

**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 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 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 Air, 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 September 30, 2019			Three Months Ended September 30, 2019
	Pre-Tax Income	Income Tax	Net Income	Net Income Per Diluted Share
(in millions, except per share data)				
GAAP	\$ 1,947	\$ (452)	\$ 1,495	\$ 2.31
Adjusted for:				
MTM adjustments and settlements	(25)	6	(19)	
Equity investment MTM adjustments	10	(2)	8	
Unrealized gain/loss on investments	35	(13)	22	
Total adjustments	20	(9)	11	0.01
Non-GAAP	\$ 1,967	\$ (461)	\$ 1,506	\$ 2.32
Change year-over-year	\$ 361			
Percent change year-over-year				29%

	Three Months Ended September 30, 2018			Three Months Ended September 30, 2018
	Pre-Tax Income	Income Tax	Net Income	Net Income Per Diluted Share
(in millions, except per share data)				
GAAP	\$ 1,688	\$ (366)	\$ 1,322	\$ 1.92
Adjusted for:				
MTM adjustments and settlements	(16)	(2)	(18)	
Equity investment MTM adjustments	(7)	(1)	(8)	
Unrealized gain/loss on investments	(50)	—	(50)	
DGS sale adjustment	(9)	2	(7)	
Total adjustments	(82)	(1)	(83)	(0.12)
Non-GAAP	\$ 1,606	\$ (367)	\$ 1,239	\$ 1.80

	Nine Months Ended September 30, 2019			Nine Months Ended September 30, 2019
	Pre-Tax Income	Income Tax	Net Income	Net Income Per Diluted Share
(in millions, except per share data)				
GAAP	\$ 4,800	\$ (1,132)	\$ 3,669	\$ 5.59
Adjusted for:				
MTM adjustments and settlements	(8)	2	(6)	
Equity investment MTM adjustments	(13)	3	(10)	
Unrealized gain/loss on investments	17	8	25	
Total adjustments	(4)	13	9	0.02
Non-GAAP	\$ 4,796	\$ (1,119)	\$ 3,677	\$ 5.61
Year-over-year change				30%

	Nine Months Ended September 30, 2018			Nine Months Ended September 30, 2018
	Pre-Tax Income	Income Tax	Net Income	Net Income Per Diluted Share
(in millions, except per share data)				
GAAP	\$ 3,806	\$ (890)	\$ 2,916	\$ 4.18
Adjusted for:				
MTM adjustments and settlements	(20)	5	(15)	
Equity investment MTM adjustments	(26)	6	(20)	
Unrealized gain/loss on investments	171	(26)	145	
DGS sale adjustment	(24)	6	(18)	
Total adjustments	101	(9)	92	0.14
Non-GAAP	\$ 3,907	\$ (899)	\$ 3,008	\$ 4.32

**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.

	<b>Three Months Ended</b>		<b>Change</b>
	<b>September 30, 2019</b>	<b>September 30, 2018</b>	
Operating margin	16.5 %	13.8 %	
Adjusted for:			
MTM adjustments and settlements	(0.2)%	(0.1)%	
Third-party refinery sales	— %	0.1 %	
<b>Operating margin, adjusted</b>	<b>16.3 %</b>	<b>13.7 %</b>	<b>2.5 pts</b>

	<b>Nine Months Ended</b>		<b>Change</b>
	<b>September 30, 2019</b>	<b>September 30, 2018</b>	
Operating margin	14.7 %	12.4 %	
Adjusted for:			
MTM adjustments and settlements	— %	(0.1)%	
Third-party refinery sales	— %	0.2 %	
<b>Operating margin, adjusted</b>	<b>14.7 %</b>	<b>12.5 %</b>	<b>2.2 pts</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 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 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.

