

**Note A: The following tables show reconciliations of non-GAAP financial measures. The reasons Delta uses these measures are described below. Reconciliations may not calculate due to rounding.**

Delta sometimes uses information ("non-GAAP financial measures") that is derived from the Consolidated Financial Statements, but that is not presented in accordance with accounting principles generally accepted in the U.S. ("GAAP"). Under the Securities and Exchange Commission rules, non-GAAP financial measures may be considered in addition to results prepared in accordance with GAAP, but should not be considered a substitute for or superior to GAAP results. The tables below show reconciliations of non-GAAP financial measures used in this release to the most directly comparable GAAP financial measures.

**Forward Looking Projections.** Delta is not able to reconcile forward looking non-GAAP financial measures without unreasonable effort because the adjusting items such as those used in the reconciliations below will not be known until the end of the period and could be significant.

**Adjustments.** These reconciliations include certain adjustments to GAAP measures that are made to provide comparability between the reported periods, if applicable, and for the reasons indicated below:

*MTM adjustments and settlements on hedges.* Mark-to-market ("MTM") adjustments are defined as fair value changes recorded in periods other than the settlement period. Such fair value changes are not necessarily indicative of the actual settlement value of the underlying hedge in the contract settlement period, and therefore we remove this impact to allow investors to better understand and analyze our core performance. Settlements represent cash received or paid on hedge contracts settled during the applicable period.

*Loss on extinguishment of debt.* This adjustment relates to early termination of a portion of our debt. Adjusting for these losses allows investors to better understand and analyze our core operational performance in the periods shown.

*MTM adjustments on investments.* Unrealized gains/losses result from our equity investments that are accounted for at fair value in non-operating expense. The gains/losses are driven by changes in stock prices, foreign currency fluctuations and other valuation techniques for investments in companies without publicly-traded shares. Adjusting for these gains/losses allows investors to better understand and analyze our core operational performance in the periods shown.

*Restructuring charges.* During 2020, we recorded restructuring charges for items such as fleet impairments and voluntary early retirement and separation programs following strategic business decisions in response to the COVID-19 pandemic. During 2022, we recognized adjustments to certain of those restructuring charges, representing changes in our estimates.

*Third-party refinery sales.* Refinery sales to third parties, and related expenses, are not related to our airline segment. Excluding these sales therefore provides a more meaningful comparison of our airline operations to the rest of the airline industry.

*One-time pilot agreement expenses.* In the March 2023 quarter, Delta pilots ratified a new four-year Pilot Working Agreement effective January 1, 2023. The agreement includes numerous work rule changes and pay rate increases during the four-year term, including an initial pay rate increase of 18%. The agreement also includes a provision for a one-time payment made upon ratification in the March 2023 quarter of \$735 million. Additionally, we recorded adjustments to other benefit-related items of approximately \$130 million. Adjusting for these expenses allows investors to better understand and analyze our core cost performance.

**Pre-Tax Income, Net Income, and Diluted Earnings per Share, adjusted**

(in millions, except per share data)	Three Months Ended June 30, 2023			Three Months Ended June 30, 2023
	Pre-Tax Income	Income Tax	Net Income	Earnings Per Diluted Share
GAAP	\$ 2,317	\$ (490)	\$ 1,827	\$ 2.84
Adjusted for:				
MTM adjustments and settlements on hedges	3			
Loss on extinguishment of debt	29			
MTM adjustments on investments	(128)			
Non-GAAP	\$ 2,220	\$ (498)	\$ 1,723	\$ 2.68

(in millions, except per share data)	Three Months Ended June 30, 2022			Three Months Ended June 30, 2022
	Pre-Tax Income	Income Tax	Net Income	Earnings Per Diluted Share
GAAP	\$ 1,033	\$ (298)	\$ 735	\$ 1.15
Adjusted for:				
MTM adjustments and settlements on hedges	(73)			
Loss on extinguishment of debt	41			
MTM adjustments on investments	221			
Restructuring charges	(1)			
Non-GAAP	\$ 1,222	\$ (300)	\$ 921	\$ 1.44

**Total Operating Revenue, adjusted and Total Revenue Per Available Seat Mile ("TRASM"), adjusted**

(in millions)	Three Months Ended			2Q23 vs 2Q22 % Change
	June 30, 2023	September 30, 2022	June 30, 2022	
Total operating revenue	\$ 15,578	\$ 13,975	\$ 13,824	
Adjusted for:				
Third-party refinery sales	(965)	(1,134)	(1,514)	
Total operating revenue, adjusted	\$ 14,613	\$ 12,840	\$ 12,311	19 %

