

# THE ECONOMIC CLUB

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O F W A S H I N G T O N, D. C.

**Delta Airlines CEO Ed Bastian discussed the airline industry,  
Delta's recent successes, and his vision for the company.**

**Ed Bastian,  
CEO,  
Delta Air Lines  
Tuesday, September 17, 2019**

DAVID RUBENSTEIN: People say that running an airline is not an easy thing to do. You have weather to deal with, energy prices to deal with, lots of employees and so forth. But you grew up in a family of nine children. So, what is easier, growing up in a family of nine children – [laughter] – or running an airline?

ED BASTIAN: Running an airline, certainly. [Laughter.] Our family was great. I'm the oldest of nine, and I was sharing with David earlier that when I was five years old my mom – we already had six kids in the house. And so, nine kids sharing three bedrooms, one-and-a-half baths. My dad was a dentist. He had his practice inside our house and my mom worked for him. And so, it was a –

MR. RUBENSTEIN: Wasn't that busy a practice at times, I guess, or? [Laughter.]

MR. BASTIAN: He must have had some gaps in his schedule there, yeah.

MR. RUBENSTEIN: Right, OK.

MR. BASTIAN: But the interesting thing about it was that growing up I didn't board an airplane till I was 25 years old.

MR. RUBENSTEIN: Really?

MR. BASTIAN: We couldn't afford it, you know. Too many of us and it just wasn't who we were. And I always recall one of my most stark visuals of my childhood is we went on one family trip a year. My dad would get us all in the station wagon. And so, apologies to our safety friends and regulators in the audience, but – [laughter] – there were no seatbelts. There were no car seats. There were nine of us, my mom, my dad, my grandmother in a station wagon, all piled in with – we were allowed to put whatever we could fit in our pillowcase and brought it for two weeks, and that was our family trip.

So, I must have figured somewhere in my unconscious there has to be a better way to travel. [Laughter.] And so, I'm still on that – pursuing that mission to this day.

MR. RUBENSTEIN: Now, your mother must be proud that her son, her first child, oldest child, is the CEO of Delta Air Lines, which is the largest U.S. air carrier. Does she –

MR. BASTIAN: Largest carrier in the world.

MR. RUBENSTEIN: Does she ever call you with ideas or complaints, or not that much?

MR. BASTIAN: All the time, all the time. She gives me her ideas. I always ask her please when she's traveling not to tell anybody who she is. That never lasts. I've caught her – people have told me that she applauds at the end of the little safety announcement that I do on the front end of the plane, so it's kind of cute. [Laughter.]

MR. RUBENSTEIN: Now, you travel on Delta yourself most of the time.

MR. BASTIAN: Yes, I do, most of the time.

MR. RUBENSTEIN: So, you fly coach. Is that right?

MR. BASTIAN: I often fly coach, yeah. I find it more interesting back there.

MR. RUBENSTEIN: OK. Is it – what about the legroom back there, though?

MR. BASTIAN: Well, the legroom is – the legroom is fine, you know. We got the [laughter] – what you find when you're flying coach is it's more entertaining. So, you don't worry about your legroom; you see what else is going on. That's where the real people are and that's where the –

MR. RUBENSTEIN: All right. So, when you're –

MR. BASTIAN: I tell people that's where the party is.

MR. RUBENSTEIN: But do people know who you are? You're sitting back there with all these people –

MR. BASTIAN: Absolutely.

MR. RUBENSTEIN: – and do they know who you are? And do they say, well, let me give you a good idea or something?

MR. BASTIAN: Well, they usually ask me why I couldn't get a seat upfront, and I tell them for what I pay for a ticket that's about the best I can afford to get. And I don't even get frequent flier miles.

MR. RUBENSTEIN: Why not?

MR. BASTIAN: Well, I didn't pay for the ticket.

MR. RUBENSTEIN: OK. So, let's talk about running an airline generally. To be honest, there are a lot of people that say if you want to run an airline or run a big business, go to a good business school or work your way up and be a management expert and so forth. But you were trained as an accountant, which is a great profession, but some people would say the best managers in the world are not CPAs, right?

MR. BASTIAN: That's probably a fair statement.

MR. RUBENSTEIN: All right. So how did you become such a good manager? Delta is widely considered to be an excellent-run airline. Where did you get the training to be such a good manager?

MR. BASTIAN: Well, one of the things about accountants that I think they get a bad rap is – that they're all about the numbers, they're very introverted and, you know, into their analysis – is that what you learn as an accountant is the numbers are actually the language and the vocabulary of business. And when you work in a number of different settings, a number of different clients and industries, which as an accountant – I started my career with Pricewaterhouse – I got to see – [applause] – a great snapshot of –

MR. RUBENSTEIN: OK.

MR. BASTIAN: A great snapshot of how companies succeeded and understood more the – and I actually became more inquisitive as to why that was, and you ask good questions. You also find yourself in rooms of people that actually are intimidated by the numbers and don't understand, so you actually – at an early age you have a chance to kind of elevate your own credentials and explore. And you know, analytical skills are certainly something that's critical to what I still do today.

MR. RUBENSTEIN: All right. So, you would hire a lot of accountants under you, or not?

MR. BASTIAN: We have a fair number of accountants. We got enough accountants for now, but – [laughter] –

MR. RUBENSTEIN: What about lawyers or private-equity people?

MR. BASTIAN: We have lawyers. We have private equity. We have almost 90,000 people, so.

MR. RUBENSTEIN: OK. So, for some reason Wall Street does not value airline companies as much as you would say they should. You have a P/E multiple of eight or nine, if you're lucky.

MR. BASTIAN: Yep.

MR. RUBENSTEIN: Why is it that Wall Street doesn't value airlines as much as you think they should?

MR. BASTIAN: Well, we're moving in that direction. We're still not there. Our largest investor is Warren Buffett. He now owns 11 percent of Delta. And Warren, after years of having sworn off the industry, had a saying which I loved. He said, you guys are the Chicago Cubs of the business world; you not only had a bad decade, you had a bad century. [Laughter.] And so, we got our bad century out of the way and we're now in a place where we've really fixed the business. We have invested in quality. We have invested in performance – the reliability on Delta leads the industry by a good measure. And it's been years and hundreds of millions, billions of dollars of investment in creating the platform that we can now offset a lot of the volatility and the reasons why people have stayed away.

MR. RUBENSTEIN: Well, he changed his mind because he used to say if a capitalist had been at Kitty Hawk seeing the Wright Brothers take off, he would have shot them down because –

[laughter] – there were no profits made in the airline industry for a hundred years when you compare the profits versus the losses. But that’s changed a bit now?

MR. BASTIAN: It’s changed, and he wouldn’t say that today, I bet, if you were to ask him. This year will be the fifth year in a row our profits have been in excess of \$5 billion. Double-digit margins. We’re growing about 7 percent a year, topline. In the top quartile amongst the Fortune 100 of fastest-growth companies.

MR. RUBENSTEIN: So how many – right now you have about 89,000 employees.

MR. BASTIAN: That’s correct.