(in millions)	<b>Three Months Ended September 30, 2019</b>	
Net cash provided by operating activities	\$	2,245
Net cash used in investing activities		(1,125)
Adjustments:		
Strategic investments		81
Net cash flows related to certain airport construction projects and other		229
<b>Total free cash flow</b>	<b>\$</b>	<b>1,430</b>

  

(in millions)	<b>Nine Months Ended September 30, 2019</b>	
Net cash provided by operating activities	\$	7,468
Net cash used in investing activities		(3,796)
Adjustments:		
Net redemptions of short-term investments		(206)
Strategic investments		169
Net cash flows related to certain airport construction projects and other		414
<b>Total free cash flow</b>	<b>\$</b>	<b>4,050</b>

**Operating Revenue, adjusted and Total Revenue Per Available Seat Mile ("TRASM"), adjusted.** We adjust operating revenue and TRASM for refinery sales to third parties and the DGS sale to determine operating revenue, adjusted and TRASM, adjusted for the same reasons described above under the heading operating margin, adjusted and pre-tax income and net income, adjusted.

(in millions)	Three Months Ended		Change
	September 30, 2019	September 30, 2018	
Operating revenue	\$ 12,560	\$ 11,953	
Adjusted for:			
Third-party refinery sales	(6)	(108)	
DGS sale adjustment	—	(63)	
Operating revenue, adjusted	\$ 12,554	\$ 11,783	6.5 %
Year-over-year change	\$ 771		
Revenue growth over the last two years	15%		

(in millions)	Nine Months Ended		Change
	September 30, 2019	September 30, 2018	
Operating revenue	\$ 35,568	\$ 33,696	
Adjusted for:			
Third-party refinery sales	(94)	(537)	
DGS sale adjustment	—	(182)	
Operating revenue, adjusted	\$ 35,474	\$ 32,977	7.6 %

(in millions)	Three Months Ended
	September 30, 2017
Operating revenue	\$ 11,062
Adjusted for:	
Third-party refinery sales	(129)
DGS sale adjustment	(55)
Operating revenue, adjusted	\$ 10,878

	Three Months Ended		Change
	September 30, 2019	September 30, 2018	
TRASM (cents)	16.58	16.40	
Adjusted for:			
Third-party refinery sales	(0.01)	(0.15)	
DGS sale adjustment	—	(0.09)	
TRASM, adjusted	16.57	16.17	2.5 %

**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 tax-effected adjusted total pre-tax income divided by average adjusted invested capital. We adjust pre-tax income for MTM adjustments and settlements and unrealized gain/loss on investments for the same reasons described above under the pre-tax income and net income, adjusted heading. Average adjusted invested capital represents the sum of the adjusted book value of equity at the end of the last five quarters, adjusted for pension and fuel hedge impacts within other comprehensive income. Average adjusted gross debt is calculated using amounts as of the end of the last five quarters. All adjustments to calculate ROIC are intended to provide a more meaningful comparison of our results to the airline industry.

(in billions, except % of return)	Last Twelve Months Ended	
	September 30, 2019	September 30, 2017
Pre-tax income	\$ 6.1	\$ 5.4
Adjusted for:		
MTM adjustments and settlements	—	(0.2)
Unrealized gain/loss on investments	(0.2)	—
Interest expense, net	0.3	0.4
Interest expense included in aircraft rent	0.3	0.2
Amortization of retirement actuarial losses	0.3	0.3
Pre-tax adjusted income	\$ 6.9	\$ 6.0
Tax effect	(1.6)	(2.1)
Tax-effected adjusted total pre-tax income	\$ 5.3	\$ 3.9
Adjusted book value of equity	\$ 21.7	\$ 20.5
Average adjusted gross debt	11.3	10.6
Average adjusted invested capital	\$ 33.1	\$ 31.1
After-tax return on invested capital	15.9%	12.7%
Change year-over-year	320 bps	

**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 margin, adjusted.

	Three Months Ended		Change
	September 30, 2019	September 30, 2018	
Pre-tax margin	15.5 %	14.1 %	
Adjusted for:			
MTM adjustments and settlements	(0.2)%	(0.1)%	
Equity investment MTM adjustments	0.1 %	(0.1)%	
Unrealized gain/loss on investments	0.3 %	(0.4)%	
DGS sale adjustment	— %	(0.1)%	
Third-party refinery sales	— %	0.2 %	
Pre-tax margin, adjusted	15.7 %	13.6 %	2.0 pts

