Delta Air Lines, Inc.
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August 14, 2015

Technical Director
File Reference No. 2015-270
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), *Compensation – Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting*. We believe the Board's simplification initiative is a worthy effort to reduce the cost and complexity of financial accounting standards while improving the usefulness of information provided to users of financial statements. Unless specifically discussed below, we support the Board's proposals for the reasons stated in the Background Information and Basis for Conclusions section of the Exposure Draft.

Question 4: Should entities be permitted to make an accounting policy election either to account for forfeitures when they occur or to estimate forfeitures? If not, why?

Response:

While we support the proposal to permit entities to account for forfeitures as they occur for the reasons stated in the Background Information and Basis for Conclusions section of the Exposure Draft, we do not believe entities should be able to make an accounting policy election. The disparity in practice resulting from an elective policy will reduce the comparability of the information provided to users of the financial statements. We believe improved comparability resulting from a single accounting standard outweighs any concerns related to an entity's previously-incurred costs to estimate forfeitures. Most entities' estimates are fairly simple and require minimal effort. Although accounting for forfeitures as they occur best addresses the simplification effort, we believe requiring one policy for all entities is preferable to providing an option.

Question 5: Is the proposed expansion of the exception to liability classification related to the amount withheld for employee's taxes appropriate? If not, is there another exception that is more appropriate and why?

Response:

We support the proposal to expand the exception to liability classification related to amounts withheld for employee's taxes for the reasons stated in the Background Information and Basis for Conclusions section of the Exposure Draft. In addition, this proposal would result in greater consistency for tax withholding for share-based payments compared to other forms of employee compensation, which minimizes compliance costs for employers and simplifies personal tax planning efforts for employees as the taxes withheld more closely approximates an employee's marginal tax rate.

Question 6: Should the cash paid by an employer to the taxing authorities when directly withholding shares for tax-withholding purposes be classified as a financing activity on the statement of cash flows? If not, what classification is more appropriate and why?

Response:

We do not support the proposal to classify cash paid by an employer to the taxing authorities when directly withholding shares for tax-withholding purposes as a financing activity on the statement of cash flows. While stock transactions are normally recorded as a financing activity, we do not believe shares withheld for taxes are analogous to share repurchases. ASC 230-10-45-17c states "All other cash payments that do not stem from transactions defined as investing or financing activities" should be classified as cash outflows for operating activities. Although the Codification's Master Glossary definition of operating activities states, in part, that operating activities are "generally the cash effects of transactions and other events that enter into the determination of net income," we believe classification within operating activities is most consistent with the classification of other tax payments and employee compensation.

Question 10: Are the transition requirements for each area appropriate? If not, what transition approach is more appropriate?

Response:

We support the proposed transition methods for all amendments, except for the transition method related to existing APIC pools. Without a retrospective application and related cumulative-effect adjustment, entities would be required to continue tracking existing APIC pools and would need to apply two separate methodologies to new and pre-existing share-based awards, which could extend for many years after the effective date of the amendments. We support the transition approaches for all other amendments for the reasons stated in the Background Information and Basis for Conclusions section of the Exposure Draft.

Question 11: How much time will be necessary to adopt the amendments in this proposed Update? Should the amount of time needed to apply the proposed amendments by entities other than public business entities be different from the amount of time needed by public business entities?

Response:

We believe a period of at least nine months should be provided to all entities to adopt the amendments in this proposed Update in the first annual period after the effective date. For example, if the standard is approved in the fourth quarter of calendar year 2015 or the first quarter of calendar year 2016, it would be effective for entities with annual periods beginning after December 15, 2016.

Share-based payments require approvals through the Board of Directors and, therefore, new award agreements often necessitate significant time and effort from many different parties within an entity (e.g., HR, payroll, legal, finance, IT, etc.), prior to Board authorization. In addition, coordination with third party service providers would require time to modify systems to track and record share-based payments. Providing at least nine months to adopt would enable sufficient time to educate the relevant parties about the potential impact of the proposed amendments. We do not believe the time provided to adopt the proposed amendments should be different for entities other than public business entities.

Sincerely,

Craig M. Meynard
Vice President and Chief Accounting Officer

Jarrod J. Dominick
Director – Technical Accounting and External Reporting