

UNITED STATES BANKRUPTCY COURT  
DISTRICT OF MINNESOTA

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In re: Bky. Case No. 08-45136 (RJK)  
Petters Aviation, LLC, Chapter 11  
Debtor.

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Elite Landings, LLC, Bky. Case No. 08-45210 (RJK)  
Debtor. Chapter 11

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**THIRD MODIFIED JOINT PLAN OF LIQUIDATION  
DATED DECEMBER 31, 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 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 cash, 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 a Creditors' Trustee (as defined and discussed in Article VII below). The initial Creditors' Trustee will be T. Jay Salmen, the current president of the debtors.

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 an earlier version of 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 has been satisfied in full pursuant to a settlement approved by the bankruptcy court.
- 2.04 Class 4 - The secured claim, to the extent allowed, of Priester Aviation, LLC against Petters Aviation. This claim has been satisfied in full pursuant to a settlement approved by the bankruptcy court.
- 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. This claim has been satisfied pursuant to a settlement agreement approved by the bankruptcy court.
- 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. This claim has been disallowed by bankruptcy court order.
- 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 on Exhibit A annexed allowed against Petters Aviation under Section 502 of the Bankruptcy Code that are not in Class 11.
- 2.11 Class 11 – All unsecured claims on Exhibit A allowed in the amount of \$150,000.00 or less, or reduced by the holder of such allowed unsecured claim to that amount by written election made as described in Section 4.01 of this 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 in his capacity as receiver for Thomas Petters, Inc.
- 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. TRUSTEE'S 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 Creditors' Trustee.
- 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:

<b>Class</b>	<b>Impairment</b>	<b>Treatment</b>
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 Creditors' Trustee.
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 10.
Class 3 - Allowed secured claim of MinnWest Bank Metro Champlin	Unimpaired	Based on a prior settlement with the holder of this claim, no distribution will be made under the plan on account of this claim.
Class 4 - Allowed secured claim of Priester Aviation, LLC	Unimpaired	Based on a prior settlement with the holder of this claim, no distribution will be made under the plan on account of this claim.
Class 5 - Allowed secured claim of Sun Minnesota Foreign Holdings, LLC and Sun Minnesota Domestic Holdings, LLC	Unimpaired	Pursuant to the settlement agreement with the holders of this claim approved by the Bankruptcy Court on November 17, 2010, the holders of this class will receive in full satisfaction of their claim two Amended and Restated Secured Convertible Notes in the original principal amounts of \$1,867,390.00 and \$3,041,701.00, respectively, that were a portion of their collateral securing this claim. Holders of this claim will have no unsecured deficiency nor any other claim against the estate of either debtor except as provided in the settlement agreement.
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. To the extent allowed, any deficiency will be treated as a general unsecured claim in Class 11.

Class	Impairment	Treatment
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 any other secured 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 secured claim in the case shall be without prejudice to the debtors' or the Creditors' Trustee's 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 secured claim.
Class 9 - Other secured claims against Elite Landings	Unimpaired	Each holder of any other secured 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 secured claim in the case shall be without prejudice to the debtors' or the Creditors' Trustee's 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 secured claim.
Class 10 - Unsecured claims against Petters Aviation	Impaired	Each holder of an allowed claim in Class 10 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.
Class 11 – Convenience class claims	Impaired	On the later of the 70th day following the effective date of the Plan or the date on which such claim becomes an allowed claim, each holder of a claim in Class 11 shall receive, in full and complete satisfaction of its allowed Class 11 claim, a single cash payment equal to 35% of the allowed amount of such claim. Within 30 days of the effective date, the Creditors' Trustee will notify each holder of a claim in Class 10 that is in excess of \$150,000.00 that if it elects to reduce its claim to \$150,000.00, it may receive treatment as a member of Class 11. If a creditor to whom such notice is sent fails to make an election within 30 days following the date of such notice, said creditor will be deemed to have elected to remain in Class 10.

