

Virgin Atlantic files for bankruptcy protection in US as virus bites

August 5 2020



Virgin Atlantic stopped flying its planes in April because of coronavirus

Virgin Atlantic has applied for bankruptcy protection in the United States, court filings show, as the British airline—which has not flown since April because of coronavirus—seeks to tie up a rescue deal in the UK.

The company—part-owned by Richard Branson—grounded its planes in April because of the pandemic but announced plans for private funding worth 1.2 billion pounds (\$1.5 billion) in July, what it called a "major milestone towards securing its future."

A court filing showed Virgin Atlantic sought Chapter 15 bankruptcy in New York on Tuesday, a move that would protect its US assets as a foreign debtor while it seeks approval in the UK from creditors for the rescue plan.

In court proceedings currently underway in Britain, Virgin Atlantic was given approval on Tuesday to hold creditor meetings to vote on the [rescue plan](#).

The company has said it plans to slash annual costs by 280 million pounds per year and announced plans earlier in the year to axe more than 3,000 jobs as the pandemic grounded most of its fleet.

Airlines globally have been slammed by the coronavirus pandemic, resulting in bailouts and thousands of job losses.

The Virgin Group has been particularly hard hit, with Virgin Australia going into voluntary administration in April before it was snapped up by a US equity firm.

It announced Wednesday it would close budget subsidiary Tigerair Australia and lay off 3,000 staff as it prepares to relaunch under the new owners.

It would also continue the suspension of long-haul international flights and retire part of its fleet.

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