

# THE ECONOMIC CLUB

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

## **Executive Conversation**

**Edward H. Bastian**

**Speaker**

**Edward H. Bastian  
Chief Executive Officer  
Delta Air Lines**

**Interviewer**

**Barbara Humpton  
Chair, The Economic Club Global Initiative  
CEO, Siemens USA**

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BARBARA HUMPTON: Everybody, I'm Barbara Humpton. I'm the CEO of Siemens USA. And I'm thrilled also to chair the Global Initiative here at the Club. And we have a special treat.

Before we get started, I would very much like to introduce the brand ambassadors from Delta who are joining us today. If you would please stand. I know many of you have had a chance to meet the ambassadors who are with us. [Cheers, applause.] We will learn a whole lot more about this, and the culture of Delta, in the next hour – maybe a little less than that, because I know you've got to go have special meetings.

But first, I want everybody to cast your mind back. It's 1998. The millennium is approaching. Let's see. We've got Google, this new company that's just started. Oh, and Celine Dion is topping the Billboard charts. [Laughter.] In that year, Ed Bastian joins Delta as the VP of finance. And what ensues is an incredible roller coaster – ups and downs. The merger. The purchase of Northwest Airlines. The foiling of the hostile takeover attempt by U.S. Airways. The advent of COVID. And now, 100 years of Delta. How about that? [Applause.]

EDWARD H. BASTIAN: Thank you. Thank you.

MS. HUMPTON: Now, thank you. Notes and cough drops. [Laughter.] Let's not use the notes. This is going to be a great conversation. And, Ed, as I get into it, I guess my – we're going to get into some hard-hitting business topics right up front. But before I do that I just have to ask, this success that you've had at Delta, how much do you attribute to Tom Barkin, now president of the Federal Reserve – [Laughter.]

MR. BASTIAN: Well, Tom takes credit for my entire – my entire career. So, you get all the bad stuff too, Tom. [Laughter.]

MS. HUMPTON: Tom was – Tom was my last subject here for an executive conversation, and got such a fantastic, fantastic –

MR. BASTIAN: He was one of the first people I met when I moved to Atlanta. And Tom was running the local McKinsey operation. And we've stayed – we stayed close over the years. And now he's in an elevated position. He's running the monetary policy of the – God help us – [laughter] –

MS. HUMPTON: We'll talk about that.

MR. BASTIAN: But he's as bright and as talented and thank God for people willing to put their service to our country's good. So, thank you, Tom.

MS. HUMPTON: Thank you, Tom, for your service. [Applause.] And in addition to that, just a note to everybody in the Economic Club of Washington. This is what it's all about, right? Building the networks, building the relationships, finding those people who will be able to work with you as you progress your business imperatives. And it's the network holding each other up that makes us all so successful. But this is a – this is a really crazy time.

MR. BASTIAN: It is.

MS. HUMPTON: And I want to start probably with the most fundamental of the issues that you're dealing with these days, safety. And we know we've had to face tragedy head on this year. But we've seen you step into Washington and meet with Secretary Duffy and talk about the future of air traffic control. Could you just share with us, how do you see things progressing right now from that perspective?

MR. BASTIAN: Well, it has been a very, very difficult year. And as everyone here in this local area is painfully and personally, you know, made aware of that tragic accident that happened at DCA with that American Airlines flight. It was a wake-up call for us all. It'd been 25 years since we had anything comparable in our country. And, you know, we want our customers to take safety for granted, because we never take it for granted. It's the number one thing that we focus on and drill on at all times, at not just Delta but all of the airlines.

And one of the reasons why our industry has the safety record that we do is that while we are an incredibly competitive industry, the one thing we do not compete on is safety. We all work together. And whatever we learn of any nature, whether it's our OEMs, or our partners at Boeing, or GE, or any of the other suppliers, or what we learned from the operations or the tech, we all share the learnings together. And we all share – so when something happens, we also, you know, share that loss. And the system is fragile, and it's been fragile, you know, for a long time.

And, you know, innovation is not something that the FAA has experienced in decades. The air traffic control systems that we use today are largely a product of 50, 60, 70 years ago. Same systems. And how many technologies do you – at Delta I probably have a couple, but it's not the bulk of it. But the bulk of the systems are radar, point and shoot, and all of the archaic technologies and equipment that you can imagine. So, thank God, Secretary Duffy stepped in. He understood the need. We got a \$12 billion down payment through the One Beautiful Bill. We have great appreciation for the administration for making that a priority.

That's more capital than the FAA has had in a lifetime, candidly, focused on innovation. And while there's more to come by that, and I know there's people in this room already involved – in whether integration work or some of the equipment – this is massive for us. In fact, we met with Secretary Duffy this morning just up the street, getting an update from him on it. So, I'm encouraged where we're going. We have to keep moving forward. It's not – and by the way, it's not just safety. Safety is the most important thing. But just think about all the efficiencies. Think about all the opportunities.

Today, to fly from Atlanta to LaGuardia takes longer than it did in the 1950s when we launched that route. And it's not because – yes, there's congestion in the sky, of course, but it's because everything has just slowed down to ensure safety. And so, all the technology that we deploy for decades can't effectively be utilized to give you your time back, and the fuel burn that we spend. And the lack of growth that you see in the domestic system is all a function of this. So, this is a project that has a massive return on it. It's a bipartisan opportunity. There's very few of those, unfortunately, these days. And we appreciate getting the support we've had.

