PARTICIPANTS

Corporate Participants

Edward H. Bastian – President & Director, Delta Air Lines, Inc.

Other Participants

Mike J. Linenberg – Analyst, Deutsche Bank Securities, Inc.

MANAGEMENT DISCUSSION SECTION

Mike J. Linenberg, Analyst, Deutsche Bank Securities, Inc.

Good afternoon. For those of you who haven't met, my name is Mike Linenberg and I'm Deutsche Bank's airline analyst. On behalf of Deutsche Bank, I would like to welcome all of you to our Sixth Annual Global Industrials and Basic Materials Conference. For our keynote luncheon presentation, we're very pleased to have Ed Bastian, President of Delta Air Lines. Ed is – he's here with his team and so I'll let him introduce each of them in a few minutes.

Two years ago, Ed was the keynote presenter at this very conference and he laid out a plan for Delta, which included a focus on profits, returns, and sharing the company's success with its core constituents. Without giving away too much of his presentation, over the past two years, we've seen Delta stock soar 140%, that's roughly six times the S&P 500, and Delta has now become a $37 billion market cap.

So, with that, I'll turn it over to Ed.

Edward H. Bastian, President & Director

Well, thank you, Michael, and good afternoon. Great to be back here at your conference, and hopefully we'll have similar success when we look back in the next couple of years. Big part of our thesis is that we are making the changes at Delta to ensure that we have a properly positioned seat at the industrials table, so I realized today is a lunch, so we'll take a lunch, but as we continue to improve our positioning in the marketplace, we are glad to be in front of such a large industrial conference.

We do have a number of our members from the team with us; Paul Jacobson, our CFO; Gary [ph] Cha – (1:55) Chase rather, Gary has been practicing his Chinese, so we usually referred to him with his Chinese surname. Gary Chase, our Head of Planning. And we've got Jill Greer and [ph] Winnie Clark (2:08) from our Investor Relations Group. And Jenny Winter, we're always pleased to have with us, she is a member of the Air Line Pilots Association, we're always pleased to have our pilots properly represented.

This is a luncheon presentation, but I do need to remind you that this is a public presentation, so the appropriate Safe Harbor projections and statements do apply.

So for those investors here who haven't been closely following our evolution over the past 10 years, so I take a few moments on the front end and just outline the amount of change that we've driving across the industry and just let you know why we really do believe Delta has earned its position amongst the leading industrial companies.

We've led, first of all, the consolidation back in the 2007, 2008 era with the acquisition of Northwest and the full integration of that, which has allowed us to create an industry construct quite different from anything that we've seen before. It's a solid construct. The industry had been quite fragmented, never been able to earn its cost of capital, it was highly cyclical. And the consolidation environment allowed us really to leverage our network scale to produce much better revenue efficiency, some of the stats to give you an indication of that that we believe are not only sustainable that continue to improve efficiency as we go is our revenues have increased post the merger of the two companies by 20%, despite having 20% fewer departures, and 6% fewer seats, and 12% fewer aircraft since the merger.

So we've really been able to garner the efficiency and the benefits of the merger which obviously is showing itself in the form of higher margins and higher cash returns. And then key to that, though, was not just the consolidation effort, but our ability then take the cash that we've been generating and the benefits from consolidation and pour it back into a high quality customer product. Over the last four years, we've invested over $10 billion in the customer experience, which creates for Delta, terrific customer satisfaction particularly amongst our highest value customers.

The employees' motivation has never been higher; the spirit at Delta is very impressive. I'll give you some statistics later in the presentation to talk about the importance of the hard work our employees do to drive the improvement in the product delivery. And then, as a result of that, we are generating a sustainable revenue premium. In the U.S. marketplace, we earn a 15% revenue premium every seat, every flight, every day versus our competitors. And we've been maintaining that premium over the last several years, and we see opportunities to continue not only to sustain that premium, to grow that premium. And one of the reasons why we've been able to do that is because we view ourselves no longer as solely a commodity.

