NORTHWEST AIRLINES®

Douglas M. Steenland
President and
Chief Executive Officer

Northwest Airlines, Inc.
2700 Lone Oak Parkway
Eagan MN 55121-1534
nwa.com

May 13, 2008

The Honorable Herb Kohl, Chairman
Judiciary Subcommittee on Antitrust,
Competition Policy and Consumer Rights
U.S. Senate
308 Hart Senate Office Bldg.
Washington, DC 20510

Dear Chairman Kohl:

I appreciated the opportunity to appear before the Subcommittee to present the benefits and rationale of Northwest Airlines' merger transaction with Delta Air Lines. Thank you for your thoughtful follow-up questions, to which you will find detailed responses attached to this letter. Should you require further information, please do not hesitate to contact me.

Sincerely,

cc: The Honorable Charles Grassley

Enclosure

Follow-Up Questions for Douglas Steenland
From Hearing Entitled "An Examination of the Delta-Northwest Merger"

From Senator Kohl

1. You've claimed that after the merger, the combined Delta/Northwest will not cut hubs, decrease service, eliminate smaller cities from your routes, or cut jobs significantly. Yet you claim you will realize efficiencies of over $ 1 billion annually. How are you going to realize these cost savings without cutting hubs, smaller cities or routes?

The merger creates cost and revenue synergies valued at more than $1 billion. The success of the merger depends not on raising fares or cutting service – but rather on using our aircraft and hubs more efficiently, attracting additional customers, and lowering costs. Hub-and-spoke systems depend on collecting traffic from across a broad network and taking passengers where they want to go. Every community, including small communities, connected to a hub contributes traffic and revenue to the network. Delta and Northwest each operate extensive – but highly complementary – hub and spoke networks. The combined carrier will have a broader and more resilient network, and, as we have said, there will be no hub or station closings as a result of the merger.

The synergies we project are as follows:

Revenue Benefits

The merger creates $700 to $800 million in annual "network synergies."

First, by having access to a larger inventory of aircraft, we create a balanced and more flexible fleet and are able to better match capacity to demand. For example, we fly a 747 with 400 seats from Minneapolis/St. Paul to Tokyo, whereas Delta flies a 275 seat 777 from their larger hub at Atlanta. Both cities can sustain nonstop service, but it may make more sense to fly the larger aircraft at the larger hub. Delta has no aircraft over 285 seats; whereas Northwest has 37 planes in this category. In addition, Delta has no aircraft in the 100 seat range, where Northwest's DC-9s fit nicely. This provides an opportunity to upgauge some regional jet routes to larger, more efficient aircraft. All together, we estimate that the fleet optimization benefits will total $400-$500 million.

Second, we will offer customers a better and more attractive network with more flights and more destinations. We will have the best frequent flyer program in the industry and will also be able to compete more effectively for corporate contracts. The expanded schedule and marketing benefits created by bringing the two airlines together are anticipated to attract $200-$300 million in additional revenue.

Lower Costs

We also expect to realize substantial savings on the cost side. We have identified more than $700 million in annual cost synergies that can be realized from moving to a common information technologies platform, reducing sales and distribution costs, improving productivity, and reducing duplicative facilities and overhead. These cost saving are achieved with no lay-offs of any U.S. frontline employees, and are not dependent on hub or station closures.

Total Synergies

The $700-800 million in revenue benefits along with $700 in cost synergies produces well over $1billion in annual synergies. This projection is a conservative one and we are confident in our ability to achieve these synergies.

2. Many experts believe that your plan for the combined airline will not succeed. For example, the former CEO of American Airlines, Robert Crandall wrote in the New York Times on April 21 that "consolidation will not resolve the woes of individual carriers . . . the case for mergers is unpersuasive. Mergers will not lower fuel prices. They will not increase economies of scale . . . they will create very large costs related to consolidation." How do you respond?