MS. HUMPTON: Well, having a focus on safety is going to have economic return. I'm hearing that. By the way, I'll tell you that our own studies at Siemens have shown that organizations that focus on safety actually improve their financial performance as well.

MR. BASTIAN: Yeah. There's a direct correlation. That's what we always thought. Telling our people to do the right thing is always going to be the smart thing.

MS. HUMPTON: Isn't that amazing? Now, the other thing that's going on at the same time, of course, is trade disruption. I'd love to get your input on your view on tariffs, how that's affecting your own operations, and how you've been using your own voice in the field.

MR. BASTIAN: Well, you know, it's been – again, for many people in this room, it's been an interesting year starting in the spring, when the initial – the initial tariffs were announced. And we've worked through it. Our industry is in, again, a unique position, where we are an exporter, you know, for aerospace, to Europe specifically. We generate, as a country, \$100 billion surplus selling to Europe versus what Europe sells into the U.S. A net \$100 billion exporter. Tariffs aren't going to help when you're – when you have reciprocals coming back. It's only going to hurt the industry.

And I give the administration a lot of credit. They listened. We explained it as an industry. And it's not just the airlines, but the manufacturers. And they're now – we're now in a position where both in the U.K. as well as in Europe we have gone back to the 1979 zero for zero, no tariffs, no reciprocal tariffs. And I think hopefully that will be a very good template for other industries to start to reenact why we got here. There's certainly places I'm sure tariffs have some meaningful and significant reason why they could make sense. Not in our industry. Our industry is one in which we actually – this is one of – one of the prize jewels for our country. And we got to make sure we protect it.

MS. HUMPTON: And it certainly is fueling the rest of our businesses. I'm curious then about your take on the current status of the economy.

MR. BASTIAN: You know, the economy is – it's a little complicated. Everyone's got their point of view. And I think it, you know, largely depends on where you sit. For our industry, our business, you all travel. You see it. We're doing reasonably well. The consumer is in a decent place. The higher up the income spectrum you go, the better you are relatively, more so now than maybe ever. We do see on the lower end of the economic spectrum there is – there's definitely a lot of price sensitivity.

One of the things that we focus on at Delta is that premium experience, that premium customer. And we live in an experience economy. That's what our industry is. And it's a premium experience. Over 95 percent of our revenues come from households that earn \$100,000 or more a year. And by the way, that's not an elitist definition. That's over 40 percent of the households in our country. That cohort – I should ask Governor Barkin this – that cohort, just since COVID started in 2020, has accumulated over \$30 trillion of incremental wealth, between real estate, the market, cash, earnings, you know, all sources of wealth. So, they're spending and they're continuing to spend. And, you know, we see it in our premium products, the growth is

still in the 5, 10, 12 percent year-over-year range. So, it feels like, you know, that's – and whether it's international, whether that's business, it's moving well.

I'll also tell you that there was a – there certainly was a pause in the spring when the tariffs and all the uncertainty had a pretty big impact on consumer confidence. And we did see confidence come down. We saw business travel start to respond in terms of coming down, because people do the – travel is the easiest thing to avoid, you know, because you don't have to kind of cancel an order. You just say, I'm not going. And companies, you know, will tell their travelers to stay home. And they say, OK, I'll stay home. You don't have to twist my arm too hard, you know, to do that.

And when the all-clear sign started, you know, kind of this summer, deals started coming out, people started to see it wasn't going to be an irrational journey. It was going to be a tough journey, but maybe not an irrational journey. Confidence started to come back. And now our business travel, we're seeing, you know, anywhere between – on a year over year basis – up 5, 10 percent.

MS. HUMPTON: Yeah. That's an interesting signal. And I hear you talking about just that divergence of the top end and the bottom end. Is there anything you all are thinking about for the – on the, you know, main cabin travel?

MR. BASTIAN: Yeah. Well, we have – we've developed products that are very responsive to the price sensitive traveler. Something that, you know, a decade ago was called basic economy. And so, for people that want the Delta service, the great team of people that bring that service, the reliability, the care, you know, we have a very, very lower-end price point for you. Now, you may not be able to board first, you may not be able to bring a lot on board with you, you may not even get your seat assignment. But if your main reason you're traveling us is price, we have an answer for that.

And now that's also been a big change in our industry over the last 20 years, and Delta's led that charge. Because that used to be, 20 years ago, how people chose airlines. It wasn't loyalty. It wasn't credit card points. It was who had the cheapest price. And the industry, we had so many airlines at that point, you know, going back, there were 10 or 15 airlines. And just think about where we are today; still have a bunch of airlines, but there's maybe half as many as there as they were today. And so, from that standpoint, we said, we can't survive in a world where we're a commodity. We're a premium provider. And that's – the investment started in the service, the reliability, the experience on board, the lounges, the aircraft.

And many of you who are loyal Delta travelers, you've seen that journey. And it's been – it's not something you can just decide. It's taken years and years and years to develop. And we keep now building and growing on that, because this country deserves to have a great airline. It deserves to have a premium airline that can compete with the very best airlines in the world. And I do believe Delta is one of those airlines, the very best. We are the largest airline in the world. By the way, our centennial this year, we're the first airline to reach 100 in this country. So, with all the ups and downs of our industry, I think that's a heck of an accomplishment by our people. And we're very excited as we look to the next century.

