

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 script 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 the following items to determine pre-tax income and net income, adjusted for the reasons described below. We include the income tax effect of adjustments when presenting net income, adjusted.

MTM adjustments and settlements. 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 period (defined below).

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' hedge portfolio 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 in GOL, China Eastern, Air France-KLM and Korean, which are 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 2018 results for comparability.

	Three Months Ended June 30, 2019			Three Months Ended June 30, 2019
	Pre-Tax Income	Income Tax	Net Income	Net Income Per Diluted Share
(in millions, except per share data)				
GAAP	\$ 1,907	\$ (464)	\$ 1,443	\$ 2.21
Adjusted for:				
MTM adjustments and settlements	10	(2)	8	
Equity investment MTM adjustments	(2)	—	(2)	
Unrealized gain/loss on investments	82	1	83	
Total adjustments	90	(1)	89	0.14
Non-GAAP	\$ 1,997	\$ (465)	\$ 1,532	\$ 2.35
Year-over-year change				32%

	Three Months Ended June 30, 2018			Three Months Ended June 30, 2018
	Pre-Tax Income	Income Tax	Net Income	Net Income Per Diluted Share
(in millions, except per share data)				
GAAP	\$ 1,386	\$ (350)	\$ 1,036	\$ 1.49
Adjusted for:				
MTM adjustments and settlements	24	(6)	18	
Equity investment MTM adjustments	(22)	5	(17)	
Unrealized gain/loss on investments	238	(29)	209	
DGS sale adjustment	(9)	2	(7)	
Total adjustments	231	(28)	203	0.29
Non-GAAP	\$ 1,617	\$ (378)	\$ 1,240	\$ 1.78

	Six Months Ended June 30, 2019			Six Months Ended June 30, 2019
	Pre-Tax Income	Income Tax	Net Income	Net Income Per Diluted Share
(in millions, except per share data)				
GAAP	\$ 2,853	\$ (680)	\$ 2,173	\$ 3.29
Adjusted for:				
MTM adjustments and settlements	17	(3)	14	
Equity investment MTM adjustments	(23)	6	(17)	
Unrealized gain/loss on investments	(18)	19	1	
Total adjustments	(24)	22	(2)	—
Non-GAAP	\$ 2,829	\$ (658)	\$ 2,171	\$ 3.29
Year-over-year change				31%

	Six Months Ended June 30, 2018			Six Months Ended June 30, 2018
	Pre-Tax Income	Income Tax	Net Income	Net Income Per Diluted Share
(in millions, except per share data)				
GAAP	\$ 2,119	\$ (525)	\$ 1,594	\$ 2.27
Adjusted for:				
MTM adjustments and settlements	(4)	7	3	
Equity investment MTM adjustments	(19)	5	(14)	
Unrealized gain/loss on investments	220	(22)	198	
DGS sale adjustment	(16)	4	(12)	
Total adjustments	181	(6)	175	0.25
Non-GAAP	\$ 2,301	\$ (532)	\$ 1,769	\$ 2.52

Operating Margin, adjusted. We adjust operating margin for MTM adjustments and settlements for the same reason described above under the headings Pre-tax income and net income, adjusted. We adjust for third-party refinery sales because refinery sales to third parties are not related to our airline segment. Operating margin, adjusted therefore provides a more meaningful comparison of results from our airline operations to the rest of the airline industry.

	Three Months Ended		Change
	June 30, 2019	June 30, 2018	
Operating margin	17.0%	14.3%	
Adjusted for:			
MTM adjustments and settlements	0.1%	0.2%	
Third-party refinery sales	—%	0.3%	
Operating margin, adjusted	17.1%	14.8%	2.3 pts

	Six Months Ended		Change
	June 30, 2019	June 30, 2018	
Operating margin	13.7%	11.6%	
Adjusted for:			
MTM adjustments and settlements	0.1%	—%	
Third-party refinery sales	—%	0.2%	
Operating margin, adjusted	13.8%	11.8%	2.0 pts

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 redemptions of short-term investments. Net 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 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 operational performance in the periods shown.

	Three Months Ended
(in millions)	June 30, 2019
Net cash provided by operating activities	\$ 3,273
Net cash used in investing activities	(1,567)
Adjustments:	
Net cash flows related to certain airport construction projects and other	65
Total free cash flow	\$ 1,771

	Six Months Ended
(in millions)	June 30, 2019
Net cash provided by operating activities	\$ 5,223
Net cash used in investing activities	(2,671)
Adjustments:	
Net redemptions of short-term investments	(206)
Net cash flows related to certain airport construction projects and other	185
Total free cash flow	\$ 2,531

Adjusted net income to free cash flow conversion 117%

	Year Ended
(in millions)	December 31, 2018
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
Total free cash flow	\$ 2,265

Operating Revenue, adjusted and Total Revenue Per Available Seat Mile ("TRASM"), adjusted. We adjust operating revenue and TRASM for refinery sales to third parties for the same reason described above under the heading operating margin, adjusted.

