

**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 U.S. 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.** The Company is not able to reconcile forward looking non-GAAP financial measures 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.

**Pre-Tax (Loss), adjusted.** In the current period, pre-tax (loss), adjusted excludes the following items directly related to the impact of COVID-19 and our response:

*Restructuring charges.* We recognized \$2.5 billion of restructuring charges following strategic business decisions in response to the COVID-19 pandemic. These charges are primarily related to impairments from the decisions to retire the 777, MD-90 and 737-700 fleets and certain of our 767-300ER and A320 aircraft.

*CARES Act grant recognition.* We recognized \$1.3 billion of the grant proceeds from the CARES Act payroll support program as a contra-expense. We are recognizing the grant proceeds as contra-expense based on the periods that the funds are intended to compensate and we expect to use all proceeds from the payroll support program by the end of 2020.

*Impairments and equity method losses.* We recognized \$2.1 billion of charges related to write-downs of our investments in LATAM and Grupo Aeroméxico following their financial losses and separate Chapter 11 bankruptcy filings, and the write-down of our investment in Virgin Atlantic based on our share of its historical and projected losses.

We also adjust pre-tax (loss) for the following items to determine pre-tax (loss), adjusted for the reasons described 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. Settlements represent cash received or paid on hedge contracts settled during the applicable period.

*Equity investment MTM adjustments.* We recorded our proportionate share of loss from our equity investments in Virgin Atlantic, Grupo Aeroméxico and LATAM in non-operating expense. (As a result of Grupo Aeroméxico's and LATAM's bankruptcy filings, we no longer have significant influence over Grupo Aeroméxico or LATAM and have discontinued accounting for these investments under the equity method in the June 2020 quarter.) We adjust for our equity method investees' hedge portfolio MTM adjustments to allow investors to understand and analyze our core operational performance in the periods shown.

*MTM adjustments on investments.* Unrealized gains/losses on our equity investments in GOL, China Eastern, Air France-KLM and Hanjin-KAL, the largest shareholder of Korean Air, which are accounted for at fair value in non-operating expense, are driven by changes in stock prices and foreign currency. Adjusting for these gains/losses allows investors to better understand and analyze our core operational performance in the periods shown.

*Delta Private Jets adjustment.* Because we combined Delta Private Jets with Wheels Up in January 2020, we have excluded the impact of Delta Private Jets from 2019 results for comparability

	<b>Three Months Ended</b>	
	<b>June 30, 2020</b>	
	<b>Pre-Tax</b>	
	<b>Loss</b>	
(in millions, except per share data)		
GAAP	\$	(7,014)
Less: Restructuring charges		2,454
Less: CARES Act grant recognition		(1,280)
Less: Impairments and equity method losses		2,058
Adjusted for:		
MTM adjustments and settlements on hedges		14
Equity investment MTM adjustments		(87)
MTM adjustments on investments		(9)
<b>Non-GAAP</b>	<b>\$</b>	<b>(3,864)</b>

**Cash Burn.** We present cash burn because management believes this metric is helpful to investors to evaluate the company's ability to maintain current liquidity and return to cash generation. The company defines cash burn as net cash from operating activities and net cash used in investing activities, adjusted for (i) net redemptions of short-term investments, (ii) strategic investments, (iii) net cash flows related to certain airport construction projects, (iv) proceeds from financing arrangements that are reported within investing activities, (v) CARES Act grant proceeds, and (vi) other charges that are not representative of our core operations, such as charges associated with our voluntary separation and early retirement programs. Adjustments include:

*Net purchases of short-term investments.* Net purchases 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.

*Strategic investments.* Cash flows related to our investment in Hanjin-KAL, the largest shareholder of Korean Air, are included in our GAAP investing activities. We adjust free cash flow for this activity because it provides a more meaningful comparison to the airline industry.

*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 operational performance in the periods shown.

*Proceeds from financing arrangements that are reported within investing activities* Cash flows from proceeds from financing arrangements that are reported within investing activities (such as certain sale-leaseback transactions) are removed from free cash flow in calculating daily cash burn to better illustrate the cash generated from our core operations.

*CARES act grant proceeds.* Cash flows related to the CARES Act Payroll Support Program grant proceeds, reported within operating activities in GAAP results. We adjust free cash flow for this item in calculating daily cash burn to better illustrate the cash from our core operations.

