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Northwest Airlines Corporation Q1 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Our first question comes from the line of William Greene from Morgan Stanley.

William Greene – Morgan Stanley

Doug, I'm wondering if you could talk a little bit about the ATI opportunity with the joint venture because you guys have always had some pretty good success with the KLM and I think it's even been measured in at least the high hundreds of millions if not even higher than that. When you get together as a four way, what's the incremental opportunity there? And, I assume that's not in the synergy number for the merger but I was just double checking.

Douglas M. Steenland

I think there's a very, very conservative estimate in the revenue synergy numbers as to the benefit coming from ATI cooperation over the Trans Atlantic. I think Bill the real opportunity there is to in essence take what we now have which is an extremely successful Northwest tail end joint venture that has industry leading results over the Trans Atlantic and a emerging Delta, Air France joint venture and really have we'll probably at the end of the day post the closing of our transaction would be a two way JV between the merged carrier on this side of the Atlantic and the Air France tail end entity on the other side. I think there is substantial upside potential from that and I know that the team will aggressively look to develop that. In the interim, assuming that there is a finalization of the ATI decision at the DOT in the next 30 days, while we will both proceed with the negotiation of that expanded joint venture we'll have the immunity powers available to us and I think we will look to use them to develop a more competitive network to do some potential rationalization and to make some decisions in this fuel environment that will be better for all that might be more difficult if the ATI was not available.

William Greene – Morgan Stanley

So, is it safe to say that the kind of scale that you will get with this ATI, you'd have a similar kind of scale benefit from it? Or, would it not sort of be one plus one is more than two?

Douglas M. Steenland

I think there will clearly be some scale benefits that comes from it and if the final – it will be the result of the negotiation to see what that final joint venture looks like and obviously I think a goal will be to

try and realize the kind of margins and the kind of returns that Northwest tail end realized over the Trans Atlantic today.

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