

Non-GAAP Financial Measures

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. Delta is unable to reconcile certain forward-looking projections to GAAP as the nature or amount of special items cannot be estimated at this time.

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 then 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 settling 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 the company's costs in the periods shown.

Consolidated:

(in millions, except per gallon data)	Three Months Ended June 30,		Average Price Per Gallon Three Months Ended June 30,	
	2015	2014	2015	2014
Fuel purchase cost	\$ 1,968	\$ 3,046	\$ 1.91	\$ 3.04
Airline segment fuel hedge gains	(126)	(99)	(0.12)	(0.10)
Refinery segment impact	(90)	(13)	(0.09)	(0.01)
Total fuel expense	\$ 1,752	\$ 2,934	\$ 1.70	\$ 2.93
MTM adjustments and settlements	720	1	0.70	-
Total fuel expense, adjusted	\$ 2,472	\$ 2,935	\$ 2.40	\$ 2.93

(in millions, except per gallon data)	Six Months Ended June 30,		Average Price Per Gallon Six Months Ended June 30,	
	2015	2014	2015	2014
Fuel purchase cost	\$ 3,686	\$ 5,777	\$ 1.89	\$ 3.07
Airline segment fuel hedge losses (gains)	341	(172)	0.18	(0.09)
Refinery segment impact	(176)	28	(0.09)	0.01
Total fuel expense	\$ 3,851	\$ 5,633	\$ 1.98	\$ 2.99
MTM adjustments and settlements	1,309	(33)	0.67	(0.01)
Total fuel expense, adjusted	\$ 5,160	\$ 5,600	\$ 2.65	\$ 2.98

Mainline:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Mainline average price per gallon	\$ 1.65	\$ 2.90	\$ 1.99	\$ 2.97
MTM adjustments and settlements	0.82	-	0.79	(0.02)
Mainline average price per gallon, adjusted	\$ 2.47	\$ 2.90	\$ 2.78	\$ 2.95

Pre-tax Margin, adjusted for special items

Delta adjusts for the following items to determine pre-tax margin, adjusted for special items 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 settling 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 the company's core operational performance in the periods shown.

Restructuring and other. Because of the variability in restructuring and other, the adjustment for this item is helpful to investors to analyze the company's recurring 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 periods shown.

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

Loss on extinguishment of debt. Because of the variability in loss on extinguishment of debt, the adjustment for this item is helpful to investors to analyze the company's recurring core operational performance in the periods shown.

Hedge losses. Delta adjusts for settled hedge losses to determine what pre-tax margin would be at market fuel prices. We believe adjusting for fuel hedge losses allows investors to better understand and analyze the company's core operational performance, at market fuel prices, in the period shown.

	Three Months Ended	
	June 30,	
	2015	2014
Pre-tax margin	22.1%	12.2%
Adjusted for:		
MTM adjustments and settlements	(6.7)%	-
Restructuring and other	0.2%	0.2%
Refinery sales	0.2%	-
Virgin Atlantic MTM adjustments	(0.3)%	-
Loss on extinguishment of debt	-	1.1%
Pre-tax margin, adjusted	15.5%	13.5%
Hedge losses	4.3%	
Pre-tax margin, adjusted for hedge losses	19.8%	

Pre-Tax Income and Net Income, adjusted for special items

Delta adjusts for the following items to determine pre-tax income and net income, adjusted for special items, 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 settling 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 the company's core operational performance in the periods shown.

Restructuring and other. Because of the variability in restructuring and other, the adjustment for this item is helpful to investors to analyze the company's recurring 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 other expense. We adjust for Virgin Atlantic's MTM adjustments to allow investors to better understand and analyze the company's financial performance in the period shown.

Loss on extinguishment of debt. Because of the variability in loss on extinguishment of debt, the adjustment for this item is helpful to investors to analyze the company's recurring core operational performance in the period shown.

Income tax. Pre-tax income is adjusted for the income tax effect of special items. We believe this adjustment allows investors to better understand and analyze the company's core operational performance in the periods shown.

(in millions, except per share data)	Three Months Ended June 30, 2015			Net Income Per Diluted Share
	Pre-Tax Income	Income Tax	Net Income	Three Months Ended June 30, 2015
GAAP	\$ 2,366	\$ (881)	\$ 1,485	\$ 1.83
Adjusted for:				
MTM adjustments and settlements	(720)	266	(454)	
Restructuring and other	25	(9)	16	
Virgin Atlantic MTM adjustments	(31)	11	(20)	
Total adjustments	(726)	268	(458)	(0.56)
Non-GAAP	\$ 1,640	\$ (613)	\$ 1,027	\$ 1.27

(in millions, except per share data)	Three Months Ended June 30, 2014			Net Income Per Diluted Share
	Pre-Tax Income	Income Tax	Net Income	Three Months Ended June 30, 2014
GAAP	\$ 1,298	\$ (497)	\$ 801	\$ 0.94
Adjusted for:				
MTM adjustments and settlements	(1)	-	(1)	
Restructuring and other	30	(10)	20	
Loss on extinguishment of debt	111	(42)	69	
Total adjustments	140	(52)	88	0.10
Non-GAAP	\$ 1,438	\$ (549)	\$ 889	\$ 1.04

Free Cash Flow

Delta presents 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. This metric 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 billions)	Three Months Ended June 30, 2015	
Net cash provided by operating activities	\$	2.7
Net cash used in investing activities		(1.0)
Adjustments:		
Net purchases of short-term investments and other		0.1
Hedge margin		(0.2)
Total free cash flow	\$	1.6

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 June 30, 2015	
Adjusted book value of equity	\$	17.5
Average adjusted net debt		7.4
Average invested capital	\$	24.9
Adjusted total operating income	\$	5.9
Return on invested capital		23.5%

Operating Margin, adjusted

Delta adjusts 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 settling 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 the company's core operational performance in the periods shown.

