Columbia Aircraft files Chapter 11; negotiates sale to Cessna

by Bend_Weekly_News_Sources

BEND, Ore. â€“ Columbia Aircraft Manufacturing Corporation announced Monday that it has filed a voluntary petition for reorganization under Chapter 11 of the U.S. Bankruptcy Code. This action has resulted from a series of events dating back to 2006 that hampered the Companyâ€™s ability to deliver aircraft and disrupted cash flow. These events include an unanticipated and damaging delay in the certification program for the G1000 avionics suite, a freak hail storm that damaged 67 aircraft awaiting certification and finally the recent supply chain disruption for essential Avionics equipment.

Concurrently, Columbia announced that it has received a $3 million interim commitment for Debtor-in-Possession financing from certain of its pre-petition lenders. The Company will be filing a motion with the Bankruptcy Court seeking approval for this financing on an expedited basis.

Columbia Chief Restructuring Officer, Carl Young, emphasized that the bankruptcy filing was required to enable the Company to continue its normal operations and said â€œIt is very gratifying that our pre-petition lenders are willing to support the Company during this difficult time. We believe that, coupled to the other strategic decision announced today, this infusion of liquidity will allow Columbia to manage its present cash flow and liabilities while pursuing a plan that enables us to continue operating normally and maximize value for stakeholders, employees and existing and future customers.â€•

Columbia submitted a motion with the Bankruptcy Court seeking approval of the sale to Cessna and establishing bidding procedures that enable other interested bidders to submit offers and bid at an auction to be held in November. The sale to Cessna is contingent upon the approval of the Bankruptcy Court and the satisfaction of the closing conditions set forth in the LOI, including the execution of a definitive purchase agreement with Cessna.

â€œThe sale of Columbia Aircraft Manufacturing assets to Cessna offers the best avenue to maximize value for all of Columbiaâ€™s stakeholders and existing and future customers. Cessna is excited about the prospect of adding the Columbia products to its product line and will provide additional capabilities, world-class processes and financial strength to effectively serve existing Columbia customers and grow the business. Under the agreement reached with Cessna all product warranty and service issues will continue to be honored

post-acquisition and customers should expect an enhanced customer experience once the deal closes,â€• Young said.

Young emphasized that the bankruptcy filing was deemed necessary to enable the Company to continue its operations including manufacturing and delivering of new aircraft and uninterrupted support of the installed customer through parts, warranty and technical assistance.

Columbia Aircraft files Chapter 11; negotiates sale to Cessna by Bend_Weekly_News_Sources