FORM 10-K

Republic Airlines

December 31, 1984

PART I

Item 1. BUSINESS

GENERAL

Republic Airlines, Inc. (the "Company" or "Republic") was organized in 1944 as North Central Airlines, Inc. under the laws of the State of Wisconsin. Republic was formed in 1979 by the merger of North Central Airlines and Southern Airways, each of which had operated regional networks since 1948 and and 1949, respectively, and acted as feeders for the long haul trunk carriers servicing major national and international routes. In 1980, the Company acquired the stock of Hughes Airwest, a regional airline which served the western United States, Canada and Mexico. Republic is a major air carrier providing scheduled air transportion of persons, property and mail over an 85,000 mile route system. The Company operated approximately 1,040 daily departures to 100 cities in 34 states, as well as destinations in Mexico, Canada and the Cayman Islands in the Caribbean.

AIRLINE INDUSTRY

Since the passage of the Airline Deregulation Act of 1978 (the "Deregulation Act"), the airline industry has been characterized by intense competition. Major routes with high density traffic are accessible to almost any carrier, and airlines have been offering a wide range of schedules, in-flight services and discount fares to attract passengers in these popular markets. Routes with low or moderate density traffic such as many of those served by Republic, however, have attracted less competition because of the relatively limited passenger potential. Airlines have used discount fares and promotions as the principal competitive tools to increase market shares. Price competition has accelerated the efforts of airline management to reduce operating costs and improve productivity in order to be able to withstand greater levels of discounting. Efforts to reduce labor costs and to improve productivity have become particularly important to established air carriers, which now must compete with new airlines formed to capitalize on lower labor and equipment costs in serving limited market segments, as well as with the more efficient, established airlines.

ROUTE SYSTEM

Republic's route system is based on a hub and spoke configuration which provides short haul service from regional locations to hub cities and provides long haul service over bridge routes between hub cities and to other major destinations. The Company's three primary hub cities are Detroit, Memphis and Minneapolis/St.Paul. Based on total passengers enplaned by Republic and other airlines during the year ended December 31, 1984, Republic was the leading air carrier at Detroit and Memphis, and second at Minneapolis/St. Paul. A significant portion of Republic's passengers departing from its hub cities are connecting passengers from Republic flights within its regional feeder systemr. These feeder systems serve small and medium size cities within the regions through short and intermediate length hauls (generally less than 300 miles) and were developed by the Company's predecessors in the north central and southeastern areas of the United States. In January 1985, Republic and Simmons Airlines, a Michigan based regional carrier serving 23 cities in the midwest, entered into an agreement providing for coordinated operations commencing in April 1985 at Republic's Detroit hub and for the acquisition by Republic of 200,000 shares of common stock of Simmons Airlines (9.2% of its outstanding shares). In February 1985, Republic and Phoenix Airline Services, Inc. entered into an agreement providing for coordinated operations at Republic's Memphis hub. Phoenix will operate between Memphis and points in the Southeastern United States by mid-summer.

In a major schedule change implemented on October 28, 1984, Republic restructured its route system in an effort to increase yields and enhance its competitive position, and instituted programs designed to attract business travelers. At each of these three hub cities, Republic offers more daily flights than any other carrier. In 1984, service was inaugurated at eight new destinations: Hartford/Springfield, Buffalo/Niagara Falls, Rochester (N.Y.), Fort Wayne, South Bend, Indianapolis, Oklahoma City and Tulsa. The restructuring included discontinuing service to 23 destinations in 1984 which were low yield and short haul markets, in the west and southwest, while expanding activity at its three primary hubs. Service to Pittsburgh is being inaugurated April 1, 1985. Another major schedule change is planned for April 28, at which time eight other markets will be added: John F. Kennedy International Airport, Syracuse, Albany (N.Y.), Erie, Louisville, Little Rock, Shreveport and Appleton. This expansion is expected to provide additional traffic to the hubs. Detroit departures will increase from 149 to 178; Minneapolis/St. Paul from 123 to 152; and Memphis from 97 to 153.

Management currently expects that expansion of the Company's route system will be through further development at the three hubs, and the addition of intermediate and longer haul routes utilizing traffic developed by Republic's feeder systems. As a result of the implementation of new longer haul routes, Republic's average length of flight segment has increased from 231 miles in 1980 to 396 miles in 1984, and the average length of a passenger trip has risen from 360 miles in 1980 to 563 miles in 1984.

The Company has developed a support program for replacement carriers and for other commuter airlines, such as Simmons and Phoenix Airlines, to facilitate the Company's ability to discontinue service to cities with low density traffic. Under this program, Republic will provide ground support and computerized reservations services to certain commuter airlines which may provide feeder traffic to Republic.

On its passenger flights, the Company also provides small package and cargo transportation services. In addition, the Company transports mail for the U.S. Postal Service. Republic engages in limited charter operations which accounted for less than .6% of total revenues for the years ended December 31, 1984, and 1983.

EMPLOYEES AND LABOR RELATIONS

As of December 31, 1984, the Company had 13,390 employees, substantially all of whom are represented by unions. Collective bargaining agreements provide standards for wages, hours of work, working conditions, settlement of disputes and other matters with various unions.

The recent improvements in the Company's operating results are due in part to cost savings from employee concessions. The Company's ability to sustain profitable operations will be dependent upon maintaining a cost-efficient and highly productive work force. Beginning in December 1983, the Company negotiated with the unions which represent most of its employees for a continuation of the wage freeze and 15% wage reduction which included the period from September 1, 1983 through May 31, 1984, as well as other concessions. All of the Company's employee unions have ratified amended labor agreements during 1984 under a "Partnership Plan" estimated to save the Company $100 million annually through 1986. The agreements provide for the extension of the wage freeze and 15% pay reduction through the contract amendable dates which are as follows:

Employee Group	Number of Employees Covered as of December 31, 1984	Union	Amendable Date
Pilots.....................	1,663	ALPA	March 31, 1987
Flight Attendants..........	1,964	AFA	March 31, 1987
Clerical, Office, Fleet and Passenger Service Personnel...............	5,888	ALEA	December 31, 1986
Flight Dispatchers.........	66	TWU	December 31, 1986
Mechanics and Related Personnel...............	2,590	IAM	September 30, 1986
Maintenance Supervisors....	96	AASA	September 30, 1986

Other terms of the agreements include additional wage and/or productivity concessions equivalent to up to 8% of payroll, a wage scale for new employees below rates of current employees and certain changes in pilots' pension plans. The ALPA and AFA agreements provide for gradual restoration of pay concessions beginning October 1, 1986, up to a maximum of 9%, if certain profit levels are achieved before October 1986. The other agreements may require restoration of both pay and productivity concessions on the amendable dates, subject to a requirement that the parties negotiate a continuance of concessions at least 30 days prior to the amendable dates, if needed to assure the Company's long-term viability. The Company's management employees are participating in similar concessions. Management believes that the Company's employee relations have been good, although there is no assurance that the Company will be able to obtain employee concessions, similar to those obtained in 1984, when the current agreements become amendable beginning in October 1986.

In exchange for the concessions, the Company will provide 5,529,195 shares of common stock, 2,170,000 callable warrants to purchase common stock at $10 per share and a profit-sharing arrangement in the form of a new class of participating, non-cumulative, non-voting junior preferred stock. These securities will be contributed to one or more trusts for the benefit of employees. The issuance of these securities is subject to compliance with legal and regulatory requirements. In addition, the Company has agreed not to pay dividends on common stock through December 31, 1986, and to fill one position on the Board of Directors with an individual of national prominence to be chosen by agreement of all the Company's union groups and reasonably acceptable to the Company's Board of Directors. This Board member has not yet been selected by the union groups. For a description of the preferred stock and warrants, see Note H to the Financial Statements, incorporated herein by reference on page 25 of the accompanying Annual Report to Stockholders.

RATES, FARES AND COMPETITION

As of January 1, 1983, all regulation of fares in domestic markets terminated. The Airline Deregulation Act of 1978 has fostered competition in the United States market by facilitating entry of new airlines and by increasing the freedom of air carriers to enter markets and to change fares. Price competition is greatest on routes with high density traffic, which are served by several established airlines and by new airlines offering discounted fares. A contributing factor to the fare competition has been the growth of low-cost carriers that are able to offer lower fares. In addition, promotional discounts have increased as airlines have attempted to gain or retain market shares. Republic has offered discount and promotional fares to meet competition, to develop traffic on new routes or to stimulate traffic.

The operating results of the airline industry have been volatile due to several factors. Since fixed costs represent a substantial component of the airline industry's operating cost structure, a small change in passenger load factor can have a significant effect on an airline's operating results. Based on the Company's available seat miles in scheduled service and yield (revenue per passenger mile) for 1984 a one percentage point change in the Company's passenger load factor would have produced an increase or decrease of approximately $28.2 million in the Company's operating profit for the year. Small changes in an airline's yield can also result in significant

SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 1984. Commission file number 1-7169

REPUBLIC AIRLINES, INC.
(Exact name of registrant as specified in its charter)

Wisconsin (State or other jurisdiction of incorporation or organization)	41-0728838 (I.R.S. Employer Identification No.)
7500 Airline Drive, Minneapolis, Minnesota (Address of principal executive offices)	55450 (Zip Code)

Registrant's telephone number, including area code (612) 726-7411

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock ($.20 par value)	New York Stock Exchange and Midwest Stock Exchange
Common Stock purchase warrants expiring May 15, 1986	New York Stock Exchange
10-1/8% Convertible Senior Subordinated Debentures due December 15, 2007	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No ___

The aggregate market value of the voting stock held by non-affiliates of the registrant as of March 7, 1985 was $168,533,350.

The number of shares outstanding of the registrant's common stock as of March 7, 1985 was 30,856,456.

Documents Incorporated By Reference

Select provisions of the following documents are incorporated by reference into the Form 10-K:

Document	Part of Form 10-K Into Which Incorporated By Reference
(1) 1984 Annual Report to Stockholders	I, II
(2) Definitive proxy statement dated March 19, 1985 for the 1985 Annual Meeting of Stockholders	III

(Except as expressly incorporated herein by reference, the foregoing annual report and proxy statement are not deemed filed as a part of this report.)

Item 1. BUSINESS (continued)

fluctuations in operating results. Based on the Company's scheduled revenue passenger miles during 1984, a change of one-tenth of one cent (0.1¢) in yield would have resulted in an increase or decrease of approximately $8.6 million in the Company's operating profit for the year. The price of aviation fuel can also have a material effect on an airline's total operating costs. Based on the Company's fuel consumption for 1984, each one cent per gallon change in fuel prices would have resulted in an increase or decrease of approximately $4.3 million in the operating profit for the year.

Air carriers are substantially dependent on sales made by travel agents. As a result of recent airline bankruptcies, the perceived financial stability of an air carrier may have an effect upon the discretionary selection of airlines and bookings of flights by travel agents. Because travel agents are able to exercise discretion over the selection of airlines and bookings of their customer's flight schedules, the Company considers the payment of commission rates comparable to its competitors as necessary to its business. During 1984, bookings by travel agents accounted for approximately 74% of the Company's passenger revenues.

