

Evergreen Bites the Dust

Oregon-based Evergreen International Airlines ceased operations and filed for Chapter 7 bankruptcy. Once again a main deck capacity provider is disappearing from the scene.

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Source: Evergreen

The above displayed Evergreen Jumbo was the 50th 747-400 passenger jetliner modified and converted to freighter by Boeing.

The following statement was made by the carrier's CEO Delford Smith in mid-November (see CargoForwarder 12. November) after media speculations about an approaching demise of the airline: "While Evergreen generally does not comment on market rumor or conjecture, rumors that a decision has been made to cease operations at this time are false. Evergreen remains committed to continuing to address the current business environment with its customers."

So far, so bad.

These clients addressed by Smith can now only cross their fingers and hope that they'll get some of the funds back Evergreen owes them. However, the prospects are gloomy since the debts accumulated by now surpass \$100m, despite a major wave of job cuts in November last year and sales of various assets.

These comprise a huge aircraft hangar in Arizona which Evergreen was lucky to find a Virginia buyer for. Also, the helicopter division Erickson Air Crane was sold for \$276m, enabling Evergreen to pay its remaining workforce after having laid-off more than 450 employees last fall and fulfill other pressing financial obligations.

However, all this didn't help the cargo carrier to remain in the air, as evidenced now, since its biz model had eroded way before. This was admitted by CEO Smith last November who blamed "decreased demand in military spending and weakness in global economic markets" as being responsible for the faltering transport demand.

Affected by the insolvency is also the company's ground handling affiliate Evergreen Aviation Ground Logistics Enterprise (EAGLE), which offered services to Air France-KLM Cargo, Lufthansa Cargo, the U.S. Postal Service and other clients at most of the major U.S. airports.

Evergreen had operated a fleet of four Boeing 747-400Fs that have been grounded and most likely will not take off again, since Chapter 7 bankruptcy involves the sale of a debtor's non-exempt assets by a trustee. Any proceeds obtained by the bankruptcy trustee are then turned over to creditors.