	Three Months Ended			2Q23 vs 2Q22 % Change
	June 30, 2023	September 30, 2022	June 30, 2022	
TRASM (cents)	22.58	22.18	23.47	
Adjusted for:				
Third-party refinery sales	(1.40)	(1.80)	(2.57)	
TRASM, adjusted	21.18	20.38	20.90	1.3 %

**Operating Margin, adjusted**

	Three Months Ended	
	June 30, 2023	June 30, 2022
Operating margin	16.0 %	11.0 %
Adjusted for:		
MTM adjustments and settlements on hedges	—	(0.5)
Third-party refinery sales	1.1	1.3
Operating margin, adjusted	17.1 %	11.7 %

## Operating Income, adjusted

(in millions)	Three Months Ended			
	June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022
Operating income/(loss)	\$ 2,491	\$ (277)	\$ 1,470	\$ 1,456
Adjusted for:				
MTM adjustments and settlements on hedges	3	(41)	70	36
One-time pilot agreement expenses	—	864	—	—
Restructuring charges	—	—	(118)	1
<b>Operating income, adjusted</b>	<b>\$ 2,494</b>	<b>\$ 546</b>	<b>\$ 1,422</b>	<b>\$ 1,492</b>

Twelve months ended June 30, 2023 operating income, adjusted: \$ 5,954

**Free Cash Flow.** We present free cash flow because management believes this metric is helpful to investors to evaluate the company's ability to generate cash that is available for use for debt service or general corporate initiatives. Free cash flow is also used internally as a component of our 2023 incentive compensation program. Free cash flow is defined as net cash from operating activities and net cash from investing activities, adjusted for (i) net purchases/(redemptions) of short-term investments, (ii) net cash flows related to certain airport construction projects and other, (iii) financed aircraft acquisitions and (iv) pilot agreement payment. These adjustments are made for the following reasons:

*Net purchases/(redemptions) of short-term investments.* Net purchases/(redemptions) of short-term investments represent the net purchase and sale activity of investments and marketable securities in the period, including gains and losses. We adjust for this activity to provide investors a better understanding of the company's free cash flow generated by our operations.

*Net cash flows related to certain airport construction projects and other.* Cash flows related to certain airport construction projects are included in our GAAP operating activities and capital expenditures. We have adjusted for these items, which were primarily funded by cash restricted for airport construction, to provide investors a better understanding of the company's free cash flow and capital expenditures that are core to our operations in the periods shown.

*Financed aircraft acquisitions.* This adjustment reflects aircraft deliveries that are leased as capital expenditures. The adjustment is based on their original contractual purchase price or an estimate of the aircraft's fair value and provides a more meaningful view of our investing activities.

*Pilot agreement payment.* In the March 2023 quarter, Delta pilots ratified a new four-year Pilot Working Agreement effective January 1, 2023. The agreement includes numerous work rule changes and pay rate increases during the four-year term, including an initial pay rate increase of 18%. The agreement also includes a provision for a one-time payment made upon ratification in the March 2023 quarter of \$735 million. We adjust for this item to provide investors a better understanding of our recurring free cash flow generated by our operations.

(in millions)	Three Months Ended	
	June 30, 2023	
Net cash provided by operating activities	\$	2,609
Net cash used in investing activities		(1,382)
Adjusted for:		
Net purchases/(redemptions) of short-term investments		(51)
Net cash flows related to certain airport construction projects and other		81
Financed aircraft acquisitions		(162)
<b>Free cash flow</b>	<b>\$</b>	<b>1,094</b>

(in millions)	Six Months Ended	
	June 30, 2023	
Net cash provided by operating activities	\$	4,843
Net cash used in investing activities		(2,482)
Adjusted for:		
Net purchases/(redemptions) of short-term investments		50
Net cash flows related to certain airport construction projects and other		101
Financed aircraft acquisitions		(299)
Pilot agreement payment		735
<b>Free cash flow</b>	<b>\$</b>	<b>2,948</b>

## Non-Fuel Unit Cost or Cost per Available Seat Mile, ("CASM-Ex")

We adjust CASM for certain items described above, as well as the following items and reasons described below:

*Aircraft fuel and related taxes.* The volatility in fuel prices impacts the comparability of year-over-year financial performance. The adjustment for aircraft fuel and related taxes allows investors to better understand and analyze our non-fuel costs and year-over-year financial performance.

*Profit sharing.* We adjust for profit sharing because this adjustment allows investors to better understand and analyze our recurring cost performance and provides a more meaningful comparison of our core operating costs to the airline industry.

