

UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA

In re:

Bky. Case No. 08-45136 (RJK)

Petters Aviation, LLC,

Chapter 11

Debtor.

Elite Landings, LLC,

Bky. Case No. 08-45210 (RJK)

Debtor.

Chapter 11

**MODIFIED JOINT PLAN OF LIQUIDATION
DATED OCTOBER 8, 2010**

This Joint Plan of Liquidation under chapter 11 of the United States Bankruptcy Code proposes to pay the respective creditors of Petters Aviation, LLC and Elite Landings, LLC from the proceeds of liquidation of their respective assets.

ARTICLE I
SUMMARY

The debtors propose this plan jointly. The plan proposes to deal with the assets, liabilities and ownership interests of each debtor separately, except as explicitly set forth in the plan. The assets of each debtor to be liquidated are primarily claims against MN Airlines, LLC, dba Sun Country Airlines, which is also a debtor-in-possession under Chapter 11 of the United States Bankruptcy Code, its parent, MN Airline Holdings, Inc., which is similarly a debtor-in-possession under Chapter 11 of the Bankruptcy Code, and claims against various other entities, which are either in bankruptcy or in receivership that were at one time within the business ambit of Thomas Petters. On the effective date of the plan, the assets of each debtor will be transferred to a single creditors' trust, which will be managed by three (3) Creditors' Trustees (as defined and discussed in Article VII below).

It is expected that many of these claims will be contested. The plan provides for interim distributions where appropriate. Unsecured creditors holding allowed claims will receive pro rata distributions from the Creditors' Trust based on the resolution and the liquidation of the assets of each debtor. This plan also provides for the payment of administrative and priority claims in accordance with the Bankruptcy Code.

All creditors and equity security holders should refer to Articles III through VI of this plan for information regarding the precise treatment of their claim. A disclosure

statement that provides more detailed information regarding this plan and the rights of creditors and equity security holders has been circulated with this plan. **Your rights may be affected. You should read these papers carefully and discuss them with your attorney, if you have one. (If you do not have an attorney, you may wish to consult one.)**

ARTICLE II

CLASSIFICATION OF CLAIMS AND INTERESTS

- 2.01 Class 1 - All allowed claims against either debtor entitled to priority under § 507 of the Bankruptcy Code (except administrative expense claims under § 507(a)(2), and priority tax claims under § 507(a)(8)).
- 2.02 Class 2 - The secured claim, to the extent allowed, of Chase Equipment Leasing, Inc. against Petters Aviation. The collateral for this claim was a Canadair Limited Seal-600-2A12 Aircraft, Serial No. 3002, U.S. I.D. No. N227PE. Chase, after obtaining relief from the automatic stay, sold the collateral at a private foreclosure sale for \$3,863,294.50. Accordingly, this claim has been satisfied in full by return of and liquidation of the collateral.
- 2.03 Class 3 - The secured claim, to the extent allowed, of MinnWest Bank Metro Champlin against Petters Aviation filed in the amount of \$1,003,972.22. This claim and the secured nature of this claim are disputed. The alleged collateral consists of a used Boeing Model 727-35 Airframe bearing Manufacturer's Serial No. 19835 and United States Registration No. EN706JP and other avionics and engines associated with it, together with all personal property, including all charter business accounts, contract rights and general intangibles, leases, rents, issues and profits, judgments and awards and after-acquired property. Petters Aviation disputes this claim.
- 2.04 Class 4 - The secured claim, to the extent allowed, of Priester Aviation, LLC against Petters Aviation. The alleged collateral for this claim is the same Boeing 727JP in which MinnWest Bank Metro Champlin claims a security interest. Petters Aviation disputes the validity of the claimed security interest and the amount of the claim. According to the proof of claim filed by this creditor, the amount due is \$296,437.99 for services allegedly rendered.
- 2.05 Class 5 - The secured claims, to the extent allowed, of Sun Minnesota Foreign Holdings, LLC and Sun Minnesota Domestic Holdings, LLC against Petters Aviation. The alleged collateral consists of 1,851.19 shares of Voting Common Stock, 2,648.82 shares of Non-Voting Common Stock and 1,871.54 shares of Series A Preferred Stock of MN Airline Holdings, Inc., the parent of MN Airlines, LLC, d/b/a Sun Country Airlines, together with two Amended and Restated Secured Convertible Notes in the original principal amounts of \$1,867,390.00 and \$3,041,701.00, respectively, of MN Airline Holdings, Inc. Petters Aviation disputes this claim.

