

Delta-Northwest merger approved

Airline says deal will strengthen it against foreign competitors

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The U.S. Department of Justice has approved [Delta Air Lines'](#) merger with Northwest, and Delta is closing the deal.

"We're pleased the DOJ has decided not to challenge the Delta-Northwest merger and look forward to closing the merger soon," said Delta spokesman Kent Landers.

The merger, announced in April, is essentially an acquisition of Eagan, Minn.-based Northwest by Delta. The combined carrier is called Delta and continues to be based in Atlanta.

Delta has said the merger will allow it to better compete with foreign airlines that are increasingly offering service to the United States. With Northwest, it adds one of the strongest U.S. carrier's networks in Asia, an area where Delta had been lacking.

The close of the deal means Northwest shareholders receive 1.25 Delta shares for each Northwest share they own. Delta also will allocate 15 percent of stock to employees.

One of the factors driving the merger was high fuel costs, though oil prices have fallen significantly from the \$111 a barrel price when the merger was first announced.

Delta CEO Richard Anderson is chief executive of the combined company, and Delta chairman Daniel Carp is chairman of the combined company.

The combined airline has about 75,000 employees, serves 375 cities in 66 countries and about 170 million passengers a year. It creates a company with a combined enterprise value of \$17.7 billion, which expects to have annual revenue of \$35 billion.

The new airline has domestic hubs in Atlanta, Minneapolis, Cincinnati, Salt Lake City, Detroit, Memphis and New York City. It has international hubs in Amsterdam and Tokyo.

Delta has promised it will not close any hubs or lay off any front line employees as a result of the merger. However, observers expect the combined airline may eventually be driven to close some of its hubs or lay off more employees as a result of other factors such as economic weakness.

With the merger, Northwest becomes a Delta subsidiary called NWA Inc., merging with a Delta subsidiary called Nautilus Merger Corp. created for the merger. Delta president and chief financial officer Ed Bastian also becomes chief executive and president of Northwest. The combined airline has executive offices in Atlanta, Minneapolis/St. Paul and New York, and international executive offices in Amsterdam, Paris and Tokyo.

Delta has said it is "committed to retaining significant jobs, operations and facilities in Minnesota."

Delta and Northwest shareholders approved the deal Sept. 25. Delta said 99 percent of the votes cast were in favor of the deal, while at Northwest 98 percent were in favor. Nearly 70 percent of eligible votes were cast.

Delta and Northwest pilots in August approved a joint labor contract that takes effect with the close of the merger.

The Federal Aviation Administration in September accepted a plan from Delta and Northwest to pursuing a single operating certificate, a process expected to take up to 18 months.

Although the deal was expected to trigger other mergers in the airline industry, no other major U.S. airline combinations have surfaced yet - a factor which may have simplified the review by the Justice Department. The deal faced opposition from U.S. Rep. James Oberstar (D-Minn.), who heads the House transportation committee.

Delta and Northwest, like other carriers, continue to financially struggle with the effects of high fuel costs, economic weakness and heavy competition. The challenges have driven the airlines to add on extra fees and charges, changing the way people travel and frustrating many passengers.

In the third quarter, Delta lost \$50 million, or 13 cents per share, attributing the results to high fuel costs. A year ago, Delta reported a profit of \$220 million, or 56 cents per share.

Northwest lost \$317 million in the third-quarter, or \$1.20 per share, compared with a profit of \$244 million, or 93 cents per share, during the same period last year.

Northwest CEO Doug Steenland, as previously announced, will leave his position but will sit on the combined company's board.

Northwest's senior vice president of human resources and labor relations, Mike Becker, will become executive vice president and chief operating officer of Northwest.

Mike Campbell, Steve Gorman and Glen Hauenstein from Delta will become executive vice presidents for the combined company. Campbell will serve as executive vice president of human resources, labor and communications. Gorman will be executive vice president of operations, and Hauenstein will be executive vice president of revenue and network.

Ben Hirst, Laura Liu and Theresa Wise from Northwest will become senior vice presidents of the combined company.

Hirst will be general counsel, while Liu will be senior vice president of international and Wise will be chief information officer.