

**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 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 Income and Net Income, adjusted.** We adjust pre-tax income and net income for mark-to-market ("MTM") adjustments and settlements on fuel hedge contracts, the MTM adjustments recorded by our equity method investees, Virgin Atlantic and Aeroméxico, unrealized gains/losses on our equity investments accounted for at fair value, and the DGS sale to determine pre-tax income and net income, adjusted. We include the income tax effect of adjustments when presenting net income, adjusted.

*MTM adjustments and settlements.* 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 period.

*Equity investment MTM adjustments.* We record our proportionate share of earnings/loss from our equity investments in Virgin Atlantic and Aeroméxico in non-operating expense. We adjust for our equity method investees' MTM adjustments to allow investors to better understand and analyze our core operational performance in the periods shown.

*Unrealized gain/loss on investments.* We record the unrealized gains/losses on our equity investments accounted for at fair value in non-operating expense. Adjusting for these gains/losses allows investors to better understand and analyze our core operational performance in the periods shown.

*DGS sale adjustment.* Because we sold DAL Global Services, LLC ("DGS") in December 2018, we have excluded the impact of DGS from historical results for comparability.

(in millions, except per share data)	Three Months Ended March 31, 2019			Three Months Ended March 31, 2019
	Pre-Tax Income	Income Tax	Net Income	Net Income Per Diluted Share
GAAP	\$ 946	\$ (216)	\$ 730	\$ 1.09
Adjusted for:				
MTM adjustments and settlements	8	(2)	6	
Equity investment MTM adjustments	(21)	5	(16)	
Unrealized gain/loss on investments	(100)	20	(80)	
Total adjustments	(114)	23	(91)	(0.13)
Non-GAAP	\$ 832	\$ (193)	\$ 639	\$ 0.96
Year-over-year change				28%

(in millions, except per share data)	Three Months Ended March 31, 2018			Three Months Ended March 31, 2018
	Pre-Tax Income	Income Tax	Net Income	Net Income Per Diluted Share
GAAP	\$ 732	\$ (175)	\$ 557	\$ 0.79
Adjusted for:				
MTM adjustments and settlements	(27)	12	(15)	
Equity investment MTM adjustments	3	(1)	2	
Unrealized gain/loss on investments	(18)	7	(11)	
DGS sale adjustment	(7)	2	(5)	
Total adjustments	(49)	20	(29)	(0.04)
Non-GAAP	\$ 683	\$ (154)	\$ 529	\$ 0.75

**Operating Margin, adjusted.** We adjust operating margin for MTM adjustments and settlements for the same reasons described above under the heading pre-tax income and net income, adjusted. We adjust for third-party refinery sales for the same reason described above under the heading operating revenue and TRASM, adjusted.

	Three Months Ended		
	March 31, 2019	March 31, 2018	March 31, 2017
Operating margin	9.7%	8.5 %	11.0 %
Adjusted for:			
MTM adjustments and settlements	0.1%	(0.3)%	(0.9)%
Third-party refinery sales	—%	0.2 %	0.1 %
Operating margin, adjusted	9.9%	8.4 %	10.1 %

**After-Tax Return on Invested Capital.** 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 adjusted total operating income, after-tax, divided by average invested capital. All adjustments to calculate ROIC are intended to provide a more meaningful comparison of our results to the airline industry and other high-quality industrial companies.

(in millions, except % of return)	Last Twelve Months Ended	
	March 31, 2019	March 31, 2018
Adjusted book value of equity	\$ 21,217	\$ 20,743
Average gross debt	11,234	11,360
Average invested capital	32,451	32,103
Adjusted total operating income	\$ 6,103	\$ 6,064
Tax effect	(1,435)	(1,990)
Tax-effected adjusted total operating income	\$ 4,668	\$ 4,075
After-tax return on invested capital	14.5%	12.7%
Year-over-year change	~2%	

**Operating Revenue, adjusted and Total Revenue Per Available Seat Mile ("TRASM"), adjusted.** We adjust operating revenue and TRASM for refinery sales to third parties to determine operating revenue, adjusted and TRASM, adjusted because refinery sales to third parties are not related to our airline segment. Operating revenue, adjusted and TRASM, adjusted therefore provide a more meaningful comparison of revenue from our airline operations to the rest of the airline industry. We adjust for the DGS sale for the same reason described above under the heading pre-tax income and net income, adjusted.

(in millions)	Three Months Ended		Change
	March 31, 2019	March 31, 2018	
Operating revenue	\$ 10,472	\$ 9,968	
Adjusted for:			
Third-party refinery sales	(48)	(213)	
DGS sale adjustment	—	(59)	
Operating revenue, adjusted	\$ 10,424	\$ 9,696	7.5%

	Three Months Ended		Change
	March 31, 2019	March 31, 2018	
TRASM (cents)	16.78	16.77	
Adjusted for:			
Third-party refinery sales	(0.08)	(0.36)	
DGS sale adjustment	—	(0.10)	
TRASM, adjusted	16.70	16.31	2.4%

**Pre-Tax Margin, adjusted.** We adjust pre-tax margin for MTM adjustments and settlements, equity investment MTM adjustments and unrealized gain/loss on investments for the same reasons described above under the heading pre-tax income and net income, adjusted. We adjust for third-party refinery sales for the same reason described above under the heading operating revenue and TRASM, adjusted.