- 2.06 Class 6 - The secured claim, to the extent allowed, of U.S. Bancor Business Equipment Finance Group (Toshiba) against Petters Aviation. The collateral for this claim consists of a copier that has been returned to the holder of this claim. As a result, Petters Aviation disputes this claim.
- 2.07 Class 7 - The secured claim, to the extent allowed, of Richard Hettler filed against both debtors, whose collateral is unspecified by Mr. Hettler in his proof of claim and whose alleged claim is filed at \$41,807,965.00. Debtors dispute this claim.
- 2.08 Class 8 - Other secured claims, to the extent allowed, against Petters Aviation. Debtors are not aware of any such claims at this time.
- 2.09 Class 9 - Other secured claims, to the extent allowed, against Elite Landings. Debtors are not aware of any such claims at this time.
- 2.10 Class 10 - All unsecured claims allowed against Petters Aviation under Section 502 of the Bankruptcy Code not in the convenience claim class.
- 2.11 Class 11 – All unsecured claims that are filed or scheduled in the amount of \$150,000.00 or less, or reduced by the holder of such unsecured claim to that amount by election following confirmation of the plan.
- 2.12 Class 12 - All unsecured claims allowed against Elite Landings under Section 502 of the Bankruptcy Code.
- 2.13 Class 13 - All equity interests in Petters Aviation. These interests were held by Thomas Petters, Inc., and are now held in the name of receiver Douglas A. Kelley.
- 2.14 Class 14 - The interests of Petters Aviation as 100% owner of the equity interests in Elite Landings.

ARTICLE III
TREATMENT OF ADMINISTRATIVE EXPENSE CLAIMS,
U.S. TRUSTEES FEES, AND PRIORITY TAX CLAIMS

- 3.01 Unclassified Claims. Under section § 1123(a)(1) of the Bankruptcy Code, administrative expense claims and priority tax claims are not organized in classes.
- 3.02 Administrative Expense Claims. Each holder of an administrative expense claim against either debtor allowed under § 503 of the Code will be paid in full on the effective date of this plan (as defined in Section 8.02) in cash, or upon such other terms as may be agreed upon by the holders of the claims and the debtors.

- 3.03 Priority Tax Claims. Each holder of a priority tax claim against either debtor will be paid on terms consistent with § 1129(a)(9)(C) of the Bankruptcy Code. The debtors believe there are no such claims against them.
- 3.04 United States Trustee Fees. All fees either debtor is required to pay by 28 U.S.C. § 1930(a)(6). U.S. Trustee Fees will accrue and be paid when due as required by law. Any U.S. Trustee Fees owed on or before the effective date of this plan will be paid on the effective date.

ARTICLE IV
TREATMENT OF CLAIMS AND INTERESTS UNDER THE PLAN

- 4.01 In full satisfaction of the claims described herein, the claims shall be treated as follows under this plan:

Class	Impairment	Treatment
Class 1 - Priority claims other than administrative expense claims and priority tax claims	Unimpaired	Each holder of a Class 1 priority claim will be paid in full, in cash, upon the later of the effective date of this plan, or on the date on which such claim is allowed by a final non-appealable order, or pursuant to an agreement with the holder of a priority claim and the debtors.
Class 2 - Allowed secured claim of Chase Equipment Leasing, Inc.	Unimpaired	The legally equitable and contractual rights arising from the secured claim of Chase Equipment Leasing, Inc. are unimpaired. This claim was satisfied by sale by Chase Equipment Leasing, Inc. of the aircraft and receipt of the proceeds. Any allowed amount of any deficiency will be treated as a general unsecured claim in Class 8.
Class 3 - Allowed secured claim of MinnWest Bank Metro Champlin	Unimpaired	The holder of this secured claim, to the extent allowed shall be unimpaired within the meaning of Section 1124 of the Bankruptcy Code on the effective date. The failure to object to any other unsecured claim in the case shall be without prejudice to the debtors' or the reorganized debtors' right to contest or otherwise defend against such claim in an appropriate forum when and if such claim is sought to be enforced by the holder of the other unsecured claim.

