
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 OR 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): September 14, 2020

DELTA AIR LINES, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

001-05424
(Commission
File Number)

58-0218548
(IRS Employer
Identification No.)

P.O. Box 20706, Atlanta, Georgia 30320-6001
(Address of principal executive offices)

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

Registrant's Web site address: www.delta.com

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

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

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2). Emerging growth company

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

Item 7.01 Regulation FD Disclosure.

In connection with commencing discussions with potential investors in the proposed SkyMiles financing discussed below, Delta Air Lines, Inc. (“Delta,” “we,” “us” or “our”) is making available an investor presentation, excerpts of which are attached to this report as Exhibit 99.1.

Item 8.01 Other Events.***Financial and Operational Outlook***

Delta is providing an update to investors regarding its financial and operational outlook:

Capacity Reductions

As previously disclosed, beginning in the second half of March, Delta experienced a precipitous decrease in demand as COVID-19 spread throughout the world. Since that time, Delta significantly reduced its system capacity to a level that maintained essential services to align capacity with expected demand.

For the September 2020 quarter, system capacity is expected to be down approximately 60% compared to the September 2019 quarter, with international capacity to be reduced approximately 80% and domestic capacity to be reduced approximately 50%. As a result of reduced demand expectations and lower capacity in the September 2020 quarter and beyond, Delta has parked approximately 40% of its mainline fleet, including the permanent retirement of certain aircraft.

Effect of COVID-19 on SkyMiles

The impact of the pandemic on demand for air travel is also negatively affecting the performance of the SkyMiles loyalty program and its contribution to our financial results. Travel among SkyMiles members is consistent with Delta’s overall travel patterns, as total miles redeemed in the first six months of 2020 declined by 78%. As a result, loyalty travel award revenue for Delta declined 59%, in line with the 60% decline in passenger revenue Delta reported for the first half of 2020. However, over the same period, cash received from sales to American Express declined by less than 5% year over year to \$1.9 billion, as SkyMiles members continue to use co-brand cards.

The CARES Act

As previously disclosed, in April 2020, Delta entered into an agreement with the U.S. Department of the Treasury to receive \$5.4 billion in emergency relief through the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”) payroll support program, which was paid in installments through July 2020.

The CARES Act also provides for up to \$25 billion in secured loans to the airline industry. While Delta is eligible and entered into a non-binding letter of intent to the U.S. Department of the Treasury for \$4.6 billion under the loan program, Delta has indicated it does not intend to participate in this program.

SkyMiles Financing

On September 14, 2020, Delta issued a press release announcing it is planning a private offering of senior secured notes in one or more tranches (the “Notes”) by Delta and SkyMiles IP Ltd., a newly formed exempted company incorporated with limited liability under the laws of the Cayman Islands and an indirect wholly-owned subsidiary of Delta (“SMIP”), and to enter into a new senior secured term loan facility (the “New Credit Facility”) concurrently with the closing of the offering of the Notes. The aggregate principal

amount of the Notes and the New Credit Facility is expected to be \$6.5 billion. The Notes and the New Credit Facility will be guaranteed by certain of Delta's subsidiaries. The offering of the Notes is not contingent upon the closing of the New Credit Facility. The Notes and New Credit Facility will be secured on a *pari passu* senior basis by a first-priority security interest in Delta's SkyMiles program, including Delta's rights under certain related agreements, intellectual property, and other collateral related to the SkyMiles program. The press release is attached as Exhibit 99.2 to this Form 8-K.

Certain of the statements above are forward-looking statements subject to the various risks and uncertainties described in our reports filed with the U.S. Securities and Exchange Commission. See "—Forward-Looking Statements" below.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

- Exhibit 99.1 [Excerpts from SkyMiles Investor Presentation](#)
- Exhibit 99.2 [Press Release dated September 14, 2020 titled "Delta Air Lines Announces Proposed Senior Secured Notes Offering and Term Loan Facility by Delta and SkyMiles Subsidiary"](#)
- Exhibit 104 The cover page from this Current Report on Form 8-K, formatted in Inline XBRL

