ 5.43	$ 2.21 *

***Antidilutive**

EXHIBIT 12

DELTA AIR LINES, INC.
STATEMENT REGARDING COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES
(In millions except ratios)

	1992	1993	1994	1995	1996
Earnings (before cumulative effect of accounting changes):					
Net income (loss)	$ (506)	$ (415)	$ (409)	$ 294	$ 156
Add (deduct):					
Income tax (credit) provision	(271)	(236)	(251)	200	120
Fixed charges	569	616	689	665	582
Interest capitalized	(70)	(62)	(33)	(30)	(26)
Interest offset on Guaranteed Serial ESOP Notes	(15)	(15)	(14)	(4)	(2)
Earnings (loss) as adjusted	$ (293)	$ (112)	$ (18)	$ 1,125	$ 830
Fixed charges:					
Interest expense	$ 221	$ 239	$ 304	$ 292	$ 269
1/3 of rentals	333	362	371	369	311
Additional interest on Guaranteed Serial ESOP Notes	15	15	14	4	2
Total fixed charges	$ 569	$ 616	$ 689	$ 665	$ 582
Ratio of earnings to fixed charges	-	-	-	1.69	1.43

Earnings for the fiscal years ended June 30, 1992, 1993, and 1994 were inadequate to cover fixed charges. Additional earnings of $862 million for the fiscal year ended June 30, 1992, of $728 million for the fiscal year ended June 30, 1993, and of $ 707 million for the fiscal year ended June 30, 1994, would have been necessary to bring the ratio to 1.0.

EXHIBIT 13

LEADERSHIP 7.5 AND BEYOND

In April 1994, Delta announced Leadership 7.5, a three year plan to return the Company to sustained profitability and position it for future growth. The core of the program was a goal of reducing the Company's annual operating expense by approximately $2 billion by the end of the June 1997 quarter. Delta also established operating cost per available seat mile (unit cost) goals of 8.6c. for the June 1995 quarter, 8.0c. for the June 1996 quarter, and 7.5c. for the June 1997 quarter. The unit cost goals reflected the phase-in of the $2 billion in targeted cost savings, excluding restructuring and other non-recurring charges, and assumed other costs and operating capacity remain at calendar 1993 levels.

Developments in the airline industry during fiscal 1996 reaffirmed Delta's belief that the only way for the Company to succeed in the highly competitive environment in which it operates is to permanently reduce operating costs to a competitive level. The level of low-cost, low-fare competition in Delta's domestic markets continued to rise during fiscal 1996 at a rate faster than that experienced by Delta's major competitors, negatively impacting average fare levels in affected markets. Traffic patterns during fiscal 1996 validated the prediction that business traffic growth would stabilize while leisure traffic growth would accelerate.

As of June 30, 1995, Delta had succeeded in achieving its first Leadership 7.5 unit cost goal, beating the 8.6c. goal by a generous margin with a unit cost of 8.39c. for the June 1995 quarter. By the end of fiscal 1995, Delta had already implemented initiatives estimated to generate approximately $1.6 billion in annual cost reductions. During fiscal 1996, the Company continued to reduce costs, recording a 3% reduction in both total operating expenses and unit costs for the year, excluding restructuring and other non-recurring charges. Actual June 1996 quarter unit cost came in at 8.33c., excluding a restructuring charge. The June 1996 quarter unit cost reflects expense reductions in several categories which were partially offset by a significant increase in the price of jet fuel, a

(Graph Omitted)

Quarterly Unit Cost*
(in cents)

Cost Per ASM	
June 1994	9.20
June 1995	8.39
June 1996	8.33
Long-term Goal	7.5

* Excludes restructuring charges

4.3c. per gallon federal tax on jet fuel and costs associated with carrying record levels of passenger traffic during the quarter.

A major milestone was reached in the Leadership 7.5 program in April 1996, when Delta pilots ratified a new four year collective bargaining agreement, which became effective May 1, 1996. The new agreement is expected to contribute approximately $760 million to Leadership 7.5 cost reductions over the four year term of the contract, before considering any payments under the pilots' profit sharing program.

A key outcome of the new pilot agreement is the formation of a low-fare operation. Subsequent to the end of fiscal 1996, the Company announced the October 1, 1996 launch of Delta Express, a low-fare business unit within Delta operating in certain highly competitive, leisure-oriented markets within Delta's system. Delta Express will begin daily nonstop service connecting 10 midwest and northeast cities with Orlando and four other Florida cities, operating with a dedicated fleet of Boeing 737-200 aircraft. Delta Express is scheduled to grow to 25 aircraft by January, 1997.

In July 1996, the Company announced a shift in strategy from a strict focus on operating costs to a more balanced approach that focuses on both operating cost reduction and revenue improvement. Delta's success in strengthening its financial condition, changes in the industry environment, and a renewed emphasis on customer service motivated the shift. While the unit cost goal of 7.5c. per available seat mile will be maintained as a long-term goal, the Company no longer expects to reach this goal by the June 1997 quarter. Delta increased its three year operating margin goal to 12% by the end of fiscal 1999. Delta's operating margin goal is aggressive, and no assurance can be given that the Company will meet this goal.

AIRCRAFT FLEET

Delta continues to maintain one of the youngest, most efficient and technologically advanced fleets in the U.S. airline industry. During fiscal 1996, the Company continued to refine its aircraft fleet plan to simplify the fleet, improve operating efficiency, and better meet customer expectations.

Aircraft Fleet At June 30, 1996

Type of Aircraft	Average Age of Aircraft Type (Years)	Owned	Leased	Total
B-727-200.......	19.3	106	23	129
B-737-200.......	11.6	1	53	54
B-737-300.......	10.4	-	13	13
B-757-200.......	7.4	45	41	86
B-767-200.......	13.1	15	-	15
B-767-300.......	7.1	2	24	26
B-767-300ER.....	4.2	10	7	17
L-1011-1........	19.2	31	-	31
L-1011-200......	18.0	1	-	1
L-1011-250......	13.7	6	-	6
L-1011-500......	15.4	17	-	17
MD-11...........	3.1	5	7	12
MD-88...........	6.0	63	57	120
MD-90...........	0.9	12	-	12
Total.........	11.2	314	225	539

During fiscal 1996, Delta announced plans to retire all 55 Lockheed L-1011 aircraft from its fleet, including the removal of all L-1011 aircraft from transatlantic service by the end of fiscal 1998. At the same time, Delta announced an agreement with The Boeing Company to purchase 12 additional Boeing 767-300ER aircraft for delivery in fiscal 1997 and 1998, and to cancel its 52 orders (22 of which were subject to reconfirmation by Delta) and 56 options to purchase Boeing 737-300 aircraft.

The newly ordered 767-300ER aircraft, together with aircraft already on order, will replace all L-1011 aircraft now being used in transatlantic service. The L-1011 aircraft being removed from transatlantic service will be reconfigured and used for domestic service, where they will replace older, less efficient versions of the L-1011. See Note 17 of Notes to Consolidated Financial Statements.

During fiscal 1996, Delta accepted delivery of 11 new aircraft, including one B-757-200 aircraft; two B-767-300ER aircraft; one MD-11 aircraft; and seven MD-90 aircraft.

Also during fiscal 1996, the Company sold one L-1011-1 aircraft, and returned to lessors the remaining nine A310-300 aircraft and five B-727-200 aircraft.

Subsequent to June 30, 1996, Delta entered into a definitive agreement with the Nordam Group, Inc., to purchase, between fiscal years 1997 and 2000, 25 shipsets of Stage 3 engine hushkits for B-737-200 aircraft, with an option to purchase an additional 30 shipsets.

The aircraft orders include four MD-90 aircraft scheduled for delivery after fiscal 1997 that are subject to reconfirmation by Delta. See Note 9 of Notes to Consolidated Financial Statements.

Aircraft Delivery Schedule
Aircraft on Firm Order at June 30, 1996

	Delivery in Year Ending June 30:						
Orders:	1997	1998	1999	2000	2001	After 2001	Total
B-757-200......	-	-	-	1	3	-	4
B-767-300......	-	-	2	-	-	-	2
B-767-300ER....	5	9	-	-	-	-	14
MD-11..........	2	1	-	-	-	-	3
MD-90..........	4	-	9	5	3	2	23
Total.......	11	10	11	6	6	2	46

Aircraft Delivery Schedule
Aircraft on Option at June 30, 1996

Options	Delivery in Year Ending June 30: 1997	1998	1999	2000	2001	After 2001	Total
B-757-200...	-	-	2	2	-	24	28
B-767-300ER.	-	-	9	5	-	-	14
MD-11.......	-	-	5	5	5	2	17
MD-88.......	-	-	15	-	-	-	15
MD-90.......	-	-	11	7	8	24	50
Total.....	-	-	42	19	13	50	124

(Graph Omitted)

Capital Expenditures
(in millions of dollars)

	Flight Equipment (includes leased aircraft)	Ground Property and Equipment
1987	1,133	92
1988	1,184	146
1989	1,205	276
1990	1,425	265
1991	1,875	269
1992	2,164	317
1993	1,221	192
1994	1,032	173
1995	458	168
1996	638	267

Delta's aircraft which are subject to reconfirmation or are on option provide the Company with the flexibility to adjust scheduled aircraft deliveries.

The MD-88 options may be converted into MD-90 orders, and the B-767-300ER options may be converted into B-767-300 orders, all at Delta's election.

Delta continues to evaluate long-term aircraft alternatives with the goal of achieving the optimal mix of aircraft to meet operational needs. Delta also intends to continue its efforts to carefully manage capital spending and simplify the fleet.

FINANCIAL REVIEW

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

RESULTS OF OPERATIONS - FISCAL 1996 COMPARED WITH FISCAL 1995

For fiscal 1996, Delta recorded net income of $156 million ($1.42 primary and fully diluted earnings per common share after preferred stock dividend requirements) and operating income of $463 million. In fiscal 1995, Delta recorded net income of $408 million ($6.32 primary and $5.43 fully diluted earnings per common share after preferred stock dividend requirements), and operating income of $661 million.

Fiscal 1996 results include pretax restructuring and other non-recurring charges totaling $829 million ($506 million after-tax or $9.71 per common share) related to the write-down of Delta's Lockheed L-1011 fleet and the continuation of the Company's Leadership 7.5 cost reduction program. See Note 17 of Notes to Consolidated Financial Statements.

Fiscal 1995 results include a one-time $114 million after-tax benefit ($2.25 primary and $1.42 fully diluted benefit per common share) related to the adoption of Statement of Financial Accounting Standards No. 112, "Employers' Accounting for Postemployment Benefits" (SFAS 112). See Note 10 of Notes to Consolidated Financial Statements.

(Graph Omitted)

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Primary Earnings (Loss)
Per Common Share*
(in dollars)

1987	5.90
1988	6.30
1989	9.37
1990	5.79
1991	(7.73)
1992	(10.60)
1993	(9.49)
1994	(3.73)
1995	4.07
1996	11.13

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

* Excludes restructuring and other non-recurring charges and cumulative effects of accounting changes

Excluding the restructuring and other non-recurring charges in fiscal 1996 and the cumulative effect of the adoption of SFAS 112 in fiscal 1995, net income for fiscal 1996 totaled $662 million ($11.13 primary and $8.49 fully diluted earnings per common share after preferred stock dividend requirements) and operating income was $1.3 billion, compared to net income of $294 million ($4.07 primary and $4.01 fully diluted earnings per common share after preferred stock dividend requirements) and operating income of $661 million in fiscal 1995.

The improvement in financial results for fiscal 1996 as compared to fiscal 1995 primarily reflects cost reductions in most operating expense categories under the Company's Leadership 7.5 program. These reductions resulted in a $370 million, or 3%, decline in operating expenses, excluding restructuring and other non-recurring charges in fiscal 1996. Passenger revenue increased $297 million, or 3%, due to increased traffic stimulated by competitive pricing actions, the expiration of the U.S. transportation excise tax and general improvements in economies worldwide.

Financial Results Summary

	1996	1995	Change
	(In Millions, Except Share Data)		
Operating Revenues	$ $12,455	$ 12,194	+ 2%
Operating Expenses	11,992	11,533	+ 4
Operating Income	463	661	-30
Other Expenses, Net	(187)	(167)	+12
Income Before Income Taxes and Cumulative Effect of Accounting Change	276	494	-44
Income Taxes Provided, Net	(120)	(200)	-40
Income Before Cumulative Effect of Accounting Change	156	294	-47
Cumulative Effect of Accounting Change, Net of Tax	-	114	-
Net Income	156	408	-62
Preferred Stock Dividends	(82)	(88)	- 7
Net Income Available to Common Stockholders	$ 74	$ $320	-77%
Primary Income Per Common Share:			
Before Cumulative Effect of Accounting Change	$ 1.42	$ 4.07	-65%
Cumulative Effect of Accounting Change	-	2.25	-
	$ 1.42	$ 6.32	-78%
Fully Diluted Income Per Common Share:			
Before Cumulative Effect of Accounting Change	$ 1.42	$ 4.01	-65%
Cumulative Effect of Accounting Change	-	1.42	-
	$ 1.42	$ 5.43	-74%
Number of Shares Used to Compute Net Income Per Common Share:			
Primary	52,101,152	50,657,613	N/A
Fully Diluted	52,101,152	80,118,720	N/A

Operating revenues for fiscal 1996 were $12.5 billion, up 2% from $12.2 billion in fiscal 1995. Passenger revenue increased 3%, the result of 3% growth in revenue passenger miles. The passenger mile yield was virtually unchanged. Domestic load factor increased two points to 66%, as domestic revenue passenger miles and domestic capacity rose 6% and 3%, respectively. The domestic passenger mile yield decreased 1%, the result of discount fare promotions and the continued presence of low-cost, low-fare carriers in markets served by Delta. International load

Operating Revenue Detail

	1996	1995	Change
	(In Millions)		
Passenger	$11,616	$11,319	+3%
Cargo	521	565	-8
Other, Net	318	310	+3

Total	$12,455	$12,194	+2%
	=======	=======	

(Pie Chart Omitted)

1996 Distribution Of Operating Revenues	
Domestic Passenger	75%
International Passenger	18%
Cargo	4%
Other	3%

Revenue-Related Statistics

	1996	1995	Change
Revenue Passengers Enplaned (Thousands)	91,341	88,893	+ 3%
Revenue Passenger Miles (Millions)	88,673	86,417	+ 3%
Passenger Load Factor	67.8%	66.2%	+1.6 pts.
Passenger Mile Yield	13.10c.	13.10c.	-
Cargo Ton Miles (Millions).................	1,368	1,500	- 9%
Cargo Ton Mile Yield	38.08c.	37.67c.	+ 1%
Operating Revenue Per Available Seat Mile ..	9.53c.	9.33c.	+ 2%

factor increased one point to 73%, as international revenue passenger miles decreased 7% while operating capacity decreased 8%. The decline in international capacity is mainly due to the cancellation of service on certain international routes. The international passenger mile yield increased 2%, primarily due to higher average fare levels in certain international markets.

