

Note A: Scheduled capacity, also referred to as available seat miles or ASMs and which we have historically presented as a capacity measure, equals the total number of seats available for transporting passengers during a reporting period multiplied by the total number of miles flown during that period. Sellable capacity refers to available seat miles after giving effect to load factor caps and blocked seats. Cost and revenue unit metrics in this release, including all measures presented in Note B, are calculated on the basis of scheduled capacity.

Note B: 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, adjusted. In the September 2020 quarter, December 2020 quarter and full year 2020, pre-tax loss, 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 restructuring charges following strategic business decisions in response to the COVID-19 pandemic. For the full year 2020, these charges primarily include impairments and related charges from retirement decisions related to approximately 400 aircraft and the voluntary early retirement and separation programs.

CARES Act grant recognition. We recognized the full grant proceeds from the CARES Act payroll support program as a contra-expense in 2020. We recognized the grant proceeds based on the periods that the funds were intended to benefit.

Impairments and equity method losses. During 2020, we recognized charges and the related income tax impacts from 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.

Pension settlement charges. These charges were recognized in connection with the voluntary early retirement and separation programs.

We also regularly 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 previously recorded our proportionate share of losses 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 with 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 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.

(in millions)	Three Months Ended December 31, 2020	Year Ended December 31, 2020	Three Months Ended September 30, 2020
GAAP	\$ (1,108)	\$ (15,587)	\$ (6,859)
Less: Restructuring charges	421	8,219	5,345
Less: CARES Act grant recognition	(1,351)	(3,946)	(1,315)
Less: Impairments and equity method losses	—	2,172	114
Less: Pension settlement charges	5	36	30
Adjusted for:			
MTM adjustments and settlements on hedges	6	10	(3)
Equity investment MTM adjustments	—	(19)	—
MTM adjustments on investments	(94)	119	99
Non-GAAP	\$ (2,121)	\$ (8,996)	\$ (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.

(in millions)	Three Months Ended		Change
	December 31, 2020	December 31, 2019	
Operating revenue	\$ 3,973	\$ 11,439	
Adjusted for:			
Third-party refinery sales	(441)	(2)	
Delta Private Jets adjustment	—	(53)	
Operating revenue, adjusted	\$ 3,532	\$ 11,384	(69)%

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

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)	December 31, 2020
Debt and finance lease obligations	\$ 29,157
Plus: sale-leaseback financing liabilities	2,283
Plus: unamortized discount/(premium) and debt issue cost, net and other	240
Adjusted debt and finance lease obligations	\$ 31,680
Plus: 7x last twelve months' aircraft rent	2,794
Adjusted total debt	\$ 34,475
Less: cash, cash equivalents and short-term investments	(14,096)
Less: LGA restricted cash	(1,556)
Adjusted net debt	\$ 18,823

(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

Operating Expense, adjusted and Consolidated CASM, adjusted. In the June 2020, September 2020 and December 2020 quarter, operating expense, adjusted and consolidated CASM, adjusted exclude 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 and CASM for MTM adjustments and settlements on hedges, third-party refinery sales and the Delta Private Jets adjustment for the same reasons described above under the headings pre-tax loss, adjusted, and operating revenue, adjusted to determine operating expense, adjusted and consolidated CASM, adjusted.

(operating expense in millions, CASM in cents)	Operating Expense		Consolidated CASM	
	Three Months Ended		Three Months Ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
GAAP	\$ 4,831	\$ 10,040	13.21	15.34
Less: Restructuring charges	(421)	—	(1.15)	—
Less: CARES Act grant recognition	1,351	—	3.69	—
Adjusted for:				
MTM adjustments and settlements on hedges	(6)	(22)	(0.02)	(0.03)
Third-party refinery sales	(441)	(2)	(1.21)	(0.01)
Delta Private Jets adjustment	—	(55)	—	(0.08)
Non-GAAP	\$ 5,314	\$ 9,961	14.53	15.21

(operating expense in millions, CASM in cents)	Operating Expense		Consolidated CASM	
	Three Months Ended		Three Months Ended	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
GAAP	\$ 9,448	\$ 10,489	33.40	13.85
Less: Restructuring charges	(5,345)	—	(18.89)	—
Less: CARES Act grant recognition	1,315	—	4.65	—
Adjusted for:				
MTM adjustments and settlements on hedges	3	25	0.01	0.03
Third-party refinery sales	(417)	(6)	(1.47)	(0.01)
Delta Private Jets adjustment	—	(49)	—	(0.06)
Non-GAAP	\$ 5,004	\$ 10,460	17.69	13.81

(operating expense in millions, CASM in cents)	Operating Expense		Consolidated CASM	
	Three Months Ended		Three Months Ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
GAAP	\$ 6,283	\$ 10,408	59.30	14.51
Less: Restructuring charges	(2,454)	—	(23.15)	—
Less: CARES Act grant recognition	1,280	—	12.08	—
Adjusted for:				
MTM adjustments and settlements on hedges	(14)	(10)	(0.14)	(0.01)
Third-party refinery sales	(292)	(40)	(2.76)	(0.06)
Delta Private Jets adjustment	—	(50)	—	(0.07)
Non-GAAP	\$ 4,803	\$ 10,308	45.33	14.37

(operating expense in millions, CASM in cents)	Operating Expense		Consolidated CASM	
	Three Months Ended		Three Months Ended	
	March 31, 2019		March 31, 2019	
GAAP	\$ 9,452		15.14	
Adjusted for:				
MTM adjustments and settlements on hedges	(8)		(0.01)	
Third-party refinery sales	(49)		(0.08)	
Delta Private Jets adjustment	(42)		(0.07)	
Non-GAAP	\$ 9,354		14.99	

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 and related, (iii) net cash flows related to certain airport construction projects, (iv) aircraft financing arrangements, (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 and related. 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 operations in the periods shown.

Aircraft financing arrangements. Cash flows from payments reported within investing activities related to the purchase of aircraft that are fully financed in the period 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)	Three Months Ended December 31, 2020	Three Months Ended September 30, 2020
Net cash used in operating activities	\$ (1,286)	\$ (2,575)
Net cash used in investing activities	(1,048)	(1,144)
Adjustments:		
Net purchases of short-term investments	745	745
Strategic investments and related	(142)	235
Net cash flows related to certain airport construction projects and other	116	208
Total free cash flow	\$ (1,615)	\$ (2,531)
Aircraft financing arrangements	310	37
CARES Act grant proceeds	—	(491)
Voluntary programs	206	813
Adjusted free cash flow	\$ (1,099)	\$ (2,173)
Days in period	92	92
Average daily cash burn	\$ (12)	\$ (24)