



TAMPA BAY BANKRUPTCY CENTER, P.A.

PHONE: (813) 200-4133

TOLL FREE: (800) 965-5074

September 11, 2010

The Little-known Story behind Flying J's Bankruptcy

Ogden-based travel center company Flying J has exited bankruptcy after 18 months in Chapter 11 reorganization. But the little-known fact behind the whole process is the number of workers who lost their jobs.

Flying J's bankruptcy process was seen as a huge success because the company managed to repay its creditors in full in cash and with interest by selling off \$1.5 billion in assets, according to its CEO Crystal Call Maggelet. On Tuesday, the bankruptcy court in Delaware also approved of its restructuring plan that leaves the ownership of the company in the hands of the family that founded it, the Calls. The new company will be much smaller and very different due to the sale of its assets. It will also be re-named FJ Management and is estimated to be worth \$840 million.

But a significant consequence of the bankruptcy process is the laying off of some 17% of Flying J's total workforce of 15,000 workers in the US and Canada amounting to about 2,500 employees. According to Maggelet, the company had no choice but to lay off that many workers in its efforts to become more efficient.

Flying J filed for Chapter 11 bankruptcy protection in late 2008 due to the plummeting prices of crude oil and the credit squeeze at the time, resulting in a severe cash flow problem for the company. Four weeks later, its long time CEO, J. Philip Adams submitted his resignation. In an interview last year, Maggelet laid the blame for the bankruptcy on Adams who she said put too much emphasis on rapid company expansion at the expense of the company's bottom line.

As part of the bankruptcy plan, Flying J sold 250 of its travel centers (which was its biggest asset) to rival Pilot Travel Centers and made almost \$1.2 billion. The Knoxville, Tennessee based Pilot Travel Center plans to merge Flying J's travel centers with its own network of fuel stops. Flying J's travel centers will still operate under the Flying J brand while the corporate name of Pilot will now be known as Pilot Flying J.

On the other hand, Flying J will now be called FJ Management, to avoid any confusion over the name with Pilot. The name change will come into effect over the next few weeks, according to CEO Maggelet.

If your company is facing financial difficulties with debts over your head, it is wise to consider bankruptcy as a means to be protected from your creditors and make a fresh new start. Call us at (813) 200 4133 for a free consultation or visit <http://tampabankruptcy.pro>.

<http://tampabankruptcy.pro/blog/>