Cargo revenues in fiscal 1996 decreased 8% to $521 million, the result of a 9% decline in cargo ton miles, partially offset by a 1% increase in the ton mile yield. The decrease in cargo ton miles is primarily due to the cancellation of service on certain international routes and the resulting decrease in the average cargo trip length.

All other revenues were up 3% to $318 million, mainly due to increased revenues from joint marketing programs associated with the Company's SkyMiles(R) frequent flyer program. See Note 1 of Notes to Consolidated Financial Statements.

Operating expenses in fiscal 1996 totaled $12.0 billion, up 4% from $11.5 billion in fiscal 1995. Operating capacity increased less than 1% to 130.8 billion available seat miles, and operating cost per available seat mile increased 4% to 9.17c.. Excluding restructuring and other non-recurring charges in fiscal 1996, operating expenses were down 3%, and operating cost per available seat mile decreased 3%.

Salaries and related costs decreased 3%, primarily due to a lower average number of employees during the year and lower employee travel and benefit expenses, partly offset by increased costs associated with other employee compensation plans, primarily profit sharing.

Aircraft fuel expense increased 7%, as the average fuel price per gallon rose 8% to 58.53c., partially offset by a 1% reduction in gallons consumed.

Passenger commissions expense declined 13%, mainly due to the implemen-

Operating Expense Detail

	1996	1995	Change
	(In Millions)		
Salaries and Related Costs	$4,206	$4,354	- 3%
Aircraft Fuel	1,464	1,370	+ 7
Passenger Commissions	1,042	1,195	-13
Contracted Services	704	556	+27
Depreciation and Amortization......	634	622	+ 2
Other Selling Expenses	594	618	- 4
Aircraft Rent	555	671	-17
Facilities and Other Rent	379	436	-13
Aircraft Maintenance Materials and Outside Repairs	376	430	-13
Passenger Service	368	443	-17
Landing Fees	248	266	- 7
Restructuring and Other Non-Recurring Charges	829	-	-
Other	593	572	+ 4
Total	$11,992	$11,533	+ 4%

tation of a maximum commission payment on domestic tickets and lower base commission rates.

Contracted services expense rose 27%, the result of increased outsourcing of information technologies services and certain airport functions.

(Pie Chart Omitted)

1996 Distribution of Operating Expenses
(as a percent of total operating expenses)*

Salaries & Related Costs	38%
Aircraft Fuel	13%
Rentals & Landing Fees	12%
Passenger Commissions	9%
Contracted Services	6%
Depreciation & Amortization	6%
Other Selling Expenses	5%
Aircraft Maintenance Materials & Outside Repairs	3%
Passenger Service	3%
Other	5%

* Excludes restructuring and other non-recurring charges

Depreciation and amortization expense increased 2%, the result of the acquisition of additional owned aircraft and the extension of leases on 40 B-737-200 aircraft in the June 1995 quarter which, for accounting purposes, resulted in those leases being reclassified from operating to capital leases. This increase was partially offset by certain international routes becoming fully amortized and the write-down of the L-1011 fleet. See Note 17 of Notes to Consolidated Financial Statements.

Other selling expenses decreased 4%, primarily the result of lower advertising and promotion expense, partially offset by higher booking fee payments to computer reservation system providers related to domestic traffic growth.

Aircraft rent expense decreased 17% due to the return of certain aircraft to lessors and the extension of leases on 40 B-737-200 aircraft previously discussed.

Facilities and other rent expense declined 13%, the result of reduced charges for certain airport facilities and the subleasing of excess space in some locations.

Aircraft maintenance materials and outside repairs expense decreased 13%, reflecting credits received from engine and brake manufacturers, improved engine reliability resulting in fewer engine removals, the elimination of certain engine types from service due to fleet simplification, and lower material cost resulting from the write-down of inventory related to the L-1011 aircraft. See Note 17 of Notes to Consolidated Financial Statements.

Passenger service expense declined 17%, reflecting continued benefits from catering changes and other cost reduction programs, partially offset by increased passenger traffic, primarily on domestic routes.

Landing fees expense declined 7%, mainly reflecting favorable rate adjustments and credits received at certain airports.

Fiscal 1996 operating expenses include $829 million pretax restructuring and other non-recurring charges. The charges include a $452 million write-down of Delta's Lockheed L-1011 fleet and related assets and $377 million related to the continuation of the Company's Leadership 7.5 cost reduction programs. See Note 17 of Notes to Consolidated Financial Statements.

Operating Statistics

	1996	1995	Change
Available Seat Miles (Millions)	130,751	130,645	-
Available Ton Miles (Millions)	18,084	18,150	-
Fuel Gallons Consumed (Millions)	2,500	2,533	-1%
Average Fuel Price Per Gallon	58.53c.	54.09c.	+8%
Breakeven Passenger Load Factor:			
Including Restructuring and other Non-Recurring Charges	65.1%	62.3%	+2.8 pts.
Excluding Restructuring and other Non-Recurring Charges	60.3%	62.3%	-2.0 pts.
Operating Cost Per Available Seat Mile:			
Including Restructuring and other Non-Recurring Charges	9.17c.	8.83c.	+4%
Excluding Restructuring and other Non-Recurring Charges	8.54c.	8.83c.	-3%

All other operating expenses increased 4%, primarily reflecting the October 1, 1995, expiration of the exemption from the 4.3c. per gallon federal tax on commercial aviation jet fuel used in domestic operations, partially offset by an increase in services provided to outside parties.

Nonoperating expense for fiscal 1996 totaled $187 million, compared to $167 million in fiscal 1995. Interest expense decreased 8%, primarily due to a lower average level of outstanding debt, partly offset by an increase in interest related to the extension and reclassification of 40 B-737-200 aircraft leases previously discussed. Interest capitalized on funds advanced for the purchase of flight equipment and construction of facilities decreased 13%, primarily resulting from a lower average balance of outstanding advance payments for equipment. Interest income declined 9% to $86 million, primarily due to a lower average level of short-term investments and lower interest rates during the year. Miscellaneous expense, net was $30 million for fiscal 1996 compared to less than $1 million for fiscal 1995. This expense was primarily due to costs associated with the repurchase and retirement of long-term debt and foreign exchange losses.

RESULTS OF OPERATIONS - FISCAL 1995 COMPARED WITH FISCAL 1994

For fiscal 1995, Delta recorded net income of $408 million ($6.32 primary and $5.43 fully diluted earnings per common share after preferred stock dividend requirements) and operating income of $661 million. In 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.

Fiscal 1995 results include a one-time $114 million after-tax benefit ($2.25 primary and $1.42 fully diluted benefit per common share) related to the adoption, effective July 1, 1994, of SFAS 112. See Note 10 of Notes to Consolidated Financial Statements. Fiscal 1994 results include pretax restructuring charges totaling $526 million ($331 million after tax, or $6.59 per common share) related to the Company's Leadership 7.5 program, and an early retirement program completed during the December 1993 quarter. See Note 17 of Notes to Consolidated Financial Statements.

Excluding the cumulative effect of the adoption of SFAS 112, net income for fiscal 1995 totaled $294 million ($4.07 primary and $4.01 fully diluted earnings per common share after preferred stock dividend requirements) and operating income was $661 million. Excluding restructuring charges, the net loss for fiscal 1994 totaled $77 million ($3.73 primary and fully diluted loss per common share after preferred stock dividend requirements) and operating income was $79 million.

The improvement in financial results for fiscal 1995 versus fiscal 1994 was primarily due to cost reductions under the Company's Leadership 7.5 program. Leadership 7.5 initiatives contributed to cost reductions in most operating expense categories, resulting in a $465 million, or 4%, decline in operating expenses in fiscal 1995 compared to fiscal 1994, excluding restructuring charges in fiscal 1994.

Operating revenues for fiscal 1995 were $12.2 billion, up 1% from $12.1 billion in fiscal 1994. Passenger revenue increased less than 1%, the result of 1% growth in revenue passenger miles partly offset by a 1% decline in the passenger mile yield to 13.10c.. Domestic load factor increased slightly, as domestic revenue passenger miles grew 2% while domestic capacity rose 1%. Domestic traffic growth was primarily due to traffic stimulated through discount fare promotions and other competitive pricing actions, which contributed to a 1% decrease in the domestic passenger mile yield. International load factor rose five points to 72%, as international revenue passenger miles grew 1% and international operating capacity fell 6%. The international passenger mile yield was unchanged.

Cargo revenues in fiscal 1995 increased 3% to $565 million. Cargo ton miles increased 8%, primarily due to international cargo traffic growth, and the ton mile yield declined 5%, mainly the result of increases in long-haul cargo traffic and lower domestic mail contract rates. All other revenues were up 21% to $310 million, mainly due to increased revenues from joint marketing programs.

Operating expenses in fiscal 1995 totaled $11.5 billion, down 8% from $12.5 billion in fiscal 1994. Operating capacity decreased 1% to 130.6 billion available seat miles, and operating cost per available seat mile declined 7% to 8.83c.. Excluding the fiscal 1994 restructuring charges, operating expenses for fiscal 1995 were down 4%, and operating cost per available seat mile decreased 3%, in fiscal 1995 compared to fiscal 1994.

Nonoperating expense for fiscal 1995 totaled $167 million, compared to $213 million in fiscal 1994. Interest expense decreased 4%, primarily due to a lower average level of outstanding debt, partially offset by an increase in interest expense related to the extension of 40 B-737-200 aircraft leases previously discussed. Interest capitalized on funds advanced for the purchase of flight equipment and construction of facilities declined 9%, primarily resulting from a lower average balance in construction work in progress. Interest income increased 67%, or $38 million, primarily due to a higher average level of short-term investments and higher interest rates during the year.

CAPITALIZATION, FINANCING AND LIQUIDITY - FISCAL YEAR 1996

Cash and cash equivalents and short-term investments totaled $1.6 billion at June 30, 1996, compared to $1.8 billion at June 30, 1995. The principal sources of funds during fiscal 1996 were $1.4 billion of cash from operations; $35 million from the issuance of common stock; and $26 million from the sale of flight equipment.

During fiscal 1996, Delta invested $639 million in flight equipment and $297 million in ground property and equipment. The Company also made payments of $440 million on long-term debt and capital lease obligations, including Delta's voluntary repurchase and retirement of $224 million principal amount of long-term debt. The Company 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. In addition, Delta paid $66 million to repurchase 821,300 common shares under the common stock repurchase program discussed below. The Company may repurchase additional long-term debt and common stock from time to time.

(Graph Omitted)

Long-term debt & capital leases
(in millions of dollars)

[S]	[C]
1987	1,018
1988	729
1989	703
1990	1,315
1991	2,059
1992	2,833
1993	3,716
1994	3,228
1995	3,121
1996	2,175

As of June 30, 1996, the Company had negative working capital of $356 million, compared to negative working capital of $427 million at June 30, 1995. 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, short-term investments and internally generated funds, supplemented as necessary by debt financing and proceeds from sale and leaseback transactions. At August 16, 1996, the Company had $1.25 billion of credit available under its 1995 Bank Credit Agreement, subject to compliance with certain conditions. See Note 7 of Notes to Consolidated Financial Statements.

Long-term debt and capital lease obligations, including current maturities, totaled $2.3 billion at June 30, 1996, compared to $3.3 billion at June 30, 1995. Stockholders' equity was $2.5 billion at June 30, 1996, compared to $1.8 billion at June 30, 1995. The Company's debt-to-equity position, including current maturities, was 47% debt and 53% equity at June 30, 1996, compared to 65% debt and 35% equity at June 30, 1995.

At August 16, 1996, there was outstanding $290 million principal amount of the Delta Family-Care Savings Plan's Series C Guaranteed Serial ESOP Notes (Series C ESOP Notes), which are guaranteed by Delta. The Series C ESOP Notes currently have the benefit of a credit enhancement in the form of a letter of credit in the amount of $470 million under Delta's Credit Agreement with ABN AMRO Bank and a group of banks. Delta is required to purchase the Series C ESOP Notes in certain circumstances. See Note 7 of Notes to Consolidated Financial Statements.