MR. RUBENSTEIN: So how many are female, how many are male?

MR. BASTIAN: Actually, we have more female than male in the population.

MR. RUBENSTEIN: And what about pilots? What percentage are female? How many pilots do you have?

MR. BASTIAN: We have 15,000 pilots. The majority – the vast majority are male.

MR. RUBENSTEIN: And what about flight attendants? How many do you have?

MR. BASTIAN: We have about 25,000 flight attendants, probably 75/25 female to male.

MR. RUBENSTEIN: OK. And your revenues are what percentage in the United States and what percentage outside?

MR. BASTIAN: Our revenue is about two-thirds U.S., one-third international.

MR. RUBENSTEIN: And international, is that more profitable than U.S. generally because of longer flights?

MR. BASTIAN: No, it’s actually just the opposite. International is a lot more difficult to get to. It’s a lot more – the planes are bigger. The fuel costs more. The service levels, obviously, are substantially higher. And ticket prices, because there’s a lot of competition internationally, are more suppressed. We actually make about 80 percent of our profits in the U.S., closer to home.

MR. RUBENSTEIN: And you make a lot of profits, some people say, by owning your own refinery. Why do you need your own refinery? You don’t trust other people to get gasoline to you?

MR. BASTIAN: Well, we do, and we certainly use a lot of refineries. But about six, seven years ago, as refineries up and down the East Coast were being closed when oil prices – crude prices were well north of a hundred dollars, we saw that our cost of jet fuel was escalating at – we were, in fact, paying another \$25 a barrel on top of the crude price just to get jet fuel because

we are the most price-insensitive consumers of that product. We don't decide each day whether we fuel our planes up or not; we tell them six months out we're coming. So, any of the costs that the refiners have were kind of being pushed onto the airlines. And so, we needed to break that curve and get more supply into the market.

We've got a great refinery in – it's outside of Philadelphia – Trainer that we acquired. We opened it; it was closed for about a year. We put – we put a whole community back to work, and it was a great story. And to this day it's been very profitable. We've earned our returns on that many-fold.

MR. RUBENSTEIN: OK. Now, in the 1970s there was a big push for airline deregulation. Prices had been set by the ICC.

MR. BASTIAN: That's right.

MR. RUBENSTEIN: Interstate Commerce Commission used to set the prices. It was deregulated, and that stopped the regulation of pricing among other things. We then had probably 10 or 12 major domestic airlines. Now we have, more or less, three or four. So, has deregulation really worked for the American people, or has it not worked?

MR. BASTIAN: Oh, it's absolutely worked. When you think about – there was a lot of ravages of deregulation. A lot of airlines went out of business because they no longer could compete with the upstarts. It drove consolidation in our industry. We needed scale. Even as recently as 20 years ago we still had 10 big airlines flying around the U.S. Now, you know, arguably we have somewhere between five and six, and I think it's a much stronger base that we can invest in the reliability of what we're providing.

One of the changes, David, that's happened in the industry that caused problems for years was that we were seeing nothing – just a commodity. You know, price was the – almost the sole determinant of what airline you took. We've changed that paradigm, where we're now competing on quality and service and people. And price is still important, but that's not the main reason people fly Delta.

MR. RUBENSTEIN: Well, suppose somebody does care about price more than anything else. What's the best way to get the lowest price on a ticket? Is it – [laughter] –

MR. BASTIAN: Well, basic economy on Delta.

MR. RUBENSTEIN: Well, is it to buy the ticket well in advance? Is it to go through your own website or go through a travel agent website?

MR. BASTIAN: We have – we have low fares every day of the week. It's really – the pricing in the industry has gotten a lot more segmented, and we have what we call a basic economy feature where you agree that, you know, price is all you want – the lowest price – so you may not have an assigned seat, you may not – you know, may be one of the last people to board the plane. But you don't care because you just want to get there with Delta-quality service and price –

MR. RUBENSTEIN: OK. Well, suppose I really care where I'm sitting and I really want some good food and – [laughter] – if I pay a little more, or –

MR. BASTIAN: You'll pay – you'll pay a little more. But the other thing that's changed about the airline industry is even a decade ago the retail price on first class versus coach would be a factor of eight to 10 times. We've brought the retail price of coach down to where today it's only about two to three times our average fare in the main cabin, so it's a heck of a lot more affordable. And as a result, we sell about 75 percent of our first-class seats. In the past we would give 90 percent away.

MR. RUBENSTEIN: Well, in the old days – the '70s or '80s – if you flew on a commercial plane, it might be half-filled, and you could spread out. You could put your materials there. You had a lot of room and people wouldn't bother you. Now every seat is filled. Why is that?

MR. BASTIAN: Well, because fares are affordable, people are traveling, and –

MR. RUBENSTEIN: But it's not your algorithms or such, that you really know better how to fill the seats?

MR. BASTIAN: No, not at all. It's really been a function of pricing. Pricing over time, deregulation has worked. It's democratized the skies. And airfares today are about 40 percent cheaper in real dollars than just 25 years ago.

MR. RUBENSTEIN: What about frequent flier programs? They add cost to the ticket because you have to give these frequent flier miles. What about if everybody got rid of those? Would that hurt or help your industry?

MR. BASTIAN: Well, loyalty is really important in our business, as it is in many businesses. And the loyalty program we have with not just travel but also, we have a great commercial partner in American Express who buys miles, as well, from us, and provides another diversified revenue stream for the company.

MR. RUBENSTEIN: Now, you have an unusual relationship with American Express, and that is like 5 percent of your profits or something like that? Or what is it?

MR. BASTIAN: It's almost 10 percent of our revenues come from the American Express relationship.

MR. RUBENSTEIN: And how does that work? Why doesn't anybody else have that?

MR. BASTIAN: Well, each airline has their own bank. And you know, some work with JPMorgan Chase, some work with Citi, and some work with Barclays and others. But the American Express-Delta relationship is an exclusive relationship in the U.S., and we put all our resources towards each other. We're very focused on growing the American Express brand. We're the most important provider of cards for American Express. In their – in their revolve

portfolio, almost 25 percent of their revolving portfolio for American Express as a whole is the Delta card.

MR. RUBENSTEIN: But the best –

MR. BASTIAN: And it's also the fastest-growing product they have in their system.

MR. RUBENSTEIN: But the best way to get a cheap price, is it to go on a website that you have – [laughter] – or is it a website of a travel agent? What percent of your tickets are sold –

MR. BASTIAN: The best fare you can get on Delta – and you should try it sometime and let me know – [laughter] – let me know when you do. That was a cheap shot. I'm sorry. [Laughter.] Is –

MR. RUBENSTEIN: I'll try it.

MR. BASTIAN: Is go on Delta.com.

MR. RUBENSTEIN: Right.

MR. BASTIAN: We sell almost 50 percent of our tickets on Delta.com, our own distribution, not an online agency. And we have a low-fare guarantee that you cannot find a lower price for the ticket. If you happen to find it, we'll reimburse that fund. And go and purchase what's called a basic economy fare. So, it's about – anywhere between 10 to 20 percent cheaper than the lowest economy fare on the – on the price.

