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AirTran Holdings Inc. Q3 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first question comes from Kevin Crissey - UBS.

Kevin Crissey - UBS

First check bag fee, you don't have one, do you and will you?

Bob Fornaro

Good question. Let me tell you what we've done on the first bag fee. We have the appropriate programming in place to initiate a first bag fee and at this point we have elected not to do it, primarily because our largest competitor in Atlanta where we have 60% of our flights hasn't done it, and I think we don't think we want to be in a position to be out there alone with a competitor who we compete on has two-thirds of our nonstop flights and probably 80% to 90% of our revenue is not doing the same thing. So I'm not saying we won't do it, but at this point, I think we prefer to be a follower in a situation rather than a leader right now.

Kevin Crissey - UBS

But if they were, you would consider, it's not a matter of fact..

Bob Fornaro

We would strongly consider it, yes.

Kevin Crissey - UBS

And what are you seeing from Delta?

Bob Fornaro

In terms of capacity or.

Kevin Crissey - UBS

Capacity, competition; in any way you want to describe its fine.

Bob Fornaro

Having been here now, Kevin almost -- just over nine years, I think again since the very, very beginning the competition from Delta was always been aggressive and sometimes it's more difficult than others. As we move into the fourth quarter, I think if you look at what's going in the east of the Mississippi, the capacity scenario is pretty good, but it's not as good in the southeast as it is in other parts of the country.

Delta is up, flat to up in some of our routes, although we've pulled back in Atlanta and also our US Airways capacity in Charlotte's probably up a little bit in the fourth quarter as well, so the southeast is not getting the same type of benefit that we're seeing in the rest of the country, but I think again that we are still seeing benefit and certainly we are seeing a lot benefit in the connecting markets, which makes up two-thirds of our traffic that moves via Atlanta.

I guess the last thing I'd say is I still think there's going to be some reductions in capacity as we move into the first quarter. I think Delta will be reducing some of their capacity and I think you'll see a few more reductions in the first quarter from us as well.

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