(Graph Omitted)
Stockholders' Equity
(in millions of dollars)

1987 $1,938
1988 $2,209
1989 $2,620
1990 $2,596
1991 $2,457
1992 $1,894
1993 $1,913
1994 $1,467
1995 $1,827
1996 $2,540

FISCAL YEAR 1995

In fiscal 1995, the principal sources of funds were $1.1 billion of cash from operations, $139 million from Pan Am Corporation for the repayment of certain debtor-in-possession financing (including $24 million recorded in cash from operations representing accrued interest, net of the settlement of certain other claims); and $137 million from the sale of flight equipment. During fiscal 1995, Delta invested $458 million in flight equipment and $168 million in ground property and equipment. The Company also made payments of $572 million on long-term debt and capital lease obligations, including Delta's voluntary repurchase and retirement of $534 million principal amount of long-term debt. In addition, the Company 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.

FISCAL YEAR 1994

In fiscal 1994, the principal sources of funds were $1.3 billion of cash from operations, which included $300 million from the sale of certain accounts receivable (see Note 5 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. 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 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.

NEW ACCOUNTING STANDARDS

During fiscal 1996, Delta adopted Statement of Financial Accounting Standards No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of" (SFAS 121). This statement requires that the carrying values of long-lived assets, including certain identifiable intangibles held and used by an entity, be reviewed for impairment, and potentially written down, whenever events or changes in circumstances indicate that the carrying amounts of the assets may not be recoverable. See Note 17 of Notes to Consolidated Financial Statements for information regarding the write-down of Delta's L-1011 aircraft and related assets due to the early retirement of this fleet.

Effective July 1, 1994, Delta adopted SFAS 112, which resulted in a cumulative after-tax transition benefit of $114 million ($2.25 primary and $1.42 fully diluted benefit per common share) in fiscal 1995, primarily due to the net overfunded status of the Company's disability and survivorship plans. See Note 10 of Notes to Consolidated Financial Statements.

Also effective July 1, 1994, the Company adopted American Institute of Certified Public Accountants Statement of Position 93-6, "Employers' Accounting for Employee Stock Ownership Plans" (SOP 93-6). The adoption of SOP 93-6 increased reported net income available to common stockholders shown in the Consolidated Statements of Operations by $8 million for fiscal 1995, and increased primary and fully diluted earnings per common share for that period by $0.16 and $0.28, respectively. See Note 15 of Notes to Consolidated Financial Statements.

In October 1995, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" (SFAS 123). SFAS 123 establishes a fair value based method of accounting for stock options. Entities may elect to either adopt the measurement criteria of the statement for accounting purposes, thereby recognizing an amount in results of operations on a prospective basis, or disclose the pro forma effects of the new measurement criteria in Notes to Consolidated Financial Statements. The Company intends to adopt the pro forma disclosure features of SFAS 123, which are effective for fiscal year 1997.

FUTURE OUTLOOK

DEFERRED TAX ASSET

At June 30, 1996, Delta had a net cumulative deferred tax asset of $767 million, which consists of $2.2 billion of deferred tax assets, offset by $1.4 billion of deferred tax liabilities. Included in the deferred tax assets are, among other items, $724 million related to obligations for postretirement benefits and $354 million related to alternative minimum tax (AMT) credit carryforwards. The AMT credit carryforwards do not expire.

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 $1.1 billion in future taxable income. Based on 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 experienced book and tax losses in fiscal years 1991 through 1994, the Company reported book and tax income in fiscal years 1995 and 1996. Furthermore, the Company has consistently reported book income in all other fiscal years since 1947 with the exception of fiscal year 1983. The accompanying chart is a summary of Delta's pretax book income (loss) and taxable income (loss) for the last three fiscal years, prior to net operating loss carrybacks:

	1996	1995	1994
	(In Millions)		
Pretax Book Income (Loss) ..	$276	$494	$(660)
Taxable Income (Loss)	$635	$282	$(411)

The book and tax income reported for fiscal years 1995 and 1996 reflect significant improvements in the Company's financial performance, primarily resulting from operating expense reductions achieved under the Leadership 7.5 program.

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 assurance that Delta will meet its expectations 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, 1996. See Note 16 of Notes to Consolidated Financial Statements.

COMMITMENTS

Future expenditures for aircraft, engines and engine hushkits on firm order as of August 16, 1996, are estimated to be $2.4 billion, excluding aircraft orders subject to reconfirmation by Delta. The Company expects to finance these commitments using available cash, short-term investments and internally generated funds, supplemented as necessary by debt financings and proceeds from sale and leaseback transactions. The Company also has certain commitments related to its code sharing arrangements. See Note 9 of Notes to Consolidated Financial Statements. Also, see Note 8 of Notes to Consolidated Financial Statements for information on the Company's lease commitments.

COMPETITIVE ENVIRONMENT

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

FUEL TAX

The Omnibus Budget Reconciliation Act of 1993 imposes a 4.3c. per gallon tax on commercial aviation jet fuel purchased for use in domestic operations. Based on Delta's fiscal 1997 expected domestic fuel requirement of 2.1 billion gallons, the continued imposition of this fuel tax will result in operating expense of approximately $90 million annually. Delta and other U.S. airlines are actively lobbying for a repeal of this tax. The outcome of these efforts cannot be determined.

TRANSPORTATION EXCISE TAX

Upon the January 1, 1996, expiration of the 10% transportation excise tax applicable to domestic travel, the 6.25% domestic cargo waybill tax and the $6 per passenger international departure tax, the Company discontinued collecting these taxes. These taxes were reinstated during August 1996, effective for the remainder of the calendar year. The impact of this reinstatement on Delta cannot be determined.

BROAD-BASED STOCK OPTION PLANS

On April 24, 1996, Delta's Board of Directors adopted, subject to stockholder approval, two broad-based, non-qualified stock option plans for Delta personnel providing for the issuance of stock options to purchase 24.7 million shares of Delta common stock.

One plan is for eligible non-pilot personnel and the other is for Company pilots. The non-pilot and pilot plans involve stock options to purchase 14.7 million and 10 million shares of common stock, respectively. The non-pilot and pilot plans are being presented to stockholders as one proposal. For additional information, see Note 13 of Notes to Consolidated Financial Statements.

The pilot stock option plan is an integral part of the new collective bargaining agreement between the Company and the Air Line Pilots Association (ALPA), which represents Delta's pilots. ALPA has the right to reopen the new collective bargaining agreement in its entirety if any required stockholder approval of the pilot stock option plan is not obtained, and Delta and ALPA are unable to reach agreement within 30 days on providing pilots with equivalent value to the pilot stock option plan.

STOCK REPURCHASE AUTHORIZATION

On April 24, 1996, Delta's Board of Directors authorized the Company to repurchase up to 24.7 million shares of its common stock and common stock equivalents. For additional information see Note 14 of Notes to Consolidated Financial Statements.

ANTITRUST LITIGATION

In February 1995, Delta changed its travel agency commission program by implementing certain maximum commission payments for the sale of domestic airline tickets. Class action antitrust litigation filed by travel agents against Delta and several other airlines that initiated travel agent commission cap programs is pending in the United States District Court in Minneapolis. The travel agents allege that the defendant airlines conspired to reduce the commissions paid to travel agents in violation of the federal antitrust laws, and are seeking damages of approximately $725 million, to be trebled under the antitrust laws. The District Court has denied the motions for summary judgment filed by the airlines. The jury trial of this lawsuit is scheduled to begin on September 3, 1996. See Note 11 of Notes to Consolidated Financial Statements.

FORWARD-LOOKING INFORMATION

The information contained in this Annual Report regarding the cost savings that Delta currently anticipates under the new collective bargaining agreement with ALPA is forward-looking, and the actual results could differ materially from the results that Delta currently anticipates. The specific factors that could cause the actual results to differ materially from the expected results include, among other things, (1) ALPA's right to reopen the new contract if there is a Change of Control (as defined) of Delta or if any required stockholder approval of the pilot stock option plan is not obtained; (2) the number of B-737-200 aircraft that Delta utilizes under reduced operating costs;
(3) aircraft deployment and utilization rates; and (4) competitive factors and general economic conditions.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

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, 1996 and 1995, and the related consolidated statements of operations, cash flows and stockholders' equity for each of the three years in the period ended June 30, 1996. 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 (pages 28-49) referred to above present fairly, in all material respects, the financial position of Delta Air Lines, Inc. and subsidiaries as of June 30, 1996 and 1995, and the results of their operations and their cash flows for each of the three years in the period ended June 30, 1996, in conformity with generally accepted accounting principles.

As discussed in Notes 15 and 10 in the Notes to Consolidated Financial Statements, effective July 1, 1994, the Company changed its methods of accounting for employee stock ownership plans and postemployment benefits.

/s/ Arthur Andersen LLP

Atlanta, Georgia

August 16, 1996

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 LLP, independent public accountants, whose report appears on this page.

Delta maintains a system of internal financial controls which are independently assessed on an ongoing basis through a program of internal audits. These controls include the selection and training of the Company's managers, organizational arrangements that provide a division of responsibilities, and communication programs explaining the Company's policies and standards. We believe that this system provides reasonable assurance that transactions are executed in accordance with management's authorization; that transactions are appropriately recorded to permit preparation of financial statements that, in all material respects, are presented in conformity with generally accepted accounting principles; and that assets are properly accounted for and safeguarded against loss from unauthorized use.

The Board of Directors pursues its responsibilities for these financial statements through its Audit Committee, which consists solely of directors who are neither officers nor employees of the Company. The Audit Committee meets periodically with the independent public accountants, the internal auditors and representatives of management to discuss internal accounting control, auditing and financial reporting matters.

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

ASSETS

	1996	1995
	(In Millions)	
CURRENT ASSETS:		
Cash and cash equivalents	$1,145	$1,233
Short-term investments	507	529
Accounts receivable, net of allowance for uncollectible accounts of $44 at June 30, 1996, and $29 at June 30, 1995	968	755
Maintenance and operating supplies, at average cost	73	68
Deferred income taxes	352	234
Prepaid expenses and other	237	195
Total current assets	3,282	3,014
PROPERTY AND EQUIPMENT:		
Flight equipment	8,202	9,288
Less: Accumulated depreciation	3,235	4,209
	4,967	5,079
Flight equipment under capital leases	515	537
Less: Accumulated amortization	127	99
	388	438
Ground property and equipment	2,697	2,442
Less: Accumulated depreciation	1,532	1,354
	1,165	1,088
Advance payments for equipment	275	331
	6,795	6,936
OTHER ASSETS:		
Marketable equity securities	473	398
Deferred income taxes	415	506
Investments in associated companies	266	265
Cost in excess of net assets acquired, net of accumulated amortization of $84 at June 30, 1996, and $75 at June 30, 1995	265	274
Leasehold and operating rights, net of accumulated amortization of $183 at June 30, 1996, and $165 at June 30, 1995	140	177
Other	590	573
	2,149	2,193
	$12,226	$12,143

LIABILITIES AND STOCKHOLDERS' EQUITY	1996	1995
	(In Millions, Except Share Data)	
CURRENT LIABILITIES:		
Current maturities of long-term debt	$ 40	$ 151
Current obligations under capital leases	58	61
Accounts payable and miscellaneous accrued liabilities	1,540	1,473
Air traffic liability	1,414	1,143
Accrued rent	201	235
Accrued salaries and vacation pay	385	378
Total current liabilities	3,638	3,441
NONCURRENT LIABILITIES:		
Long-term debt	1,799	2,683
Postretirement benefits	1,796	1,714
Accrued rent	616	556
Capital leases	376	438
Other	425	395
	5,012	5,786
DEFERRED CREDITS:		
Deferred gain on sale and leaseback transactions	802	860
Manufacturers' and other credits	96	109
	898	969
COMMITMENTS AND CONTINGENCIES (Notes 7,8,9 and 11)		
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 6,738,740 shares at June 30, 1996, and 6,786,632 shares at June 30, 1995	485	489
Unearned compensation under employee stock ownership plan	(347)	(369)
	138	120
STOCKHOLDERS' EQUITY :		
Series C Convertible Preferred Stock, $1.00 par value, $50,000 liquidation preference; issued and outstanding 13,978 shares at June 30, 1996 and 23,000 shares at June 30, 1995	-	-
Common Stock, $3.00 par value; authorized 150,000,000 shares; issued 72,265,994 shares at June 30, 1996, and 54,537,103 shares at June 30, 1995.	217	164
Additional paid-in capital	2,627	2,016
Accumulated deficit.	(119)	(184)
Net unrealized gain on noncurrent marketable equity securities	126	83
Treasury stock at cost, 4,487,888 shares at June 30, 1996, and 3,721,093 shares at June 30, 1995	(311)	(252)
	2,540	1,827
	12,226	12,143

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

DELTA AIR LINES, INC.