Class	Impairment	Treatment
Class 4 - Allowed secured claim of Priester Aviation, LLC	Unimpaired	The holder of this secured claim, to the extent allowed shall be unimpaired within the meaning of Section 1124 of the Bankruptcy Code on the effective date. The failure to object to any other unsecured claim in the case shall be without prejudice to the debtors' or the reorganized debtors' right to contest or otherwise defend against such claim in an appropriate forum when and if such claim is sought to be enforced by the holder of the other unsecured claim.
Class 5 - Allowed secured claim of Sun Minnesota Foreign Holdings, LLC and Sun Minnesota Domestic Holdings, LLC	Unimpaired	If and to the extent this claim is allowed, the debtor will attempt to sell the collateral that secures this claim and distribute the net proceeds of the collateral to the holders of this claim after deductions of the costs of the liquidation. These costs include the defense of claim objections and adversary proceedings by MN Airline Holdings Inc. and MN Airlines, LLC. If the debtor will sell the collateral or abandon it within 120 days of the later of the effective date or the date the claim is allowed. Should the net proceeds of its collateral be insufficient to satisfy its Class 5 claim in full or should the collateral be abandoned to the holder, the holder of any claim in Class 5 shall not be entitled to an unsecured deficiency claim against the debtors by operation of Sections 1111(b) and 510(b) of the Bankruptcy Code.
Class 6 - Allowed secured claim of U.S. Bancor Business Equipment Finance Group (Toshiba)	Unimpaired	This claim has been satisfied by the holder's repossession of its collateral.
Class 7 - Allowed secured claim of Richard Hettler	Impaired	This claim has been disallowed. No property of any kind will be distributed on account of this claim.
Class 8 - Other secured claims against Petters Aviation	Unimpaired	Each holder of another unsecured claim against Petters Aviation shall be unimpaired within the meaning of Section 1124 of the Bankruptcy Code on the effective date. The failure to object to any other unsecured claim in the case shall be without prejudice to the debtors' or the reorganized debtors' right to contest or otherwise defend against such claim in an appropriate forum when and if such claim is sought to be enforced by the holder of the other unsecured claim.

Class	Impairment	Treatment
Class 9 - Other secured claims against Elite Landings	Unimpaired	Each holder of another unsecured claim against Elite Landings shall be unimpaired within the meaning of Section 1124 of the Bankruptcy Code on the effective date. The failure to object to any other unsecured claim in the case shall be without prejudice to the debtors' or the reorganized debtors' right to contest or otherwise defend against such claim in an appropriate forum when and if such claim is sought to be enforced by the holder of the other unsecured claim.
Class 10 - Unsecured claims against Petters Aviation	Impaired	Each holder of an allowed claim in Class 10 will receive its pro rata share of any amounts available for distribution from time to time, as described further in Section 7.03 of this plan. Any unsecured deficiency claim allowable on account of a secured claim against Petters Aviation asserted by (i) Chase Equipment Leasing, (ii) Priester Aviation, LLC, (iii) U.S. Bancor Business Equipment Finance Group (Toshiba), or (iv) any other secured party (which such secured claims were previously classified in Classes 2, 4, 6, and 8, respectively, in the original plan filed on April 6, 2010) shall be included within this Class 10.
Class 11 – Convenience class claims	Impaired	Within 30 days of the effective date, the Creditors' Trust will notify each holder of a claim in this class that if its claim is \$150,000.00 or less, or if it elects to reduce its claim to \$150,000.00, it may receive instead of the distribution provided for a cash payment equal to 35% of its allowed claim within 30 days of the later of the date the claim is allowed and the date that the Creditors' Trust has sufficient cash to make the distributions to all holders who elect this treatment.
Class 12 - Unsecured claims against Elite Landings	Impaired	Each holder of an allowed claim in Class 11 will receive its pro rata share from the Creditors' Trust of any amounts available for distribution from time to time, as described further in Section 7.03 of this plan. Any unsecured deficiency claim allowed on account of a class of claim shall be included within this Class 12.

Class	Impairment	Treatment
Class 13 - All equity interests of Petters Aviation	Impaired	The holder of the allowed ownership interest of Petters Aviation, LLC will receive a distribution only if and when the claims of holders in other classes of claims and of unclassified claims against Petters Aviation have been satisfied in full. The debtors do not expect any distribution on account of the ownership interests of Thomas Petters, Inc.
Class 14 - All equity interests of Elite Landings	Impaired	No holder of an equity interest in Elite Landings shall be entitled to, nor shall receive or retain, any property or interest in property on account of such equity interest. On the effective date, all such equity interests shall be cancelled, extinguished, and discharged.

