

Live Q&As:
Moderator (Jun 24, 2008 1:41:20 PM)
Welcome, Delta employees, to the June 24, 2008 chat with Ed Bastian. Please feel free to chat amongst yourselves until we begin. Please do not submit questions for Ed until the chat starts.
Moderator (Jun 24, 2008 2:05:43 PM)
Ed's on the way - we'll take a few HR questions with Mike Campbell in the meantime.
ATLguy (Jun 24, 2008 2:06:02 PM)
Mike, it was said the other day that if we keep reducing flights and oil goes up that Delta will offer voluntary packages again!
Mike Campbell (Jun 24, 2008 2:07:06 PM)
ATL Guy - There are currently no plans to offer other voluntary packages.
pf (Jun 24, 2008 2:06:30 PM)
Good Morning. When can we expect the two Pass Travel systems for Delta and NWA to merge into one system? Are you a liberty to say what the combined Airline privileges will be? Thanks, Paul
Mike Campbell (Jun 24, 2008 2:08:33 PM)
With respect to pass travel, we would like to have a common pass policy on day one, assuming we can get the system to handle that. Other HR policies, we will look at the timing and phasing.
ifs learning (Jun 24, 2008 2:09:45 PM)
Hey Ed. Are there any plans to move some or all of the NWA 747's to ATL?
Ed Bastian (Jun 24, 2008 2:10:33 PM)
Yes, that will be a significant part of the revenue synergies, moving the aircraft to where we have greatest utilization opportunities.
Wisseh (Jun 24, 2008 2:12:35 PM)
It seems like the fuel situation is going from bad to worse. Could you describe what plans we have to combat this?
Ed Bastian (Jun 24, 2008 2:12:35 PM)
We are experiencing unprecedented surge in fuel costs not only in this industry but across our country. The Delta team has done an amazing job of taking on this challenge. In fact, our fuel costs will be up 4 billion dollars this year and we have already figured out how to cover roughly 75% of that amount in the current year. More work will be needed but we are leading the industry in our response.
Jrwjax (Jun 24, 2008 2:13:40 PM)
Ed, what is the current crack spread and how much have we hedged going into the second half of 2008?
Ed Bastian (Jun 24, 2008 2:13:40 PM)
The crack spread is currently at \$26. We have roughly 50% of our remaining 2008 fuel requirements hedged. We will save \$1 billion dollars this year alone as a result of our fuel hedge program.

Borat (Jun 24, 2008 2:14:49 PM)
What will happen with NW's freighters? Is there a future for them?
Ed Bastian (Jun 24, 2008 2:14:49 PM)
Don't know. What I do know is they are losing a considerable amount of money and we will need to find a solution to stem the loss.
Treehugger (Jun 24, 2008 2:16:50 PM)
Ed, thanks for talking with us today. Can you tell us the next hurdles for the merger? In other words, is there anything blocking our way now?
Ed Bastian (Jun 24, 2008 2:16:50 PM)
The regulatory review process is going quite well and is on a path to be completed by November or December. I don't see any significant hurdles to overcome before we consummate the merger. The Delta and Northwest teams are working closely on integration plans and we will be making various organizational announcements regarding the structure of the new company in the coming weeks. It's an exciting time for all of us and we are anxious to get the merger underway.
Doug (Jun 24, 2008 2:19:15 PM)
Hey Ed, are there plans to get many more of the 777s? And, what new cities will we be serving with the 777s?
Ed Bastian (Jun 24, 2008 2:19:15 PM)
We are taking delivery of 6 additional 777LRs over the next year. We are looking at exercising 2 additional option positions for deliveries in 2010, as well. The aircraft will be used on east coast to Asia routes and has been quite effective in the JFK to Mumbai service.
wally (Jun 24, 2008 2:21:06 PM)
Ed, my cupboards are bare. All my money now goes to pay for gasoline for my daily commute. How can Delta possibly weather this "perfect storm" of rising gas prices, heated competition, and waning demand for our product?
Ed Bastian (Jun 24, 2008 2:21:06 PM)
Wally I hear your pain. The industry is facing probably it's most difficult challenge ever and all I can tell you is Delta is best positioned of any of our competitors, not only to survive the storm but to take advantage of other's failures. Our international growth, our fuel hedge programs and our outstanding commitment to customer service is separating us from the pack. Hang in there - we'll get through this.
JMD (Jun 24, 2008 2:21:33 PM)
How excited is Glen about getting to rework and optimize Northwest's network? Are we going to see any significant changes to the combination of the two networks, perhaps like a true transpacific West Coast hub or changes to the Narita hub?
Ed Bastian (Jun 24, 2008 2:24:02 PM)
He is so excited he's hard to be around. The Network team will arguably have the greatest set of assets in the industry to play with. We will be making considerable changes to our international flow as we connect Asia to South America, Europe to the US Heartland and fully optimizing the potential of a four way joint venture with Air France and KLM. There is no question we will be a powerful player on the international industry landscape and it's going to be exciting to be a part of.