Approximately 80% of all travel agencies in the United States were subscribers of automated reservations systems which were developed and are offered by several other airlines. The airlines which provide the systems have in the past maintained preferential schedule displays, charged widely varying user fees to competitors and engaged in certain other practices with respect to these systems which placed the Company at a competitive disadvantage. Prior to their responsibilities being transferred to the Department of Transportation ("DOT"), the Civil Aeronautics Board had promulgated rules addressing the practices of these systems but these rules have not precluded certain practices which are unfavorable to the Company. The operators of the systems have recently effected sizable increases in their booking charges. The Company, along with ten other airlines, has recently filed suit against the owners of two of the principal reservations systems, alleging excessive fees and other violations of the antitrust laws.

FUEL

During 1984, the Company purchased approximately 75% of its aviation fuel under contracts with 16 fuel suppliers. The balance was purchased at retail as needed or in the "spot" market where prices may vary above or below contract levels. The Company's fuel supply contracts generally have one-year terms and permit the supplier to increase or decrease the price depending on market conditions. Such contracts also typically permit the Company to terminate upon notice if it finds a price increase to be unacceptable. The principal purpose of entering into such contracts is to assure sources of supply. Supplies of petroleum products are currently adequate and, absent a disruption in the flow of petroleum supplies, including foreign imports of crude oil, the Company expects there to be an adequate supply of aviation fuel to be available in the immediate future.

The cost of fuel is a substantial portion of the Company's operating costs. Fuel expense was, as a percentage of total operating expenses, 28.9% in 1980, 28.4% in 1981, 27.5% in 1982, 25.3% in 1983, and 24.8% in 1984. The average price per gallon paid by Republic for aviation fuel increased from 89.6¢ in 1980 to $1.036 in 1981, but decreased to 97.5¢ in 1982, to 88.3¢ in 1983, and to 84.4¢ in 1984. Changes in demand for other petroleum products, including gasoline, petrochemicals and home heating oil, as well as the adequacy of refining capacity and other supply constraints, affect the price and availability of aviation fuel generally.

REGULATION

Domestic. Airlines are no longer subject to significant economic regulation with respect to their domestic services. Certain regulatory functions continue in effect however and with the sunset of the Civil Aeronautics Board on December 31, 1984, these have been assigned to the Department of Transportation. Ongoing regulatory functions include a requirement that notice be given in the case of certain reductions or suspensions of service at smaller points. The DOT also has authority to prevent a suspension for successive 30-day periods if "essential air service" would otherwise not be provided. In such event, however, it must compensate the air carrier for losses incurred. Mergers and interlocking relationships are also subject to DOT approval and DOT also has authority to regulate deceptive and unfair competitive practices. It may also approve agreements between air carriers and grant antitrust immunity to such agreements as well as to mergers and interlocking relationships. Various consumer protection regulations have been carried forward in DOT under the authority transferred to it. These include rules affecting smoking, denied boarding, baggage liability, and computer reservations systems provided by airlines to travel agents.

International. More extensive economic regulation continues with respect to U.S. international airline service, subject however, to air transport agreements with other countries. The Company is certificated for various international routes in North America, notably authority to Grand Cayman, Canada, and Mexico. The DOT decides how many and which U.S. carriers shall be certificated on an international route. Under certain circumstances it may withdraw international route authority or refuse to renew expired authority. It also exercises limited supervision over international rates.

FAA Regulation. The Federal Aviation Administration ("FAA") has jurisdiction under the Federal Aviation Act to regulate flight operations generally, including the licensing of pilots and maintenance personnel, the establishment of minimum standards for training and maintenance and the establishment of minimum technical standards for flight, communications and ground equipment.

Environmental Regulations. The FAA is empowered to promulgate regulations covering aircraft noise. Current noise abatement regulations require that most aircraft now in operation (including all of Republic's aircraft except the Convair 580) comply with certain standards as most recently amended by the Aviation Safety and Noise Abatement Act of 1979. To comply with these standards, the Company is required to modify all of its DC9-10 aircraft and spare engines by January 1, 1988, at a cost of approximately $245,000 per aircraft and spare engines at a cost of approximately $120,000 per engine. The Company began this retrofit program in 1979 and will complete the required modifications by January 1, 1988. Modifications on all of the DC9-30 aircraft and spare engines have been completed. The Company estimates it will have to spend approximately $2.9 million to complete the DC9-10 retrofit program. Any DC9-10 aircraft without the requisite modifications can be sold to a United States carrier, but the carrier must complete the modifications before using the aircraft in commercial operations. The DC9-50, MD-80 and Boeing 727-200 aircraft operated by the Company comply with the noise standards.

State legislatures and other governmental bodies, as well as some airport authorities, have from time to time considered or adopted noise reduction measures, including limitations on hours of operation and restrictions on types of aircraft. The Orange County/ Santa Ana, California, airport restricts the type of aircraft and number of departures serving the airport. Orange County has also adopted noise abatement restrictions which would potentially limit aircraft serving the airport to newer and quieter types, such as the MD-80. The U.S. Department of Transportation has encouraged airport authorities developing noise abatement plans to submit them to the FAA for review and adoption of uniform regulations. Regulations restricting the use of airports or requiring modifications of equipment or substitution of aircraft, particularly state or local regulations which may vary in uniformity, could increase the Company's operating costs.

Other Regulations. The Company is subject to the jurisdiction of various other regulatory agencies, including the Federal Communications Commission, which governs the operating of Republic's radio and communications facilities and the U.S. Postal Service, which regulates transportation of mail through which Republic has entered into contract. Republic's routes and fares between the United States and Mexico, Canada and the Cayman Islands in the Caribbean are subject to foreign regulations.

INSURANCE

The Company carries insurance of types customary to the airline industry and in amounts management deems adequate to protect the Company and its property. The principal coverage includes public liability, passenger liability, baggage and cargo liability, property damage, workers' compensation, loss or damage to flight equipment, and fire insurance on contents of hangars and buildings used by the Company.

Item 2. PROPERTIES

FLIGHT EQUIPMENT

Republic operates a fleet of intermediate-sized jet aircraft, appropriate to both its regional markets and its longer haul routes. This fleet allows Republic to allocate its aircraft among its various routes according to traffic demand. The Company may dispose of older, less efficient aircraft if determined to be surplus to the Company's requirements and may acquire other new or used aircraft to meet its fleet needs. The Company does not provide non-stop service in the coast-to-coast markets where larger capacity aircraft are generally utilized. The following table sets forth information regarding the flight equipment operated by the Company in scheduled service:

Type of Aircraft	Passenger Capacity	Average Age(Yrs)	Number of Aircraft Owned	Number of Aircraft Leased	Number of Aircraft Total
Boeing 727-200(advanced)..........	143	6½	15	3	18
McDonnell Douglas MD-80...........	143	3½	7	1	8
McDonnell Douglas DC9-50..........	122	6½	16	12	28
McDonnell Douglas DC9-30..........	95	16	52	8	60
McDonnell Douglas DC9-10..........	80	18	30	3	33
Convair 580......................	48	30½	13	-	13
			133	27	160

All of the aircraft owned by the Company are subject to liens to secure obligations of the Company including obligations pursuant to various loan and equipment trust agreements and the Company's indemnity of tax benefits. Five of the DC9-30 aircraft and three of the 727-200 aircraft are leased under operating leases and the remaining leased aircraft are accounted for as capital leases. For information concerning the Company's lease obligations, see Note D to the Financial Statements, incorporated herein by reference on pages 22 and 23 of the accompanying Annual Report to Stockholders.

All aircraft operated by Republic are maintained in accordance with procedures approved by the FAA. The Company maintains inventories of spare engines, spare parts, accessories and other maintenance supplies sufficient to meet its operating requirements.

GROUND FACILITIES

The Company leases substantially all of its office, maintenance and terminal buildings from governmental units or authorities under long-term lease agreements. The Company's general office is located at the Minneapolis/St. Paul International Airport. The principal maintenance bases are located at the airports serving Minneapolis/ St. Paul and Atlanta.

Item 2. PROPERTIES (continued)

The Company plans to significantly expand its airport facilities in Detroit, Memphis, and Minneapolis/St.Paul over the next several years. Total cost of the facilities expansion is expected to exceed $40 million. The Company is also planning to build a reservations center in Detroit at an estimated cost of $12 million. Commitments and financing arrangements, which may include leases from airport authorities or other third parties, have not been made for a significant portion of the above cost.

The Company also owns or leases certain computer equipment, airport passenger loading bridges, vehicles, and furniture and fixtures which support its airline operations.

Item 3. LEGAL PROCEEDINGS

Various claims and lawsuits against the Company are pending, but are either covered by insurance or are the type which are normally and reasonably foreseeable in view of the nature of the Company's business. Management believes the total amount of liability which reasonably may be expected to arise from such claims and lawsuits not covered by insurance would not have a material adverse effect on the results of its operations, its financial condition or its business generally.

Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Not applicable.

EXECUTIVE OFFICERS OF THE REGISTRANT

The executive officers of the Registrant as of March 22, 1985, who were elected at the Board of Directors meeting following the 1984 annual meeting of stockholders or at a subsequent Board of Directors meeting, are:

Name and Age	Title	Officer Since
May, Daniel F., 55	Chairman of the Board and Chief Executive Officer	1962
Wolf, Stephen M., 43	President and Chief Operating Officer	1984
Atwood, Dorman W., 63	Senior Vice President - Maintenance and Engineering	1979
Foster, Gramer D., 57	Senior Vice President-Operations	1980
Magary, A.B., 42	Senior Vice President-Marketing	1984
Maxson, A.L., 49	Senior Vice President-Finance	1966
Barkhausen, Henry W., 37	Vice President and Treasurer	1984

EXECUTIVE OFFICERS OF THE REGISTRANT (continued)

Name and Age	Title	Officer Since
Ettel, Joseph W., 38	Vice President-Personnel	1974
Grossman, Arnold J., 49	Vice President-Marketing Systems	1984
Lagow, W. Thomas., 43	Vice President-Marketing Planning	1985
Lantner, Gary H., 35	Vice President and Secretary	1984
Mitchell, Lee R., 47	Vice President-Computer and Communications Service	1985
Nobles, Bruce R., 38	Vice President-Customer Service	1984
Sellwood, Raymond W., 56	Vice President-Flight	1984
Jasinski, Paul C., 39	General Counsel and Assistant Secretary	1984
Meyer, Michael D., 40	Controller	1974

All of the executive officers have been officers or employees of the Company or its predecessor companies in capacities substantially equivalent to their current employment responsibilities for the past five years except for the following:

Mr. Foster was named Director of Flight Standards in July 1979, Assistant Vice President of Flying in April 1980 and Vice President of Flying in April 1981. He was named Vice President-Flight Operations in October 1983. He was appointed Senior Vice President-Operations in October 1984 and is responsible for both the flight and maintenance functions of the Company.