CONSOLIDATED STATEMENTS of operations
For the years ended June 30, 1996, 1995, and 1994

	1996	1995	1994
	(In Millions, Except Per Share Data)		
OPERATING REVENUES:			
Passenger	$ 11,616	$ 11,319	$ 11,269
Cargo	521	565	551
Other, net	318	310	257
Total operating revenues	12,455	12,194	12,077
OPERATING EXPENSES:			
Salaries and related costs	4,206	4,354	4,589
Aircraft fuel	1,464	1,370	1,411
Passenger commissions	1,042	1,195	1,255
Contracted services	704	556	457
Depreciation and amortization	634	622	678
Other selling expenses	594	618	614
Aircraft rent	555	671	732
Facilities and other rent	379	436	380
Aircraft maintenance materials and outside repairs	376	430	418
Passenger service	368	443	522
Landing fees	248	266	261
Restructuring and other non-recurring charges	829	-	526
Other	593	572	681
Total operating expenses	11,992	11,533	12,524
OPERATING INCOME (LOSS)	463	661	(447)
OTHER INCOME (EXPENSE):			
Interest expense	(269)	(292)	(304)
Interest capitalized	26	30	33
Interest income	86	95	57
Miscellaneous income (expense), net	(30)	-	1
	(187)	(167)	(213)
INCOME (LOSS) BEFORE INCOME TAXES AND CUMULATIVE EFFECT OF ACCOUNTING CHANGES	276	494	(660)
INCOME TAXES (PROVIDED) CREDITED, NET	(120)	(200)	251
INCOME (LOSS) BEFORE CUMULATIVE EFFECT OF ACCOUNTING CHANGES	156	294	(409)
CUMULATIVE EFFECT OF ACCOUNTING CHANGES, NET OF TAX	-	114	-
NET INCOME (LOSS)	156	408	(409)
PREFERRED STOCK DIVIDENDS	(82)	(88)	(110)
NET INCOME (LOSS) ATTRIBUTABLE TO COMMON STOCKHOLDERS	$ 74	$ 320	$ (519)
PRIMARY INCOME (LOSS) PER COMMON SHARE:			
BEFORE CUMULATIVE EFFECT OF ACCOUNTING CHANGES	$ 1.42	$ 4.07	$ (10.32)
CUMULATIVE EFFECT OF ACCOUNTING CHANGES	-	2.25	-
	$ 1.42	$ 6.32	$ (10.32)
FULLY DILUTED INCOME (LOSS) PER COMMON SHARE:			
Before cumulative effect of accounting changes	$ 1.42	$ 4.01	$ (10.32)
Cumulative effect of accounting changes	-	1.42	-
	$ 1.42	$ 5.43	$ (10.32)

The accompanying notes are an integral part of these consolidated statements.

CONSOLIDATED STATEMENTS of cash flows

For the years ended June 30, 1996, 1995 and 1994

	1996	1995	1994
	(In Millions)		
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income (loss)	$ 156	$ 408	$ (409)
Adjustments to reconcile net income (loss) to cash provided by operating activities:			
Cumulative effect of accounting changes	-	(114)	-
Restructuring and other non-recurring charges	829	-	526
Depreciation and amortization	634	622	678
Deferred income taxes	(57)	96	(242)
Amortization of deferred gain on sale and leaseback transactions	(58)	(63)	(62)
Rental expense in excess of rent payments	26	54	134
Postemployment benefits expense less than payments	(6)	(22)	-
Pension expense less than payments	(141)	(89)	(45)
Compensation under ESOP	37	38	29
Other postretirement expense in excess of payments	56	73	66
Changes in certain assets and liabilities:			
Decrease (increase) in accounts receivable	(213)	131	169
Decrease (increase) in prepaid expenses and other current assets	(47)	28	123
Increase (decrease) in air traffic liability	271	(104)	57
Increase in accounts payable and miscellaneous accrued liabilities	67	26	207
Decrease in other payables and accrued expenses	(57)	(31)	(34)
Increase (decrease) in other noncurrent liabilities	(48)	-	64
Other, net	(58)	61	63
Net cash provided by operating activities	1,391	1,114	1,324
CASH FLOWS FROM INVESTING ACTIVITIES:			
Property and equipment additions:			
Flight equipment, including advance payments	(639)	(458)	(1,032)
Ground property and equipment	(297)	(168)	(173)
Decrease (increase) in short-term investments, net	22	(121)	(408)
Proceeds from sale of flight equipment	26	137	103
Debtor-in-possession loan repayment	-	115	-
Net cash used in investing activities	(888)	(495)	(1,510)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Payments on long-term debt and capital lease obligations	(440)	(572)	(547)
Cash dividends	(120)	(120)	(120)
Issuance of common stock	35	4	1
Proceeds from sale and leaseback transactions	-	-	748
Issuance of long-term obligations	-	-	226
Repurchase of common stock	(66)	-	-
Net cash provided by (used in) financing activities	(591)	(688)	308
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(88)	(69)	122
Cash and cash equivalents at beginning of period	1,233	1,302	1,180
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 1,145	$ 1,233	$ 1,302

The accompanying notes are an integral part of these consolidated statements.

CONSOLIDATED STATEMENTS of stockholders' equity

For the years ended June 30, 1996, 1995 and 1994

	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, 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
Fiscal Year 1995:						
Net income	-	-	408	-	-	408
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 allocated shares	-	-	(8)	-	-	(8)
Issuance of 67,612 shares of common stock under dividend reinvestment and stock purchase plan, stock options and Series C Preferred Stock conversions ($56.13 per share)	1	3	-	-	-	4
Transfer of 295,126 net shares of common stock from treasury under ESOP and stock incentive plan ($67.75 per share)	-	-	(4)	-	20	16
Net unrealized gain on marketable equity securities	-	-	-	30	-	30
BALANCE AT JUNE 30, 1995	164	2,016	(184)	83	(252)	1,827
Fiscal Year 1996:						
Net income	-	-	156	-	-	156
Dividends on Series C Convertible Preferred Stock	-	-	(74)	-	-	(74)
Dividends on common stock ($0.20 per share)	-	-	(10)	-	-	(10)
Dividends on Series B ESOP Convertible Preferred Stock allocated shares	-	-	(8)	-	-	(8)
Issuance of 719,562 shares of common stock under dividend reinvestment and stock purchase plan and stock options ($58.15 per share)	2	40	-	-	(5)	37
Issuance of 6,861,377 shares of common stock on conversions of Series C Preferred Stock ($64.37 per share)	21	(21)	-	-	-	-
Issuance of 10,147,952 shares of common stock on conversions of 3.23% Convertible Subordinated Notes ($61.17 per share)	30	592	-	-	-	622
Transfer of 176,794 net shares of common stock from treasury under ESOP and stock incentive plan ($67.77 per share)	-	-	1	-	12	13
Repurchase of 821,300 common shares ($80.00 per share)	-	-	-	-	(66)	(66)
Net unrealized gain on marketable equity securities	-	-	-	43	-	43
BALANCE AT JUNE 30, 1996	$ 217	2,627	(119)	126	(311)	2,540

The accompanying notes are an integral part of these consolidated statements.

NOTES TO CONSOLIDATED Financial Statements June 30, 1996, 1995 and 1994

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

NATURE OF BUSINESS - Delta Air Lines, Inc. is a major air carrier providing scheduled air transportation for passengers, freight and mail over a network of routes throughout the United States and abroad. At August 16, 1996, Delta Air Lines served 153 domestic cities in 43 states, the District of Columbia, Puerto Rico and the U.S. Virgin Islands as well as 44 cities in 25 foreign countries.

BASIS OF PRESENTATION - The consolidated financial statements include the accounts of Delta Air Lines, Inc. and its wholly owned subsidiaries (Delta or the Company). All significant intercompany accounts and transactions have been eliminated. Certain prior year amounts have been reclassified to conform with the current financial statement presentation.

USE OF ESTIMATES - The Company follows generally accepted accounting principles (GAAP). The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

INVESTMENTS IN ASSOCIATED COMPANIES - The Company's investments in the following companies are accounted for under the equity method: TransQuest Information Solutions (TransQuest), an information technology joint venture; 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. ASA, Comair, Inc., and SkyWest Airlines, Inc. are participants in the Delta Connection program. (See Note 3.)

ACCOUNTING CHANGES - During fiscal 1996, the Company adopted Statement of Financial Accounting Standards No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of" (SFAS 121). (See Note 17.) During fiscal 1995, the Company adopted Statement of Financial Accounting Standards No. 112, "Employers' Accounting for Postemployment Benefits" (SFAS 112), and American Institute of Certified Public Accountants Statement of Position 93-6, "Employers' Accounting for Employee Stock Ownership Plans" (SOP 93-6). (See Notes 10 and 15, respectively.)

CASH AND CASH EQUIVALENTS - Investments with an original maturity of three months or less are classified as cash and cash equivalents. These investments are stated at cost, which approximates fair value.

SHORT-TERM INVESTMENTS - Cash in excess of operating requirements is invested in short-term, highly liquid investments. These investments are classified as available-for-sale under Statement of Financial Accounting Standards No. 115, "Accounting for Certain Investments in Debt and Equity Securities" (SFAS 115) and are stated at fair value. (See Note 2.)

COST IN EXCESS OF NET ASSETS ACQUIRED - The cost in excess of net assets acquired (goodwill), 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 whether there exists any impairment, as defined by SFAS 121. Management believes that goodwill is appropriately valued.

LEASEHOLD AND OPERATING RIGHTS - Costs assigned to the purchase of leasehold rights and landing slots are amortized over the lives of the respective leases at the associated airports. Purchased international route authorities are amortized over the lives of the authorities as determined by their expiration dates. Permanent route authorities with no stated expiration dates are amortized over 40 years. The Company periodically reviews the value assigned to leasehold rights, landing slots and route authorities to determine whether there exists any impairment, as defined by SFAS 121. Management believes that leasehold rights, landing slots and route authorities are appropriately valued.

DEFERRED GAINS ON SALE AND LEASEBACK TRANSACTIONS - Gains on the sale and leaseback of property and equipment under operating leases are deferred and amortized over the lives of the respective leases as a reduction in rent expense. Gains on the sale and leaseback of property under capital leases are credited directly to the carrying value of the related asset.

MANUFACTURERS' CREDITS - In connection with the acquisition of certain aircraft and engines, the Company receives 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 accrues the estimated incremental cost of providing free travel awards earned under its SkyMiles(R) frequent flyer program when free travel award levels are achieved. The accrued incremental cost is included in accounts payable and miscellaneous accrued liabilities in the Company's Consolidated Balance Sheets.

The Company also sells mileage credits to participating partners in the SkyMiles(R) program, such as hotels, car rental agencies and credit card companies. The resulting revenue, net of the estimated incremental cost of the credits sold, is recorded as other operating revenue in the Company's Consolidated Statements of Operations during the period in which the credits are sold.

PASSENGER AND CARGO REVENUES - Passenger ticket sales are recorded as air traffic liability in the Company's Consolidated Balance Sheets. Passenger and cargo revenues are recognized when the transportation is provided, reducing the air traffic liability. Due to interline agreements throughout the industry, certain amounts are recognized in revenue using estimates regarding the amount of revenue to be recognized and the timing of recognition. Actual results could differ from those estimates.

Delta is a party to code sharing agreements with certain foreign airlines. Under these agreements, the Company purchases seats from and sells seats to these airlines, with each airline separately marketing its respective seats. The revenue from Delta's sale of code sharing seats purchased from and flown by other airlines is reported in the Company's Consolidated Statements of Operations as other operating revenue, offset by the cost of acquiring these code sharing seats and other direct costs incurred in operating the code sharing flights. The revenue generated from Delta's sale of code sharing seats to other airlines is reported as passenger revenue in the Company's Consolidated Statements of Operations.

DEPRECIATION AND AMORTIZATION - Flight equipment is depreciated on a straight-line basis to residual values (5% of cost) over a 20-year period from the dates placed in service (unless earlier retirement of the aircraft is planned). Flight equipment under capital leases is amortized on a straight-line basis over the term of the respective leases, which range from 6 to 12 years. Ground property and equipment are depreciated on a straight-line basis over their estimated service lives, which range from 3 to 30 years. Due to the Company's decision to accelerate the replacement of its L-1011 fleet (see Note 17), the remaining depreciable lives of these aircraft have been adjusted.

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.

EARNINGS (LOSS) PER SHARE - Primary earnings (loss) per common share is computed by dividing net income (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. 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. The weighted average number of shares of Common Stock and dilutive Common Stock equivalents outstanding was 52,101,152 for fiscal 1996, 50,657,613 for fiscal 1995, and 50,257,721 for fiscal 1994.

The computation of fully diluted earnings (loss) per common share assumes that the Series C Convertible Preferred Stock (Series C Preferred Stock), all allocated shares of Series B ESOP Convertible Preferred Stock (ESOP Preferred Stock), the 3.23% Convertible Subordinated Notes due 2003 and Common Stock equivalents were converted, if dilutive, into Common Stock at the beginning of the fiscal year. The weighted average number of shares of Common Stock used to compute fully diluted earnings (loss) per common share was 52,101,152 for fiscal 1996, 80,118,720 for fiscal 1995, and 50,257,721 for fiscal 1994. In addition, fully diluted earnings (loss) per common share amounts reflect the adjustment of net income or loss for the additional contribution that would have been required to service the ESOP's long-term debt if the ESOP Preferred Stock were converted into Common Stock and for the interest expense that would have been avoided if the 3.23% Convertible Subordinated Notes due 2003 had been converted into Common Stock at the beginning of the fiscal year. (See Notes 7, 12, 13, 14 and 15.)

FOREIGN CURRENCY TRANSLATION - Assets and liabilities denominated in foreign currencies are translated generally at exchange rates in effect at the balance sheet date, except that fixed assets are translated at exchange rates in effect when these assets were 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 were acquired. The resulting foreign exchange gains and losses are recognized as incurred.