Peachy (Jun 24, 2008 2:26:10 PM)
Ed, can you explain the purpose of the multiple Exec Offices. Are they primarily for COC purposes?
Ed Bastian (Jun 24, 2008 2:26:10 PM)
There will only be one Executive office and that will be in Atlanta. There will be a corporate presence in Minneapolis and we'll continue to assess how to best integrate the two corporate functions. Our strategy will be to combine the strengths of two great companies and we will not let geographies limit our potential.
Flaps15 (Jun 24, 2008 2:27:21 PM)
Greetings Ed - Love the chats! What's the status on the Freedom (Mesa) 50-seat flying in light of the recent injunction?
Ed Bastian (Jun 24, 2008 2:27:21 PM)
We were disappointed in the judge's ruling on the injunction and will vigorously defend our right to terminate the contract. We will not let carriers who fail our customers have a role in the Delta Network.
SadTailSquirrel (Jun 24, 2008 2:28:12 PM)
The merger announcement had information about equity for front-line employees, but didn't say anything about merit employees. Will merit employees be getting anything?
Ed Bastian (Jun 24, 2008 2:28:12 PM)
Yes, all employees will be sharing in the equity that will be provided upon the closing of the transaction. Hopefully, we will get the stock price up by then.
*NiceTie*ED (Jun 24, 2008 2:29:53 PM)
If Congress does anything to restrict the US OIL speculation market, will that have any impact on our Fuel Hedging program?
Ed Bastian (Jun 24, 2008 2:29:53 PM)
It will not restrict our ability to hedge. The proposed legislative action would be targeted to financial speculators, not natural consumers of oil. I believe this action would help reduce oil prices for all of us and I encourage you to send your thoughts on this to your elected representatives.
JMD (Jun 24, 2008 2:31:03 PM)
What impact will Continental leaving Sky Team have on our alliance and will we enhance our codeshare with other airlines to lessen that impact?
Ed Bastian (Jun 24, 2008 2:31:03 PM)
To be candid, Continental has not been a very good partner within Sky Team and I do not anticipate any significant negative effect from their departure. Yes, you can expect us to continue to enhance Sky Team with additional airline alliances.
N171DZ (Jun 24, 2008 2:31:19 PM)
Ed, when do you expect we will know what the post-merger structure of our departments will be?
Ed Bastian (Jun 24, 2008 2:33:13 PM)
We will be making announcements over the next couple of weeks regarding the officer assignments in the new Delta and the associated organization structure. Once they are announced, we will be moving to the next level of leadership. No timeline on those announcements have been established.

ifslarning (Jun 24, 2008 2:33:49 PM)

Ed, based on your experience and expertise do you foresee any legacy carriers going into or returning to Chapter 11 or 7 within a years time?

Ed Bastian (Jun 24, 2008 2:33:49 PM)

Yes, I do but the timeline may be closer to 18 months.

Treehugger (Jun 24, 2008 2:34:37 PM)

Hi Ed. So we are waiting on the DOJ now - when do we get an answer from them so we can begin merging officially?

Ed Bastian (Jun 24, 2008 2:34:38 PM)

I expect their answer no later than December. Assuming they provide their approval we would consummate the merger almost immediately thereafter.

