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Delta Air Lines, Inc. (DAL)

Q1 2020 Earnings Call

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MANAGEMENT DISCUSSION SECTION

Operator: Good morning, everyone, and welcome to the Delta Air Lines March Quarter Financial Results Conference Call. My name is Lauren, and I will be your coordinator. At this time, all participants are in a listen-only mode until we conduct a question-and-answer session following the presentation. As a reminder, today's call is being recorded.

I would now like to turn the conference over to Jill Greer, Vice President of Investor Relations. Please go ahead.

Jill Sullivan Greer

Vice President-Investor Relations, Delta Air Lines, Inc.

Thanks. Good morning, everyone. Thanks for joining us. We have a small team here in the room today including our CEO, Ed Bastian; our President, Glen Hauenstein; and our CFO, Paul Jacobson. The rest of our leadership team is on the line for the Q&A.

The call today will focus on our response to COVID-19, with Ed giving an overview of our priorities and Paul giving an expense and liquidity update. To get in as many questions as possible during the Q&A, please limit yourself to one question and a brief follow up.

Today's discussion contains forward-looking statements that represent our beliefs or expectations about future events. All forward-looking statements involve risks and uncertainties that could cause the actual results to differ materially from the forward-looking statements. Some of the factors that may cause such differences are described in Delta's SEC filings.

We'll also discuss non-GAAP financial measures, and you can find a reconciliation of our non-GAAP measures on the Investor Relations page at ir.delta.com.

And with that, I'll turn the call over to Ed.

Edward H. Bastian

Chief Executive Officer & Director, Delta Air Lines, Inc.

Thanks, Jill. Good morning, everyone. We appreciate you taking time to join us today. The first quarter of 2020 has truly been like no other in our history. The hearts and prayers of the entire Delta family are with the thousands worldwide who have lost loved ones to this pandemic. None of us could possibly have anticipated the speed with which COVID-19 has affected the health of the world's people and slowed economies across the globe. This has led to an unprecedented situation where demand for near-term air travel dropped to almost zero in a matter of weeks.

Our response has been focused on three priorities: first, protecting the health and the safety of our employees and our customers; second, preserving our financial liquidity to work through this crisis; and third, ensuring we're well-positioned to recover once the virus is contained, and building a plan to accelerate our progress through this period of recovery.

Nothing is more important than the health and safety of our people and our customers, and we have substantially increased our investment in cleanliness across the organization. These include a wide range of safety and

cleaning measures on our planes, at the airports, and across our facilities; and these actions won't end when the virus abates.

We're taking steps to help our employees and customers practice social distancing. They include blocking middle seats, pausing automatic upgrades, modifying our boarding process, and reducing meal service and other touch points.

I've always said, we have the best team in the industry, and I want to thank all 90,000 of them for the incredible work that they are doing. Our employees are on the front lines in the fight against the virus, keeping our nation's airways open for essential travel, even as they worry about their own health. Our nation has a lot of heroes in this battle against the virus, and I'm proud of the men and women of Delta serving our nation in this time of need.

The CARES Act Payroll Support Program recognizes the important role our employees play in supporting the US economy, and we are grateful to the President, members of Congress and the administration, and particularly Secretary Mnuchin, for their support and their leadership.

On Monday, we received \$2.7 billion of the \$5.4 billion that's expected over the next few months. \$3.8 billion of this is direct aid with \$1.6 billion in a low-interest, unsecured 10-year loan. When you combine this relief with our actions in the capital markets and our aggressive cost management, we expect to have at least \$10 billion in liquidity at the end of the June quarter.

Since early March, we have raised \$5.4 billion in new financing and will likely raise several billion more this quarter, a strong indication of the confidence that the capital markets have in Delta. And while this will help ensure we have liquidity to weather the crisis, with a more than 90% expected reduction in revenues this quarter, we needed to quickly address cost to stem cash burn.

We have taken actions to reduce our total cost base by over 50% in the June quarter. This amounts to a \$5 billion reduction over the prior year, which is impressive given the very short timeframe with which we've had to get this done. And it was the great spirit of the Delta people that were a big part of making that happen.

Right now, 37,000 employees, more than one-third of our workforce, have elected to take voluntary unpaid leaves ranging from 30 days to one year, a significant personal sacrifice that I will forever be grateful for. This is helping reduce our daily cash burn which started at \$100 million per day in March, down to \$50 million a day starting next month in May. Paul will go into more detail on these cost reductions and the cash burn trajectory that we are seeing.

After taking care of the safety of our customers and our people, and protecting the financial liquidity of our enterprise, the third priority we have is starting to build our recovery plan. These are truly unprecedented times, and the path to recovery is uncertain and will likely be choppy. And while we all wish we could predict the pace of the recovery, the truth is, a recovery will be dictated by our customers feeling safe, both physically and financially, to begin to travel at scale.

Given the combined effects of the pandemic and associated financial impact on the global economy, we believe that it could be up to three years before we see a sustainable recovery. And to succeed throughout that environment, we will likely need to resize our business in the near term to protect it in the long term.

And while the resizing of our business over the short term is painful, it will also be an opportunity to accelerate strategies to streamline our company, simplify our fleet, and reduce our fixed-cost base in ways not possible in

the past. It will allow us to advance the timelines with some of our critical airport infrastructure projects as we don't have the same constraints that limited progress and drove higher cost to construct.

We'll be focused on what it takes to regain consumer confidence to travel, and we are enlisting the very best medical advisors to help us navigate the journey from testing through to vaccines, and helping translate those solutions to our business model. Safety will no longer be limited to flight safety, but personal safety as well.

And while we may have more questions than answers about our path forward at present, one thing that is certain, it is that the strengths that are core to Delta's business, our people, our brand, our network and our operational reliability, are enduring. These advantages will continue to differentiate Delta and position us to succeed.

In short, we have the same aspirations for our Company today that we had a short 60 days ago. And while the path to recovery may take several years, there are many aspects to this crisis that will make us a better, stronger, and more resilient airline. In fact, I believe that the customer of tomorrow will place a higher premium on the quality of service than ever before, and that is our calling card, the strength of our brand, our reliability and the service excellence of our people, redefining personal safety for our customers and serving as the bedrock, not just for our recovery, but our acceleration into the future.

So that how we're navigating this crisis, taking the very best care of our customers and our people, preserving the financial liquidity of the enterprise, and building a plan to not just rescale the business over the recovery period, but to streamline it and accelerate progress for on our long-term strategy.