Forward-Looking Statements

Statements in this Form 8-K or any exhibit hereto that are not historical facts, including statements regarding our estimates, expectations, beliefs, intentions, projections or strategies for the future, may be "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. All forward-looking statements involve a number of risks and uncertainties that could cause actual results to differ materially from the estimates, expectations, beliefs, intentions, projections and strategies reflected in or suggested by the forward-looking statements. There can be no assurance that the proposed offering of the Notes or entry into the New Credit Facility will be completed as currently contemplated or at all. Risks and uncertainties that could cause differences between actual results and forward-looking statements include, but are not limited to, the material adverse effect that the COVID-19 pandemic is having on our business; the impact of incurring significant debt in response to the pandemic; the possible effects of accidents involving our aircraft; breaches or security lapses in our information technology systems; disruptions in our information technology infrastructure; our dependence on technology in our operations; the performance of our significant investments in and commercial relationships with, airlines in other parts of the world; failure to comply with the financial and other covenants in our financing agreements; labor issues; the effects of weather, natural disasters and seasonality on our business; the effects of an extended disruption in services provided by third parties; the cost of aircraft fuel; the availability of aircraft fuel; failure or inability of insurance to cover a significant liability at Monroe's Trainer refinery; the impact of environmental regulation on the Trainer refinery, including costs related to renewable fuel standard regulations; our ability to retain senior management and key employees; damage to our reputation and brand if we are exposed to significant adverse publicity; the effects of terrorist attacks or geopolitical conflict; competitive conditions in the airline industry; interruptions or disruptions in service at major airports at which we operate; the effects of extensive government regulation on our business; the impact of environmental regulation on our business; the sensitivity of the airline industry to prolonged periods of stagnant or weak economic conditions; and uncertainty in economic conditions and regulatory environment in the United Kingdom related to the exit of the United Kingdom from the European Union.

Additional information concerning risks and uncertainties that could cause differences between actual results and forward-looking statements is contained in our Securities and Exchange Commission filings, including our Annual Report on Form 10-K for the fiscal year ended December 31, 2019 and our

Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2020. Caution should be taken not to place undue reliance on our forward-looking statements, which represent our views only as of September 14, 2020, and which we have no current intention to update except to the extent required by law.

SIGNATURES

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

DELTA AIR LINES, INC.

By: /s/ Paul A. Jacobson

Paul A. Jacobson

Executive Vice President & Chief Financial Officer

Date: September 14, 2020

Delta Air Lines

SkyMiles Investor Presentation

September 14, 2020



 DELTA
SKYMILES

Important Notice and Disclaimer

Forward-Looking Statements

Statements in this Presentation that are not historical facts, including statements about our estimates, expectations, beliefs, intentions, projections or strategies for the future may be "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. These forward-looking statements are based on the current beliefs and expectations of our management with respect to future events and involve risks and uncertainties that could cause actual results to differ materially from historical experience or our present expectations. Known material risk factors applicable to Delta are described under the in "Risk Factors Relating to Delta" and "Risk Factors Relating to the Airline Industry" in "Item 1A. Risk Factors" of Delta's Annual Report on Form 10-K for the fiscal year ended December 31, 2019, in "Item 1A. Risk Factors" of Part II of Delta's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2020 and in any subsequent filing incorporated by reference herein, other than risks that could apply to any issuer. All forward-looking statements speak only as of the date made, and Delta undertakes no obligation to publicly update or revise any forward-looking statements to reflect events or circumstances that may arise after the date of this Presentation, except to the extent required by law.

Financial Information

Pro forma financial information included in this Presentation is provided for informational purposes only, has not been prepared in accordance with the standards for such information established by the U.S. Securities and Exchange Commission and may not be an indication of the financial condition or results of operations of Sky Miles IP Ltd. in the future.

Executive Summary

Delta Air Lines, Inc. and SkyMiles IP Ltd. intend to raise up to \$6.5 billion in senior secured financing collateralized by all the relevant SkyMiles assets including, but not limited to, relevant SkyMiles Intellectual Property, material SkyMiles agreements including applicable Amex agreements, cash collection accounts, etc.

- Delta was the world's largest airline by total revenues in 2019 and the most profitable with five consecutive years of \$5 billion or more in pre-tax income from 2015 through 2019
- SkyMiles is Delta's customer loyalty program and a key asset for the airline in driving strong customer retention and lifetime value
 - SkyMiles is strategically significant and core to Delta's ongoing business operations and financial performance
 - In 2019, SkyMiles IP Ltd. ("SMIP"), an indirect wholly-owned subsidiary of Delta, would have generated ~\$6.1 billion of cash sales¹ and \$2.4 billion of net cash from operations², on a pro forma basis
- The SkyMiles financing facility will be a long-term, strategic financing program that Delta intends to utilize on a programmatic basis going forward
- Delta intends to use net proceeds from this financing, after a portion of the proceeds have been deposited in a reserve account, for general corporate purposes and to support the Company's liquidity position

¹ Cash sales are pro forma for sale of mileage credit ("miles") to Delta that would have occurred had the structure been in place in 2019. Third-party sales based on historical numbers. SMIP is a newly formed entity for this financing transaction.

² Net cash from operations is pro forma for contemplated transaction purchases from Delta less redemptions, DL Travel Benefits for AX Cardholders, shared services and other that would have occurred had the structure been in place in 2019.