	Three Months Ended			2Q23 vs 2Q22 % Change
	June 30, 2023	September 30, 2022	June 30, 2022	
CASM (cents)	18.97	19.87	20.89	
Adjusted for:				
Third-party refinery sales	(1.40)	(1.80)	(2.57)	
Aircraft fuel and related taxes	(3.65)	(5.26)	(5.47)	
Profit sharing	(0.86)	(0.38)	(0.09)	
CASM-Ex	13.06	12.43	12.76	2.4 %

	Six Months Ended December 31, 2022
CASM (cents)	19.98
Adjusted for:	
Third-party refinery sales	(1.86)
Aircraft fuel and related taxes	(5.03)
Profit sharing	(0.41)
Restructuring charges	0.10
CASM-Ex	12.77

**Gross Capital Expenditures.** We adjust capital expenditures for the following items to determine gross capital expenditures for the reasons described below:

*Financed aircraft acquisitions.* This adjusts capital expenditures to reflect aircraft deliveries that are leased as capital expenditures. The adjustment is based on their original contractual purchase price or an estimate of the aircraft's fair value and provides a more meaningful view of our investing activities.

*Net cash flows related to certain airport construction projects.* Cash flows related to certain airport construction projects are included in capital expenditures. We have adjusted for these items because management believes investors should be informed that a portion of these capital expenditures from airport construction projects are either funded with restricted cash specific to these projects or reimbursed by a third party.

(in millions)	Three Months Ended June 30, 2023
Flight equipment, including advance payments	\$ 1,074
Ground property and equipment, including technology	378
Adjusted for:	
Financed aircraft acquisitions	162
Net cash flows related to certain airport construction projects	(42)
Gross capital expenditures	\$ 1,572

**Adjusted Net Debt.** Delta uses adjusted total debt, including aircraft rent, in addition to adjusted debt and finance leases, to present estimated financial obligations. Delta reduces adjusted total debt by cash, cash equivalents, short-term investments and LGA restricted cash, resulting in adjusted net debt, to present the amount of assets needed to satisfy the debt. Management believes this metric is helpful to investors in assessing the company's overall debt profile.

(in millions)	June 30, 2023	
Debt and finance lease obligations	\$	20,205
Plus: sale-leaseback financing liabilities		1,912
Plus: unamortized discount/(premium) and debt issue cost, net and other		99
Adjusted debt and finance lease obligations	\$	22,216
Plus: 7x last twelve months' aircraft rent		3,661
Adjusted total debt	\$	25,877
Less: cash, cash equivalents, short-term investments and LGA restricted cash		(6,037)
Adjusted net debt	\$	19,841

**Adjusted Debt to Earnings Before Interest, Taxes, Depreciation, Amortization and Rent ("EBITDAR").** We present adjusted debt to EBITDAR because management believes this metric is helpful to investors in assessing the company's overall debt profile. Adjusted debt includes LGA bonds and operating lease liabilities. We calculate EBITDAR by adding depreciation and amortization to GAAP operating income and adjusting for the fixed portion of operating lease expense.

(in billions)	June 30, 2023		December 31, 2022	
Debt and finance lease obligations	\$	20	\$	23
Plus: Operating lease liability		7		8
Plus: Sale leaseback liability		2		2
Adjusted Debt	\$	30	\$	33

(in billions)	Last Twelve Months Ended June 30, 2023		Year Ended December 31, 2022	
GAAP operating income	\$	5	\$	4
Adjusted for:				
One-time pilot agreement expenses		1		—
Operating income, adjusted		6		4
Adjusted for:				
Depreciation and amortization		2		2
Fixed portion of operating lease expense		1		1
EBITDAR	\$	9	\$	7

Adjusted Debt to EBITDAR	3.2x	5x
--------------------------	------	----

**After-tax Return on Invested Capital ("ROIC").** We present after-tax return on invested capital as management believes this metric is helpful to investors in assessing the company's ability to generate returns using its invested capital as a measure against the industry. Return on invested capital is tax-effected adjusted total pre-tax income divided by average adjusted invested capital. Average adjusted invested capital represents the sum of the adjusted book value of equity at the end of the last five quarters, adjusted for pension impacts within other comprehensive income. Average adjusted gross debt is calculated using amounts as of the end of the last five quarters. All adjustments to calculate ROIC are intended to provide a more meaningful comparison of our results to the airline industry.

(in billions)	<b>Year Ended</b>	
	<b>December 31, 2022</b>	
Pre-tax income	\$	1.9
Adjusted for:		
Restructuring charges		(0.1)
Loss on extinguishment of debt		0.1
MTM adjustments on investments		0.8
Amortization of retirement actuarial loss		0.3
Interest expense, net and interest expense included in aircraft rent		1.4
Pre-tax adjusted income	\$	4.4
Tax effect		(1.1)
Tax-effected adjusted total pre-tax income	\$	3.3
Adjusted book value of equity	\$	12.1
Average adjusted gross debt		27.5
Averaged adjusted invested capital	\$	39.6
After-tax Return on Invested Capital		8.4 %