

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

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In re : **Chapter 11 Case No.**
REPUBLIC AIRWAYS HOLDINGS INC., et al., : **16-10429 (SHL)**
Debtors.¹ : **(Jointly Administered)**

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**STATEMENT OF FINANCIAL AFFAIRS FOR
MIDWEST AIRLINES, INC.
(CASE NO. 16-10431 (SHL))**

1. The Debtors in these chapter 11 cases are the following entities: Republic Airways Services, Inc.; Shuttle America Corporation; Republic Airline Inc.; Republic Airways Holdings Inc.; Midwest Air Group, Inc.; Midwest Airlines, Inc.; and Skyway Airlines, Inc. The Debtors' employer tax identification numbers and addresses are set forth in their respective chapter 11 petitions.

**GLOBAL NOTES AND STATEMENT OF LIMITATIONS,
METHODOLOGY, AND DISCLAIMER REGARDING
DEBTORS' SCHEDULES AND STATEMENTS**

The Schedules of Assets and Liabilities (the "Schedules") and Statements of Financial Affairs (the "Statements") filed by Republic Airways Holdings Inc. ("RAH"), and certain of its wholly-owned direct and indirect subsidiaries, as debtors and debtors in possession in the above-captioned chapter 11 cases (collectively with RAH, "Republic" or the "Debtors") in the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court") were prepared pursuant to section 521 of title 11 of the United States Code (the "Bankruptcy Code") and Rule 1007 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules") by the Debtors' management with the assistance of their advisors and are unaudited.

THE SCHEDULES, STATEMENTS AND GLOBAL NOTES SHOULD NOT BE RELIED UPON BY ANY PERSON FOR INFORMATION RELATING TO CURRENT OR FUTURE FINANCIAL CONDITIONS, EVENTS OR PERFORMANCE OF ANY OF THE DEBTORS. DUE TO NUMEROUS UNLIQUIDATED, CONTINGENT AND/OR DISPUTED CLAIMS, SUMMARY STATISTICS IN THE SCHEDULES, STATEMENTS AND GLOBAL NOTES LIKELY SIGNIFICANTLY UNDERSTATE THE DEBTORS' LIABILITIES.

Each of the Debtors has herewith filed separate Schedules and Statements. These Global Notes and Statement of Limitations, Methodology, and Disclaimers Regarding Debtors' Schedules and Statements ("Global Notes") relate to each of the Debtors' Schedules and Statements and set forth the basis upon which the Schedules and Statements are presented. **These Global Notes comprise an integral part of the Schedules and Statements and should be referred to and considered in connection with any review of the Schedules and Statements.** The Global Notes are in addition to any specific notes contained in any Debtor's Schedules or Statements. Disclosure of information in one Schedule, Statement, exhibit, or continuation sheet, even if incorrectly placed, shall be deemed to be disclosed in the correct Schedule, Statement, exhibit, or continuation sheet.

The Schedules and Statements remain subject to further review and verification by the Debtors. Subsequent information may result in material changes to the Schedules and Statements, and because the Schedules and Statements contain unaudited information that is subject to further review and potential adjustment, there can be no assurance that these Schedules and Statements are complete. The Debtors reserve their right to amend their Schedules and Statements from time to time as may be necessary or appropriate, including the right to dispute or otherwise assert offsets or defenses to any claim reflected on the Schedules and Statements as to amount, liability or classification, or to otherwise subsequently designate any claim as "disputed," "contingent" or "unliquidated." Nothing contained in the Schedules and Statements shall constitute a waiver of any of the Debtors' rights with respect to these chapter 11 cases and specifically with respect to any issues involving substantive consolidation, equitable subordination or causes of action arising under the provisions of chapter 5 of the Bankruptcy Code and other relevant non-bankruptcy laws to recover assets or avoid transfers. These Global Notes are incorporated by reference in, and comprise an integral part of, the Schedules and

Statements, and should be referred to and considered in connection with any review of the Schedules and Statements.

1. Description of the Cases and “As Of” Information Date. On February 25, 2016 (the “Commencement Date”), each Debtor filed a voluntary petition with the Bankruptcy Court for reorganization under chapter 11 of the Bankruptcy Code. The Debtors’ chapter 11 cases are being jointly administered for procedural purposes only under case number 16-10429 (SHL). The Debtors are authorized to operate their business and manage their properties as debtors-in-possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. Each Debtor’s current fiscal year ends on December 31. All information, except where otherwise noted, is as of the Commencement Date.

2. Basis of Presentation. For financial reporting purposes, the Debtors prepare consolidated financial statements that are filed with the Securities and Exchange Commission (“SEC”) and that are audited annually. Unlike the consolidated financial statements, these Schedules and Statements reflect the separate assets and liabilities of each individual Debtor. These Schedules and Statements do not purport to represent financial statements prepared in accordance with Generally Accepted Accounting Principles in the United States (“GAAP”); neither are they intended to reconcile to the financial statements filed by the Debtors with the SEC.

3. Amendment. Reasonable efforts have been made to prepare and file complete and accurate Schedules and Statements. Despite these efforts, inadvertent errors or omissions may exist. The Debtors reserve all rights to, but are not required to, amend or supplement, or both, the Schedules and Statements from time to time as is necessary and appropriate.

4. Recharacterization. The Debtors have made reasonable efforts to correctly characterize, classify, categorize, and designate assets, liabilities, executory contracts, unexpired leases, and other items reported in the Schedules and Statements. However, due to the complexity and size of the Debtors’ business and operations, the Debtors may have improperly characterized, classified, categorized, or designated certain items. The Debtors thus reserve all of their rights to recharacterize, reclassify, recategorize, or redesignate items reported in the Schedules and Statements as necessary or appropriate as additional information becomes available.

