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Mesa Air Group, Inc. F2Q09 (Qtr End 03/31/09) Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first question comes from the line of Bob Mcadoo – Avondale Partners

Bob Mcadoo – Avondale Partners

In the prepared remarks you talk about gain on extinguishment of debt of \$22.9 million, but on the statement of operations that's attached it shows \$37.2 million, on gain on extinguishment of debt, can you give us a clue as to why that would be different.

Jonathan Ornstein

Yes, I think that the \$37.9 million is pretax and the \$22.9 is after-tax.

Bob Mcadoo – Avondale Partners

Can you walk us through generally what the airplanes are that disappeared as you went from 178 down to 151 or whatever it was.

Jonathan Ornstein

Yes, let me see if I have it in writing or else I can sort of give you generally what's happened, we have continued to take out, you know, I don't have it specifically but I think I can give you a pretty good idea. First and foremost was the 900's that we operated for Delta.

I believe that was 14 aircraft. And then we took out some additional ERJ's for Delta which was 12 aircraft that came out of the Delta fleet. And then there have been a couple of CRJ-200 which over time have come out of the US Air operation.

Bob Mcadoo – Avondale Partners

The 12 ERJ's are they off the certificate or are they just idle now.

Jonathan Ornstein

They're idle.

Bob Mcadoo – Avondale Partners

Okay, is that basically, I mean we've seen Sky West has been under pressure from Delta where the hours per airplane keeps getting squeezed down, squeezed down, is that really what's going on there with those 12 airplanes, is that the kind of, they're doing the same thing to you.

Jonathan Ornstein

They had rights to take some aircraft out and obviously in this environment I think most carriers are doing that.

Bob Mcadoo – Avondale Partners

So its not a matter of just squeezing down the hours per say, it was something that was written into the contract originally.

Jonathan Ornstein

Yes, that's correct.

Bob Mcadoo – Avondale Partners

Okay, and then if I take a look at the year to date for this six months, operating profit where you went from a plus \$11 million for the full six months, but down negative \$2.386 on the operating statement for this quarter it would imply that last quarter was a positive \$13 million, this quarter again is a negative \$2.3 when you exclude the extinguishment of debt and all that, what's really changed in the last quarter and you've listed a few things, these write-offs, but is that enough to—

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