ARTICLE V
ALLOWANCE AND DISALLOWANCE OF CLAIMS

- 5.01 **Disputed Claim.** A disputed claim is a claim that has not been allowed or disallowed by a final non-appealable order, and as to which either (i) a proof of claim has been filed or deemed filed, and the debtors, the Creditors' Trustees or another party in interest have filed an objection; or (ii) no proof of claim has been filed, and the debtors have scheduled such claim as disputed, contingent or unliquidated. Objections to claims shall be brought within the time set by the bankruptcy court. Any claim for which no objection has been filed within the time fixed, including any extension, shall be deemed an allowed claim in the amount as set forth in the proof of claim filed with the bankruptcy court, or, if no proof of claim is filed, as listed in the debtors' schedules and not identified as disputed, contingent or unliquidated as to amount. Any claim that is scheduled as disputed, contingent or unliquidated in amount, and for which a proof of claim has not been filed, shall be deemed expunged, without further act or deed.
- 5.02 **Estimation of Claims.** The Creditors' Trustees may seek estimation of any claims pursuant to the Bankruptcy Code.
- 5.03 **Delay of Distribution on a Disputed Claim.** No distribution will be made on account of a disputed claim unless such claim is allowed by a final non-appealable order.
- 5.04 **Settlement of Disputed Claims.** The Creditors' Trustees will have the power and authority to settle and compromise a disputed claim with court approval and compliance with Rule 9019 of the Federal Rules of Bankruptcy Procedure.

ARTICLE VI
PROVISIONS FOR EXECUTORY CONTRACTS AND UNEXPIRED LEASES

- 6.01 Assumed Executory Contracts and Unexpired Leases. The debtors are unaware of any executory contracts or unexpired leases that they wish to assume. The Debtors reserve the right to seek to assume and assign any executory contracts or unexpired leases under Section 365 of the Bankruptcy Code at any time prior to the effective date of the Plan.
- 6.02 The debtors will be conclusively deemed to have rejected all executory contracts and/or unexpired leases not expressly assumed either under section 6.01(a) above or otherwise before the date of the order confirming this plan, upon the effective date of this plan. A proof of a claim arising from the rejection of an executory contract or unexpired lease under this section must be filed no later than the earlier of the time set in any order entered prior to the effective date of this plan, or thirty (30) days after the date of the order confirming this plan.

ARTICLE VII
MEANS FOR IMPLEMENTATION OF THE PLAN

- 7.01 Administration. The plan will be implemented and administered by the formation of a single creditors' trust for the debtors (the "Creditors' Trust"). On the effective date, all of the assets of the estates shall be transferred to the Creditors' Trust free and clear of all liens, claims, encumbrances and interests.
- 7.02 Appointment of Creditors Trustees. The Creditors Trust shall be managed by three (3) trustees (the Creditors Trustees) who shall initially be (i) Douglas A. Kelley (Kelley); (ii) an individual appointed by Asset Based Resource Group, LLC (the ABRG Nominee); and (iii) an individual jointly appointed by Kelley and the ABRG Nominee. The Creditors Trustees shall have the powers, duties, and obligations set forth in this plan and in the Creditors Trust Agreement. After the effective date, all actions required of the debtors shall be taken by the Creditors Trustees, or their designees, in the name of and on behalf of the debtors and their estates. The Creditors Trustees shall be the official representatives of the debtors estates, and shall be authorized to execute documents on behalf of the debtors and their estates without further action or authority by or from officers, directors, or shareholders of the debtors, as may otherwise have been required under applicable state law, and all third parties may rely upon such signature without further certification. Douglas Kelley and the individual appointed by the ABRG shall serve without compensation from the Creditors' Trust.
- 7.03 Execution of Trust Agreement. On the effective date, the Creditors Trustees and the debtors on behalf of themselves and their respective estates will execute the Creditors Trust Agreement, which shall include such standard and customary terms that are acceptable to the Creditors Trustees and the debtors in consultation with the creditors committee and shall be filed with the court prior to any hearing on confirmation of this plan.

