

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 OR 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): April 22, 2020

DELTA AIR LINES, INC.
(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation)	001-05424 (Commission File Number)	58-0218548 (IRS Employer Identification No.)
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P.O. Box 20706, Atlanta, Georgia 30320-6001
(Address of principal executive offices)

Registrant's telephone number, including area code: (404) 715-2600

Registrant's Web site address: www.delta.com

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, par value \$0.0001 per share	DAL	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 1.01 Entry into a Material Definitive Agreement.

On April 20, 2020, Delta Air Lines, Inc. (“Delta”) entered into a Payroll Support Program Agreement (“PSP Agreement”) with the United States Department of the Treasury pursuant to Division A, Title IV, Subtitle B of the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”).

Pursuant to the PSP Agreement, Delta expects to receive approximately \$5.4 billion in payroll support payments. The payroll support payments are conditioned on Delta’s agreement to refrain from conducting involuntary employee layoffs or furloughs through September 30, 2020. Other conditions include prohibitions on share repurchases and dividends through September 30, 2021, continuing essential air service as directed by the U.S. Department of Transportation and certain limitations on executive compensation.

The relief payments include \$3.8 billion in grants and \$1.6 billion in an unsecured 10-year loan. Delta received the first installment of \$2.7 billion under the agreement on April 20, 2020 and expects to receive the balance in installments over the next three months. The loan includes annual interest rates of 1.00% for the first five years (through April 2025) and the Secured Overnight Financing Rate plus 2.00% in the final five years. Seventy percent of the \$2.7 billion received on April 20 was in the form of a grant and 30 percent was in the form of an unsecured term loan. Delta has entered into a Promissory Note for \$785 million with respect to the term loan which will increase to its full amount as additional payroll support payments are received. In addition, Delta has agreed to issue to the U.S. Department of the Treasury 6.5 million warrants to acquire Delta common stock. One-half of the warrants were issued on April 20, and the remaining warrants will be issued as additional payroll support payments are received. These warrants have an exercise price of \$24.39 per share and a five-year term.

The CARES Act also provides for up to \$25 billion in secured loans to the airline industry. Delta expects to be eligible for approximately \$4.6 billion under the loan program and is currently evaluating its level of participation in that program.

Item 2.02 Results of Operations and Financial Condition.

Delta today issued a press release reporting financial results for the quarter ended March 31, 2020. The press release is furnished as Exhibit 99.1. The information furnished in this Form 8-K shall not be deemed incorporated by reference into any other filing with the Securities and Exchange Commission.

Item 5.02 Departure of Directors or Principal Officers; Election of Directors; Appointment of Principal Officers

Delta yesterday announced that Paul A. Jacobson, Delta’s Executive Vice President and Chief Financial Officer, who had previously notified Delta of his decision to retire from the company, has agreed to rescind his decision to retire and will continue as Delta’s Executive Vice President and Chief Financial Officer.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

Exhibit 99.1 [Press Release dated April 22, 2020 titled “Delta Air Lines Announces March Quarter 2020 Financial Results and COVID-19 Response Actions”](#)

Exhibit 104 The cover page from this Current Report on Form 8-K, formatted in Inline XBRL

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

DELTA AIR LINES, INC.

By: /s/ Paul A. Jacobson
Paul A. Jacobson,
Executive Vice President and Chief Financial Officer

Date: April 22, 2020



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Delta Air Lines Announces March Quarter 2020 Financial Results and COVID-19 Response Actions

*March quarter 2020 GAAP pre-tax loss of \$607 million or \$0.84 per share
March quarter 2020 adjusted pre-tax loss of \$422 million or \$0.51 per share
Delta ended the March quarter 2020 with \$6.0 billion in unrestricted liquidity*

ATLANTA, April 22, 2020 – Delta Air Lines (NYSE:DAL) today reported financial results for the March quarter 2020 and outlined its response to the COVID-19 global pandemic.