I'd like to thank all of our employees, our partners, our community and government leaders, our suppliers, our banks, our owners, everyone who is helping to contribute to protect Delta's long-term success. Our customers continue to send thousands of strong messages of support on a daily basis, which I greatly appreciate. And I also appreciate the great work of our leadership team in navigating a crisis in which we know we will prevail. Thank you all for that.

And before I turn the call over to Paul, I have some good news that I hope you have all heard. As you know, Paul has announced – had announced his plans to retire on February 28, though he never left the office. And I personally asked him to reconsider, and he has graciously agreed. Paul is an incredibly important part of our team, and we're fortunate that he'll remain as Delta's CFO.

Paul?

Paul A. Jacobson

Chief Financial Officer & Executive Vice President, Delta Air Lines, Inc.

Thank you, Ed, and good morning, everybody. Thank you all for joining us. It is great to be here. And thank you for that, Ed. Our March quarter pre-tax loss of \$422 million, \$1.3 billion lower than last year, was Delta's first quarterly loss in almost a decade. As revenues rapidly deteriorated through the month of March, we took decisive action to reduce our cost base and preserve liquidity, ending the quarter with \$6 billion in cash. Our ability to move the needle on costs in the month of March was limited as schedules and bid periods were largely set.

Starting this month, however, our cost structure has taken a big step down with the adjustments we have made. These actions include, strategically parking more than 650 aircraft to get optimal maintenance savings and reducing our facilities expense by consolidating concourses and temporarily closing Sky Clubs. We've eliminated the majority of our discretionary spend for things like contractors and advertising as well. We also instituted a hiring freeze and reduced work hours across the business. And as Ed mentioned, 37,000 of our employees have

volunteered to take an unpaid leave of absence. Together, these actions result in savings of approximately \$550 million in the June quarter alone.

With such a large capacity pull-down, we needed to go beyond what we normally would consider volume-related costs. Because of our aggressive cost management, we were able to swiftly make 60% of our total operating expenses variable in this environment. These efforts have offset more than \$200 million of unplanned expenditures associated with new cleaning procedures and the recent debt raises that we've accomplished.

Combined with \$2 billion in lower fuel expense from reduced flying and lower fuel prices, we expect a \$5 billion reduction in total operating expense for the June quarter. Our ability to achieve these savings simply would not be possible without the dedication, spirit and commitment of the Delta people.

With the immediate needs of the June quarter addressed, we're now beginning to think about how we reset the cost structure of the company for the longer-term. Glen and his team are developing scenario views of what the revenue environment might look like for the next several years. This will underpin not only how our network should adapt, but how our cost structure will need to as well.

In the current environment, we can take a fresh zero-based look at our cost structure, especially where we spend money on overhead, like facilities, advertising, and third-party contract providers. And as Ed mentioned, accelerating work on initiatives like fleet simplification will have a lasting benefit to our cost structure going forward, because ultimately cost reductions are the biggest lever to mitigate cash burn in an uncertain revenue environment.

At the end of March, cash burn was running approximately \$100 million per day. You can think of this in two parts: roughly \$10 million to \$20 million in negative net sales as refunds outpaced bookings; and the difference in expense burn. As we move through the June quarter, we expect net sales to remain slightly negative as we work down our refund backlog and take additional capacity actions. When close-in demand returns, cash will recover as corporate customers purchase new tickets and leisure travelers are utilizing their travel credits over a multi-year period.

In addition to our work on expenses, we've had good success negotiating deferred payments to airports, vendors, and lessors. During this time, we've also moved quickly to reduce capital outflows, cutting more than \$3 billion of our planned 2020 CapEx, suspending all shareholder returns, and deferring elective voluntary pension funding.

Putting this together, we expect cash burn should come down to \$50 million per day beginning in May, a 50% reduction from where we were just a few short weeks ago. That moderation should continue in the back half of the year as revenue recovers modestly, but we are prepared for cash flow to remain negative through the end of the year.

To make it through this period, we have been actively and aggressively raising liquidity. The work we put into the balance sheet over the last decade has made a tremendous difference as we went into this crisis with more than \$20 billion in unencumbered assets and low debt levels.

Since early March, we've raised \$5.4 billion of new financing at an average rate of just under 4%, encumbering approximately \$6.5 billion of collateral. For the remainder of the year, we have an exhaustive list of potential initiatives that we could action, if needed, to further bolster liquidity. Among other things, this list includes raising additional debt against our remaining unencumbered assets.

We are also eligible for a \$4.6 billion secured loan under the CARES Act. While we plan to apply for that loan later this month to reserve our place, we have several months to determine if we will take those funds and accept the loan.

In closing, Delta has experienced shocks before, perhaps not this big, but in many ways we spent the last decade preparing for this next disruption. Our people have acted quickly and decisively to protect the financial health of the organization, and I'm proud of what the team has accomplished in just a short period of time.

This environment remains fluid and anything, but predictable, but we will continue to plan for every eventuality and are committed to taking the steps necessary to ensure that Delta is positioned to help lead the industry and the economy out of this crisis.

And with that, I'll turn the call back over to Jill to begin the Q&A.

Jill Sullivan Greer

Vice President-Investor Relations, Delta Air Lines, Inc.

Thanks, Paul. Lauren, if you could give the analysts the instructions to get into the call queue.

QUESTION AND ANSWER SECTION

Operator: Thank you. [Operator Instructions] We'll take our first question from Andrew Didora with Bank of America.

Andrew G. Didora

Analyst, Bank of America Merrill Lynch

Hi. Good morning, everyone. Can you hear me okay?

Edward H. Bastian

Chief Executive Officer & Director, Delta Air Lines, Inc.

We can.

Paul A. Jacobson

Chief Financial Officer & Executive Vice President, Delta Air Lines, Inc.

Good morning, Andrew.

Andrew G. Didora

Analyst, Bank of America Merrill Lynch

Great. Thank you for the time. Ed or Paul – I know, Paul, you gave a little bit of color around this. But can you maybe provide a bit more granularity on how you get from the \$100 million of cash burn at the end of March to just \$50 million run rate kind of in the back half of the second quarter? What's the biggest drivers here? Are they CapEx? What are some of your assumptions around the air traffic liability drawdown? Any opportunities at the refinery, et cetera? So any color here would be helpful.

Paul A. Jacobson

Chief Financial Officer & Executive Vice President, Delta Air Lines, Inc.

A

Sure. Thanks. First of all, thanks, Andrew, for being here and for your question. It really is an across-the-board effort across the expense base. Obviously, certain volume-based costs, like passenger commissions, passenger service items, have come down commensurate with the loss of travel demand. We've seen 80%, to 90% reductions in some of those line items. We mentioned briefly in early March that we were taking actions across our maintenance program, and Gil and our Technical Operations team have done an amazing job of stripping out 80% – over 80% of our maintenance costs in the June quarter year-over-year.

