Hughes Hubbard & Reed

Hughes Hubbard Advises Delta Air Lines in $180 Million Refinery Acquistion

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Hughes Hubbard & Reed advised Delta Air Lines, the world's second-largest carrier in the world, in its $180 million acquisition of the ConocoPhillips oil refinery in Trainer, PA. The deal, announced April 30, marks the first ever purchase of an oil refinery by an airline and will allow Delta to tackle rising fuel costs.

Delta made the acquisition through its subsidiary, Monroe Energy, and will spend only $150 million after receiving $30 million from the state of Pennsylvania as part of a deal to support job creation. The acquisition includes pipelines and transportation assets that will provide access to the delivery network for jet fuel reaching Delta's operations throughout the Northeast. Production at the refinery, combined with multiyear agreements to exchange gasoline, diesel and other products from the refinery for jet fuel, will provide 80 percent of Delta's jet fuel needs in the United States.

"Acquiring the Trainer refinery is an innovative approach to managing our largest expense," said Richard Anderson, Delta's chief executive officer. "This modest investment, the equivalent of the list price of a new widebody aircraft, will allow Delta to reduce its fuel expense by $300 million annually and ensure jet fuel availability in the Northeast. This strategy is aligned with the moves we have made to build a stronger airline for our shareholders, employees and customers."

The firm's role advising Delta was highlighted in The Deal. Other publications reporting on the news include The New York Times, The Wall Street Journal, Bloomberg, Reuters, among others.

Ken Lefkowitz and Chuck Samuelson led the Hughes Hubbard team, which included Julie Hanus and Kyle Leingang.

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[**Kenneth A. Lefkowitz**]

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