“These are truly unprecedented times for all of us, including the airline industry. Government travel restrictions and stay-at-home orders have been effective in slowing the spread of the virus, but have also severely impacted near-term demand for air travel, reducing our expected June quarter revenues by 90 percent, compared to a year ago” said Ed Bastian, Delta’s chief executive officer. “Delta is taking decisive action to prioritize the safety of our employees and customers while protecting our business and bolstering liquidity. I am especially proud of the incredible work the Delta people are doing to keep our nation’s airways open, playing an active role in the fight against the virus.”

Bastian continued, “I would like to thank the President, members of Congress, and the Administration for their bipartisan support of the Payroll Support Program under the CARES Act, which recognizes the important role the airlines play in the U.S. economy. The Payroll Support Program will help safeguard Delta jobs while positioning our nation for recovery.”

Response to COVID-19

Network and Customer Experience

To address the challenges of COVID-19, the company is taking the following actions:

- Making significant capacity reductions for the June quarter versus prior year with total system capacity down 85 percent, including domestic down by 80 and international capacity down by 90 percent
- Adopting new cleaning procedures on all flights, including fogging on all aircraft overnight and sanitizing high-touch areas like tray tables, entertainment screens, armrests and seat-back pockets before boarding
- Taking steps to help employees and customers practice social distancing, including blocking middle seats, pausing automatic upgrades, modifying our boarding process and moving to essential meal service only
- Extending 2020 Medallion Status an additional year, rolling Medallion Qualification Miles into 2021, and extending Delta SkyMiles American Express Card benefits and Delta Sky Club memberships
- Giving customers flexibility to plan, re-book and travel including extending expiration on travel credits to two years

Community Response

Delta and its 90,000 employees are taking an active role in our nation's fight against the virus by:

- Offering free flights to medical professionals fighting COVID-19 in the hardest-hit areas of the U.S.
- Chartering international cargo-only flights to provide healthcare workers with materials needed to do their jobs
- Operating charters and specially approved scheduled flights to nations around the world to repatriate more than 28,000 people displaced by the virus to the U.S.
- Manufacturing tens of thousands of face shields and masks at Delta Flight Products to aid healthcare workers
- Partnering with the U.S. military to develop and manufacture secure, sterile transport pods at Delta TechOps, which will safely transit infected personnel to hospitals and medical centers
- Donating over 200,000 pounds of food to hospitals, first responders, community food banks, and organizations including Feeding America

Expense Management

The company expects June quarter total expenses to decline by approximately 50%, or \$5 billion, over prior year due to reduced capacity, lower fuel and cost initiatives, including:

- Parking more than 650 aircraft
- Consolidating airport facilities, with temporary concourse and Delta Sky Club closures
- Instituting a company-wide hiring freeze and offering voluntary leave options with 37,000 employees taking short-term unpaid leave
- Reducing salary expense through pay reductions for executive management and reduced work schedules across organization

Balance Sheet, Cash and Liquidity

Delta's top financial priority remains preserving cash and enhancing liquidity. Accordingly, the company has taken the following actions:

- Raised \$5.4 billion of capital since early March, including securing a \$3.0 billion secured term loan, closing \$1.2 billion in aircraft sale leasebacks, issuing \$1.1 billion in AA, A and B tranches of our 2020-1 Enhanced Equipment Trust Certificates (EETC), and funding \$150 million in private aircraft mortgages to enhance liquidity and satisfy maturing obligations
- Drew down \$3 billion under existing revolving credit facilities
- Reduced planned capital expenditures by more than \$3 billion, including working with original equipment manufacturers to optimize the timing of our future aircraft deliveries and deferring aircraft mods, IT initiatives, and ground equipment refreshment
- Extended payment terms with airports, vendors and lessors
- Suspended shareholder returns, including the Company's stock repurchase program and future dividend payments