Whazzup (Jun 24, 2008 2:37:48 PM)

Ed, if our merger with NW is approved, how will we integrate NW's largely unionized work force, and what challenges do you see in that process?

Ed Bastian (Jun 24, 2008 2:37:48 PM)

It's a fairly complex question that would be difficult to explain in this format. That said, we would expect some of the work force representation issues to be resolved quickly, such as, TechOps where there is not a significant NWA union presence. Other groups such as the Flight Attendants could take up to a year to resolve. The bottom line on all this is that Delta people will decide whether they will be unionized because in every group the Delta people represent the majority of the combined workforce category.

Borat (Jun 24, 2008 2:38:16 PM)

I hear that a lot of people are worried that when another vote is done, NW FAs will dominate and the union will win over. I suspect and hope that many of them will wonder why it is that DL FAs repeatedly turn down the union initiatives. Do you think there is a good chance they may grasp at the opportunity to get rid of the union?

Ed Bastian (Jun 24, 2008 2:42:18 PM)

NW FAs will not dominate that workforce category. In fact, we have close to twice as many flight attendants as NW. In addition, over 60% of the Delta flight attendants rejected the AFA, and that vote did not include almost 1,000 new hire flight attendants who joined Delta after the AFA filed for the election and who could not vote. I believe that the Delta flight attendants in the new company, which will then include Northwest flight attendants, will once again see the value of our direct relationship and I expect the AFA to be defeated again.

RC (Jun 24, 2008 2:43:02 PM)

Will the 787s (on order as a result of the NW merger) produce significant fuel savings?

Ed Bastian (Jun 24, 2008 2:43:02 PM)

Yes. We expect to see a 25% improvement in fuel efficiency due to use of new composite technology.

Zorro (Jun 24, 2008 2:45:20 PM)

It has been reported on some of the news channels that Delta will spend \$1 billion during the first year of the merger to integrate the two airlines. What will this money be spent on?

Ed Bastian (Jun 24, 2008 2:45:20 PM)

We have said that the cost of integrating the two companies will not exceed 1 billion dollars. We are sharpening our pencil on that estimate and I believe the actual cost will be far lower. Costs will be spent on technology, re-branding of the NW fleet and facilities to Delta, uniforms, integrating maintenance requirements, etc... It will also take up to 2 years to spend those funds.

bluewhale (Jun 24, 2008 2:34:14 PM)

Ed, I've heard rumors of a second voluntary program to be offered this fall? Can you speak to this? Are there any plans to offer another voluntary program or early retirement option before the end of 2008?

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Ed Bastian (Jun 24, 2008 2:47:24 PM)

As you may know, our internal target for headcount reductions was 2,000, and we received over 4,000 acceptances of the voluntary package. One of the reasons we took all the acceptances was to ensure that we had flexibility on staffing requirements in the event we need to downsize our capacity any further. I do not expect there to be a need for further headcount reductions at this time.

pf (Jun 24, 2008 2:48:02 PM)

Ed, any thoughts on the announced lawsuit yesterday to stop the Delta/NWA merger? Thanks, Paul

Ed Bastian (Jun 24, 2008 2:48:02 PM)

It was frivolous and shows we have too many lawyers in this country. Completely without merit and don't worry about it.

DTRocks! (Jun 24, 2008 2:48:41 PM)

Hi Ed, any news to report on the negotiations with the NW pilots?

Ed Bastian (Jun 24, 2008 2:48:41 PM)

We have made substantial progress with the NW pilots and hope to have an announcement soon. Stay tuned.

Delta85 (Jun 24, 2008 2:49:50 PM)

What do you think is the likelihood that we will pay out profit sharing next February?

Ed Bastian (Jun 24, 2008 2:49:50 PM)

With fuel levels at \$135 a barrel, the answer unfortunately is zero. That said, we will be profitable this quarter which is an amazing feat and a tribute to the entire Delta team. Unfortunately, I don't see that happening for the whole year though.

JR (Jun 24, 2008 2:51:54 PM)

From my understanding the China routes are not presenting the profit we once thought they would. Other airlines are even going as far as to push back their Asian route structure. Where do you see Delta's route structure growing in the next few years? Asia, Australia, Mid-East?

