

## **Delta chief upbeat**

**Much depends on price of oil**

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Delta Air Lines Chief Executive Gerald Grinstein gave an upbeat assessment of the Atlanta carrier's restructuring in bankruptcy — but cautioned that soaring oil prices could cause complications.

In comments to a small audience at Atlanta's Commerce Club on Friday, Grinstein warned that a surge in jet fuel prices or other challenges could delay Delta's emergence from Chapter 11 and force it to look for more cost cuts. But he said such cuts would not come from further employee pay or job cuts.

"If [crude oil] moves into the \$80 range, I think we're going to have to go back and retool, and we're going to have to get more costs out," said Grinstein. "I'm not going back to the employees. ... That is a promise."

Grinstein also called himself a "transitional leader" and said he hopes to turn over the CEO job to an internal successor before Delta emerges from Chapter 11. He mentioned Chief Operating Officer Jim Whitehurst and Chief Financial Officer Ed Bastian, implying they are two viable candidates.

Grinstein said executives have targeted next March for emergence but that summer 2007 is more likely.

He said Delta will need a fresh start with new leadership and an infusion of equity capital in place of its heavy debt load.

"My goal is to have the succession from within," said Grinstein. "Our leadership is good and getting better," he added.

Grinstein credited Whitehurst, who oversees daily operations, with developing the current business plan. Bastian has been in charge of Delta's restructuring since it filed for Chapter 11 last September, including negotiations with creditors and financial backers.

"We are more conscious than ever of developing the leadership within Delta," Grinstein said.

Grinstein, 74, came off the board in early 2004 after a management shake-up. He acknowledged his role will last longer than he expected. He said he expects to stay until "we know we are going to emerge."

The airline's last two monthly financial reports have shown the first signs of recovery. But Delta's restructuring was originally based on jet fuel costs pegged to crude oil at \$60 a barrel.

Grinstein said prices \$20 or more higher would not only force new cost cuts but complicate efforts to get financing for an emergence from Chapter 11.

"If fuel is at those levels, we will have to go back and change a lot of things while we are still in Chapter 11 in order to get equity financing. In the \$70 range, I think we can successfully get financing," Grinstein said.

In other comments, Grinstein said he expects Delta to be awarded rights to open a route to China beginning in 2008. He also said Delta will need to expand trans-Pacific flying and boost other overseas routes if it hopes to remain an independent airline.