Now, when you buy that fare on the screen, we're going to flash, are you sure this is what you want to buy? Because you're going to be the last one on the plane. You're not going to probably have any room overhead for your – for your bags. But you're going to get a great – a great product/service offer from Delta.

MR. RUBENSTEIN: Suppose I say I want a cheap price, but I want some good food. I mean, is food a big deal to people that fly these days?

MR. BASTIAN: Food is important, and we've brought a lot of food back. You know, the industry 15 years ago wound up getting rid of food, getting rid of, you know, basically anything, and wound up charging fees, fees galore. You know, we've come full circle on that. We've reintroduced main cabin food services on a significant number of our – of our aircraft and in international, really improving the overall quality of the experience.

MR. RUBENSTEIN: Suppose I say I want a cheap fare. I don't care about food; I'll bring my own food on. Can you bring your own food on?

MR. BASTIAN: You can bring your own food on.



MR. RUBENSTEIN: All right. You bring your own food on. But I just want to make sure my luggage isn't lost. So, what percentage of people actually lose their luggage, or –

MR. BASTIAN: We never lose. We call them mishandled.

MR. RUBENSTEIN: Mishandled. [Laughter.]

MR. BASTIAN: Because we – [laughter, applause] –

MR. RUBENSTEIN: What percentage –

MR. BASTIAN: We always know where it is; it just takes us a little longer to get to it sometimes. But no, seriously. [Laughter.]

MR. RUBENSTEIN: Has that ever happened to you?

MR. BASTIAN: It has, yes.

MR. RUBENSTEIN: Really? What do – [laughter] – do you call up somebody and say, I'm the CEO and you lost my luggage, or mishandled it?

MR. BASTIAN: I absolutely do. [Laughter.] I say, are you kidding me? [Laughter.] No, like the customers do.

No, but what happens is we have invested in technologies to accelerate both the baggage delivery as well as the tracking. In Delta today we've got RFID in every one of our bag tags, so we know – there's that chip in every bag tag. We know where it is on the Fly Delta app that you're traveling with. You can actually track your bag. You know, we have some customers that sit there on the plane and look at the app to make sure their bag is traveling with them. It's a sense of security, you know. It's kind of a warm feeling. People tell me that they see their bag got loaded. They can watch it – watch it get loaded.

MR. RUBENSTEIN: Are those the people buying the expensive tickets or the least expensive on the – [laughter] – they have time to do that, OK.

MR. BASTIAN: They get – all levels. All levels of ticket.

MR. RUBENSTEIN: Great. Now –

MR. BASTIAN: And then – but the answer to your question is less than one in a thousand actually wind up getting mishandled.

MR. RUBENSTEIN: Now, what about if I want to not have paper, I want to buy a – I don't need to have a ticket. What about facial recognition? Can you just board an airline with facial recognition techniques?

MR. BASTIAN: Yes, we can. We've got the – in Atlanta, the international facility is entirely biometric. So, you get out of the car, you go to the security queue. Through the facial recognition profile, if you wanted to – it's an opt-in; we're not going to force people to go down this path – you'll be recognized facially. You'll be able to get right through, get on the – on the plane, board that same way. You don't have to show your passport. You don't have to show your ticket. You have to buy your ticket, but you don't have to show it. [Laughter.] And get on the plane. And when you return to the States, you can go through that same process back.

MR. RUBENSTEIN: So, if somebody wants to buy a ticket and they show up and they just do it with cash, does that – you have a problem?

MR. BASTIAN: We don't take cash anymore.

MR. RUBENSTEIN: You don't take any cash anymore.

MR. BASTIAN: We don't take cash anymore.

MR. RUBENSTEIN: OK.

MR. BASTIAN: Cash creates problems.

MR. RUBENSTEIN: All right. There is a phenomenon where you can bring an animal onboard that is an emotional support animal. [Laughter.] And recently, not on your airline but on another airline – I won't mention – a pony went on as an emotional support animal. [Laughter.] Do you allow ponies on your airline? [Laughter.]

MR. BASTIAN: We try not to – we try not to let ponies get onto the airplane. It's a serious topic. You know, we've had a raft of emotional support animals of all variety. I was reading the other day in New Zealand of all places someone brought an emotional support clown with them to get on – [laughter] – because they were going to a job interview where they thought they weren't going to get it, and that was the rationale why they needed to have this clown on the plane. So, I don't know whatever happened to that, but I found it curious.

But the – you know, we've got – we've tightened up the restrictions. We want to make certain all valid service animals are provided access to Delta. But at the same time, people have seen it as a way of avoiding the cost of transporting their animals.

MR. RUBENSTEIN: Right. Now, there has been a problem with people who are flying on planes drinking too much alcohol. And sometimes they get abusive and they have to be taken off. What is the rule on how much alcohol somebody can be given by one of your flight attendants?

MR. BASTIAN: Well, we don't have a rule. We trust our people to use their good judgment. And obviously, when you're flying, the impact of alcohol is a heightened level than it is on the ground. And I think some people, as they travel, may not be aware of that. But our flight attendants are very good about spotting and identifying issues with respect to intoxication.

MR. RUBENSTEIN: Not your airline, but some other airlines have had problems with pilots who are drinking alcohol. How do you prevent that from happening? I mean, you don't have a breathalyzer for pilots, right?

MR. BASTIAN: We don't. We trust our pilots to take proper professional care, and our pilots do. Our pilots are the best in the business. We do have a rule that eight hours no alcohol can be consumed, you know, prior to flight from our pilots, and our pilots do a great job with it.

MR. RUBENSTEIN: All right. So, you have 15,000 pilots, more or less?

MR. BASTIAN: Yeah.

MR. RUBENSTEIN: And pilots, they're generally compensated at what range, from what range to what range?

MR. BASTIAN: Well, we got the pilots union in the room. They can probably tell you.

MR. RUBENSTEIN: They'd say –

MR. BASTIAN: They'd probably say it's not enough. But it's – [laughter] –

MR. RUBENSTEIN: OK. Well, how much is a pilot allowed to fly a month? Is that – is there a limit to the number of hours, or is it –

MR. BASTIAN: There are thresholds. Our average pilots fly, you know, during the month somewhere – anywhere between 60 to 80 hours a month, on average. Of course, then they have considerable amounts of time that they have for training and go through their certification. That also has to get factored into the – [inaudible].

MR. RUBENSTEIN: Now, when you're an airline executive, you basically have two companies you can buy planes from, more or less. Is that right?

MR. BASTIAN: Two.

MR. RUBENSTEIN: Two.

MR. BASTIAN: It's not more or less.

MR. RUBENSTEIN: More or less. [Laughter.] Well, sure, yeah, more or less. I was trying to be polite. But more or less. [Laughter.] So, you have Boeing and you have Airbus.

MR. BASTIAN: Yeah.

MR. RUBENSTEIN: Now, you fly a lot of Boeings, and in fact your longest flight is from Atlanta to Johannesburg, 17 hours?