CARES Act Relief

The company expects to receive relief from the Coronavirus Aid, Relief and Economic Security (CARES) Act in the following forms:

- Payroll support of \$5.4 billion, comprised of \$3.8 billion of direct relief and a \$1.6 billion low-interest, unsecured 10-year loan. Delta has already received \$2.7 billion of these funds and expects to receive the remainder over the next three months. As consideration, the U.S. Treasury will receive warrants to purchase over 6.5 million shares of Delta common stock at a strike price of \$24.39 with a 5-year maturity
- Eligibility for \$4.6 billion in secured loans, if the company chooses to apply and accept funds

“With the significant impact of COVID-19 on Delta's revenue, we were burning \$100 million per day at the end of March. Through our decisive actions, we expect that cash burn to moderate to approximately \$50 million per day by the end of the June quarter,” said Paul Jacobson, Delta's chief financial officer. “The decade of work we put into the balance sheet to lower debt and build unencumbered assets has been critical to our success in raising capital and we expect to end the June quarter with approximately \$10 billion in liquidity.”

March Quarter Results

Adjusted results primarily exclude the impact of mark-to-market ("MTM") adjustments.

(\$ in millions except per share and unit costs)	GAAP				
	1Q20		1Q19	\$ Change	% Change
Pre-tax (loss)/income		(607)	946	(1,553)	NM
Net (loss)/income		(534)	730	(1,264)	NM
Diluted (loss)/earnings per share		(0.84)	1.09	(1.93)	NM
Operating revenue		8,592	10,472	(1,880)	(18)%
Fuel expense		1,595	1,978	(383)	(19)%
Average fuel price per gallon		1.81	2.06	(0.25)	(12)%
Consolidated unit cost (CASM)		15.30	15.14	0.16	1%
Total unit revenues (TRASM)		14.59	16.78	(2.19)	(13)%

(\$ in millions except per share and unit costs)	Adjusted				
	1Q20		1Q19	\$ Change	% Change
Pre-tax (loss)/income		(422)	831	(1,254)	NM
Net (loss)/income		(326)	639	(965)	NM
Diluted (loss)/earnings per share		(0.51)	0.96	(1.47)	NM
Operating revenue		8,592	10,381	(1,789)	(17)%
Fuel expense		1,602	1,963	(361)	(18)%
Average fuel price per gallon		1.82	2.04	(0.23)	(11)%
Consolidated unit cost (CASM-Ex)		12.58	11.49	1.09	9%
Total unit revenues (TRASM, adjusted)		14.59	16.63	(2.04)	(12)%

- Adjusted pre-tax loss of \$422 million or \$0.51 per share
- Total revenue of \$8.6 billion, down 18 percent versus prior year, with total unit revenue down 13 percent
- Total expense decreased \$450 million driven by lower fuel, partially offset by higher revenue- and capacity-related expenses, with non-fuel unit cost (CASM-Ex) up 9 percent compared to prior year
- Fuel expense decreased 19 percent relative to March quarter 2019. Delta's fuel price for the March quarter of \$1.81 per gallon included a \$29 million benefit from the refinery
- At the end of the March quarter, the company had \$6.0 billion in unrestricted liquidity