MS. HUMPTON: And tell me about some of those premium experiences you want us to be most zoomed in on. Yes, you've mentioned lounges. You've talked about gourmet food on plane trips. What are the things that you see are having the biggest impact?

MR. BASTIAN: So, every plane we bring in, and we'll bring in probably close to 45 or 50 new planes, has one-third of the plane is in the premium cabin, up the overall seats. That used to be years ago – years ago that maybe was 8 to 10 percent. Years ago, when, you know, someone flew first class or in a business cabin, it was largely because you were getting upgraded. Fifteen years ago, less than 10 percent of the people paid the product for a first-class seat. And it was always something I couldn't figure out about our business. Why do we have to give away the best product we have to get people on? Because you had this upgrade philosophy.

Well, the reason why is that the price points for the first class were so high. And they were so high because it was really, you know, helping buyers, and these big corporate agencies, to bring back to their bosses, to bring back to you, say, lookit, Barbara, we negotiated a 60 percent, or a 70 percent reduction off of retail. How good are we, right? And so, you get a pat on the back. And the whole industry operated that way. We brought our prices way down so that you can pay for that product as a consumer or a business, and actually you don't have to give away your very best. We created new product categories, like Comfort Plus and other ways in which we can still upgrade and still manage. But, you know, you want your very best customer sitting in your very best product. But you don't want them to be sitting there for free.

MS. HUMPTON: OK. You heard it here, folks, right? And so, let's talk about that pricing. Because earlier this year you actually ended up in a little bit of hot water. You were announcing that Delta's going to use AI to help with ticket pricing. Take us through that moment, and the reaction that you got from stakeholders. [Laughs.]

MR. BASTIAN: Well, you know, we had talked to the market. And it wasn't the first time it was public that we've been experimenting with AI for pricing. And as soon as it was out there, there was a kind of a little bit of an innocuous comment that was made by our president on an earnings call, that the media decided, well, this sounds like something juicy. And all they have to put is "AI" to get people's attention, right? And ears perk up. And like all things AI, there's some goodness and there's some questions about what that means. For us – and, again, I think most of you probably appreciate that, the machines already run pricing. We have at any one point in time millions of price points out there. We sell our product 300 days out; our schedule. You think about 5,000 flights a day, 300 days. All these different categories of seats and products and inventory buckets. It's impossible.

MS. HUMPTON: It's a perfect application for AI, actually.

MR. BASTIAN: Which is the idea. You just – you just named it. But it's not an application for AI where you can get down and you start to offer – they thought we were saying we're going to go personalized pricing. So, Barbara, I know you can afford this, so you're going to get this special price, which is maybe 20 percent higher than what I'm going to give to Governor Barkin – [laughter] – since he's a government employee, who can't afford it anymore. And when he's

off the dole, he'll get he'll pay the price too. [Laughter.] But we have – we don't have the capability to do personalized pricing, at all. I mean, it's just, again, with these millions and millions of price points. So, for us, AI and pricing, and we just even start – we haven't even rolled it out. We're in less than 5 percent of our international markets just experimenting, seeing what it means.

It's really – it's about efficiency. It's about helping the human make better decisions as to are you properly competitive in this market, do you need to adjust up or down your price point? Because these things move by the hour every single day. And we have hundreds of people that try their best in revenue management jobs, trying to watch the screens and watch the computers. But it's a perfect application for AI. But at the same time, it's not something that we think is going to be a huge revenue boost. It's going to be efficiency gain. And, by the way, consumers probably will see, you know, opportunities where you'll have lower price points, just as well as you'll have opportunities where you'll probably see some higher price points.

MS. HUMPTON: Yeah. What I hear you saying is, yeah, clearly, there is efficiency and productivity to be working on right now. And a little bit of a – there are some no-go zones, like, you know, truly getting down to the personalized level. Are there other no-go zones? Are there places where you say, hey, Delta is just going to ensure that we don't use AI too?

MR. BASTIAN: Well, I think it's way early to be, you know, kind of so categorical in terms of what you can do, what you can't do. And, you know, we've been looking at a lot of things. Our industry is a tough industry. We have a lot of operational challenges, whether it's weather and what's going on in the environment and turbulence in the skies, whether it's fuel and what's happening in markets, whether – you have thousands and thousands of staff members flying every day. Sometimes they might be sick, or sometimes they're you got a disrupted flight, you've got a weather event, you might have a mechanical event.

How do you – it's a very simple question. How we do – we fly basically many of the same routes every day, 5,000 times a day. How can you get smarter about it? Well, every day is different. Every day the environment – how can you be more anticipatory about what might happen, and have people better positioned to run an even more perfect operation, with the right operational decisions, and technologies? And there's always going to be limitations in our business because – it gets back to air traffic control. You're still using it against an overall framework which is from the 1960s. So, until we get that fixed, you're never going to be as good as you can be. But we can be a lot better. And I think that's one of the things that we're going to – we're working hard, whether it's in maintenance and predictive maintenance.

