Note A: The following tables show reconciliations of non-GAAP financial measures. The reasons Delta uses these measures are described below.

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 call script to the most directly comparable GAAP financial measures.

Forward Looking Projections. The Company does not reconcile forward looking non-GAAP financial measures because MTM adjustments and settlements will not be known until the end of the period and could be significant.

Pre-Tax Income and Net Income, adjusted. We adjust for the following items to determine pre-tax income and net income, 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. These items adjust fuel expense to show the economic impact of hedging, including cash received or paid on hedge contracts during the period. Adjusting for these items allows investors to better understand and analyze our core operational performance in the periods shown.

Virgin Atlantic MTM adjustments. We record our proportionate share of earnings from our equity investment in Virgin Atlantic in non-operating expense. We adjust for Virgin Atlantic's MTM adjustments to allow investors to better understand and analyze the company's core financial performance in the periods shown.

Income tax. We include the income tax effect of adjustments when presenting net income, adjusted. We believe that presenting the income tax effect of adjustments allows investors to better understand and analyze the company's core financial performance in the periods shown.

	Three Months Ended September 30, 2016			Three Months Ended September 30, 2016
(in millions, except per share data)	Pre-Tax Income	Income Tax	Net Income	Net Income Per Diluted Share
GAAP	$ 1,900	$ (641)	$ 1,259	$ 1.69
Adjusted for:				
MTM adjustments and settlements	23	(8)	15	
Virgin Atlantic MTM adjustments	(17)	6	(11)	
Total adjustments	6	(2)	4	0.01
Non-GAAP	$ 1,906	$ (643)	$ 1,263	$ 1.70
Year-over-year change	$ (278)			

	Three Months Ended September 30, 2015			Three Months Ended September 30, 2015
(in millions, except per share data)	Pre-Tax Income	Income Tax	Net Income	Net Income Per Diluted Share
GAAP	$ 2,072	$ (757)	$ 1,315	$ 1.65
Adjusted for:				
MTM adjustments and settlements	99	(38)	61	
Virgin Atlantic MTM adjustments	13	(5)	8	
Total adjustments	112	(43)	69	0.09
Non-GAAP	$ 2,184	$ (800)	$ 1,384	$ 1.74

Operating Margin, adjusted. We adjust for the following items to determine operating margin, 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. These items adjust fuel expense to show the economic impact of hedging, including cash received or paid on hedge contracts during the period. Adjusting for these items allows investors to better understand and analyze our core operational performance in the periods shown.

Refinery sales. Delta's refinery segment provides jet fuel to the airline segment from its own production and from jet fuel obtained through agreements with third parties. Activities of the refinery segment are primarily for the benefit of the airline. However, from time to time, the refinery sells fuel by-products to third parties. These sales are recorded gross within other revenue and other operating expense. We believe adjusting for refinery sales allows investors to better understand and analyze the impact of fuel cost on our results in the period shown.

Technology outage. We adjusted operating margin for the impact of the August 2016 technology outage as this allows investors to better understand and analyze our core operational performance in the period shown.

	Three Months Ended September 30,	
	2016	**2015**
Operating margin	18.8 %	19.9 %
Adjusted for:		
MTM adjustments and settlements	0.2 %	0.9 %
Refinery sales	—%	0.2 %
Operating margin, adjusted	19.0 %	21.0 %
Technology outage	1.3 %	—%
Operating margin, excluding technology outage, adjusted	20.3 %	21.0 %
Change year-over-year	(0.7) pt	

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:

Hedge deferrals. During the March 2016 quarter, we deferred settlement of a portion of our hedge portfolio until 2017 by entering into transactions that, excluding market movements from the date of inception, would provide approximately $300 million in cash receipts during the second half of 2016 and require approximately $300 million in cash payments in 2017. Free cash flow is adjusted to include the impact of these deferral transactions in order to allow investors to better understand the net impact of hedging activities in the period shown.

Hedge margin. Free cash flow is adjusted for hedge margin as we believe this adjustment removes the impact of current market volatility on our unsettled hedges and allows investors to better understand and analyze the company's core operational performance in the period shown.

(in millions)		**Three Months Ended September 30, 2016**
Net cash provided by operating activities	$	1,854
Net cash used in investing activities		(887)
Adjustments:		
Hedge deferrals		(76)
Hedge margin		(7)
Net purchases of short-term investments		229
Total free cash flow	$	1,113

Return on Invested Capital. Delta presents 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 and as a measure against the industry. Return on invested capital is adjusted total operating income divided by average invested capital.