Mr. Magary was Vice President-Sales and Marketing at Hyatt International Corporation from March 1982 to June 1984. Previously he served 14 years at Pan American World Airways rising to the position of Vice President-Pacific Division.

Mr. Barkhausen was Director of Real Estate of the Tribune Company (newspaper publishing and other communication services) from October 1982 to November 1983 and prior thereto was Assistant Treasurer of Marshall Field & Company (department stores).

Mr. Grossman was Vice President-Marketing Services and Vice President-Customer Services at CCS Automation Systems, Inc., a unit of Texas Air Corporation from January 1984 until July 1984. He was Senior Director-Automated Marketing and Distribution Systems at Continental Airlines from January through December 1983 and also previously spent 23 years at Pan American World Airways in a variety of marketing, planning and governmental affairs positions.

EXECUTIVE OFFICERS OF THE REGISTRANT (continued)

Mr. Lagow was Senior Vice President-Marketing at Braniff Airways from November 1983 to November 1984. Previously he spent 18 years at Trans World Airlines in various marketing positions becoming Staff Vice President-Scheduling in January 1978 and Vice President-Scheduling in January 1981.

Mr. Lantner was with Continental Air Lines Inc. from February 1978 until May 1981 as Director-Properties and Facilities. From June 1981 until January 1982 he was Director of Administration for the Specialty Restaurants Division of Host International. From February 1982 until July 1984 he was with Continental Air Lines Inc. in various capacities including Senior Director-Properties and Facilities and Senior Director-Aircraft Programs. In his current position as Vice President and Secretary his responsibilities include properties and facilities, legal and government affairs, aircraft programs, contract sales, personnel, purchasing, computer and communication services, internal audit and security.

Mr. Mitchell was Director of Worldwide Airline Systems Support for Sperry Univac from February 1976 to April 1980. He was Senior Director, Information Systems at Flying Tiger Line Inc. from May 1980 to February 1985 when he was appointed to his present position with the Company. In his current position, Mr. Mitchell is responsible for the Company's data processing and communications networks including support of the airline's reservations system and business systems applications.

Mr. Nobles was with Pan American World Airways from June 1982 to August 1984 as Marketing Controller. Previously, he was with American Airlines for 16 years in a variety of field and staff positions. As Vice President-Customer Service, Mr. Nobles is responsible for the airline's inflight service, including flight attendant service and food service. He is also responsible for station operations, including ground service, procedures and training.

Mr. Sellwood was Chief Pilot with the Company from March 1979 to July 1983. He became Director-System Flying in August 1983 and Senior Director-System Flying in June 1984 before being appointed Vice President-Flight in October 1984.

Mr. Jasinski was previously general attorney with Trans World Airlines for seven years, where he was primarily involved in regulatory and governmental matters. Earlier, he was an attorney in the legal department of United Airlines for three years. He is responsible for the legal department, government affairs, security and internal audit.

Officers are elected to serve until the Board of Directors meeting following the Annual Meeting of Stockholders or until their successors are elected.

Additional information for those executive officers who are also directors is set forth in the Registrant's definitive proxy statement dated March 19, 1985 for the 1985 Annual Meeting of Stockholders, incorporated herein by reference.

PART II

Item 5. **MARKET FOR THE REGISTRANT'S COMMON STOCK AND RELATED SECURITY HOLDER MATTERS**

Information required by this item is set forth under Common Stock Information on page 28 of the accompanying Annual Report to Stockholders and is incorporated herein by reference.

Item 6. **SELECTED FINANCIAL DATA**

Information required by this item is set forth under the ten-year summary on pages 4 and 5 of the accompanying Annual Report to Stockholders and is incorporated herein by reference.

Item 7. **MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

Information required by this item is set forth under Management's Discussion and Analysis on pages 4 through 9 and Effects of Changing Prices on pages 26 and 27 of the accompanying Annual Report to Stockholders and is incorporated herein by reference.

Item 8. **FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA**

Financial Statements appearing on pages 16 through 26 of the accompanying Annual Report to Stockholders are incorporated herein by reference.

Quarterly Summaries of Operations appearing on page 28 of the accompanying Annual Report to Stockholders are incorporated herein by reference.

Effects of Changing Prices on pages 26 and 27 of the accompanying Annual Report to Stockholders are incorporated herein by reference.

Item 9. **DISAGREEMENTS ON ACCOUNTING AND FINANCIAL DISCLOSURE**

Not applicable.

PART III

Item 10. **DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT**

Information relating to the directors of the Registrant is contained in its definitive proxy statement dated March 19, 1985, for the 1985 Annual Meeting of Stockholders, incorporated herein by reference. Information relating to the executive officers of the Registrant is furnished as an unnumbered item in Part I following Item 4.

Item 11. EXECUTIVE COMPENSATION

Information required by this item is set forth in the Registrant's definitive proxy statement dated March 19, 1985, for the 1985 Annual Meeting of Stockholders, incorporated herein by reference.

Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Information required by this item is set forth in the Registrant's definitive proxy statement dated March 19, 1985, for the 1985 Annual Meeting of Stockholders, incorporated herein by reference.

Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Information required by this item is set forth in the Registrant's definitive proxy statement dated March 19, 1985, for the 1985 Annual Meeting of Stockholders, incorporated herein by reference.

PART IV

Item 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(a) 1. Financial Statements	Annual Report to Stockholders Page Reference
Consolidated balance sheets at December 31, 1984 and 1983	16 and 17
Consolidated statements of operations for the years ended December 31, 1984, 1983 and 1982	18
Consolidated statements of changes in financial position for the years ended December 31, 1984, 1983 and 1982	19
Consolidated statements of changes in stockholders' equity (deficit) for the years ended December 31, 1984, 1983 and 1982	20
Notes to financial statements	21-26

2. Financial Statement Schedules	Form 10-K Page Reference
Auditors' Report	F-1
Schedules:	
Schedule V - Property and Equipment Years ended December 31, 1984, 1983 and 1982	F-2, F-3 and F-4

Item 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K (continued)

2. Financial Statement Schedules	Form 10-K Page Reference
Schedule VI - Accumulated Depreciation and Amortization Years ended December 31, 1984, 1983 and 1982	F-5 and F-6
Schedule X - Supplementary Income Statement Information Years ended December 31, 1984, 1983 and 1982	F-7

All other schedules have been omitted since the required information is not present or not present in amounts sufficient to require submission of the schedule, or because the information required is included in the financial statements or the notes thereto.

3. Exhibits

3.1 Restated Articles of Incorporation of Republic Airlines, Inc. incorporated herein by reference to Exhibit 4.1 to the Company's Quarterly Report on Form 10-Q for the Quarter Ended June 30, 1983.

3.2 Bylaws of Republic Airlines, Inc. incorporated herein by reference to Exhibit 3.2 to the Company's 1982 Annual Report on Form 10-K.

4.1 The Company's Revolving Credit Agreement and Amendments and Waivers thereto through and including November 30, 1982 incorporated herein by reference to Exhibit 28.1 to the Company's Registration Statement No. 2-80688.

4.2 Amendments or Waivers to the Company's Revolving Credit Agreement dated January 1, 1983, June 1, 1983, June 30, 1983, July 31, 1983, and August 26, 1983, incorporated herein by reference to the Company's 1982 Annual Report on Form 10-K and the Company's Quarterly Reports on Form 10-Q for the Quarters Ended June 30, 1983 and September 30, 1983.

4.3 Security agreement dated December 22, 1983 made by the Company with Citibank, N.A., as agent and entered into pursuant to the Company's Revolving Credit Agreement incorporated herein by reference to Exhibit 4.3 to the Company's 1983 Annual Report on Form 10-K.

Item 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K (continued)

4.4	Letter agreements, amendments, waivers or consents to the Company's Revolving Credit Agreement dated January 10, 1984, February 3, 1984, February 15, 1984, March 15, 1984, April 16, 1984, May 21, 1984, June 19, 1984, July 24, 1984, August 1, 1984, August 23, 1984, and September 24, 1984, incorporated herein by reference to the Company's 1983 Annual Report on Form 10-K and the Company's Quarterly Reports on Form 10-Q for the Quarters ended March 31, 1984, June 30, 1984 and September 30, 1984.
4.5	Letter consent to the Company's Revolving Credit Agreement dated December 3, 1984.
4.6	Letter Agreement and Consent to the Company's Revolving Credit Agreement dated January 28, 1985.
4.7	Restated Letter Consent, Amendment and Agreement to the Company's Revolving Credit Agreement dated January 15, 1985.
	The Company will furnish to the Commission upon request certain other instruments related to its long-term debt.
10.1	Consulting agreement between Hal N. Carr and Republic Airlines, Inc. dated March 23, 1984.
10.2	Option agreement between Daniel F. May and Republic Airlines, Inc. dated September 1, 1983 incorporated herein by reference to Exhibit 10.2 to the Company's 1983 Annual Report on Form 10-K.
10.3	Employment Agreement between Daniel F. May and Republic Airlines, Inc. dated March 23, 1984.
10.4	Employment Agreement and attached Option Agreement between Stephen M. Wolf and Republic Airlines, Inc. dated March 23, 1984.
10.5	Employment Agreement between A.B. Magary and Republic Airlines, Inc. dated November 9, 1984.
10.6	Amendments to option agreement attached to Employment Agreement filed as Exhibit 10.4 above between Stephen M. Wolf and Republic Airlines, Inc.

Item 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K (continued)

13 Annual Report to Stockholders.

22 Subsidiaries of the registrant.

24 Consent of experts.

25 Power of attorney.

28 Proxy Statement for the 1985 Annual Meeting of Stockholders.

(b) Reports on Form 8-K

No report on Form 8-K was filed during the fourth quarter of 1984.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

REPUBLIC AIRLINES, INC.

By /s/ Daniel F. May
Daniel F. May
Chairman of the Board and Chief Executive Officer
(Principal Executive Officer and Director)
March 29, 1985

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

/s/ Stephen M. Wolf
Stephen M. Wolf
President, Chief Operating Officer and Director
March 29, 1985

ERIC BRAMLEY*
Eric Bramley
Director
March 29, 1985

/s/ A. L. Maxson
A. L. Maxson
Senior Vice President-Finance
(Principal Financial Officer)
March 29, 1985

HAL N. CARR*
Hal N. Carr
Director
March 29, 1985

/s/ Michael D. Meyer
Michael D. Meyer
Controller
(Principal Accounting Officer)
March 29, 1985

D. F. DeCOURSIN*
D. F. DeCoursin
Director
March 29, 1985

CECIL A. BEASLEY, JR.*
Cecil A. Beasley, Jr.
Director
March 29, 1985

DAVID H. HUGHES*
David H. Hughes
Director
March 29, 1985

FRANK W. HULSE *
Frank W. Hulse
Director
March 29, 1985

HENRY M. ROSS*
Henry M. Ross
Director
March 29, 1985

G. GUNBY JORDAN*
G. Gunby Jordan
Director
March 29, 1985

BERNARD SWEET*
Bernard Sweet
Director
March 29, 1985

JOHN M. LAWRENCE, III*
John M. Lawrence, III
Director
March 29, 1985

RICHARD A. TRIPPEER, JR.*
Richard A. Trippeer, Jr.
Director
March 29, 1985

WILLIAM R. LUMMIS*
William R. Lummis
Director
March 29, 1985

WM. BEW WHITE, JR.*
Wm. Bew White, Jr.
Director
March 29, 1985

MORTON B. PHILLIPS*
Morton B. Phillips
Director
March 29, 1985

KENNETH B. WILLETT*
Kenneth B. Willett
Director
March 29, 1985

G. FRANK PURVIS, JR.*
G. Frank Purvis, Jr.*
Director
March 29, 1985

FRANK M. YOUNG III*
Frank M. Young III
Director
March 29, 1985

WILLIAM E. RANKIN*
William E. Rankin
Director
March 29, 1985

*BY /s/ Stephen M. Wolf
Stephen M. Wolf, Attorney-In-Fact

Date: March 29, 1985

AUDITORS' REPORT

Stockholders and Board of Directors
Republic Airlines, Inc.