Forward Looking Statements

Statements in this press release that are not historical facts, including statements regarding our estimates, expectations, beliefs, intentions, projections or strategies for the future, may be "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. All forward-looking statements involve a number of risks and uncertainties that could cause actual results to differ materially from the estimates, expectations, beliefs, intentions, projections and strategies reflected in or suggested by the forward-looking statements. These risks and uncertainties include, but are not limited to, the material adverse effect that the COVID-19 pandemic is having on our business; the impact of incurring significant debt in response to the pandemic; possible effects of accidents involving our aircraft; breaches or security lapses in our information technology systems; disruptions in our information technology infrastructure; our dependence on technology in our operations; the performance of our significant investments in airlines in other parts of the world; the restrictions that financial covenants in our financing agreements could have on our financial and business operations; labor issues; the effects of weather, natural disasters and seasonality on our business; the effects of an extended disruption in services provided by third parties; the cost of aircraft fuel; the availability of aircraft fuel; failure or inability of insurance to cover a significant liability at Monroe's Trainer refinery; the impact of environmental regulation on the Trainer refinery, including costs related to renewable fuel standard regulations; our ability to retain senior management and key employees; damage to our reputation and brand if we are exposed to significant adverse publicity; the effects of terrorist attacks or geopolitical conflict; competitive conditions in the airline industry; interruptions or disruptions in service at major airports at which we operate; the effects of extensive government regulation on our business; the impact of environmental regulation on our business; and the sensitivity of the airline industry to prolonged periods of stagnant or weak economic conditions; uncertainty in economic conditions and regulatory environment in the United Kingdom related to the exit of the United Kingdom from the European Union.

Additional information concerning risks and uncertainties that could cause differences between actual results and forward-looking statements is contained in our Securities and Exchange Commission filings, including our Annual Report on Form 10-K for the fiscal year ended Dec. 31, 2019 and our Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2020. Caution should be taken not to place undue reliance on our forward-looking statements, which represent our views only as of April 22, 2020, and which we have no current intention to update.

DELTA AIR LINES, INC.
Consolidated Statements of Operations
(Unaudited)

(in millions, except per share data)	Three Months Ended March 31,		\$ Change	% Change
	2020	2019		
Operating Revenue:				
Passenger	\$ 7,569	\$ 9,254	\$ (1,685)	(18)%
Cargo	152	192	(40)	(21)%
Other	871	1,026	(155)	(15)%
Total operating revenue	8,592	10,472	(1,880)	(18)%
Operating Expense:				
Salaries and related costs	2,771	2,639	132	5 %
Aircraft fuel and related taxes	1,595	1,978	(383)	(19)%
Regional carriers expense, excluding fuel	902	893	9	1 %
Depreciation and amortization	678	615	63	10 %
Contracted services	675	632	43	7 %
Aircraft maintenance materials and outside repairs	469	476	(7)	(1)%
Landing fees and other rents	467	419	48	11 %
Passenger commissions and other selling expenses	358	427	(69)	(16)%
Passenger service	257	271	(14)	(5)%
Ancillary businesses and refinery	219	351	(132)	(38)%
Aircraft rent	100	102	(2)	(2)%
Profit sharing	—	220	(220)	(100)%
Other	511	429	82	19 %
Total operating expense	9,002	9,452	(450)	(5)%
Operating (Loss)/Income	(410)	1,020	(1,430)	NM
Non-Operating Expense:				
Interest expense, net	(79)	(83)	4	(5)%
Gain/(loss) on investments, net	(112)	100	(212)	NM
Miscellaneous, net	(6)	(91)	85	(93)%
Total non-operating expense, net	(197)	(74)	(123)	NM
(Loss)/Income Before Income Taxes	(607)	946	(1,553)	NM
Income Tax Benefit/(Provision)	73	(216)	289	NM
Net (Loss)/Income	\$ (534)	\$ 730	\$ (1,264)	NM
Basic (Loss)/Earnings Per Share	\$ (0.84)	\$ 1.10		
Diluted (Loss)/Earnings Per Share	\$ (0.84)	\$ 1.09		
Basic Weighted Average Shares Outstanding	637	665		
Diluted Weighted Average Shares Outstanding	637	667		

DELTA AIR LINES, INC.
Passenger Revenue
(Unaudited)

(in millions)	Three Months Ended March 31,		\$ Change	% Change
	2020	2019		
Ticket- Main cabin	\$ 3,798	\$ 4,721	\$ (923)	(19.6)%
Ticket- Business cabin and premium products	2,713	3,267	(554)	(17.0)%
Loyalty travel awards	543	692	(149)	(21.5)%
Travel-related services	515	574	(59)	(10.3)%
Total passenger revenue	\$ 7,569	\$ 9,254	\$ (1,685)	(18.2)%