2. INVESTMENTS IN DEBT AND EQUITY SECURITIES:

The Company's investments in Singapore Airlines Limited (Singapore Airlines) and Swissair, Swiss Air Transport Company Ltd. (Swissair), which are accounted for under the cost method, are classified as available-for-sale and are carried at aggregate market value. At June 30, 1996 and 1995, the gross unrealized gain on the Company's investment in Singapore Airlines was $190 million and $143 million, respectively. The gross unrealized gain on the Company's investment in Swissair was $16 million at June 30, 1996, compared to a $12 million gross unrealized loss at June 30, 1995. The $126 million and $83 million unrealized gains, net of the related deferred tax provision, on these combined investments at June 30, 1996 and 1995, respectively, 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.

During fiscal years 1996 and 1995, the proceeds from sales of available-for-sale securities were $626 million and $926 million, respectively, which resulted in realized losses of $1 million and $4 million, respectively. The unrealized gains (losses) on these investments were less than $1 million and were reflected in stockholders' equity at June 30, 1996 and 1995. Interest income was $33 million and $31 million from these investments for fiscal years 1996 and 1995, respectively.

Delta's other investments in available-for-sale securities were recorded as short-term investments in the Company's Consolidated Balance Sheets. These investments at June 30, 1996 and 1995 were as follows:

	Percentage		Average Stated Maturity (Months)	
Type	1996	1995	1996	1995
Government agency debt.....	25%	36%	8	12
Corporate debt securities......	75	64	19	5

3. INVESTMENTS IN ASSOCIATED COMPANIES:

During the December 1994 quarter, Delta and AT&T Global Information Solutions Company formed TransQuest, an equally owned joint venture partnership, to provide information technology services to Delta and others in the travel and transportation industries. On June 26, 1996, Delta and NCR Corporation (formerly AT&T Global Information Solutions Company) announced an agreement to discontinue the TransQuest partnership. Effective July 1, 1996, the partnership ended and TransQuest, Inc. was formed as a wholly owned subsidiary of Delta. TransQuest, Inc. will provide information technology services to Delta and others in the travel and transportation industries.

WORLDSPAN provides certain computer reservations services to Delta and Delta provides certain communications, information processing and administrative services to WORLDSPAN. (See Note 1 for additional information regarding investments in associated companies.)

The Company's percentage ownership in associated companies at June 30, 1996 and equity earnings (losses) for fiscal 1996, 1995 and 1994 were as follows:

Investment	Percent Ownership	Equity Earnings (Losses) 1996	1995	1994
		(In Millions)		
TransQuest....	50%	$(8)	$(3)	$-
WORLDSPAN.....	38	(5)	(4)	1
ASA...........	26	13	12	12
Comair........	21	13	6	6
SkyWest.......	15	1	2	2

4. FINANCIAL INSTRUMENTS AND OFF-BALANCE SHEET RISK:

BALANCE SHEET FINANCIAL INSTRUMENTS: FAIR VALUES - The carrying amounts reported in the Company's Consolidated Balance Sheets for cash and cash equivalents approximate fair values at June 30, 1996 and 1995. Short-term investments classified as available-for-sale are recorded at fair value in accordance with SFAS 115.

These values are based on quoted market prices, where available, or on the estimated current rates offered to the Company for debt of the same remaining maturities. The carrying values of all other financial instruments approximate their fair values.

The fair values and carrying values of long-term debt, including current maturities, at June 30, 1996 and 1995 were as follows:

	1996	1995
	(In Billions)	
Fair value................	$ 2.0	$3.0
Carrying value............	1.8	2.8

OFF-BALANCE SHEET FINANCIAL INSTRUMENTS: RISKS AND FAIR VALUES - During fiscal 1996, Delta initiated a fuel hedging program under which the Company may enter into certain contracts with counterparties, not to exceed one year in duration, to manage the Company's exposure to jet fuel price volatility. Gains and losses resulting from fuel hedging transactions are recognized as a component of fuel expense when the underlying fuel being hedged is used. Any premiums paid to enter into hedging contracts are recorded as a prepaid expense and are amortized to fuel expense over the respective contract periods. At June 30, 1996, Delta had contracted for approximately 200 million gallons of its projected fiscal 1997 fuel requirements. At June 30, 1996, the fair value of option contracts used for purchases of jet fuel at fixed average prices was immaterial. The Company is exposed to fuel hedging transaction losses in the event of nonperformance by counterparties, but management does not expect any counterparty to fail to meet its obligations. To manage its credit risk, the Company selects counterparties based on their credit ratings, limits its exposure to any one counterparty under defined guidelines and monitors the market position of the program and its relative market position with each counterparty.

The Company has entered into certain foreign exchange forward contracts, all with maturities of less than two months, to manage risks associated with foreign currency exchange rate and interest rate volatility. The aggregate face amount of such contracts was approximately $40 million at June 30, 1996. The related realized and unrealized gains and losses for such contracts were not material for any of the years presented.

FINANCIAL GUARANTEES - Certain municipalities and airport authorities have issued special facility revenue bonds to build or improve airport terminal and maintenance facilities that Delta leases under operating leases. Under these lease agreements, the Company is required to make rental payments sufficient to pay principal and interest on the bonds as they become due (See Note 8).

CONCENTRATION OF CREDIT RISK- Delta's accounts receivable are generated primarily from airline ticket and cargo service sales to individuals and various commercial enterprises that are economically and geographically dispersed, and the accounts receivable are generally short-term in duration. Accordingly, Delta does not believe that it is subject to any significant concentration of credit risk.

5. SALE OF RECEIVABLES:

In June 1994, Delta entered into a revolving accounts receivable facility (Facility) providing for the sale 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. At June 30, 1995, the principal amount of the Senior Certificate was $229 million and was recorded as a reduction in accounts receivable in the Company's Consolidated Balance Sheets. The principal amount of the Subordinate Certificate at June 30, 1995 was $190 million and was included in accounts receivable on the Company's Consolidated Balance Sheets.

In fiscal 1995, the Company paid $19 million in fees under the Facility. These fees are included in miscellaneous income (expense), net in the Company's Consolidated Statements of Operations. During fiscal 1995, Delta elected to pay down the Facility, and the Senior Certificate was reduced to $0 on August 14, 1995.

In March 1996, Delta reactivated the Facility on a reserve basis. At June 30, 1996, no Receivables had been sold under the Facility. While the Facility is in reserve, the Company is obligated to pay commitment fees. For fiscal 1996, these fees were immaterial.

6. SHORT-TERM BORROWINGS:

During fiscal 1996 and 1995, the Company had no commercial paper or short-term bank borrowings. The maximum and average outstanding balances of the Company's short-term bank borrowings during fiscal 1994 were $164 million and $2 million, respectively. The weighted average interest rate of these borrowings during fiscal 1994 was 5.03%.

7. LONG-TERM DEBT:

During fiscal 1996 and 1995, the Company voluntarily repurchased and retired $224 million and $534 million, respectively, principal amount of its long-term debt. As a result of these transactions, the Company recognized net pretax losses of $18 million and $4 million in fiscal 1996 and 1995, respectively, which are included in miscellaneous income (expense), net in the Company's Consolidated Statements of Operations.

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 the principal amount at stated maturity, were convertible by the holders thereof into shares of Common Stock at a conversion rate of 12.68 shares per $1,000 principal amount at stated maturity of the Notes, and were redeemable by the Company on or after June 15, 1996 at a 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. On May 15, 1996, the Company gave notice that it elected to redeem effective June 15, 1996, all outstanding Notes. Substantially all outstanding Notes were then converted by the holders thereof into approximately 10 million shares of Common Stock, and the Company redeemed the remaining outstanding Notes. As a result of the conversion of substantially all the Notes, long-term debt declined by $626 million and stockholders' equity increased by approximately the same amount in the Company's Consolidated Balance Sheet. This transaction was treated as a noncash transaction in the Company's Consolidated Statement of Cash Flows for the year ended June 30, 1996.

At June 30, 1996 and 1995, the Company's long-term debt (including current maturities) was as follows:

	1996	1995
	(In Millions)	
8.10% Series C Guaranteed Serial ESOP Notes, unsecured, payable in installments between 2002 and 2009	$290	$290
9 3/4% Debentures, unsecured, due May 15, 2021	251	271
9 7/8% Notes, unsecured, due January 1, 1998	220	225
Medium-Term Notes, Series A and B, unsecured, interest rates ranging from 7.55% to 9.15% and with maturities ranging from 1997 to 2007	196	235
10 3/8% Debentures, unsecured, due February 1, 2011	176	176
9 7/8% Notes, unsecured, due May 15, 2000	142	165
9% Debentures, unsecured, due May 15, 2016	126	135
9 1/4% Debentures, unsecured, due March 15, 2022	116	184
10 1/8% Debentures, unsecured, due May 15, 2010	113	113
8 1/2% Notes, unsecured, due March 15, 2002	71	96
10 3/8% Debentures, unsecured, due December 15, 2022	66	66
Development Authority of Clayton County, 7 5/8% unsecured loan agreement, repayable on January 1, 2020	45	45
Development Authority of Fulton County, unsecured loan agreement, repayable $10 million on November 1, 2007 and $20 million on November 1, 2012. Interest ranges from 6.85% to 6.95% over the life of the loan	30	30
3.23% Convertible Subordinated Notes, unsecured, due June 15, 2003, net of unamortized discount of $0 and $179 million at June 30, 1996 and 1995, respectively	0	621
8 1/4% Notes, unsecured, due May 15, 1996	0	150
Development Authority of Clayton County, 6 5/8% unsecured loan agreement, repayable in installments beginning in 2000, with the remaining balance payable in 2011	0	35
Other, net	(3)	(3)
Total	1,839	2,834
Less: Current maturities	40	151
Total long-term debt	$1,799	$2,683

At June 30, 1996, the annual scheduled maturities of long-term debt during the next five fiscal years were as follows:

Years Ending June 30	Amount
	(In Millions)
1997	$ 40
1998	249
1999	67
2000	142
2001	0

On September 27, 1995, the Company and a group of banks entered into the 1995 Bank Credit Agreement, an amendment and restatement of the 1992 Bank Credit Agreement. The 1995 Bank Credit Agreement provides for unsecured borrowings by the Company of up to $1.25 billion on a revolving basis until September 26, 2000. Up to $500 million of this facility may be used for the issuance of letters of credit. The interest rate under this facility is, at the Company's option, the LIBOR or the prime rate, in each case plus a margin which is subject to adjustment based on certain changes in the credit ratings of the Company's long-term senior unsecured debt. The Company also has the option to obtain loans through a competitive bid procedure. The 1995 Bank Credit Agreement contains certain negative covenants that restrict the Company's ability to grant liens, incur or guarantee debt and enter into flight equipment leases. It also provides that if there is a change of control (as defined) of the Company, the banks' obligation to extend credit terminates, any amounts outstanding become immediately due and payable and the Company will immediately deposit cash collateral with the banks in an amount equal to all outstanding letters of credit. At June 30, 1996, no borrowings or letters of credit were outstanding under the 1995 Bank Credit Agreement.

At August 16, 1996, there were outstanding $290 million principal amount of the Delta Family-Care Savings Plan's Series C Guaranteed Serial ESOP Notes (Series C ESOP Notes) which are guaranteed by Delta. The Series C ESOP Notes, which were issued pursuant to certain note purchase agreements, are payable in installments between July 1, 2002 and January 1, 2009. The note purchase agreements require Delta to purchase the Series C ESOP Notes at the option of the holders thereof (Noteholders) if the credit rating of Delta's long-term senior unsecured debt falls below Baa3 by Moody's and BBB- by Standard & Poor's (Purchase Event) provided that Delta has no obligation to purchase the Series C 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 Series C ESOP Notes being rated A3 or higher by Moody's and A- or higher by Standard & Poor's (Required Ratings). If Delta is required to purchase the Series C ESOP Notes because of the occurrence of a Purchase Event, such purchase would be made at a price (Purchase Price) equal to the outstanding principal amount of the Series C ESOP Notes being purchased, together with accrued interest and a Make Whole Premium Amount. The Make Whole Premium Amount for the Series C 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 the Series C ESOP Notes as of the date Delta purchases the Series C 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 Series C 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 to credit enhance the Series C ESOP Notes. This letter of credit was issued in favor of Wilmington Trust Company, as trustee (Trustee), under Delta's 1992 Bank Credit Agreement (which, as discussed above, was amended and restated as the 1995 Bank Credit Agreement). Due to the issuance of this letter of credit, the Series C ESOP Notes received the Required Ratings, and Delta no longer had an obligation to purchase the Series C ESOP Notes as a result of the Purchase Event that occurred on May 11, 1993.

On June 6, 1996, the Company entered into a credit agreement with ABN AMRO Bank, N.V. and a group of banks (Letter of Credit Facility) providing for the issuance of letters of credit for up to $550 million in stated amount to credit enhance the Series C ESOP Notes. The Letter of Credit Facility contains negative covenants and a change of control provision that are substantially similar to those contained in the 1995 Bank Credit Agreement. In the event of any drawing under the Letter of Credit Facility, Delta is required, at its election, (1) to immediately repay the amount drawn or (2) to convert its reimbursement obligation to a loan for a period not to exceed one year at varying rates of interest. On June 6, 1996, Delta obtained a letter of credit under the Letter of Credit Facility to replace the letter of credit issued under the 1995 Bank Credit Agreement to credit enhance the Series C ESOP Notes. The Letter of Credit Facility expires June 6, 1999.

At August 16, 1996, the face amount of the letter of credit under the Letter of Credit Facility was $470 million. It covers the $290 million outstanding principal amount of the Series C ESOP Notes, up to $148 million of Make Whole Premium Amount and approximately one year of interest on the Series C ESOP Notes.