(in millions)	Three Months Ended June 30, 2020	Month Ended June 30, 2020
Net cash (used in)/provided by operating activities	\$ (290)	\$ 75
Net cash used in investing activities	(4,076)	(754)
Adjustments:		
Net purchases of short-term investments	4,302	1,091
Strategic Investments	—	—
Net cash flows related to certain airport construction projects and other	43	(30)
<b>Total free cash flow</b>	<b>\$ (21)</b>	<b>\$ 382</b>
Proceeds from financing arrangements reported within investing activities	(465)	(422)
CARES act grant proceeds	(3,455)	(761)
Adjusted free cash flow	\$ (3,941)	\$ (801)
Days in period	91	30
<b>Average Daily Cash Burn</b>	<b>\$ (43)</b>	<b>\$ (27)</b>

**Operating Revenue, adjusted.** We adjust operating revenue for third party refinery sales for the reasons described below. We adjust for the Delta Private Jets sale for the same reason described above under the heading pre-tax (loss), adjusted.

*Third-party refinery sales.* We adjust operating revenue for refinery sales to third parties to determine operating revenue, adjusted because these revenues are not related to our airline segment. Operating revenue, adjusted therefore provides a more meaningful comparison of revenue from our airline operations to the rest of the airline industry.

(in millions)	Three Months Ended		Change
	June 30, 2020	June 30, 2019	
Operating revenue	\$ 1,468	\$ 12,536	
Adjusted for:			
Third-party refinery sales	(292)	(40)	
Delta Private Jets adjustment	—	(49)	
Operating revenue, adjusted	\$ 1,176	\$ 12,448	(91)%

**Operating Expense, adjusted.** In the current period, operating expense, adjusted excludes the following items directly related to the impact of COVID-19 and our response: restructuring charges and CARES Act grant recognition, as discussed above under the heading pre-tax (loss), adjusted. We also adjust operating expense for MTM adjustments and settlements, third-party refinery sales and Delta Private Jets sale adjustment for the same reasons described above under the headings pre-tax (loss), adjusted and operating revenue, adjusted to determine operating expense, adjusted.

(in millions)	Three Months Ended		Change
	June 30, 2020	June 30, 2019	
Operating expense	\$ 6,283	\$ 10,408	
Less: Restructuring charges	(2,454)	—	
Less: CARES Act grant recognition	1,280	—	
Adjusted for:			
MTM adjustments and settlements	(14)	(10)	
Third-party refinery sales	(292)	(40)	
Delta Private Jets adjustment	—	(50)	
Operating expense, adjusted	\$ 4,803	\$ 10,308	\$ (5,505)

**Fuel expense, adjusted.** The table below shows the components of fuel expense, including the impact of hedging and the refinery. We then adjust for MTM adjustments and settlements on hedges and the Delta Private Jets sale for the same reasons described under the heading pre-tax (loss), adjusted.

(in millions)	Three Months Ended		Change
	June 30,		
	2020	2019	
Fuel purchase cost	\$ 244	\$ 2,318	
Fuel hedge impact	14	10	
Refinery segment impact	114	(37)	
Total fuel expense	\$ 372	\$ 2,291	
MTM adjustments and settlements on hedges	(14)	(10)	
Delta Private Jets adjustment	—	(8)	
Total fuel expense, adjusted	\$ 357	\$ 2,274	

**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 and 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)	<b>June 30, 2020</b>	
Debt and finance lease obligations	\$	24,643
Plus: sale-leaseback financing liabilities		2,306
Plus: unamortized discount/(premium) and debt issue cost, net and other		89
Adjusted debt and finance lease obligations	\$	27,038
Plus: 7x last twelve months' aircraft rent		2,876
Adjusted total debt	\$	29,914
Less: cash, cash equivalents and short-term investments		(15,669)
Less: LGA restricted cash		(339)
Adjusted net debt	\$	13,906

(in millions)	<b>December 31, 2019</b>	
Debt and finance lease obligations	\$	11,160
Plus: sale-leaseback financing liabilities		—
Plus: unamortized discount/(premium) and debt issue cost, net and other		(115)
Adjusted debt and finance lease obligations	\$	11,044
Plus: 7x last twelve months' aircraft rent		2,963
Adjusted total debt	\$	14,007
Less: cash, cash equivalents and short-term investments		(2,882)
Less: LGA restricted cash		(636)
Adjusted net debt	\$	10,489