DELTA AIR LINES, INC.
Other Revenue
(Unaudited)

(in millions)	Three Months Ended March 31,		\$ Change	% Change
	2020	2019		
Loyalty program	\$ 474	\$ 474	\$ —	—%
Ancillary businesses and refinery	223	369	(146)	(39.6)%
Miscellaneous	174	183	(9)	(4.9)%
Total other revenue	\$ 871	\$ 1,026	\$ (155)	(15.1)%

DELTA AIR LINES, INC.
Total Revenue
(Unaudited)

Revenue	1Q20 (\$M)	Increase (Decrease) 1Q20 versus 1Q19			
		Change YoY	Unit Revenue	Yield	Capacity
Domestic	\$ 5,601	(16.9)%	(16.0)%	(3.2)%	(1.1)%
Atlantic	818	(23.8)%	(13.3)%	(5.5)%	(12.1)%
Latin America	765	(11.2)%	(5.6)%	1.5%	(5.9)%
Pacific	385	(33.3)%	(9.3)%	1.0%	(26.5)%
Total Passenger	\$ 7,569	(18.2)%	(13.3)%	(2.0)%	(5.7)%
Cargo Revenue	152	(20.8)%			
Other Revenue	871	(15.1)%			
Total Revenue	\$ 8,592	(18.0)%	(13.1)%		
Third Party Refinery Sales	—				
Total Revenue, adjusted	\$ 8,592	(17.2)%	(12.3)%		

DELTA AIR LINES, INC.
Statistical Summary
(Unaudited)

	Three Months Ended		Change
	March 31,		
	2020	2019	
Revenue passenger miles (millions)	43,062	51,617	(16.6) %
Available seat miles (millions)	58,885	62,416	(5.7) %
Passenger mile yield (cents)	17.58	17.93	(2.0) %
Passenger revenue per available seat mile (cents)	12.85	14.83	(13.3) %
Total revenue per available seat mile (cents)	14.59	16.78	(13.1) %
TRASM, adjusted - see Note A (cents)	14.59	16.63	(12.3) %
Operating cost per available seat mile (cents)	15.30	15.14	1.0 %
CASM-Ex - see Note A (cents)	12.58	11.49	9.5 %
Passenger load factor	73.1 %	82.7 %	(9.6) pts
Fuel gallons consumed (millions)	880	962	(8.5) %
Average price per fuel gallon	\$ 1.81	\$ 2.06	(12.1) %
Average price per fuel gallon, adjusted - see Note A	\$ 1.82	\$ 2.04	(11.0) %
Number of aircraft in fleet, end of period	677	1,039	(362)

DELTA AIR LINES, INC.
Consolidated Statements of Cash Flows
(Unaudited)

(in millions)	Three Months Ended March 31,	
	2020	2019
Cash Flows From Operating Activities:		
Net (loss) income	\$ (534)	\$ 730
Depreciation and amortization	678	615
Deferred income taxes	21	219
Pension, postretirement and postemployment payments greater than expense	(75)	3
Change in receivables	682	(897)
Change in prepaids and other current assets	343	162
Changes in air traffic liability	482	1,938
Changes in profit sharing	(1,647)	(1,069)
Other, net	408	241
Net cash provided by operating activities	358	1,942
Cash Flows From Investing Activities:		
Property and equipment additions:		
Flight equipment, including advance payments	(629)	(1,059)
Ground property and equipment, including technology	(308)	(301)
Redemption of short-term investments	-	206
Acquisition of strategic investments	(2,099)	-
Other, net	65	58
Net cash used in investing activities	(2,971)	(1,096)
Cash Flows From Financing Activities:		
Payments on debt and finance lease obligations	(1,238)	(1,285)
Repurchase of common stock	(344)	(1,325)
Cash dividends	(260)	(233)
Proceeds from short-term obligations	2,882	1,750
Proceeds from long-term obligations	3,962	500
Other, net	342	(16)
Net cash provided by (used in) financing activities	5,344	(609)
Net Increase in Cash, Cash Equivalents and Restricted Cash Equivalents	2,731	237
Cash, cash equivalents and restricted cash equivalents at beginning of period	3,730	2,748
Cash, cash equivalents and restricted cash equivalents at end of period	\$ 6,461	\$ 2,985

