

## DELTA'S BANKRUPTCY TAB (SO FAR)--\$41.4 MILLION

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**DELTA AIR LINES INC.** is on the hook for about \$30 million in legal fees to its own bankruptcy counsel and to the counsel of the companies it owes money. **Delta** must also pay about \$9.9 million in fees to accounting firms, investment banks and other consultants.

**Delta's** \$41.4 million bankruptcy tab, which includes fees and expenses, was approved on Monday by U.S. Bankruptcy Court Judge Adlai S. Hardin Jr., for work between Sept. 14 and Jan. 31. For eight separate law firms, Hardin approved the exact amount each firm requested. Bankruptcy judges typically approve firms' full fee requests, said C. David Butler, a former U.S. Bankruptcy Court trustee and of counsel at Shapiro Fussell.

Davis Polk & Wardwell, **Delta's** lead bankruptcy counsel, was the top earner, receiving \$10.3 million in fees and \$603,539 in expenses. The New York firm, led in the **Delta** case by partners Marshall S. Huebner and John Fouhey, is primarily responsible for sorting out **Delta's** \$28 billion in liabilities and \$21 billion in assets.

### FIND OUT MORE

Read the orders discussed in this story:

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Order granting \$41M in fees (June 5, 2006; pdf)

- Order denying motion of the U.S. Trustee for the appointment of a fee examiner (June 5, 2006; pdf)

- Complete Coverage:

The **Delta** bankruptcy

Davis Polk's most lucrative chore, according to a court filing, was parsing **Delta's** airport leases and financial contracts, for which it billed 5,373 hours of work, generating \$2.1 million in fees. Davis Polk also billed 5,812 hours for general case management, generating \$1.8 million in fees; and 3,744 hours for executing bankruptcy-related contracts, which produced \$1.4 million in fees.

Davis Polk's lawyers don't come cheap. Numerous partners, including Fouhey, billed as high as \$865 per hour for work done this year. Virtually all Davis Polk's attorneys raised their hourly billing rate in 2006 from 2005.

Huebner worked the most on **Delta**, billing a total of 1,155 hours for the four-and-a-half month period, generating \$755,000 in fees by himself. Huebner worked an average of 8.6 hours a day, including weekends, on **Delta** during the period, according to the filing.

One Davis Polk associate, Damian S. Schaible, billed 1,104 hours for the period, charging \$445 per hour in 2005 and \$490 per hour in 2006, and generating a total of \$502,101 in fees. Two other Davis Polk associates, John Adams and Benjamin A. Tisdell, both of whom were admitted to the New York State Bar last year, submitted billings for 2006 at the rate of \$420 per hour.

The Davis Polk lawyers also had to eat. The firm submitted a bill for about \$26,000 for meals, part of \$603,539 total in the firm's expenses that Hardin approved **Delta** to pay.

More than three-dozen lawyers who have worked on the **Delta** case are located in Atlanta.

Alston & Bird, which will receive about \$612,000 in fees and \$9,000 in expenses, assigned 19 local attorneys to **Delta**. Alston's lawyers worked on **pension** and employee-**benefits** issues for the **airline**.

The biggest earner for Alston on **Delta** was the firm's deputy managing partner, Philip C. Cook. He billed 346 hours on **Delta**, at rates of \$640 per hour and \$670 per hour, generating about \$224,000 in fees.

Former **Delta** general counsel Gregory L. Riggs, a former senior counsel at Alston, billed 51 hours of work on **Delta's** bankruptcy, at \$224 per hour.

A total of 20 attorneys from Paul, Hastings, Janofsky & Walker's Atlanta office were assigned to **Delta**: partners Wayne N. Bradley, Scott M. Hobby and Charles F. Hollis III on corporate issues; Deborah A. Marlowe on employment; Mark S. Lange on tax issues; and R. Matthew Martin on litigation; of counsel Karen B. Koenig, Kelly J. Koelker and Tim R. Dodson; and associates Anne T. Nees, Donald H. Crawford II, Daniel P. Hart, Erik L. Belenky, Justo Rodriguez III, James R. Paine Jr., Keith M. Kodosky, Kevin W. Miner, Laura E. Robertson, N. Browning Afield and Samantha Weidenbaum.

Hobby, who specializes in business-outsourcing issues, billed at the rate of \$610 per hour for work done this year.

Paul Hastings was awarded a total of \$2.03 million in fees and about \$137,000 in expenses.

The New York law firm Debevoise & Plimpton, which is serving as **Delta's** counsel on issues related to aircraft financing, pulled in the second-highest amount of fees, after Davis Polk. Debevoise was awarded about \$9.5 million in fees and \$187,000 in expenses.

**Delta's** auditor, Deloitte & Touche, was awarded about \$1.7 million in fees and \$11,000 in expenses. Judge Hardin said he would hold a later

hearing on an additional \$200,000 in fees requested by Deloitte & Touche.

The case is In re: **Delta** Air Lines Inc. , No. 05-17923 (U.S. Bankruptcy Court for the Southern District of New York, filed Sept. 14, 2005).

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Bankruptcy billings

Firm

Approved fees Reason

Akin Gump Strauss Hauer & Feld

\$5.8 million Unsecured creditors' counsel

Alston & Bird

\$611,742 Delta's **pension** and employee **benefits** counsel

Babcock & Brown

\$2.0 million Delta's aircraft-financing consultant

The Blackstone Group

\$913,333 Delta's investment bank

Davis Polk & Wardwell

\$10.3 million Delta's lead counsel

Debevoise & Plimpton

\$9.5 million Delta's aircraft-financing counsel

Deloitte Tax

\$140,867 Tax services for **Delta**, ASA and Comair

Deloitte & Touche

\$1.7 million Delta's auditor

Gibson, Dunn & Crutcher

\$833,771 Delta's labor, corporate and litigation counsel

Giuliani Capital Advisors

\$1.8 million Delta's restructuring consultant

Greenhill & Co.

\$900,000 Delta's labor financing consultant

Hogan & Hartson

\$211,442 Delta's regulatory and securities-law counsel

Houlihan Lokey Howard & Zukin

\$813,333 Unsecured creditors' financial advisor

Mesirow Financial Consulting

\$1.6 million Unsecured creditors' financial advisor

Paul, Hastings, Janofsky & Walker

\$2.0 million Delta's labor, corporate, immigration and tax counsel

Stroock & Stroock & Lavan

\$431,091 Delta's environmental, tax and litigation counsel

Source: U.S. Bankruptcy Court, Southern District of New York, Case No. 05- 17923 (ASH)

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