- 7.04 Vesting of Assets of Estates. The Creditors Trustees shall distribute the assets in the Creditors Trust to the holders of allowed claims in accordance with the provisions of the plan and the Creditors Trust Agreement.
- 7.05 Payment of Allowed Administrative Expense and Priority Claims. Consistent with the practice during the administration of these Chapter 11 cases, allowed administrative expense and priority claims will be paid from available funds. If Petters Aviation is not in possession of sufficient unencumbered funds, the Creditors' Trustees will pay the allowed administrative expenses and priority claims from the assets available in the Creditors' Trust.
- 7.06 Proceeds of Liquidation and Distribution. On the effective date, the Creditors' Trustee shall establish at least one Trust Account for the Creditors' Trust. To the extent either estate holds cash proceeds from the sale of property in which a security interest is claimed, the Creditors' Trustee shall establish a separate account for the proceeds pending the resolution of any dispute or objection to any secured claim. The remaining assets of the estates will be sold or otherwise disposed of and the net proceeds thereof will be deposited in the Trust Account for the Creditors' Trust. The Creditors' Trustees shall hold all cash in the Trust Account for distributions in accordance with the plan. Any distributions pursuant to the plan shall be rounded down to the nearest whole dollar and shall be made in cash, including by check or wire transfer. The distributions and other treatment afforded holders of claims and interests under this plan shall be the only payments received by the holders of claims against, or interests in, the debtors.
- 7.07 Claims of the Estate. The Creditors' Trustees shall have all of the rights and benefits of a "trustee" under the Bankruptcy Code and shall be a "representative of the estate" for the purposes of 11 U.S.C. § 1123(b)(3) and shall exclusively retain and enforce, and the debtors expressly reserve and preserve for these purposes, any claim, right or interest belonging to the debtor or the estate of the debtor against any person or entity, which shall vest in the Creditors' Trustees. The Creditors' Trustees shall have the authority to assert, prosecute and settle all claims and causes of action that belong to the debtors or their respective estates, including without limitation, Bankruptcy Causes of Action under 11 U.S.C. § 547 or similar state laws made applicable in bankruptcy pursuant to 11 U.S.C. § 544, through and including the earlier of the date the case is closed or the last date by which claims may be asserted pursuant to the Bankruptcy Code or order of this court. The Creditors' Trustees shall also have the authority to pursue and defend any and all claims against any third parties, including related entities such as Petters Company, Inc., MN Airline Holdings, Inc. and MN Airlines, LLC dba Sun Country Airlines. Accordingly, no preclusion doctrine, including without limitation, the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, estoppel (judicial, equitable, or otherwise) or laches shall apply to such claims and Bankruptcy Causes of Action by virtue of or in connection with the confirmation, consummation of effectiveness of the plan. The Creditors

Trustees or their respective successors or assigns exclusively may pursue such retained claims, rights, interests, or Bankruptcy Causes of Action.

7.08 Creditors' Trustee's Authorization. The Creditors Trustees shall have the power to, among other things:

- a. Open accounts necessary or advisable to maintain and distribute funds of the estate.
- b. Take any action on behalf of the estate necessary to administer the estate, including but not limited to enforcing claims of the estate and collecting amounts due with respect to such claims.
- c. Compromise and settle any claims of the estate as authorized under this plan.
- d. Employ professionals, including professional persons currently retained by the debtors or the Committee of Unsecured Creditors for Petters Aviation, LLC, and former employees of the debtors to assist the administration and sale of the assets and pursue their claims or interests.
- e. Pay any fees, costs and expenses of the estate pending sale.
- f. Make distributions to claimants pursuant to the plan.
- g. Prepare and file tax returns and pay all taxes due in connection therewith.
- h. Prosecute and resolve Bankruptcy Causes of Action.
- i. Approve or disapprove any corporate action, including any action that would otherwise require shareholder action under applicable state law.
- j. Prepare and file a motion requesting entry of a final decree in these chapter 11 cases upon the resolution of and distribution to holders of allowed claims.
- k. Exercise such other powers as are necessary and appropriate in accordance with and consistent with Minnesota law, or other applicable law, to fulfill the duties set forth in this plan from funds of the estates, any former employees of the debtors that are hired by the Creditors' Trustees shall receive reasonable compensation for their services, as well as reimbursement for all out-of-pocket fees, costs and expenses in acting under this plan including, but not limited to, reimbursement of reasonable attorneys fees.

7.09 Retention of Professionals. The Creditors Trustees may retain such attorneys (including special counsel), accountants, advisors, expert witnesses, and other

professionals on behalf of the Creditors Trust as they shall consider advisable without necessity of approval of the Court. Persons who served as professionals to the debtors or the creditors committee prior to the effective date may serve the Creditors Trust. The fees and expenses of the jointly appointed Creditors Trustee and professionals retained on behalf of the Creditors Trust shall be paid in the ordinary course from amounts held in the Creditors Trust.

7.10 Conduct of Creditors' Trustees. The Creditors' Trustees shall exercise the rights and powers vested in them under this plan, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under such circumstances in the administration of such person's own affairs, except that:

- a. the duties and obligations of the Creditors' Trustees shall be determined solely by the express provisions of this plan and Creditors' Trust Agreement and they shall not be liable except for the performance of such duties and obligations as are specifically set forth in this plan and Creditors' Trust Agreement and no implied covenants or obligations shall be read into this plan or the Creditors' Trust Agreement against the Creditors' Trustees; and
- b. the Creditors' Trustees shall not be liable for any error of judgment made in good faith by them or any of their professionals, agents or employees, unless the Creditors' Trustees are grossly negligent in ascertaining the pertinent facts.