We have examined the consolidated balance sheets of Republic Airlines, Inc. (a Wisconsin corporation) and its subsidiary as of December 31, 1984 and 1983, and the consolidated statements of operations, changes in stockholders' equity (deficit) and changes in financial position for the years ended December 31, 1984, 1983 and 1982. Our examinations were made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements referred to above present fairly the financial position of Republic Airlines, Inc., and its subsidiary at December 31, 1984 and 1983, and the results of their operations and changes in their financial position for the years ended December 31, 1984, 1983 and 1982 in conformity with generally accepted accounting principles applied on a consistent basis.

We have also examined Schedules V, VI and X of Republic Airlines, Inc., and its subsidiary for the years ended December 31, 1984, 1983 and 1982. In our opinion, these schedules present fairly the information required to be set forth therein.

Alexander Grant & Company

Alexander Grant & Company

Minneapolis, Minnesota
February 11, 1985

REPUBLIC AIRLINES, INC.

SCHEDULE V - PROPERTY, PLANT AND EQUIPMENT

Year ended December 31, 1984
(in thousands)

Column A	Column B	Column C	Column D	Column E	Column F
Classification	Balance at beginning of period	Additions at cost	Retirements	Other changes add (deduct) describe	Balance at end of period
Flight equipment:					
At cost	$ 900,309	$ 9,407	$17,940	$ -	$ 891,776
Under capital leases	157,145	-	-	-	157,145
	1,057,454	9,407	17,940	-	1,048,921
Ground property and equipment:					
At cost	110,003	6,175	5,022	2,156 (A)	113,312
Under capital leases	15,937	344	-	-	16,281
	125,940	6,519	5,022	2,156	129,593
Total	$1,183,394	$15,926	$22,962	$2,156	$1,178,514

(A) Transfer of amounts from other general ledger accounts.

REPUBLIC AIRLINES, INC.

SCHEDULE V - PROPERTY, PLANT AND EQUIPMENT (continued)

Year ended December 31, 1983
(in thousands)

Column A Classification	Column B Balance at beginning of period	Column C Additions at cost	Column D Retirements	Column E Other changes add (deduct) describe	Column F Balance at end of period
Flight equipment:					
At cost	$ 835,338	$63,368	$4,022	$ 5,625 (A)	$ 900,309
Under capital leases	157,145	-	-	-	157,145
	992,483	63,368	4,022	5,625	1,057,454
Ground property and equipment:					
At cost	101,936	8,662	2,423	1,828 (A)	110,003
Under capital leases	12,695	4,152	910	-	15,937
	114,631	12,814	3,333	1,828	125,940
Advance deposits on equipment	19,641	627	-	(20,268) (B)	-
Total	$1,126,755	$76,809	$7,355	$(12,815)	$1,183,394

(A) Transfer of amounts from other general ledger accounts.

(B) Of this total, $3,428 relates to the cancellation of advance deposits; $16,840 was transferred to the Additions at cost column for the appropriate asset classification upon acquisition of the related asset.

REPUBLIC AIRLINES, INC.

SCHEDULE V - PROPERTY, PLANT AND EQUIPMENT (continued)

Year ended December 31, 1982
(in thousands)

Column A Classification	Column B Balance at beginning of period	Column C Additions at cost	Column D Retirements	Column E Other changes add (deduct) describe	Column F Balance at end of period
Flight equipment:					
At cost	$ 767,689	$85,471	$17,822	$ -	$ 835,338
Under capital leases	157,134	11	-	-	157,145
	924,823	85,482	17,822	-	992,483
Ground property and equipment:					
At cost	96,811	7,204	2,079	-	101,936
Under capital leases	12,960	-	265	-	12,695
	109,771	7,204	2,344	-	114,631
Advance deposits on equipment	67,490	-	-	(47,849) (A)	19,641
Total	$1,102,084	$92,686	$20,166	$(47,849)	$1,126,755

(A) Of this total, $39,454 relates to the cancellation of advance deposits; $8,395 was transferred to the Additions at cost column for the appropriate asset classification upon acquisition of the related asset.

REPUBLIC AIRLINES, INC.

SCHEDULE VI - ACCUMULATED DEPRECIATION, DEPLETION AND AMORTIZATION OF PROPERTY, PLANT AND EQUIPMENT

Year ended December 31, 1984
(in thousands)

Column A	Column B	Column C	Column D	Column E	Column F
Description	Balance at beginning of period	Additions charged to costs and expenses	Retirements	Other changes add (deduct) describe	Balance at end of period
Flight equipment	$288,706	$61,649	$ 8,710	$ 249 (A)	$341,894
Ground property and equipment	64,858	12,148	3,967	1,903 (A)	74,942
Total accumulated depreciation and amortization	$353,564	$73,797	$12,677	$2,152	$416,836

Year ended December 31, 1983
(in thousands)

Column A	Column B	Column C	Column D	Column E	Column F
Flight equipment	$226,904	$59,171	$2,994	$5,625 (A)	$288,706
Ground property and equipment	53,815	11,204	1,989	1,828 (A)	64,858
Total accumulated depreciation and amortization	$280,719	$70,375	$4,983	$7,453	$353,564

(A) Transfer of amounts from other general ledger accounts.

REPUBLIC AIRLINES, INC.

SCHEDULE VI - ACCUMULATED DEPRECIATION, DEPLETION AND AMORTIZATION OF PROPERTY, PLANT AND EQUIPMENT (continued)

Year ended December 31, 1982
(in thousands)

Column A	Column B	Column C	Column D	Column E	Column F
Description	Balance at beginning of period	Additions charged to costs and expenses	Retirements	Other changes add (deduct) describe	Balance at end of period
Flight equipment	$176,593	$54,638	$4,327	$ -	$226,904
Ground property and equipment	43,295	11,086	566	-	53,815
Total accumulated depreciation and amortization	$219,888	$65,724	$4,893	$ -	$280,719

REPUBLIC AIRLINES, INC.

SCHEDULE X - SUPPLEMENTARY INCOME STATEMENT INFORMATION

Years ended December 31, 1984, 1983 and 1982

Column A	Column B		
Item	Charged to costs and expenses (in thousands)		
	1984	1983	1982
1. Maintenance and repairs	$139,196	$146,195	$137,738
3. Taxes, other than payroll and income taxes:			
Fuel, property and other	$ 20,268	$ 17,745	$ 17,175
5. Advertising costs	$ 27,521	$ 35,639	$ 30,835

NOTE: Items 2 and 4 either none or not present in amounts sufficient to require submission of the information.

(ANNUAL REPORT OMITTED)

REPUBLIC AIRLINES, INC.
7500 Airline Drive
Minneapolis, Minnesota 55450

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

April 24, 1985

TO THE STOCKHOLDERS OF REPUBLIC AIRLINES, INC.:

Please take notice that the Annual Meeting of Stockholders of Republic Airlines, Inc. (the "Company") will be held pursuant to due call of the Board of Directors of the Company, at the Wausau Club, 309 McClellan Street, Wausau, Wisconsin, on Wednesday, April 24, 1985, at 10:30 a.m., or at any adjournment or adjournments thereof, for the following purposes:

1. To elect directors.
2. To transact such other business as may properly come before the meeting.

Pursuant to due action of the Board of Directors, stockholders of record on March 7, 1985, will be entitled to vote at the meeting or any adjournment or adjournments thereof.

YOU ARE REQUESTED TO READ CAREFULLY THE ATTACHED PROXY STATEMENT. YOU ARE URGED TO SIGN AND RETURN THE ENCLOSED CARD AUTHORIZING REPRESENTATIVES OF THE PRESENT BOARD OF DIRECTORS OF THE COMPANY TO VOTE FOR YOU AT THE MEETING.

By Order of the Board of Directors
REPUBLIC AIRLINES, INC.
Gary H. Lantner
Vice President and Secretary

March 19, 1985

PROXY STATEMENT

of

REPUBLIC AIRLINES, INC.

Annual Meeting of Stockholders to be Held
April 24, 1985

PROXIES AND VOTING

This Proxy Statement is furnished in connection with the solicitation of proxies by the Board of Directors of Republic Airlines, Inc. (the "Company") to be used at the Annual Meeting of Stockholders of the Company to be held April 24, 1985. Each stockholder who signs and returns a proxy in the form enclosed with this Proxy Statement may revoke the same at any time prior to its use by giving notice of such revocation to the Company in writing or in open meeting. Unless so revoked, the shares represented by each proxy will be voted at the meeting and at any adjournment or adjournments thereof. Presence at the meeting of a stockholder who has signed a proxy does not alone revoke that proxy.

The executive offices of the Company are located at 7500 Airline Drive, Minneapolis, Minnesota 55450. This Proxy Statement and the accompanying proxy are to be first mailed to stockholders on or about March 19, 1985.

Only stockholders of record at the close of business on March 7, 1985, will be entitled to vote at the meeting or any adjournment or adjournments thereof.

COMMON SHARES OUTSTANDING AND VOTING RIGHTS

The Company has a single class of common stock of which 30,856,456 shares were outstanding as of the close of business on the record date, March 7, 1985. Each share of common stock is entitled to one vote.

SECURITY OWNERSHIP

The following table sets forth, as of the record date, all persons known by the Company to be the owner, of record or beneficially, of more than five percent of the outstanding common stock of the Company, and such ownership by all officers and directors as a group.

