

UNITED STATES BANKRUPTCY COURT  
FOR THE NORTHERN DISTRICT OF ILLINOIS  
WESTERN DIVISION

In re:	)
	) Chapter 11
RYAN INTERNATIONAL AIRLINES, INC., <i>et</i>	)
<i>al.</i> ,	) Case No. 12-80802
	)
Debtors.	) Joint Administration Requested
	)

NOTICE OF APPLICATION OF DEBTORS AND DEBTORS-IN-POSSESSION FOR AN  
INTERIM AND FINAL ORDER PURSUANT TO 11 U.S.C. §§ 327(a) AND 328 AND  
BANKRUPTCY RULE 2014 AUTHORIZING THE EMPLOYMENT AND RETENTION OF  
HINSHAW & CULBERTSON LLP AS ATTORNEYS FOR THE DEBTORS, *NUNC PRO TUNC*  
AS OF THE PETITION DATE

To: All Parties on the Attached Service List

PLEASE TAKE NOTICE that at 1:30 p.m. on March 7, 2012, or as soon thereafter as may be heard, Ryan International Airlines, Inc., *et al.*, shall appear before the Honorable Manuel Barbosa, Judge of the above-entitled Court, or before any judge sitting in his stead, and present the Application of Debtors and Debtors-in-Possession for an Interim and Final Order Pursuant to 11 U.S.C. §§ 327(a) and 328 and Bankruptcy Rule 2014 Authorizing the Employment and Retention of Hinshaw & Culbertson LLP as Attorneys for the Debtors, *Nunc Pro Tunc* as of the Petition Date, which is hereby served upon you.

Dated: March 6, 2012

/s/Thomas J. Lester  
 Thomas J. Lester  
 Matthew M. Hevrin  
 Hinshaw & CULBERTSON LLP  
 100 Park Avenue  
 P.O. Box 1389  
 Rockford, IL 61105-1389  
 (815) 490-4900  
 Fax: (815) 490-4901

*Proposed Counsel to the Debtors and Debtors in Possession*

<sup>1</sup> The Debtors in these Chapter 11 cases, along with the last four digits of each Debtor's federal taxpayer identification number include: Ryan International Airlines, Inc., 1437; Rubloff 757-MSN24794, LLC, 1494; Rubloff Ryan, L.L.C., 1289; Rubloff/Ryan 80 LLC, 4274; Ryan 763BK, L.L.C., 4107; Ryan 767, LLC, 6777; Sundowner 102, LLC, 6462; Sundowner Alexandria LLC, 1058; Sundowner Mesa, LLC f/k/a Prisoner Transportation Services, LLC, 7195; Sundowner Oklahoma City LLC, 0958; Rubloff Aerospace, L.L.C., 4536.

CERTIFICATE OF SERVICE

I, Rhonda I. Young of Hinshaw & Culbertson LLP, hereby certify that a true and correct copy of the foregoing Notice and Application of Debtors and Debtors-in-Possession for an Interim and Final Order Pursuant to 11 U.S.C. §§ 327(a) and 328 and Bankruptcy Rule 2014 Authorizing the Employment and Retention of Hinshaw & Culbertson LLP as Attorneys for the Debtors, *Nunc Pro Tunc* as of the Petition Date was served on the parties listed on the attached Service List by overnight mail on or about March 6, 2012.

/s/Rhonda I. Young

SERVICE LIST

VIA OVERNIGHT COURIER

Office of the United States Trustee Attn: Ms. Carole Ryczek 780 Regent Street Suite 304 Madison, WI 53715	Airline Pilots Association, International 1625 Massachusetts Avenue NW Washington, D.C. 20036
Transport Workers Union of America, AFL-CIO 501 3 <sup>rd</sup> Street NW 9 <sup>th</sup> Floor Washington, D.C. 20001	Internal Revenue Service 201 West Rivercenter Blvd. Covington, KY 41011
DFAS-CO/FPS/F DFAS-Columbus Center Attn: DFAS-ADPSD/CA Fuels Columbus, OH 43218-2204	VRG Linhas Aereas Avenida Vinte De Janeiro Seguimento D CEP 21941-570
Delta Air Lines 1030 Delta Blvd. Atlanta, GA 30320-6001	American Express – 360001. US Payment Florida 2965 West Corporate Lakes Blvd Weston FL 33331-3626
Virgin Atlantic Airways Manor Royal Crawley West Sussex RH10 9NU	Pratt & Whitney Christchurch Engine Centre Christchurch Int'l Airport 8544 14005 CHC New Zealand
Wells Fargo Bank Northwest, not individually but as Trustee for Triton Aviation International LLC c/o Mr. Jeremy Stamelman Gibson, Dunn & Crutcher LLC 200 Park Avenue New York, NY 10166-0193	LSG Sky Chefs 998 W. Army Trail Road Carol Stream, IL 60631
North Shore Aircraft LLC – Lease c/o Wayzata Investment Partners, LLC Attn: Ray Wallander & John McEvoy 701 East Lake Street Suite 300 Wayzata, MN 55391	Airbus of North America 198 Van Buren Street Herndon, VA 20170
Futura International Airways c/o Klenda, Mitchell, Austeman & Zuercher, LLC Attn: Christopher McElgunn/Michelle Brenwald 1600 Epic Center 301 North Main Wichita, KS 67202	US Customs & Border Protection Revenue Division Attn: UserFeeT 6650 Telecom Drive Indianapolis, IN 46278

