

Court Approves Talks On Sale Of Hawker Beechcraft

WICHITA, Kan. (AP) — A federal bankruptcy judge on Tuesday allowed Hawker Beechcraft to begin exclusive negotiations with a Chinese company interested in buying the Kansas plane maker, despite a union's claims such a sale would jeopardize national security.

The decision by the U.S. Bankruptcy Court for the Southern District of New York allows Hawker Beechcraft to enter into talks for the next 45 days with Superior Aviation Beijing Co. Ltd. As part of the exclusivity deal, Superior must make a \$25 million payment before the end of the week and a second \$25 million deposit within 30 days.

Hawker Beechcraft chief executive Robert Miller said in a statement that the agreement provides money to preserve jobs while the company simultaneously negotiates a potential sale to Superior and prepares to emerge from bankruptcy proceedings as a standalone entity if those talks fail.

"Superior Aviation views today's ruling as a positive step forward for all parties involved," Superior Aviation chief executive Tim Archer said in a written statement. "We look forward to a strategic partnership with HBC's civilian aircraft division pending legal and regulatory review."

Any deal with Superior must be approved by the Committee on Foreign Investment in the United States and other regulatory agencies. It also would be subject to termination if another buyer outbid Superior in a mandatory competitive auction overseen by the U.S. Bankruptcy Court, Hawker Beechcraft said.

"At this time pursuing the potential transaction with Superior is in the best interests of the company and its various stakeholders, including our creditors, our employees, our suppliers and our customers," Miller said.

But the International Association of Machinists and Aerospace Workers — which had filed an objection to the exclusive talks with the court — called on members of Congress to "put the brakes on" the proposed sale to a little-known Chinese company.

The machinists union, which represents more than 3,500 workers at Hawker Beechcraft, told the court the sale could allow China to acquire valuable commercial and military-related technology, leading to the loss of aerospace jobs while compromising national security.

"While Superior claims that it does not intend to purchase or control Hawker's defense-related business, Superior would retain an interest in the defense

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businesses and would be entitled to receive proceeds from the eventual sale of those businesses," IAM International President Tom Buffenbarger said in a news release. "Such terms and conditions warrant the most serious scrutiny from members of Congress and the appropriate intelligence agencies."

The union also noted the proposed sale agreement terminates all of Hawker's pension plans, hurting American workers.

However, U.S. Rep. Mike Pompeo, a Republican whose district encompasses the plant, on Tuesday hailed the proposed sale to Superior, saying it could preserve thousands of U.S. jobs.

"The downturn in the general aviation industry has severely impacted our community over the past several years, but this announcement indicates that the marketplace still values Hawker as a going concern," Pompeo said in an emailed statement. "Regardless of whether this transaction proceeds, I am committed to ensuring that Wichita remains the Air Capital of the World for generations to come."

Hawker Beechcraft employs about 7,400 people, with roughly 4,700 working at its Wichita, Kan., facility. It also has factories in Little Rock, Ark., the United Kingdom and Mexico, as well as more than 100 service centers worldwide.

Sixty percent of Superior Aviation is owned by Chinese industrialist Shenzong Cheng and his wife, Qin Wang. The remaining 40 percent is owned by a company controlled by the Beijing municipal government and whose mission is to promote economic development in Beijing.

Cheng and his wife were among the first entrepreneurs to start ventures when China began allowing private business ownership more than 30 years ago, Superior said.

Superior Aviation, through its predecessor company, acquired the Coppell-Texas-based Superior Air Parts Inc. for \$7 million in 2009 when it was in bankruptcy proceedings, court records show.

Superior Air Parts emerged from bankruptcy in 2010, but in May, the bankruptcy court in Dallas granted the company's request to reopen the Superior Air Parts' bankruptcy case amid a licensing dispute with Textron, Inc., over aircraft engine parts. Textron is the parent company of Wichita-based Cessna Aircraft.

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