We view air travel as an experience that customers get invested with. And, as a result of that, the investments we're making to sustain the premium product delivery is what's fueling the improvement that we're seeing in the industry, allowing for the sustainable earnings and improvements in cash flow. Non-fuel cost productivity has been sub-inflation for the last several years. Our top line has been growing at 5% a year, and the deleveraging we've been able to do with those cash returns have taken our interest expense down to levels that are allowing us to produce -- continue quarter-over-quarter margin and earnings expansion. And our estimate this year is that we're going to exceed $4 billion in free cash flow, which is allowing us to drive closer to not only investment-grade like balance sheet, but also the enhancements we've made to cash returns for our shareholders. So when you put it all in context, Delta's return on invested capital is over a 20% annual target level, which we will update you on our three-year plans here in a couple of minutes. Our free cash flow is in the top 10% of the S&P Industrials, and we expect to grow our earnings to add a 15% clip over the next three years. So, in our view, this is an investment framework that's not only – it's still intact, but with the benefits from lower oil prices, this is going to just expand the opportunities that we have.

The improvements we've made across the board in the business has produced the strong performance and cash generation, as I mentioned, and 2015 is setting up to be a record year for us despite some of the headwinds that we're experiencing due to foreign currency. And our focus now is on sustaining and growing those returns for the future. We have a considerable amount of work that we're doing in the revenue sector, customer segmentation, a technology pipeline of projects that are allowing us to build that premium and offer the quality and the service of product offerings designed to meet customers where they need to be at the price point that they're willing to pay, and there's much better opportunities as we become a better customer marketing company.

Delta historically has been a great B2B company. It's been very, very good at marketing itself across the business travel ribbon. Our next evolution is to become an even better direct to consumer, B2C company as we look across the future, and that's going to be a big part of the sustainability of the revenue premiums that we have.

Secondly, we've also taken steps over the years to reduce the historic risks that's tripped the industry up over the last history of the industry and managing this company as a business for the long-term.

We've got great labor relations with our employees. We realize this is a service business, and again, pleased to have Jenny with us today, but across the Delta board – the board at Delta, the employee engagement scores are at record levels. We just recently completed a survey of the employees to get their sense on employee engagement, ability to – they understand where the direction of the company is headed, confidence in the leadership, confidence in that strategy, and their interest in continuing to make Delta a great place to work. And we received, on average, about an 85% score across the entire company, a positive employee engagement, which is somewhat unheard of in a service business as big and broad as Delta.

And I'm also pleased to say the group that had the highest score amongst any of our employee categories was our pilots. So it just goes to speak to the amount of change that we're making employees the solution and driving service levels, as compared to being one of the challenges for the past.

We continue to be very active in balancing our supply with demand. We'll be talking about that in a few minutes -- and disciplined in our capital spending. And when you put that all together, it's allowing us to deploy capital that really benefits shareholders. Last month, in New York, we announced an improvement to our most recent capital returns program. We are in the process of repurchasing $5 billion of Delta stock, which we've already started on in the current quarter, and an incremental 50% improvement in the dividend as well. So at our current price, we are yielding – that's about a 6% yield between repurchase and dividend rate alone.

Now when you look across the board and you see the improvements I've been speaking to, these are some of the numerics on that. But it's all underpinned by the high quality of the operational reliability and customer service our employees are delivering. Last year, in 2014, domestically in our mainline operations, we had 197 days without a single cancellation across the fleet, unheard of in this industry. We operate almost 2,500 flights a day domestically in our mainline operation and we had over half the days of the year with perfect completion. And when you run a perfect completion schedule that means your bags are arriving on time, that airplanes are arriving on time, schedules are being maintained, your employees are happy, because they'll be able to fulfill their trips as scheduled.

And, if you were to compare that then to the competitive set, and if you were to add American, United, and Southwest combined, their number last year was [ph] 13 (10:51). So, when we talk about what sustains the revenue premium and the returns we're showing in the business and whether this is something that it will be sustainable for the future, we believe service matters. We believe this product is not a commodity. It's something that, from a shareholder, investor base, you should feel confident we're going to continue to improve upon. And in the last 12 months of ended first quarter of 2015, our pre-tax margin expanded 350 basis points year-over-year to 11.5%, but that's somewhat understated by the fact we had fuel hedges that are – we're in the process of running off given the precipitous drop that we saw in the fuel prices. So, on the last 12 months base, ex-hedges, our pre-tax margin is almost 14%. And by the time we get to second quarter, it will be better than that yet. We've reduced our net debt over the last three years by nearly $5 billion, while returning $3 billion to shareholders and investing in the quality of the product, I talked about earlier.