Name and Address	Amount Owned Beneficially or of Record	Percent of Class
Republic Airlines, Inc. Restated Employee Stock Ownership Plan (1) 7500 Airline Drive Minneapolis, MN 55450	1,617,616	5.2
FMR Corp. (2) 82 Devonshire Street Boston, MA 02109	2,837,800	8.6
All officers and directors as a group (3)(4)	1,214,820	3.9

(1) Under the Plan, the Company made contributions of cash or its common stock to a trust for the benefit of eligible employees under circumstances which entitled the Company to claim an additional investment tax credit for the amount of its contributions. As a result of changes in the tax law, no contributions were made in 1984 and no further contributions are anticipated. All cash contributions to the Plan were invested in common stock of the Company. The trustees of the Plan are Daniel F. May, Chairman of the Board and Chief Executive Officer of the Company, and Walter E. Nielsen, Assistant Treasurer of the Company. The trustees vote common stock held under the Plan in accordance with the directions of the employees to whose accounts the shares are allocated or, in certain other circumstances, at their discretion.

(2) Includes 2,527,800 shares with respect to which the holders have the right to acquire beneficial ownership. Such beneficial ownership arises from the ownership of $25,278,000 of 10-1/8% Convertible Senior Subordinated Debentures Due 2007, which are convertible into common stock of the Company at $10 per share.

(3) Includes 131,100 shares with respect to which such persons have the right to acquire beneficial ownership. Includes 2,315 shares held by the Republic Airlines, Inc. Deferred Salary Investment Plan and 73,629 shares held by the Republic Airlines, Inc. Restated Employee Stock Ownership Plan.

(4) Information contained in this Proxy Statement does not include the proportionate share for officer employees of the 5,529,1[illegible] shares of common stock, 2,170,000 callable warrants to purchase common stock at $10 per share and a profit-sharing arrangeme[illegible] in the form of a new class of participating, non-cumulative, non-voting junior preferred stock which will be issued and contributed to one or more trusts for the benefit of employees in exchange for wage concessions negotiated in 1983 and 1984. The issuance of these securities is subject to compliance with legal and regulatory requirements.

ELECTION OF DIRECTORS

Sixteen (16) directors are to be elected at the meeting, each director to hold office until the next Annual Meeting of Stockholders or until his successor is elected and qualified. All of the persons listed below are now serving as directors of the Company. The Board of Directors proposes for election to the Board of Directors the nominees listed below:

Name and Age of Nominee	Principal Occupation and Directorships	Director Since	Shares Beneficially Owned as of March 7, 1985 (1)
Cecil A. Beasley, Jr. (72)	Partner—Ballard and Beasley (attorneys).	1979	102,762
Eric Bramley† (68)	Retired Editor, Aviation Daily (aviation industry news service).	1976	1,000
Hal N. Carr* ‡ (63)	Chairman of the Executive Committee of the Board of the Company. Mr. Carr is a director of Dahlberg, Inc.; First National Bank of Bryan, Texas; Ross Industries, Inc.; OMI, Inc.; and Cayman Water Company.	1952	177,724 (2)
David H. Hughes‡ (41)	President and director of Hughes Supply, Inc. (manufacturer and distributor of electrical and plumbing supplies). Mr. Hughes is a director of Sun Banks, Inc. and SunTrust Bank, Inc.	1983	11,200
Frank W. Hulse* (72)	Retired Vice Chairman of the Board of the Company. Mr. Hulse is a director of Fuqua Industries, Inc. and American Fidelity Life Insurance Company.	1979	329,060 (3)(6)(7)
John M. Lawrence III (63)	Partner—Lawrence, Thornton, Payne, Watson, & Kling (attorneys). Mr. Lawrence is a director of First Bank & Trust of Bryan, Texas and Brazos Broadcasting Company.	1975	2,200
William R. Lummis (56)	Chairman of the Board, President and Chief Executive Officer, Summa Corporation (real estate investments, aviation, hotels and recreation). Mr. Lummis is a director of Texas American Bancshares, Inc.	1980	— (4)
Daniel F. May* (55)	Chairman of the Board and Chief Executive Officer of the Company. Mr. May is a director of Metropolitan Bank, Bloomington, Minnesota; Rexnord, Inc.; and Cherne Industries, Inc.	1980	104,048 (2)(5)
Morton B. Phillips (66)	Chairman of the Board and President, OMI, Inc. (business investments).	1966	4,345 (3)
G. Frank Purvis, Jr.† (70)	Chairman of the Board, Pan American Life Insurance Company (mutual life insurance company). Mr. Purvis is a director of Bell South Corporation and First Commerce Corporation.	1979	18,480 (3)

Name and Age of Nominee	Principal Occupation and Directorships	Director Since	Shares Beneficially Owned as of March 7, 1985 (1)
Henry M. Ross† (57)	President, Ross Industries, Inc. (machinery manufacturer). Mr. Ross is a director of The Fauquier National Bank of Warrenton, Virginia and Greater Washington Investors, Inc.	1975	1,000
Bernard Sweet (61)	Retired Vice Chairman of the Board of the Company. Mr. Sweet is a director of G & K Services, Inc. and S. E. Rykoff & Co.	1969	38,283 (5)
Richard A. Trippeer, Jr.‡ (45)	Chairman of the Board, Union Planters Corporation and Union Planters National Bank.	1979	45,665
Wm. Bew White, Jr.* (65)	Of Counsel—Bradley, Arant, Rose & White (attorneys). Mr. White is a director of Avondale Mills.	1979	39,500
Stephen M. Wolf* (43)	President and Chief Operating Officer of the Company. Mr. Wolf is a director of Shanley Oil Company.	1984	75,000 (2)
Frank M. Young, III (43)	Partner—North Haskell Slaughter Young & Lewis (attorneys).	1979	83,507 (3)(6)

*Member of the Executive Committee
†Member of the Audit Committee
‡Member of the Stock Option Committee

(1) Each nominee has sole voting and investment power with respect to the shares beneficially owned, except for Mr. Young, who has sole power with respect to 30,785 shares and shared power with respect to 52,722 shares.

(2) Includes the shares with respect to which the following individuals have the right to acquire beneficial ownership: Mr. Carr, 5,000 shares; Mr. May, 51,100 shares; Mr. Wolf, 75,000 shares.

(3) Does not include the following shares owned by spouses: 21,193 by Mrs. Hulse, 2,000 by Mrs. Phillips, 1,260 by Mrs. Purvis and 30,785 by Mrs. Young.

(4) Howard Hughes Realty, Inc., of which Mr. Lummis is Chairman of the Board, is an affiliate of Summa Corporation, of which Mr. Lummis is a director and officer. Howard Hughes Realty, Inc. owns the Company's 13% Convertible Subordinated Debentures (the "Debentures") and warrants to purchase 5,500 shares of the Company's common stock at $8 per share. The warrants expire August 26, 1990. Mr. Lummis disclaims beneficial ownership of 1,124,155 shares into which the Debentures are convertible and 5,500 shares obtainable upon exercise of the warrants.

(5) Includes for Messrs. May and Sweet, 15,521 and 19,851 shares, respectively, held by the Company's Restated Employee Stock Ownership Plan for the benefit of such persons; includes for Mr. May 2,315 shares held by the Company's Deferred Salary Investment Plan.

(6) Mr. Young is the son-in-law of Mr. Hulse.

(7) Mr. Hulse owns 1.07 percent of the outstanding common stock of the Company. No other director owns more than one percent of the outstanding common stock of the Company.

Each of such nominees has been engaged in the principal occupation set forth above for more than the last five years except for Mr. Sweet, who, prior to May 1984, was Vice Chairman of the Board of the Company and prior to October 1980, was President and Chief Executive Officer of the Company; Mr. May, who was elected Chairman of the Board of the Company in April 1984, Chief Executive Officer of the Company in February 1982, President of the Company in October 1980, and prior thereto was an executive officer of the Company; Mr. Wolf, who was elected President and Chief Operating Officer of the Company April 1984, Executive Vice President of the Company in February 1984, was from December 1982 to September 1983, President, Chief Operating Officer and a director of Continental Airlines Corporation, (which filed for Chapter 11 reorganization under the Federal bankruptcy laws in September 1983 after Mr. Wolf resigned as an officer and director), was from December 1981 to November 1982, Senior Vice President-

Marketing of Pan American World Airways, Inc., and prior thereto was Vice President-Western Division of American Airlines, Inc.; and Mr. Hulse, who, prior to May 1984, was Vice Chairman of the Board of the Company.

Mr. Lummis was elected to the Board of Directors in 1980 pursuant to an agreement with the Company in connection with the acquisition of Hughes Airwest. Mr. Lummis is an administrator and potential beneficiary of the estate of Howard R. Hughes, Jr., which indirectly owns all of the stock of Summa Corporation. Mr. Lummis disclaims any beneficial ownership of the Company's 13% Convertible Subordinated Debentures and warrants owned by Howard Hughes Realty, Inc., an affiliate of Summa Corporation.

In exchange for wage concessions negotiated in 1983 and 1984, the Company has agreed to fill one position on the Board of Directors with an individual of national prominence to be selected by agreement of all the Company's union groups and reasonably acceptable to the Company's Board of Directors. As of the date of this Proxy Statement, no such person has been selected by the union groups.

All shares represented by proxies will be voted for the election of the foregoing nominees who have indicated a willingness to serve, if elected; provided, however, that if any such nominee should withdraw or otherwise become unavailable for reasons not presently known, such shares may be voted for another person in place of such nominee, in accordance with the best judgment of the persons named as proxies in the proxy.

COMMITTEES OF THE BOARD OF DIRECTORS

The Company's Audit Committee, consisting of Messrs. Bramley, Purvis and Ross, held three meetings during 1984. The Audit Committee recommends to the full Board the engagement of the independent accountants, reviews the audit plan and results of the audit engagement, reviews the independence of the auditors and reviews the adequacy of the Company's system of internal accounting controls. The Executive Committee held seven meetings during 1984. The Executive Committee consisted of Messrs. Carr, Hulse, May, White and Wolf, who are proposed for election to the Board of Directors in 1985, and Messrs. G. F. DeCoursin and Kenneth B. Willett, who were directors in 1984. The Executive Committee is empowered to perform any function of the Board of Directors when the full Board is not in session, except the declaration of dividends, filling of vacancies on the Board of Directors or the Executive Committee, and election or removal of officers. The Stock Option Committee, consisting of Messrs. Carr, Hughes, and Trippeer, held two meetings during 1984. The Stock Option Committee has authority to grant options and stock appreciation rights under the Company's Stock Option and Stock Appreciation Right Plan (the "Plan") to officers and selected key management employees, to determine the time or times at which such options and stock appreciation rights may be exercised, to establish terms and conditions to be contained in the agreements, and to adopt rules and regulations for the administration of the Plan. The Company does not have Nominating or Compensation Committees as these functions are the responsibility of the Executive Committee. The Board of Directors held four meetings during 1984. All directors currently being nominated attended at least 75 percent of the meetings of the Board of Directors and the committees of the Board on which they serve.

COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS

The following table sets forth information with respect to compensation for services provided to the Company and its subsidiaries in 1984, as to each of the five most highly compensated, key policy-making executive officers of the Company and as to all executive officers as a group.

