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AirTran Holdings Inc. Q1 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

Our first question comes from Mike Linenberg - Merrill Lynch.

Mike Linenberg - Merrill Lynch

A couple questions here, Arne. The aircraft sales, I think it was four that you've signed and two planned. Are those all 737-700s, are they outright sales or are some sale-leasebacks so you're going to hold on to some of the airplanes?

And then the possibility for selling 717s, is that in the cards, does that make sense especially with the run up in fuel?

Arne Haak

A very good question, Mike. The sales that we have announced are all 737-700s. We have had discussions with people and they are ongoing. There is a very high demand for people to buy the aircraft as well as for lenders to do sale-leaseback for some of the airplanes we own today.

There is interest in the 717 and there can be certain scenarios where it might make sense but we are pleased with that aircraft and what it does for us. I think we are most confident in what we can execute on the 737 side. There are still people who are asking about 717s and that door remains open. But I think most of our efforts are likely to remain with 737s.

Mike Linenberg - Merrill Lynch

My second question with the pullback in capacity growth going to flat, there's a lot of stuff that you're adding this summer. It seems like you are adding a lot of service out of Milwaukee, you're doing some of the long haul out of Baltimore to L.A. and Seattle. Some of that longer haul stuff probably doesn't make as much sense given where fuel prices are. Is that stuff seasonal? Does that stuff go away? Where we should look for cuts and pullback as we get into the fall?

Kevin Healy

Mike, this is Kevin Healy. When we announced the services that you mentioned they were seasonal so generally speaking, they are going out anyway and then some other point-to-point will come down as well over the next couple of weeks.

Bob Fornaro

Again, those are largely east-west routes which typically peak from June through early September so that was our plan early on and they will again see seasonal reductions there.

Mike Linenberg - Merrill Lynch

I know Arne made the statement that based on current fuel prices given where demand is you thought that you could be profitable through the spring and summer. When we talk about current fuel prices, he did throw out some fuel prices that you were currently using. Presumably those are the numbers at which you could be profitable? I think it was a crack spread in the low 20s.

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