

Virgin Atlantic completes rescue plan; 1,150 jobs lost

September 4 2020, by Danica Kirka



In this June 16, 2011, file photo, Richard Branson, president of Virgin Atlantic Airways, attends a news conference in Miami Beach, Fla. Branson announced that Virgin was starting flights between London and Cancun, Mexico. Virgin Atlantic, the airline founded by British businessman Branson, filed Tuesday, Aug. 4, 2020, for relief from creditors as the virus pandemic hammers the airline industry. The airline made the filing in U.S. federal bankruptcy court in New York after a proceeding in the United Kingdom. (AP Photo/Wilfredo Lee, File)

Virgin Atlantic completed its 1.2 billion-pound (\$1.6 billion) restructuring plan and cut 1,150 jobs Friday as the airline sought to rebuild following the devastation caused by the COVID-19 pandemic.

The deal had been approved by the High Court in London earlier this week, and was formally recognized by a U.S. court—the last step in the legal process in the long-haul carrier's efforts to rebuild its balance sheet and to emerge from the crisis. It cut jobs as it announced it was putting the plan into place and further downsizing across the business.

"After the sacrifices so many of our people have made, further reducing the number of people we employ is heart-breaking but essential for survival," Virgin Atlantic CEO Shai Weiss said. "I truly hope that as demand returns, we will see many members of our team returning to us."

Aviation has been devastated by the spread of the virus, as governments around the world moved to curtail travel to safeguard public health. Airlines have been begging for government help until passengers feel comfortable returning to the skies.

Virgin Atlantic appealed for [passenger](#) testing and said it was the only way to enable the removal of travel restrictions to open up flying to key markets.

The airline announced the refinancing package in July to ensure its survival after passenger numbers dropped 98% in the second quarter. It includes 600 million pounds of support from the airline's owners, Virgin Group and Delta Airlines, 450 million pounds of deferred payments to creditors and 170 million pounds of financing from U.S.-based Davidson Kempner Capital Management LP.

Virgin Atlantic, founded in 1984 by Richard Branson's Virgin Group, has already cut 3,550 jobs, shuttered operations at London's Gatwick Airport and announced plans to retire 11 aircraft as it seeks to weather the slowdown in air travel. The airline says it doesn't expect passenger volume to return to pre-pandemic levels until 2023.

Delta invested \$360 million in Virgin Atlantic in December 2012, acquiring a 49% stake in the airline. Virgin Group owns the remaining shares.

Virgin flies from London's Heathrow Airport and Manchester to destinations in the U.S., China, India, Pakistan, South Africa, Nigeria, Israel and the Caribbean.

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