Mr. Crandall offered a number of general observations about the airline industry, including mergers involving other carriers, the high cost of fuel, and the need to modernize our air traffic control system. While Mr. Crandall is a very bright former airline executive, with all due respect, he is not an expert on this transaction.

I can say with confidence that our merger with Delta is a procompetitive, end-to-end combination. We are creating a broader network and consumers will benefit from our greater array of online service options, improved schedule convenience, and expanded frequent flyer program. While it is true we can do nothing about the price of fuel, as outlined above, the merger will create over $1 billion in annual synergies that will help the new carrier better withstand volatile fuel prices and cyclical downturns. The proposed combination also will allow us better to use Northwest's valuable Pacific franchise, better develop both carriers' domestic hubs, and better match the right planes with the right routes.

3. Airline passengers know that in recent years, service on the major airlines has gotten much worse. Passengers face overcrowded planes, their flights are frequently delayed, and they have to pay for many services that were once free such as a second checked bag or reservations over the phone. How will your merger improve this situation?

Northwest Airlines takes the issue of customer service very seriously, and I know that Delta does as well. Indeed, Northwest ranked first among network carriers in the most recent Airline Quality Rating. This merger will create a stronger carrier that will be better positioned to make the investments necessary to continue to improve customer service. Furthermore, Northwest has already integrated many aspects of its technology systems with Delta through the SkyTeam alliance, paving the way for a smooth integration process.

At the same time, I'm afraid in the era of $120 a barrel oil and vigorous cost competition, some luxuries like an empty seat next to you are gone for good. Every seat is perishable inventory, and in today's business, there's just no such thing as an "overcrowded plane." For a narrow body airplane, it takes 5-7 gallons of fuel per hour, per seat, to move that capacity through the air. We can't afford to fly very many empty seats. One of the reasons planes are flying with higher load factors is that online discount channels like priceline.com carrier revenue management systems do a better job of avoiding inventory spoilage. Flying fuller planes also helps us to deliver transportation in an environmentally friendly way and minimize the carbon footprint for each passenger by spreading the fuel usage among a greater number of people.

Customers have made clear that they care more about low fares than they do about certain amenities. There is no such thing as a "free" service. Whether it's a reservations agent to take the phone, or the staff and fuel it requires to carry the extra checked bag, those costs have to be reflected in the price of a ticket. Right now, we're not fully recovering our costs. In the first quarter of 2008, Northwest lost $191 million. Our quarterly fuel cost year over year went up $455 million even though our network stayed the same. Charging extra for services like a second checked bag is one way of helping to recover some of these additional expenses without raising fares.

It is certainly true the industry has problems in terms of delays and congestion. FAA needs to modernize the air traffic system and build new runways to keep up with demand. The air traffic system we have now was built in the 1960s and is woefully outdated. Those are problems, however, that have nothing to do with this merger. If anything, the merger will help us boost capacity and decrease delay at the margins. We see opportunities to up gauge some airplanes from 50 seat RJs to larger 100 seat airplanes, as well as opportunities to optimize traffic flows over the combined carrier's multi hub network.

4. One benefit you have claimed from this merger is that it will combine the jet fleets of Delta and Northwest, which now fly many different types of planes. But on April 24, 2008 in the Washington Post, former American Airlines CEO Robert Crandall argued that expanded jet fleet would be an added cost, not a benefit, stating that "The combined airline will have a fleet that contains

every airplane that has ever been manufactured. . . . The more types of airplanes you have, the higher your costs." What is your response?

Fuel costs have risen dramatically over the last few years. Matching the right plane with the right route is thus more important than ever. Filling the gaps in each others' fleets will allow us to serve our route system more efficiently. The combined carrier will avoid wasting fuel by flying too large a plane on some routes and will be able to more fully capture the demand on other routes by upgauging. By having access to a larger inventory of aircraft, we create a balanced and more flexible fleet and are able to better match capacity to demand.