That's largely as a function of the fact that the performing fleet today doesn't need nearly as much inventory of serviceable parts and components that we had planned. So, we've been able to shift our focus to those critical items, reducing over 80% from that. We mentioned all those salaries and related across-the-board that has been a collective effort coming forward. The suspension of CapEx, obviously a big piece of that. We had done a good bit of that in the – even in the second half of March. But really, it's across the operational side that's driving a lot of that incremental benefit.

Edward H. Bastian

Chief Executive Officer & Director, Delta Air Lines, Inc.

A

The other thing, Andrew, is all the leaves of our employees. Over 30,000 employees have taken voluntary leaves, many of them in April, the current month we're in, on an unpaid basis and are extending those throughout, not just the quarter, but some into the full year. And those are monumental, and they're really helpful.

Andrew G. Didora

Analyst, Bank of America Merrill Lynch

Q

Got it. Thank you for that. And then, just a second question here. Maybe, Ed, bigger picture question here for you on your fleet, given some of your comments on what you view to be kind of a long recovery process here. So when you look at the other side of this crisis, what do you think will be the biggest changes for the Delta fleet, and do you think it'll be a little bit more weighted towards newer aircraft with better unit economics? And how are you thinking about that, especially as you speak with the OEMs right now? Thank you.

Edward H. Bastian

Chief Executive Officer & Director, Delta Air Lines, Inc.

A

Well, certainly, anything that was scheduled to retire over the next five years has an accelerated path towards retirement, just to be very simple and straightforward. The MD-80s were already retiring this year, so that's done. The MD-90s, we'll probably be making that decision soon in a similar vein. We have 767s, 757s, there's some of the older models that we operate. We'll certainly be looking at the RJs, the smaller RJs that we operate. But we'll be taking the time to, as I say, accelerate into the future and fast forwarding many of these decisions with simplification and streamlining of our entire business model at the core of the new normal for Delta. Many of the things that we were on a path to do, I think we shortened that pathway considerably as a result of this crisis.

Andrew G. Didora

Analyst, Bank of America Merrill Lynch

Q

Great. Thank you for that.

Edward H. Bastian

Chief Executive Officer & Director, Delta Air Lines, Inc.

A

Sure.

Operator: Our next question comes from Jamie Baker with JPMorgan.

Jamie N. Baker

Analyst, JPMorgan Securities LLC

Hey. Good morning, everybody. Paul, the best news of today is that you're with us on the call and will be going forward. I'm here sure you're going to hear that from others, but I did want to add my voice after Ed's comments.

Now, when you spoke at our conference a month ago, a month and a half, whatever, at that time it was a \$20 billion unencumbered asset pool. You said the recent deals drew that down by about \$6.5 billion. Does not mean the current pool is \$13.5 billion? Or have any of the underlying assets been revalued? And as a clarification on that, have you yet identified what collateral you might post as part of a government loan and whether Treasury could take equity in SkyMiles?

Paul A. Jacobson

Chief Financial Officer & Executive Vice President, Delta Air Lines, Inc.

Well, first of all, Jamie, thank you for your kind comments. It's really, really good to be here, too. The simple math is the right one. The way we're looking at it, we have constantly updated the market values of the collateral and where we look, so yeah, against what we just disclosed, we've got about \$13.5 billion that we continue to review, and we have a list against those assets. So we're going to continue to move forward on raising liquidity, making sure that we shore up that balance sheet and keeping all options on the table. As for the government loan program, we haven't had any specific conversations. As I mentioned in my comments, we have worked out with them that we are going to apply for the grant, I'm sorry, for the loan by April 30. But the provisions of that program give us until September 30 to decide whether we'll actually action and structure and take that loan going forward.

Jamie N. Baker

Analyst, JPMorgan Securities LLC

That helps. And – oh, sorry, go ahead. Go ahead, sorry.

Paul A. Jacobson

Chief Financial Officer & Executive Vice President, Delta Air Lines, Inc.

No, I was going to say, no conversations about any specific collateral at this point in time. We have shared with them that we are committed as is the – not just the language but the spirit of the program to access it if there are no reasonable capital markets opportunities available, and we still feel pretty good about with what's available to us in the market.

Jamie N. Baker

Analyst, JPMorgan Securities LLC

Got it. And second question, you also made reference to aircraft CapEx essentially going down to zero. Looking to clarify that. Does that mean that you're simply not sending any cash to Toulouse, or are you saying that there's full financing already in place? So put differently, if we do see an aircraft delivered this year, should we assume that it is fully financed?

Edward H. Bastian

Chief Executive Officer & Director, Delta Air Lines, Inc.

Hi, Jamie. It's Ed.

Jamie N. Baker

Analyst, JPMorgan Securities LLC

Hi, Ed.

Edward H. Bastian

Chief Executive Officer & Director, Delta Air Lines, Inc.

The situation with Airbus is one that, obviously, we've got a great relationship, we're having constructive dialogue. But the reality is, as I've shared with Guillaume, and he shares our pain, we got 600 aircraft on the ground. We don't need any more aircraft to be putting on the ground. And we'll work through this issue. We don't have any plans to expend cash, to your point, over the balance of this year on new aircraft. Whether eventually over the course of the year we wind up taking some fully financed aircraft, it's an open question right now. But the reality is, is that they're good partners and they're working with us on it.

Jamie N. Baker

Analyst, JPMorgan Securities LLC

I appreciate it. Thank you both.

Operator: Our next question comes from Mike Linenberg with Deutsche Bank.

Michael Linenberg

Analyst, Deutsche Bank Securities, Inc.

Yeah, hey, Paul. Glad you never left. So two questions here. When we think about the Payroll Support Program and as you [indiscernible] (00:23:29) money, how are you going to account for that? How does that run through P&L? I understand the loan piece will show up as interest expense. Would that be like an extraordinary item?

Paul A. Jacobson

Chief Financial Officer & Executive Vice President, Delta Air Lines, Inc.

So, Mike, good morning. The loan – grant peace net of the loan will actually flow through as a contra expense item, essentially offsetting the requirements that are in there for maintaining workforce, et cetera. So it will show up as an offset to salaries and related or other operating. We're still working through that, but it will flow through the P&L. The loan piece of it will obviously be capitalized on the balance sheet as a debt instrument, interest expense will flow through that and the warrant will be reflected as equity.