5. Confidentiality. In certain instances in the Schedules and Statements, the Debtors have deemed it necessary and appropriate to redact from the public record addresses of individuals because of concerns for the privacy of, or otherwise to preserve the confidentiality of, personally identifiable information.

6. Summary of Significant Reporting Policies. The Debtors use a consolidated cash management system through which the Debtors collect substantially all receipts and pay liabilities and expenses. As a result, certain payments in the Schedules and Statements may have been made prepetition by one entity on behalf of another entity through the operation of the consolidated cash management system. A description of the Debtors’ prepetition cash management system is in the Debtors’ Motion Pursuant to 11 U.S.C. §§ 105(a), 346(b), 363(b), 363(c), 364(a), 503(b) & 507(a) and Fed. R. Bankr. P. 6003 & 6004 for Entry of an Interim and Final Orders (i) Authorizing Debtors to (A) Continue Using Existing Cash Management System, (B) Honor Certain Prepetition Obligations Related to the Use Thereof, (C) Provide Postpetition

Intercompany Claims Administrative Expense Priority, and (D) Maintain Existing Bank Accounts and Business Forms and (ii) Waiving the Requirements of 11 U.S.C. § 345(b) dated February 25, 2016 [ECF No. 6].

7. Currency. Unless otherwise indicated, all amounts are reflected in U.S. dollars.

8. Valuation. It would be prohibitively expensive, unduly burdensome, and an inefficient use of estate assets for the Debtors to obtain current market valuations of all of their assets. Accordingly, unless otherwise indicated, the Schedules and Statements reflect net book values as of the Commencement Date. Certain other assets are listed at undetermined amounts, as the net book values may differ materially from fair market values or the amounts ultimately realized. In addition, certain depreciable assets with a net book value of zero may be included for completeness. The Debtors do not intend to amend these Schedules and Statements to reflect actual values

9. Estimates. To close the books and records of the Debtors as of the Commencement Date, management was required to make estimates, allocations and assumptions that affect the amounts of assets and liabilities as of the Commencement Date.

10. Inventories. Consumable and expendable parts and maintenance supplies related to flight equipment are scheduled as machinery, equipment and vehicles and are carried at average cost. Spare parts and supplies are recorded as inventory when purchased and charged to expense as used. A fleet retirement reserve for spare parts expected to be on hand at the date the aircraft are retired from service is provided over the remaining estimated useful life of the related aircraft equipment. An allowance for spare parts currently identified as obsolete or excess is also provided. Additionally, all inventories and plant and equipment are presented without consideration of any statutory or consensual liens.

11. Property and Equipment. Unless otherwise indicated, owned property and equipment are stated at net book value. The Debtors may lease furniture, fixtures, and equipment from certain third party lessors. Such leases are in the Schedules and Statements, subject to the reservation of rights set forth in paragraph 12 herein.

12. Leases. The Debtors have not included in the Schedules and Statements the future obligations of any leases. To the extent that there was an amount due as of the Commencement Date, the creditor has been included in Schedule F. All lease agreements have been included in Schedule G. Nothing herein or in the Schedules or Statements shall be construed as a concession, admission or evidence as to the determination of the legal status of any leases identified in the Schedules or Statements, including whether such leases: (i) constitute an executory contract within the meaning of section 365 of the Bankruptcy Code or other applicable law; or (ii) have not expired or been terminated or otherwise are not current in full force and effect, and the Debtors reserve all of their rights.

13. Causes of Action. Despite their reasonable efforts to identify all known assets, the Debtors may not have listed all of their causes of action or potential causes of action against third parties as assets in their Schedules and Statements, including, without limitation, avoidance actions arising under chapter 5 of the Bankruptcy Code and actions under other relevant non-

bankruptcy laws to recover assets. The Debtors reserve all of their rights with respect to any claims, causes of action or avoidance actions they may have, and neither these Global Notes nor the Schedules and Statements shall be deemed a waiver of any such claims, causes of action, or avoidance actions or in any way prejudice or impair the assertion of such claims.

14. Taxes. Claims listed on the Debtors' Schedule E include claims owing to various taxing authorities to which the Debtors may potentially be liable. However, certain of such claims may be subject to on-going audits and the Debtors are otherwise unable to determine with certainty the amount of many, if not all, of the claims listed on Schedule E. Therefore, the Debtors have listed estimated claim amounts, where possible, or alternatively listed such claims as undetermined in amount and marked the claims as unliquidated, pending final resolution of ongoing audits or other outstanding issues. The Debtors reserve their right to dispute or challenge whether such claims are entitled to priority.

15. Future Aircraft and Aircraft Engine Purchases. To the extent applicable, the Debtors have not included in the Schedules and Statements any future purchase commitments or the related amounts to be paid in connection with the purchase of aircraft or aircraft engines.

16. Employee Claims. The Bankruptcy Court entered first day orders granting the authority, but not the obligation, to the Debtors to pay certain prepetition employee wages, salaries, severance, benefits and other obligations in the ordinary course. Accordingly, only employee-related claims for prepetition amounts due that have not been paid as of the time that the Schedules and Statements were prepared by the Debtors, including employee-related claims for items not authorized to be paid by order of the Bankruptcy Court, have been included in the Schedules and Statements.

17. Clearinghouse Agreements. The Bankruptcy Court entered first day orders granting the authority, but not the obligation, to the Debtors to make certain payments of prepetition obligations relating to certain clearinghouse agreements. Accordingly, related liabilities that have been paid as of the Commencement Date have been excluded from Schedule F, although the agreements may be listed on Schedule G.