Class	Impairment	Treatment
Class 12 - Unsecured claims against Elite Landings	Impaired	Any holder of an allowed claim in Class 12 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 against Elite Landings on account of a class of secured claim shall be included within this Class 12.
Class 13 - All equity interests of Petters Aviation	Impaired	No distribution will be made to, nor will any holder of an allowed equity interest in Petters Aviation receive or retain, any interest in the Creditors' Trust on account of such equity interest (nor will such holders have any voting or other rights with respect to such equity interests) unless and until all holders of allowed claims in creditor Classes 1 through 8 and 10 and 11 have been paid in full plus interest at 6.0% per annum (determined from the petition date through the date of payment). Only after all such creditors have been paid in full (with interest), each holder of an allowed class 13 equity interest shall receive one or more pro rata distributions from the Creditors' Trust.
Class 14 - All equity interests of Elite Landings	Impaired	Petters Aviation and its successor, the Creditor Trust, will retain 100% of the equity interest in Elite Landings.

**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' Trustee 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. Following the effective date of the plan, the Creditors' Trustee shall have the exclusive right to object to claims, provided, however, Asset Based Resource Group, LLC shall retain the right to prosecute its objection [Docket No. 300] to the claim of Petters Capital, LLC, and any subsequently amended or asserted claims by such entity. 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 by this Section 5.01, including any extension granted by the Bankruptcy Court, 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. Pursuant to Section 502(d) of the Bankruptcy Code, no claim (except for those claims allowed pursuant to Section 5.05 of this plan) shall be allowed until (i) all avoidable transfers made to or for the benefit of the creditor asserting such claim are repaid to the estate; or (ii) a compromise is reached with the Creditors' Trustee and approved by the Bankruptcy Court under Fed. R. Bankr. P.9019.

- 5.02 Estimation of Claims. The Creditors' Trustee 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' Trustee 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.
- 5.05 Specific Allowance of Certain Claims. The following general, non-priority claims against Petters Aviation are hereby allowed for all purposes:

Claim No.	Claimant	Filed Amount	Allowed Amount
15	Petters Company, Inc.	\$4,214,333.33	\$4,214,333.33
16	Petters Group Worldwide, LLC	\$647,225.62	\$647,225.62
17	Thomas Petters, Inc.	\$21,626,084.55	\$3,050,000.00
20	Asset Based Resource Group LLC	\$10,170,734.42	\$10,170,734.42
21	Asset Based Resource Group LLC	\$20,563,358.22	\$20,563,358.22
22	Priester Aviation, LLC	\$100,000.00	\$100,000.00

In addition, any adversary proceeding pending on the effective date against any of the creditors whose claims are specifically allowed above shall be dismissed with prejudice and on the merits, together with any counterclaims, without an award of costs to any party in any adversary proceeding. As a result, the following adversary proceedings will be subject to this clause of the plan:

- a. *Petters Aviation, LLC v. Douglas A. Kelley, Receiver for Thomas J. Petters, individually, and for Thomas Petters, Inc., Adv. Pro. No. 10-4327.*
- b. *Petters Aviation, LLC v. Douglas A. Kelley, Chapter 11 Trustee for Petters Group Worldwide, LLC, Adv. Pro. No. 10-4349.*
- c. *Petters Aviation, LLC v. Douglas A. Kelley, Chapter 11 Trustee for Petters Company, Inc., Adv. Pro. No. 10-4350.*
- d. *Petters Aviation, LLC v. Acorn Capital Group, LLC, and Asset Based Resource Group, LLC, Adv. Pro. No. 10-4333.*