This is an update of the second quarter guidance that we provided earlier in the quarter. We realized there's been some unsettledness amongst the airline stocks, albeit we're going to produce a record quarter in the second quarter, however, at the low-end of the original guidance, really driven by two things.

First, we had some weaker domestic yields than we were previously expecting, I'll talk about that more in a minute. And we've had a slight uptick in fuel prices. Our fuel guidance is up $0.05 a gallon from where we previously were expecting. And so, as a result of that, our operating margin will be somewhere between 15.5% and 16.5% in the quarter, low-end of the original guidance. The original guidance was 16% to 18% for the quarter.

Let me talk about domestic unit revenues first before I go through the rest of the guidance. In the month of May, we saw a tick down in our domestic unit revenues for the – and it's been the first time we've seen that in quite some time. But it's important to note, as a result of reductions in fuel and other cost factors, it that does not signify a weakness in the overall domestic operation.

This quarter, every single one of our domestic hubs across the country, if you adjust for the fuel hedge loss, we'll earn in excess of 20% margins in this current quarter, and the third quarter should be even a bit better than that, given the seasonal nature of this business. So the core domestic business is doing very, very well. That said, we're still going to address the RASM weakness that we see on the margin in the domestic business and we'll get through that here in a couple of slides.

Our non-operating expense, we expect to approach $120 million for the quarter. That's probably somewhere about $250 million to $300 million lower in the quarter than we were just a few years ago. Passenger unit revenues will be down 4% to 5%, that is where we've seen that domestic yield weakness from earlier expectations. Our early expectations in the quarter was going to be down 2% to 4%, it's going to be down obviously on the low-end of that.

Our ex-fuel CASM is going to be flat on a year-over-year basis with system capacity up 3%. Free cash flow in the quarter should approximate $1.5 billion, which is very similar to what we were thinking at the start of the quarter, and we will return $1 billion of cash to shareholders in the current quarter. That's $200 million in excess of what we've said just 30 days ago, as we've been opportunistic and taking advantage of some of the price declines with respect to our shares.

And net operating margin, if you were to look at the guidance that roughly 16% that we're providing here for the quarter, if you were to adjust it for fuel hedges, it'd be 20% operating margin in the second quarter.

Now turning to what we're looking at with respect to unit revenues, looking forward, we have – we are posting strong results. And despite that, we also are very sensitive and focused on our unit revenues, because we realized we need to get unit revenues back on a positive trajectory to support growing margins out into the future.

In April, we announced changes to our international schedule, primarily to deal with the strengthening dollar and some weakening economies in certain of the emerging markets. And we announced a 6% reduction from our international schedules, starting in the fourth quarter of the year, meaning a 3% year-over-year reduction in our international schedule. Those reductions as we've previously announced are going to be focused primarily on Brazil, Russia, and Japan, to a certain extent, driven by the weakness of the yen.

Now given some of the choppy domestic trends that have emerged here in the last couple of months and I think the fact that we were all somewhat surprised with the economic performance in the first quarter with a negative 0.7% GDP print, we are looking at that with respect to forward capacity planning in the domestic system and we are making plans now to reduce some of our expected domestic capacity in Q4 post-summer. We expect Q4 overall for the system is going to be flat on a year-over-year basis.

You can see the trend line in this chart, a substantial reduction from the overall capacity trends. With domestic up 2% and international down 3%, leading to an overall flat environment. And it's our expectation that looking at the domestic unit revenue picture combined with some of the international reductions that we will get our unit revenues back on a positive trajectory by the end of this current year, fourth quarter or certainly by the end of the year as a result of some of these changes.