MR. BASTIAN: That's right.

MR. RUBENSTEIN: That's a Boeing 777.

MR. BASTIAN: Boeing triple 7, that's right.

MR. RUBENSTEIN: So, by the way, I mean, how many movies can you watch on a 17-hour flight? [Laughter.]

MR. BASTIAN: A lot. It's fun.

MR. RUBENSTEIN: Really? And there are a lot of people that go on that flight, and that's a long – how many pilots you'd have to take?

MR. BASTIAN: You know, it's a – it's a crew of four pilots, and you know, with relief pilots. It's a – and that's why I say international is an expensive product to serve.

MR. RUBENSTEIN: But you chose not to buy the 737 Max for reasons unrelated to what later came to be a problem. And is that an advantage to you now because you have the Airbus 321 and that's giving you more capacity than some of your competitors? And do you take credit for that decision, or was that luck, or what happened?

MR. BASTIAN: I put that solely in the rather be lucky than smart category. No, we – listen, we're big fans of Boeing and we're hoping to see the Max flying quickly into the skies. But we never – that wasn't – safety was never part of the consideration set in making that decision.

MR. RUBENSTEIN: How many airplanes do you lease or own? I guess you lease them all, but –

MR. BASTIAN: No, no, we own almost – about 80 percent we own, 1,200.

MR. RUBENSTEIN: OK, 1,200. And how many airports do you fly to?

MR. BASTIAN: We fly to over 300 around the world.

MR. RUBENSTEIN: And more of those in the United States than outside?

MR. BASTIAN: Yeah. Yeah, absolutely.

MR. RUBENSTEIN: So, let's go through your background for a moment. We mentioned earlier that you grew up in a family of nine children. You were the oldest.

MR. BASTIAN: I was.

MR. RUBENSTEIN: Any of your siblings in the airline industry?

MR. BASTIAN: Thank God, no. They don't need to be. They have me.

MR. RUBENSTEIN: Do they ever call with complaints, or?

MR. BASTIAN: They know not to. [Laughter.]

MR. RUBENSTEIN: OK. All right. So, you went to – you grew up in Poughkeepsie.

MR. BASTIAN: Poughkeepsie, New York.

MR. RUBENSTEIN: And you went to college at –

MR. BASTIAN: St. Bonaventure University.

MR. RUBENSTEIN: OK. And you got your accounting degree.

MR. BASTIAN: Yeah.

MR. RUBENSTEIN: All right. So, you're minding your business. You're an accountant at Pricewaterhouse. How did you get out of that business and get – initially you went to Frito-Lay, is that right?

MR. BASTIAN: That's correct.

MR. RUBENSTEIN: So, what were you doing at Frito-Lay?

MR. BASTIAN: I was – I was fortunate at Pricewaterhouse. I moved pretty quickly through the ranks there and made partner, and probably made partner at too early an age. I think I was 32 or 33 years old. And you know, at that point in that profession that was kind of the pinnacle of success. And I said, well, if I'm in a company where my pinnacle of success is 32, I need to go someplace to learn more. I need to continue to develop.

The partners at that time thought I was crazy to leave, but I decided I wanted to try something different. And I really wanted to get out of the advising and auditing and consulting into the doing and taking responsibility and test my own – my own – my own instincts.

MR. RUBENSTEIN: Did you consider private equity ever? No. [Laughter.]

MR. BASTIAN: I did not. I did not.

MR. RUBENSTEIN: So how did you get to Frito-Lay?

MR. BASTIAN: Well, I got a call from a friend that said Pepsi was hiring and introduced me to a person at Frito-Lay down in Texas. I moved down to Dallas at Frito-Lay. And I don't have a graduate degree; I just went to an undergrad at St. Bonaventure. I have always considered to this

day my training at PepsiCo, my seven years spent there, as my postgraduate work because it's a fascinating company.

MR. RUBENSTEIN: Now, Frito-Lay chips, are they healthy for you? [Laughter.]

MR. BASTIAN: They're getting better. They're getting better.

MR. RUBENSTEIN: Getting better. [Laughter.]

MR. BASTIAN: But I live in Atlanta now, so I'm an avowed Coke person, so I got to be careful. [Laughter.] I got to be careful with what I say here.

MR. RUBENSTEIN: Well, is Coke healthy for you?

MR. BASTIAN: In moderation.

MR. RUBENSTEIN: OK. [Laughter.] All right. So, you're at Frito-Lay, and then a headhunter or somebody called you and said how about Delta Air Lines?

MR. BASTIAN: Yeah. Yeah. I was an active business traveler. I was traveling probably 80 percent of my time, a lot internationally, so I already thought I knew how the airlines worked and I knew all the things that needed to be fixed about the airlines to actually make it better, so. Of course, I get there and, you know, you actually take a peek behind the curtain and see how complex it is. You say, well, I never understood what actually went into it. But it was an industry that was fascinating to me because I was a big consumer of it.

MR. RUBENSTEIN: So, you became a senior vice president for finance, eventually, and then you became I guess chief financial officer.

MR. BASTIAN: Yes, chief financial officer.

MR. RUBENSTEIN: And then you became the president, and then you became the CEO in May of 2016.

MR. BASTIAN: That's correct.

MR. RUBENSTEIN: Right?

MR. BASTIAN: Yeah.

MR. RUBENSTEIN: So, since that time the stock is up roughly 30-some percent, 33 percent, 9 percent compounded annual growth rate. So, if I bought you stock today, would I get another 9 percent annual growth rate in the stock appreciation?

MR. BASTIAN: I think you're going to do better than that.

MR. RUBENSTEIN: Better?

MR. BASTIAN: I think so. I really do believe that, yeah.

MR. RUBENSTEIN: OK. But you had some problems before you became the CEO, and ultimately Delta filed for bankruptcy in 2005.

MR. BASTIAN: That's right.

MR. RUBENSTEIN: So why did you have to file for bankruptcy?

MR. BASTIAN: Well, it was the aftermath, really, of a series of events which 9/11 triggered. You know, we lost our international business almost overnight. The competition in the U.S. was so competitive with so many airlines trying to take each other's share it just kept pushing prices lower and lower and lower. Almost all the airlines wound up filing. You know, Southwest didn't, but most of the airlines did wind up having to go through a formal restructuring process, which was healthy in the long run. That was difficult at the time, but it enabled us to start to focus on what really mattered for our customers and the benefits of taking care of our people, who are the very best. And you know, this – you know, the last few years we've risen above the rest in many areas, including our financial success, but it's really been the work for the last 15 years that's enabled us to get to this point.

MR. RUBENSTEIN: But while you're in bankruptcy, U.S. Air said we want to take you over. Was that considered a friendly offer at the time, or?

MR. BASTIAN: Doug Parker will never live that down, no. He made a run at us at U.S. Air, and we were not going to be taken over and let all the hard work that Delta had done, turned it over to a – so we had a – we had a pretty hostile takeover battle. I've got an interesting story.