Cash Compensation Table

Name of Individual or Identity of Group and Capacity in which Compensation Received	Cash Compensation (a)
Daniel F. May, Chairman of the Board and Chief Executive Officer	$ 202,618
Stephen M. Wolf, President and Chief Operating Officer	150,904 (b)
Gramer D. Foster, Senior Vice President-Operations	103,341
A. L. Maxson, Senior Vice President-Finance	95,728
A. B. Magary, Senior Vice President-Marketing	77,592 (c)
All executive officers as a group (included 26 persons during 1984 of which 14 persons were executive officers at December 31, 1984)	2,553,000

(a) Includes (i) amounts received under the officers' medical reimbursement plan pursuant to which the Company reimburses officers for medical expenses not covered by the Company's medical insurance plan for salaried management employees, (ii) compensation for individuals only for the period of time when they were executive officers, (iii) payments for vacation and other benefits totaling approximately $980,000 for executive officers who retired during 1984, and (iv) directors' fees. The amounts do not include the value, if any, of travel privileges granted to officers and directors in accordance with general practices in the airline industry.

(b) Became an executive officer of the Company in February 1984. Does not include $49,194 for certain reimbursed expenses incurred by Mr. Wolf associated with the disposition of a former residence.

(c) Became an executive officer of the Company in June 1984.

Directors' Fees. Directors' fees were paid at a rate of $637.50 for each Board and committee meeting of Republic or a subsidiary. Directors who are officers of the Company also receive such fees.

Death Benefits Plan and Other Benefits Agreements. The Company has agreements with certain executive officers to provide benefits in the event of death, retirement, or severance. Certain death benefits are funded by insurance. Severance benefits may become payable when termination is involuntary or when employment is continued as a non-officer. The benefits, ranging from $100,000 to $300,000, are in addition to those payable under the group term life insurance plan and pension plans maintained for all employees. The agreements provide that the Company will not merge, consolidate or combine with another business entity unless the successor company expressly assumes the obligations of the Company under these agreements. The executive officers named in the Cash Compensation Table who are entitled to the benefits are Messrs. May and Wolf, $300,000 each, and Messrs. Foster and Maxson, $200,000 each.

Employment and Consulting Agreements. Mr. Carr has a consulting agreement with the Company until April 1989 at an annual fee of $135,000. Payments continue in the event of his death or permanent disability for the period of two years or until the expiration of the term of the agreement, whichever comes first. The Company entered into an agreement dated March 23, 1984 with Daniel F. May providing for his continued employment in a full-time capacity as a senior executive of the Company until 1989, at an annual salary of not less than $225,000. The agreement also provides for certain salary continuation payments in the event of the termination, death or disability of Mr. May. He is also entitled to participate in other employee benefits provided by the Company generally for its employees. The Company entered into an agreement dated March 23, 1984 with Stephen M. Wolf, providing for his continued employment in a full-time capacity as a senior executive of the Company until 1989, at an annual salary of not less than $177,000. The agreement also provides for certain salary continuation payments in the event of the termination, death or disability of Mr. Wolf. Life insurance on Mr. Wolf secures the obligations of the Company under his agreement. He is also entitled to participate in other employee benefits provided by the Company generally for its employees. The Company entered into an agreement dated November 9, 1984 with A. B. Magary, providing for his continued employment in a full-time capacity as a senior executive of the Company until 1987, at an annual salary of not less than $135,000. The agreement also provides for certain severance payments in the event of the termination of Mr. Magary by the Company. Life insurance on Mr. Magary secures the obligations of the Company under his agreement. He is also entitled to participate in other employee benefits provided by the Company generally for its employees.

Stock Options and Stock Appreciation Rights. Stockholders approved a Stock Option and Stock Appreciation Right Plan (the "Plan") at the Annual Meeting in April 1984. The Plan provides that options and/or stock appreciation rights may be granted to officers and key employees of the Company. A maximum of 750,000 options and 750,000 stock appreciation rights may be granted and an aggregate of 750,000 sha of common stock are reserved for issuance upon exercise of options and stock appreciation rights under the Plan. Amounts payable upon the exercise of stock appreciation rights are payable in cash or shares of common stock, as the Company may determine. All stock options and stock appreciation rights were granted at fair market value on the date of grant.

During 1984, the following grants were made under the Plan to the five most highly compensated, key policy-making executive officers and to all executive officers as a group:

	Stock Options		Stock Appreciation Rights	
Name of Individual	Number of Shares	Average Option Price	Number of Shares*	Average Base Price
Daniel F. May	25,000	$3.75	5,000*	$3.75
Stephen M. Wolf	25,000	3.75	30,000*	3.75
Gramer D. Foster	7,500	3.50	7,500	3.50
A. L. Maxson	7,500	3.50	7,500	3.50
A. B. Magary	28,500	3.50	21,500	3.50
All executive officers as a group	151,250	3.77	108,250	3.84

* Exercisable for cash, except for stock appreciation rights granted to Messrs. May and Wolf which are exercisable for cash or common stock.

Except for the grants to Messrs. May and Wolf whose stock options and stock appreciation rights are immediately exercisable, the stock options and stock appreciation rights granted in 1984 become exercisable in three equal annual installments beginning in June 1985.

As of December 31, 1984, an additional 386,450 stock appreciation rights were grantable and there were 302,450 shares of common stock available for option grants under the Plan assuming any future stock appreciation rights are exercisable for cash only.

In 1984, the Company granted Mr. Wolf a non-qualified stock option to purchase 95,000 shares of common stock at $4.125 per share, the fair market value at the date of the grant. Mr. Wolf's option is exercisable as follows: 50,000 shares on February 20, 1985 and 45,000 shares on February 20, 1986. The option expires February 24, 1992.

Retirement Plan. Retirement benefits for executive officers of Republic are provided under a Salaried Employees Retirement Benefit Plan ("Retirement Plan"), which is available to all salaried employees not covered under any of the Company's other pension plans (principally plans collectively bargained). Except for two officers, who are entitled to retirement benefits under a retirement plan for pilots, all executive officers are eligible under the Retirement Plan. Benefits under the Retirement Plan are based on a be t formula providing 60 percent of a participant's final average earnings (as defined) less 50 percent of primary Social Security benefits, and are proportionately reduced for years of service less than 25 years. The Company's annual contribution to the Retirement Plan with respect to an individual person cannot readily be separately calculated by the Retirement Plan's actuaries. Therefore, 1984 amounts accrued, paid or distributed pursuant to the Retirement Plan for the accounts of executive officers, cannot be determined.

The table below sets forth the estimated annual benefits payable upon retirement at age 65 under the Retirement Plan for specified compensation and years of service classifications.

Annual Compensation	Estimated Annual Retirement Benefits (a)	
	15 Years	25 Years
$ 50,000	$15,360	$25,595
80,000	26,160	43,595
110,000	36,957	61,595
180,000	62,157	90,000
225,000	77,400	90,000

(a) Benefits are limited by Section 415 of the Internal Revenue Code to the greater of $90,000 or the benefit accrued to December 31, 1982. However, the Company has adopted an Excess Benefit Pension Plan providing that if any participant's pension is reduced pursuant to the limitations imposed by Section 415, the Company will make a direct payment to that individual in a monthly amount equal to the amount of the reduction.

The years of credited service under the Retirement Plan for Messrs. May and Maxson, officers named in the Cash Compensation Table, are 28 and 18, respectively. Messrs. Wolf and Magary have no years of credited service. Mr. Foster is covered under a retirement plan for pilots and has 28 years of credited service under that plan.

CERTAIN TRANSACTIONS

The Company purchased aviation fuel and fueling services during 1984, totaling approximately $2,634,000 from The Hughes Corporation, a subsidiary of Summa Corporation, of which Mr. Lummis is an officer and director. Mr. Lummis is also an administrator and potential beneficiary of the estate of Howard R. Hughes, Jr., which indirectly owns all of the stock of Summa Corporation.

DATE FOR RECEIPT OF STOCKHOLDER PROPOSALS—1986 MEETING

All proposals of stockholders intended to be presented at the 1986 Annual Meeting of Stockholders of the Company pursuant to the Securities Exchange Act of 1934 must be received by the Company at its executive office on or before November 19, 1985.

OTHER MATTERS

Independent Accountants

The Board of Directors has selected Alexander Grant & Company as the independent certified public accountants for 1985. This firm has acted in such capacity since 1947. Representatives of Alexander Grant & Company will attend the Annual Meeting of Stockholders with the opportunity to make a statement if they desire to do so and will be available to respond to questions.

Solicitation

The cost of preparing, assembling and mailing this Proxy Statement, the notice, form of proxy and other material which may be sent to the stockholders will be borne by the Company. In addition to solicitation by mail, a number of regular employees of Republic Airlines, Inc. may solicit proxies in person or by telephone. The Company will, upon request, reimburse brokers and other persons holding shares for the benefit of others in accordance with the rates approved by the New York Stock Exchange for their expenses in forwarding proxies and accompanying material and in obtaining authorization from beneficial owners of the Company's stock to give proxies.

The Board of Directors does not intend to present to the meeting any other matters not referred to above and does not presently know of any matters that may be presented to the meeting by others. However, if other matters come before the meeting, it is the intention of the persons named in the enclosed form of Proxy to vote the Proxy in accordance with their best judgment.

By Order of the Board of Directors
REPUBLIC AIRLINES,INC.
Gary H. Lantner
Vice President and Secretary

March 19, 1985

FORM 10-K

REPUBLIC AIRLINES, INC.

December 31, 1983

SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 1983. Commission file number 1-7169

REPUBLIC AIRLINES, INC.
(Exact name of registrant as specified in its charter)

Wisconsin	41-0728838
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
7500 Airline Drive, Minneapolis, Minnesota	55450
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code (612) 726-7411

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock ($.20 par value)	New York Stock Exchange and Midwest Stock Exchange
Common Stock purchase warrants expiring May 15, 1986	New York Stock Exchange
10-1/8% Convertible Senior Subordinated Debentures due December 15, 2007	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No ___

The aggregate market value of the voting stock held by non-affiliates of the registrant as of March 8, 1984 was $113,266,712.

The number of shares outstanding of the registrant's common stock as of March 8, 1984 was 30,629,690.

Documents Incorporated By Reference

Select provisions of the following documents are incorporated by reference into the Form 10-K:

Document	Part of Form 10-K Into Which Incorporated By Reference
(1) 1983 Annual Report to Stockholders	I, II
(2) Definitive proxy statement dated March 20, 1984 for the 1984 Annual Meeting of Stockholders	III

(Except as expressly incorporated herein by reference, the foregoing annual report and proxy statement are not deemed filed as a part of this report.)

PART I

Item 1. BUSINESS

GENERAL

Republic Airlines, Inc. (the "Company" or "Republic"), was organized in 1944 under the laws of the State of Wisconsin. Republic is a major air carrier providing scheduled air transport of persons, property and mail over a 104,000 mile route system. The Company operates approximately 1,300 daily departures to 140 cities in thirty states, as well as destinations in Mexico, Canada and the Cayman Islands in the Caribbean. Republic was formed in 1979 by the merger of North Central Airlines and Southern Airways, each of which had operated regional networks since 1948 and 1949, respectively, and acted as feeders for the long haul trunk carriers servicing major national and international routes. In 1980, the Company acquired the stock of Hughes Airwest, a regional airline which served the western United States, Canada and Mexico.