(in millions)	Three Months Ended		Change
	June 30, 2019	June 30, 2018	
Operating revenue	\$ 12,536	\$ 11,775	
Adjusted for:			
Third-party refinery sales	(40)	(216)	
DGS sale adjustment	—	(61)	
Operating revenue, adjusted	\$ 12,496	\$ 11,498	8.7%
Year-over-year change	\$ 998		

(in millions)	Six Months Ended		Change
	June 30, 2019	June 30, 2018	
Operating revenue	\$ 23,008	\$ 21,743	
Adjusted for:			
Third-party refinery sales	(89)	(429)	
DGS sale adjustment	—	(121)	
Operating revenue, adjusted	\$ 22,920	\$ 21,194	8.1%

	Three Months Ended		Change
	June 30, 2019	June 30, 2018	
TRASM (cents)	17.47	17.19	
Adjusted for:			
Third-party refinery sales	(0.06)	(0.32)	
DGS sale adjustment	—	(0.09)	
TRASM, adjusted	17.42	16.78	3.8%

(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%

(in millions)	Three Months Ended		Change
	December 31, 2018	December 31, 2017	
Operating revenue	10,742	10,229	
Adjusted for:			
Third-party refinery sales	(11)	(245)	
DGS sale adjustment	(64)	(56)	
Operating revenue, adjusted	10,668	9,928	7.5%

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.

	Last Twelve Months Ended	
	June 30, 2019	
(in millions, except % of return)		
Adjusted book value of equity	\$	21,306
Average gross debt		11,245
Average invested capital		32,551
Adjusted total operating income	\$	6,485
Tax effect		(1,515)
Tax-effected adjusted total operating income	\$	4,970
After-tax return on invested capital		15.3%

Pre-tax margin, adjusted. We adjust pre-tax margin for MTM adjustments and settlements, equity investment MTM adjustments, unrealized gain/loss on investments and the DGS sale 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	
	June 30, 2019	
Pre-tax margin		15.2 %
Adjusted for:		
MTM adjustments and settlements		0.1 %
Unrealized gain/loss on investments		0.7 %
Third-party refinery sales		0.1 %
Pre-tax margin, adjusted		16.1 %

	Three Months Ended	
	September 30, 2018	
Pre-tax margin		14.1 %
Adjusted for:		
MTM adjustments and settlements		(0.1)%
Equity investment MTM adjustments		(0.1)%
Unrealized gain/loss on investments		(0.4)%
Third-party refinery sales		0.2 %
DGS sale adjustment		(0.1)%
Pre-tax margin, adjusted		13.6 %

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, Delta Private Jets 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
	June 30, 2019	June 30, 2018	
CASM (cents)	14.51	14.73	
Adjusted for:			
Aircraft fuel and related taxes	(3.19)	(3.42)	
Ancillary businesses and refinery	(0.44)	(0.72)	
Profit sharing	(0.72)	(0.59)	
CASM-Ex	10.15	10.00	1.4%

	Six Months Ended		Change
	June 30, 2019	June 30, 2018	
CASM (cents)	14.80	15.02	
Adjusted for:			
Aircraft fuel and related taxes	(3.18)	(3.28)	
Ancillary businesses and refinery	(0.50)	(0.77)	
Profit sharing	(0.55)	(0.46)	
CASM-Ex	10.57	10.50	0.6%

Fuel expense, adjusted. The tables below show the components of fuel expense, including the impact of the refinery segment and airline segment hedging on fuel expense. 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)	Three Months Ended	
	June 30,	
	2019	2018
Fuel purchase cost	\$ 2,318	\$ 2,361
Fuel hedge impact	10	25
Refinery segment impact	(37)	(45)
Total fuel expense	\$ 2,291	\$ 2,341
MTM adjustments and settlements	(10)	(24)
Total fuel expense, adjusted	\$ 2,282	\$ 2,317
Change year-over-year	\$ (35)	

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	
	June 30, 2019	June 30, 2018
Non-operating expense	\$ 221	\$ 298
Adjusted for:		
Equity investment MTM adjustments	2	22
Unrealized gain/loss on investments	(82)	(238)
Non-operating expense, adjusted	\$ 141	\$ 81
Change year-over-year	\$ 60	

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)	Three Months Ended	
	June 30, 2019	
Flight equipment, including advance payments	\$	1,166
Ground property and equipment, including technology		393
Net cash flows related to certain airport construction projects		(127)
Capital expenditures, net	\$	1,433

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, 2019	
Debt and finance lease obligations	\$	10
Plus: Operating lease liability		6
Adjusted Debt	\$	16

(in billions)	Last Twelve Months Ended	
	June 30, 2019	
GAAP operating income	\$	6
Adjusted for:		
Depreciation and amortization		2
Fixed portion of operating lease expense		1
EBITDAR	\$	9

Adjusted Debt to EBITDAR 1.7x