18. Other Claims Paid Pursuant to Court Orders. Pursuant to certain orders of the Bankruptcy Court entered in the Debtors' chapter 11 cases, the Debtors were authorized (but not directed) to pay, among other things, certain prepetition claims of foreign creditors, shippers, warehousemen, critical vendors and certain other prepetition creditors. Accordingly, these liabilities may have been or may be satisfied in accordance with those orders, and therefore may not be listed in the Schedules and Statements.

19. Insiders. The Debtors have included all payments and awards made over the twelve months preceding the filing to executive officers and the members of the board of directors. Included in the value reflected are cash payments to or for the benefit of the insider (inclusive of payroll, bonus and other employee benefits paid in cash), stock options valued at fair value at the grant date, performance shares and restricted stock grants valued at the closing price of the stock at the grant date, without reference to vesting. Persons have been included in the Statements for informational purposes only, and the listing of an individual as an insider is not intended to be and should not be construed as a legal characterization of that person as an insider and does not

act as an admission of any fact, claim, right or defense, and all such rights, claims and defenses are reserved. Further the Debtors do not take any position concerning (a) the person's influence over the control of the Debtors, (b) the person's management responsibilities and functions, (c) the person's decision-making or corporate authority, or (d) whether the person could successfully argue that he or she is not an insider under applicable law, including federal securities law, or any theories of liability or for any other purpose.

20. Intercompany Transactions. All intercompany payments between the Debtors have not been included in the Statements. Instead, intercompany balances as of the Commencement Date have been listed on Schedule F for the relevant debtor.

21. Excluded Assets and Liabilities. The Debtors may have excluded from the Schedules certain of the following items, which may be included in their GAAP financial statements: intercompany receivables, investments in subsidiaries, certain accrued liabilities, including, without limitation, accrued salaries, employee benefit accruals, and certain other accruals, capitalized interest, debt acquisition costs, restricted cash, goodwill, financial instruments, certain other assets, and deferred revenues and gains. Other non-material assets and liabilities may also have been excluded. The Debtors have reflected intercompany balances as of the Commencement Date on Schedule F for the relevant debtor.

22. Litigation. Certain litigation actions reflected as claims against one Debtor may relate to any of the other Debtors. The Debtors have made commercially reasonable efforts to record these actions in the Schedules and Statements of the Debtor that is party to the action.

In addition, the Debtors have excluded details relating to federal and state agency discrimination charges, labor arbitration and grievance claims, and government investigations and civil penalty actions. Discrimination charges have been excluded to protect the privacy interests of the charging parties and because the majority of such claims generally will not result in actual litigation. Labor arbitration and grievance claims are omitted to protect the privacy interests of the grieving party. Government investigations and notices civil penalty actions were excluded due to confidentiality and privacy concerns or because the majority of such claims are for *de minimis* amounts, have been promptly remediated or will not ultimately give rise to a civil penalty.

23. Claim Description. Any failure to designate a claim in the Schedules and Statements as "contingent," "unliquidated," or "disputed" does not constitute an admission that such claim or amount is not "contingent," "unliquidated," or "disputed." The Debtors reserve all of their rights to dispute, or to assert offsets or defenses to, any claim reflected on these Schedules on any grounds, including, without limitation, amount, liability, priority, status, or classification, or to otherwise subsequently designate any claim as "contingent," "unliquidated," or "disputed." Moreover, the Debtors reserve all of their rights to, but are not required to, amend their Schedules and Statements as necessary and appropriate, including modifying claims descriptions and designations.

24. Debt Representatives. Claims relating to the repayment of principal, interest and other fees and expenses under agreements governing any syndicated credit facility or debt security issued by or for the benefit of the Debtors pursuant to an indenture where the identities of the

lenders or other parties in interest are not known with certainty are scheduled listing the administrative agent under the applicable credit facility or the indenture trustee on behalf of the lenders or other parties in interest.

25. Unliquidated Claim Amounts. Claim amounts that could not be readily quantified by the Debtors are scheduled as “unliquidated.” To the extent the Debtors are able to ascertain or estimate all or a portion of the claim amounts, they may have listed the known or estimated claim amount and marked the claims as unliquidated, pending final resolution of outstanding issues necessary to determine the total claim amount with certainty.

26. Liabilities. The Debtors have sought to allocate liabilities between prepetition and postpetition periods based on the information and research that was conducted in connection with the preparation of the Schedules and Statements. As additional information becomes available and further research is conducted, the allocation of liabilities between prepetition and postpetition periods may change. The Debtors reserve their right to, but are not required to, amend the Schedules and Statements as they deem appropriate to reflect this.

27. Guarantees and Other Second Liability Claims. The Debtors have used commercially reasonable efforts to locate and identify guarantees and other secondary liability claims (collectively, the “Guarantees”) in their executory contracts, unexpired leases, secured financings, debt instruments, and other such agreements. Where Guarantees have been identified, they have been included in the relevant Schedules F and H for the affected Debtor or Debtors. Guarantees have generally been included in Schedules of the guarantor Debtor as “contingent” unless otherwise specified. Certain Guarantees embedded in the Debtors’ executory contracts, unexpired leases, secured financings, debt instruments, and other such agreements may have been inadvertently omitted. Thus, the Debtors reserve all of their rights to, but are not required to, amend the Schedules if additional Guarantees are identified.

28. Self Insured. The Debtors are self-insured for medical, dental, and vision plans. To the extent such plans are administered, the administrators of the plans have been listed on Schedule G.