Professional Insurance Management Inc. 2120 Airport Road Wichita, KS 67277	Ascent Aviation Services 6901 S. Park Road Tucson, AZ 85766
Wright Express Financial Srv 33548 Treasury Center Chicago, IL 60694-3500	Piedmont Aviation 1031 E. Mountain Street Suite 320 Kernersville, NC 27284
LSG Sky Chefs Deutschland Dornhofst 38 Neu-Isenburg 63263 Germany	McGladrey & Pullen, LLP 5155 Paysphere Circle Chicago, IL 60674
DSSN 3801 L1-Craf Attn: Disbursing Operations Director 3801 Limestone Field Site P.O. Box 269339 Indianapolis, IN 46226-9339	SFB Fueling, LLC 3301 N. Buffalo Drive Suite B-9 Las Vegas, NV 89129
Euro Jet Intercontinental 12 Mount Havelock Douglas IM72QG	U.S. Jet Services, Inc. 3216 S. Nordic Road Arlington Heights, IL 60005
US Airways 201 East Jefferson Street Phoenix, AZ 85004	Cooper & Kirk 1523 New Hampshire Washington, D.C. 20036
Boeing Commercial Airplanes P.O. Box 3707 Seattle, WA 98124-2207	Globe Ground North America LLC 111 Great Neck Road Suite 320 Great Neck, NY 11021
Chicago Aircraft Inc. 3216 S. Nordic Road Arlington Heights, IL 60005	Delta Air Lines c/o David Meadows King & Spaulding, LLP 1180 Peachtree Street, NE Atlanta, GA 30309
PNC Equipment Finance LLC c/o Mr. Robert P. Simons Reed Smith LLP 225 Fifth Avenue Pittsburgh, PA 15222	Consultoria – Mexican Immigration Homero 1832 Col Los Morales Polanco Delgacia Miguel Hidalgo C.P. 11510 Mexico DF
Pan Am Flight Academy 5000 Northwest 36 <sup>th</sup> Street Miami, FL 33166-2763	Baker Botts L.L.P. One Shell Plaza 910 Louisiana Street Houston, TX 77002-4995

UNITED STATES BANKRUPTCY COURT  
FOR THE NORTHERN DISTRICT OF ILLINOIS  
WESTERN DIVISION

In re:	)	
	)	Chapter 11
RYAN INTERNATIONAL AIRLINES, INC., <i>et</i>	)	
<i>al.</i> <sup>1</sup> ,	)	Case No. 12-80802
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Debtors.	)	Joint Administration Requested
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**APPLICATION OF DEBTORS AND DEBTORS-IN-POSSESSION FOR AN INTERIM AND FINAL ORDER PURSUANT TO 11 U.S.C. §§ 327(a) AND 328 AND BANKRUPTCY RULE 2014 AUTHORIZING THE EMPLOYMENT AND RETENTION OF HINSHAW & CULBERTSON LLP AS ATTORNEYS FOR THE DEBTORS, NUNC PRO TUNC AS OF THE PETITION DATE**

The Debtors in the above-captioned Chapter 11 cases (the “Cases”), hereby present this application (the “Application”) to this Court for an order pursuant to Sections 327 and 328 of Title 11 of the United States Code, 11 U.S.C. §§ 101, *et al.*, (the “Bankruptcy Code”) and Rule 2014(a) of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”) authorizing the employment and retention of Hinshaw & Culbertson LLP (“Hinshaw”) as counsel for the Debtors, *nunc pro tunc*, as of the Petition Date (as hereinafter defined). In support of this Application, the Debtors rely on the Affidavit and Statement of Thomas J. Lester (the “Lester Affidavit”) attached hereto as Exhibit A. In further support of this Application, the Debtors respectfully represent as follows:

**Jurisdiction and Venue**

1. This Court has jurisdiction over the subject matter of this Motion pursuant to 28 U.S.C. §§ 157 and 1334. This matter is a core proceeding under 28 U.S.C. § 157(b). Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409. The statutory predicate for the

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<sup>1</sup> The Debtors in these Chapter 11 cases, along with the last four digits of each Debtor’s federal taxpayer identification number include: Ryan International Airlines, Inc., 1437; Rubloff 757-MSN24794, LLC, 1494; Rubloff Ryan, L.L.C., 1289; Rubloff/Ryan 80 LLC, 4274; Ryan 763BK, L.L.C., 4107; Ryan 767, LLC, 6777; Sundowner 102, LLC, 6462; Sundowner Alexandria LLC, 1058; Sundowner Mesa, LLC f/k/a

relief requested herein are sections 105(a), 327 and 328 of the Bankruptcy Code and Bankruptcy Rule 2014(a).

### **Background**

2. On March 6, 2012, each of the Debtors filed a voluntary petition in this Court for reorganization relief under the Bankruptcy Code. The Debtors continue to operate their businesses and manage their properties as debtors in possession pursuant to Sections 1107(a) and 1108 of the Bankruptcy Code. The Debtors have moved this Court for an order authorizing joint administration of these Chapter 11 Cases.

#### **I. Business of the Debtors**

3. The Debtors are providers of military, passenger and commercial charter air transportation services. The Debtors are primarily a commercial provider of air transportation for the Department of Defense, the U.S. Marshall's Services and other government agencies. The Debtors operate their businesses through Ryan with Aircraft leased or owned by the other Debtors. The Debtors operate a diverse fleet of passenger aircraft, employ approximately 468 employees and have annual revenues of more than \$244,000,000.00.

4. A detailed description of the Debtors and their businesses, and the facts and circumstances supporting this motion and the Debtors' Chapter 11 cases, are set forth in greater detail in the Declaration of Mark A. Robinson, Executive Vice President of Ryan, in Support of First Day Pleadings (the "First Day Declaration"), filed contemporaneously herewith.

#### **II. Events Leading to Chapter 11 Filing**

5. Recently, the Debtors have encountered various financial and operational hurdles, due in part to a decreased demand for military and passenger services. In an effort to facilitate a comprehensive restructuring of the Debtors' businesses, on the date hereof (the "Commencement

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Prisoner Transportation Services, LLC, 7195; Sundowner Oklahoma City LLC, 0958; Rubloff Aerospace,

Date”), each of the Debtors commenced cases under Chapter 11 of Title 11 of the United States Code (the “Bankruptcy Code”). The Debtors are operating their businesses and managing their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. Concurrently with the filing of this motion, the Debtors have requested procedural consolidation and joint administration of these Chapter 11 cases. No request for the appointment of a trustee or examiner has been made in these Chapter 11 cases, and no committees have been appointed or designated.

### Relief Requested

#### III. Selection of Hinshaw

6. Pursuant to Sections 327(a) and 328(a) of the Bankruptcy Code and Bankruptcy Rule 2014(a), the Debtors hereby request that the Court approve the employment of Hinshaw to represent the Debtors as bankruptcy counsel and general corporate counsel in these Cases. The Debtors are requesting that Hinshaw’s retention be deemed effective as of the Petition Date.

7. The Debtors have selected Hinshaw as their bankruptcy and general corporate counsel because Hinshaw has substantial experience and expertise in Chapter 11 cases involving business entities, as well as in the practice areas of corporate law, litigation, employee benefits, real estate, secured lending, finance, taxation and other fields that may be required by the Debtors in these cases. Hinshaw has the resources necessary to manage Chapter 11 cases of this size and scope. Hinshaw has represented numerous debtors, creditors, purchasers, and other parties in interest before courts in the Seventh Circuit and in numerous other jurisdictions throughout the country.

8. For these reasons, the Debtors believe that Hinshaw possesses the requisite expertise to serve as general bankruptcy counsel in these Cases, and can do so in an efficient and cost-effective manner.