You know, the FAA does a very good job regulating our industry. And we have maintenance programs at every single fleet type across the board. Those fleet types all have pretty standard maintenance packages. It's like when you buy a car, you got your different checkups, and your heavy check and your lighter checks. But you basically buy the program. And you put in the maintenance. And you'll operate the plane for 30 years under the same maintenance program. That's probably not the smartest way to think about it, right? And unless you find problems, of course, and you have to make course corrections. A plane that's three years old doesn't need the attention a plane that's 20 years old needs, for example.

So, you can get smarter with AI, and getting the data, and getting the records. We're working on some interesting technologies that sit on top of some very complicated maintenance support services and engineering technologies to be able to extract, you know, how do we – how do we prove to the FAA that we'd be better spent putting the maintenance here versus there? Because that's what you have to go do in our industry. You have to show – you have to show the regulator this is going to be safer at the end of the day. And so those are – those are the types of things that we're working on. We're really not working on things that are going to take humans out of the – we're a service business.

You know, the reason why we're successful with those people that you introduced, it's not that we're brilliant. It's that we have unbelievably great talent that loves to serve. And all you want to do is put them in a better position to serve. For us, we're not looking at efficiencies, even in the AI models. We're not looking for it. We're just looking for be able to serve customers, serve our own people.

MS. HUMPTON: It's a brilliant opportunity. And it's something that we all think about, I know, of, you know, how am I going to use this technology in order to, you know, improve my operations, but what's really exciting to me is to think about the things we can't do today, which will be made possible by AI. I can't wait to see what you do with it. But at Siemens, AI and digitalization is one of the megatrends that we've built our business strategy around. Others are, you know, climate change, urbanization, the aging demographics of people everywhere. I'm curious about what kinds of things you at Delta look at as the megatrends that drive the future strategy of your business.

MR. BASTIAN: Well, one of the things that we see is – so I get this question a lot at a very high level. You look at the domestic market here in the U.S. Largest air travel market in the world, by a factor of multiples. It feels like it's a very congested, very mature market. So how are you going to grow a mature business? You've reached 100 years. What's your second century? And you were there. We talked about this at the Consumer Electronics Show, when I had the pleasure of doing the opening keynote. Our future is really international. We're still going to serve the domestic market, and get better at domestic, and continue to grow. And there's opportunities to grow.

But did you know that only one in five people in the world have ever stepped foot on an airplane? Only one in five people in the world. And that's our opportunity, right? And so, to expand. So, we're next month, launching a flight to Marrakesh, you know, out of Atlanta. And we'll we have – we have – you know, whether it's in the Middle East, whether it's in India. So many parts of the world – Africa, the South Pacific – we've been launching flights. And every time we do, you know, we bring our brand, we bring our culture, we bring our service. People want more of it. And that's the opportunity.

MS. HUMPTON: Then you're enabling this thing we've been talking about as glocalization, right? You can – you can be anywhere now and participate –



MR. BASTIAN: Yeah. And people take – again, it’s a good thing. People take for granted that you can step on a flight here in the U.S. and with a – you know, whatever length of time. Every hour there’s service, and there’s opportunities, whether it’s hopefully Delta or somebody else. We want that experience that we have here to make the world better. You know, we like to say at Delta, no one better connects the world. And that’s our mission statement, is to make connection real.

And it was so prevalent during COVID when, you know, certain pundits and consultants said, oh, the world is never going to travel again. You’re going to – we’re going to live in the virtual universe. And, you know, your business travel would never come back. And somebody we all know said that. That was – that, to us, was the fight. It was, like, no, no, no. The spirit needs to be together. And we can remember, I’m sure the Economic Club had Zoom sessions.

MS. HUMPTON: Oh, yes, we did.

MR. BASTIAN: There’d be a lot of boxes on the screen. And everybody would go get their own sandwich and sit at their computer. I mean, how awful was that? [Laughter.] I mean, seriously, right?

MS. HUMPTON: [Laughs.] Yeah. Yeah. I hear a lot that that was awful. [Applause.]

MR. BASTIAN: I mean, there was no value out of that. The value, by the way, is not coming up listening to what I’m saying. The value is the conversation at the table, the new people you meet, the ideas you launch, the opportunities you see. And that’s what travel creates.

MS. HUMPTON: Well, travel creates those opportunities. And I’ve been watching something that you all did this summer called the Route Race.

MR. BASTIAN: Route Race.

MS. HUMPTON: OK. I’ll pronounce it right. The Route Race. Think about this. There are route planners at Delta who are constantly thinking about what new destination needs to be added. And, Ed, you asked the team, well, wait a minute, what do our customers want? And you closed that last week, two weeks ago, right before Labor Day the was the end of the asking of the public. And are you ready to announce? Because we have the ambassador from Europe here. [Laughter.]

MR. BASTIAN: I am not.

MS. HUMPTON: She really wants to know. We were talking about that –

MR. BASTIAN: I wish. I got a marketing team. They’d kill me if I went off script. [Laughter.] But it was – your story is absolutely right. So, there’s, there’s three destinations. There’s Ibiza, Sardinia, and Malta. And we opened up to all our SkyMiles members, and said: Vote, you know, which one. And we had over 100,000 people vote in a space of a week as to which one would you – would you like to see us launch next?

MS. HUMPTON: OK. I want to do a straw poll just right here. Let's go through the three again. Raise your hand if you want to go to?

MR. BASTIAN: Ibiza.

MS. HUMPTON: OK.

MR. BASTIAN: Sardinia.