-Delta has no aircraft with more than 285 seats, while Northwest has 37.
-Delta has no aircraft in the 77-125 seat range, while Northwest has 151.

As discussed above in Question 1, we expect to realize significant synergies by reallocating these aircraft within the combined fleet to achieve better operating results. The benefits of re-fleeting and network synergies are worth between $400-500 million annually. Delta and Northwest have a number of different aircraft, but there are sufficient number of each type to realize the necessary economies of scale. Delta wouldn't want to add just one or two 747s to its fleet, because of the requirement for pilot training, maintenance, etc. But, by merging with Northwest, Delta gets access to 16 747s together with the flight crews and operational expertise to support them.

5. We've heard you state that a major reason for this merger is the high price of fuel. But I don't understand how merging your airlines will help hold down the cost of jet fuel – you'll still need the same amount fuel to serve your networks after the merger, won't you?

The rationale for the merger is not to reduce the price of oil, or amount of fuel consumed. We have described the cost and revenue synergies of the transaction, and this is a deal that makes sense regardless of price of oil. The price of oil simply makes it more imperative. The combination of Delta and Northwest creates a company with a more resilient business model that can withstand volatile fuel prices more effectively than either carrier could on a stand-alone basis. A major focus of this transaction is the expansion of the combined international network. It is critical that we be able to meet the challenge of foreign flag carriers, which transport more passengers between the U.S. and Europe, and between the U.S. and Asia, than do U.S. airlines. Foreign flag carriers today enjoy significantly "cheaper" fuel prices in the global market because of the relative strength of the Euro and other foreign currencies against a weak U.S. dollar.

6. I am very concerned about air service to smaller markets outside the large hubs, such as many smaller communities in Wisconsin and the upper Midwest. How might this merger, or future airline consolidation, affect air service to smaller communities? And even if these communities have air service, will passengers have any choice of carriers?

Small communities will benefit from the merger. Delta and Northwest plan to continue service to all points on the combined network, and have promised that there will be no hub or station closings as a result of the merger. In fact, in an environment of rising oil prices, the new carrier will be able to capitalize on combined traffic flows to preserve some routes that otherwise might have been cut as economically unsustainable.

In many cities only one carrier currently provides service. But each carrier individually lacks the ability to provide customers the full range of desired services. For example, a passenger in Eau Claire, Wisconsin wanting to visit Panama today would have to travel on two carriers. The combined carrier can provide better service to all customers across a single and more comprehensive world-wide network. All small cities that had only service by Northwest will continue to have service on Delta after the merger, and small cities that had service by both Delta and Northwest after the merger will continue to enjoy competitive service options on other carriers.

7. In the last few weeks American Airlines had to ground a large portion of its jet fleet to undergo FAA mandated maintenance inspections. Millions of passengers' travel plans were disrupted and the economic costs were huge. But at least passengers had five other networked carriers as alternatives. If we're only left with three or four major airlines – and one or two of those grounds a large part of its fleet for safety issues – that could cripple the entire air transportation network in this country. Is this a reason to be concerned about airline mergers?

The recent American (and United and Southwest) groundings related to insufficient compliance with Airworthiness Directives ("ADs"). ADs relate to specific fleet types. As has been noted, the combined carrier will continue to have a balanced and diverse fleet, and is no more at risk for AD related compliance issues than before the merger. Northwest is committed to the highest standards of safety and operational excellence, and this will not change for the combined carrier.

8. Delta and Northwest each currently have a code share relationship with Continental Airlines. What will happen to this arrangement should this merger take effect? Will the code share end if this merger takes place?

Continental has publicly stated that it is considering other alliance options. That is Continental's business decision, and is perhaps a question best answered by them.

9. In August 2005, the Justice Department filed comments with the Department of Transportation opposing the application of Delta and Northwest to enter into the "SkyTeam" international airline alliance with Air France and KLM. In that filing, the Justice Department stated that "Delta and Northwest are . . . 'vigorous domestic competitors.' They have overlapping routes and compete directly in many domestic markets."