I was talking to Mike over lunch, it's always a bit challenging when you're posting all-time record profits and margins and still talking about reducing capacity and it just goes to show the difference that this industry has made from where it used to be. You would never in this industry see close to a 50% fall in fuel and then airlines talking about reducing capacity in the same sentence. But that talks to the discipline, the construct, and the expectation that our shareholders have and that we're managing this as a business and certainly very focused on the opportunities to grow those margins into the future.

Now, as a result of the strong performance that we've had here recently, we had the opportunity to update our medium-term guidance, our 2015 to 2017 framework, as we speak to it here and we've presented this last week – excuse me last month – to the Street. This is the third upward revision of our targets in three years. So, I'm a little shy to call these our long-term targets. We'll, I'm sure we'll have an opportunity next year to revise them once again. But this gives you a sense of what we're thinking about today for the next three years. We're looking at an operating margin of 14% to 16%. Our prior guide was in the 11% to 14% category. Adjusted for our fuel hedge, we will be in that 14% to 16% category in 2015. We expect earnings per share growth over the next three years to compound at a 15% rate and our return on invested capital to be between 20% and 25%.

Our operating cash in the business, we expect to earn up to $8 billion of operating cash per year over the next three years with free cash flow approaching $5 billion. And, importantly, one of the most important credit metrics that we put out last month is that we do have a point where we think we're going to reach our optimal level of adjusted net debt. Our expectation is it's going to be at $4 billion. We should get there by the end of 2017, and we're managing to that over the course of the next few years.

In our pension plan, we get a lot of questions on our pension plan. Our pension plan, we have till 2031 due to the Pension Relief Act to have the plan fully funded. We expect to be 80% funded in our plan by 2020. Given those set of metrics and those goals, you can see how they compare to both high-quality industrial transports, our peer group in the S&P space, as well as S&P Industrials broadly, and we think both compare quite favorably.

I'm sorry, was I on the wrong slide when I was walking through that. Okay. I've got too much technology up here. The investment that we've made in the operating returns of the business has allowed us to not just continue to reinvest in the business but also, as I mentioned earlier, strengthen the balance sheet and return our cash to shareholders. We expect to generate over $20 billion of operating cash over the next three years, and we are expecting to reinvest roughly 50% of that operating cash back into the business, as we continue to keep the service level and the operating performance level of this company at a high reliability level, again to make certain that our product is not seen as a commodity in the marketplace but the premium that we deserve and what we believe we will get paid for.

It also allows for the replacement of roughly 20% of our mainline fleet over the next three years. There is a constant comment about Delta that while we do operate the – some of the oldest fleet in the industry, that we're building at some point, a bubble that we're going to have a hard time financing. That's not the case. We've been investing in improving the fleet efficiency, and all the capital that we're putting to use in the marketplace for fleet additions are all replacement fleet, and we will take out 20% of Delta's mainline fleet over the next three years.

And, as I mentioned on the earlier stat, with the operating reliability and the performance at a very, very high level, it's clear to us that we are – fleet efficiency and capital efficiency is something that we're very proud of. We've also taken nearly $10 billion of debt down off the balance sheet over the last five years. So we've invested $10 billion in the product, while taking $10 billion in debt and starting to convert some of the debt reductions that we have into cash returns for our shareholders, with about, I think $3 billion that we've now returned over the last two years and $6 billion that we will return by 2017. And we are going to continue to return 50% of free cash flow to shareholders until we reach that adjusted net debt target of $4 billion.

Another element that we've been closely monitoring is our investment-grade status. We are currently two notches away from investment grade. Our view is with this current plan that we will be at investment-grade like metrics by 2016.

Another picture speaking of cash and capital and operating cash flow and looking at how the business has changed is a picture that goes back over the last 20 years, and you can see the full cycle, and this is the Delta picture adjusted for the Northwest acquisition. And you can see that the historic trends that we've had. Back in the last period of relative prosperity for the industry in the late 1990s, the red line shows the operating cash flow in that period. You can see what the company did, very similarly what the industry did, was it went out and they invested heavily in continuing to grow the airline. And CapEx in those years exceeded the operating cash flow of the business resulting in negative free cash flow even during the periods of strength only to turn around in the 2001 and beyond period to see a period of economic weakness and substantial reductions in CapEx and, as a result, reductions of operating cash flow. And you can see what happened on the bottom chart to our adjusted net debt. We went from a $9 billion adjusted net debt level at the end of 1997 to $26 billion at the end of 2004.