MS. HUMPTON: Oh, I'd like to see that too. [Laughs.]

MR. BASTIAN: And Malta.

MS. HUMPTON: Oh, sure. [Laughter.]

MR. BASTIAN: It's a hard choice.

MS. HUMPTON: I voted three times. Sorry, guys. [Laughter.] But we're going to – we're going to check these results, and we'll get the news back out to the Economic Club to see how well aligned we are.

MR. BASTIAN: So, we'll be – we'll be announcing next week.

MS. HUMPTON: OK?

MR. BASTIAN: And what I'll tell you is the guys that actually do our network planning, I'd asked them which one they thought was going to win, and it came in third. [Laughter.] So –

MS. HUMPTON: Oh!

MR. BASTIAN: So, it was – it was very instructive for us to talk about, you know, staying close to your customer, letting your customers pick where you fly.

MS. HUMPTON: Here we go. OK. Well, all right. We have a voice, people. Listen, so we've touched on it several times here. I do want to shift our conversation into this subject of 100 years. So, I, you know, got the background that in 1925 there was a Delta airplane –

MR. BASTIAN: It was a crop duster.

MS. HUMPTON: Crop dusting. I mean, how many are we talking about? We're talking about one plane?

MR. BASTIAN: Yeah. It started as one plane.

MS. HUMPTON: That flies over field, and –

MR. BASTIAN: One guy in one plane.

MS. HUMPTON: Delta Airlines. 100 years ago.

MR. BASTIAN: 100 years ago.

MS. HUMPTON: As you stop and think about this 100 years, what are the things that that you've been reflecting on about what this company has done over this century?

MR. BASTIAN: Well, I – you know, again, I think we take so much – not just our company, but our industry – for granted what we've created. It's only been 100 years, right, from single crop duster to where now there's billions of people that fly around the world, collectively – or, billions of times, anyway, not billions of people. And we think about the spirit of adventure and innovation. And everybody talks about innovation as to what's the next AI app, or what's the next thing that, you know, one of the big technology companies are going to do. That's cool. That's interesting. But just think about the people, the real pioneers, the bravery and the courage, the willingness to invest and to put themselves – to give us this opportunity to feel like we really are global citizens.

You know, and it's – and COVID, again, exposed it. You know, it's because of air travel that families and people live all over this huge country. And when you stopped air travel, how desolate and how isolated we all felt. And it wasn't until air travel came back that things started to come again. So, it's an industry that brings so much, you know, economic power, so much, you know, social good. You know, so much value to our world that we took for granted. And I've used this time this this year to kind of reflect on those pioneers, the history. And, again, at the Consumer Electronics Show I had several – our oldest, most senior person, one of our flight attendants, has 65 years of service. And she's still serving. And she's wonderful. Could you imagine that, and the stories that she has and the history?

So, spending time with those people and really understanding, you know, how we got here, it's really helpful. Because we're always onto the next thing. But it takes time. It's helpful to understand kind of how you got here. So, we've used – we've used this year to try to really, really isolate on how we got here. And that documentary that we just showed the preview for that's, going to be premiering Monday night at the Fox Theater in Atlanta. So, any of you that want to make the – we've got over 4,000 people attending. We got room for a few more. You want to come to the Fox Theater in Atlanta, very famous theater. It's going to be amazing, that premiere. And it really tells that story about where we're going, but more importantly how we got here.

MS. HUMPTON: Yeah. And so, actually, I've got a really quick interrupt question. When was your first flight?

MR. BASTIAN: Oh, gosh.

MS. HUMPTON: Do you remember it?

MR. BASTIAN: Yes, I do. I was, I think, 25 years old before I stepped foot on an airplane.

MS. HUMPTON: Where were you?

MR. BASTIAN: I flew from LaGuardia to Chicago. It was a business trip. But I was 25. And so, I've done a number of different college commencements, I speak to young people. And I use it to them to say, you know, your future is unlimited, what you make of it. And the opportunities are there. And I know there's concerns and questions about opportunity these days, but I believe that more than ever. And I use myself as an example. The last thing when I went to school I thought I'd ever be was on an airplane, because I'd never been on an airplane, much less leading the largest airline in the world. You know, how do you do that, right? And it's humbling, when you think about it. They look at me like I'm a dinosaur. [Laughter.] But I'm sure there's people in this room that share that same story.

MS. HUMPTON: Well, I'm doing the math in my head. And I think I actually flew earlier than you did. And everybody – I'll share. I was an American Field Service exchange student. I had asked to go to Germany, France, or Switzerland. And I was sent to South Africa. [Laughter.] And the first time I got on a plane was to fly from JFK to Johannesburg, South Africa. Yeah. And that was one of those flights where you had to stop in the middle of the ocean, and refuel, and get on and go again. We have come a long way.

And what I loved about your CES presentation – so, at CES this year Ed delivered a keynote which I think will go down in history. I mean, I know that Kinsey is probably here, Kinsey Fabrizio. She would tell you, oh no, there are going to – people who are – he just raised the bar, and people are going to go over it. But it was amazing. We were in the sphere. We got a chance to feel the rumble of an aircraft as it – an airplane actually landed in front of us. And it was awesome.

But, Ed, the most incredible thing was not this story of where you've been and where you've come from, but this idea of where the organization is going. And the things you introduced us to; you showed us an outlook that went way beyond the airline cabin. Take us through that thought process of where you're going in terms of the adjacent services.