**ARTICLE VI**  
**PROVISIONS FOR EXECUTORY CONTRACTS AND UNEXPIRED LEASES**

- 6.01 Assumed Executory Contracts and Unexpired Leases. Petters Aviation assumes the settlement agreement dated October 20, 2010 with the holders of the claim in Class 5 that was approved by the Bankruptcy Court on November 17, 2010, to the extent it remains an executory contract as of the effective date. The debtors are unaware of any other 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 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 automatically vest in and become property of the Creditors' Trust free and clear of all liens, claims, encumbrances and interests.
- 7.02 Appointment of Creditors' Trustee.
- a. The Creditors' Trust Agreement will also provide for the appointment of an ancillary creditors' trustee in situations in which the appointed Creditors' Trustee may have a conflict of interest.
  - b. The Creditors' Trust shall be managed by T. Jay Salmen (the "Creditors' Trustee"); provided that as a condition of his appointment as Creditors' Trustee, T. Jay Salmen shall execute a written release and waiver of any and all claims he has or may ever assert against either debtor, except for claims and rights granted to him, in his capacity as Creditors' Trustee hereunder. This release shall state that it also specifically excludes any claim for indemnification T. Jay Salmen has made against XL Specialty Insurance Company, Policy Numbers ELU105056-08, ELU105060-08, ELU 105480-08, and ELU105481-08 issued to Petters Group World Wide, LLC, f/k/a Petters Group, LLC and Douglas A. Kelley as sources of recovery for T. Jay Salmen arising out of the adversary proceeding captioned *Petters Aviation Inc., et al. v. Thomas J. Salmen*, No. 10-4341. As compensation for his services, the Creditors' Trustee shall be paid



\$300.00 per hour and he shall be reimbursed for the reasonable and necessary expenses he incurs in connection with his duties hereunder. The Creditors' Trustee 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 solely by the Creditors' Trustee, or its designees, in the name of and on behalf of the debtors and their estates. The Creditors' Trustee shall be the official and exclusive representative 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 non-bankruptcy law, and all third parties may rely upon such signature without further certification.

- 7.03 Execution of Trust Agreement. On the effective date, the Creditors' Trustee 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' Trustee and the debtors in consultation with the Petters Aviation creditors' committee and shall be filed with the court prior to any hearing on confirmation of this plan.
- 7.04 Execution of Voting Trust Agreement. On the effective date, the Creditors' Trustee and the Receiver will enter into a Voting Trust Agreement providing, in pertinent part, that any voting stock of a reorganized Sun Country Airlines and distributed to either of the debtors shall be placed in the voting trust and voted on all matters regarding the operation and management of the reorganized Sun Country Airlines by the Receiver, for the purpose of compliance with any regulatory requirements applicable to the ownership and management of the reorganized Sun Country Airlines, and such other standard and customary terms that are acceptable to the parties to the voting trust agreement. A copy of the proposed voting trust agreement shall be filed with the court prior to any hearing on confirmation of this plan.
- 7.05 Vesting of Assets of Estates. The Creditors' Trustee shall distribute the assets belonging to the Creditors' Trust to the holders of allowed claims in accordance with the provisions of the plan and the Creditors' Trust Agreement.
- 7.06 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' Trustee will pay the allowed administrative expenses and priority claims from the assets available in the Creditors' Trust.
- 7.07 Proceeds of Liquidation and Distribution. On the effective date, the Creditors' Trustee shall establish at least one deposit and checking 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 into which sale proceeds may be deposited 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 deposit account for the Creditors' Trust. The Creditors' Trustee 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.

7.08 Claims of the Estate. The Creditors' Trustee 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 retain and enforce, and the debtors expressly reserve and preserve for these purposes, any claim, right or interest belonging to the debtors or the estates of the debtor against any person or entity, which shall vest in the Creditors' Trustee. The Creditors' Trustee 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' Trustee shall also have the authority to pursue and defend any and all claims, defenses, counterclaims, and causes of action against any third parties, including related entities such as Petters Capital, LLC, 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, defenses, counterclaims, and causes of action and Bankruptcy Causes of Action by virtue of or in connection with the confirmation, consummation of effectiveness of the plan. The Creditors' Trustee or its respective successor or assigns exclusively may pursue such retained claims, defenses, counterclaims, rights, interests, causes of action, or Bankruptcy Causes of Action, except as otherwise set forth herein.