Ed Bastian (Jun 24, 2008 2:51:54 PM)

We believe China will be profitable for us, however, with any new start-up to a new region it takes time to develop the sales distribution channels in the local market. The fact that we are reducing daily service is due to the high cost of fuel, not the acceptance of the product in China market. With the Northwest merger I see considerable growth throughout Asia in our future.

Zorro (Jun 24, 2008 2:53:30 PM)

Is there any truth to the rumor that Delta Technology will be folded back into Delta?

Ed Bastian (Jun 24, 2008 2:53:30 PM)

Now that we have co-located Delta Technology with Delta, I don't see the need for continuing two separate organization and benefit structures, especially with oil at \$135 a barrel. I would expect next year that we can all be on one Delta platform.

JMD (Jun 24, 2008 2:54:44 PM)

Upon completion of the merger transaction, do we have any plans to improve NW's domestic cabin experience up to the Delta standard?

Ed Bastian (Jun 24, 2008 2:54:44 PM)

The success of this merger will be determined by our customers. Improvement of the Northwest customer service ratings is a core feature of our product strategy and I am convinced we can accomplish this mission.

flyguy1 (Jun 24, 2008 2:56:07 PM)

flyguy1 (Jun 24, 2008 2:57:41 PM)

What plans do we have to keep the AFA away from the FAs at the new Delta?

Ed Bastian (Jun 24, 2008 2:57:41 PM)

We believe the best plan is to continue to reinforce the value of our direct relationship with our flight attendants. It's a win-win relationship, and that is the best medicine to keep Delta union free. Remember that the NWA flight attendants over the last several years have thrown out three different unions because they were dissatisfied with their representation.

SadTailSquirrel (Jun 24, 2008 2:57:47 PM)

Any chance we could get a work from home option or flexible schedule? The price of my commute is getting painful!

Ed Bastian (Jun 24, 2008 2:58:55 PM)

We are aggressively exploring the roll-out of work from home options within Reservations and DT. We have pilot programs in effect today. I think this is a great idea and we need to move on it quickly with the proper technology in place.

Fish (Jun 24, 2008 2:59:36 PM)
Ed, what will it take for our stock prices to return to what they were when we emerged from bankruptcy?
Ed Bastian (Jun 24, 2008 2:59:36 PM)
Fuel going back to \$60 a barrel where it was at that time.
RC (Jun 24, 2008 2:59:56 PM)
Will there be further head count reductions this fall with the additional 3% pull down?
Ed Bastian (Jun 24, 2008 2:59:57 PM)
No.
SadTailSquirrel (Jun 24, 2008 3:00:38 PM)
We just redesigned our logo and brand a year ago, but I've heard that we're going to consider changing it to incorporate the NWA logo/brand.
Ed Bastian (Jun 24, 2008 3:00:42 PM)
No.
SadTailSquirrel (Jun 24, 2008 3:01:15 PM)
Will the 787 come painted with the Delta tail?
Ed Bastian (Jun 24, 2008 3:01:17 PM)
Yes.
ATLguy (Jun 24, 2008 3:01:54 PM)
Any increase for merit with the 3% July increase?
Ed Bastian (Jun 24, 2008 3:02:16 PM)
Yes. There is a 3% merit pool that will be distributed based on performance.
OrderEmbraers (Jun 24, 2008 3:02:29 PM)
Why do you favor questions from JMD?
Ed Bastian (Jun 24, 2008 3:02:40 PM)
Cause JMD asks good ones.
ATLIO (Jun 24, 2008 3:02:55 PM)
Any plans for the 4th?
Ed Bastian (Jun 24, 2008 3:03:34 PM)
I have my entire family coming down to Atlanta for a family reunion. Given I am one of 9 children it's going to be quite a down home southern party. Hope you have a great 4th as well.
Ed Bastian (Jun 24, 2008 3:05:06 PM)
Thanks for the great questions today and even more importantly, the great service you provide our customers. I hope everyone gets a chance to have some downtime over the July 4th holiday. For those having to work the holiday, I thank you for your service and commitment to our company. Stay cool out there I know it's going to be a hot summer and I look forward to seeing you out on the line.