An Indenture of Trust (Indenture), dated August 1, 1993, among Delta, the Trustee and Fidelity Management Trust Company, as ESOP trustee, contains certain terms and conditions relating to any letter of credit used to credit enhance the Series C ESOP Notes. The Indenture requires the Trustee to draw under the letter of credit to make regularly scheduled payments of principal and interest on the Series C ESOP Notes. The Indenture also requires the Trustee to draw under the letter of credit to purchase the Series C ESOP Notes in certain circumstances in which Delta would not be required to purchase the Series C ESOP Notes under the note purchase agreements.

Subject to certain conditions, the Indenture requires the Trustee to purchase the Series C ESOP Notes at the Purchase Price at the option of the Noteholders in the event that (1) the Required Ratings on the Series C 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 that there has occurred an event of default under the credit agreement relating to the letter of credit; unless, generally within ten days of any such event, the Series C ESOP Notes receive the Required Ratings due to Delta's obtaining a substitute credit enhancement or otherwise.

The Required Ratings on the Series C ESOP Notes are subject to reconsideration at any time, and to annual confirmation, by Moody's and Standard & Poor's. Circumstances that might cause either rating agency to lower or fail to confirm its rating include, without limitation, a downgrading of the deposits of the letter of credit issuer below A3 by Moody's or A- by Standard & Poor's or a determination that the Make Whole Premium Amount covered by the letter of credit is insufficient.

Subject to certain conditions, the Indenture does not permit the Trustee to purchase the Series C ESOP Notes at the option of the Noteholders if the Series C ESOP Notes receive the Required Ratings without the benefit of a credit enhancement. The Series C ESOP Notes are not likely to receive the Required Ratings absent a credit enhancement unless Delta's long-term senior unsecured debt is rated at least A3 by Moody's and A- by Standard & Poor's. On August 16, 1996, Delta's long-term senior unsecured debt was rated Baa3 by Moody's and BB+ by Standard & Poor's.

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 limit the Company's ability to pay cash dividends on Common Stock in certain circumstances.

Cash payments of interest including that on Series C ESOP Notes and net of interest capitalized totaled $232 million in fiscal 1996, $238 million in fiscal 1995, and $265 million in fiscal 1994.

8. LEASE OBLIGATIONS:

The Company leases certain aircraft, airport terminal and maintenance facilities, ticket offices and other property and equipment. Rent expense is generally recorded on a straight-line basis over the lease term. Amounts charged to rental expense for operating leases were $0.9 billion in fiscal 1996 and $1.1 billion in fiscal years 1995 and 1994.

During the June 1995 quarter, the Company extended the lease terms for 40 B-737-200 aircraft, which, for accounting purposes, resulted in the reclassification of these leases from operating leases to capital leases. This reclassification resulted in an increase of $385 million, net of deferred rent credits, in flight equipment under capital leases and an increase of $415 million in capital lease obligations in the Company's Consolidated Balance Sheet at June 30, 1995. This transaction was treated as a noncash transaction in the Company's Consolidated Statement of Cash Flows for the year ended June 30, 1995.

At June 30, 1996, 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)	
1997	$101	$ 871
1998	97	863
1999	96	868
2000	65	842
2001	55	823
After 2001	166	10,800
Total minimum lease payments	580	$15,067
Less: Amounts representing interest	146	
Present value of future minimum capital lease payments	434	
Less: Current obligations under capital leases	58	
Long-term capital lease obligations	$376	

9. PURCHASE COMMITMENTS:

Subsequent to June 30, 1996, Delta entered into a definitive agreement with the Nordam Group, Inc. to purchase, between fiscal 1997 and 2000, 25 shipsets of Stage 3 engine hushkits for B-737-200 aircraft, with an option to purchase an additional 30 shipsets.

In addition, at August 16, 1996, the Company had authorized capital expenditures of approximately $250 million for fiscal 1997 for improvement of airport and office facilities, various ground equipment and other assets.

The Company expects to finance its aircraft, engine and engine hushkit commitments as well as other authorized capital expenditures using available cash, short-term investments and internally generated funds, supplemented as necessary by debt financings and proceeds from sale and leaseback transactions.

Future expenditures for aircraft, engines and engine hushkits on firm order as of August 16, 1996 are estimated to be $2.4 billion, excluding aircraft orders subject to reconfirmation by Delta, as follows:

Years Ending June 30	Amount (In Millions)
1997	$ 800
1998	700
1999	330
2000	250
2001	210
After 2001	70
Total	$2,360

The Company has entered into code sharing agreements under which it has agreed to purchase seats at established prices from specific foreign airlines, subject to certain conditions. None of these agreements has noncancelable terms in excess of one year.

10. EMPLOYEE BENEFIT PLANS:

Substantially all of the Company's 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 15.

DEFINED BENEFIT PENSION PLANS-The Company's primary retirement plans consist of defined benefit pension plans. The Company has reserved the right to modify these plans to the extent permitted by the Internal Revenue Code and ERISA.

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 7.75% and 4.7%, respectively, at June 30, 1996 and 8.0% and 4.7%, respectively, at June 30, 1995. The expected long-term rate of return on assets was 10% at June 30, 1996 and 1995.

Included in the restructuring charges described in Note 17 are aggregate related charges of $298 million and $108 million for fiscal 1996 and 1994, respectively.

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, 1996 and 1995:

	1996 (In Millions)	1995
Actuarial present value of benefit obligations:		
Accumulated benefit obligation(1)	$6,186	$5,293
Projected benefit obligation	$7,420	$6,532
Plan assets at fair value(2)	7,222	6,108
Projected benefit obligation in excess of plan assets	198	424
Unrecognized net gain (loss)	195	(196)
Unrecognized transition obligation	(64)	(67)
Unrecognized prior service cost	(31)	(20)
Accrued pension cost recognized in the consolidated balance sheets	$ 298	$ 141

1 Substantially all of the accumulated benefit obligation is vested. 2 Plan assets were invested at June 30, 1996, approximately as follows: cash equivalents (7%), government and corporate bonds and notes (18%), common stock and other equity-oriented investments (71%) and real estate and other investments (4%).

These charges represent costs primarily associated with special termination benefits and curtailment losses related to the defined benefit pension plans as a result of workforce reductions.

The net periodic cost of defined benefit pension plans for fiscal 1996, 1995 and 1994 included the following components:

	1996	1995	1994
	(In Millions)		
Service cost - benefits earned during the year	$ 225	$ 221	$ 248
Interest cost on projected benefit obligation	526	489	466
Actual return on plan assets	(1,194)	(795)	(355)
Net amortization and deferral	612	266	(119)
Net periodic pension cost	$ 169	$ 181	$ 240

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 plans for both current and future retirees.

The weighted average discount rate used to estimate the accumulated postretirement benefit obligation (APBO) was 7.75% at June 30, 1996, and 8.0% at June 30, 1995. The assumed health care cost trend rate used in measuring the APBO was 8.0% in fiscal 1996 and 8.5% in fiscal 1995, declining gradually to 4.25% 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, 1996 by approximately $132 million and the net periodic postretirement benefit cost by $19 million for fiscal 1996.

Net periodic postretirement benefit cost for fiscal 1996, 1995 and 1994 included the following components:

	1996	1995	1994
	(In Millions)		
Service cost - benefits earned during the year	$ 32	$ 32	$ 35
Interest cost on accumulated postretirement benefit obligation	118	118	101
Amortization of prior service cost	(31)	(29)	(31)
Amortization of accumulated losses	4	4	6
Net periodic postretirement benefit cost	$ 123	$ 125	$ 111

The accumulated postretirement benefit obligation (APBO) at June 30, 1996 and 1995 consisted of the following components:

	1996	1995
	(In Millions)	
Retirees and dependents	$ 928	$ 879
Fully eligible participants	323	333
Other active participants	254	271
Total accumulated postretirement benefit obligation	1,505	1,483
Unamortized prior service cost (from plan changes)	464	396
Unrecognized net loss	(112)	(109)
Accrued postretirement benefit cost recognized in the consolidated balance sheets	$1,857	$1,770

Included in the restructuring charges described in Note 17 are aggregate charges of $32 million and $203 million for fiscal 1996 and 1994, respectively. These charges represent costs primarily associated with special termination benefits and curtailment losses related to the postretirement benefits other than pensions as a result of workforce reductions.

POSTEMPLOYMENT BENEFITS - The Company provides certain welfare benefits to its former or inactive employees after employment but before retirement. Such benefits primarily include those related to disability and survivorship plans. The Company has reserved the right to modify or terminate these plans at any time for all participants.

Effective July 1, 1994, Delta adopted SFAS 112, which requires recognition of the liability for postemployment benefits during the period of employment. The adoption of SFAS 112 resulted in a cumulative after-tax transition benefit of $114 million in fiscal 1995, primarily due to the net overfunded status of the Company's disability and survivorship plans. The Company's postemployment benefit expense for fiscal years 1996 and 1995 was $78 million and $85 million, respectively. The amount funded in excess of the liability is included in other noncurrent assets in the Company's Consolidated Balance Sheets. Future period expenses will vary based on actual claims experience and the return on plan assets.

Gains and losses that occur because actual experience differs from that assumed will be amortized over the average future service period of employees. Amounts allocable to prior service for amendments to retiree and inactive insurance plans are amortized in a similar manner.

The Company continues to evaluate ways 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.

11. CONTINGENCIES:

The Company is a defendant in certain legal actions relating to alleged employment discrimination practices, antitrust matters, environmental issues and other matters concerning the Company's business. Although the ultimate outcome of these matters cannot be predicted with certainty 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.

During fiscal 1996, the Company renewed its aircraft hull and general liability insurance policies (Policies). Beginning December 18, 1995, Delta's captive insurance subsidiary agreed to reimburse the primary insurers for losses under the Policies in an amount not to exceed $100 million per occurrence and $118 million in the aggregate for each policy year. The obligations of the primary insurers to the insureds under the Policies are not limited or reduced in any way by this reimbursement obligation.

The reimbursement obligation of Delta's captive insurance subsidiary to the primary insurers is supported by letters of credit. The letters of credit have an aggregate stated amount equal to the maximum reimbursement obligation. To the extent the primary insurers make a draw under a letter of credit, Delta is required to reimburse the issuer of the letter of credit. Delta accrues amounts estimated to be payable for probable losses under the reimbursement agreements with the primary insurers, as incurred. The methods of making such estimates and establishing the resulting accrued liabilities are periodically reviewed and adjusted as required.

12. COMMON AND PREFERRED STOCK:

At June 30, 1996, 5,116,097 shares of Common Stock were reserved for issuance under the 1989 Stock Incentive Plan, 5,780,491 shares of Common Stock were reserved for conversion of the ESOP Preferred Stock and 10,629,285 shares of Common Stock were reserved for conversion of the Series C Preferred Stock.

Each outstanding share of Common Stock is accompanied by a preferred stock purchase right which entitles the holder to purchase from the Company 1/100 of a share of Series 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 share of Common Stock (a conversion price of $83.94), subject to adjustment in certain circumstances; has a liquidation preference of $72, plus any accrued and unpaid dividends; generally votes together as a single class with the Common Stock on matters upon which the Common Stock is entitled to vote; and has one vote, subject to adjustment in certain circumstances. The ESOP Preferred Stock is redeemable at Delta's option at specified redemption prices payable, at Delta's election, in cash or Common Stock. If full cumulative dividends on the ESOP Preferred Stock have not been paid when due, Delta may not pay cash dividends on the Common Stock.

On July 1, 1992, the Company issued 23 million Depositary Shares, each representing 1/1,000th of a share of Series C Preferred Stock. Each share of Series C Preferred Stock bore annual cumulative cash dividends of $3,500 (equivalent to $3.50 per annum per Depositary Share), had a liquidation preference of $50,000 (equivalent to $50 per Depositary Share) plus accrued and unpaid dividends, was convertible by 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 share of Common Stock per Depositary Share), and was redeemable by Delta in certain circumstances for such number of shares of Common Stock as equaled the liquidation preference of the Series C Preferred Stock being redeemed divided by the conversion price (equivalent to a conversion rate of 0.7605 share of Common Stock for each Depositary Share). On June 11, 1996, Delta gave notice that it elected to redeem the Series C Preferred Stock and the related Depositary Shares on July 11, 1996. Subsequent to this notice, all the outstanding Series C Preferred Stock and related Depositary Shares were converted or redeemed for a total of approximately 17.5 million shares of Common Stock. All conversions of Series C Preferred Stock and the related Depositary Shares were treated as noncash transactions in the Company's Consolidated Statement of Cash Flows.

13. STOCK OPTIONS AND AWARDS:

Under the Company's stock option plan for key employees, selected employees have received awards of stock options and, prior to fiscal 1993, tandem stock appreciation rights.

The exercise 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.

Subject to certain exceptions, stock options and tandem stock appreciation rights, if any, are generally exercisable between one and ten years after the date of award.