**Fuel expense, adjusted and Average fuel price per gallon, adjusted.** The tables below show the components of fuel expense, including the impact of hedging and the refinery 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		Average Price Per Gallon	
	September 30,		September 30,	
	2019	2018	2019	2018
Fuel purchase cost	\$ 2,313	\$ 2,526	\$ 2.00	\$ 2.23
Fuel hedge impact	(25)	(16)	(0.02)	(0.01)
Refinery segment impact	(49)	(12)	(0.04)	(0.01)
Total fuel expense	\$ 2,239	\$ 2,498	\$ 1.94	\$ 2.21
MTM adjustments and settlements	25	16	0.02	0.01
Total fuel expense, adjusted	\$ 2,264	\$ 2,514	\$ 1.96	\$ 2.22
Change year-over-year	\$ (249)			

**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.* We adjust for expenses related to aircraft maintenance we provide to third parties, our vacation wholesale operations, our private jet operations as well as refinery cost of sales to third parties. 2018 results also include staffing services performed by DGS. 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
	September 30, 2019	September 30, 2018	
CASM (cents)	13.85	14.14	
Adjusted for:			
Aircraft fuel and related taxes	(2.96)	(3.43)	
Ancillary businesses and refinery	(0.37)	(0.56)	
Profit sharing	(0.68)	(0.54)	
CASM-Ex	9.84	9.61	2.4%

**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	
	September 30, 2019	September 30, 2018
Non-operating expense/(income)	\$ 124	\$ (43)
Adjusted for:		
Equity investment MTM adjustments	(10)	7
Unrealized gain/loss on investments	(35)	50
Non-operating expense, adjusted	\$ 79	\$ 14
Change year-over-year	\$ 65	

**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)	<b>September 30, 2019</b>	
Debt and finance lease obligations	\$	10
Plus: Operating lease liability		6
<b>Adjusted Debt</b>	<b>\$</b>	<b>16</b>

(in billions)	<b>Last Twelve Months Ended September 30, 2019</b>	
GAAP operating income	\$	6
Adjusted for:		
Depreciation and amortization		3
Fixed portion of operating lease expense		1
<b>EBITDAR</b>	<b>\$</b>	<b>10</b>

Adjusted Debt to EBITDAR 1.7x

**Operating Cash Flow, adjusted.** We present operating cash flow, adjusted because management believes investors should be informed that reimbursements from third parties related to build-to-suit facilities effectively reduces net cash provided by operating activities and related capital expenditures.

(in millions)	<b>Three Months Ended September 30, 2019</b>	
Net cash provided by operating activities	\$	2,245
Adjustments:		
Reimbursements from third parties related to build-to-suit facilities and other		141
<b>Net cash provided by operating activities, adjusted</b>	<b>\$</b>	<b>2,386</b>

**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 September 30, 2019</b>	
Flight equipment, including advance payments	\$	549
Ground property and equipment, including technology		396
Net cash flows related to certain airport construction projects		(131)
<b>Capital expenditures, net</b>	<b>\$</b>	<b>814</b>

## Non-GAAP Financial Measures

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 document to the most directly comparable GAAP financial measures.

*Forward Looking Projections.* The company is not able to reconcile certain 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 Profit, Adjusted

We adjust pre-tax profit for mark-to-market ("MTM") adjustments and settlements on fuel hedge contracts, restructuring and other and loss on extinguishment of debt, goodwill impairment charges and acquisition and merger related items to determine pre-tax profit, adjusted for the reasons described below.

*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.

*Restructuring and other and Loss on extinguishment of debt.* Because of the variability from period to period, the adjustments for these items are helpful to investors to analyze the company's recurring core performance in the periods shown.

*Goodwill impairment charges.* We adjust for goodwill impairment charges because management believes the exclusion of these charges is helpful to investors to evaluate the company's recurring operational performance.

*Acquisition and merger related.* We adjust for acquisition and merger related items as they were not part of Delta's continuing operations.

(in billions)	Year Ended		Year Ended	
	December 31, 2018		December 31, 2008	
GAAP	\$	5.2	\$	(14.7)
Adjusted for:				
MTM adjustments and settlements		(0.1)		0.4
Restructuring and other		-		0.4
Goodwill impairment charges		-		11.8
Acquisition and merger related		-		1.3
Total adjustments		(0.1)		13.9
Non-GAAP	\$	5.1	\$	(0.8)