29. Intellectual Property Rights. Exclusion of certain intellectual property shall not be construed to be an admission that those intellectual property rights have been sold, abandoned, or terminated, or otherwise have expired by their terms, or have been assigned or otherwise transferred pursuant to a sale, acquisition, or other transaction. Conversely, inclusion of certain intellectual property shall not be construed to be an admission that those intellectual property rights have not been abandoned, have not been terminated, or otherwise have not expired by their terms, or have not been assigned or otherwise transferred pursuant to a sale, acquisition, or other transaction. Accordingly, the Debtors reserve all of their rights as to the legal status of all intellectual property rights.

30. Totals. All totals that are included in the Schedules and Statements represent totals of all the known amounts included in the Schedules and Statements and exclude items identified as “undetermined” or “unliquidated.” To the extent that there are undetermined or unliquidated amounts, the actual totals may be materially different from the listed totals.

31. Schedule D: Creditors Holding Secured Claims. Except as otherwise agreed pursuant to a stipulation or agreed order or general order entered by the Bankruptcy Court, the Debtors reserve their rights to dispute or challenge the validity, perfection or immunity from avoidance of any lien purported to be granted or perfected in any specific asset to a secured creditor listed on Schedule D of any Debtor. Certain claims are listed on Schedule D as “unliquidated” because the value of the collateral securing such claims is unknown. Moreover, although the Debtors may have scheduled claims of various creditors as secured claims, the Debtors reserve all rights to dispute or challenge the secured nature of any such creditor’s claim or the characterization of the structure of any such transaction or any document or instrument (including without limitation, any intercompany agreement) related to such creditor’s claim. In certain instances, a Debtor may be a co-obligor, co-mortgagor or guarantor with respect to scheduled claims of other Debtors, and no claim set forth on Schedule D of any Debtor is intended to acknowledge claims of creditors that are otherwise satisfied or discharged by other entities. The descriptions provided in Schedule D are intended only to be a summary. Reference to the applicable loan agreements and related documents is necessary for a complete description of the collateral and the nature, extent and priority of any liens. Nothing in the Global Notes or the Schedules and Statements shall be deemed a modification or interpretation of the terms of such agreements.

The amounts listed in Schedule D for loans related to aircraft purchases are principal amounts due as of the Commencement Date. In certain instances, both prepetition and postpetition interest, as well as scheduled principal payments, has been paid to creditors since the Commencement Date. Further payments of interest and principal are expected to be made pursuant to elections made by the Debtors, or stipulations entered into by the Debtors and certain aircraft financiers or related parties, pursuant to section 1110 of the Bankruptcy Code.

32. Schedule E: Creditors Holding Priority Claims. Listing a claim on Schedule E as priority does not constitute an admission by the Debtors of the claimant’s legal rights or a waiver of the Debtors’ right to recharacterize or reclassify the claim or contract. The Bankruptcy Court entered a number of first day orders granting authority to pay certain prepetition priority claims. Accordingly, only claims against Debtors for prepetition amounts that have not been paid as of the Commencement Date have been included in Schedule E. The Debtors reserve their rights to object to any listed claims on the ground that, among other things, they have already been satisfied.

33. Schedule F: Creditors Holding Unsecured Non-Priority Claims. Schedule F does not include certain deferred charges, deferred liabilities or general reserves. Such amounts are general estimates of liabilities and do not represent specific claims as of the Commencement Date; however, they are reflected on the Debtors’ books and records as required in accordance with GAAP.

The claims listed in Schedule F arose or were incurred on various dates. In certain instances, the date on which a claim arose is an open issue of fact. While commercially reasonable efforts have been made, determining the date upon which each claim in Schedule F was incurred or arose would be, in certain cases, unduly burdensome and cost prohibitive and, therefore, the Debtors have not listed a date for each claim listed on Schedule F. Schedule F may contain information regarding potential, pending and closed litigation involving the Debtors. In certain instances, the Debtor that is the subject of the litigation is unclear or undetermined. However, to the extent that

litigation involving a particular Debtor has been identified, such information is contained in the Schedule for that Debtor. The inclusion of any litigation in these Schedules and Statements does not constitute an admission by any Debtor of liability, the validity of any action, the availability of insurance coverage, or the amount or treatment of any claims, defenses, counterclaims, or cross-claims or the amount or treatment of any potential claim resulting from any current or future litigation. The Debtors have generally excluded internal grievance claims to protect the privacy interests of the grieving party and because the majority of such claims generally will not result in actual litigation. In addition, certain litigation or claims covered by insurance policies maintained by the Debtors may be excluded from Schedule F.

The claims of individual creditors are generally listed at the amounts recorded on the Debtors' books and records and may not reflect credits or allowances due from the creditor. The Debtors reserve all of their rights concerning credits or allowances.

The Bankruptcy Court entered first day orders granting authority to the Debtors to pay certain prepetition obligations in the ordinary course of business. Accordingly, only claims against the Debtors for prepetition amounts that have not been paid as of the Commencement Date have been included in Schedule F. The Debtors reserve their rights to object to any listed claims on the ground that, among other things, they have already been satisfied.

34. Schedule G: Executory Contracts and Annexed Leases. The businesses of the Debtors are complex. While commercially reasonable efforts have been made to ensure the accuracy of Schedule G, inadvertent errors, omissions or over-inclusions may have occurred. The Debtors hereby reserve all of their rights to dispute the validity, status, or enforceability of any contracts, agreements or leases set forth in Schedule G and to amend or supplement such Schedule as necessary. The contracts, agreements and leases listed on Schedule G may not have taken effect or be binding on any party and may have expired or been modified, amended, or supplemented from time to time by various amendments, restatements, waivers, estoppel certificates, letter and other documents, instruments and agreements which may not be listed therein.

