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 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)/Income, adjusted. In the current period, pre-tax (loss)/income, adjusted excludes the following items directly related to the impact of COVID-19 and our response for comparability with the prior period:

Restructuring charges. We recognized $5.3 billion of restructuring charges following strategic business decisions in response to the COVID-19 pandemic. These charges primarily include voluntary early retirement and separation program charges and impairments and related charges from the decisions to retire the remaining 767-300ER fleet and the 717 and CRJ-200 fleets.

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. These charges relate to the write-down of our investment in Virgin Atlantic based on our share of its losses.

Pension settlement charges. These charges were recognized in connection with the voluntary programs.

We also regularly adjust pre-tax (loss)/income for the following items to determine pre-tax (loss)/income, 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.

MTM adjustments on investments. Unrealized gains/losses on our equity investments in 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.

	Three Months Ended September 30, 2020	
(in millions)	Pre-Tax Loss	
GAAP	$	(6,859)
Less: Restructuring charges		5,345
Less: CARES Act grant recognition		(1,315)
Less: Impairments and equity method losses		114
Less: Pension settlement charges		30
Adjusted for:		
MTM adjustments and settlements on hedges		(3)
MTM adjustments on investments		99
Non-GAAP	$	(2,589)

Operating Revenue, adjusted. We adjust operating revenue for third party refinery sales and Delta Private Jets for the reasons described below.

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.

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.

	Three Months Ended		
(in millions)	September 30, 2020	September 30, 2019	Change
Operating revenue	$ 3,062	$ 12,560	
Adjusted for:			
Third-party refinery sales	(417)	(6)	
Delta Private Jets adjustment	—	(47)	
Operating revenue, adjusted	$ 2,645	$ 12,507	(79)%

	Three Months Ended		
(in millions)	June 30, 2020	June 30, 2019	Change
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)%

Cash Burn. We present cash burn because management believes this metric is helpful to investors to evaluate the company's ability to maintain 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 purchases of short-term investments, (ii) strategic investments, (iii) net cash flows related to certain airport construction projects, (iv) payments/(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 investments in and related transactions with other airlines are included in our GAAP investing activities. We adjust for this activity because it provides a more meaningful comparison to our airline industry peers.

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.

Payments/(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.

Voluntary programs. Cash flows from the voluntary separation and early retirement programs offered to employees during the September quarter, 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)	Month Ended September 30, 2020	Month Ended June 30, 2020
Net cash (used in)/provided by operating activities	$ (720)	$ 75
Net cash used in investing activities	(1,033)	(754)
Adjustments:		
Net purchases of short-term investments	1,007	1,091
Strategic investments	(15)	—
Net cash flows related to certain airport construction projects and other	8	(30)
Total free cash flow	$ (753)	$ 382
Payments/(proceeds) from financing arrangements reported within investing activities	37	(422)
CARES Act grant proceeds	(110)	(761)
Voluntary programs	273	—
Adjusted free cash flow	$ (553)	$ (801)
Days in period	30	30
Average daily cash burn	$ (18)	$ (27)

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)/ income, adjusted. We also adjust operating expense for MTM adjustments and settlements on hedges, third-party refinery sales and Delta Private Jets adjustment for the same reasons described above under the headings pre-tax (loss)/income, adjusted, and operating revenue, adjusted to determine operating expense, adjusted.

	Three Months Ended		
(in millions)	September 30, 2020	September 30, 2019	Change
Operating expense	$ 9,448	$ 10,489	
Less: Restructuring charges	(5,345)	—	
Less: CARES Act grant recognition	1,315	—	
Adjusted for:			
MTM adjustments and settlements on hedges	3	25	
Third-party refinery sales	(417)	(6)	
Delta Private Jets adjustment	—	(49)	
Operating expense, adjusted	$ 5,004	$ 10,460	$ (5,455)

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)	September 30, 2020
Debt and finance lease obligations	$ 34,870
Plus: sale-leaseback financing liabilities	2,295
Plus: unamortized discount/(premium) and debt issue cost, net and other	252
Adjusted debt and finance lease obligations	$ 37,417
Plus: 7x last twelve months' aircraft rent	2,800
Adjusted total debt	$ 40,217
Less: cash, cash equivalents and short-term investments	(21,525)
Less: LGA restricted cash	(1,680)
Adjusted net debt	$ 17,012

(in millions)	December 31, 2019
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