SkyMiles Highlights

SkyMiles Overview

- SkyMiles builds customer loyalty by offering awards, benefits and services to program participants. Members in this program earn miles for flights on Delta and other participating airlines as well as through the purchase of goods and services from non-airline partners such as credit card issuers, retail merchants, hotels and car rental companies
- SkyMiles has a broadly diversified stream of cash flows with over 75% of pro forma cash flows coming from 3rd parties, including Amex, and partners in travel, retail, lifestyle and hospitality¹
- SkyMiles launched in 1981, has over 100 million total Members and would have generated ~\$6.1 billion in cash sales in 2019, on a pro forma basis²

Key Credit Strengths

- SkyMiles is core to Delta and contributes to Delta's industry-leading revenue premium
- SkyMiles contributes to Delta's customer loyalty and constant customer engagement
- SkyMiles enables retention of premium travelers
- SkyMiles has an extensive network of longstanding partner relationships
- SkyMiles offers significant diversity of cash flows with a long-term track record of stable and growing performance through cycles
- SkyMiles has an attractive business model allowing flexibility to control costs and preserve margins

¹ 3rd party cash flows as of the first half of 2020. ² Cash sales are pro forma for sale of miles to Delta that would have occurred had the structure been in place in 2019. Third-party sales based on historical numbers.

Delta's SkyMiles Loyalty Program

Delta's SkyMiles loyalty program established itself as a global leader in loyalty from inception in 1981

Established:
1981

Destinations:
1,000+

of Members:
100M+

Average Tenure
of Medallion
Members¹:
16yrs

Airlines
Partners:
25+

Non-Airline
Partners:
40+

Earning Miles

(1) Flying on Delta as a SkyMiles Member

- Customer joins SkyMiles loyalty program
- Customer earns miles every time they purchase a ticket and fly on Delta connection or partner airlines
- Delta purchases those miles from SMIP²

(2) Spending on a SkyMiles credit card or with SkyMiles partners³

- Customers sign up for a SkyMiles credit card or transacts with program partner
- Customers earn miles every time they spend with partner (at least one mile per dollar)
- Partner purchases those miles from SMIP
- As portfolio grows, total credit card spend and partner activity grow, therefore SkyMiles revenues increase

Redeeming Miles

(1) SMIP purchases seats from Delta²

(2) SMIP sets the number of miles required for a specific award, thereby controlling the "exchange rate" between miles and dollars

¹ Medallion Members are SkyMiles Members who have achieved special status levels based on their miles flown and eligible purchases made for travel on Delta.
² Reflects structure created for transaction.
³ Earn and redemption from SkyTeam and other partners is similar to earn and redemption on Delta.

SkyMiles Pricing and Cash Flow Mechanics



- Monthly purchase of miles by Delta
 - Perpetual operating agreement from closing of transaction

- Monthly / quarterly purchase of miles
 - Amex co-brand agreement to 2029
 - Average 1 to 3 year partner contracts (for partners excluding Amex)
 - Purchase price per mile determined by partner contracts

¹ Includes miles earned and redeemed on SkyTeam and other airline partners.

SkyMiles Miles Sales and Redemption Overview

SkyMiles manages mileage earning program and redemption activity

| | Air Travel | | Non-Air Travel | | 2019 Pro Forma Total |
|-----------------------|---|--|--|--|---|
| Miles Sold |  <p>Delta pays SMIP for each mile earned by Members¹</p> |  <p>SkyTeam and other partner airlines pay for each mile earned by Members for flying with them</p> |  <p>Amex pays for miles with every \$1 spent on the SkyMiles Amex cards</p> |   <p>Non-air partners pay for every mile earned by Members, which they give out as incentives for purchases, renewals, etc</p> | <p>Cash Received from Mileage Sales: \$6.1B²</p> |
| Miles Redeemed |  <p>SMIP pays Delta for an award seat booked using miles¹</p> |  <p>Payment to SkyTeam and other partner airlines for an award seat booked and flown using miles</p> | <p>Small amount of non-air travel redemption (~3%)</p> | | <p>Redemption and Travel Benefits Provided: \$3.6B²</p> |

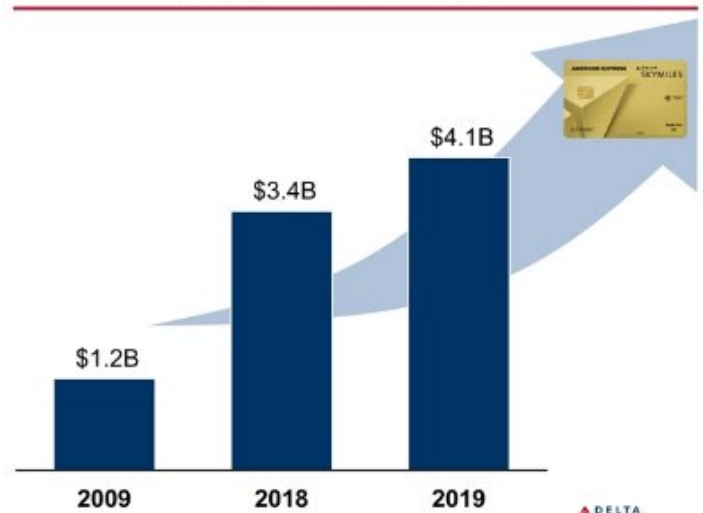
¹ Reflects structure created for transaction.
² Pro forma for transaction.