Certain of the real property leases and contracts listed on Schedule G may contain renewal options, guarantees of payments, options to purchase, rights of first refusal, rights to lease additional space and other miscellaneous rights. Such rights, powers, duties and obligations are not set forth on Schedule G.

Nothing herein shall be construed as a concession or evidence that any of the contracts, agreements or leases identified on Schedule G: (i) constitute an executory contract within the meaning of section 365 of the Bankruptcy Code or other applicable law; or (ii) have not expired or been terminated or otherwise are not current in full force and effect.

The Debtors reserve all of their rights, claims and causes of action with respect to the contracts and agreements listed on the Schedule, including the right to dispute or challenge the characterization or the structure of any transaction, document, or instrument. Certain of these contracts or leases may have been modified, amended or supplemented by various documents, instruments or agreements that may not be listed, but are nonetheless incorporated by this reference. Certain executory agreements may not have been memorialized in writing and could be subject to dispute. Schedule G generally does not include stand-alone equipment purchase

orders.

Due to the voluminous, and in many instances proprietary, nature of certain executory contracts, they are not listed on Schedule G individually, but as a group. Information regarding these contracts is available upon request from the Debtors subject to entry into appropriate confidentiality agreements.

Certain of the contracts, agreements and leases listed on Schedule G may have been entered into by more than one of the Debtors. Such contracts, agreements and leases are listed on Schedule G of each such Debtor.

To the extent any executory contracts or unexpired leases have been assumed or rejected pursuant to order of the Bankruptcy Court entered on or before the date the Schedules and Statements are filed, such executory contracts and leases have not been included in Schedule G. Claims against the Debtors for prepetition amounts owing under contracts set forth on Schedule G that have not been paid as of the Commencement Date have been included in Schedule F.

35. Schedule H: Co-Debtors. In the ordinary course of their businesses, the Debtors are involved in pending or threatened litigation and claims arising out of the conduct of their businesses. These matters may involve multiple plaintiffs and defendants, some or all of whom may assert cross-claims and counter-claims against other parties. Because such claims are listed elsewhere in the Schedules and Statements, they have not been set forth individually on Schedule H.

Schedule H also reflects guarantees by various Debtors. The Debtors may not have identified certain guarantees that are embedded in the Debtors' executory contracts, unexpired leases, secured financings, debt instruments and other such agreements. Further, the Debtors believe that certain of the guarantees reflected on Schedule H may have expired or are no longer enforceable. Thus, the Debtors reserve their right to amend the Schedules to the extent that additional guarantees are identified or such guarantees are discovered to have expired or are unenforceable.

Schedule H is furnished for informational purposes only to apprise parties in interest of co-debtor relationships of the Debtors as of the Commencement Date and is derived from documents in the possession of the Debtors. It is not an admission or recognition that any co-debtor liability exists or existed.

36. Question 6: Setoffs. The Debtors routinely incur setoffs from third parties during the ordinary course of business. Setoffs in the ordinary course can result from various routine transactions, including intercompany transactions, counterparty settlements (in particular, interline ticketing setoffs with other carriers), pricing discrepancies, and other disputes between the Debtors and third parties. Certain of these constitute normal setoffs consistent with the ordinary course of business in the Debtors' industry. In such instances, such ordinary course setoffs are excluded from the Debtors' responses to Question 6 of the Statements. The Debtors reserve all rights to enforce or challenge, as the case may be, any setoffs that have been or may be asserted.

37. Question 21: Property Held for Another. The response to Question 21 of the Statements for applicable Debtors discloses aircraft parts owned by a supplier and held on consignment by the Debtors. The response excludes property borrowed temporarily from other carriers since, in the ordinary course of business, the Debtors exchange parts with other airlines for brief periods to address urgent operational needs. Aircraft equipment provided under a formal lease is listed in Schedule G.

38. Question 26(d): Financial Statements. Consolidated financial statements have been sent to a variety of financial institutions and insurance companies in the past two years. Consolidated financial statements of Republic were filed with the SEC quarterly and are available to parties in interest for the two years preceding the Commencement Date.

Fill in this information to identify the case:

Debtor name Midwest Airlines, Inc.
 United States Bankruptcy Court for the: SOUTHERN DISTRICT OF NEW YORK
 Case number (if known) 16-10431

Check if this is an amended filing

Official Form 207

Statement of Financial Affairs for Non-Individuals Filing for Bankruptcy

12/15

The debtor must answer every question. If more space is needed, attach a separate sheet to this form. On the top of any additional pages, write the debtor's name and case number (if known).

Part 1: Income

1. Gross revenue from business

None.

Identify the beginning and ending dates of the debtor's fiscal year, which may be a calendar year

Sources of revenue
Check all that apply

Gross revenue
(before deductions and exclusions)

From the beginning of the fiscal year to filing date:
From 1/01/2016 to Filing Date

Operating a business

\$3,000.00

Other _____

For prior year:
From 1/01/2015 to 12/31/2015

Operating a business

\$141,826.00

Other _____

For year before that:
From 1/01/2014 to 12/31/2014

Operating a business

\$379,641.00

Other _____

2. Non-business revenue

Include revenue regardless of whether that revenue is taxable. *Non-business income* may include interest, dividends, money collected from lawsuits, and royalties. List each source and the gross revenue for each separately. Do not include revenue listed in line 1.

None.