10. Was the Justice Department incorrect in 2005? If not, what has changed between then and now?

It is important to consider the context in which DOJ raised its concerns. Specifically, DOJ was providing comments to the DOT in connection with the application for antitrust immunity filed by SkyTeam, the global alliance in which both Delta and Northwest participate. DOJ was concerned that if Northwest and Delta were permitted to coordinate their prices, capacity, schedules, and other operational metrics for international flights, this *permissible* coordination internationally would lead to *impermissible* coordination on domestic routes that could cause harm to consumers. In its second application for antitrust immunity, SkyTeam worked with DOJ to design antitrust protocols to minimize concerns regarding so-called "domestic spillover." Consequently, DOJ did not file comments with DOT in connection with SkyTeam's second application for antitrust immunity, and the DOT recently issued a show-cause order tentatively granting the requested antitrust immunity.

This proposed merger raises significantly different competitive issues than does an application for antitrust immunity. Moreover, the rapid and continued growth of LCCs led by Southwest, which is now the largest U.S. domestic carrier, have significantly altered the competitive landscape.

The table below compares the statistics cited by DOJ in 2005 to comparable statistics for the most recent year for which we have official DOT passenger traffic data. Looking only at these statistics, perhaps the most noticeable change is that AirTran, another prominent LCC, has established a substantial competitive presence on Atlanta-Detroit, now carrying more than 20 percent of the passengers and transforming it from a 2-1 to a 3-2 route. In addition, the number of Northwest and Delta passengers traveling on 2-1 routes has been cut by more than half, while the number of passengers traveling on 3-2 routes has increased by 61%. Similar patterns can be seen in the revenue trends.

		YE 3Q2004	YE3Q2007
NW-DL Passengers on 2:1 routes		731,155	309,834
NW-DL Revenues on 2:1 routes		102,617,750	59,252,454
NW-DL Passengers on 3:2 routes		558,569	897,535
NW-DL Revenues on 3:2 routes		66,038,338	123,793,153
NW-DL Passengers on 2:1 and 3:2 routes		1,289,724	1,207,369
NW-DL Revenues on 2:1 and 3:2 routes		168,656,088	183,045,607
City Pair		**Change In Non-Stop Competitors YE 3Q2004**	**Change In Non-Stop Competitors YE 3Q2007**
Atlanta	Detroit	2:1	3:2
Cincinnati	Detroit	2:1	2:1
Cincinnati	Minneapolis	2:1	2:1
Detroit	Salt Lake City	2:1	2:1
Minneapolis	Salt Lake City	2:1	2:1
Atlanta	Memphis	3:2	3:2
Atlanta	Minneapolis	3:2	3:2

LCCs also have entered or grown their competitive presence on other routes. In Detroit-Salt Lake City, for example, Southwest increased its share during the relevant time period from 5% to 10% and Frontier entered and now holds a 16% share. AirTran has grown its share from 15% to 23% on Atlanta-Minneapolis/St. Paul, and from 26% to 38% on Atlanta-Memphis. In addition, as the table below reveals, many of these routes have other substantial competitors offering competitive connecting service.

Route	**Other Competitors (non-stop competitors are italicized)**
Atlanta-Detroit	***AirTran*** offers 4 daily non-stop round trips and has a 23% share; AirTran did not serve this route in 2004. AirTran also serves Atlanta-Flint with 4 daily non-stop round trips; Flint is just 68 miles from Detroit and AirTran has a 72% share of Atlanta-Flint passengers.
Atlanta-Memphis	***AirTran*** offers 5 daily non-stop round trips and has a 38% share
Atlanta-Minneapolis/St. Paul	***AirTran*** offers 4 daily non-stop round trips and has a 23% share
Cincinnati-Minneapolis/St. Paul	American and United offer connecting service and have shares of 2% and 3% respectively; Midwest and AirTran are at both Dayton (only 50 miles from Cincinnati) and Minneapolis