Transactions involving stock options and tandem stock appreciation rights during fiscal 1994, 1995 and 1996 were as follows:

	Awards	Award Price Range
Balance June 30, 1993	2,447,950	$ 54.00 - $73.125
Fiscal 1994:		
Granted	650,200	$ 54.375
Exercised	(47,400)	$ 54.00
Expired	(9,000)	$ 54.00
Forfeited	(27,000)	$ 68.375 - $73.125
Balance June 30, 1994	3,014,750	$ 54.00 - $73.125
Fiscal 1995:		
Granted	718,750	$ 52.00
Exercised	(78,900)	$ 54.00 - $68.375
Expired	(257,750)	$ 67.375
Forfeited	(10,700)	$ 52.00 - $73.125
Balance June 30, 1995	3,386,150	$ 52.00 - $73.125
Fiscal 1996:		
Granted	643,500	$ 71.00
Exercised	(1,653,765)	$ 52.00 - $73.125
Forfeited	(43,700)	$ 52.00 - $73.125
Balance June 30, 1996	2,332,185	$ 52.00 - $73.125

Substantially all awards of stock options with tandem stock appreciation rights have been exercised as stock appreciation rights. In fiscal 1996, the Company issued 711,830 shares of Common Stock, at an average price of $57.96 per share, in connection with the exercise of stock options and tandem stock appreciation rights.

On April 24, 1996, Delta's Board of Directors adopted, subject to stockholder approval at Delta's 1996 Annual Meeting of Stockholders, two broad-based, non-qualified stock option plans for Delta personnel providing for the issuance of stock options to purchase 24.7 million shares of Common Stock. The plans are intended to cover substantially all of Delta's non-officer personnel. One plan is for approximately 47,000 Delta employees who are not pilots. The second plan is for approximately 8,000 Delta pilots.

Awards outstanding as of June 30, 1996 and the exercise prices of those awards were as follows:

Date of Award	Awards Outstanding	Award Price
January 26, 1989	1,000	$ 54.00
January 25, 1990	134,500	$ 67.375
January 24, 1991	247,050	$ 68.375
January 23, 1992	548,750	$ 73.125
January 27, 1994	335,210	$ 54.375
January 26, 1995	431,975	$ 52.00
January 25, 1996	633,700	$ 71.00
	2,332,185	$52.00-$73.125

The non-pilot and pilot plans involve stock options to purchase 14.7 million and 10 million shares of Common Stock, respectively. Both plans provide for grants of non-qualified stock options in three equal annual installments at a stock option exercise price equal to the opening price of the Common Stock on the New York Stock Exchange on the applicable grant date. Stock options awarded under these plans will generally be exercisable beginning one year and ending ten years after their grant dates, and will not be transferable other than upon the death of the person granted the option. The non-pilot and pilot plans are being presented to stockholders as one proposal.

The pilot stock option plan is an integral part of the new collective bargaining agreement between the Company and the Air Line Pilots Association, International (ALPA), which represents Delta's pilots (13% of Delta's employees). ALPA has the right to reopen the new collective bargaining agreement in its entirety if any required stockholder approval of the pilot stock option plan is not obtained, and Delta and ALPA are unable to reach agreement within 30 days on providing pilots with equivalent value to the pilot stock option plan.

14. STOCK REPURCHASE AUTHORIZATION:

On April 24, 1996, Delta's Board of Directors authorized the Company to repurchase up to 24.7 million shares of its Common Stock and Common Stock equivalents. Under this authorization, the Company may repurchase up to 6.2 million of these shares before the initial stock option grants become exercisable under the two broad-based, non-qualified stock option plans and repurchase the remaining shares as Delta personnel exercise their stock options under those plans. Repurchases are subject to market conditions and may be made on the open market or in privately negotiated transactions. During fiscal 1996, the Company repurchased 821,300 shares of Common Stock for $66 million under this authorization.

15. EMPLOYEE STOCK OWNERSHIP PLAN:

The Company sponsors the Savings Plan, a qualified defined contribution pension plan under which eligible Delta personnel may contribute a portion of their earnings. The Savings Plan includes an employee stock ownership plan (ESOP) feature. Subject to certain conditions, the Company 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. The Company's contribution is made quarterly through the allocation of the ESOP Preferred Stock, Common Stock or cash.

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 participants' accounts. As shares of the ESOP Preferred Stock are allocated to participants, compensation expense is recorded and unearned compensation is reduced. Dividends on unallocated shares of ESOP Preferred Stock are used by the ESOP for debt service on the Series C ESOP Notes and are not considered dividends for financial reporting purposes. Dividends on allocated shares of ESOP Preferred Stock are paid to participants and are considered dividends for financial reporting purposes.

Effective July 1, 1994, Delta adopted SOP 93-6. Under SOP 93-6, the compensation and interest components of ESOP costs are reduced by the amount of dividends accrued on the allocated ESOP Preferred Stock, and only the allocated ESOP Preferred Stock is considered outstanding in computing primary and fully diluted earnings per common share. Prior to adoption of SOP 93-6, the compensation and interest components of ESOP costs were reduced by the amount of dividends accrued on all ESOP Preferred Stock, and all ESOP Preferred Stock was considered outstanding for primary and fully diluted earnings per common share calculations. The adoption of SOP 93-6 increased reported net income attributable to common stockholders shown in the Company's Consolidated Statement of Operations by $8 million for fiscal 1995 and increased primary and fully diluted earnings per common share for that period by $0.16 and $0.28, respectively. The provisions of SOP 93-6 require that it be adopted prospectively.

16. INCOME TAXES:

Deferred income taxes reflect the net tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

The alternative minimum tax credit carryforwards do not expire. The net operating loss carryforwards will generally expire in 2008 and 2009 if not utilized prior to that time.

Management believes, based on the Company's earnings history, the actions the Company has 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, 1996.

Significant components of the Company's deferred tax assets and liabilities as of June 30, 1996 and 1995 are a result of temporary differences related to the items described as follows:

	1996	1995
	(In Millions)	
Deferred Tax Assets:		
Postretirement benefits	$ 724	$ 655
Alternative minimum tax credit carryforwards	354	284
Gains on sale and leaseback transactions (net)	336	344
Other employee benefits	232	161
Rent expense	202	174
Spare parts repair expense	114	97
Tax accruals	43	33
Frequent flyer expense	40	37
Accrued compensation expense	36	42
Net operating loss carryforwards	5	122
Other	93	134
Total Deferred Tax Assets	$2,179	$2,083
Deferred Tax Liabilities:		
Depreciation and amortization	$1,083	$1,084
Postemployment benefits	82	89
Marketable equity securities	81	49
Software development costs	58	35
Other	108	86
Total Deferred Tax Liabilities	$1,412	$1,343

Income taxes (provided) credited in fiscal 1996, 1995, and 1994 consisted of:

	1996	1995	1994
	(In Millions)		
Current taxes	(177)	(104)	8
Deferred taxes	54	(99)	227
Increase in corporate statutory rate	-	-	13
Tax benefit of dividends on allocated ESOP Preferred Stock	3	3	3
	(120)	(200)	250
Amortization of investment tax credits	-	-	1
Income taxes (provided) credited	$(120)	$(200)	$ 251

The Company made income tax payments, net of income tax refunds, of $192 million in fiscal 1996 and $25 million in fiscal 1995 and received income tax refunds, net of cash income tax payments, of $13 million in fiscal 1994.

The income tax (provisions) credit generated for fiscal 1996, 1995 and 1994 differ from amounts which would result from applying the federal statutory tax rate to pretax income (loss), as follows:

	1996	1995	1994
	(In Millions)		
Income (loss) before income taxes	$ 276	$ 494	$(660)
Items not deductible for tax purposes:			
Meals and entertainment	36	41	16
Amortization	9	9	9
Other, net	(8)	3	-
Adjusted pretax income (loss)	313	547	(635)
Federal statutory tax rate	35%	35%	35%
Income tax (provision) credit at statutory rate	(110)	(191)	222
State and other income taxes, net of federal income tax (provision) credit	(10)	(9)	15
Benefit due to increase in corporate statutory tax rate	-	-	13
Amortization of investment tax credits	-	-	1
Income taxes (provided) credited	$(120)	$(200)	$ 251

17. RESTRUCTURING AND OTHER NON-RECURRING CHARGES:

During fiscal years 1994 and 1996, the Company recorded pretax restructuring and other non-recurring charges of $526 million and $829 million, respectively. The $526 million pretax restructuring charge recorded in fiscal 1994 included a $112 million 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 and a $438 million charge for the Company's Leadership 7.5 cost reduction program, partially offset by a $24 million reversal related to the fleet simplification charge recorded in fiscal 1993.

The $438 million charge for the Leadership 7.5 program included $280 million for workforce reductions of approximately 8,700 employees expected to occur during fiscal 1995. During fiscal 1995 and 1996, the Company reduced its staffing by approximately 9,200 and 1,200 personnel, respectively. Cash payments in fiscal 1995 and 1996 for workforce reductions totaled approximately $30 million and

$9 million, respectively, primarily for severance payments, with an additional $5 million expected to be paid during fiscal 1997. 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.

Fiscal 1996 and 1994 pretax restructuring and other non-recurring charges are summarized in the table below:

	Charges (Credits)		
	1996	1994	Total
Fleet Simplification	$ -	$(24)	$ (24)
Early Retirement Program	-	112	112
Leadership 7.5	104	438	542
Pilot Special Early Retirement Program	273	-	273
Lockheed L-1011 fleet early retirement	452	-	452
Totals	$829	$526	$1,355

The $438 million charge for the Leadership 7.5 program also included $158 million for 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. Through fiscal 1996, the Company incurred cash costs of approximately $57 million for these initiatives and expects to incur additional cash costs of $16 million related to this program in future years. During fiscal 1996, approximately $8 million of the fiscal 1994 restructuring charge was reversed due to changes in estimates associated with lease terminations and abandoned facilities. The remaining $77 million represents noncash costs.

The $829 million pretax charge for restructuring and other non-recurring charges recorded in fiscal 1996 includes a $452 million write-down of Delta's Lockheed L-1011 fleet and related assets. In connection with its decision to accelerate the replacement of its 55 L-1011 aircraft fleet, the Company performed an evaluation to determine, in accordance with SFAS 121 (see Note 1), whether future cash flows (undiscounted and without interest charges) expected to result from the use and the eventual disposition of the L-1011 fleet will be less than the aggregate carrying amount of the L-1011 aircraft and related assets. As a result of the evaluation, management determined that the estimated future cash flows expected to be generated by L-1011 assets will be less than their carrying amount, and therefore, the L-1011 assets are impaired as defined by SFAS 121. Consequently, the original cost basis of the L-1011 fleet was reduced to reflect the fair market value at the time of the evaluation, resulting in a $452 million non-recurring charge. In determining the fair market value of L-1011 assets, the Company considered recent transactions involving sales of L-1011 aircraft and market trends in aircraft dispositions.

The $829 million pretax charge for restructuring and other non-recurring charges also included $273 million related to the special early retirement program for approximately 500 pilots expected to retire during fiscal 1997. Actual timing of the retirements is dependent upon the Company's operational needs. 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 fiscal 1996 charge is $65 million (net of reversals of $36 million related to the Company's $526 million restructuring charge recorded in fiscal 1994) for previously announced non-pilot workforce reductions, including pension plan curtailment losses and special termination benefits of $62 million, post-retirement medical plan curtailment gains and special termination benefits of $16 million (for approximately 525 employees) and severance payments and related costs of $23 million.

The remaining $39 million of the $829 million charge for fiscal 1996 represents cash and noncash costs related to lease terminations and other costs associated with discontinued routes and abandoned facilities. The charge includes (net of reversals of $8 million related to the Company's $526 million restructuring charge recorded in fiscal 1994) $37 million for lease termination costs for abandoned facilities and $10 million noncash costs related to routes discontinued as a result of the restructuring. Actual cash costs associated with lease terminations and abandoned facilities are expected to be approximately $4 million in fiscal 1997.

Actual costs incurred for certain amounts accrued, realization on the sales of excess inventories and costs associated with lease terminations and abandoned facilities may vary from current estimates. The appropriate accrued liability will be adjusted upon completion of these activities.

18. 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 $2.7 billion in fiscal 1996, $2.6 billion in fiscal 1995 and $2.5 billion in fiscal 1994.

19. QUARTERLY FINANCIAL DATA (UNAUDITED):

Operating expenses for the March 1996 quarter include $556 million pretax restructuring and other non-recurring charges related to the write-down of the Company's Lockheed L-1011 fleet and related assets and the continuation of the Company's Leadership 7.5 cost reduction program. Operating expenses for the June 1996 quarter include a $273 million pretax restructuring charge for costs associated with a special early retirement program under which approximately 500 pilots are expected to retire during fiscal 1997. (See Note 17.)