MR. BASTIAN: Right. Well, we know, in our industry, travel, the airlines, you know, often sit at the center of that customer decision point. But there's so many people and partners and companies that that are in the larger ecosystem. So, we had that opportunity to announce several new partnerships, one of which was Uber, as an exclusive relationship with Uber focused on premium customers. You realized the number one reason why people take Ubers is to go to airports. So, it's like, over 15 percent of the overall travel on Ubers go to airports. And Dara and I have put together this incredible opportunity for us to join hands in terms of making that travel experience that much more seamless, that much more premium.

We had the folks from YouTube join us. We know people are on airplanes. You all have a lot of time when you're on airplanes, right? And what an amazing captive audience. And I still haven't really figured out how to best serve that, you know, in terms of entertainment and

eventually – you know, people always think it's a golden opportunity to monetize some of that, that value you create. We're not doing that yet. But you've got – you've got people on average with on our planes are three hours in terms of the average journey, systemwide. And you have on average 200 people on a plane, on average. And you've got them all seat belted in so they can't go anywhere. And in fact, they're all facing the same direction. [Laughter.]

If you can't – as a marketer, can't figure out how to make some value offers and opportunities to that group, and they're bored out of their minds, right, at the same time. So, we've invested heavily in our in-flight entertainment. We invested heavily in our Wi-Fi. It's the reason why at CES five years ago I announced we're making Wi-Fi free. Now it's become a big thing around the industry, because Delta has now made it free. And as part of our – part of our loyalty program, you get it. And it's a high-quality experience anywhere you go in the world, pretty much. We still have South Pacific to cover yet, but ViaSat's working on that for us.

And then we're bringing in partners like YouTube and providing exclusive content on YouTube, which will eventually open up even more live television options. The YouTube creator content. You know, our kids don't watch TV like we do still. I was in a hotel room the other night and trying to turn the TV on, and I can't figure out how to turn the TV on unless I've got a YouTube account, right? And it's like YouTube has captured that. You know, but what our kids know is that, you know, we'll watch TV, we'll go on some creator content, we'll watch a film, maybe only 10 minutes of it, and we'll get a summary of a football game. Whatever it is, that's all coming to Delta. And it's coming exclusively to Delta. And it's coming to our seatbacks.

We've taken all the seatback screens and we're in the process of making them smart screens. Those screens are dumb terminals, you know, historically, even those that have it – Delta has over 150,000 seatback screens a day that that that operate in terms of our fleet, and multiple times a day. So, you think about how many opportunities that is to show content and then gage, like you would your smart screen back at home. So, there's so many things about the experience. And then we get to the airports, the Delta One lounge, the Delta One experience.

But we're a connection company. We connect people to places, to opportunity. Our partners, whether it's in Europe, whether it's in Asia, whether it's in South America, whether it's in Mexico, are all part. And Delta has a different partnership philosophy. We own stakes – equity stakes in each one of our partners. It's not that we think owning those airlines it makes sense, but we want to be influential in helping them serve customers and make international itineraries easier.

And so, it's a much broader view than just getting on a plane from Dulles or Nashville to New York. I mean, this is – this is about the world. And I could not be more excited, as we enter our second century of flight. And I think not many companies get to 100. There's some in this room. But how many companies get to 100 and know your best days are still ahead of you? That's pretty cool.

MS. HUMPTON: [Coughs.] Siemens at 177-ish. [Laughter.] I just – I'm just – we could have been your babysitter. [Laughter.] I'm just teasing. But here we are so privileged. And I think

Delta is so lucky to have you with this vision for the future, at a time when you're crossing this incredible milestone. I do want to spend some time, for our members, just delving into you, and the things that you see. You've now been in the CEO role for a decade. You'll celebrate within the next year 10 years as CEO. And of course, as we talked about at the opening, such incredible – such incredible volatility. As you reflect on this time, talk to us about what are the main things you've been learning and developing and – yeah, the kind of growth you personally have experienced.

MR. BASTIAN: Well, just in that 10-year period, you know, I think the thing that's changed the most is the need and the ability to manage the different – the constituencies, whether it's your shareholders, whether it's your customers, whether it's your government, whether it's your community partners, whether it's your partners. There's so many – you know, everything seems like it's on hyperdrive today. And just in 10 years that's changed dramatically. And that's something that there's no book you can go out and read. You got to get in and you got to be in the game, and you got to have an opportunity to learn.

And so, stakeholder management, I think, is one of the most important things that CEOs do. And then, of course, and your own people, most importantly, that you're responsible for. At Delta we have 100,000 people that I'm responsible for. Again, COVID and the pandemic gave us an opportunity to do that. I was really proud of how the company got through COVID. We did not furlough a single employee during COVID. Only airline in the world that can say that. We got through it. You know, blocked those middle seats and took good care, put customers first. We didn't have playbooks that said, when the pandemic, this is what you do, right? But your stakeholder skills and constituencies and making certain that you're keeping everyone with you in that boat. And, yeah, sometimes something happens, and some article comes up on AI pricing, and, you know, it's like, oh my God. But you kind of keep people moving.