Description of sources of revenue

Gross revenue from each source
(before deductions and exclusions)

For prior year:
From 1/01/2015 to 12/31/2015

Gain on sale of assets (net)

\$3,131.00

For year before that:
From 1/01/2014 to 12/31/2014

Gain on sale of assets (net)

\$31,107.00

Part 2: List Certain Transfers Made Before Filing for Bankruptcy

Debtor **Midwest Airlines, Inc.**

Case number (if known) **16-10431**

3. Certain payments or transfers to creditors within 90 days before filing this case

List payments or transfers—including expense reimbursements—to any creditor, other than regular employee compensation, within 90 days before filing this case unless the aggregate value of all property transferred to that creditor is less than \$6,225. (This amount may be adjusted on 4/01/16 and every 3 years after that with respect to cases filed on or after the date of adjustment.)

None.

Creditor's Name and Address	Dates	Total amount of value	Reasons for payment or transfer <i>Check all that apply</i>
3.1. See Attached SOFA Part 2, Question 3		\$338,322.48	<input type="checkbox"/> Secured debt <input type="checkbox"/> Unsecured loan repayments <input type="checkbox"/> Suppliers or vendors <input type="checkbox"/> Services <input type="checkbox"/> Other ___

4. Payments or other transfers of property made within 1 year before filing this case that benefited any insider

List payments or transfers, including expense reimbursements, made within 1 year before filing this case on debts owed to an insider or guaranteed or cosigned by an insider unless the aggregate value of all property transferred to or for the benefit of the insider is less than \$6,225. (This amount may be adjusted on 4/01/16 and every 3 years after that with respect to cases filed on or after the date of adjustment.) Do not include any payments listed in line 3. *Insiders* include officers, directors, and anyone in control of a corporate debtor and their relatives; general partners of a partnership debtor and their relatives; affiliates of the debtor and insiders of such affiliates; and any managing agent of the debtor. 11 U.S.C. § 101(31).

None.

Insider's name and address Relationship to debtor	Dates	Total amount of value	Reasons for payment or transfer
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5. Repossessions, foreclosures, and returns

List all property of the debtor that was obtained by a creditor within 1 year before filing this case, including property repossessed by a creditor, sold at a foreclosure sale, transferred by a deed in lieu of foreclosure, or returned to the seller. Do not include property listed in line 6.

None

Creditor's name and address	Describe of the Property	Date	Value of property
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6. Setoffs

List any creditor, including a bank or financial institution, that within 90 days before filing this case set off or otherwise took anything from an account of the debtor without permission or refused to make a payment at the debtor's direction from an account of the debtor because the debtor owed a debt.

None

Creditor's name and address	Description of the action creditor took	Date action was taken	Amount
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Part 3: Legal Actions or Assignments

7. Legal actions, administrative proceedings, court actions, executions, attachments, or governmental audits

List the legal actions, proceedings, investigations, arbitrations, mediations, and audits by federal or state agencies in which the debtor was involved in any capacity—within 1 year before filing this case.

None.

Case title Case number	Nature of case	Court or agency's name and address	Status of case
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8. Assignments and receivership

List any property in the hands of an assignee for the benefit of creditors during the 120 days before filing this case and any property in the hands of a receiver, custodian, or other court-appointed officer within 1 year before filing this case.

None

Debtor **Midwest Airlines, Inc.**

Case number (if known) **16-10431**

Part 4: Certain Gifts and Charitable Contributions

9. List all gifts or charitable contributions the debtor gave to a recipient within 2 years before filing this case unless the aggregate value of the gifts to that recipient is less than \$1,000

None

Recipient's name and address	Description of the gifts or contributions	Dates given	Value
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Part 5: Certain Losses

10. All losses from fire, theft, or other casualty within 1 year before filing this case.

None.

Description of the property lost and how the loss occurred	Amount of payments received for the loss	Dates of loss	Value of property lost
	If you have received payments to cover the loss, for example, from insurance, government compensation, or tort liability, list the total received. List unpaid claims on Official Form 106A/B (Schedule A/B: Assets – Real and Personal Property).		

Part 6: Certain Payments or Transfers

11. Payments related to bankruptcy

List any payments of money or other transfers of property made by the debtor or person acting on behalf of the debtor within 1 year before the filing of this case to another person or entity, including attorneys, that the debtor consulted about debt consolidation or restructuring, seeking bankruptcy relief, or filing a bankruptcy case.

None.

Who was paid or who received the transfer? Address	If not money, describe any property transferred	Dates	Total amount or value
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12. Self-settled trusts of which the debtor is a beneficiary

List any payments or transfers of property made by the debtor or a person acting on behalf of the debtor within 10 years before the filing of this case to a self-settled trust or similar device. Do not include transfers already listed on this statement.

None.

Name of trust or device	Describe any property transferred	Dates transfers were made	Total amount or value
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13. Transfers not already listed on this statement

List any transfers of money or other property by sale, trade, or any other means made by the debtor or a person acting on behalf of the debtor within 2 years before the filing of this case to another person, other than property transferred in the ordinary course of business or financial affairs. Include both outright transfers and transfers made as security. Do not include gifts or transfers previously listed on this statement.

None.

Who received transfer? Address	Description of property transferred or payments received or debts paid in exchange	Date transfer was made	Total amount or value
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Part 7: Previous Locations

14. Previous addresses

List all previous addresses used by the debtor within 3 years before filing this case and the dates the addresses were used.

Does not apply

Address	Dates of occupancy From-To
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Debtor **Midwest Airlines, Inc.**

Case number (if known) **16-10431**

Part 8: Health Care Bankruptcies

15. Health Care bankruptcies

Is the debtor primarily engaged in offering services and facilities for:
- diagnosing or treating injury, deformity, or disease, or
- providing any surgical, psychiatric, drug treatment, or obstetric care?