7.09 Creditors' Trustee's Authorization. The Creditors' Trustee 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 without approval of the bankruptcy court.
- d. Employ professionals and consultants (which may include former employees of the debtors) to assist the trust 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 claims, defenses, counterclaims, causes of action and 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' Trustee shall receive reasonable compensation for his or her 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.

7.10 Retention of Professionals. The Creditors' Trustee 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 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.

7.11 Conduct of Creditors' Trustee. The Creditors' Trustee shall exercise his rights and powers vested in him under this plan, and use the same degree of care and skill in his 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' Trustee shall be determined solely by the express provisions of this plan and Creditors' Trust Agreement and he 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' Trustee; and
- b. The Creditors' Trustee shall not be liable for any action taken or not taken in good faith and in the exercise of reasonable judgment and believed to be within the discretion or power conferred by this Plan or the Creditors' Trust Agreement or be responsible for the consequences of any act or failure to act, except for bad faith, gross negligence or willful misconduct.

7.12 Exculpation and Indemnification. Provided the Creditors' Trustee exercises his 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' Trustee 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' Trustee from liability for his own gross negligence in acting or failing to act, or his own willful misconduct.

The provisions of this section shall apply to any right, conduct, power, duty or responsibility of the Creditors' Trustee 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' Trustee to expend or risk his own funds or otherwise incur personal financial liability in the performance of his duties or in the exercise of his rights and powers.

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

- 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 his legal counsel, and any written advice or opinion of his 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 him to be authorized or within his 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.

7.14 Bond and Insurance Requirements. On the effective date, or immediately thereafter, the Creditors' Trustee, from the proceeds of the Creditors' Trust, shall procure a Bond of Creditors' Trustee of Confirmed Plan in the initial amount equal to the estimated amount to be funded to the Creditors' Trustee 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' Trustee 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' Trustee shall submit a copy of the original bond to the Office of the United States Trustee.

7.15 Removal of Creditors' Trustee. Pursuant to the plan and the Creditors' Trust Agreement, the Creditors' Trustee may be removed only for cause upon motion to the Court by a party-in-interest. If the Creditors' Trustee is removed for cause, such Creditors' Trustee 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' Trustee's gross negligence or willful failure to perform his duties under the Creditors' Trust Agreement or (b) the Creditors' Trustee's misappropriation or embezzlement of any assets belonging to the Creditors' Trust or the proceeds thereof, or (c) the Creditors' Trustee's continued or repeated negligence or failure to perform his duties under the plan. If the 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.

7.16 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's claims against Sun Country and MN Airline Holdings, Inc., provided, however that Petters Aviation shall transfer and assign to the holders of Class 5 claim 50% of any distributions Petters Aviation receives on account of its claim No. 231 in the amount of \$17,202,910.87 against Sun Country pursuant to a settlement agreement previously approved by the Court.
  - 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.
  - 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 claims.

7.17 Distributions. The Creditors' Trustee will distribute payments required to be made hereunder on the effective date or as soon as reasonably practicable thereafter unless otherwise specified herein. Any distributions to secured creditors will be made in accordance with the treatment of each allowed secured creditor claim described elsewhere in this Plan. After payment provided hereunder to allowed claim holders in all senior classes, an initial interim distribution of all of the cash of the Creditors' Trust (less a reserve of \$300,000) shall be made to holders of allowed general unsecured claims in Classes 10 and 11 within seventy (70) days of the effective date. Thereafter, interim distributions may be made in the reasonable discretion of the Creditors' Trustee until the Creditors' Trust is fully administered, provided, however that the Creditors' Trust shall make an interim distribution(s) within forty-five (45) days of receipt of any material cash proceeds from the liquidation of Petters Aviation's claims against Sun Country and MN Airline Holdings, Inc. If there are any disputed claims at the time of any such interim distributions, the Creditors' Trustee shall reserve the entire pro rata share of the proposed distribution which is attributable to the disputed claims before making distributions to the holders of allowed Class 10 or Class 11 claims. A final distribution will be made by the Creditors' Trustee within sixty (60) days of the resolution of all disputed claims and the liquidation of all remaining assets of the respective debtors.