Michael Linenberg

Analyst, Deutsche Bank Securities, Inc.

Okay. And then, just so to be clear then, just the \$100 million going to \$50 million, it's not reflecting that as an offset coming from P&L, right, or at least it's impacting the cash?

Paul A. Jacobson

Chief Financial Officer & Executive Vice President, Delta Air Lines, Inc.

No. It's in all the cash numbers that we've talked about in terms of ending above \$10 billion in June.

Michael Linenberg

Analyst, Deutsche Bank Securities, Inc.

Great.

Q

Edward H. Bastian

Chief Executive Officer & Director, Delta Air Lines, Inc.

Yeah. We're not using that to reduce our cash burn. Yeah, Mike, that would...

A

Michael Linenberg

Analyst, Deutsche Bank Securities, Inc.

Okay, great. And then, just secondly, as we think about the AMEX program, we were at a number around [Technical Difficulty] (00:24:51) on its way to, call it, \$7 billion. As we think about the components, rate doesn't change, I think it will probably be down in 2020 and maybe acquisition doesn't grow much or moderates. Is that a fair way to think about the trajectory in 2020?

Q

Edward H. Bastian

Chief Executive Officer & Director, Delta Air Lines, Inc.

I think so, Mike. I know AMEX has their call later in the week on earnings, and they'll probably discuss how they're doing, how they're faring through the crisis. Clearly, given the fact that passenger demand has fallen off dramatically, our card spend has not fallen off nearly as dramatically, but it's down in numbers in the short term and it's one of the things that's enabling us to keep – we got a 10% revenue target in the current quarter compared to our current plan. That would – that's one of the contributing factors, is the spend on the card.

A

Michael Linenberg

Analyst, Deutsche Bank Securities, Inc.

Okay. Very good. Thank you.

Q

Edward H. Bastian

Chief Executive Officer & Director, Delta Air Lines, Inc.

I think when AMEX talks on Friday, I think you'll probably have some better – I don't want to – I'm close to Steve, and I know their numbers but I don't want to share anything. But I think when you hear their perspective, it'll better answer your questions than I can.

A

Michael Linenberg

Analyst, Deutsche Bank Securities, Inc.

Great. Thank you.

Q

Operator: Our next question comes from Savi Syth with Raymond James.

Savanthi Syth

Analyst, Raymond James & Associates, Inc.

Hey. Good morning. I was wondering if you could help me, Ed, kind of bridge the liquidity kind of getting from \$6 billion to \$10 billion. It appears cash burn will be around \$5.5 billion in the quarter. You have the kind of maybe most or all of the \$5.4 billion in PSP. And I think based on the disclosures, you have the kind of sale leaseback of \$1.2 billion and the kind of aircraft mortgages and perhaps some term loans there. And I think that leaves a gap

Q

about \$2 billion to \$2.5 billion. Is that financing that you need yet to do to reach that \$10 billion or am I missing something there?

Paul A. Jacobson

Chief Financial Officer & Executive Vice President, Delta Air Lines, Inc.

Savi, it's Paul. I would simply say that you're good at math. That worked pretty well.

Savanthi Syth

Analyst, Raymond James & Associates, Inc.

I guess, that math degree worked out well for me.

Paul A. Jacobson

Chief Financial Officer & Executive Vice President, Delta Air Lines, Inc.

You're using it well.

Savanthi Syth

Analyst, Raymond James & Associates, Inc.

Just a follow up on that. So, as you think about your financing opportunities, I know you talked about having unencumbered assets, but do you think about like unencumbered assets, miles, equity, or maybe even like doing something with Trainer? How would you prioritize that or kind of see kind of the best fit for kind of financing going forward?

Paul A. Jacobson

Chief Financial Officer & Executive Vice President, Delta Air Lines, Inc.

Well, Savi, I think we have, as I mentioned, an exhaustive list of potential opportunities that range across the board, including secured debt, equity, convertibles, the government loan program, Sky Miles, lots of different things on it. What I would say is that we're looking to optimize two things. Number one, which is availability and ease of financing; and two, is just availability of the markets in general. We have found great success in both the secured debt markets as well as the sale leaseback markets that have done particularly well for us. And we would certainly put that at a higher priority than we would be thinking about equity down the road. So while the uncertainty means that we can't rule anything out, we're certainly prioritizing the use of our unencumbered assets.

Edward H. Bastian

Chief Executive Officer & Director, Delta Air Lines, Inc.

And I would share – Savi, I would share Paul's thoughts on the financing prioritization. But don't forget, the most important liquidity we raise is cost savings in this environment where revenue isn't coming in the door. And while it's great that we have access to the capital markets and the team's doing a very good job, the fact that we're able to save 50% of our total operating cost that we had in our forecast just 30 days ago in the current quarter, that's \$5 billion as well. So that's a meaningful statement of liquidity that we'll obviously continue to build off of.

Savanthi Syth

Analyst, Raymond James & Associates, Inc.

Very good point. All right. Thank you.

Operator: Our next question comes from Brandon Ogleski with Barclays.

Brandon R. Oglenski

Analyst, Barclays Capital, Inc.

Q

Hey. Good morning, everyone, and thanks for taking my question. So, I guess, just to follow up on that, in terms of equity funding. I guess, why not maybe potentially be a bit more aggressive here? Because if you need the equity financing in the future, obviously, that's not guaranteed to be there. Can you give us your thoughts there?

Edward H. Bastian

Chief Executive Officer & Director, Delta Air Lines, Inc.

A

Brandon, you weren't real clear coming through. Was your question about a potential equity raise? Is that what your ask was?

Brandon R. Oglenski

Analyst, Barclays Capital, Inc.

Q

Sorry. My phone's cutting out, Ed. The question is, if you need equity financing in the future, it could be harder to get. So, I guess, why not potentially be more aggressive on that part of the balance sheet right now?

Edward H. Bastian

Chief Executive Officer & Director, Delta Air Lines, Inc.

A

Yeah. Well, again, we're not in a position to take any options off the table. We're looking at all options. We have no plan for that at the moment. We've got a pretty good list of opportunities to raise liquidity from before executing that option. But we're not going to exclude any option going forward until we have a better view of when the recovery is going to come.

Brandon R. Oglenski

Analyst, Barclays Capital, Inc.

Q

Okay. Appreciate that. And then, Paul, on the unencumbered assets, I think around \$13 billion or \$14 billion you disclosed, how much of that is aircraft? And what should investors expect if you get LTVs on that asset base?

Paul A. Jacobson

Chief Financial Officer & Executive Vice President, Delta Air Lines, Inc.