7.11 Exculpation and Indemnification. Provided the Creditors' Trustees exercise their rights and duties consistent with the provisions of this Article VII and the Creditors' Trust Agreement, the estate of each debtor shall indemnify and hold harmless the Creditors' Trustees from any claim, liability, expense or damage arising from the discharge of such rights and powers under this plan. Notwithstanding the foregoing, no provision of this plan shall be construed to relieve the Creditors' Trustees from liability for their own gross negligence in acting or failing to act, or their own willful misconduct.

The provisions of this section shall apply to any right, conduct, power, duty or responsibility of the Creditors' Trustees under this plan or the Creditors' Trust Agreement. None of the provisions of this plan or the Creditors' Trust Agreement shall be construed to require the Creditors' Trustees to expend or risk their own funds or otherwise incur personal financial liability in the performance of their duties or in the exercise of their rights and powers.

7.12 Reliance on Documents and Statements. Except as otherwise provided in this plan, the Creditors' Trustees:

- a. may rely upon and shall be protected in acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent,

order, or other document believed by them to be genuine and to have been signed or presented by the proper party or parties;

- b. may consult with their legal counsel, and any written advice or opinion of their legal counsel shall be full and complete authorization and protection in respect of any action taken or not taken by them in good faith and in accordance with such advice or opinion of counsel;
- c. shall not be liable for any action taken or not taken if in good faith and believed by them to be authorized or within their discretion or rights or powers under this plan; and
- d. may exercise any of the rights and powers, or perform any of the duties under this plan whether directly or through agents or attorneys, and they shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care.

7.13 Bond and Insurance Requirements. On the effective date, or immediately thereafter, the Creditors Trustees, from the proceeds of the Creditors Trust, shall procure a Bond of Creditors Trustees of Confirmed Plan in the initial amount equal to the estimated amount to be funded to the Creditors Trustees under the terms of this plan. The bond shall be written by an insurance company authorized to do business in the State of Minnesota and written on a standard and customary bond form. The Creditors Trustees may periodically adjust the amount of the bond to the extent that undistributed cash in the estates is less than the outstanding amount of the bond. In no event shall the amount of the bond be less than the amount of undistributed cash in the estates. The Creditors Trustees shall submit a copy of the original bond to the Office of the United States Trustee.

7.14 Removal of Creditors Trustees. Pursuant to the plan and the Creditors Trust Agreement, the Creditors Trustees may be removed only for cause upon motion to the Court by a party-in-interest. If the Creditors Trustees are removed for cause, such Creditors Trustees shall not be entitled to any accrued but unpaid fees, reimbursements or other compensation under this plan or otherwise. Under this plan and the Creditors Trust Agreement, the term cause shall mean (a) the Creditors Trustees gross negligence or willful failure to perform their duties under the Creditors Trust Agreement or (b) the Creditors Trustees misappropriation or embezzlement of any assets belonging to the Creditors Trust or the proceeds thereof, or (c) the Creditors Trustees continued or repeated negligence or failure to perform their duties under the plan. If a Creditors Trustee is unwilling or unable to serve by virtue of his or her inability to perform his or her duties under the Creditors Trust Agreement due to death, illness, or other physical or mental disability, subject to a final accounting, such Creditors Trustee shall be entitled to all accrued and unpaid fees, reimbursement, and other compensation, to the extent incurred or arising or relating to events occurring before such removal, and to any out-of-pocket expenses reasonably incurred in connection with the

transfer of all powers and duties and all rights to any successor Creditors Trustee.

7.15 Day-to-Day Operations of the Creditors' Trust. The Creditors' Trust shall retain T. Jay Salmen, the President of the debtors, Petters Aviation, LLC and Elite Landings, LLC, in his current capacity to carryout the Creditors' Trust's duties.

7.16 Sources of Payments.

a. Payments and distributions on the allowed claims against and interests in Petters Aviation under the plan will be funded by the following:

- i. Cash on hand from the sale of Southwest Aviation, Inc. and of certain equipment.
- ii. Distributions, if any, from Elite Landings, LLC on account of its claim against and equity interest in Elite.
- iii. Distributions, if any, from its wholly-owned subsidiary, Petters Aircraft Leasing, LLC, on account of its claims against and equity interest in PAL.
- iv. Proceeds, if any, of Petters Aviation claims against Sun Country and MN Airline Holdings, Inc.
- v. Proceeds, if any, from liquidation of any other claims or other assets, of Petters Aviation and the net recoveries on any bankruptcy causes of action brought on behalf of the estate of Petters Aviation.

b. Payments and distributions on allowed claims against Elite Landings under the plan will be funded by the following:

- i. Cash on hand from the return of purchase money deposits on airbus jets.
- ii. The net proceeds of any Elite Landings claims against Sun Country and MN Airline Holdings, Inc.
- iii. Other proceeds from liquidation of any other Petters-related claims.

