

UPDATE: Delta Boosts Retired Pilots' Unsecured Claims

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ATLANTA (AP)--Delta Air Lines Inc. (DALRQ), the nation's No. 3 carrier, said Monday it has agreed to give its retired pilots an extra \$719 million in unsecured claims in its bankruptcy case to help them recoup losses from termination of the pilot pension plan.

The agreement, which has the support of Delta's official committee of unsecured creditors, would increase the retired pilots' unsecured claims to roughly \$800 million if approved by the bankruptcy court in New York.

What retired pilots actually receive from those claims to bolster their lost retirement benefits won't be known until Atlanta-based Delta emerges from Chapter 11. That's because unsecured creditors generally only get a fraction of what they are owed.

The retired pilots claims are separate from a \$2.1 billion unsecured claim Delta's active pilots negotiated as part of a concessions agreement reached in April, Delta spokeswoman Betsy Talton said.

The Air Line Pilots Association, the union that represents Delta's active pilots, is a member of the creditors' committee.

Delta already received court approval to terminate its pilots' pension plan. Once terminated, the federal government's pension insurer would take over the plan and pay Delta pilots who retire a benefit that in many cases would be lower than what the pilots expected. Already retired pilots also stand to lose some of their expected benefits.

Delta says the unsecured claims being granted to the retired pilots will help them recoup some of their lost non-qualified pension benefits.

Delta has said it plans to file its reorganization plan by next month. It said it hopes to emerge from Chapter 11 by the middle of next year as a standalone carrier.

Management and the pilots union have both expressed opposition to Tempe, Ariz.-based US Airways Group Inc.'s (LCC) hostile bid to buy Delta in a deal now worth \$8.6 billion. US Airways sent another newsletter to its employees Monday explaining the regulatory issues that will be considered by the government in deciding whether to approve the deal. The company stated again its belief that there still would be plenty of competition after a US Airways-Delta merger.

US Airways shares fell \$3.79, or 6%, to close at \$59.16 in trading Monday on the New York Stock Exchange.