The following is a summary of the unaudited quarterly results of operations for fiscal 1996 and 1995 (in millions, except per share data):

	Three Months Ended			
	Sept. 30	Dec. 31	Mar. 31	June 30
Fiscal 1996				
Operating revenues	$3,188	$2,944	$2,964	$3,359
Operating income (loss)	$ 386	$ 169	$ (387)	$ 295
Net income (loss)	$ 201	$ 70	$ (276)	$ 161
Primary income (loss) per common share	$ 3.47	$ 0.93	$(5.77)	$ 2.69
Fully diluted income (loss) per common share	$ 2.57	$ 0.93	$(5.77)	$ 2.08
Fiscal 1995				
Operating revenues	$3,157	$2,919	$2,902	$3,216
Operating income	$ 154	$ 18	$ 40	$ 449
Income (loss) before cumulative effect of accounting changes	$ 72	$ (18)	(11)	251
Cumulative effect of accounting changes, net of tax	114	-	$ -	$ -
Net income (loss)	$ 186	$ (18)	$ (11)	$ 251
Primary income (loss) per common share:				
Before cumulative effect of accounting changes	$ 1.00	$(0.79)	$(0.66)	$ 4.49
Cumulative effect of accounting changes	2.25	-	-	-
	$ 3.25	$(0.79)	$(0.66)	$ 4.49
Fully diluted income (loss) per common share:				
Before cumulative effect of accounting changes	$ 0.99	$(0.79)	$(0.66)	$ 3.21
Cumulative effect of accounting changes	1.43	-	-	-
	$ 2.42	$(0.79)	$(0.66)	$ 3.21

CONSOLIDATED SUMMARY of operations
(In Millions, Except Per Share Data)

	For the years ended June 30 1996(1)	1995(2)	1994(3)	1993(4)	1992	1991
Operating revenues	$ 12,455	$ 12,194	$ 12,077	$ 11,657	$ 10,837	$ 9,171
Operating expenses	11,992	11,533	12,524	12,232	11,512	9,621
Operating income (loss)	463	661	(447)	(575)	(675)	(450)
Interest expense, net	(243)	(262)	(271)	(177)	(151)	(97)
Gain (loss) on disposition of flight equipment	2	-	2	65	35	17
Miscellaneous income, net (5)	54	95	56	36	5	30
Income (loss) before income taxes	276	494	(660)	(651)	(786)	(500)
Income taxes (provided) credited	(120)	(200)	250	233	271	163
Amortization of investment tax credits	-	-	1	3	9	13
Net income (loss)	156	294	(409)	(415)	(506)	(324)
Preferred stock dividends	(82)	(88)	(110)	(110)	(19)	(19)
Net income (loss) attributable to common stockholders	$ 74	$ 206	$ (519)	$ (525)	$ (525)	$ (343)
Net income (loss) per common share:						
Primary	$ 1.42	$ 4.07	$ (10.32)	$ (10.54)	$ (10.60)	$ (7.73)
Fully diluted	$ 1.42	$ 4.01	$ (10.32)	$ (10.54)	$ (10.60)	$ (7.73)
Dividends declared on common stock	$ 10	$ 10	$ 10	$ 35	$ 59	$ 54
Dividends declared per common share	$ 0.20	$ 0.20	$ 0.20	$ 0.70	$ 1.20	$ 1.20

OTHER FINANCIAL and statistical data
(Dollars In Millions, Except Share Data)

	For the years ended June 30 1996(1)	1995(2)	1994(3)	1993(4)	1992	1991
Total assets	$ 12,226	$ 12,143	$ 11,896	$ 11,871	$ 10,162	$ 8,411
Long-term debt and capital leases (excluding current maturities)	$ 2,175	$ 3,121	$ 3,228	$ 3,716	$ 2,833	$ 2,059
Stockholders' equity	$ 2,540	$ 1,827	$ 1,467	$ 1,913	$ 1,894	$ 2,457
Shares of common stock outstanding at year end	67,778,106	50,816,010	50,453,272	50,063,841	49,699,098	49,401,779
Revenue passengers enplaned (thousands)	91,341	88,893	87,399	85,085	77,038	69,127
Available seat miles (millions)	130,751	130,645	131,906	132,282	123,102	104,328
Revenue passenger miles (millions)	88,673	86,417	85,268	82,406	72,693	62,086
Operating revenue per available seat mile	9.53c.	9.33c.	9.16c.	8.81c.	8.80c.	8.79c.
Passenger mile yield	13.10c.	13.10c.	13.23c.	13.23c.	13.91c.	13.80c.
Operating cost per available seat mile	9.17c.	8.83c.	9.49c.	9.25c.	9.35c.	9.22c.
Passenger load factor	67.82%	66.15%	64.64%	62.30%	59.05%	59.51%
Breakeven passenger load factor	65.12%	62.28%	67.21%	65.58%	62.99%	62.64%
Available ton miles (millions)	18,084	18,150	18,302	18,182	16,625	13,825
Revenue ton miles (millions)	10,235	10,142	9,911	9,503	8,361	7,104
Operating cost per available ton mile	66.31c.	63.55c.	68.43c.	67.27c.	69.24c.	69.59c.

CONSOLIDATED SUMMARY of operations
(In Millions, Except Per Share Data)

	For the years ended June 30 1990	1989	1988	1987	1986
Operating revenues	$ 8,583	$ 8,089	$ 6,915	$ 5,318	$ 4,460
Operating expenses	8,163	7,411	6,418	4,913	4,426
Operating income (loss)	420	678	497	405	34
Interest expense, net	(27)	(39)	(65)	(62)	(55)
Gain (loss) on disposition of flight equipment	18	17	(1)	96	16
Miscellaneous income, net (5)	57	55	25	8	8
Income (loss) before income taxes	468	711	456	447	3
Income taxes (provided) credited	(187)	(279)	(181)	(219)	2
Amortization of investment tax credits	22	29	32	36	42
Net income (loss)	303	461	307	264	47
Preferred stock dividends	(18)	-	-	-	-
Net income (loss) attributable to common stockholders	$ 285	$ 461	$ 307	$ 264	$ $47
Net income (loss) per common share:					
Primary	$ 5.79	$ 9.37	$ $6.30	$ 5.90	$ 1.18
Fully diluted	$ 5.28	$ 9.37	$ $6.30	$ 5.90	$ 1.18
Dividends declared on common stock	$ 85	$ 59	$ 59	$ 44	$ 40
Dividends declared per common share	$ 1.70	$ 1.20	$ $1.20	$ 1.00	$ 1.00

OTHER FINANCIAL and statistical data
(Dollars In Millions, Except Share Data)
For the years ended June 30

	1990	1989	1988	1987	1986
Total assets	$ 7,227	$ 6,484	$ 5,748	$ 5,342	$ 3,785
Long-term debt and capital leases (excluding current maturities)	$ 1,315	$ 703	$ 729	$ 1,018	$ 869
Stockholders' equity	$ 2,596	$ 2,620	$ 2,209	$ 1,938	$ 1,302
Shares of common stock outstanding at year end	46,086,110	49,265,884	49,101,271	48,639,469	40,116,383
Revenue passengers enplaned (thousands)	67,240	64,242	58,565	48,173	39,582
Available seat miles (millions)	96,463	90,742	85,834	69,014	53,336
Revenue passenger miles (millions)	58,987	55,904	49,009	38,415	30,123
Operating revenue per available seat mile	8.90c.	8.91c.	8.06c.	7.71c.	8.36c.
Passenger mile yield	13.63c.	13.56c.	13.15c.	12.81c.	13.72c.
Operating cost per available seat mile	8.46c.	8.17c.	7.48c.	7.12c.	8.30c.
Passenger load factor	61.15%	61.61%	57.10%	55.66%	56.48%
Breakeven passenger load factor	57.96%	56.09%	52.69%	51.09%	56.01%
Available ton miles (millions)	12,500	11,725	11,250	9,000	6,934
Revenue ton miles (millions)	6,694	6,338	5,557	4,327	3,372
Operating cost per available ton mile	65.30c.	63.21c.	57.05c.	54.60c.	63.82c.

1 Summary of operations and other financial and statistical data include $829 million in pretax restructuring and other non-recurring charges ($9.71 per common share).
2 Summary of operations excludes $114 million after-tax cumulative effect of change in accounting standards ($2.25 primary and $1.42 fully diluted earnings per common share).
3 Summary of operations and other financial and statistical data include $526 million in pretax restructuring charges ($6.59 after-tax per common share).
4 Summary of operations and other financial and statistical data include $82 million pretax restructuring charge ($1.05 after-tax per common share). Summary of operations excludes $587 million after-tax cumulative effect of changes in accounting standards ($11.78 after-tax per common share).
5 Includes interest income.

COMMON STOCK

Listed on the New York Stock Exchange under the ticker symbol DAL.

NUMBER OF STOCKHOLDERS

As of August 16, 1996, there were 24,157 registered holders of Common Stock.

MARKET PRICES AND DIVIDENDS

Fiscal Year 1996	Market Closing Price Range of Common Stock on New York Stock Exchange		Cash Dividends Per Common Share
Quarter Ended:	High	Low	
September 30	$80 1/2	$66 1/4	$0.05
December 31	79 5/8	64	0.05
March 31	82	67 3/8	0.05
June 30	86	77 1/4	0.05

Fiscal Year 1995			
Quarter Ended:	High	Low	
September 30	$49 3/4	$43 1/2	$0.05
December 31	52 1/2	43 1/8	0.05
March 31	64	51	0.05
June 30	75	58 3/4	0.05

EXHIBIT 23

[Letterhead of ARTHUR ANDERSEN LLP]

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation by reference of our reports dated August 16, 1996 included in or incorporated by reference in Delta Air Lines, Inc.'s Annual Report on Form 10-K for the year ending June 30, 1996 into the Company's previously filed Registration Statement File Nos. 33-65391, 2-94541, 33-30454, 33-50175, and 33-52045.

/s/ ARTHUR ANDERSEN LLP
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Atlanta, Georgia
September 27, 1996

EXHIBIT 24

POWER OF ATTORNEY

I hereby constitute and appoint Thomas J. Roeck, Jr. as my true and lawful attorney-in-fact and agent, 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, 1996, 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 1st day of September, 1996.

/s/ Ronald W. Allen

Ronald W. Allen
Chairman of the Board, President and Chief Executive Officer
Delta Air Lines, Inc.

POWER OF ATTORNEY

I hereby constitute and appoint Ronald W. Allen, Thomas J. Roeck, Jr., 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, 1996, 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 1st day of September, 1996.

/s/ Edwin L. Artzt

Edwin L. Artzt
Director
Delta Air Lines, Inc.

POWER OF ATTORNEY

I hereby constitute and appoint Ronald W. Allen, Thomas J. Roeck, Jr., 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, 1996, 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 1st day of September, 1996.

/s/ Henry A. Biedenharn, III

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

POWER OF ATTORNEY

I hereby constitute and appoint Ronald W. Allen, Thomas J. Roeck, Jr., 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, 1996, 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 1st day of September, 1996.

/s/ James L. Broadhead

James L. Broadhead
Director
Delta Air Lines, Inc.

POWER OF ATTORNEY

I hereby constitute and appoint Ronald W. Allen, Thomas J. Roeck, Jr., 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, 1996, 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 1st day of September, 1996.

/s/ Edward H. Budd

Edward H. Budd
Director
Delta Air Lines, Inc.

POWER OF ATTORNEY

I hereby constitute and appoint Ronald W. Allen, Thomas J. Roeck, Jr., 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, 1996, 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 1st day of September, 1996.

/s/ George D. Busbee

George D. Busbee
Director
Delta Air Lines, Inc.

POWER OF ATTORNEY

I hereby constitute and appoint Ronald W. Allen, Thomas J. Roeck, Jr., 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, 1996, 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 1st day of September, 1996.

/s/ R. Eugene Cartledge

R. Eugene Cartledge
Director
Delta Air Lines, Inc.

POWER OF ATTORNEY

I hereby constitute and appoint Ronald W. Allen, Thomas J. Roeck, Jr., 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, 1996, 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 1st day of September, 1996.

/s/ Mary Johnston Evans

Mary Johnston Evans
Director
Delta Air Lines, Inc.

POWER OF ATTORNEY

I hereby constitute and appoint Ronald W. Allen, Thomas J. Roeck, Jr., 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, 1996, 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 1st day of September, 1996.

/s/ Peter D. Sutherland

Peter D. Sutherland
Director
Delta Air Lines, Inc.

POWER OF ATTORNEY

I hereby constitute and appoint Ronald W. Allen, Thomas J. Roeck, Jr., 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, 1996, 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 1st day of September, 1996.

/s/ Gerald Grinstein

Gerald Grinstein
Director
Delta Air Lines, Inc.

POWER OF ATTORNEY

I hereby constitute and appoint Ronald W. Allen, Thomas J. Roeck, Jr., 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, 1996, 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 1st day of September, 1996.

/s/ Jesse Hill, Jr.

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

POWER OF ATTORNEY

I hereby constitute and appoint Ronald W. Allen, Thomas J. Roeck, Jr., 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, 1996, 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 1st day of September, 1996.

/s/ Andrew J. Young

Andrew J. Young
Director
Delta Air Lines, Inc.

POWER OF ATTORNEY

I hereby constitute and appoint Ronald W. Allen as my true and lawful attorney-in-fact and agent, 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, 1996, 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 1st day of September, 1996.

/s/ Thomas J. Roeck, Jr.

Thomas J. Roeck, Jr.
Senior Vice President - Finance
and Chief Financial Officer

Delta Air Lines, Inc.

ARTICLE 5

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM DELTA AIR LINES, INC. FORM 10K FOR THE YEAR ENDED JUNE 30, 1996 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE RELATED FINANCIAL STATEMENTS.

MULTIPLIER: 1,000,000

PERIOD TYPE	YEAR
FISCAL YEAR END	JUN 30 1996
PERIOD START	JUL 01 1995
PERIOD END	JUN 30 1996
CASH	1,145
SECURITIES	507
RECEIVABLES	1,012
ALLOWANCES	44
INVENTORY	73
CURRENT ASSETS	3,282
PP&E	11,689
DEPRECIATION	4,894
TOTAL ASSETS	12,226
CURRENT LIABILITIES	3,638
BONDS	2,273
PREFERRED MANDATORY	0
PREFERRED	0
COMMON	217
OTHER SE	2,323
TOTAL LIABILITY AND EQUITY	12,226
SALES	0
TOTAL REVENUES	12,455
CGS	0
TOTAL COSTS	11,992
OTHER EXPENSES	(82)
LOSS PROVISION	15
INTEREST EXPENSE	269
INCOME PRETAX	276
INCOME TAX	120
INCOME CONTINUING	156
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	156
EPS PRIMARY	1.42
EPS DILUTED	1.42