7.17 Distribution. The debtors will distribute payments required to be made on the effective date on or before the effective date. Any distributions to secured creditors will be made in accordance with the treatment of each secured creditor claim described elsewhere in this plan. Distribution will be made to holders of general unsecured claims in Classes 10 and 11 at the discretion of the Creditors' Trustees, with a goal that an interim distribution will be made as soon as practicable after the effective date. A final distribution will be made by the Creditors' Trustees within sixty days of the resolution of all disputed claims and the liquidation of all assets of the respective debtor.

- 7.18 Distribution Method. The Creditors' Trustees will make distribution on allowed claims by regular first class mail at the address shown on the Proof of Claim, or if no Proof of Claim is filed on the address shown on the debtors' Schedules. The holder of a claim may designate a different address in writing sent to the Creditors' Trustees or their attorneys. If at the time of any Distribution Date there are any disputed claims, the Creditors' Trustees will reserve a pro rata share of the disputed claims before making distributions to allowed claims in accordance with Section 7.18 below. The Creditors' Trustees will take reasonable steps to ascertain the most current address of the holder of any claim whose distribution check was returned as undeliverable. Unclaimed distributions (including distributions made by checks that failed to be negotiated) shall be held by the Creditors' Trustees for 90 days after the Distribution Date. Any distribution remaining unclaimed 90 days after the Distribution Date shall be cancelled, the claims relating to such distribution shall be expunged and forfeited and the holder of such claim shall receive no further distributions.
- 7.19 Release of Distribution Reserve. Upon resolution of a disputed claim by agreement with the Creditors Trustees or by final order of the Court, within 30 days thereafter, the Creditors Trustees shall make a pro rata distribution from the Creditors Trust to such holder in an amount equal to the same amount that would have been distributed had the disputed claim been an allowed claim on the respective distribution date in the amount allowed pursuant to the parties agreement or the Court s final order. Pending completion of the claims review process, any additional payments or other distributions corresponding to claims which have been disallowed shall remain in the possession of the Creditors Trustees pending the final distribution under this plan or shall be paid into the general funds of the estates to be distributed in accordance with the terms of this plan. Any contrary provision of this plan notwithstanding, the Creditors Trustees may, in their sole discretion, make a distribution pursuant to the terms of this plan and the Creditors Trust Agreement to that portion of a disputed claim, if any, that is not disputed.
- 7.20 Dissolution of the Debtors. From and after the effective date, each of the debtors shall be deemed dissolved for all purposes without the necessity for any other or further actions to be taken by or on behalf of the debtors or payments to be made in connection therewith; provided, however, that the Creditors Trustees on behalf of the debtors shall file with the appropriate state authority or authorities a certificate or statement of dissolution referencing this plan. From and after the effective date, the debtors shall not be required to file any document, or take any other action, to withdraw its business operation from any states in which the debtors were previously conducting business operations.
- 7.21 Resignation of Officers and Directors. Upon the effective date, all of the debtors respective officers, directors, managing members, general partners, or other governing authorities shall be deemed to have resigned without the necessity of any further action or writing and they shall be released from any responsibilities, duties, and obligations that arise after the effective date to the debtors or their

creditors under the plan, the Creditors Trust Agreement, or applicable law. Under no circumstances shall such parties be entitled to any compensation from the debtors or the Creditors Trustees for services provided after the effective date, unless such individuals are subsequently employed by the Creditors Trustees to assist them in the consummation of the plan or in the administration of the Creditors Trust. The Creditors Trustees is expressly authorized to retain any such former officers, directors, or employees upon such terms as may be mutually agreed upon with the Creditors Trustees.

- 7.22 Existence of the Creditors Committee. On the effective date, the creditors committee appointed in the Petters Aviation case shall be dissolved and the members thereof shall be released and discharged of and from all further authority, duties, responsibilities and the retention of the creditors committees' professionals shall terminate, except as set forth below.

The creditors committee shall continue in existence on and after the effective date solely for the purpose of reviewing and being heard by the bankruptcy court and on any appeal, with respect to applications for compensation and reimbursement of expenses pursuant to Sections 330, 331 and 503(b) of the Bankruptcy Code and with respect to any objection to claim, bankruptcy adversary proceedings or other cause of action commenced by the committee prior to the effective date that is not pursued by the Creditors' Trustees. With respect to the foregoing, the Creditors' Trustees shall pay the reasonable fees and expenses of the professionals for the creditors committee.

