

AP

Delta Says Reorganization Plan Gets Nod

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By Harry R. Weber, AP Business Writer

Delta Says Creditors Vote Overwhelmingly for Reorganization Plan

ATLANTA (AP) -- An overwhelming number of creditors voted in favor of Delta Air Lines Inc.'s reorganization plan, the carrier said Monday. The vote paves the way for the nation's third-largest carrier to emerge from bankruptcy protection on April 30.

The Atlanta-based airline said in a statement that unofficial results show that more than 95 percent of ballots cast were in favor of the plan.

Creditors also voted in favor of a reorganization plan for Delta's wholly owned regional airline subsidiary Comair, Delta said.

The final voting results for both plans will be filed later this week with the U.S. Bankruptcy Court in New York.

A confirmation hearing is scheduled for April 25. The court also must approve the reorganization plan for Delta and Comair to exit Chapter 11. Delta has said previously it may sell or spin off Erlanger, Ky.-based Comair after it leaves bankruptcy.

Typically, in each class of creditors, Delta's plan would have to be approved by holders of two-thirds of the claims and a majority of the number of individual creditors for it to pass. Delta said that in addition to 95 percent of ballots cast being in favor of its plan, holders of the same amount of claims voted in favor of the plan.

"We appreciate our creditors' strong vote of confidence in our plan, which we believe both maximizes their recovery and builds a foundation for Delta's long-term success," said Ed Bastian, Delta's chief financial officer.

Delta's reorganization plan calls for unsecured creditors to get between 62 percent and 78 percent of the amount of their allowed claims. The recoveries will be paid in the form of shares of new Delta stock. Delta's existing stock will be canceled when it emerges from bankruptcy.

Delta has estimated it will be worth \$9.4 billion to \$12 billion when it emerges from Chapter 11.

Delta and Comair filed for bankruptcy protection on Sept. 14, 2005. Eagan, Minn.-based Northwest Airlines Corp. filed for Chapter 11 the same day.

In January, Delta successfully fended off a hostile takeover bid launched by Tempe, Ariz.-based US Airways Group Inc. Delta plans to emerge from Chapter 11 as an independent company.

Lee Moak, chairman of the executive committee of the union that represents Delta pilots, said his airline has come a long way from a year ago, when it faced the threat of a pilot strike. The airline ultimately got \$280 million in annual concessions from its pilots, and there was no work stoppage.

"Early on, it was pretty ugly here," Moak said. "Right now, we're exiting bankruptcy with the opportunity to make our first dollars. It's starting to look like it's going to be a profitable airline, as long as everyone executes the business plan."

Since January 2001, the company has lost a total of more than \$18 billion. But, in recent months Delta's financial picture has begun to turn around.

Delta has projected it will have a pretax profit, excluding special and reorganization items, of \$816 million in 2007.

Moak said employee morale also has improved.

"It's a lot like it was 20 or 30 years ago when people were hired by that Delta Air Lines," Moak said. "I watch what the aviation reporters write about the spirit at a lot of these low-cost carriers, the entrepreneurial spirit of JetBlue and Southwest. We have that spirit back."

Delta Air Lines Inc.: <http://www.delta.com>