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the Consolidated Balance Sheets to the total of the same such amounts shown above:

Current assets:		
Cash and cash equivalents	\$ 5,967	\$ 1,910
Restricted cash included in prepaid expenses and other	39	57
Other assets:		
Cash restricted for airport construction	455	1,018
Total cash, cash equivalents and restricted cash equivalents	\$ 6,461	\$ 2,985

DELTA AIR LINES, INC.
Consolidated Balance Sheets
(Unaudited)

(in millions)	March 31, 2020	December 31, 2019
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 5,967	\$ 2,882
Accounts receivable, net	2,280	2,854
Fuel inventory	439	730
Expendable parts and supplies inventories, net	535	521
Prepaid expenses and other	1,054	1,262
Total current assets	<u>10,275</u>	<u>8,249</u>
Property and Equipment, Net:		
Property and equipment, net	<u>31,644</u>	<u>31,310</u>
Other Assets:		
Operating lease right-of-use assets	5,488	5,627
Goodwill	9,753	9,781
Identifiable intangibles, net	6,019	5,163
Cash restricted for airport construction	455	636
Equity investments	3,684	2,568
Other noncurrent assets	1,420	1,198
Total other assets	<u>26,819</u>	<u>24,973</u>
Total assets	<u>\$ 68,738</u>	<u>\$ 64,532</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Current maturities of debt and finance leases	\$ 4,337	\$ 2,287
Current maturities of operating leases	768	801
Air traffic liability	5,598	5,116
Accounts payable	3,337	3,266
Accrued salaries and related benefits	1,844	3,701
Loyalty program deferred revenue	1,099	3,219
Fuel card obligation	1,100	736
Other accrued liabilities	1,309	1,078
Total current liabilities	<u>19,392</u>	<u>20,204</u>
Noncurrent Liabilities:		
Debt and finance leases	12,662	8,873
Pension, postretirement and related benefits	8,285	8,452
Loyalty program deferred revenue	5,718	3,509
Noncurrent operating leases	5,204	5,294
Deferred income taxes, net	1,502	1,456
Other noncurrent liabilities	1,666	1,386
Total noncurrent liabilities	<u>35,037</u>	<u>28,970</u>
Commitments and Contingencies		
Stockholders' Equity:		
	<u>14,309</u>	<u>15,358</u>
Total liabilities and stockholders' equity	<u>\$ 68,738</u>	<u>\$ 64,532</u>

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 (Loss)/Income and Net (Loss)/Income, adjusted. We adjust pre-tax (loss)/income and net (loss)/income for the following items to determine pre-tax (loss)/income and net (loss)/income, adjusted for the reasons described below. We include the income tax effect of adjustments when presenting net (loss)/income, adjusted.

MTM adjustments and settlements on hedges. 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 applicable 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' hedge portfolio MTM adjustments to allow investors to understand and analyze our core operational performance in the periods shown.

MTM adjustments on investments. Unrealized gains/losses on our equity investments in GOL, China Eastern, Air France-KLM and Hanjin-KAL, the largest shareholder of Korean Air, which are accounted for at fair value in non-operating expense, are driven by changes in stock prices and foreign currency. During the December 2019 quarter, we sold our GOL investment, which generated a gain in adjusted results that had previously been included in GAAP results. Adjusting for these gains/losses allows investors to better understand and analyze our core operational performance in the periods shown.

