

US Airways CEO Mum on Higher Bid

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By Harry R. Weber, AP Business Writer

US Airways CEO Won't Say Whether He'd Increase Delta Bid Further

ATLANTA (AP) -- US Airways Group Inc. Chief Executive Doug Parker was noncommittal Tuesday on whether his company would be willing to increase its bid to buy Delta Air Lines Inc. even further to appease Delta's creditors.

"It's not a yes," Parker said when asked by The Associated Press if the Tempe, Ariz.-based airline would again increase its offer, currently valued at \$9.8 billion.

But, he quickly added, "We're always willing to talk to people."

Parker said Delta's official committee of unsecured creditors, which will play a key role in deciding whether any merger agreement would move forward, has not indicated that it wants US Airways to offer more money.

In fact, Parker said he is in the dark about what the creditors committee is thinking. The committee has not issued a statement about its position since US Airways increased its offer for Delta nearly 20 percent on Jan. 10.

"There's been no negotiating whatsoever," Parker said. "No one has come back to us and said we should increase our offer."

A Feb. 7 bankruptcy court hearing in New York has been scheduled to discuss the disclosure statement to Delta's reorganization plan, which calls for the Atlanta-based airline to emerge from Chapter 11 by the middle of this year as a standalone carrier. If the statement, which includes details of Delta's operations, is approved, Delta could begin soliciting votes for approval of its reorganization plan.

US Airways is asking Delta's official creditors committee to support postponing that hearing. It has said that if that condition is not met by Feb. 1, along with several other conditions, it will revoke its bid for Delta.

Parker said Tuesday that US Airways made that point to the creditors committee as recently as last week that time is running out for action by the committee.

"We made it crystal clear, if there is no action by Feb. 1, then our offer is withdrawn," Parker said. "They fully understand that now. We're dead serious about the deadline."

Citing unnamed sources, The Wall Street Journal reported Tuesday that US Airways' bid is losing traction among Delta's creditors, and that the creditors committee has grown skeptical of the proposed merger. A lawyer for the committee, Daniel Golden, did not immediately return a call seeking comment Tuesday from the Associated Press.

The committee usually meets on Wednesdays and could have a statement about its position soon. Also Wednesday, a hearing has been scheduled by the Senate Committee on Commerce, Science and Transportation on the state of the airline industry and the potential impact of airline mergers. Senior US Airways and Delta executives are expected to address the hearing.

Delta's board, meanwhile, could vote on US Airways' most recent offer this week.

While Delta has opposed a merger with US Airways and Delta's chief executive, Gerald Grinstein, has said in the past he doesn't believe airline consolidation is the wave of the future, he said in a newsletter sent to employees Tuesday that a merger can't be ruled out for Delta after it exits bankruptcy.

Grinstein said Delta's board will make decisions about the airline's future after it exits bankruptcy as a standalone company.

"This could include a merger," Grinstein said. "If it does, it would be the right merger -- one that is not anti-competitive; one that does not shrink and weaken Delta, reverse our progress, or penalize our people; and one that provides long-term value for our many stakeholders."

Parker, meanwhile, said he has no insight on the validity of the rumors and speculation swirling about the fate of his airline's bid for Delta.

"It is what it is," Parker said. "Right now, we're just reacting to rumors. But no one has told us our proposal they're not happy with, and no one has asked us to increase it."

US Airways shares fell \$3.76, or 6.6 percent, to close at \$53.27 in trading Tuesday on the New York Stock Exchange.