You know, we were – we were bankrupt. We weren't worth anything at the time. And U.S. Air came in and offered \$10 billion to buy Delta, for a company that's not worth anything. And so, everyone assumed, well, that's going to be a foregone conclusion. And the people of the company stood, and they said it's not going to happen, we have a better idea, we have a better business plan. We were able to convince the creditors through the restructuring process to stay with Delta, and as a result of that you see what we've been able to do.

MR. RUBENSTEIN: Well, as part of that what happened is you said to the employees and your colleagues, we'll give you 10 percent of the profits, to the employees. Is that more or less right, or?

MR. BASTIAN: Well, when we – when we went through the restructuring our people took a lot of pay cuts, and obviously, benefit losses, a lot of change. And we made a commitment to the employees then, at that point, once we became profitable 15 percent of the profits would go back to the people, which we honor to this day and we still do that.

MR. RUBENSTEIN: And so how much did that produce, let's say, last year for the employees?

MR. BASTIAN: Well, last year we paid \$1.3 billion to our people in profit-sharing.

MR. RUBENSTEIN: OK. So, now, does that mean your stock price would be higher if you didn't pay it to them, or you have happier employees?

MR. BASTIAN: I think our stock price would be lower if we didn't pay it because the engagement that our people have – our people are very, very good at what they do, but they also think like owners around the business. And so, their investment in terms of their productivity, their service orientation, allows us to rise above. And that's why, in a very difficult, complex business, our reliability is off the charts.

I just want to throw one stat out there which I think you'll all remember. So, we bought Northwest Airlines in –

MR. RUBENSTEIN: After you came out of bankruptcy you bought – OK.

MR. BASTIAN: After we came out of bankruptcy, we bought Northwest. That first year where we put the businesses together, that was a difficult year. That was a difficult year. Our maintenance – just our maintenance cancellations – you know, we said, you know, cancellations are the worst thing that can happen to a customer, as well as a Delta employee. We had 6,000 maintenance cancellations that year alone, in 2010 – 6,000 times canceled just for maintenance only, not counting weather and everything else. This past year that number was 60 – 6-0 – a 99 percent reduction in maintenance because of the quality of the work that our team has done. [Applause.] The investments in predictive engineering and technologies have helped, but it's also a mindset. We said coming out of that summer of hell that we needed to cancel cancellations, and people thought we were nuts, but we did it.

MR. RUBENSTEIN: So, what is your on-time record now? Are you the highest in the industry, or not?

MR. BASTIAN: We are the top in the industry. Our –

MR. RUBENSTEIN: What's is that – what's the percentage?

MR. BASTIAN: On average, our on-time rate is somewhere close to 87 percent.

MR. RUBENSTEIN: Eighty-seven. That's when you take off and –

MR. BASTIAN: We land as the government measures on time, within 14 minutes of scheduled arrival.

MR. RUBENSTEIN: OK. So –

MR. BASTIAN: Eighty-seven percent worldwide.



MR. RUBENSTEIN: So, to make sure you keep that record, do you – do the – do the flight attendants say hurry up or we're not going to let you on the plane? Or what do they – [laughter] – sometimes it's not the fault of the airline. But what is the main – is it air traffic that controls –

MR. BASTIAN: Well, air traffic congestion certainly is one of the reasons why, you know, there is a delay, or certainly weather is a contributing factor. But our people are very good at getting people moving through the boarding process, getting settled, helping them find their seats and stow their bags. And there's a – there's an operation mindset within the company that, you know, as the biggest hub airline in the world, we've got a higher incentive to run on time than anyone else.

MR. RUBENSTEIN: Now, the seats are wider than they were 30 years ago because people are bigger – is that true or not?

MR. BASTIAN: Well, I don't know if that's the case, but the seats are certainly –

MR. RUBENSTEIN: Seat are a little wider?

MR. BASTIAN: Certainly, you know, fairly comparable. We haven't changed our seat pitch and standard in years, probably over 10 years. There's more people on the plane. That probably makes them feel a little more – a little more crowded. But the quality of the service with our people – and you know, another thing we've been investing in heavily is the in-flight entertainment.

MR. RUBENSTEIN: So, is internet available on all your planes?

MR. BASTIAN: It's available on almost all our planes. Our smallest regional jets do not have them, but wi-fi is on all of our –

MR. RUBENSTEIN: And do you charge for it, or not?

MR. BASTIAN: We do charge for it, not for a good reason. I'm a firm believer we need to make wi-fi free across all of our service, and we're working towards that. The – [applause] –

MR. RUBENSTEIN: Well, you're the CEO, so you presumably have some influence on that. [Laughter.]

MR. BASTIAN: Well, I do have influence, and they've heard me a hundred times to this – including Gogo, which is our service provider, which I always, always tease them – I call them Nogo – [laughter] – and they've made a lot of progress now, Slowgo, and they'll eventually get to Gogo. [Laughter.] But one of the reasons why I say there's not a good reason why we charge – because you don't pay for internet practically anywhere else – is that the planes do not have the technical capacity and capability yet, that if we made it for free the system would crash. So, once it gets above about a 10 percent take rate onboard, performance starts to erode. And if you – if you turned it on for free – which we've tested many times – it's still not at the level that it

needs to be. So, we're investing heavily in the technical capacity in terms of the satellite spectrum, as well as –

MR. RUBENSTEIN: But you mean we can fly to the Moon and back and we can't have everybody using internet on the plane at the same time.

MR. BASTIAN: That's exactly – you sound like me, David. You know, one of the things I tell people is that, you know, we're closer to the satellites in the sky; why shouldn't it move – be faster? [Laughter.] But as they remind me, we're not traveling 500 miles an hour as we're – as we're – as we're sitting at home with our wi-fi, broadband access.

MR. RUBENSTEIN: Now, how has climate change affected the airline industry? Do you have to change patterns a little bit when flying because of weather?

MR. BASTIAN: Well, we certainly have seen this year probably the most volatile weather that we've seen – I can recall, this summer. This summer was very, very busy at Delta. We had our best summer ever; over 90 percent loads throughout the entire summer. The Max being down drove even more supply our direction. But at the same time, the weather patterns were just hugely disruptive.

MR. RUBENSTEIN: Now, there was a proposal a while ago for airlines to let people talk on their cellphones on the airplanes, but that was voted down, I think, by the FCC because a lot of people don't like it. You –

MR. BASTIAN: That was voted down by me. I say that will never – I will never allow that in Delta.

MR. RUBENSTEIN: Because –

MR. BASTIAN: Whether they allow it not, we're not allowing it at Delta. [Applause.]

MR. RUBENSTEIN: OK. OK. All right. And that's because people don't want to hear other people's personal conversations, or they do want to hear them?

MR. BASTIAN: You know, it's interesting. On the wi-fi system, if you're a real geeky person, they can figure out how to crack the code, and every now and then we catch a customer having a conversation, figuring out how to get in there, and we shut them down when we do. But it's a distraction. You know, travel is something that people actually want to escape a little bit and go some other place, and there's a privacy to that that I think is really important to maintain.

