

The logo for Seeking Alpha, with the text 'Seeking Alpha' in white and a yellow Greek letter alpha symbol to the right, all on a dark red background.

## Delta Airlines, Inc. Q4 2008 Earnings Call Transcript

### Question-and-Answer Session

---

#### Operator

(Operator Instructions) Your first question comes from Michael Linenberg – Merrill Lynch.

#### Michael Linenberg – Merrill Lynch

Two questions, when I look at your RASM guidance for the year and I look at that with respect for where your capacity is, I get top line per passenger down in the call it 10% to 12% level. I think back to your investor day in December you had a target of down 8% to 12% for the industry. The question is, is it your view that you're going to be closer to where the industry is or do you have a marginally lower forecast for the industry baked in to your assumptions.

#### Edward H. Bastian

I wouldn't say that we've radically changed our view from what the industry is doing. I think what we want to do is plan to be prudent in a volatile market. The clarity of our view on the demand picture is very muddy. I don't think you're going to hear a whole lot of clarity this earnings season and we just want to make certain that with our capacity plan and our cost and our liquidity as we're entering in to a rocky year that we're well prepared to manage it. So no, I would not say that we've incrementally changed our view.

#### Michael Linenberg – Merrill Lynch

Then my second question and maybe this is for Glen, can you just give us what you're seeing out there on pricing initiatives domestic versus international? I'm curious on the revenue decline in international, how much of that is fuel surcharge because when we last talked oil was at \$100 and now it's down a lot. In some cases it seemed like the fuel surcharge was as much as 50% of the total fair, maybe even more.

GG

Clearly international is being more impacted than domestic currently and certainly the reduction in capacity domestically has done a good job in offsetting a significant decline in demand. Internationally you don't have that same scenario going on as the international lags are usually late in the process as they eliminate capacity or reduce capacity but we have seen some movement from the international carriers lately in reducing capacity so that's an optimistic development.

Yes, the fuel surcharges have gone down. It depends on the country, it depends on the region. They are very sticky so it takes a long time for them to come down but the bias is definitely down. To the

extent we can we are rolling them in to the base fares and so this is a developing every day we see – in Japan for example, it's a formula based on historical price of fuel so it takes a several month lag for those hedges to unwind.

Copyright © 2008 CNET Networks, Inc. All Rights Reserved.