IV. Services to be Rendered

9. The employment of Hinshaw is necessary to assist the Debtors in executing faithfully their duties as debtors in possession and implementing the reorganization of the Debtors' financial affairs. Subject to further order of this Court, the professional services that Hinshaw may render to the Debtors as their general bankruptcy counsel, as the Debtors may request from time to time, include, without limitation:

- a. advising the Debtors with respect to their powers and duties as debtors in possession in the continued operation of their businesses;
- b. advising the Debtors with respect to all general bankruptcy matters;
- c. preparing on behalf of the Debtors all necessary motions, applications, answers, orders, reports, and papers in connection with the administration of their estates;
- d. representing the Debtors at all critical hearings on matters relating to their affairs and interests as debtors in possession before this Court, any Appellate Courts, and the United States Supreme Court, and protecting the interests of the Debtors;
- e. prosecuting and defending litigated matters that may arise during these Cases, including such matters as may be necessary for the protection of the Debtors' rights, the preservation of estate assets, or the Debtors' successful reorganization;
- f. preparing and filing the disclosure statement and negotiating, presenting and implementing a plan of reorganization;
- g. negotiating appropriate transactions and preparing any necessary documentation related thereto;
- h. representing the Debtors on matters relating to the assumption or rejection of executory contracts and unexpired leases;
- i. advising the Debtors with respect to general corporate, litigation, regulatory, tax, labor and other legal matters which may arise during the pendency of these Cases; and



j. performing all other legal services that are necessary for the efficient and economic administration of these Cases.

10. After due consideration and deliberation, the Debtors have concluded that their interests and the interests of their respective estates and creditors will be best served by the retention of Hinshaw, as counsel to the Debtors, to render such legal services as are necessary and appropriate in connection with the matters set forth above and to render such additional legal services as may be required from time to time during the pendency of these Cases.

11. Subject to the Court's approval of this Application, Hinshaw has indicated a willingness to serve as the Debtors' counsel and to perform the services described above.

**V. Professional Fees and Expenses**

12. The Debtors' retention of Hinshaw is evidenced by an engagement agreement dated February 22, 2012 (the "Engagement Agreement"), which provides for the Debtors' representation by Hinshaw in connection with the Debtors' efforts to restructure their businesses. The Engagement Agreement is included as Exhibit 1 to the Lester Affidavit.

13. Hinshaw's fees for professional services are based upon its standard hourly rates, which are periodically adjusted. The Debtors, subject to Court approval in accordance with section 330(a) of the Bankruptcy Code, applicable Bankruptcy Rules, and the orders and Local Rules of this Court, propose to pay Hinshaw its customary hourly rates in effect from time to time as set forth in the Lester Affidavit, plus reimbursement of actual, necessary expenses incurred by Hinshaw in the course of the representation. The Debtors are advised that the hourly rates set forth below are subject to periodic increases in the normal course of the firm's business, often due to increased experience of a particular professional. Hinshaw will give prior notice to the Debtors of any such periodic increases.

14. The Debtors anticipate that the following Hinshaw attorneys and staff will assist the Debtors in these jointly administered Chapter 11 Cases:

<u>Attorney/Paralegal</u>	<u>Fee (per hour)</u>
Thomas J. Lester	\$350.00
Matthew M. Hevrin	\$295.00
Thomas G. Wallrich	\$450.00
Michael D. Seese	\$525.00
William J. Connelly	\$350.00

15. These are Hinshaw's hourly rates for work of this nature and are subject to periodic adjustments to reflect economic and other conditions, although Hinshaw will provide prior notice to the Debtors prior to any upward adjustments. The Debtors understand that other attorneys, paralegals, and staff at Hinshaw may serve the Debtors from time to time in connection with these Cases.

16. Consistent with the firm's policy with respect to its other clients, Hinshaw will continue to charge the Debtors for all other services provided and for other charges and disbursements incurred in the rendition of services. These charges and disbursements include, among other things, costs for telephone charges, photocopying, travel, business meals, computerized research, messengers, couriers, postage, witness fees, and other fees related to trials, hearings, and other proceedings that may arise from time to time in these Cases. Charges and disbursements are invoiced pursuant to Hinshaw's terms of engagement and will comply with the requirements of the Bankruptcy Code and this Court. For example, Hinshaw has agreed to charge \$.10 per page for photocopies.