(in billions, except % of return)		Last Twelve Months Ended September 30, 2016
Adjusted book value of equity	$	19.4
Average adjusted net debt		6.6
Average invested capital	$	26.0
Adjusted total operating income	$	7.5
Return on invested capital		29 %

Operating Expense, adjusted. We adjust for MTM adjustments and settlements from operating expense for the same reasons as described above under the heading Pre-tax Income and Net Income, adjusted.

	Three Months Ended September 30,	
(in millions)	2016	2015
Operating expense	$ 8,514	$ 8,894
Adjusted for:		
MTM adjustments and settlements	(23)	(99)
Operating expense, adjusted	$ 8,491	$ 8,795
Year-over-year change	$ (304)	

Non-Fuel Unit Cost or Cost per Available Seat Mile, Including Profit Sharing ("CASM-Ex"). We adjust CASM for the following items to determine CASM-Ex, including profit sharing 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 (including our regional carriers) allows investors to better understand and analyze our non-fuel costs and year-over-year financial performance.

Other expenses. Other expenses include aircraft maintenance and staffing services we provide to third parties, our vacation wholesale operations, and refinery cost of sales to third parties. Because these businesses are not related to the generation of a seat mile, we adjust for the costs related to these sales to provide a more meaningful comparison of the costs of our airline operations to the rest of the airline industry.

Consolidated CASM-Ex:	**Three Months Ended September 30,**	
	2016	**2015**
CASM (cents)	12.33	13.07
Adjusted for:		
Aircraft fuel and related taxes	(2.39)	(3.05)
Other expenses	(0.36)	(0.45)
CASM-Ex	9.58	9.57
Year-over-year change	~Flat	

Fuel expense, adjusted and Average fuel price per gallon, adjusted. The tables below show the components of fuel expense, including the impact of the refinery segment and hedging on fuel expense and average price per gallon. We adjust for MTM adjustments and settlements for the reason 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. These items adjust fuel expense to show the economic impact of hedging, including cash received or paid on hedge contracts during the period. Adjusting for these items allows investors to better understand and analyze our core operational performance in the periods shown.

Consolidated:

	Three Months Ended September 30,		Average Price Per Gallon Three Months Ended September 30,	
(in millions, except per gallon data)	**2016**	**2015**	**2016**	**2015**
Fuel purchase cost	$ 1,585	$ 1,833	$ 1.44	$ 1.67
Airline segment fuel hedge gains	22	349	0.02	0.32
Refinery segment impact	45	(106)	0.04	(0.10)
Total fuel expense	$ 1,652	$ 2,076	$ 1.50	$ 1.89
MTM adjustments and settlements	(23)	(99)	(0.02)	(0.09)
Total fuel expense, adjusted	$ 1,629	$ 1,977	$ 1.48	$ 1.80
Change year-over-year	$ (348)			
Percentage change year-over-year	(18)%			

Operating Cash Flow, adjusted. We adjusted operating 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 capital expenditures, debt service or general corporate initiatives. Adjustments include:

Hedge deferrals. During the March 2016 quarter, we deferred settlement of a portion of our hedge portfolio until 2017 by entering into transactions that, excluding market movements from the date of inception, would provide approximately $300 million in cash receipts during the second half of 2016 and require approximately $300 million in cash payments in 2017. Operating cash flow is adjusted to include the impact of these deferral transactions in order to allow investors to better understand the net impact of hedging activities in the period shown.

Hedge margin. Operating cash flow is adjusted for hedge margin as we believe this adjustment removes the impact of current market volatility on our unsettled hedges and allows investors to better understand and analyze the company's core operational performance in the period shown.

(in millions)		Three Months Ended September 30, 2016
Net cash provided by operating activities	$	1,854
Adjustments:		
Hedge deferrals		(76)
Hedge margin		(7)
Net cash provided by operating activities, adjusted	$	1,771

Adjusted Net Debt. Delta uses adjusted total debt, including aircraft rent, in addition to long-term adjusted debt and capital leases, to present estimated financial obligations. Delta reduces adjusted debt by cash, cash equivalents and short-term investments, and fuel hedge margin receivable, 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. Management has reduced adjusted debt by the amount of fuel hedge margin receivable, which reflects cash posted to counterparties, as we believe this removes the impact of current market volatility on our unsettled hedges and is a better representation of the continued progress we have made on our debt initiatives.

(in millions)	September 30, 2016		June 30, 2016	
Debt and capital lease obligations	$ 7,565		$ 7,804	
Plus: unamortized discount, net and debt issuance costs	110		112	
Adjusted debt and capital lease obligations		$ 7,675		$ 7,916
Plus: 7x last twelve months' aircraft rent		1,897		1,834
Adjusted total debt		9,572		9,750
Less: cash, cash equivalents and short-term investments		(3,152)		(2,951)
Less: fuel hedge margin receivable		(17)		(22)
Adjusted net debt		$ 6,403		$ 6,777
		$ (374)		