AIRLINE INDUSTRY

Since the passage of the Airline Deregulation Act of 1978 (the "Deregulation Act"), the airline industry has been characterized by intense competition. Major routes with high density traffic are accessible to almost any carrier, and airlines have been offering a wide range of schedules, in-flight services and discount fares to attract passengers in these popular markets. Routes with low or moderate density traffic have attracted less competition because of the limited passenger potential, but remain vulnerable to competition by airlines attempting to enter new markets or to increase their market shares. Airlines have used discount fares and promotions as the principal competitive tools to increase market shares. Price competition has accelerated the efforts of airline management to reduce operating costs and improve productivity in order to be able to withstand greater levels of discounting. Efforts to reduce labor costs and to improve productivity have become particularly important to established air carriers, which now must compete with new airlines formed to capitalize on lower labor and equipment costs in serving limited market segments, as well as with the more efficient, established airlines. The Company has proposed and is currently negotiating with union representatives for wage concessions and productivity improvements which management believes are necessary for the successful operation of the Company. See "Employees and Labor Relations" and Item 7 below.

ROUTE SYSTEM

Republic's route system is based upon a "hub and spoke" configuration that utilizes the regional route systems historically developed by North Central Airlines, Southern Airways and Hughes Airwest in the north central, southeastern and western areas of the United States, respectively. The regional systems serve small and medium-sized cities within the regions through short and intermediate length hauls (generally less than 300 miles), and feed this traffic to eight regional centers which are the hubs of the systems. Republic provides longer haul service (generally 300 to 2,000 miles) between the regional systems over "bridge" routes between the hub cities and to other major destinations.

The Company's four primary hub cities are Detroit, Memphis, Minneapolis-St. Paul and Phoenix, and the four secondary hubs are Atlanta, Chicago, Las Vegas and Milwaukee. These eight regional centers together accounted for approximately 48% of passengers boarded during the year ended December 31, 1983. Based upon total passengers boarded by Republic and other airlines during the year ended December 31, 1983, the Company was the leading air carrier at Detroit, Milwaukee, Phoenix and Memphis; second at Minneapolis-St. Paul; third at Atlanta and Las Vegas; and fourth at Chicago. A significant portion of Republic's passengers departing from its hub cities are connecting passengers from Republic flights within its regional feeder systems.

Management currently expects that expansion of the Company's route system will be through further development at the primary hubs, and the addition of intermediate and longer haul routes utilizing traffic developed by Republic's regional feeder systems. As a result of the implementation of new longer haul routes, Republic's average length of flight segment has increased from 201 miles in 1979 to 370 miles in 1983, and the average length of passenger haul has risen from 317 miles in 1979 to 544 miles in 1983. During 1983, the Company added 27 new routes having an average length of flight segment of 483 miles.

Along with expanding longer haul service, the Company has terminated shorter haul service to certain cities with low density traffic. Republic is permitted to discontinue service at a city on ninety days' notice to the Civil Aeronautics Board ("CAB"), provided the city is not thereby deprived of "essential" air transportation. The CAB may require that service be continued until a suitable replacement carrier is found for such "essential" air transportation, but the CAB is required to pay Section 419 subsidy to compensate for operating losses for the continued service. From January 1980 through December 1983, Republic discontinued service to 54 domestic airports, including 37 for which Republic had received public service revenues. As of December 31, 1983, Republic was providing service to 34 airports requiring "essential" air transportation, but had given notice to the CAB of its intent to discontinue service to one of these airports serving a market with low density traffic.

The Company has developed a support program for replacement carriers and for other commuter airlines to facilitate the Company's ability to discontinue service to cities with low density traffic. This program, which includes ground support and computerized reservations services, may continue to provide feeder traffic to Republic.

ITEM 1. BUSINESS (continued)

On its passenger flights, the Company also provides small package and cargo transportation services. In addition, the Company transports mail for the U.S. Postal Service. Republic engages in limited charter operations which accounted for less than .3% of total revenues for the years ended December 31, 1983 and 1982.

RATES, FARES AND COMPETITION

As of January 1, 1983 all regulation of fares in domestic markets terminated. Because of the decline in air travel from 1979 through 1982 and the resulting over-capacity, fare competition has been intense, particularly during the first six months of 1983. Price competition is greatest on routes with high density traffic, which are served by several established airlines and by new airlines offering discounted fares. A contributing factor to the fare competition has been the growth of low-cost carriers that are able to offer lower fares. In addition, promotional discounts have increased as airlines have attempted to gain or retain market shares. Republic has offered discount and promotional fares to meet competition, to develop traffic on new routes or to stimulate traffic during seasonally low traffic periods.

During 1983, Republic instituted a number of special promotions designed to attract traffic and to increase public awareness of Republic's service, including the "ABC" fare, "Suntrips with Rainchecks", and various joint promotions with retailers. To attract more business passengers, the Company also promoted its Business Coach, Frequent Flyer and Executive Suite programs. Most of the Company's aircraft offer the Business Coach class which includes wider and more luxurious seats and other amenities at $15 over the full coach fares.

The Company pays travel agents who issue tickets on Republic flights a commission based on a percentage of the ticket price and additional commissions for special promotions. Because travel agents are able to exercise discretion over the selection of airlines and the booking of their customers' flight schedules, Republic considers the payment of commission rates comparable to its competitors as necessary to its business. During 1983, approximately 69.3% of the Company's passenger revenues were derived from tickets issued by travel agents. This percentage may increase as Republic expands into longer haul markets to supplement its regional systems.

PUBLIC SERVICE REVENUES

Through September 30, 1983, the Company received Federal funding, classified as "public service revenues," for providing air service to airports serving certain small cities on its route system. In 1983, the Company received $9 million in public service revenues compared with $18.7 million in 1982. These public service revenues are no longer available, but the Company may still receive Section 419 subsidy for providing "essential" air transportation if the Company is required by the CAB, after giving ninety days' notice of its intent to discontinue service, to continue service to such an airport.

ITEM 1. BUSINESS (continued)

FUEL

During 1983, the Company purchased approximately 71% of its aviation fuel under contracts with 16 fuel suppliers. The balance was purchased at retail as needed or in the "spot" market where prices may vary above or below contract levels. The Company's fuel supply contracts generally have one-year terms and permit the supplier to increase or decrease the price depending on market conditions. Such contracts also typically permit the Company to terminate upon notice if it finds a price increase to be unacceptable. The principal purpose of entering into such contracts is to assure sources of supply. Supplies of petroleum products are currently adequate and, absent a disruption in the flow of petroleum supplies, including foreign imports of crude oil, management expects there to be an adequate supply of aviation fuel in the immediate future.

The cost of fuel has become a substantial portion of the Company's operating costs. Fuel expense was, as a percentage of total operating expenses, 22.3% in 1979, 28.9% in 1980, 28.4% in 1981, 27.5% in 1982, and 25.3% in 1983. The average price per gallon paid by Republic for aviation fuel increased from 58.1¢ in 1979 to 89.6¢ in 1980, and to $1.036 in 1981, but decreased to 97.5¢ in 1982 and to 88.3¢ in 1983. Changes in demand for other petroleum products, including gasoline, petrochemicals and home heating oil, as well as the adequacy of refining capacity and other supply constraints, affect the price and availability of aviation fuel generally.

A wholly-owned, unconsolidated subsidiary of the Company, Republic Energy, Inc., is engaged in limited oil and gas exploration and development in the continental United States. Republic Energy, Inc. also acts as a fuel supplier and provided 4% of the Company's fuel requirements in 1983. Its operations are not significant to the business of the Company.

REGULATION

CAB Regulation. The extent of regulation of airlines by the Civil Aeronautics Board has continued to diminish substantially since adoption of the Airline Deregulation Act of 1978, and will terminate January 1, 1985. The status of such regulation with respect to domestic services is generally as follows: Entry: The Company may begin service in any city pair without prior CAB approval. Exit: In general the Company may suspend service at any point without approval. However, it may be required to give notice and suspension may be delayed for successive 30 day periods by the CAB where the effect of suspension could be to deny such point "essential" air service. After January 1, 1985, provisions of the Federal Aviation Act with respect to essential air service will be administered by the Department of Transportation. Rates: Except for mail service, the Company's rates are unregulated. Beginning January 1, 1985, the jurisdiction over mail rates will be transferred to the U. S. Postal Service and such rates will be determined through negotiation or competitive bidding.

Agreements/Mergers/Antitrust: Agreements among airlines pertaining to travel agents, interline passengers, settlement of accounts and similar matters, have traditionally been maintained under grant of antitrust immunity by the CAB. The CAB has recently voted to reduce such immunity in certain respects. The CAB's decision is now under review in court and by Congress. Mergers, acquisitions and interlocking relationships among air carriers are also subject to CAB approval. Such approval authority is scheduled to be transferred to the Department of Justice on January 1, 1985. Consumer Protection and Unfair Competition: The CAB continues to regulate such matters as smoking rules, denied boarding compensation and baggage liability, and retains supervision over unfair and deceptive practices. The Company is actively supporting the adoption of rules by the CAB relating to airline computer reservation systems. The CAB has issued proposed rules. International Services: The Company serves Canada, Mexico and the Cayman Islands. The amount of competition on such routes and the rates to be charged are limited by the terms of international air transport agreements and certain statutory requirements and regulations not applicable to domestic transportation.

FAA Regulation. The Federal Aviation Administration ("FAA") has jurisdiction under the Aviation Act to regulate flight operations generally, including the licensing of pilots and maintenance personnel, the establishment of minimum standards for training and maintenance and the establishment of minimum technical standards for flight, communications and ground equipment. The FAA's jurisdiction and functions were largely unaffected by the Deregulation Act.

The FAA employs the air traffic controllers who direct landings and takeoffs from airports as well as monitor air routes travelled by commercial aircraft. Following the 1981 strike by the Professional Air Traffic Controllers Organization, the FAA put into operation an air traffic control system which reduced and limited flights by a system of slot allocations to certain high density airports served by the Company. The slot allocation system was gradually phased out as the air traffic control system returned to pre-strike levels.

Environmental Regulations. The FAA is empowered to promulgate regulations covering aircraft noise. Current noise abatement regulations require that most aircraft currently operating (including all of Republic's aircraft except the Convair 580s) comply with certain standards as most recently amended by the Aviation Safety and Noise Abatement Act of 1980. To comply with these standards, Republic will be required to modify all of its DC-9-10s and DC-9-30s by January 1, 1988, at a cost of approximately $240,000 per aircraft and spare engines at a cost of approximately $120,000 per engine. The Company began its retrofit program in 1979 and has completed a portion of the necessary modifications. The Company estimates it will have to spend approximately $5 million to complete the retrofit program. The DC-9-50, DC-9-80 and Boeing 727-200 aircraft operated by the Company comply with the noise standards. A commercial operator purchasing any such aircraft cannot operate the aircraft in the United States unless the required modifications have been made which may affect the Company's ability to sell aircraft that do not comply with the noise standards.