Strong Partnership Between SkyMiles and Amex Drives Robust Revenues

Contract renewal to 2029 provides platform for significant value creation for both partners; integrated model provides attractive economics and a source of diversification and high-margin revenues

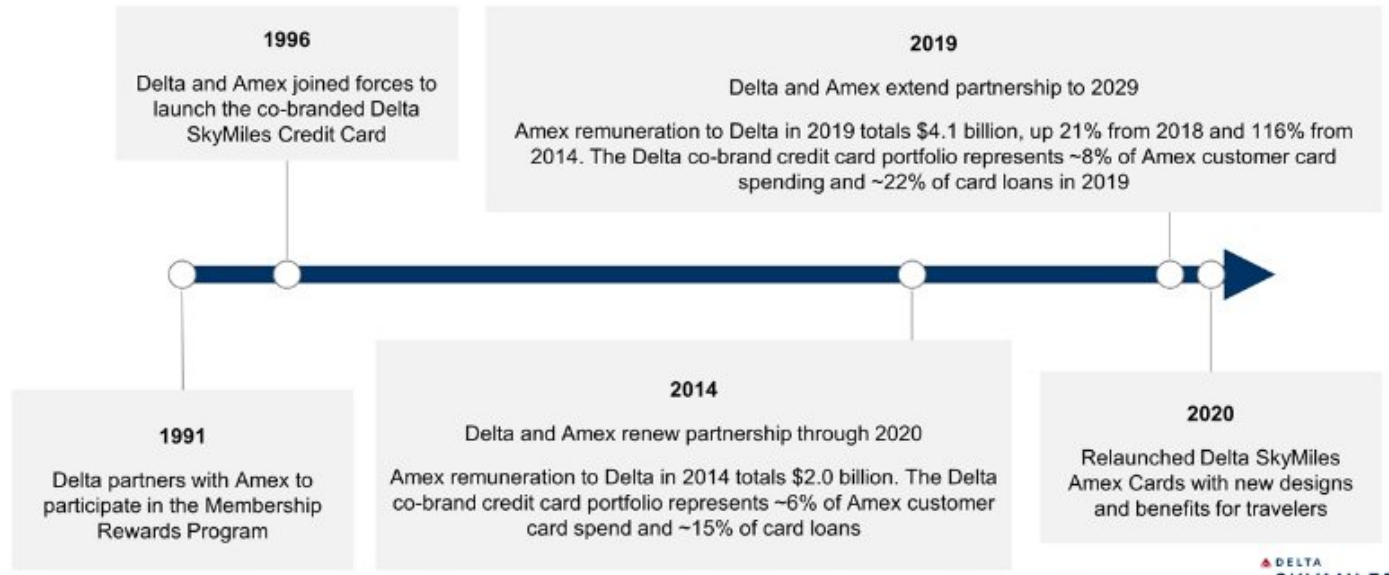
- Amex is SkyMiles' largest partner with over \$4 billion in contribution to Delta in 2019
- Delta and Amex are two strong consumer brands with a long-term partnership that has existed since 1996
- Early renewal in 2019 of SkyMiles' credit card contract with Amex to 2029 demonstrates the importance to both Delta and Amex
- Delta represented 8% of Amex billings and 22% of card member loans in 2019
- Higher contribution driven by improved economics from most recent partnership renegotiation and extension in 2019, accelerating acquisitions and strong spend growth