A

Well, Brandon, it varies. I would say that about half of that is aircraft of various ages and vintages. Some of the newer airplanes that we have been doing sale leasebacks on, we've been getting 100%, sometimes even marginally a little bit more than what we had appraised for on that basis. Some of the older airplanes, as we are looking at that, are going to have less sale leaseback content, more secured-debt type content that would have a lower loan-to-value going forward. So it really varies across the pool. But we've taken that pool, we've assigned value to what we think is doable, and we're marching along that plan.

Brandon R. Oglenski

Analyst, Barclays Capital, Inc.

Q

Okay. Thank you.

Operator: Our next question comes from David Vernon with Bernstein.

David Vernon

Analyst, Sanford C. Bernstein & Co. LLC

Q

Hey. Good morning, guys. Thanks for taking the time. First question for you on the approach towards taking cross holdings in global partners. Obviously, there's going to be quite a few markdowns of those assets as we go through the next couple months here. Would you think about that asset as a potential source of liquidity on the way back up? Or would you continue to think that those investments are kind of strategic and core to the Delta, the future as well?

Edward H. Bastian

Chief Executive Officer & Director, Delta Air Lines, Inc.

David, again, you broke up a bit on the phone. Your question is about our investments in our international partners, using that as a source of...

David Vernon

Analyst, Sanford C. Bernstein & Co. LLC

Yeah. [indiscernible] (00:32:14).

Paul A. Jacobson

Chief Financial Officer & Executive Vice President, Delta Air Lines, Inc.

Monetizing them.

Edward H. Bastian

Chief Executive Officer & Director, Delta Air Lines, Inc.

...of monetizing them?

David Vernon

Analyst, Sanford C. Bernstein & Co. LLC

Well, on the way back up, yeah. I'm just wondering if you're may be thinking about that strategy of cross holdings differently?

Edward H. Bastian

Chief Executive Officer & Director, Delta Air Lines, Inc.

Listen, those are all strategic partnerships and they'll all go through, and they are all going through a very similar situation. In fact, they're arguably even more stressed than the US airlines are, given that the international business across the board is pretty much down to very, very small numbers. We are in constant contact with them. We'll continue to provide our insight, our expertise. We're not in a position to be making any financial commitments to any of them, and they are aware of that. And we'll work with them as the recovery takes hold.

This recovery is going to be choppy. It's going to take some time. My expectation, I think our expectation is domestic will come back faster than international, but international will come back. And there's a path to getting there. And we're very proud of those partnerships and I have no interest in trying to sell them or monetizing them at this point or anytime in the future, candidly.

David Vernon

Analyst, Sanford C. Bernstein & Co. LLC

All right. Appreciate that color. And then, maybe a longer-term question for Glen or Ed. Maybe you could comment on how investors should be thinking about the range of reasonable margins, assuming demand does take a couple years to recover. Should we be expecting the margin profile of the business to be dependent on

getting back to 2019 levels? Or would you expect to be able to maybe come out of this at a better margin level with less volume than you had in the past?

Edward H. Bastian

Chief Executive Officer & Director, Delta Air Lines, Inc.

A

David, that's a really open-ended, speculative question. How I'm looking at this for myself – and we're all of 40 days into this, right – is that there's a crisis that we're in the midst of, we're going to need to navigate the crisis. We're prepared at Delta to go through it for whatever time it takes. We've got the liquidity. We've got the balance sheet strength. We've got the resiliency of our people and our brand. We'll get through this. It may take several years to get through it, but we will get through it.

But once we're able to demonstrate to our customers confidence in the safety of air travel, just like we do today in flight safety, their personal safety, travel will continue. It may not continue in all of its current form. There will be some impact, maybe telecommuting or some sort of things if everyone's enjoying being on Zoom videos. I personally don't, but maybe some people do. Maybe that will change the nature of travel a bit. But business is done face-to-face. People enjoy experiences.

All the things we've seen over the last period of years actually has, in my opinion, caused people to miss travel more than ever before in this lockdown phase. And we'll get back. Whether it means our margins are going to be at the same level, I would hope so. That's certainly going to be our goal. And we'll be a smaller industry coming through this, I have no doubt. And there will be opportunities to be streamlined, and I think people will pay a premium for service excellence like never before. So those are my views in your question.

David Vernon

Analyst, Sanford C. Bernstein & Co. LLC

Q

Thank you.

Operator: The next question comes from Hunter Keay with Wolfe Research.

Hunter Keay

Analyst, Wolfe Research LLC

Q

Ed, it's so funny you just said that. I was literally going to ask you about that comment you made. In the prepared remarks, you said the customer of tomorrow will place a higher premium on quality of service. You seem to emphasize that in the script, and I want to know what you mean by that. And how are you going to position Delta to capitalize on it from a product perspective?

Edward H. Bastian

Chief Executive Officer & Director, Delta Air Lines, Inc.

A

Well, I think it's premature to be speculating on product, per se, Hunter. But I firmly believe it. When you ask people what's the most important thing to get them to start traveling again, it's going to be confidence in their safety, their personal safety, not just their physical safety.

At Delta, we have years and years and years of expertise, in flight safety expertise. We've got rigor and analytical tools. We are the safest form of transportation in the world, of any form of transportation in the US aviation system. And by applying that same level of analytical rigor and insight, working with the medical community – and I'm not trying to be a healthcare professional here – but we do have medical expertise, and advisers that we are

working with and we'll continue to work with to help translate the return of business to where people feel safe and accommodate that. We'll make whatever changes to the business model that will be necessary.

If it turns out to be immunity passports will be a new form, I – you think about all – everything that came out of 9/11 with TSA and Homeland Security and new public agencies. Could there be a new public health agency coming out that requires a new passport to travel? I don't know. But we'll be on the forefront of all those advances. But I do believe people will value not just the experience but who's providing the experience and the reliability and the service excellence of that. And that's our calling card, that's our brand, that's what Delta stands for.

Hunter Key

Analyst, Wolfe Research LLC

Q

Right. Right, right. And that's all fair, but you – I mean, were kind of there before, too. So, I – what I'm trying to parse out is what you expect to actually change? It's one of those things, it's ironic I asked you about lower load factors three months ago on this call. It's one of these things that maybe you think about running a lower load factor sort of permanently and having less variability in pricing. So maybe it's a 65%, 75% load factor you guys run all the time so people feel a bit more spaced out...

Edward H. Bastian

Chief Executive Officer & Director, Delta Air Lines, Inc.

A

Yeah.