- No. Go to Part 9.
- Yes. Fill in the information below.

Facility name and address

Nature of the business operation, including type of services the debtor provides

If debtor provides meals and housing, number of patients in debtor's care

Part 9: Personally Identifiable Information

16. Does the debtor collect and retain personally identifiable information of customers?

- No.
- Yes. State the nature of the information collected and retained.

17. Within 6 years before filing this case, have any employees of the debtor been participants in any ERISA, 401(k), 403(b), or other pension or profit-sharing plan made available by the debtor as an employee benefit?

- No. Go to Part 10.
- Yes. Does the debtor serve as plan administrator?

No Go to Part 10.

Yes. Fill in below:

Name of plan

Midwest Airlines, Inc. Pilots' Supplemental Pension Plan (Plan frozen since prior to acquisition in 2009)

Employer identification number of the plan

EIN: **39-1440079**

Has the plan been terminated?

- No
- Yes

Part 10: Certain Financial Accounts, Safe Deposit Boxes, and Storage Units

18. Closed financial accounts

Within 1 year before filing this case, were any financial accounts or instruments held in the debtor's name, or for the debtor's benefit, closed, sold, moved, or transferred?

Include checking, savings, money market, or other financial accounts; certificates of deposit; and shares in banks, credit unions, brokerage houses, cooperatives, associations, and other financial institutions.

- None

Financial Institution name and Address

Last 4 digits of account number

Type of account or instrument

Date account was closed, sold, moved, or transferred

Last balance before closing or transfer

19. Safe deposit boxes

List any safe deposit box or other depository for securities, cash, or other valuables the debtor now has or did have within 1 year before filing this case.

- None

Depository institution name and address

Names of anyone with access to it Address

Description of the contents

Do you still have it?

Debtor **Midwest Airlines, Inc.**

Case number (if known) **16-10431**

20. Off-premises storage

List any property kept in storage units or warehouses within 1 year before filing this case. Do not include facilities that are in a part of a building in which the debtor does business.

None

Facility name and address	Names of anyone with access to it	Description of the contents	Do you still have it?
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Part 11: Property the Debtor Holds or Controls That the Debtor Does Not Own

21. Property held for another

List any property that the debtor holds or controls that another entity owns. Include any property borrowed from, being stored for, or held in trust. Do not list leased or rented property.

None

Part 12: Details About Environment Information

For the purpose of Part 12, the following definitions apply:

Environmental law means any statute or governmental regulation that concerns pollution, contamination, or hazardous material, regardless of the medium affected (air, land, water, or any other medium).

Site means any location, facility, or property, including disposal sites, that the debtor now owns, operates, or utilizes or that the debtor formerly owned, operated, or utilized.

Hazardous material means anything that an environmental law defines as hazardous or toxic, or describes as a pollutant, contaminant, or a similarly harmful substance.

Report all notices, releases, and proceedings known, regardless of when they occurred.

22. Has the debtor been a party in any judicial or administrative proceeding under any environmental law? Include settlements and orders.

- No.
 Yes. Provide details below.

Case title Case number	Court or agency name and address	Nature of the case	Status of case
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23. Has any governmental unit otherwise notified the debtor that the debtor may be liable or potentially liable under or in violation of an environmental law?

- No.
 Yes. Provide details below.

Site name and address	Governmental unit name and address	Environmental law, if known	Date of notice
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24. Has the debtor notified any governmental unit of any release of hazardous material?

- No.
 Yes. Provide details below.

Site name and address	Governmental unit name and address	Environmental law, if known	Date of notice
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Part 13: Details About the Debtor's Business or Connections to Any Business

25. Other businesses in which the debtor has or has had an interest

List any business for which the debtor was an owner, partner, member, or otherwise a person in control within 6 years before filing this case. Include this information even if already listed in the Schedules.

None

Debtor **Midwest Airlines, Inc.**

Case number (if known) **16-10431**

Business name address	Describe the nature of the business	Employer Identification number Do not include Social Security number or ITIN.
25.1. See Attached SOFA Part 13, Question 25		Dates business existed EIN: From-To

26. Books, records, and financial statements

26a. List all accountants and bookkeepers who maintained the debtor's books and records within 2 years before filing this case.

None

Name and address	Date of service From-To
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26b. List all firms or individuals who have audited, compiled, or reviewed debtor's books of account and records or prepared a financial statement within 2 years before filing this case.

None

Name and address	Date of service From-To
26b.1. Deloitte & Touche, LLP 111 Monument Circle #4200 Indianapolis, IN 46204	Audited 12/31/2013 - 12/31/2015

Name and address	Date of service From-To
26b.2. Joseph P. Allman c/o Republic Airways Holdings Inc. 8909 Purdue Road, Suite 300 Indianapolis, IN 46268	Chief Financial Officer 8/5/2015 - current

26c. List all firms or individuals who were in possession of the debtor's books of account and records when this case is filed.

None

Name and address	If any books of account and records are unavailable, explain why
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26d. List all financial institutions, creditors, and other parties, including mercantile and trade agencies, to whom the debtor issued a financial statement within 2 years before filing this case.

None

Name and address

27. Inventories

Have any inventories of the debtor's property been taken within 2 years before filing this case?

No

Yes. Give the details about the two most recent inventories.

Name of the person who supervised the taking of the inventory	Date of inventory	The dollar amount and basis (cost, market, or other basis) of each inventory
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28. List the debtor's officers, directors, managing members, general partners, members in control, controlling shareholders, or other people in control of the debtor at the time of the filing of this case.