Restructuring and other. Because of the variability in restructuring and other, the adjustment for this item is helpful to investors to analyze the company's recurring 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 periods shown.

Hedge losses. Delta adjusts for settled hedge losses to determine what operating margin would be at market fuel prices. We believe adjusting for fuel hedge losses allows investors to better understand and analyze the company's core operational performance, at market fuel prices, in the period shown.

	Three Months Ended	
	June 30,	
	2015	2014
Operating margin	23.1%	14.9%
Adjusted for:		
MTM adjustments and settlements	(6.7)%	-
Restructuring and other	0.2%	0.2%
Refinery sales	0.2%	-
Operating margin, adjusted	16.8%	15.1%
Hedge losses (gains)	4.3%	(0.7)%
Operating margin, adjusted for hedge losses	21.1%	14.4%

Operating Cash Flow, adjusted

Delta presents adjusted operating cash flow because management believes adjusting for hedge margin 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 billions)	Three Months Ended	
	June 30, 2015	
Net cash provided by operating activities (GAAP)	\$	2.7
Adjustments:		
Hedge margin		(0.2)
Net cash provided by operating activities, adjusted	\$	2.5

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 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 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 billions)	June 30, 2015	March 31, 2015	December 31, 2009
Debt and capital lease obligations	\$ 9.3	\$ 9.6	\$ 17.2
Plus: unamortized discount, net from purchase accounting and fresh start reporting	<u>-</u>	<u>0.1</u>	<u>1.1</u>
Adjusted debt and capital lease obligations	\$ 9.3	\$ 9.7	\$ 18.3
Plus: 7x last twelve months' aircraft rent	<u>1.7</u>	<u>1.7</u>	<u>3.4</u>
Adjusted total debt	11.0	11.4	21.7
Less: cash, cash equivalents and short-term investments	(3.8)	(3.6)	(4.7)
Less: hedge margin receivable	<u>(0.1)</u>	<u>(0.4)</u>	<u>-</u>
Adjusted net debt	<u><u>\$ 7.1</u></u>	<u><u>\$ 7.4</u></u>	<u><u>\$ 17.0</u></u>

Capital Expenditures, net

Delta presents net capital expenditures because management believes adjusting for these amounts provides a more meaningful financial measure for investors. This metric is adjusted for reimbursements related to build-to-suit leased facilities and other because management believes investors should be informed that these reimbursements for build-to-suit leased facilities effectively reduce net cash provided by operating activities and related capital expenditures.

(in millions)	Three Months Ended	
	June 30, 2015	
Property and equipment additions	\$	919
Reimbursements related to build-to-suit leased facilities and other		(19)
Capital expenditures, net	\$	<u>900</u>

(in millions)	For the period	
	January 1, 2010 -	
	December 31, 2014	
Property and equipment additions	\$	9.4
Reimbursements related to build-to-suit leased facilities and other		(0.1)
Investment in Virgin Atlantic		0.3
Capital expenditures, net	\$	<u>9.6</u>

Operating Expense, adjusted

Delta adjusts for the following items to determine operating expense, 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 settling 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 the company's core operational performance in the periods shown.

Restructuring and other. Because of the variability in restructuring and other, the adjustment for this item is helpful to investors to analyze the company's recurring core operational performance in the periods shown.

(in millions)	Three Months Ended	
	June 30,	
	2015	2014
Operating expense	\$ 8,233	\$ 9,042
Adjusted for:		
MTM adjustments and settlements	720	1
Restructuring and other	(25)	(30)
Operating expense, adjusted	\$ 8,928	\$ 9,013

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 non-fuel 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 our year-over-year financial performance.

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.

Restructuring and other. Because of the variability in restructuring and other, the adjustment for this item is helpful to investors to analyze the company's recurring core operational performance in the periods shown.

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		Six Months Ended	
	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
CASM (cents)	12.88	14.63	13.46	14.98
Adjusted for:				
Aircraft fuel and related taxes	(2.74)	(4.75)	(3.19)	(4.87)
Profit sharing	(0.64)	(0.55)	(0.45)	(0.38)
Restructuring and other	(0.04)	(0.05)	(0.03)	(0.07)
Other expenses	(0.55)	(0.30)	(0.54)	(0.31)
CASM-Ex	8.91	8.98	9.25	9.35
Year-over-year change	-0.8%			

Mainline CASM-Ex:

	Three Months Ended		Six Months Ended	
	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
Mainline CASM (cents)	12.32	13.73	12.86	14.01
Adjusted for:				
Aircraft fuel and related taxes	(2.54)	(4.44)	(3.06)	(4.55)
Profit Sharing	(0.72)	(0.62)	(0.51)	(0.43)
Restructuring and other	-	(0.01)	-	(0.01)
Other expenses	(0.56)	(0.30)	(0.53)	(0.32)
Mainline CASM-Ex	8.50	8.36	8.76	8.70