

Neil A. Goteiner (NG 1644)  
Dean M. Gloster (*Pro Hac Vice*)  
Nan E. Joesten (*Pro Hac Vice*)  
FARELLA BRAUN & MARTEL LLP  
235 Montgomery Street, 17th Floor  
San Francisco, CA 94104  
Telephone: (415) 954-4400  
Facsimile: (415) 954-4480

**Objection Deadline:**  
July 16, 2007 at 4:00 p.m.

Guy W. Chambers (*Pro Hac Vice*)  
TOWNSEND AND TOWNSEND AND CREW  
Two Embarcadero Center, Eighth Floor  
San Francisco, CA 94111-3834  
Telephone: (415) 576-0200  
Facsimile: (415) 576-0300

Peter N. Wang (PW 9216)  
FOLEY & LARDNER LLP  
90 Park Avenue  
New York, NY 10016  
Telephone: (212) 682-7474  
Facsimile: (212) 687-2329

Counsel For Non-Pilot Section 1114 Committee

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

In re:

DELTA AIR LINES, INC., et al.,

Debtors.

Chapter 11 Case No.

05-17923 (ASH)

(Jointly Administered)

**SUMMARY SHEET ACCOMPANYING FINAL FEE APPLICATION OF TOWNSEND  
TOWNSEND AND CREW FOR COMPENSATION FOR PROFESSIONAL SERVICES  
RENDERED AND REIMBURSEMENT OF EXPENSES INCURRED FOR THE PERIOD  
FROM OCTOBER 27, 2005 THROUGH MAY 31, 2007**

<b>Name of Applicant:</b>	<b>Townsend and Townsend and Crew</b>	
<b>Time Period for Final Application:</b>	<b>October 27, 2005 through May 31, 2007</b>	
<b>Outstanding Interim Applications:</b>		
<b>First</b>	<b>Fees Incurred:</b>	<b>\$22,022.50</b>
	<b>Expenses Requested:</b>	<b>\$2,377.27</b>
	<b>Covering:</b>	<b>October 27, 2005 through January 31, 2006</b>
<b>Second</b>	<b>Fees Incurred:</b>	<b>\$32,298.00</b>
	<b>Expenses Requested:</b>	<b>\$766.69</b>
	<b>Covering:</b>	<b>February 1, 2006 through May 31, 2006</b>
<b>TOTAL</b>	<b>Fees Incurred:</b>	<b>\$54,420.50</b>
	<b>Expenses Requested:</b>	<b>\$3,143.96</b>

**FINAL APPLICATION OF TOWNSEND AND TOWNSEND AND CREW,  
ATTORNEYS FOR THE NON-PILOT SECTION 1114 COMMITTEE, FOR  
ALLOWANCE OF COMPENSATION FOR SERVICES RENDERED AND FOR  
REIMBURSEMENT OF ACTUAL AND NECESSARY EXPENSES INCURRED  
FROM OCTOBER 27, 2005 THROUGH MAY 31, 2007**

Townsend Townsend and Crew LLP (“Townsend”), special litigation counsel for the Section 1114 Retired Non-Pilots Committee (“Section 1114 Committee”), for its final application for allowance of compensation for professional services (the “Application”) performed by Townsend for the period from October 27, 2005 through May 31, 2007 (the “Compensation Period”), and for reimbursement of its actual and necessary expenses incurred during the Compensation Period, states:

**JURISDICTION**

1. This Court has jurisdiction to consider this Application pursuant to 28 U.S.C. §§ 157 and 1334. Consideration of this Application is a core proceeding pursuant to 28 U.S.C. § 157(b)(2). Venue of this case is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409, respectively. This application requests relief pursuant to sections 330, 331, 1103 and 1114 of title 11 of the United States Code (the “Bankruptcy Code”).

## **GENERAL BACKGROUND AND CASE STATUS**

2. On September 14, 2005, the Debtors filed for chapter 11 protection.
3. The Court appointed the Section 1114 Retired Non-Pilots Committee at the conclusion of a hearing on October 27, 2005, with the individual members of the Committee designated by an order of this Court on November 5, 2005, pursuant to 11 U.S.C. § 1114(d).
4. In accordance with Section 1114(b)(1), the Section 1114 Retired Non-Pilots Committee is authorized in this case to represent all non-pilot retirees (and their spouses and survivors) entitled to receive statutorily defined retiree benefits from Delta who are not covered by a collective bargaining agreement, or who are covered by a collective bargaining agreement where their union has elected not to represent them in Section 1114 negotiations and litigation.
5. The Section 1114 Committee represents approximately 36,500 non-pilot retirees, spouses and dependants of Delta Air Lines, Inc.