7.18 Distribution Method. The Creditors' Trustee will make distributions to the holders of 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' Trustee or his or her attorneys. If at the time of any Distribution Date there are any disputed claims, the Creditors' Trustee will reserve a pro rata share of the proposed distribution which is attributable to the disputed claims before making distributions to the holders of allowed claims. The Creditors' Trustee 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' Trustee 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. Such unclaimed distributions shall revert to the Creditors' Trust and shall be included in any subsequent distribution made pursuant to this plan.

- 7.19 Release of Distribution Reserve. Upon resolution of a disputed claim by agreement with the Creditors' Trustee or by final order of the Court, within 30 days thereafter, the Creditors' Trustee 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' Trustee 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' Trustee may, in his 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 Monthly Reporting. On or before the 15<sup>th</sup> day of each month following the effective date, the Creditors' Trustee shall submit to the parties identified in the Creditors' Trust Agreement written reports containing (i) detailed listing of all receipts, disbursements and cash on hand during the period ending on the last day of the prior month, and (ii) a narrative summary of all activity pertaining to the Creditors Trust during such period.
- 7.21 Dissolution of the Debtors. From and after the effective date, each of the debtors shall be deemed dissolved for all purposes, except the receipt of any distribution to Class 13, 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' Trustee 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.

- 7.22 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' Trustee for services provided after the effective date, unless such individuals are subsequently employed by the Creditors' Trustee to assist them in the consummation of the plan or in the administration of the Creditors' Trust. The Creditors' Trustee is expressly authorized to retain any such former officers, directors, or employees upon such terms as may be mutually agreed upon with the Creditors' Trustee.
- 7.23 Distribution to Holders of Equity Interests in Petters Aviation. Upon the payment in full of all senior classes (plus interest for claims in Class 10), each holder of an allowed Class 13 equity interest shall receive one or more pro rata distributions from the Creditors' Trust and shall be re-vested with all remaining voting rights associated with such equity interests.
- 7.24 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.
- 7.25 Remaining Funds Following Final Distribution. Following the final distribution and payment of all expenses of administration of the plan, if there are remaining funds in any distribution account either due to unclaimed distributions or unanticipated receipts, and the total amount does not exceed \$5,000.00, then the remaining funds 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' Trustee deems 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. Absent the entry of a stay of the order confirming the Plan, the effective date of this Plan shall be the fifteenth day following entry of the



Bankruptcy Court's order confirming this Plan. 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 and, after the effective date, the Creditors' Trustee 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:

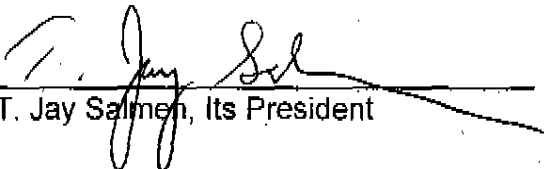
- i. all controversies, suits and disputes, if any, as may arise in connection with the interpretation or enforcement of the plan,
- ii. all controversies, suits and disputes, if any, as may arise between or among the holders of any class of claim and the debtors,
- iii. all causes of action which may 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

