



Delta Air Lines, Inc.
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May 29, 2015

Technical Director
File Reference No. 2015-240
Financial Accounting Standards Board
401 Merritt 7
PO Box 5116
Norwalk, CT 06856-5116

Dear Board Members:

Delta Air Lines, Inc., ("we" or "our") is a global provider of scheduled air transportation with annual revenues exceeding \$40 billion. We appreciate the opportunity to respond to the FASB Exposure Draft regarding the proposed Accounting Standards Update (ASU), *Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date*.

Question 1: Should the effective date of the guidance in Update 2014-09 be deferred for one year for public business entities, certain not-for-profit entities, and certain employee benefit plans? Please explain why.

Response:

We support the deferral of the effective date of Topic 606 for at least one year for the reasons stated in paragraph BC6 within the Background Information and Basis for Conclusions section of the Exposure Draft. The delayed timing of issuance with proposed amendments makes it difficult to implement the standard any sooner than the proposed effective date in the Exposure Draft. Information technology and internal controls implementation concerns would need to be assessed after the standard is finalized. For example, the recently proposed ASU, *Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing*, directly impacts all industries as identifying performance obligations is one of the key fundamental steps required in order to achieve the core principle of revenue recognition.

In addition, we are a member of, and actively involved in, the AICPA Airlines Revenue Recognition Task Force. The Task Force includes representation from the major domestic airline carriers and recently began cooperation with international carriers. Several implementation issues have been identified by the Task Force and research is well underway. The Task Force meets formally in person or via a teleconference frequently and has numerous informal discussions during the interim periods. Despite the frequency of these meetings, there is a significant amount of additional evaluation and interpretation of the standard that remains. Even with the significant effort to date, we are in the early phases of this process, and the process is imperative to appropriately implement this standard.

Lastly, there are a number of critical issues to the airline industry that have been identified and are currently being evaluated by the FASB including the aforementioned proposed ASU regarding identifying performance obligations and the current research project on principal versus agent considerations. Once these issues are resolved, there is still an evaluation process that will be necessary to understand the implications specific to the industry. Given these considerations, there are merits in the suggestion that the deferral should be longer than one year. We believe full consideration of an effective date should be made after the standard (including proposed amendments) is finalized.

Question 2: Should the effective date of the guidance in Update 2014-09 be deferred for one additional year for all other entities? Please explain why.

Response:

We support that the effective date of Topic 606 should be deferred one additional year for entities that are not public business entities, certain not-for-profit entities, or certain employee benefit plans for the reasons stated in the Background Information and Basis for Conclusions section of the Exposure Draft.

Question 3: In addition to providing a one-year deferral of the effective date of the guidance in Update 2014-09, should the Board also provide an optional two-year deferral for all entities that apply that guidance retrospectively to each reporting period presented? Please explain why.

Response:

We do not support the optional two-year deferral for entities applying the guidance retrospectively. We are concerned that a deferral based on the transition method selected by a preparer upon adoption of the standard may be confusing to users and negatively impact comparability.

Question 4: Should earlier application of the guidance in Update 2014-09 be permitted as of the effective date originally included in Update 2014-09? Please explain why.

Response:

We support the proposal to permit entities to adopt the guidance in Update 2014-09 as of the original effective date for the reasons stated in the Background Information and Basis for Conclusions section of the Exposure Draft. We believe that the disclosure requirements in the first year of implementation mitigate the potential comparability issue.

Sincerely,



Craig M. Meynard
Vice President and Chief Accounting Officer



Jarrod J. Dominick
Director – Technical Accounting and External Reporting