Hunter Key

Analyst, Wolfe Research LLC

Q

...or the seats themselves are further apart. Like, I mean, like what kind of stuff are you talking about changing here that's different?

Edward H. Bastian

Chief Executive Officer & Director, Delta Air Lines, Inc.

A

I think all those are fair observations, Hunter. I don't know what the answer is. We're going to spend the time in these next few months to – as we build the company that we want for the future, not necessarily rebuild what we had, and we'll be asking yourselves that question. We'll be asking consumers those questions. We'll be – we'll have a chance to test as we move forward, as we walk through. This recovery is going to take several years. It's going to be multi-phased. It's going to be choppy along the way. We'll have opportunities to test all those theses and see what it takes.

Ultimately, it's going to be, what does it take to inspire confidence in air travel and the safety of that? Maybe it's a vaccine in two years on a widespread – I don't know. But there's a host of ideas and options in all part of this that we are exploring, and we'll do whatever it takes to make sure that we get our business model not just back to where it was, but improved and more resilient for the future.

On margins, whether our load factors come down or not, it's possible. They certainly will be in the short- to medium-term. Whether they eventually get back to 90%, who knows? But we'll figure it out as we go. The other thing – the only thing I do know is that there will be fewer airplanes flying in the skies for an extended period of time, and that that's going to be an opportunity for us to focus more on a more premium experience and getting paid for what we deliver.

Hunter Keay

Analyst, Wolfe Research LLC

Ed, thank you.

Q

Operator: Our next question comes from Duane Pfennigwerth with Evercore ISI.

Duane Pfennigwerth

Analyst, Evercore ISI

Hey, thanks, and thank you for doing this call. Just had a question on your international JV partners. What are the potential capital needs to keep some of them going if they are unable to get a stimulus funding?

Q

Edward H. Bastian

Chief Executive Officer & Director, Delta Air Lines, Inc.

Well, I think all of our international partners are working with their local governments as to what's required to provide a backstop and support, similar to how we work with our government here in the US. I'd say that the thing that's a little different in most of the international marketplace is that they're talking about loans as compared to grants. And we were very successful and I give the US airline aviation industry some real kudos for getting out in front of this, working with A4A, working with all the CEOs across our space to understand that this is not just about putting more debt on airlines' balance sheets, but keeping people in their jobs for a period of time to give us a chance to understand what the other side of this look like in six months.

A

I don't know that you see that on an international scale. I think there will be a lot of loans. You may see some international airlines nationalized. I think there's going to be an array of alternatives. You may – you will see some international airlines go away, you will see some international airlines – not talking ours specifically, but just broadly – go through administrative and bankruptcy processes. So I think as we look at the trajectory of the recovery, it's going to be slower internationally than domestically. And as a result of that, we're going to stay really close to our partners and help provide them the – not the financial support, but certainly the commercial support and the strategic savvy to navigate a very uncertain recovery.

Duane Pfennigwerth

Analyst, Evercore ISI

Thanks. And then, just for my follow up, had a couple of questions this morning on Trainer. Interesting times with negative crude prices. And is this something that you're in the process of winding down? And to the extent you are, is there any potential working capital tailwind if you were to wind Trainer down? And thanks for taking the questions.

Q

Paul A. Jacobson

Chief Financial Officer & Executive Vice President, Delta Air Lines, Inc.

Sure, Duane, and before I answer that, I want to go back to one thing that David had asked. And just to clarify, for the avoidance of any doubt, that the partner investments that he asked about monetizing that Ed said we're not interested are not included in our unencumbered assets calculation. Just in case there was doubt about that. And as we think about Trainer, Duane, obviously we've made some adjustments, both in terms of where the markets sit but also in terms of our own declines in jet fuel production – our jet fuel consumption which had been significant.

A

We have cut production at Trainer. We're operating about just a little over half of what we were, and blending all that jet fuel into diesel. And Trainer's covering its variable costs and contributing to fixed costs in the short-term. That being said, we do expect it to produce a loss in the second quarter. And as we think about Trainer, obviously, we are thinking about what does the airline look like afterwards, and we'll assess all of that. It remains an important part of our overall fuel strategy but that's obviously somewhat muted in the current environment today.

Duane Pfennigwerth

Analyst, Evercore ISI

Would there be a working capital tailwind if you were to kind of wind it down?

Paul A. Jacobson

Chief Financial Officer & Executive Vice President, Delta Air Lines, Inc.

Nothing significant, as we have a lot of that working capital already securitized and we've managed to keep that relatively constant throughout all the operations.

Duane Pfennigwerth

Analyst, Evercore ISI

Thank you.

Operator: Our next question comes from Helane Becker with Cowen.

Helane Becker

Analyst, Cowen and Company

Thanks very much, operator. Hi, everybody, and thank you very much for the time. So here are my two questions. One is, do you think this will be a demand-led recovery? How are you thinking about recovery in that regard? And second, Ed, you talked a lot about what you can do once people get on your planes. And certainly, at the gate, there's a lot you can do. There's probably a lot you can do in the check-in process. But what about in the airport? How do – are you working with your airport, your various airports about how you can ensure customer – I don't know what the right word is, because it's not safety, but I really don't know what word is, it makes people feel good?

Edward H. Bastian

Chief Executive Officer & Director, Delta Air Lines, Inc.

Well, it is safety, Helane. No, it is safety. It's personal hygiene, it's personal safety. And the – and answer to your second question, I'll take first is, yes, we are. We've got a lot of staff in the airport environment and not a lot of departures, so we're – we've reallocated a lot of our team members to ensuring the – not just the cleanliness and the hygiene aboard our aircraft.

You would probably not be surprised to know that as we continue to survey our customers – even though we have fewer traveling, we still continue to survey them – that our cleanliness scores are through the ceiling. 3x, 4x times improvements on board the planes. And if you want to go check it out for yourself, I encourage you to travel on us, you can see that. But working through the airports, the facilities, working with TSA and the [indiscernible] (00:46:13). All the things that we have to do to reduce touch points and allow customers the same level of safety on board the planes as they transit through our facilities. So we are looking through all of that.

What will return to the recovery? I don't know. I'd simply classify it as a demand, and then certainly I think demand will be there when it's safe to travel. Once people feel confident that they, through both the medical progress we make through the medical community, through government leadership when people indicate that it's safe to travel, and that's when the recovery will take shape. This is very unlike anything we've ever encountered. We've encountered a lot of crises in our industry. This one where people physically do not feel safe to venture out of their homes is unique to us and we got to inspire the confidence they have to start traveling again.

Helane Becker

Analyst, Cowen and Company

That's very helpful. And if it helps, I'm pretty sick of Paradise Prison. I love my house, but I miss traveling.