MR. RUBENSTEIN: Now, we don't talk that much about safety anymore in the sense that we don't see a lot of airplanes crashing, fortunately. But what is the safety record of, let's say, the American airline industry?

MR. BASTIAN: It's the safest form of transportation in the world of any form of transportation.

MR. RUBENSTEIN: Safer than driving your car?

MR. BASTIAN: Safer than driving a car. Safer than crossing a street. Safer than taking an e-scooter down the street. [Laughter.] You know, we don't talk about it because we don't compete on it. We don't think it's appropriate to compete on it. It's something that we all – the industry, it's a competitive industry, but that's something that we all join hands together with our brethren at the FAA to ensure that we learn from each other. And the attention that we pay to safety is, you know, at the very highest levels of this company.

MR. RUBENSTEIN: Now, we haven't built a new airport in this country of any size since I think 22 or 23 years, in Denver. Now LaGuardia's being redone and so forth. But why is it the – why is the airline industry – you're responsible for helping to build the airports, or not?

MR. BASTIAN: Well, we are actually building new airports ourselves.

MR. RUBENSTEIN: You're building, OK.

MR. BASTIAN: We got tired of waiting for the government, partnerships that are out there that are trying to crack that code. So, we've massively improved the flight experience, the onboard experience. The next thing is the airports themselves. The airports in our country were built for the 1960s, both in volumes and security and flow. You just think about the airports of this day. The airports today have, you know, the big lobby areas that we call the henhouses, the big entrance areas. When was the last time you saw people congregating in a lobby of an airport? Never. You know, they're all at the gate trying to get onboard the airplane as quickly as they can. Even the footprint of our airports are backwards. We need to move the gate space, the gate hold areas to be a much larger space for amenity and boarding, and the lobby – really, most customers, the first thing they hit in an airport is they want to go through the security queue. The security apparatus, TSA, was not built with a 9/11 mindset. We can bust through all that through biometrics and technology and –

MR. RUBENSTEIN: So, you're building – but you're building airports where?

MR. BASTIAN: We're building airports everywhere. We're building the new LaGuardia Airport – Delta on its own balance sheet, you know, building that. It's going to take a few years. Airport construction is the most difficult construction that's done because you've got to build it and live and operate it all the same time. Building a new airport in LAX. We're building a new airport in Salt Lake City. We're building a new airport in Seattle, a new international facility. We've modernized Atlanta. We're going to be modernizing Minneapolis and Detroit. Actually, it was built more recently than Denver. It was about 15 years ago. And I think that's probably the best airport in North America is the Detroit airport that Delta operates.

MR. RUBENSTEIN: What is the – what's the best airport in the world?

MR. BASTIAN: In the world? Oh, that's a matter – that's a matter of opinion. I think the Detroit airport in North America is the best. There are some great international airports. But, of

course, those airports are built by their governments with tens of billions of dollars that we don't have to invest in.

MR. RUBENSTEIN: Well, speaking of government support, you've been an advocate for not allowing airlines that have government subsidies to compete against you. And is that a big problem?

MR. BASTIAN: It is a big problem. And I have to give the Trump administration great credit for recognizing that and reaching agreements with the UAE and Qatar last year to try to draw attention to it and stop it in terms of –

MR. RUBENSTEIN: So, what's happening?

MR. BASTIAN: – at least freezing where it's at.

MR. RUBENSTEIN: Are they doing anything about it, or what's going to happen?

MR. BASTIAN: Yeah, I think they absolutely are being responsive to the administration. Today in the Persian Gulf there's 30 airplanes a day that fly between the Persian Gulf and the United States, not one of those by a U.S. airline. They're all by the Middle Eastern airlines. If there was a fair playing field, which is what the open-sky agreements require, there's no question that the U.S. airlines would be operating in that mindset. We can't, because those fares are subsidized, and the costs are being paid for by the government.

MR. RUBENSTEIN: What about the air – the air-traffic-control system? Some people would say it was kind of invented in the 1950s or '60s and we haven't really modernized it that much. Is it really out of date?

MR. BASTIAN: That's true. Absolutely it's true. It's outdated.

MR. RUBENSTEIN: Well, what are you doing about that, or what can you do?

MR. BASTIAN: Well, we're working with the government. We fully support the modernization of the air-traffic-control systems. It's –

MR. RUBENSTEIN: Is it safe now with the current air traffic?

MR. BASTIAN: It is absolutely safe. But unfortunately, it's radar based. You know, many cars have better GPS in your car than we do in terms of what we're able to access in our planes. And the opportunities to improve the air-traffic-control system are not only speed for customers, but it's the efficiency, the sustainability of the environment, the opportunities to make a difference.

Government dysfunction has been one of the reasons why the air-traffic-control system is – you know, because we've got the FAA on a five-year leash. You can't change out the air-traffic-control systems with our current funding model. And that's why we've been advocating

for some different models to actually go after a long-term technology project. Most countries around the world have better air-traffic-control systems than the U.S. does.

MR. RUBENSTEIN: So, 9/11 was obviously a tragic event, and it came about because people got on airplanes without – before there was a TSA kind of requirement. Are you convinced that today something like that probably would be difficult to pull off?

MR. BASTIAN: Absolutely. You know, the safety and the security of the airplane, not just the front door, where the passengers come through, but the back door, the security property. We've invested hundreds of millions of dollars in controlling the perimeters of our airports as well. And, you know, the team is – it's a thankless task. You know, every time we go through TSA, I think, you know, people get frustrated with the process. And certainly, some improvements can go on. But, you know, the people – the men and women that serve in those jobs are really important to us, and they keep us all safe. And I'm proud of them.

MR. RUBENSTEIN: So today what do you do for outside activities? You're – this is a full-time job, obviously. But do you have any time for anything else? And how do you travel to some other place? Do you use Delta, or do you say I want to go on somebody else's airline till somebody recognizes me?

MR. BASTIAN: I always travel on Delta when I have the choice. I love to golf. I don't get much time and I'm not very good at it, but I do enjoy that. I find golf for me is something that forces me to kind of think about something that's hard to do and focuses my mind in a beautiful setting with friends. And I enjoy that. That's my form of relaxation.

But, you know, today's world, unlike – you know, like many of you in the room, you know, with technology, you're never – you know, it's a full-time job. It's 24/7. And, you know, you – the adrenaline you get from that is great and it keeps you going.

MR. RUBENSTEIN: So, most business CEOs I know dress not unlike you, with just like a coat and tie, but they don't usually have shoes of the type you have on. What are those shoes?

MR. BASTIAN: These are blue Lanvin. Somebody told me to pronounce the name right. It's a Paris-based shoe. It's a dress sneaker. I've taken to wearing sneakers at work with my suit and tie. It's kind of me. A good friend of mine gave me a pair about a year and a half ago, and –

MR. RUBENSTEIN: Sure, he was a friend or – yes, he was a friend. [Laughter.]

MR. BASTIAN: And I looked at them and I said to her, I said, you don't really think I'm going to wear these, are you? And she said yeah. So, I started wearing them, and it's been good. And the reason – I've thought a lot about this question, David – is that, you know, what we do is we do serious work. We do hard work.