Amex Contribution to Delta



History of Delta-Amex Partnership

Strong and mutually beneficial partnership dating almost 30 years



Delta SkyMiles Amex Cards



| | Delta Blue | Delta Gold | Delta Platinum | Delta Reserve |
|-----------------------------|--|---|---|---|
| Annual Fee | • \$0 | • \$0 first year, then \$99 | • \$250 | • \$550 |
| Acquisition Offer | • 10K miles w/ \$500 spend | • 35K miles w/ \$1K spend | • 40K miles & 5K MQMs w/ \$2K spend + \$100 Statement Credit w/ a Delta purchase | • 40K miles & 10K MQMs w/ \$3K spend |
| Base Earn | • 1x | • 1x | • 1x | • 1x |
| Mileage Accelerators | • 2x on Delta • 2x at restaurants | • 2x on Delta • 2x at Restaurants, US Supermarkets <u>For Business Cards</u> • 2x on Delta, Shipping & Advertising | • 3x on Delta & Hotels • 2x at Restaurants & US Supermarkets <u>For Business Cards</u> • 3x on Delta and Hotels • 1.5x on transactions > \$5K | • 3x on Delta <u>For Business Cards</u> • 3x on Delta • 1.5x on all purchases after \$150K card spend in a calendar year |
| Spend Bonuses | • N/A | • \$100 DL flight credit after \$10K spend | • Up to 20K MQMs w/ \$50K spend (2 status boosts) | • Up to 60K MQMs w/ \$120K spend (4 status boosts) |
| Credits | • N/A | • N/A | • \$100 credit for Global Entry / TSA Pre-Check, once every 4 years | • \$100 credit for Global Entry / TSA Pre-Check, once every 4 years |
| Lounge Access | • N/A | • N/A | • Exclusive Delta Sky Club access for \$39 per entry | • Complimentary Delta Sky Club access for card member with 2 single entry passes for guests • Complimentary Amex Centurion Lounge access |
| Key Benefits | • Pay with Miles • No foreign transaction fees • 20% In-Flight savings | • First checked bag free • Priority boarding • Pay with Miles • No foreign transaction fees • 20% In-Flight savings | • Domestic Companion Certificate for Main Cabin, every year upon renewal • First checked bag free • Priority boarding • Pay with Miles • MQD Waiver • No foreign transaction fees • 20% In-Flight savings | • Domestic Companion Certificate (all cabins), every year upon renewal • First checked bag free • Priority boarding • Upgrade Priority • Access to Complimentary Upgrades • Pay with Miles • MQD Waiver • No foreign transaction fees • 20% In-Flight Savings |

Key Credit Strengths

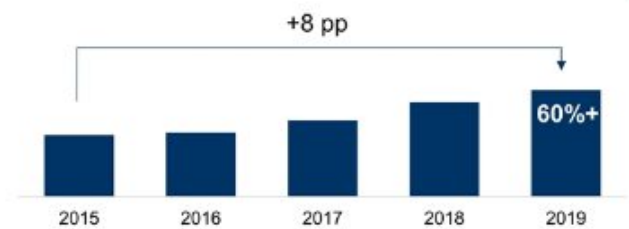
- 1 SkyMiles is core to Delta and contributes to Delta's industry-leading revenue premium
- 2 SkyMiles contributes to Delta's customer loyalty and consistent customer engagement
- 3 SkyMiles enables retention of premium travelers
- 4 SkyMiles has an extensive network of longstanding partner relationships, allowing members to earn miles on car rental, hotel, retail, dining and other partners
- 5 SkyMiles offers significant diversity of cash flows with a long-term track record of stable and growing performance through cycles
- 6 SkyMiles has an attractive business model allowing flexibility to control costs and preserve margins

1 SkyMiles is Core to Delta, Contributing to Delta's Revenue Premium

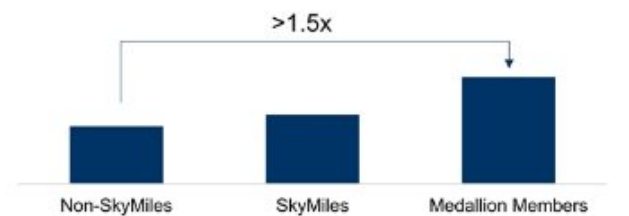
- In 2019, SkyMiles Members contributed 60%+ of Delta's ticket revenue with premiums reaching 1.5x higher for Medallion Members¹ than non-SkyMiles Members
- In 2019, SMIP would have generated ~\$6.1 billion of pro forma cash sales² and \$2.4 billion of pro forma cash from operations, net³, on a pro forma basis
- Current average tenure of 16 years for Medallion Members¹

SkyMiles has historically driven significant revenue premium to Delta

SkyMiles Members % of Ticket Revenue



Ticket Revenue Premium to Delta



¹ Medallion Members are SkyMiles Members who have achieved special status levels based on their miles flown and eligible purchases made for travel on Delta.

² Cash sales are pro forma for sale of miles to Delta that would have occurred had the structure been in place in 2019. Third-party sales based on historical numbers.

³ Net cash from operations is pro forma for contemplated transaction purchases from Delta less redemptions, DL Travel Benefits for AX Cardholders, shared services and other that would have occurred had the structure been in place in 2019.