And I think one of the ways you do that is you portray a vision as to where you're going and you talk about it all the time. You talk about it all the time. And it's got to be positive. You know, no one wants to hear that the economy is weak and it's falling, or this problem is going to happen and that problem. That's what sells newspapers. People want to follow vision. And they want to follow people that that have an ability to take you somewhere. And that's what I've learned to have to do to get out. And that's why we did see, yes, you have to go out and be willing to venture, think about 20, 30, 40, years from now, 100 years from now what air travel might look like.

And that's why – I know we have friends from Joby. We highlighted Joby at the CES. All different forms of travel and opportunity. And that's what, as a CEO, only the CEO can do. It's not – you can't delegate that to a planning department. You can't delegate that to a board. You have to have a CEO that really believes and walks that vision every day.

MS. HUMPTON: We've seen some CEOs, though, who take the stage, and it is only them on stage. Maybe even the avatars in the presentation are only them. And what we noted in your CES keynote is you didn't talk about yourself. You highlighted the brand ambassadors, the members of the team, the partners who were there, et cetera. This idea of stakeholder alignment – Fortune magazine highlighted you this past year. And highlighted the fact that one of the

things you had recently done was you had driven Delta to be the most profitable airline, the most admired among the airlines. And yet, you had given billions in profit back to employees. Take us behind the scenes, the discussion with the board, the discussion with shareholders about that decision to actually share the profits of the company.

MR. BASTIAN: Well, we made that decision over 20 years ago. And it was at a time when Delta was in a tough spot. We went through bankruptcy, one of the many things that was following 9/11. And, you know, many of the airlines had to avail themselves of a bankruptcy process to get their finances in order. And it was painful. There were job cuts then. And there were pay cuts. And it was just a hard, hard time. And employees needed to know that while we were making some very difficult decisions, they would also be the immediate beneficiary when things turned for those savings and those returns.

And so, we came up with a plan that essentially said, when we turn profitable, we'll give you, our employees – and, by the way, our employees are largely non-union. And not that – it's not a union or nonunion. So, this was something they really had to believe us in because there's no – there's not a union. There wasn't a negotiated benefit. We'll give you 15 percent of the profits of the company. And the management team doesn't participate in any of that. So, any management compensation is pulled away from that. They get 15 percent of the real profits that they create.

And just over the last decade, we've paid them over \$12 billion – the frontline employees of the company. [Applause.] So, when you – when you talk about aligning purpose and stakeholder management, you know, that that's a beautiful example of that. And it was interesting. In the early days, you know, we did it. We're losing money. People didn't really say, well, that was an easy thing to do. Question is, when you start making money, you know, are you going to stick to it, right? And we not only stick to it, we kind of talk about it very, very, very boldly.

I used to get a lot of questions from analysts on Wall Street saying, why you do – because we're the only airline that was doing this. And other airlines have started to follow us. But why are you doing this? You know, you can – you can change if you wanted to. And I said, yeah, but that would be the stupidest decision I ever made, because they're the people that drive the profits. And they're the ones – the number one question they ask me is, what can we do to grow? What can we – how can we make that profit sharing bigger? And what do we have to do to serve better?

So, it really just brings them together. To the point now Wall Street never even asks me about it. And, in fact, if I decided, which I never would, to reduce it or eliminate it, Wall Street probably ask for me to be fired, because it's become part so part of the fabric and culture –

MS. HUMPTON: They can see the engine and how it works.

MR. BASTIAN: And the return. And despite the fact that, in this past year, we paid a billion four in profits – profit sharing. Even after paying for profit sharing, Delta is the most profitable airline – even after the cost of that. So, it tells you, doing the right thing is really the smart thing.

MS. HUMPTON: And this is what I wanted our members to hear today, right? All of us have to give this some real thought. You gave another example. I heard you talking earlier about something as simple as how baggage handling gets done, and the way you changed the structure and, suddenly, performance. Just one more quick story about that, because –

MR. BASTIAN: Yeah. Yeah. Well, I'll tell a story on Tom, then, because he – because I had to correct Governor Barkin, which I know is not a popular thing to do, but he – I've known him long enough I can do it. So, we were talking about baggage handling. It's something that we all – you know, we realize the importance of your bags being there in good time. And, I don't know, fuel prices were up, things were going through the roof. Tough time back 12-14 years ago, whenever we started. Now all the airlines are charging for bags, including, you know, Southwest even, which pride themselves on bags flying free. They've even kind of come around to it.

And, you know, the reason we charged for bags was, yes, there was a there was a cost to that, that we were having a hard time absorbing. And, you know, flying these heavy bags was very expensive. On the other hand, Tom's point was absolutely right. He said, the reason why baggage performance has gotten so much better at Delta is because you charge for it, because customers then have a higher level of expectation in return. And you want to make sure that you're exceeding their expectation. So that actually –

MS. HUMPTON: And that unit operates as an attendant, yeah.

MR. BASTIAN: So that actually – while people don't like paying for bags at times, they appreciate the – you know, getting the notification on their app that their bag's loaded, and they just breathe a sigh of relief, or whatever happens. And the performance has been – has been – investing \$125 million to redo the all the baggage systems in Atlanta Hartsfield right, you know, as we speak, and it'll open up next year. And I only had to correct him a touch and say, yes, that's true. Except that we also have this partner called American Express. And we're American Express' number one partner in the world. And likewise, we to them and then to us. And they pay us a lot of money each year for that credit card, which hopefully many of you have and use. And thank you for doing that.

