

Delta Air Lines likely won't fully repay creditors

Doubts raised about its reorganization

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A **Delta Air Lines Inc.** lawyer told a bankruptcy judge it's "a safe assumption" the company won't be able to fully repay creditors owed almost \$28.3-billion (U.S.).

Delta, the No. 3 U.S. air carrier, is asking U.S. Bankruptcy Judge Prudence Carter Beatty to authorize pay cuts for its pilots to save \$325-million a year as part of a plan to reduce expenses by \$3-billion. The pilots' union opposes the request.

As hearings on the matter entered their seventh day, Judge Beatty said Delta hasn't given her a clear indication of what it needs to reorganize.

"I have not heard anything that I will say remotely impressed me that you have the money, the talent or the thought that you could successfully reorganize in this case," she said.

The Atlanta-based airline hasn't filed a proposed plan explaining how it intends to exit bankruptcy and repay creditors.

Companies who file under Chapter 11 of the U.S. bankruptcy code typically don't repay all their debt. Unsecured creditors, for example, usually get about 40 cents on the dollar. UAL Corp.'s United Air Lines, is proposing to pay its unsecured creditors 4 to 8 cents on the dollar.

Judge Beatty told Delta lawyer Marshall Huebner in New York yesterday that the airline hasn't given her enough information, including what kind of financing it will need.

"It seems to me that no matter how I look at the numbers in this case, I can't get to 100 cents on the dollar for creditors," she said. In response, Mr. Huebner said, "I think that's a fair assumption, your honor."

Mr. Huebner said Delta will provide the information through testimony from company officials and advisers.

Delta filed for bankruptcy protection in September, the same day as Northwest Airlines Corp., seeking to cut expenses so it could compete with low-cost carriers.

Delta shares fell 3 cents to 51.5 cents in over-the-counter trading. Its 7.9-per-cent notes due in 2009 fell .57 cents to 19.85 cents on the dollar, according to Trace, NASD'S bond-price reporting system.