2 SkyMiles Contributes to Delta's Customer Loyalty and Consistent Customer Engagement



ACQUIRE

- Attracting young travelers provides a lifetime pipeline of premium revenue
- Acquisitions have grown 138% from 2015 to 2019
- 68% of Members reside in non-hub cities

ENGAGE

- Creating an attractive virtuous life-cycle promotes deep engagement
 - Engaging with Delta is the fundamental aspiration of earning a free flight
 - Engaging with Delta's strategic partners, specifically Amex, further fuels engagement and loyalty
 - Engaging with our airline and other partnerships stimulates program utility

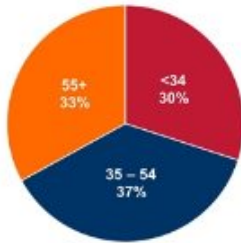
ADVOCATE

- Growing raving advocates for SkyMiles and Delta strengthens our financials
- Realized ~45% increase in Medallion Net Promoter Score from 2016 to 2019

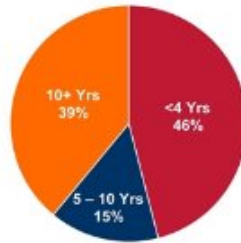
3 SkyMiles Enables Retention of Premium Travelers

Attracting the right loyal travelers into our SkyMiles Program provides Delta an opportunity to create a multi-year pipeline of premium revenue

Age Demographics



Program Tenure



Annual Income



Member Geography



Note: All figures as of year-end 2019.

4 SkyMiles Has an Extensive Network of Longstanding Partner Relationships

Strategic and focused partnerships allow Members to earn miles with 69 partners, and redeem miles with 32 partners across the globe, focusing on the most relevant options for Members

Non-Air Partnerships¹

| Co-Brands | |
|--------------------|--|
| Accom. | DELTA Powered by Hotels.com Hilton HARRISON BONVOY airbnb WORLD OF HYATT WORLDHOTELS SHANGRI-LA RADISSON REWARDS LE CLUB ACCOR HOTELS LANGHAM |
| Cars | Hertz dollar. Thrifty lyft Sixt Europcar Enterprise Alamo National |
| Retail & Other | SKYMILES SHOPPING SKYMILES CRUISES SKYMILES DINING WHEELS UP VINESSE Diners Club INTERNATIONAL ENERGY PLUS Grand Rapids Energy Ohio Natural Gas Georgia Natural Gas Illinois Energy FTD Basco de Chile 中国东方航空 |
| Intern'l Co-Brands | |

¹ Credit cards not owned by Delta Air Lines or SkyMiles.

Air Partnerships

| Latin America | Asia | Europe, Africa, ME |
|---------------|------|--------------------|
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DELTA SKYMILES

5 SkyMiles Offers Significant Diversity of Cash Flows with a Long-Term Track Record of Stable and Growing Performance through Cycles

| | | | | | |
|---|----------|----------|----------|----------|----------|
| Adjusted Cash Sales¹ for Pre-Purchase | \$ 3,094 | \$ 3,211 | \$ 3,337 | \$ 3,662 | \$ 3,824 |
| Impact of Pre-Purchase of Miles | \$ 675 | \$(323) | \$(336) | \$(341) | \$(675) |

2011-2019² CAGR of ~9%
2015-2019² CAGR of ~12%



Historical impact of prepaid miles transactions on program cash flows:

- Delta-Amex entered into the following pre-paid miles transactions since 2008:
 - \$1 billion pre-purchase of miles by Amex in 2008, which amortized in 2012-2014
 - \$675 million of annual pre-purchase of miles in December of 2011, 2012, 2013, and 2014

¹ Note: Non-GAAP financial measure. The impact of Amex's advance purchases on cash flows were as follows: 2011: Reflects \$675 million advance purchase; 2012, 2013, 2014: Reflects redemptions of \$323 million, \$336 million, and \$341 million respectively in 2012, 2013 and 2014 due to \$1 billion pre-purchase of miles executed in 2008 and advance purchase in December of each year offset by redemptions of miles purchased in the prior year; 2015: Reflects redemption of \$675 million miles purchased in December 2014 without corresponding purchase in December 2015.

² CAGRs computed based on Adjusted Cash Sales for pre-purchase.

6 SkyMiles Has an Attractive Business Model Allowing Flexibility to Control Costs and Preserve Margins

SkyMiles Flexibility

- In 2019, 97% of redemptions were on Delta allowing the flexibility to manage costs by modifying inventory levels and value
- SkyMiles can adjust the redemption value of miles based on demand on any given day, for example, by reducing the redemption value on a peak demand day prior to a holiday
- Dynamic pricing model adjusts the redemption value of miles based on demand strength or weakness, seasonality and other factors. This is important to control redemption cost while maintaining the value proposition for members and co-brand cardholders