	Three Months Ended	
	March 31, 2019	March 31, 2018
Pre-tax margin	9.0 %	7.3 %
Adjusted for:		
MTM adjustments and settlements	0.1 %	(0.3)%
Equity investment MTM adjustments	(0.2)%	0.1 %
Unrealized gain/loss on investments	(1.0)%	(0.2)%
Third-party refinery sales	— %	0.2 %
Pre-tax margin, adjusted	8.0 %	7.0 %

	Three Months Ended
	June 30, 2018
Pre-tax margin	11.8 %
Adjusted for:	
MTM adjustments and settlements	0.2 %
Equity investment MTM adjustments	(0.2)%
Unrealized gain/loss on investments	2.0 %
Third-party refinery sales	0.3 %
Pre-tax margin, adjusted	14.1 %

**Non-Fuel Unit Cost or Cost per Available Seat Mile, ("CASM-Ex").** We adjust CASM for the following items to determine CASM-Ex for the 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 understand and analyze our non-fuel costs and year-over-year financial performance.

*Ancillary businesses and refinery.* These expenses include aircraft maintenance we provide to third parties, our vacation wholesale operations and refinery cost of sales to third parties. 2018 results also include staffing services performed by DAL Global Services. Because these businesses are not related to the generation of a seat mile, we adjust for the costs related to these areas to provide a more meaningful comparison of the costs of our airline operations to the rest of the airline industry.

*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		Change
	March 31, 2019	March 31, 2018	
CASM (cents)	15.14	15.35	
Adjusted for:			
Aircraft fuel and related taxes	(3.17)	(3.12)	
Ancillary businesses and refinery	(0.56)	(0.83)	
Profit sharing	(0.35)	(0.32)	
CASM-Ex	11.06	11.08	(0.2)%

**Fuel expense, adjusted and Average fuel price per gallon, adjusted.** The table below shows the components of fuel expense, including the impact of the refinery segment and airline segment hedging on fuel expense and average price per gallon. We then adjust for MTM adjustments and settlements for the same reason described under the heading pre-tax income and net income, adjusted.

(in millions, except per gallon data)	Three Months Ended	
	March 31,	
	2019	2018
Fuel purchase cost	\$ 1,936	\$ 1,927
Fuel hedge impact	8	(27)
Refinery segment impact	34	(44)
Total fuel expense	\$ 1,978	\$ 1,856
MTM adjustments and settlements	(8)	27
Total fuel expense, adjusted	\$ 1,970	\$ 1,883
Change year-over-year	\$ 87	

**Non-operating Expense, adjusted.** We adjust for equity investment MTM adjustments and unrealized gain/loss on investments to determine non-operating expense, adjusted for the same reasons described above in the heading pre-tax income and net income, adjusted.

(in millions)	Three Months Ended	
	March 31, 2019	March 31, 2018
Non-operating expense	\$ 74	\$ 112
Adjusted for:		
Equity investment MTM adjustments	21	(3)
Unrealized gain/loss on investments	100	18
Non-operating expense, adjusted	\$ 195	\$ 126
Change year-over-year	\$ 69	

**Capital Expenditures, net.** We present net capital expenditures because management believes investors should be informed that a portion of these capital expenditures are reimbursed by a third party.

(in millions)	<b>Three Months Ended</b>	
	<b>March 31, 2019</b>	
Flight equipment, including advance payments	\$	1,059
Ground property and equipment, including technology		301
Net cash flows related to certain airport construction projects		(100)
<b>Capital expenditures, net</b>	<b>\$</b>	<b>1,259</b>

**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. Adjustments include:

*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 free cash flow for this activity, net, to provide investors a better understanding of the company's free cash flow position core to operations.

*Net cash flows related to certain airport construction projects.* Management believes investors should be informed that net cash flows received from or provided to third parties related to certain airport construction projects are included in our GAAP operating activities and capital expenditures. We have adjusted for these items 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.

(in millions)	<b>Three Months Ended</b>	
	<b>March 31, 2019</b>	
Net cash provided by operating activities	\$	1,951
Net cash used in investing activities		(1,105)
Adjustments:		
Net redemptions of short-term investments		(206)
Net cash flows related to certain airport construction projects and other		120
<b>Total free cash flow</b>	<b>\$</b>	<b>760</b>

(in millions)	<b>Year Ended</b>	
	<b>December 31, 2018</b>	
Net cash provided by operating activities	\$	7,014
Net cash used in investing activities		(4,393)
Adjustments:		
Net redemptions of short-term investments		(621)
Net cash flows related to certain airport construction projects and other		264
<b>Total free cash flow</b>	<b>\$</b>	<b>2,265</b>