## **SUMMARY OF PROFESSIONAL COMPENSATION AND REIMBURSEMENT OF EXPENSES REQUESTED**

6. On October 6, 2005, the Court entered the Order Establishing Procedures for Interim Compensation and Reimbursement of Expenses of Professionals (the “Compensation Order”). Among other things, the Compensation Order directed professionals to prepare monthly fee statements, and directed the Debtors to pay 80% of the fees and 100% of the expenses identified in the monthly fee statements.
7. On December 19, 2005, the Court entered the Order Authorizing Employment of Counsel for the Section 1114 Retired Non-Pilots Committee (the “Employment Order”). The Employment Order allowed employment of Townsend Townsend and Crew LLP *nunc pro tunc* effective as of October 27, 2005 and made the Compensation Order applicable to Townsend. Pursuant to the Compensation Order, Townsend has prepared monthly fee statements.
8. Townsend previously timely filed its First Interim Application for Compensation for the time period of October 27, 2006 through January 31, 2006, and its Second Interim Application for Compensation for the time period of February 1, 2006 through May 31, 2006 in

accordance with the Amended Guidelines for Fees and Disbursements of Professionals in Southern District of New York Bankruptcy Cases, adopted by the court on April 19, 1995 (the “Local Guidelines”), the United States Trustee Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. § 330, adopted on January 30, 1996, and the Amended Order Pursuant to Sections 105(a) and 331 of the Bankruptcy Code Establishing Procedures for Monthly Compensation and Reimbursement of Expenses of Professionals. By prior agreement with counsel for the Debtor, Creditors’ Committee, and the U.S. Trustee, consideration of the First and Second Interim Applications was delayed until the substantial conclusion of the 1114 process by agreement between Delta and the Section 1114 Committee, after which the First and Second Interim Applications were approved by this Court. Townsend has not incurred additional fees and costs since the time period covered by the Second Interim Application, and by this Final Application simply seeks final approval of the prior payments authorized as interim compensation.

9. This Final Application complies with the Amended Guidelines for Fees and Disbursements of Professionals in Southern District of New York Bankruptcy Cases, adopted by the court on April 19, 1995 (the “Local Guidelines”), the United States Trustee Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. § 330, adopted on January 30, 1996, and the Amended Order Pursuant to Sections 105(a) and 331 of the Bankruptcy Code Establishing Procedures for Monthly Compensation and Reimbursement of Expenses of Professionals. A certification of compliance with the Local Guidelines is attached as Exhibit A.

10. The Section 1114 Retired Non-Pilots Committee has been given the opportunity to review this Application and by its Chairperson has approved the requested amount. The Section 1114 Retired Non-Pilots Committee has previously received each of Townsend Townsend and Crew LLP’s Monthly Statements for the Reimbursement of Fees and Expenses.

11. Townsend seeks allowance of interim compensation for professional services rendered to the Section 1114 Retired Non-Pilots Committee during the Compensation Period totaling \$54,420.50, and for reimbursement of expenses incurred totaling \$3,143.96.

### **SUMMARY OF SERVICES RENDERED**

12. Townsend's prior Interim Applications detail the extensive work undertaken by counsel and its professionals in preparation for negotiations and possible litigation with the Debtor over the non-pilot retirees' 1114 benefits. That work included meeting with Delta immediately after appointment of the Section 1114 Retired Non-Pilot Committee over Delta's proposed changes to benefits effective January 1, 2006, filing a motion under Section 1114 challenging those proposed changes, and reaching agreement with Delta over those interim changes to benefits and withdrawal of that motion. That work in prior periods also included litigation over tens of millions of funds disbursed from a Disability and Survivorship Trust, which the Committee challenged as having occurred in violation of Section 1114. This Court ultimately ruled that Section 1114 did not prevent withdrawals from such a funding vehicle, where disability and survivor benefits had not yet been altered as a result. But the dispute was serious and involved novel issues of law.

### **ALLOWANCE OF COMPENSATION**

20. The compensation provisions of sections 330 and 331 of the Bankruptcy Code apply to professionals employed under section 1103. Section 1114, under which the Section 1114 Retired Non-Pilot Committee was appointed, grants retirees' committees the same rights and duties as committees appointed under section 1103. Thus, the compensation provisions of sections 330 and 331 apply to retirees' committees and the professionals they employ.

21. Townsend has complied with the provisions of sections 330 and 331. Townsend has only charged for actual time worked, it has charged its usual reasonable hourly rates, its services were necessary for the Section 1114 Retired Non-Pilot Committee, the work was

performed in a reasonable amount of time, and the compensation is reasonable based on customary compensation charged by comparably skilled practitioners.

**COMPENSATION SOUGHT**

22. As the attached exhibits demonstrate, Townsend is entitled to compensation of \$54,420.50 for its professional and paraprofessional services, and \$3,143.96 for actual and necessary expenses during the Compensation Period. The Debtor has already paid those amounts to Townsend during the Compensation Period, so Townsend is not seeking any further compensation by this Final Fee Application, simply final authorization of the prior interim fee approvals.

WHEREFORE, Townsend respectfully requests that the Court 1) confirm by final approval the prior interim fee awards, allowing as final compensation for professional services rendered as legal counsel to the Section 1114 Retired Non-Pilot Committee during the Compensation Period totaling \$54,420.50 and reimbursement of actual and necessary expenses totaling \$3,143.96, less payments already made by the Debtor during the Compensation Period, for no additional net payment; 2) grant such other and further relief as is just and proper.

Dated: June 25, 2007

FARELLA BRAUN + MARTEL LLP

By: \_\_\_\_\_/s/  
Neil A. Goteiner (NG 1644)  
Counsel For Section 1114 Committee