Name	Address	Position and nature of any interest	% of interest, if any
See Attached SOFA Part 13, Question 28			

Debtor **Midwest Airlines, Inc.**

Case number (if known) **16-10431**

29. Within 1 year before the filing of this case, did the debtor have officers, directors, managing members, general partners, members in control of the debtor, or shareholders in control of the debtor who no longer hold these positions?

- No
 Yes. Identify below.

Name	Address	Position and nature of any interest	Period during which position or interest was held
Wayne C. Heller	Confidential	Previous Chief Operating Officer	February 2002 - March 2015
Timothy P. Dooley	Confidential	Previous Chief Financial Officer	April 2011 - September 2015

30. Payments, distributions, or withdrawals credited or given to insiders

Within 1 year before filing this case, did the debtor provide an insider with value in any form, including salary, other compensation, draws, bonuses, loans, credits on loans, stock redemptions, and options exercised?

- No
 Yes. Identify below.

Name and address of recipient	Amount of money or description and value of property	Dates	Reason for providing the value
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31. Within 6 years before filing this case, has the debtor been a member of any consolidated group for tax purposes?

- No
 Yes. Identify below.

Name of the parent corporation	Employer Identification number of the parent corporation
Republic Airways Holdings Inc.	EIN: 06-1449146

32. Within 6 years before filing this case, has the debtor as an employer been responsible for contributing to a pension fund?

- No
 Yes. Identify below.

Name of the parent corporation	Employer Identification number of the parent corporation
Midwest Airlines, Inc. Pilots' Supplemental Pension Plan	EIN: 39-1440079

Debtor **Midwest Airlines, Inc.**

Case number (if known) **16-10431**

Part 14: Signature and Declaration

WARNING -- Bankruptcy fraud is a serious crime. Making a false statement, concealing property, or obtaining money or property by fraud in connection with a bankruptcy case can result in fines up to \$500,000 or imprisonment for up to 20 years, or both. 18 U.S.C. §§ 152, 1341, 1519, and 3571.

I have examined the information in this *Statement of Financial Affairs* and any attachments and have a reasonable belief that the information is true and correct.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on **May 26, 2016**

/s/ Joseph P. Allman
Signature of individual signing on behalf of the debtor

Joseph P. Allman
Printed name

Position or relationship to debtor **Senior Vice President and Chief Financial Officer**

Are additional pages to *Statement of Financial Affairs for Non-Individuals Filing for Bankruptcy* (Official Form 207) attached?

- No
 Yes

Creditor Name	Address1	Address2	Address3	City	State	Zip	Country	Reasons for payment or transfer	Dates of Payments	Total Amount or value
GENERAL MITCHELL INT'L AIRPORT	PO BOX 78979			MILWAUKEE	WI	532780979		Hangar	2/5/16	\$47,543.10
SCHWAB RETIREMENT PLAN SERVICES	4150 KINROSS LAKES PKWY			RICHFIELD	OH	44286		Employee Benefits	1/14/16	\$109,021.00
US Bank National Association	Corporate Trust, EP-MN-WS3C	60 Livingston Avenue		SAINT PAUL	MN	55107		Hangar	12/1/15	\$1,967.98
US Bank National Association	Corporate Trust, EP-MN-WS3C	60 Livingston Avenue		SAINT PAUL	MN	55107		Hangar	1/4/16	\$30,588.73
US Bank National Association	Corporate Trust, EP-MN-WS3C	60 Livingston Avenue		SAINT PAUL	MN	55107		Hangar	1/5/16	\$2,306.74
US Bank National Association	Corporate Trust, EP-MN-WS3C	60 Livingston Avenue		SAINT PAUL	MN	55107		Hangar	2/2/16	\$146,894.93
Total:										\$338,322.48

Note: Skyway Airlines, Inc. has been a dormant entity since its acquisition. Its payment obligations are paid by and reflected in the schedules for Midwest Airlines Inc.

SOFA Part 13, Question 25

Name	Address1	City	State	Zip	Taxpayer ID No. (EIN)	Nature of Business	Beginning and Ending Dates
Skyway Airlines, Inc.	8909 Purdue Road, Suite 3000	Indianapolis	IN	46268	36-3924344	Dormant Company	8/5/1993 - Current

SOFA Part 13, Question 28

Name	Address1	Address2	City	State	Zip	Position and nature of any interest	Percentage of interest, if any
Midwest Air Group, Inc.	8909 Purdue Road, Suite 300		Indianapolis	IN	46268	Controlling Shareholder	100%
Bryan Bedford	c/o Midwest Airlines, Inc.	8909 Purdue Road, Suite 300	Indianapolis	IN	46268	Director, Chief Executive Officer	
Joseph P. Allman	c/o Midwest Airlines, Inc.	8909 Purdue Road, Suite 300	Indianapolis	IN	46268	SVP, Chief Financial Officer	
Paul K. Kinstedt	c/o Midwest Airlines, Inc.	8909 Purdue Road, Suite 300	Indianapolis	IN	46268	SVP, Chief Operating Officer	
Lars-Erik Arnell	c/o Midwest Airlines, Inc.	8909 Purdue Road, Suite 300	Indianapolis	IN	46268	SVP, Chief Restructuring Officer	
Matthew J. Koscal	c/o Midwest Airlines, Inc.	8909 Purdue Road, Suite 300	Indianapolis	IN	46268	VP, Human Resource (now SVP, Chief Administrative Officer)	
Ethan J. Blank	c/o Midwest Airlines, Inc.	8909 Purdue Road, Suite 300	Indianapolis	IN	46268	VP, General Counsel	