Cincinnati-Detroit	Non-stop entry can easily occur on this route with gate availability at both airports; AirTran is at Detroit and Dayton (just 50 miles from Cincinnati), and Southwest is at Detroit; driving is an option, as the trip takes little more than 4 hours; competitors offer connecting service over Cleveland and Chicago
Detroit-Salt Lake City*	American, Frontier, Southwest, United, and US Airways offer connecting service with a collective share of 40%
Minneapolis/St. Paul-Salt Lake City	American, Frontier, United, and US Airways offer connecting service; Frontier has 9% share and United has 7% share; Southwest and JetBlue are at SLC and AirTran is at MSP

** Northwest has not offered continuous service on Detroit-Salt Lake City during the period following DOJ's comments. It ceased offering daily non-stop service in December 2005 but intends to re-launch daily non-stop service on this route in June 2008. Northwest offered weekly non-stop service during summer 2006 and summer 2007.*

11. We have heard from the machinists' union, the pilots' union and the flight attendants' union since your merger was announced. While each union has its own particular – and important – concern with the deal, it is fair to say that all of the problems we have heard raised could pose significant problems for a newly combined company. One particular concern that we have heard from labor repeatedly is that – other than the pilots – they were excluded from the merger discussions. Can you tell us how you intend to address these problems?

Fair treatment of both companies' employees, including protection of wages, seniority and benefits, is a cornerstone of this transaction. We have committed to no layoffs of U.S. frontline employees, we will accelerate wages to industry standard, and we have set aside substantial equity so that all employees will have a stake and participate in the success of the new company.

Merger negotiations are traditionally conducted between the management of the two firms. This is true not just for airline mergers, but for mergers across all industries. The merger discussions in this merger were unremarkable in that sense. However, in past airline merger transactions, companies have waited until closing before making an effort to integrate the pilot contracts and other labor agreements. We undertook an effort to do things differently this time. At the request of both pilot groups, during the negotiation of the transaction the pilot groups got together, worked on negotiating a new pilot agreement, and worked on negotiating a combined seniority list at the same time as merger negotiations were proceeding. A new pilot agreement was in fact reached, but the pilots working between themselves were unable to reach new seniority agreement. If that had happened it would have been revolutionary. That has never happened before in airline mergers.

Although we have decided to announce a transaction, we have indicated that we are committed to continuing that process of getting the seniority list finished and a combined agreement completed prior to the closing, which would also be precedent setting. The two pilot groups are working on that. We are confident that if everybody is acting in good faith that we will in fact be able to do that.

We are also confident that with good-faith negotiations we will be able to reach agreement with labor in all areas of the combined company. The process with the pilots illustrates how difficult it is to do this all in advance. There is a commercial imperative to getting this transaction accomplished, but, as we have emphasized, fair treatment of our employees is very important and we are going to work with them to ensure a smooth integration process.

12. Just over a year ago, US Airways advocated a merger with Delta as a way of reducing overcapacity. In their analysis of such a merger, US Airways proposed the elimination of its Charlotte, NC hub since Delta's larger Atlanta hub made it superfluous. In this proposed Delta/Northwest merger, Northwest's hub operations in Memphis essentially duplicate those of Delta in Atlanta, and Delta's hub in Cincinnati duplicates Northwest's in Detroit. Why and how would a merged company keep two pairs of hubs in operation that are only a few hundred miles apart?

The rationales of the Delta/US Airways and Delta/Northwest transactions are completely different. If you look at the domestic and international route networks, Delta and US Airways overlap, and Delta and Northwest are complementary. Theirs was a merger of subtraction. Ours is a merger of addition.

