

Ex-Delta exec fights to keep free flights

By [RUSSELL GRANTHAM](#), [MATT KEMPNER](#)

The Atlanta Journal-Constitution

Published on: 12/06/05

M. Michele Burns, the Atlanta executive who landed deals allowing her to parachute from Delta Air Lines and Mirant Corp. with millions of dollars, is fighting to keep her loftiest perk: free flights for life aboard Delta.

The airline, which is struggling to stay airborne while in Chapter 11 bankruptcy, wants to cut off first-class flight privileges for its former financial chief and her family.

In court papers filed last week, Burns argued that Delta can't cancel the flight privileges — awarded to her when she left the airline in April 2004 — under federal bankruptcy code. She also said the carrier would lose more than it gained from the move.

Delta will "incur few or no actual costs or expenses ... because there generally are empty seats on the debtor's aircraft," Burns said in the filing with the U.S. Bankruptcy Court in New York.

Burns is no stranger to flaps over executive pay and perks.

In 2002, while at Delta, she helped the airline during its creation of controversial bankruptcy-proof pension trusts for about three dozen executives. That provided her with at least \$1 million in a personal pension trust beyond the reach of creditors.

Around the same time, Burns also was among a long list of Delta executives who were paid hefty bonuses while the airline was losing money, cutting jobs and appealing for federal aid. That year, she was awarded a bonus of \$846,000, on top of her \$560,000 salary.

Despite those incentives, Burns and other Delta executives left the company in droves. Her next stop was Mirant, the bankrupt energy trader, where she became chief financial officer.

Now she's finishing a 20-month stint with Mirant, flush with at least \$8.2 million in severance pay, bonuses and other payments from the company as it emerges from its own Chapter 11 case.

Efforts to reach Burns for comment Monday were unsuccessful.

Delta spokesman John Kennedy said the airline asked the bankruptcy court to relieve it of fulfilling all individual compensation agreements with former senior executives. He said that while many executives had such agreements, he was unsure of how many there were or whether others included flight privileges.

"Given the severity of our financial situation and the sacrifices that Delta's active and retired people are making, the company believes it's right and appropriate," Kennedy said Monday.

"We've always said that our restructuring would not be painless and that all Delta stakeholders would need to participate."

Kennedy said Burns was the only former executive to challenge the cutoff.

Burns received the unlimited rights to Delta's generally most expensive seats on a so-called positive space basis, meaning they were reserved as though she and her family were paying passengers. The benefit was part of an agreement for her to provide occasional consulting services for the airline until May 2009.

Delta declined to comment on whether Burns did any consulting.

Long-tenured retirees are allowed to fly free on the carrier. But Burns left Delta after only five years with the company and wouldn't normally qualify for such privileges, much less rights that gave her the higher priority on seating.

Delta promised the flights to Burns, her spouse or domestic partner and their children as long as she lives and doesn't use them for business purposes.

Stanley Barczak, who co-authored an unsuccessful shareholder proposal earlier this year that called for Delta to renegotiate compensation for former executives who tapped the pension trusts, said he was not surprised by the current tussle over Burns' free-flying perk.

He noted that starting next year, active Delta employees would be charged a \$50 annual fee to use their personal flight privileges.

"Allowing her to fly free while everybody else is paying would add insult to injury after her time with the company," said Barczak, a Delta baggage handler from Richwood, Ky., who was recently furloughed after 27 years with the company.