We've obviously been making a lot of strides here recently not only to make certain that we say very disciplined about the capital that we returned, but also to pay down that debt. And you can see that by the growing gap between the CapEx and the red line which is the operating cash flow, which in effect tells you the free cash flow that we're generating from the business and expect to end at the end of 2015 with $6 billion adjusted net debt level.

I talked a fair bit about this in terms of the debt levels, one interesting slide, not only are we starting to approach our optimal debt level, but the interest savings that we will have just versus 2009 will be $1.1 billion. And, interestingly as well, once we get to that $4 billion level, we expect that those interest levels will be on par with our S&P Industrials peer, so no longer we will be a highly leveraged over-committed franchise.

Another picture of the change that we've gone through and this is reflective of the U.S. carriers, the four big U.S. carriers as a whole is that an industry that historically competed on market share is now very focused on competing on shareholder returns. You go back to that earlier slide where I showed in the late 1990s, the amount of CapEx that was being spent and the deliveries that were scheduled in the 1999 through 2002 period, the four majors had over 1,200 aircraft that they purchased during that last period of prosperity. You compare that to what we will have on our order books in terms of fixed delivery slots now for the next three years, that's $25 billion less capital that we're investing in fleet and in CapEx. We're using that to fund shareholder returns and the $4 billion that we've returned to shareholders as an industry is reflective of that over the last year. And I would expect that $4 billion is going to continue to grow as the other carriers start to follow through some of the plans that we announced earlier this year with a $6 billion share buyback through 2017.

And as a result of that, the stock has outperformed our industrial peers. You can see the top line which is the Delta stock performance compared to both the airlines as well as to the high-quality transports. But our valuation still remains at a significant discount. Our return on invested capital, our EPS growth, our free cash flow and our shareholder returns are all in excess of our S&P Industrial brethren. Yet when you look at our price to earnings ratios as well as our forward price to free cash flow, you can see there is still substantial room for improvement in the multiple at Delta and the ability for us continue to sustain delivery of performance is what's going to drive those multiples up and the valuation up, and hopefully a better stock return for you, our investors.

So, in conclusion, we feel strongly that the test point and the proof point that we've been laying out over the last several years at Delta being a high quality industrial is coming through to fruition. We do and we're proud of the work of the Delta employees that do run America's best large airline, and that proven track of execution, and efficiency in managing, not only to the capacity discipline in the current environment, but the operational excellence of the airline is really coming home to roost.

The revenue picture is on the domestic front, it's a little sluggish. I think we all feel the – wish the U.S. economy had a little greater strength to it. But this summer will be very strong, demand is solid. Those margins, as I mentioned, will be in excess of 20% across our domestic system and once we get to the post-Labor Day period after the summer is over, we are going to be making certain capacity adjustments that's going to allow those returns on unit revenues to improve.

We're lowering risk across the business. Our revenue portfolio is more diversified than ever. I was mentioning to a group earlier today that less than 80% of our revenues are from traditional ticketing sources which is a very large number considering Delta is over a $40 billion company. And all those alternative sources of revenue, whether they'd be ancillary revenues, whether they'd be merchandising revenues, whether they'd be revenues driven by our MRO business or our cargo business, all carry much higher than average margins attached to them, and that's a growing source of our continued improvement in the underlying results of the business. And the combination of all those factors allow us to speak with some confidence in the durability of the new industry framework that will continue to make Delta a rewarding investment into the future.

So, thank you, Mike, for the presentation. I tried to get through it as quickly as possible to save time for some questions, but we had an opportunity here to present to an industrial crowd, and we always enjoy that opportunity, so thank you.

At this time, we'll open it up to questions.