MR. RUBENSTEIN: Right.

MR. BASTIAN: And I think it's important for myself to remind myself, while I might do serious things, not to take myself too seriously. And it's kind of a reminder to stay light on my feet, to remember the importance of human interaction.

MR. RUBENSTEIN: Maybe I should get those. How much – where do you get those? How do you get those?

MR. BASTIAN: I did also run the New York marathon last year, so that actually helped my feet as well.

MR. RUBENSTEIN: In, what, two hours and –

MR. BASTIAN: That was the first few miles. [Laughter.]

MR. RUBENSTEIN: But you finished.

MR. BASTIAN: I finished. I'm here to talk about it.

MR. RUBENSTEIN: But does it have a Delta thing, a Delta CEO logo on you when you're running?

MR. BASTIAN: I wore my Delta colors loud and proud; raised \$2 million for cancer research for children.

MR. RUBENSTEIN: Wow. [Applause.]

MR. BASTIAN: And I – thank you. I can't – I don't think I'm going to be doing another one of those. I'm still feeling the effects. But it was pretty cool. It was pretty cool.

MR. RUBENSTEIN: I haven't done a marathon. I would fly a marathon. I would fly maybe 26 miles. [Laughter.] But – so you have a pattern of meeting with employees fairly regularly. You call it a velvet program. Can you explain what that is?

MR. BASTIAN: Yeah. So, when we went through our hard times back in the bankruptcy era, we didn't have a lot of cash. We didn't have anything. You know, people were actually taking pay cuts. And we decided the only way we were ever going to be successful again – Delta has a proud history – was that we were going to have to reconnect with our people and get something to catch their attention. So, our people were downtrodden, years of pay cuts and job losses and all the difficult things we remember from almost 20 years ago.

And so, in downtown Atlanta there was an abandoned Macy's building in downtown Atlanta. And we decided to take out a couple of floors in this abandoned building. I'm not sure we ever even paid for it. I think we just squatted in there. I don't know if they even knew we were in there. And we would bring our employees. And we brought all of our employees, you know, 6[00], 700 at a time, for a day, a day and a half of opportunity to talk about the airline.

We had no PowerPoints. We had no slides. We had – we deliberately kept it from being as un-corporate as possible. We had couches. We had chairs. We had curtains. We had low lights as people were walking in. People would come into the room. They'd see some of our people dancing around and trying to lighten up them. No wonder we were bankrupt, they probably thought. You know, we've got a crisis on our hands and these people are dancing in this abandoned Macy's building.

But what it did is it got their attention to focus on what was really important. And our people wanted to know it wasn't their fault that we went through the hard times. I think so often, when companies go through difficult times, employees are made to feel like they're the reason, that they're too expensive, they're not productive enough, that there are costs, when they really are the very best asset you have. And we're not – the problem, I told people, we didn't go bankrupt because our costs were too high. Our revenues were too low, that we weren't able to actually generate the type of revenue production for our company.

And so, it was a chance to get the people to feel important, to get a voice in the process, to say we're sorry and let's try this one more time. And we do these meetings to this day. Now, we can afford to actually pay for our own space, and we do nice hotel lobbies and other venues. But we have a dozen of them a year all around the U.S. where we bring people from different disciplines together and we talk about the future. And I still lead every one of those, as I did 15 years ago, because that engagement is so critical in what we do.

MR. RUBENSTEIN: So how do you grow the value of your airline? You just make it more profitable by flying more miles? Or can you make more acquisitions, or anything left to buy in this business?

MR. BASTIAN: Well, we are a high-growth business. You know, the airlines are typically thought to be a mature industry. You know, after all, there's not new places in the U.S. left to fly to. We're building bigger airports, bigger airplanes, but not new destinations. So global expansion is certainly something that's very important to us at Delta, and we're doing that through our partnerships and Delta flying, you know, many parts of the world.

You know, one of the things I tell people about the airline industry that they may find surprising is that we are growing at 2[X] to 3X the economy. You know, airlines used to – the general rule of thumb in the airline business was not to grow outside the economy, because that's when pricing would start to fall off a cliff. You'd have supply exceed demand. But the demand for our product is like never before.

And it's fascinating. You try to – you ask yourself, why is it growing? Why is our topline revenue growing 8 percent a year, which it's been growing the last several years? First of all, I think people are more aware of the world than ever before. People want to travel. They want to experience.

And again, it's interesting, because we are living in probably as divisive a time as our – as we can recall for many years, you would think, which would hurt airline travel. But technology and social media and Instagram and pictures, people want to go and explore and see

for themselves something that they may have read about back – now they feel it’s affordable; opportunities not only for the Millennials and the young generation that want to experience, but also Baby Boomers and all people.

I saw my daughter. She had a picture. Last month she went to this city in Turkey that’s known for balloons, hot-air balloons. I didn’t even know this city existed, but apparently, it’s on all the Millennials’ bucket list to get to. It’s a picture of her and her fiancé up in this balloon. It’s amazing. People are learning about the world through technology like never before. And airfare, as I mentioned, is one of the most affordable means of transportation known. You know, you think about what it costs to rent a car versus what you can do with an airline ticket. And our travel is exponential in terms of the impact.

MR. RUBENSTEIN: I would focus more on the Baby Boomers’ bucket list, because they’re going to have to do those sooner than the Millennials’ bucket list, right? [Laughter.]

MR. BASTIAN: Well, we’re investing in both. We’re investing in both. But travel is a high-growth industry. And, you know, we’re almost a \$50 billion company, just under that in revenues, in terms – in terms of size, growing at, you know, 7 to 10 percent a year, which is our targeted growth rate – it’s been for the last couple of years – bringing adjacent businesses along. We talked about the American Express relationship.

We’ve got a great MRO, maintenance and repair business, which is a billion-dollar business and growing. We’ve got a great cargo business. We’ve got adjacencies. And we’ve got a private jet business. We’ve got a vacations business. So, we’re continuing to grow the ecosystem, the technology. The innovators of today love to get inside Delta when they see the scale of 200 million people that we can bring to their innovation to the future. And we’re working on those partnerships.

MR. RUBENSTEIN: Who started Delta Airlines?

MR. BASTIAN: Mr. C.E. Woolman in 1929.

MR. RUBENSTEIN: And started in Atlanta or –

MR. BASTIAN: It started in Monroe, Louisiana.

MR. RUBENSTEIN: OK. Now, suppose the president of the United States said I’ve watched this interview and you are an impressive person. You’ve done a great job. Why don’t you come in the government and help us in some way? What would you say?

MR. BASTIAN: I’d say I’m happy to advise, but I’m not sure I’m – I’ve got my work cut out for me here.

MR. RUBENSTEIN: So, you’re going to be doing this for a while. You’re –

MR. BASTIAN: I’m going to be doing this for many years to come, hopefully –



MR. RUBENSTEIN: And what's –

MR. BASTIAN: – as long as our board will let me.

