

Judge: Top Delta brass competent

More details about recovery plan sought

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New York — The federal bankruptcy judge in Delta Air Lines' case said Monday she is "satisfied" that the company has managers and advisers who can lead it out of bankruptcy.

But Judge Prudence Beatty also warned the company that she has heard little yet to indicate how the carrier plans to emerge from bankruptcy.

"I don't have any feel for how much money you would need," Beatty said during the seventh day of a trial on Delta's effort to void its pilots' contract.

Those and other details showing that Delta has "any capability of reorganization" will be a "factor," Beatty said, in the decision on whether she rejects the union's contract.

However, after hearing later testimony from Delta's financial adviser, Beatty added, his "testimony satisfied me that the company has the talent in place that it needs."

But Delta's attorney and financial adviser said the carrier is still too early in the recovery process to devise plans for its eventual emergence from bankruptcy.

"We are negotiating every day" to reduce aircraft leases and other costs, said Marshall Huebner, Delta's bankruptcy attorney.

The comments came as the judge once again nudged Delta and the Air Line Pilots Association to reach a settlement before a potential Dec. 16 deadline for a decision on the matter. The company believes it can impose its cuts if the judge doesn't render a decision by that date.

"We're in the middle of a trial, and I don't know how much longer this trial is going to take," said Beatty, adding that the company and union "know how to negotiate."

Delta is seeking \$325 million in annual savings from pilots as part of a \$3 billion turnaround plan.

The pilots union, which has offered concessions it values at \$150 million a year, says the airline is seeking more than it needs.

Timothy Coleman, with Blackstone Partners, which is advising Delta, testified that the projected cash savings from pilot and other cost cuts are the "barest minimum" for survival.

"They need the full savings," said Coleman. "I do firmly believe that this \$3 billion is critical to get the company out of Chapter 11."

But Coleman said Monday when cross-examined by ALPA's attorney that without the pilot concessions, Delta could avoid violating certain conditions of its nearly \$2 billion in "debtor-in-possession" financing.

He also said Delta got bigger loans and better terms than expected.