SkyMiles Summary Financial Profile

| | Year Ended December 31, | | | 6 Months Ended June 30, | | 12 Months Ended June 30, 2020 |
|--|-------------------------|------------------|------------------|-------------------------|------------------|-------------------------------|
| | 2017 | 2018 | 2019 | 2019 | 2020 | |
| <i>(US\$ in millions)</i> | | | | | | |
| Total Miles Issued % YoY | 9.4 % | 7.8 % | 10.3 % | 9.1 % | (38.7)% | (14.4)% |
| Total Miles Redeemed % YoY | 6.2 % | 11.4 % | 10.7 % | 11.0 % | (77.9)% | (37.3)% |
| Cash Flow Statement: | | | | | | |
| Sales to Delta | \$ 1,670 | \$ 1,764 | \$ 1,938 | \$ 921 | \$ 576 | \$ 1,593 |
| Sales to AMEX | 2,861 | 3,259 | 3,917 | 1,846 | 1,858 | 3,829 |
| Sales to other non-air partners | 116 | 104 | 100 | 49 | 47 | 98 |
| Sales directly to SkyMiles members | 111 | 144 | 161 | 84 | 42 | 119 |
| Total Cash Received from Sales | \$ 4,758 | \$ 5,271 | \$ 6,115 | \$ 3,000 | \$ 2,523 | \$ 5,639 |
| % Growth YoY | | 10.8 % | 16.0 % | | | |
| Total Cash Paid for Redemptions and Other | \$(2,868) | \$(3,166) | \$(3,559) | \$(1,779) | \$(709) | \$(2,489) |
| % Growth YoY | | 10.4 % | 12.4 % | | | |
| Net Cash Flow from Sales | \$ 1,890 | \$ 2,105 | \$ 2,556 | \$ 1,221 | \$ 1,814 | \$ 3,150 |
| Total Cash Paid for Operating Expenses | \$(138) | \$(141) | \$(152) | \$(73) | \$(73) | \$(151) |
| Cash from Operations, net | \$ 1,752 | \$ 1,964 | \$ 2,405 | \$ 1,147 | \$ 1,741 | \$ 2,998 |
| % of Total Cash Received from Sales | 36.8 % | 37.3 % | 39.3 % | 38.2 % | 69.0 % | 53.2 % |
| Income Statement: | | | | | | |
| Gross revenue | \$ 4,444 | \$ 4,962 | \$ 5,966 | \$ 2,987 | \$ 1,342 | \$ 4,321 |
| Redemption and other costs | (2,769) | (3,104) | (3,465) | (1,765) | (434) | (2,134) |
| Revenue, net | \$ 1,675 | \$ 1,858 | \$ 2,501 | \$ 1,222 | \$ 908 | \$ 2,187 |
| Net Income | \$ 1,562 | \$ 1,800 | \$ 2,493 | \$ 1,211 | \$ 948 | \$ 2,230 |
| Balance Sheet: | | | | | | |
| Total Assets | \$ 8,140 | \$ 10,231 | \$ 12,905 | \$ 11,561 | \$ 14,298 | \$ 14,298 |
| Deferred revenue / mileage liability | 6,002 | 6,304 | 6,347 | 6,229 | 6,869 | 6,869 |
| Intercompany payables | 219 | 243 | 295 | 309 | 45 | 45 |
| Other liabilities | 236 | 201 | 287 | 329 | 460 | 460 |
| Total Liabilities | \$ 6,456 | \$ 6,748 | \$ 6,929 | \$ 6,867 | \$ 7,374 | \$ 7,374 |
| Shareholders' Equity | \$ 1,684 | \$ 3,483 | \$ 5,976 | \$ 4,695 | \$ 6,924 | \$ 6,924 |

Note: Amounts may not calculate due to rounding. Amounts represent SMHL Unaudited Pro Forma Consolidated Financial Information.

Performance Since COVID-19 Outbreak

Recent Performance

| | 1H 2019 | 1H 2020 | Δ |
|--|-----------------|-----------------|---------------|
| Cash Received from Sales | \$ 3,000 | \$ 2,523 | (15.9)% |
| Less Cash Paid for Redemptions and Other | \$(1,779) | \$(709) | (60.1)% |
| Less Cash Paid for Operating Expenses | \$(73) | \$(73) | (0.3)% |
| Cash from Operations, net | \$ 1,147 | \$ 1,741 | 51.8 % |

Commentary

- While customer traffic has declined, SkyMiles members remain engaged as they continue to earn miles via their co-branded credit cards
 - Amex sales have not declined at the same rate as the airline, leading to strong cash flow performance
- 1H20 Redemption Cost and Other includes a non-recurring benefit from award cancellations as a result of the decline in passenger travel due to COVID-19

Note: Amounts may not calculate due to rounding. Amounts are on an unaudited pro forma basis.