Edward H. Bastian

Chief Executive Officer & Director, Delta Air Lines, Inc.

Good. We miss seeing you, Helane.

Helane Becker

Analyst, Cowen and Company

Have a good day. Thank you.

Edward H. Bastian

Chief Executive Officer & Director, Delta Air Lines, Inc.

Thank you.

Operator: Our next question comes from Joseph DeNardi with Stifel.

Joseph William DeNardi

Analyst, Stifel, Nicolaus & Co., Inc.

Yeah. Thanks. Good morning. Just two straightforward questions for you, Paul, on the marketing campaign or the loyalty program. Is there a scenario where you could do a presale with AMEX and use it as collateral for government money? And then, what is the value of that asset worth as you see it? I think it's a pretty big moat that's protecting shareholders from dilution at this point. So can you just talk about what would you think the asset's worth?

Paul A. Jacobson

Chief Financial Officer & Executive Vice President, Delta Air Lines, Inc.

Well, Joe, I think you've done a lot more work on that than we have necessarily. But I would say that we have not contemplated securitizing it or monetizing it in any way. And the asset base that we have and the permitted liens under our agreements, we think, ultimately would make a pretty good package if we decided to take a government loan. So I don't think we need to look to loyalty for that.

As for the opportunity to do a presale, I'm not going to get into any details. That's obviously a conversation that we would have with American Express. And Ed speaks to them very regularly and that's borne out of the partnership mentality. It's not anything that we would comment on here publicly.

Joseph William DeNardi

Analyst, Stifel, Nicolaus & Co., Inc.

Okay. But, Paul, would you have to do...

Edward H. Bastian

Chief Executive Officer & Director, Delta Air Lines, Inc.

The only thing, Joe, I can say on that...

Joseph William DeNardi

Analyst, Stifel, Nicolaus & Co., Inc.

...an equity issuance or a presale in order to qualify for the government debt money?

Edward H. Bastian

Chief Executive Officer & Director, Delta Air Lines, Inc.

No. Joe, no. No, we don't. I just wanted to add on to what Paul was saying about AMEX. They're great partners. We've been through thick and thin with them. We've done presales in the past. If we come to the point where we feel that's an important source of liquidity, we'll have good constructive conversations. But we are not having conversations unlike publicly reported [indiscernible] (00:49:46) we are. We are not. But we're staying close to our good partners in that. And at some point, yeah, we very well may, but there's nothing imminent to announce there, no.

Joseph William DeNardi

Analyst, Stifel, Nicolaus & Co., Inc.

Okay. That's helpful. And then, I don't know if Glen is on the call or if, Ed, you'd like to talk about it. Can you just talk about demand? What does forward bookings look like? And what maybe the mix of corporate versus leisure tells you at this point in terms of which is holding up? Just kind of any commentary that you feel comfortable talking about? Thank you.

Glen W. Hauenstein

President, Delta Air Lines, Inc.

I'd categorize this as, we're bumping along the bottom here. And bookings are down, traffic is down about 95%. And that's where we're sitting. And it's a mix of people who need to get there. That's essential people traveling, as Ed said before. So people who need to get to see sick people, people who are first responders, people whose work goes on and it's required for them to travel.

And so, it's really people who are needing to travel. And I think, as Ed said before, as people perceive it as being safer, we'll see the larger volumes come back. But with everybody having stay-at-home orders, it's hard to envision when you can't leave your house how you would go to travel at this point.

Edward H. Bastian

Chief Executive Officer & Director, Delta Air Lines, Inc.

Yeah. The demand questions are hard to answer because there's not a lot of data right now. But one data point which has progressed is that our cash sales are now starting to equal the refunds going out the door, right? So that wasn't the case 30 days ago. We were being overwhelmed by the amount of cash refunds relative to new cash sales coming in. So it's going to take some time. We're prepared for the duration. And we know we've got a good product and good service and a good brand that will be there when people feel safe to travel.

Joseph William DeNardi

Analyst, Stifel, Nicolaus & Co., Inc.

Thank you.

Q

Operator: Our next question comes from Myles Walton with UBS.

Myles Walton

Analyst, UBS Securities LLC

[indiscernible] (00:51:58) the comments. First on the government assistance for payroll protection beyond September 30. As you think about it, is that something you think is necessary for the industry that the industry would ask for?

Q

Edward H. Bastian

Chief Executive Officer & Director, Delta Air Lines, Inc.

Additional government support beyond September 30, is that your question, Myles?

A

Myles Walton

Analyst, UBS Securities LLC

It is. Yeah.

Q

Edward H. Bastian

Chief Executive Officer & Director, Delta Air Lines, Inc.

I wouldn't speculate. My sense is the appetite for additional relief beyond that will be challenging. And I think the combination of the PSP, together with the loans, should provide us the liquidity we need to get through this crisis. That'd be my view.

A

Myles Walton

Analyst, UBS Securities LLC

Okay. And then, secondarily, kind of post crisis, I know you said it'd take a few years, but just the business model to run an airline. Do you think that now airlines are effectively going to have to sit on six months of cash – expenses and cash to satisfy whatever criteria there is to weather the next pandemic, should it come along?

Q

Edward H. Bastian

Chief Executive Officer & Director, Delta Air Lines, Inc.

I don't know. That would be a difficult financial burden to carry. I don't think we can build our business models to sustain once-in-a-century pandemics. And we'll learn a lot from this, we'll be a lot more resilient about this. This will take us a bit of time as an industry to dig out of. I think we'll have plenty of time to ask those questions in the future. But for now, we're very focused on weathering the storm and getting through over the next several years, and then we'll have time to think about that.

A

Myles Walton

Analyst, UBS Securities LLC

Okay. Thank you.

Q

Operator: Our next question comes from Catherine O'Brien with Goldman Sachs.

Catherine O'Brien

Analyst, Goldman Sachs & Co. LLC

Q

Good morning, everyone. Thanks for the time. I hope you all are safe and healthy. So two fairly quick ones. If you're not expecting any aircraft deliveries for the medium-term or perhaps not even through the end of this year, is that \$1.2 billion cash inflows in the sale leaseback transaction you disclosed today on aircraft already in your fleet? And then, if so, do have any aircraft remaining in your fleet that might be attractive to put into future sale leaseback deals?

Paul A. Jacobson

Chief Financial Officer & Executive Vice President, Delta Air Lines, Inc.

A

Hey. Good morning, Catie. So the answer to your first question is, absolutely. Those were all sale leasebacks on the existing fleet. And I didn't catch the second question. Apologies.