One percent of U.S. GDP goes on that Delta credit card. We have around \$200 billion a year spent on that – on that credit card. So that's not quite 1 percent Tom – don't check me – but it rounds up to one. [Laughter.] And we think about that. On one credit card. And we're the most – highest-performing credit card in the whole American Express stack, including their own, by a factor of two. And the reason how we got that started, to get people taking the card, is that we got American Express to agree that if you had the card you could get free baggage on Delta. Which was the juice to sell the card. And so, it was just – all ways around it was good. And the revenue came. And the partners came. And they're happy. And we're happy. We're taking better care of customers. Customers get the bags for free anyway, if you're – if you got the credit card. It's a great – you know, just – and we had to create all that ourselves.



MS. HUMPTON: And it's a great illustration of what I learned at CES, and I've been repeating it everywhere I go all year, partnership is the new leadership, people. I think you've even heard me say that here. But these examples, where it's not about Delta determining the path, it's about working together for those mutually beneficial outcomes.

MR. BASTIAN: Absolutely.

MS. HUMPTON: Ed, I'd love to just close with any advice you might have for the business leaders who are here in The Economic Club of Washington.

MR. BASTIAN: Well, that's – I could spend another hour on that. I'll sum it down to a couple thoughts. You know, these are trying times, you know, but we're going to get through, right? And every year you could probably say that. You know, there's something different, something happening, a lot of positive happening, a lot of challenges happening. And we're all trying to make certain we kind of understand the tea leaves, as you said, the fog. I guess that's what – that's what Governor Barkin calls it, which is maybe a little – a little – a little deeper –

MS. HUMPTON: Tom had defined our economic situation as driving through fog.

MR. BASTIAN: Driving through fog. Well, our fog is lifting on the planes, fortunately. So, Tom, we got a pretty clear blue sky that we're – that we're looking at.

But when you're going through those tough times and the challenging times, I mean, I think there's always a sentiment amongst leadership, doesn't matter what you're in, to pull back a little bit, to isolate, to try to figure out what to do. You know, as leaders, you know our employees look to us. The world looks to us for answers. Sometimes you don't have answers. And it's OK. And being vulnerable, and being transparent, and be willing to speak appropriately about those challenges is OK. And I think we all have to remind ourselves of that. But doing it in a way – not politically oriented or whatnot, agenda driven – but just as you're taking care of your customers, you're taking care of your people, having that vulnerability and that transparency is key.

And we certainly at Delta have experienced that. Again, we experienced that during the pandemic. The hardest questions I've ever had in my career was how we were going to get through. And many times, I'd have to say: I know we're going to get through. I don't quite have it figured out yet. Stay with me. And then you have to stay by their side. And I think the second thing that sits right alongside that, the most important skill of a CEO – and, again, it's going to feel a little different here – I think, you think about the truly great CEOs, they're people leaders. And they're people leaders because they're humble. And humility is something we don't talk about. But I dare say, the best leaders in this world are people that have a humility about them, and a willingness to embrace. And we need more of that in today's world.

MS. HUMPTON: Thank you, Ed Bastian, CEO of Delta Airlines. [Applause.]

MR. BASTIAN: Thank you.

MS. HUMPTON: What an incredible executive conversation. Thank you.



**Edward H. Bastian**  
**Chief Executive Officer**  
**Delta Air Lines**

As CEO of Delta Air Lines, Ed Bastian leads 100,000 global professionals who are building the world's premier 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 more-than-25-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 America's most awarded airline, being named the top-ranking airline in Fortune's World's Most Admired Companies 12 times. Delta has also been recognized for four consecutive years as the Platinum Award recipient for operational excellence by Cirium and The Wall Street Journal's top U.S. airline. Other recognitions include Fast Company's 2025 Most Innovative Companies list, Air Transport World's 2024 Airline of the Year, and many more.

In 2018, Fortune named Ed among "The World's 50 Greatest Leaders," and in 2019, he was elected to the membership of the Council on Foreign Relations. In 2021, amidst a global pandemic, Ed was awarded for his Executive Leadership in FlightGlobal's 2021 Airline Strategy Awards and named among the Top 10 CEOs of 2021 in Glassdoor's Employees' Choice Awards as a leader who excelled at supporting their people. Ed was honored by his peer CEOs as Chief Executive magazine's 2023 Chief Executive of the Year in addition to the 2024 Georgian of the Year by Georgia Trend Magazine. Most recently, TIME named Ed to the 2025 TIME100, its annual list of the 100 most influential people in the world. Ed is also the 2025 Tony Jannus Award recipient. This award is often regarded as one of the industry's highest accolades and is given annually to individuals who have made major and lasting contributions to commercial aviation.

Ed's values-based leadership propelled the airline to become the industry leader and a trusted global brand, guided by empathy, humanity and devotion to service, which has served Delta well in good times and bad. He has served as a Delta leader and steered the company through the most challenging periods of the company's history, including 9/11, bankruptcy and COVID-19.

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 allow you to reward your investors.

Ed joined Delta in 1998 as V.P. – Finance and Controller. He was named Chief Financial Officer in 2005, and in 2007 he was appointed to serve as Delta's President.

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

Ed grew up in Poughkeepsie, New York, 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.