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**Delta Air Lines Announces Proposed Senior Secured Notes
Offering and Term Loan Facility by Delta and SkyMiles Subsidiary**

ATLANTA, September 14, 2020 – Today Delta Air Lines, Inc. (NYSE:DAL) (the “Company” or “Delta”) announced that the Company and SkyMiles IP Ltd. a newly formed Cayman Islands exempted company incorporated with limited liability and an indirect wholly-owned subsidiary of Delta, intend to commence a private offering to eligible purchasers of senior secured notes in one or more tranches (the “Notes”), subject to market and other conditions, and to enter into a senior secured term loan facility (the “New Credit Facility”) concurrently with the closing of the offering of the Notes. The aggregate principal amount of the Notes and the New Credit Facility is expected to be \$6.5 billion. Delta and SkyMiles IP Ltd. will be co-issuers of the Notes and co-borrowers under the New Credit Facility. The Notes and the New Credit Facility will be guaranteed by certain of Delta’s subsidiaries. The offering of the Notes is not contingent upon the closing of the New Credit Facility.

The Notes and New Credit Facility will be secured on a pari passu senior basis by a first-priority security interest in Delta’s SkyMiles program, including Delta’s rights under certain related agreements, intellectual property, and other collateral related to the SkyMiles program.

SkyMiles IP Ltd. intends to lend the net proceeds from the offering of the Notes and the New Credit Facility to Delta, after depositing a portion of the proceeds in a reserve account. The final terms and amounts of the Notes and the New Credit Facility are subject to market and other conditions and may be materially different than expectations. Delta expects to use the proceeds of the Notes and New Credit Facility for general corporate purposes and to bolster its liquidity position.

This press release is neither an offer to sell nor the solicitation of an offer to buy the Notes or any other securities and shall not constitute an offer, solicitation or sale in any jurisdiction in which such offering, solicitation or sale would be unlawful. The Notes are being offered in the United States only to persons reasonably believed to be qualified institutional buyers in an offering exempt from registration in reliance on Rule 144A under the Securities Act of 1933, as amended (the “Securities Act”), and outside the United States in reliance on Regulation S under the Securities Act. The Notes have not been, and will not be, registered under the Securities Act or any state securities laws and may not be offered or sold in the United States without registration or an applicable exemption from the registration requirements of the Securities Act or any applicable state securities laws.

About Delta

Delta Air Lines (NYSE: DAL) is the U.S. global airline leader in safety, innovation, reliability and customer experience. Powered by our employees around the world, Delta has for a decade led the airline industry in operational excellence while maintaining our reputation for award-winning customer service.

Today, and always, nothing is more important than the health and safety of our customers and employees. Since the onset of the COVID-19 pandemic, Delta has moved quickly to transform the industry standard of clean while offering customers more space across the travel journey. These and numerous other layers of protection ensure a safe and comfortable travel experience for our customers and employees.

With our mission of connecting the people and cultures of the globe, Delta strives to foster understanding across a diverse world and serve as a force for social good.

Forward Looking Statements

Statements in this press release that are not historical facts, including statements regarding our estimates, expectations, beliefs, intentions, projections or strategies for the future, may be “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995. All forward-looking statements involve a number of intentions, projections and strategies reflected in or suggested by the forward-looking statements. These risks and uncertainties include, but are not limited to, the material adverse effect that the COVID-19 pandemic is having on our business; the impact of incurring significant debt in response to the pandemic; the possible effects of accidents involving our aircraft; breaches or security lapses in our information technology systems; disruptions in our information technology infrastructure; our dependence on technology in our operations; the performance of our significant investments in and commercial relationships with, airlines in other parts of the world; failure to comply with the financial and other covenants in our financing agreements; labor issues; the effects of weather, natural disasters and seasonality on our business; the effects of an extended disruption in services provided by third parties; the cost of aircraft fuel; the availability of aircraft fuel; failure or inability of insurance to cover a significant liability at Monroe’s Trainer refinery; the impact of environmental regulation on the Trainer refinery, including costs related to renewable fuel standard regulations; our ability to retain senior management and key employees; damage to our reputation and brand if we are exposed to significant adverse publicity; the effects of terrorist attacks or geopolitical conflict; competitive conditions in the airline industry; interruptions or disruptions in service at major airports at which we operate; the effects of extensive government regulation on our business; the impact of environmental regulation on our business; the sensitivity of the airline industry to prolonged periods of stagnant or weak economic conditions; and uncertainty in economic conditions and regulatory environment in the United Kingdom related to the exit of the United Kingdom from the European Union.

Additional information concerning risks and uncertainties that could cause differences between actual results and forward-looking statements is contained in our Securities and Exchange Commission filings, including our Annual Report on Form 10-K for the fiscal year ended Dec. 31, 2019 and, our Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2020. Caution should be taken not to place undue reliance on our forward-looking statements, which represent our views only as of Sept. 14, 2020, and which we have no current intention to update except to the extent required by law.

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