QUESTION AND ANSWER SECTION

<Q – Mike Linenberg – Deutsche Bank Securities, Inc.>: Thanks. If I could – actually I want to ask two questions. One is a competitor carrier has said that 2016 from a capacity perspective is shaping up, still look like 2015 as it relates to capacity creep. I know it's early, but what are your thoughts on that and is it – maybe it's a certain number of carriers particular that are driving those increases, again just your thoughts on that?

<A – Ed Bastian – Delta Air Lines, Inc.>: I can't really speak for what our competitors are thinking about capacity, they haven't checked in with me. But I can tell you, at Delta, that we are monitoring our capacity plans quite carefully, looking at what's going on in the marketplace, what's going on with our unit revenue production. We do have a pretty sizable opportunity when you think about the cash returns of this business to continue to improve margins for the business in the year ahead, and when you also think about the fuel tailwind that we have last year, current year, we had in the first half of the year, close to I think $1.7 billion fuel hedge loss that we will be lapping into the next year and that's going to certainly provide us a fair bit of margin strength and that combined with getting to a positive unit revenue trajectory for next year, should produce, we think, a pretty good year for Delta. But, capacity decisions of the industry have to be their own decisions.

<Q – Mike Linenberg – Deutsche Bank Securities, Inc.>: Great. And then just my second question: the announcement by Lufthansa recently to basically charge €16 for a booking that comes by way of a GDS. I mean, I think it – I think it's a pretty big deal, and I think people are – at this point, the market's trying to digest what all this really means. But that move by Lufthansa and also moves by yourselves about where you want to – what store fronts that you want to place your product into, just thoughts on that?

<A – Ed Bastian – Delta Air Lines, Inc.>: Again, I can't speak, that's a pricing action that I really can't speak to, Michael. I can tell you that we have made significant inroads in reducing the cost of distribution at Delta, substantial reductions over the last five years. And the European distribution channels, on average, are much, much higher than what you'll find in the U.S. So for us, we've got a great working relationship with our GDS partners in the distribution arrangements, but really the Lufthansa arrangement doesn't have much of an impact on how we're thinking about it.

<Q – Mike Linenberg – Deutsche Bank Securities, Inc.>: Okay, great. Thanks.

<Q>: Just wondering if you can elaborate on the approximate two point move down in PRASM in the domestic market from your initial guidance to current. Is that – would you characterize as broader weakness across your overall network domestically or perhaps more, say, in Detroit, where you've had some well publicized price versus, say, in Chicago, where there is a spillover effect. Just if you could dissect that a little bit for us and think through that. Thank you.

<A – Ed Bastian – Delta Air Lines, Inc.>: The pricing environment, I think, has been well publicized that there is weakness in Dallas. Again it's not a demand weakness; people are travelling. And pricing is at lower price points in Dallas than in other U.S. marketplaces. And, as a result of that, that's caused some knock-on effects in traffic flow across the U.S. system. We do not have any individual markets that we're seeing significant unit revenue weakness or pressure in. The changes that we've talked about making to our capacity guidance domestically, it's going to be very surgical, it's going to be very tactical. We're pleased with how the summer is shaping up in the fourth quarter. We still anticipate growing our domestic capacity about two points, but that is less than what we have previously expected.

<Q>: If I remember correctly, May was a tough comp for you guys.

<A – Ed Bastian – Delta Air Lines, Inc.>: It was.

<Q>: And, then you expected June to be tracking better. Can you just give us an update on that?

<A – Ed Bastian – Delta Air Lines, Inc.>: I'm sorry I couldn't hear [indiscernible] (32:47) question.

<Q>: And then but June was expected to be better than May.

<A – Ed Bastian – Delta Air Lines, Inc.>: The comps in the second quarter are the toughest. We are lapping, I think, for May was 6% or 7% year-on-year comp that we're lapping. June was a little – it was a little bit less than that, tails off by the time we get to the third quarter, I think our unit revenues third quarter a year ago were up about 2.5%, and the fourth quarter was up a little over 1%. So, yes, there is substantial benefits from lapping very tough comps that we've seen in the early part of the year. I can't get into any of the industry months as to where the inflection point will be in terms of the weakness, but it should improve substantially. And our goal is to the – by the end of the year to get to a positive unit revenue outcome. Other questions? Yes.