PETTERS AVIATION, LLC

Dated: December 31, 2010

By   
 T. Jay Salmen, Its President

Dated: December 31, 2010

ELITE LANDINGS, LLC

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

ATTORNEYS FOR PLAN PROPONENTS

MOSS & BARNETT  
A Professional Association

Dated: December 31, 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

Summary of Claims Against Petters Aviation								
Claim No.	Creditor's Name	Filed Claim Amount	Scheduled Claim Amount	Secured Claim Amount <sup>1</sup>	Unsecured Claim Amount <sup>1</sup>	Priority Claim Amount <sup>1</sup>	Date of Filing Claim	Status/Comments
9	Hetler, Richard	\$41,807,965.00		\$0.00	\$0.00		02/11/09	Disallowed by Court Order dated May 5, 2010.
	Johnson, Peter and Lynne		\$3,191,283.35		\$0.00			Released by sale of Southwest Aviation, Inc. to Johnsons.
5	Minnwest Bank Metro Champlin	\$1,003,972.22	\$1,000,000.00	\$0.00	\$0.00		12/08/08	Withdrawn on June 11, 2010 Docket 245.
18	Petters, Thomas J.	\$0.00	\$21,074.80		\$0.00		03/11/09	Stipulation pending.
	Fafinski Mark & Johnson, P.A.		\$34,480.00		\$0.00			Claim waived by letter from Robert Fafinski, Jr. dated November 16, 2010.
19	Petters Aircraft Leasing, LLC	\$0.00	\$2,000,000.00		\$0.00		03/11/09	Stipulation Pending.
13	Sun Minnesota Foreign Holdings, LLC Sun Minnes John Orenstein Ross & Orenstein	\$13,167,808.22	\$12,500,000.00	\$0.00	\$0.00		03/10/09	Pursuant to approved settlement.
	Daimler Chrysler Fin. Svc. Am.		\$9,533.97		\$0.00			Contingent/unliquidated.
	Metropolitan Airports Comm. Att: Jeff Hamiel		\$0.00		\$0.00			Unknown Amount. Contingent/unliquidated.
11	Verizon Wireless	\$3,008.24			\$0.00		03/02/09	Withdrawn July 21, 2010.
	Federal Express		\$8.44		\$8.44			
4	Stringer Business Systems Inc	\$23.81	\$12.91		\$23.81		12/05/08	
	Ace Ice Co. (Shamrock Group)		\$92.00		\$92.00			
	Lyndale Plant Services		\$112.77		\$112.77			
	Waste Management		\$122.27		\$122.27			
	Cintas Corporation #754		\$131.03		\$131.03			
	OfficeMax Incorporated		\$247.18		\$247.18			
	Toshiba Financial Services		\$303.60		\$303.60			
	Verizon Airfone, Inc.		\$335.72		\$335.72			
	Servisair & Shell Fuel Svcs		\$340.20		\$340.20			
2	Yale Mechanical	\$470.28	\$675.78		\$470.28		11/20/08	
	Minuteman Press		\$476.83		\$476.83			
	Candid Life Photography Attn: Emily Pillsbury		\$600.00		\$600.00			Duplicate of Emily Pillsbury?
	Pillsbury, Emily		\$600.00		\$600.00			Duplicate of Candid Life Photography?
	Brooklyn Printing, Inc.		\$748.30		\$748.30			
	Dan Becker Painting		\$762.00		\$762.00			
	TDS MetroCom- MN		\$1,016.27		\$1,016.27			
	National Corp Research, Ltd.		\$1,200.00		\$1,200.00			Contingent/unliquidated.
24	McAfee & Taft	\$1,215.00			\$1,215.00		11/20/09	
6	Avtech Marketing Inc	\$1,449.93	\$1,449.93		\$1,449.93		12/11/08	
12	Gonsior, Tim	\$1,926.57			\$1,926.57		03/10/09	
	Perfection Plus, Inc. Attn: Susan Casaus		\$1,979.79		\$1,979.79			
	Commerical Furniture Services		\$2,123.10		\$2,123.10			
	Stanton Group		\$2,151.57		\$2,151.57			

