

Judge OKs Hawker Beechcraft Reorganization Plan

Roxana Hegeman, Associated Press

WICHITA, Kansas (AP) — A federal judge gave the final nod Friday to Hawker Beechcraft's reorganization plan, clearing the way for the plane-maker to exit bankruptcy later this month.

Bankruptcy Judge Stuart Bernstein ruled Friday that the reorganization plan complied with the requirements of the bankruptcy code, finding the company proposed the plan in good faith to maximize the value of the estate and carry out the reorganization. The judge also said the plan satisfied the "best interest of creditors" test required under the law.

The 39-page ruling comes one day after a confirmation hearing in New York in which Bernstein made clear that he was close to signing off on a reorganization plan that will preserve thousands of jobs.

"Today's ruling marks the final significant step in the restructuring process," Robert "Steve" Miller, CEO of Hawker Beechcraft Inc., said in a news release. "Throughout this process, we have been guided by the goal of emerging in a strong operational and financial position, with an enhanced ability to compete well into the future. Our recapitalization and dramatically reduced debt load will allow us to do exactly that."

The slimmed-down company will be renamed Beechcraft Corp. and will shed the struggling business jet operations. It will focus on more profitable turboprop, piston, special mission and military aircraft, as well as its parts, maintenance, repairs and refurbishment business.

The Wichita-based company has secured an underwriting commitment for \$600 million in exit financing consisting of a term loan and revolving line of credit from JPMorgan Chase Bank and Credit Suisse.

"Thanks to the hard work of our employees and the strong support we have received from our key creditors, union partners, elected officials, suppliers and customers, Beechcraft Corp. will emerge from this process as the world's leading designer and manufacturer of turboprop, piston and trainer/attack aircraft with the largest global customer support network in the industry," said Bill Boisture, chairman of Hawker Beechcraft Corp.

Under the reorganization plan, secured bank debt incurred before the bankruptcy as well as unsecured bond debt and certain general unsecured claims will be canceled, with those creditors receiving equity in the reorganized company. A board appointed by the new owners will take over once the company emerges from bankruptcy protection.

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Boisture will become CEO of the newly reorganized Beechcraft Corp., while Miller will become senior adviser to the board.

In addition to its Wichita headquarters, the company has factories in Little Rock, Arkansas; the United Kingdom; and Mexico, as well as more than 100 service centers worldwide. It has more than 5,400 employees.

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