MR. RUBENSTEIN: All right. If somebody's watching this and says I would like to run an airline someday, you would say that's not a great ambition or you'd say it's a great ambition. But whatever you would say, what would be the characteristics that somebody needs to run an airline?

MR. BASTIAN: I think it's a high-energy business. It's very dynamic. Every single day we show up. We have 6,000 flights a day. And something happens. You know, the playbook changes. Weather changes.

MR. RUBENSTEIN: If something goes wrong, do they call you at home or –

MR. BASTIAN: Normally – many times they do. But technology – you know, oftentimes you stay connected through texts and what not. There's always something happening. You're dealing with 200 million people a year, 600,000 passengers a day all around the world. We don't operate 24/7. We operate 48/7, because when you think about the back-of-the-clock flying that we do all over the world, it's – our days are actually twice the length of a normal day.

We have big assets, expensive assets. So, it's something for long-term capital allocation. You've got to think smart about the priority. And you've got to make decisions, because those decisions can – will last for a long time if you don't get them right. And so, using technology and digital – we're investing heavily in digital and expanding the – expand our universe.

MR. RUBENSTEIN: Suppose I'm a college graduate or a young business-school graduate. Why should I want to work at an airline or Delta? What's the advantage of it for me?

MR. BASTIAN: Free travel. [Laughter.] Anybody like free travel, for not only themselves but their partner, right, and reduced travel for their family?

MR. RUBENSTEIN: The partner gets free travel too?

MR. BASTIAN: Excuse me?

MR. RUBENSTEIN: You said a partner gets free travel.

MR. BASTIAN: Every employee has a partner that they can designate for free travel as well. I can get you an application, David, if you want to. [Laughter.]

MR. RUBENSTEIN: What about people that just interview you? Can they get that too? [Laughter.]

MR. BASTIAN: [Laughs.] We can talk. The travel – when I say free travel, it’s space-available travel. So, you know, obviously once the plane is full, with our frequent flyers and travelers, everyone, and if there’s space available, our employees get a chance to do some travel.

MR. RUBENSTEIN: So that’s why people should work for you, in addition to –

MR. BASTIAN: That’s a great reason. It’s a highly technical field, whether it’s pilots or mechanics or technologists or airport agents, people in a high line of skill. So that experience gets rewarded through compensation and pay, that profit-sharing that I talked about.

And the third thing is if you love people it’s a great business, because you are out in the public eye every single day. We do not have desk jobs. Our desk job is in the sky. And your – and every day your work environment is different, and you’ve got different people coming through. And you have to adapt to all reasons.

You think about why people travel. People travel for all reasons on an airplane – for happy reasons, for sad reasons, for business, for pleasure, to go explore, to go meet their grandchild for the first time. And there’s all this emotion that’s in this tube of roughly 200, you know, people, all sitting within 40 yards of one another, that have – and so it’s a social experience as well. And people that want to actually make the world better get into travel.

MR. RUBENSTEIN: OK. So, you’re happy with your job and you like doing it, and you intend to do it for quite a while.

MR. BASTIAN: I love my job.

MR. RUBENSTEIN: And if I had spare money to invest in the stock market, I should buy your stock because –

MR. BASTIAN: Because we’re growing. We’re profitable. We’ve got an investment-grade rating back in our – on our balance sheet. And, you know, the thing about the industry, as I mentioned earlier, the volatility of the past century, not just the past decade, we really do believe it’s a thing of the past. And when you generate the level of profitability and the growth rate and the returns, coupled with a high-quality workforce and a high-quality operation, that’s the recipe for success. Not all airlines make it. You know, airlines are still – we see it in Europe, and occasionally airlines are still going bust. We’ve got a formula that’s working.

MR. RUBENSTEIN: Now, Warren Buffett, does he ever fly Delta, or does he give you advice? Does he call with advice?

MR. BASTIAN: I do hear from Warren from time to time. And his advice is keep doing what you’re doing.

MR. RUBENSTEIN: OK. And let’s suppose you’re going to leave here today and fly somewhere on Delta, and you’re running late for the plane. Can you call –

MR. BASTIAN: No. No.

MR. RUBENSTEIN: – and say –

MR. BASTIAN: Never.

MR. RUBENSTEIN: You can't do that?

MR. BASTIAN: There are few things that can get you – there are few things that can get you fired in Delta. That's near the top of the chart.

MR. RUBENSTEIN: You can't do that.

MR. BASTIAN: If you wind up holding a plane for an executive for any reason, that's an immediate no-no. We don't hold a door. We don't hold anything. It's our responsibility to get there on time. And if we don't, guess what. We've got another plane in an hour.

MR. RUBENSTEIN: What about for members of the Economic Club of Washington? Would you hold it for them? [Laughter.]

MR. BASTIAN: They are all welcome to travel on Delta.

MR. RUBENSTEIN: All right. Thank you very much for the interesting conversation.

MR. BASTIAN: Thank you, David. [Applause.]



As CEO of Delta Air Lines, Ed Bastian leads a team of 80,000 global professionals that is building the world's premiere international airline, powered by a people-driven, customer-focused culture and spirit of innovation.

Under Ed's leadership, Delta is transforming the air travel experience with generational investments in technology, aircraft, airport facilities and, most importantly, Delta's employees worldwide. A 20-year Delta veteran, Ed has been a critical leader in Delta's long-term strategy and champion of putting Delta's shared values of honesty, integrity, respect, perseverance and servant leadership at the core of every decision.

Since being named Delta's CEO in May 2016, Ed has expanded Delta's leading position as the world's most reliable airline while growing its global footprint and enhancing the customer experience in the air and on the ground. During his tenure as CEO, Delta has become the world's most awarded airline, having been named the Wall Street Journal's top U.S. airline; Fortune's most admired airline worldwide; the most on-time global airline by FlightGlobal; a Glassdoor Employee's Choice company and more. Delta has returned to sustained profitability, regaining its investment-grade credit rating with all three major ratings agencies and paying out more than \$1 billion in profit-sharing to employees every year over the past four years. In 2018, Fortune magazine named Ed among "The World's 50 Greatest Leaders," and in 2019, he was elected to the membership of the Council on Foreign Relations.

When asked to sum up his job in five words, Ed's response is: "Taking care of our people." The answer reflects his leadership philosophy, which is based on the "virtuous circle" – if you take care of your people, they take care of your customers, whose business and loyalty allows you to reward your investors.

Ed joined Delta in 1998 as Vice President – Finance and Controller and was promoted to Senior Vice President in 2000. He left Delta in 2005 and became Senior Vice President and Chief Financial Officer of Acuity Brands. He returned to Delta six months later to become Chief Financial Officer, and in 2007 was appointed to serve as Delta's President.

Prior to joining Delta, Ed held senior finance positions at Frito-Lay International and Pepsi-Cola International. Ed started his career with Price Waterhouse where he became an audit partner in its New York practice.

Ed grew up in Poughkeepsie, N.Y., and graduated from St. Bonaventure University with a Bachelor's Degree in Business Administration. He lives in Atlanta, and is deeply involved in his faith, family and community.