<Q>: [Question Inaudible] (33:43).

<A – Ed Bastian – Delta Air Lines, Inc.>: Flexibility on capacity?

<Q>: [Question Inaudible] (33:49).

<A – Ed Bastian – Delta Air Lines, Inc.>: Well, we have a lot of flexibility on capacity. The international capacity reductions we've announced we think are already appropriate for the conditions we're expecting and the currency levels that we see. The domestic capacity is down from what we were originally planning, and you can see on that chart. If you look back, you can see the domestic we've been running somewhere between 4% and 5% domestic capacity year-on-year growth, which we'll take down to 2% by the fourth quarter. And if we're not getting the appropriate compensatory fares to justify that, we'll make the appropriate adjustments at that time further.

<Q – Mike Linenberg – Deutsche Bank Securities, Inc.>: Yeah, Ed, on sort of a separate note, there's been – this push I think it's been going on for some time about splitting off the air traffic control function from the FAA, setting up whether it's privatization or corporatization. My sense is that there are a lot of constituents that are behind it. I think Delta has come out and sort of said caveat emptor, just – we'll come out with our full view maybe when we see the fine print here because there are several different scenarios or solutions that are being floated around. Your thoughts on that and maybe what is the – what's the right structure?

<A – Ed Bastian – Delta Air Lines, Inc.>: We are supportive of the reform agenda with respect to ATC, the FAA has been looking at and air traffic modernization and [ph] NextGen (35:18) needs to become [ph] NowGen (35:19) and we are fully supportive of those plans. It really gets down to tactically what the best way to implement it, because it's had a difficult time from a government standpoint as well as from an industry standpoint as you mentioned, starting to get traction for who's going to fund the cost of that and how do you put that funding model into a sustainable pattern, so that people can see it build on a long-term plan for success.

Our view is separating that in terms of a private partnership is not necessarily the best path to go. I know there is discussions now of setting it up potentially in a non-profit, or setting up a different funding mechanism. So we're opened to continuing to look at various alternatives. Our main objection has been with the private partnership, the separation of ATC is not something that we think will necessarily encourage the right investment at the right time into the future, and we do think actually you might windup incurring additional costs along the way. We've looked at other models in other nations, and it's not clear to us that that's a silver bullet. Yes?

<Q>: How do you think about the risk of pushing margins too high to the point that you risk re-fragmenting and jeopardizing the industry's new consolidated dynamic?

<A – Ed Bastian – Delta Air Lines, Inc.>: I'm sorry there's a little echo, I couldn't hear clearly your question.

<Q>: How do you think about the risk of having too high a margin and encouraging a re-fragmentation of the sector?

<A – Ed Bastian – Delta Air Lines, Inc.>: The risk of having too high a margin and, as a result, inviting additional competition? We look at. There's no question we are at a historic high with respect to returns in this business. We also look at what we need to do to continue to protect those margins out into the future. Again, I can't really comment about our capacity plans or those elements that would drive changes in our strategy, but we do have a fairly robust part of the U.S. network system managed by four big hub and spoke carriers here in the U.S., I think that number is close to 85%. When you look across the trans-Atlantic, you have three immunized JVs that's between American and Delta and United and their peers and their partners in Europe that control a substantial amount and provide an enormous amount of customer value across the Atlantic. And we're building JVs and relationships in Latin America.

We announced that we're going to be starting a JV, hopefully pending regulatory approval with Aeromexico January 1 between the U.S. and Mexico. And there is – I know there is plans for us looking down into Brazil potentially JV opportunities as well. So I think the ability to startup a new carrier in this marketplace is a bit challenged, given the economic backdrop that people are looking at. I think one of the questions a new investor or a new startup has to ask is, where do fuel prices go and is this the right time to invest in a market with fuel as volatile and choppy as it is? So there's a lot of barriers to entry in this industry. There's also, as we know, a lot of barriers to exit. And, as a consequence of that, we think the construct is pretty balanced.

Edward H. Bastian, President & Director

Anything else? Okay. Thank you, all. I appreciate you're being here. Enjoy your day.