The Delta/Northwest network formed by our seven geographically balanced U.S. hubs is the combined carrier's greatest asset. We have no intention of dismantling any hubs as a result of the merger. I disagree with the statement that our hub operations "essentially duplicate" each other in Memphis and Atlanta and in Cincinnati and Detroit. The hubs exist because there was a strong local market that justified the development of hub service, and an air carrier with the resources to develop it. Delta and Northwest made different – but sound – business decisions in developing hubs in the cities where they exist today. No one can predict the future price of oil and consumer demand, which will impact the service levels and operations of all carriers irrespective of the merger. However we think that the merger provides the best opportunity for Delta and Northwest to preserve and expand on their hub infrastructure investments by generating additional traffic flows throughout the broader combined network.

Let's look at Memphis and Atlanta as an example: Memphis is a smaller but efficient and well-performing hub. The demand for air travel to and from Memphis – which has sustained a major airline hub for more than three decades – is not going to disappear simply because there is a neighboring Delta hub 330 miles to the East at Atlanta (ATL). Northwest's Memphis hub has existed alongside Delta's Atlanta hub since its inception, and the merger is not cause for its elimination. By coordinating and optimizing schedules across the complementary multi-hub network, the new carrier can improve operating results and offer greater frequency and better routing choices for its customers. Memphis provides an important opportunity for future growth when economic circumstances permit. Even with its fifth runway, Atlanta is operating at capacity. Memphis is a flexible and less congested alternative hub.

Another key consideration is the business relationship and important corporate customers we have in our respective hub cities:

FedEx, headquartered in Memphis, is one of Northwest's top five customers in the world. We carry their sales people, their executives, their pilots, and other of their employees throughout our global network. The existence of Northwest's hub in Memphis actually has helped FedEx to grow and to expand. And they help us by sharing costs at the airport, which makes the Memphis airport a very attractive place for us to do business. FedEx is a critical customer and a great partner of Northwest. And they'll be a great partner of the merged airline going forward.

Likewise, in Cincinnati, Proctor & Gamble is Delta's largest customer in the world, along with General Electric and other important companies. Simply stated, the combined carrier has strong incentives to maintain service at all of the hubs, which is why we have repeatedly reaffirmed that there will be no hub or station closings as a result of the merger.

From Senator Grassley

1. What can you tell me about the impact of the proposed Northwest/Delta merger on service to Iowa cities? How will the merger impact specific routes? Are you envisioning any reduction or elimination in flights to any of the Iowa cities currently serviced by Northwest and Delta? Is there going to be any increase in service to Iowa communities?

We expect Iowa, and particularly its small communities, to benefit from the merger because the combined carrier can provide better service to all customers across a broader, world-wide network. Iowa passengers will have improved single carrier access to Latin America, Europe, the Middle East and Africa. For example, today a passenger in Fort Dodge wanting to visit Panama would have to travel on two carriers. That passenger will be able to take advantage of single carrier service on Delta after the merger.

Iowa customers, together with the infrastructure and investments we have made in the state, are very important to Northwest, and will continue to be important to Delta after the merger. The five Iowa cities that are served only by Northwest (Sioux City, Waterloo, Fort Dodge, Mason City and Dubuque) will continue to be served by Delta after the merger, and the two Iowa cities that are served by both Delta and Northwest (Cedar Rapids and Des Moines) will continue to have competitive service by other carriers. There are currently no specific plans for Iowa schedule changes as a result of the merger. However, Delta's greater presence in Iowa by virtue of the merger might lead to new routes to Delta hubs like Atlanta, where today cities have only service to a Northwest hub. The price of fuel will be a prime factor in any scheduling decisions.

2. How will the proposed merger impact the current regional airlines used or owned by the airlines?

Northwest has two wholly owned regional carriers, Compass and Mesaba. These will become wholly owned regional carriers of Delta after the transaction. We do not anticipate that the merger will have a significantly impact on the way we use these carriers in the combined network, which is to serve routes that cannot economically support a mainline aircraft, and/or to add frequency in important business markets where passengers want greater schedule flexibility. Northwest also does business with independent regional carriers, including Pinnacle. We expect Delta will continue to rely on carriers like Pinnacle under fee-for-service contract arrangements.