Claim No.	Creditor's Name	Filed Claim Amount	Scheduled Claim Amount	Secured Claim Amount <sup>1</sup>	Unsecured Claim Amount <sup>1</sup>	Priority Claim Amount <sup>1</sup>	Date of Filing Claim	Status/Comments
	Metropolitan Airports Comm. Att: Jeff Hamiel		\$2,295.79		\$2,295.79			
3	The Schneider Company Inc.	\$3,565.00	\$3,565.00		\$3,565.00		11/21/08	
	Al's Electric of St. Cloud Inc		\$4,437.42		\$4,437.42			
	Sky Food Catering Attn: Asad Gharwal		\$5,725.18		\$5,725.18			
8	Aware Web Solutions Inc.	\$6,380.00			\$6,380.00		01/30/09	
	M&A Apparel & Promotions		\$6,633.84		\$6,633.84			
	Eastern Aviation Fuels Attn: Robert Stallings		\$30,494.90		\$30,494.90			
	Hartford Fire Insurance Co.		\$32,482.56		\$32,482.56			
	Fredrikson & Byron, P.A.		\$36,436.65		\$36,436.65			
1	AFCO Credit Corp	\$63,238.07	\$6,291.35		\$63,238.07		10/24/08	Subject to possible objection.
25	Hawthorne Corporation Attn: Steve Levesque	\$106,409.34	\$63,403.37		\$63,403.37			Late filed claim on Aug. 16, 2010 after objection filed to its claim in Elite Landings. Subject to further
22	Priester Aviation LLC c/o Richard Peterson CFO	\$100,000.00	\$290,156.85	\$0.00	\$100,000.00		03/12/09	Amended Proof of Claim filed on June 22, 2010 pursuant to agreement.
	Crown Bank		\$125,000.00		\$125,000.00			Contingent.
	SilverStone Group Attn: Shane Osborne		\$149,055.79		\$149,055.79			
26	Thomas Jay Salmen	\$300,000.00			\$300,000.00		11/08/10	Late filed claim, disputed - may be withdrawn.
23	MN Airlines LLC	\$383,669.21	\$385,244.21		\$383,669.21		03/12/09	Amount in proof of claim used as unsecured claim amount.
16	Petters Group Worldwide, LLC	\$647,225.62	\$57,919.47		\$647,225.62		03/11/09	Stipulation pending.
14	Petters Capital, LLC	\$1,646,000.00	\$1,500,000.00		\$1,646,000.00		03/11/09	Subject to objection.
10	Chase Equipment Leasing, Inc. c/o Allison R. Bach	\$6,127,000.00	\$6,060,130.83	\$3,863,294.50	\$2,236,705.50	\$27,000.00	02/25/09	Secured claim deemed satisfied. Unsecured claim subject to possible objection.
17	Thomas Petters, Inc.	\$21,626,084.55	\$415,995.00		\$3,050,000.00		03/11/09	Stipulation pending.
15	Petters Company, Inc.	\$4,214,333.33	\$4,000,000.00		\$4,214,333.33		03/11/09	Stipulation pending.
20	Acorn Capital Group, LLC Attn: Marlon Quan, CEO	\$10,170,734.42	\$10,000,000.00		\$10,170,734.42		03/12/09	Stipulation pending.
21	Acorn Capital Group, LLC	\$20,563,358.22			\$20,563,358.22		03/12/09	Stipulation pending.
	Fusco, Vincent		\$4,134.40			\$4,134.40		
	Geitzenauer, Susan		\$5,772.43			\$5,772.43		
	Heunisch, Peter		\$2,246.16			\$2,246.16		
	IRS Special Procedures (Bky) Stop 5700		\$0.00			\$0.00		
	McGee, Kristina		\$1,651.55			\$1,651.55		
	Minnesota Dept. of Revenue Coll. Enf. Unit 550 Bky. Sec.		\$0.00			\$0.00		
	Salmen, T. Jay		\$13,542.54			\$13,542.54		
7	US Bancorp Business Equipment Finance Group (Toshiba)	\$18,224.78		\$18,224.78			12/19/08	
	<b>Totals</b>	<b>\$121,964,061.81</b>	<b>\$41,974,477.10</b>	<b>\$3,881,519.28</b>	<b>\$43,486,082.09</b>	<b>\$54,347.08</b>		

<sup>1</sup> Greater of filed or scheduled claim unless otherwise noted