17. During the twelve (12) months prior to the Petition Date, Hinshaw received cash payments from the Debtors aggregating approximately \$395,010.00 for services rendered and approximately \$31,808.00 for costs incurred, excluding advance payment retainers of \$140,000.00 (the "Retainer Amounts"). For the month prior to filing, the total amount for fees and expenses paid to Hinshaw for the preparation of these cases equals approximately \$38,010.00. After application of billed and unbilled time for services rendered and costs incurred, approximately \$101,990.00 remains of the retainer (the "Retainer"). The Debtors owed Hinshaw for additional amounts for legal services

rendered before the Petition Date unrelated to the bankruptcy cases. Hinshaw has agreed to waive all claims for any prepetition amounts due Hinshaw from the Debtors. The Debtors and Hinshaw have agreed that the Final Retainer will be held and applied against Hinshaw's final post-petition billings and will not be placed in a separate account.

18. Hinshaw intends to apply to the Court for allowance of compensation for professional services and reimbursement of expenses incurred in these Cases in accordance with applicable provisions of the Bankruptcy Code, the Bankruptcy Rules, and the orders and Local Rules of this Court.

19. Hinshaw has agreed to accept as compensation such sums as may be allowed by the Court on the basis of the professional time spent, the rates charged for such services, the necessity of such services to the administration of the estates, the reasonableness of the time within which the services were performed in relation to the results achieved, and the complexity, importance, and nature of the problems, issues, or tasks addressed in these cases.

#### **VI. Disinterestedness of Professionals**

20. Hinshaw has undertaken a detailed search to determine, and to disclose, whether it represents or has represented any significant creditors, or insiders of the Debtors. In connection with its proposed retention by the Debtors in these Cases, Hinshaw conducted a search of its client database to determine whether it had any relationships with any of the parties attached hereto at Exhibit B(the "Interested Parties"). To the extent that this review has indicated that Hinshaw represents or has previously represented any of the foregoing persons or entities in matters unrelated to these Cases, such persons and entities are identified in Exhibit 2 of the Lester Affidavit. Further, as stated in the Lester Affidavit, Hinshaw may have sought and obtained conflicts waivers from certain parties listed on Exhibit 2.

21. Prior to the Petition Date, Hinshaw represented the Debtors as outside counsel, including in connection with corporate matters, the stabilization of their operations, litigation matters

and the restructuring of their debts. None of the Debtors owes any amounts to Hinshaw for the legal services performed or expenses incurred prior to the Petition Date as a result of Hinshaw's agreement to waive approximately \$89,900.00 in pre-petition amounts due for services and costs provided.

22. Hinshaw does not represent and generally has not represented any entity, other than the Debtors, in matters related to the Debtors and these Cases. However, Hinshaw represents or has represented certain creditors and other parties with interests in the Debtors' Cases on matters unrelated to the Debtors and these Cases.

23. To the best of the Debtors' knowledge, information and belief, and based upon the database search described above, Hinshaw neither represents nor holds any interest materially adverse to the interests of the estates or any class of creditors or equity security holders by reason of any relationship or connections with or interest in the Debtors or any of their creditors or any party in interest in these cases, and is therefore "disinterested" as such term is defined in Section 101(14) of the Bankruptcy Code. Hinshaw has no present connections with the United States Trustee in these Cases or any person employed in the office of the United States Trustee. Except as set forth in the Lester Affidavit, and based upon the database search described above, Hinshaw is not aware of its representation of any other entity that is a creditor of the Debtors.

24. Hinshaw is conducting a continuing inquiry into any matters that would affect the firm's disinterested status, and Mr. Lester will file promptly a supplemental affidavit setting forth the results of that inquiry, if additional disclosure is required.

25. Hinshaw will conduct a continuing inquiry to ascertain whether there exists any situation that would affect Hinshaw's status as a "disinterested person." Hinshaw will file supplemental affidavits with this Court at such times as additional disclosure is required.

#### Notice

26. Notice of the Motion has been given to (i) counsel to the Debtors' pre-petition and post-petition lender; (ii) the Debtors' consolidated thirty largest unsecured creditors; (iii) the Office

of the United States Trustee for the Northern District of Illinois. The Debtors submit that no other or further notice need be given under the circumstances.

27. No prior motion for the relief requested herein has been made by the Debtors to this or any other court.

WHEREFORE, the Debtors request the entry of an order, substantially in the form attached hereto at Exhibit C, granting the relief requested herein and such other and further relief the Court deems just and proper.

Rockford, Illinois

Dated: March 6, 2012

/s/Thomas J. Lester

Thomas J. Lester

Matthew M. Hevrin

Hinshaw & CULBERTSON LLP

100 Park Avenue

P.O. Box 1389

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*Proposed Counsel to the Debtors and Debtors in Possession*