- 7.23 Remaining Funds Following Final Distribution. Following the final distribution, if there are remaining funds in any distribution account either due to unclaimed distributions or unanticipated receipts, and the amount does not exceed \$20,000.00, any proceeds remaining after payment of all expenses of the administration of the plan may be distributed to the Legal Aid Society of Minneapolis, or such other qualified 501(c)(3) charitable organization in the State of Minnesota, as the Creditors' Trustees deem appropriate.

ARTICLE VIII

GENERAL PROVISIONS

- 8.01 Definitions and Rules of Construction. The definitions and rules of construction set forth in §§ 101 and 102 of the Code shall apply when terms defined or construed in the Code are used in this plan.
- 8.02 Effective Date of Plan. The effective date of this plan is the first business day following the latest date on which an appeal from any order confirming the plan may be filed pursuant to Rule 8002 of the Federal Rules of Bankruptcy Procedure. However, if a stay of the confirmation order is in effect on that date, the effective date will be the first business day after that date on which no stay of the confirmation order is in effect, provided that the confirmation order has not been vacated.

- 8.03 Severability. If any provision in this plan is determined to be unenforceable, the determination will in no way limit or affect the enforceability and operative effect of any other provision of this plan.
- 8.04 Binding Effect. The rights and obligations of any entity named or referred to in this plan will be binding upon, and will inure to the benefit of the successors or assigns of such entity.
- 8.05 Captions. The headings contained in this plan are for convenience of reference only and do not affect the meaning or interpretation of this plan.
- 8.06 Controlling Effect. Unless a rule of law or procedure is supplied by federal law (including the Bankruptcy Code or the Federal Rules of Bankruptcy Procedure), the laws of the State of Minnesota govern this plan and any agreements, documents, and instruments executed in connection with this plan, except as otherwise provided in this plan.

ARTICLE IX **DISCHARGE**

- 9.01 Discharge. Pursuant to 11 U.S.C. § 1141, the debtors will not receive a discharge.

ARTICLE X **OTHER PROVISIONS**

- 10.01 Modification of the Plan. Debtors retain the right to seek to modify the plan to the full extent permitted by 11 U.S.C. § 1127 and the Federal Rules of Bankruptcy Procedure.
- 10.02 Retention of Jurisdiction. The bankruptcy court shall retain jurisdiction of this case under the provisions of the Bankruptcy Code including, without limitation, § 1142(b) thereof and of the Federal Rules of Bankruptcy Procedure to ensure that the intent and the purpose of the plan is carried out and given effect. Without limitation by reason of specification, the bankruptcy court shall retain jurisdiction for the following purposes:
- a. to consider any modification of the plan pursuant to § 1127 of the Bankruptcy Code and/or any modification of the plan after substantial consummation thereof, and to cure any default or omission, or reconcile any inconsistency in the plan or in any order of the bankruptcy court,
 - b. to hear and to determine:
 - i. all controversies, suits and disputes, if any, as may arise in connection with the interpretation or enforcement of the plan,

- ii. all controversies, suits and disputes, if any, as may arise between or among the holders of any class of claim and the debtors,
- iii. all causes of action which may exist on behalf of the debtors, including the Bankruptcy Causes of Action,
- iv. applications for allowance of compensation and objections to claims that have been timely asserted in accordance with orders of this bankruptcy court,
- v. any and all pending applications, adversary proceedings and litigated matters,
- vi. any motion to estimate claims,
- vii. any matters or issues arising with respect to any orders entered in these cases or as may arise in connection with the plan, and
- viii. to enter a final decree closing these cases.

Respectfully submitted,

PLAN PROPONENTS

PETERS AVIATION, LLC

Dated: October 8, 2010

By T. Jay Salmen
T. Jay Salmen, Its President

Dated: October 8, 2010

ELITE LANDINGS, LLC

By T. Jay Salmen
T. Jay Salmen, Its President

ATTORNEYS FOR PLAN PROPONENTS

MOSS & BARNETT
A Professional Association

Dated: October 8, 2010

By /e/ James A. Rubenstein
James A. Rubenstein, #94080
Cass S. Weil, #115228
4800 Wells Fargo Center
90 South Seventh Street
Minneapolis, MN 55402-4129
Telephone: (612) 877-5000
E-mail: Rubenstein@moss-barnett.com
weilc@moss-barnett.com