Delta Private Jets adjustment. Because we combined Delta Private Jets with Wheels Up in January 2020, we have excluded the impact of Delta Private Jets from 2019 results for comparability

	Three Months Ended March 31, 2020			Three Months Ended March 31, 2020
	Pre-Tax Loss	Income Tax	Net Loss	Net Loss Per Diluted Share
(in millions, except per share data)				
GAAP	\$ (607)	\$ 73	\$ (534)	\$ (0.84)
Adjusted for:				
MTM adjustments and settlements on hedges	(7)	2	(5)	
Equity investment MTM adjustments	69	(16)	53	
MTM adjustments on investments	123	37	160	
Total adjustments	185	23	208	0.33
Non-GAAP	\$ (422)	\$ 96	\$ (326)	\$ (0.51)

	Three Months Ended March 31, 2019			Three Months Ended March 31, 2019
	Pre-Tax Income	Income Tax	Net Income	Net Income Per Diluted Share
(in millions, except per share data)				
GAAP	\$ 946	\$ (216)	\$ 730	\$ 1.09
Adjusted for:				
MTM adjustments and settlements on hedges	8	(2)	6	
Equity investment MTM adjustments	(21)	5	(16)	
MTM adjustments on investments	(100)	20	(80)	
Delta Private Jets adjustment	(1)	–	(1)	
Total adjustments	(115)	23	(91)	(0.13)
Non-GAAP	\$ 831	\$ 193	\$ 639	\$ 0.96

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. We adjust for the Delta Private Jets sale for the same reason described above under the heading pre-tax (loss)/income and net (loss)/income, adjusted.

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.

Third-party refinery sales. We adjust CASM for refinery sales to third parties to determine CASM-Ex because these revenues are not related to our airline segment. CASM-Ex therefore provides a more meaningful comparison of revenue from 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, 2020	March 31, 2019	
CASM (cents)	15.30	15.14	
Adjusted for:			
Aircraft fuel and related taxes	(2.72)	(3.17)	
Third-party refinery sales	–	(0.08)	
Profit sharing	–	(0.35)	
Delta Private Jets adjustment	–	(0.05)	
CASM-Ex	12.58	11.49	9%

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 under the heading non-fuel unit cost or cost per available seat mile. We adjust for the Delta Private Jets sale for the same reason described above under the heading pre-tax (loss)/income and net (loss)/income, adjusted. 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.

(in millions)	Three Months Ended		Change
	March 31, 2020	March 31, 2019	
Operating revenue	\$ 8,592	\$ 10,472	
Adjusted for:			
Third-party refinery sales	–	(48)	
Delta Private Jets adjustment	–	(43)	
Operating revenue, adjusted	\$ 8,592	\$ 10,381	(17.2)%

	Three Months Ended		Change
	March 31, 2020	March 31, 2019	
TRASM (cents)	14.59	16.78	
Adjusted for:			
Third-party refinery sales	–	(0.08)	
Delta Private Jets adjustment	–	(0.07)	
TRASM, adjusted	14.59	16.63	(12.3)%

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 on hedges and the Delta Private Jets sale for the same reasons described under the heading pre-tax (loss)/income and net (loss)/ income, adjusted.

(in millions, except per gallon data)	Three Months Ended				Average Price Per Gallon			
	March 31,				Three Months Ended			
	2020		2019		2020		2019	
Fuel purchase cost	\$	1,631	\$	1,936	\$	1.85	\$	2.01
Fuel hedge impact		(7)		8		(0.01)		0.01
Refinery segment impact		(29)		34		(0.03)		0.04
Total fuel expense	\$	1,595	\$	1,978	\$	1.81	\$	2.06
MTM adjustments and settlements on hedges		7		(8)		0.01		(0.01)
Delta Private Jets adjustment		–		(7)		–		(0.01)
Total fuel expense, adjusted	\$	1,602	\$	1,963	\$	1.82	\$	2.04