Catherine O'Brien

Analyst, Goldman Sachs & Co. LLC

Q

Oh, sure. So I said, are there any other remaining aircraft that would maybe be attractive to put into future sale leaseback deals that are currently in your fleet?

Paul A. Jacobson

Chief Financial Officer & Executive Vice President, Delta Air Lines, Inc.

A

Yeah, we still have some. As I mentioned in my earlier comments, about half of the remaining is aircraft which includes some newer vintage models that we think are good candidates for sale leasebacks, and some older aircraft that, at the end of the day, probably or not, that would be more in line for a secured debt type transaction. But we still have some, yes.

Catherine O'Brien

Analyst, Goldman Sachs & Co. LLC

Q

Okay, got it. I appreciate that. And maybe just for my follow up, the rate at which you've been able to get costs out of the system is impressive. Should we expect those cost savings to increase through year-end and potentially further lower the June Q exit rate cash burn? Or are there any items where you've been granted deferrals in the short-term that maybe come back online towards year-end? Thanks.

Edward H. Bastian

Chief Executive Officer & Director, Delta Air Lines, Inc.

A

Well, thanks, Catie. We are going to doing our best to continue with the programs we've got in place, working through voluntary measures with our employees. They're doing a great job of taking leaves and reducing work hours and finding ways to preserve cash. Our maintenance program, we're doing the same thing. I think we'll have that same goal into Q3 certainly and hopefully Q4. And give us time to start building demand over the balance of the year to where the revenue can start to catch up with the level of cost savings that we're having and use that to reduce the cash burn.

But in the short-term, team's on a massive effort and I think you're going to see that continue. We've there have always been a lot of dialogue in our business as to what our true variable cost structure is. We're seeing that we've got a lot of variability that we've built into the cost structure, and it's proving to be an important source of resiliency for us in our strategy here.

Catherine O'Brien

Analyst, Goldman Sachs & Co. LLC

Okay. Thanks. Appreciate that.

Q

Edward H. Bastian

Chief Executive Officer & Director, Delta Air Lines, Inc.

Sure.

A

Jill Sullivan Greer

Vice President-Investor Relations, Delta Air Lines, Inc.

Hey, Lauren, we're going to do one more question from the analysts.

A

Operator: Thank you. Our next question comes from Stephen Trent with Citi.

Stephen Trent

Analyst, Citigroup Global Markets, Inc.

Thank you very much, everybody, and appreciate you taking my question. I hope everybody's, and your families, are okay. Quick ones from me. I was wondering if you could just give us a little color on how you might pivot a little to perhaps take opportunities of more air cargo flow with passenger flow depressed at the moment?

Q

Edward H. Bastian

Chief Executive Officer & Director, Delta Air Lines, Inc.

Thanks, Stephen, and I hope your family is well as well. We're doing that. We have a lot of work going on in the cargo space. We probably should've mentioned that during the call more. We've instituted charters going over to China as we're bringing medical supplies, PPE, back to the workers on the front line of this crisis. We're working with a number of different companies to do that through. We are – we've looked at and we're taking some of the main deck seats off our – a few of our international planes to facilitate taking greater lift in the short term, and we'll continue to use those resources where they – where it makes sense for, certainly, for some time to come.

A

Stephen Trent

Analyst, Citigroup Global Markets, Inc.

Okay.

Q

Edward H. Bastian

Chief Executive Officer & Director, Delta Air Lines, Inc.

The team in cargo with Shawn Cole, is doing a really, really nice job and we've got a lot of people supporting, in the broader community, what we can do with relief efforts and we're proud. The other thing we've done and we didn't talk about, is that we've repatriated over 5,000 people working with the State Department from markets that we didn't – we don't even fly to historically, or going into India and bringing tons of people back to their families safely, and we continue to do some of those missions going forward.

A

Stephen Trent

Analyst, Citigroup Global Markets, Inc.

Q

Very helpful. And just one last follow up, actually a follow up to the gentleman from Stifel's questions. When we think about the credit card side of the business, longer term, it's fair to say that a lot of that consumer-oriented card activity should continue to spool up in line with your expectations, is that fair to say?

Edward H. Bastian

Chief Executive Officer & Director, Delta Air Lines, Inc.

A

Absolutely. There's, again, there's nothing in this crisis that shows us that any individual part of our business model doesn't work over time. But as long as people feel safe, everything is going to work. So spending will work, travel will work, experience will continue to be important. And our partnership with American Express is incredibly strategic and important to us in the future.

Stephen Trent

Analyst, Citigroup Global Markets, Inc.

Q

Thank you very much, everybody, and be safe.

Edward H. Bastian

Chief Executive Officer & Director, Delta Air Lines, Inc.

A

Thank you. You, too.

Paul A. Jacobson

Chief Financial Officer & Executive Vice President, Delta Air Lines, Inc.

A

Thanks, Steve.

Jill Sullivan Greer

Vice President-Investor Relations, Delta Air Lines, Inc.

That's going to wrap the analyst portion of the call. We're actually having some technical difficulties on the call control, so I'm going to turn it over to our Chief Marketing and Communications Officer, Tim Mapes, to address the media.

Tim Mapes

Senior Vice President and Chief Marketing & Communications Officer, Delta Air Lines, Inc.

Well, I just wanted to thank everybody for your patience and your participation today. It's unfortunate that we're having this technical issue because Ed and the executive management team had actually asked for and expressed an interest in additional time to handle questions. So, I think we will follow up with the varying members of my team to get these questions answered and get them in to you. We had 10 reporters queued up for this. So, if you don't mind, we'll follow up.

Jill Sullivan Greer

Vice President-Investor Relations, Delta Air Lines, Inc.

We will work to set up a separate call for them.

Edward H. Bastian

Chief Executive Officer & Director, Delta Air Lines, Inc.

Why don't we just do it now?

Jill Sullivan Greer

Vice President-Investor Relations, Delta Air Lines, Inc.

Hold on just a minute.

Tim Mapes

Senior Vice President and Chief Marketing & Communications Officer, Delta Air Lines, Inc.

Again, thank you for your patience. We are going to follow up. The members of my team will follow up with each of the reporters that we know were in the queue today. We'll get varying ways of following up on your questions, but just wanted to thank you for your time and your participation today. And know that we do know who was queued up and we will follow up with each of you with different members of my team. So, our apologies.

Jill Sullivan Greer

Vice President-Investor Relations, Delta Air Lines, Inc.

Thanks, Lauren.

Operator: Thank you, and that does conclude today's conference. Thank you for your participation today.

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