3. How will the proposed merger impact future Essential Air Service (EAS) contracts and continued service in Mason City and Fort Dodge?

The proposed merger will have no impact on EAS service to Mason City and Fort Dodge. EAS service levels are determined by the Department of Transportation (DOT), and EAS contracts are awarded for two years on the basis of a competitive bid process intended to minimize the amount of subsidy required to provide service. We expect Delta will continue to bid on EAS contracts in the future, but the allocation of the contracts is up to DOT.

Wholly apart from the merger, we do think it is important that the Congress take action to ensure fair compensation to EAS providers in this era of high and incredibly volatile fuel prices. As noted, EAS contracts are granted for a period of two years – but the cost of fuel has nearly doubled in the past 12 months. Consequently, there is a shortfall of millions of dollars in carrier compensation on EAS routes based solely on the unexpected and unforeseeable run-up in fuel costs. Congress should act to provide an automatic, quarterly adjustment to the line item cost for fuel – just as the DOT adjusts the mail rates in Alaska to account for fuel price volatility.

4. How will the proposed merger impact the Mesaba Maintenance Facility under construction in Des Moines?

There are no changes to the construction and planned use for the Mesaba Maintenance Facility contemplated as a result of the merger. Mesaba is expected to continue as a wholly owned regional carrier for Delta and requires infrastructure and support for its planes. The Des Moines maintenance facility made good business sense when Mesaba was owned by Northwest, and we expect it will continue to make business good sense when Mesaba is owned by Delta.

5. How will the proposed merger impact the reservation center in Sioux City?

There are no changes to the Sioux City reservations center contemplated as a result of the merger. Delta will continue to need an efficient and cost effective reservations center to market its services. The Sioux City facility made good business sense for Northwest, and we expect it will continue to make good business sense for Delta. Moreover, as we have said repeatedly, there will be no layoffs of U.S. frontline employees as a result of the merger. The Sioux City reservations agents would be covered by this assurance.

6. What kind of impact can we expect the proposed merger to have on air fares for Iowa air travelers?

We do not anticipate that the merger will have any effect on air fares for Iowa travelers. The competitive overlap between Delta and Northwest is minimal – only 12 non-stop domestic city-pairs out of 800 non-stop routes served by the carriers -- and none of them are in Iowa. The domestic airline market is intensely competitive and will remain so post-merger. The price of fuel will be the single greatest determinant of air fares.

7. Concerns have been raised that the proposed Northwest/Delta merger will spur other airline consolidations that eventually will lead to higher prices and reduced choices. If the proposed Northwest/Delta transaction prompts other airlines to merge, do you believe that this is good for the average American traveler?

We can say with confidence that our merger with Delta is a procompetitive, end-to-end combination that will not lead to a reduction in service. We are creating a broader network and consumers will benefit from our greater array of online service options, improved schedule convenience, and enhanced presence at airports. These benefits are not predicated on service reductions or increases in fares. Consolidation can thus result in more cost-efficient carriers with lower unit costs and greater financial stability. To the extent that any further consolidation involves an end-to-end combination like ours and is not predicated on hub closures or "rationalization," it will not threaten either the competitiveness of the domestic industry or service to smaller communities. But that will depend on the specifics of the merger. A merger of carriers with overlapping networks might raise competitive concerns that do not arise in the Delta-Northwest transaction. The Department of Justice will evaluate the competitive effects of any other merger on its own merits and has the authority to block any merger that would be harmful to consumers or to fashion remedies to address specific competitive concerns. Finally, it is important to keep in mind that even if the number of legacy carriers is reduced to four, or even three, there are a number of strong LCCs including Southwest, JetBlue, and AirTran that will continue to exercise pricing discipline across the industry.

8. Could you please tell me what specific benefits my Iowa constituents will see if the proposed Northwest/Delta merger goes through?

Please refer to response to question 1.