State legislatures and other governmental bodies, as well as some airport authorities, have from time to time considered or adopted noise reduction measures, including limitations on hours of operation and restrictions on types of aircraft. The Orange County/Santa Ana/Anaheim, California, airport restricts the type of aircraft and number of departures serving the airport. Orange County has also adopted noise abatement restrictions which would tend to limit aircraft serving the airport to newer and quieter types, such as DC-9-80s. The U.S. Department of Transportation has encouraged airport authorities to develop noise abatement plans and to submit them to the FAA for review and adoption of uniform regulations. Regulations restricting the use of airports or requiring modifications of equipment or substitution of aircraft, particularly state or local regulations which may vary in uniformity, could increase the Company's operating costs.

Other Regulations. The Company is subject to the jurisdiction of various other regulatory agencies, including the Federal Communications Commission, which governs the operating of Republic's radio and communications facilities and the U.S. Postal Service, which regulates transportation of mail through Republic's system and related services. Republic's routes and fares between the United States and Mexico, Canada and the Cayman Islands in the Caribbean are subject to foreign regulations.

EMPLOYEES AND LABOR RELATIONS

As of December 31, 1983, the Company employed 14,246 persons, substantially all of whom are represented by unions. Management believes that the Company's employee relations have been good.

Collective bargaining agreements provide standards for wages, hours of work, working conditions, settlement of disputes and other matters with various unions representing the following employees. The amendable dates for the various agreements are as follows:

Employee Unit	Amendable Date of Collective Bargaining Agreement
Flight Attendants	1/1/84
Pilots	1/1/85
Mechanics and Related Personnel	7/1/85
Supervisors of Mechanical Personnel	9/1/85
Flight Superintendents	9/1/85
Clerical, Office, Fleet and Passenger Service Employees	9/1/85

The Company is currently negotiating with the flight attendants union, whose contract became amendable January 1, 1984. Republic cannot predict when agreement will be reached on terms of the contract or what the cost of the contract will be. Any work stoppage would materially affect Republic.

ITEM 1. BUSINESS (continued)

Due to the Company's recent losses and the intense competition in the airline industry, including new carriers with substantially lower wage rates and more flexible work rules, the Company has proposed a three-year Partnership Plan and is currently negotiating with representatives of its six employee groups to obtain wage concessions and productivity improvements. Provisions of the Plan would include employee stock ownership and profit-sharing. The satisfactory resolution of these negotiations is necessary for the Company to achieve successful operations. Republic's salaries and benefits represented 37.7% of its operating expenses in 1983 and 36.2% in 1982.

For information relating to Republic's employee pension plans, see Note G to the Financial Statements of Republic, incorporated herein by reference, found on page 20 of the accompanying Annual Report to Stockholders.

INSURANCE

The Company carries insurance of types customary to the airline industry and in amounts management deems adequate to protect the Company and its property. The principal coverages include public liability, passenger liability, baggage and cargo liability, property damage, workers' compensation, loss or damage to flight equipment, and fire insurance on contents of hangars and buildings used by the Company.

Item 2. PROPERTIES

FLIGHT EQUIPMENT

Republic has a fleet of intermediate-sized jet aircraft, appropriate to both its regional markets and its longer haul routes. This fleet allows Republic to allocate its aircraft among its various routes according to traffic demand. The Company does not provide non-stop service in the coast-to-coast markets where larger capacity aircraft are generally utilized. The following table sets forth information, as of December 31, 1983, regarding the flight equipment operated by the Company in scheduled service:

Type of Aircraft	Passenger Capacity	Average Age(Yrs)	Number of Aircraft		
			Owned	Leased	Total
Douglas DC-9-10........	80	17	34	3	37
Douglas DC-9-30........	97	15	53	8	61
Douglas DC-9-50........	124	5½	16	12	28
Douglas DC-9-80........	145	2	6	1	7
Boeing 727-200.........	145	4½	15	-	15
Convair 580............	48	29	15	-	15

Item 2. PROPERTIES (continued)

In addition to the aircraft listed in the table, the Company purchased a DC-9-80 aircraft which is being leased to McDonnell Douglas Corporation for an 18-month period. Concurrent with the purchase of this aircraft in August 1983, Republic and McDonnell Douglas reached agreement to cancel the obligations for the six remaining DC-9-80's on order.

The Company has entered into agreements to sell four DC-9-15F aircraft, two for delivery in June 1984 and two for delivery in September 1984, and one DC-9-32F aircraft for delivery in September 1984, for a total sales price of $18.5 million. Most of the sales proceeds will be applied to reduce debt, which is secured by these aircraft.

All of the aircraft owned by the Company are subject to outstanding chattel mortgages to secure obligations of the Company including obligations pursuant to various credit agreements and the Company's indemnity of tax benefits. For information concerning the Company's lease obligations, see Note E to the Financial Statements, incorporated herein by reference, found on page 19 of the accompanying Annual Report to Stockholders.

All aircraft operated by Republic are maintained in accordance with procedures approved by the FAA. The Company maintains inventories of spare engines, spare parts, accessories and other maintenance supplies sufficient to meet its operating requirements.

GROUND FACILITIES

The Company leases substantially all of its office, maintenance and terminal buildings from governmental units or authorities under long-term lease agreements. The Company's general office is located at the Minneapolis-St. Paul International Airport. The principal maintenance bases are located at the airports serving Minneapolis-St. Paul and Atlanta. The Company also leases significant office space in Atlanta.

The Company has committed to airport facility expansion programs in Dallas/Ft. Worth, Detroit, Ft. Lauderdale, Milwaukee, Nashville, San Francisco and Tucson with an estimated cost of $11 million. These improvements will be financed through the issuance of tax-exempt bonds by airport authorities and by Republic from internally generated funds. Generally, the Company enters into long-term facility leases which fund the debt service of the bonds.

The Company also owns or leases certain computer equipment, airport passenger loading bridges, vehicles, furniture and fixtures which support its airline operations.

Item 3. LEGAL PROCEEDINGS

Various claims and lawsuits against the Company are pending, but are either covered by insurance or are the type which are normally and reasonably foreseeable in view of the nature of the Company's business. Management believes the total amount of liability, which reasonably may be expected to arise from such claims and lawsuits, not covered by insurance would not have a material adverse effect on the results of its operations, its financial condition or its business generally.

Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Not applicable.

EXECUTIVE OFFICERS OF THE REGISTRANT

The executive officers of the Registrant as of March 8, 1984, who were elected at the Board of Directors meeting following the 1983 annual meeting of stockholders or at a subsequent Board of Directors meeting, are:

Name and Age	Title	Officer Since
Carr, Hal N., 62	Chairman of the Board	1947
Hulse, Frank W., 71	Vice Chairman of the Board	1943
Sweet, Bernard, 60	Vice Chairman of the Board	1950
May, Daniel F., 54	President and Chief Executive Officer	1962
Wolf, Stephen M., 42	Executive Vice President	1984
Atwood, Dorman W., 62	Senior Vice President-Maintenance and Engineering	1979
Hubertus, Kenneth L., 55	Senior Vice President-Customer Service	1979
Karnas, George J., 54	Senior Vice President-Inflight Service	1973
Maxson, A. L., 48	Senior Vice President-Finance	1966
Barkhausen, Henry W., 36	Vice President and Treasurer	1984
Bordi, John F., 48	Vice President-Computer and Communications Service	1982
Courtenay, J. Kenneth, 56	Vice President-Regulatory and Community Affairs	1961

EXECUTIVE OFFICERS OF THE REGISTRANT (continued)

Name and Age	Title	Officer Since
Dingivan, Edward A., 64	Vice President-Federal Affairs	1980
Dow, John P., 53	Vice President-Corporate Affairs	1959
Ettel, Joseph W., 37	Vice President-Industrial Relations	1974
Foster, Gramer D., 56	Vice President-Flight Operations	1980
Jackson, Earl D., 56	Vice President-Maintenance and Technical Service	1980
Meyer, Michael D., 39	Vice President and Controller	1974
Oakes, William E., 50	Vice President-Marketing	1969
Westberg, Charlotte G., 66	Staff Vice President	1962

All of the executive officers have been officers or employees of the Registrant or its predecessor companies in capacities substantially equivalent to their current employment responsibilities for the past five years except for Stephen M. Wolf, Henry W. Barkhausen, and Edward A. Dingivan. Mr. Wolf was President, Chief Operating Officer and a director of Continental Airlines Corporation (which filed for Chapter 11 reorganization under the Federal Bankruptcy laws in September 1983 after Mr. Wolf resigned as an officer and director), from December 1982 to September 1983, was Senior Vice President-Marketing of Pan American World Airways, Inc., from December 1981 to November 1982, and prior thereto was Vice President-Western Division of American Airlines, Inc. Mr. Barkhausen was Director of Real Estate of Tribune Company (newspaper publishing and other communication services) from October 1982 to November 1983 and prior thereto was Assistant Treasurer of Marshall Field & Company (department stores). Mr. Dingivan was Vice President of National Air Carriers Association (a Charter Carrier Trade Association) for more than five years prior to joining the Company. Officers are elected to serve until the Board of Directors meeting following the annual meeting of stockholders or until their successors are elected.

Additional information for those executive officers who are also directors is set forth in the Registrant's definitive proxy statement dated March 20, 1984 for the 1984 Annual Meeting of Stockholders and is incorporated herein by reference.

PART II

Item 5. **MARKET FOR THE REGISTRANT'S COMMON STOCK AND RELATED SECURITY HOLDER MATTERS**

Information required by this item is set forth under Common Stock Information on page 21 of the accompanying Annual Report to Stockholders and is incorporated herein by reference.

Item 6. **SELECTED FINANCIAL DATA**

Information required by this item is set forth under the Five-Year Summary on page 24 of the accompanying Annual Report to Stockholders and is incorporated herein by reference.

Item 7. **MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

Information required by this item is set forth under Management's Discussion and Analysis on pages 9, 10 and 11 and Effects of Changing Prices on pages 22 and 23 of the accompanying Annual Report to Stockholders and is incorporated herein by reference.

Item 8. **FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA**

Financial Statements appearing on pages 12 through 20 of the accompanying Annual Report to Stockholders are incorporated herein by reference.

Quarterly Summaries of Operations appearing on page 21 of the accompanying Annual Report to Stockholders are incorporated herein by reference.

Effects of Changing Prices on pages 22 and 23 of the accompanying Annual Report to Stockholders are incorporated herein by reference.

Item 9. **DISAGREEMENTS ON ACCOUNTING AND FINANCIAL DISCLOSURES**

Not applicable.

PART III

Item 10. **DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT**

Information relating to the directors of the Registrant is contained in its definitive proxy statement dated March 20, 1984 for the 1984 Annual Meeting of Stockholders and is incorporated herein by reference. Information relating to the executive officers of the Registrant is furnished as an unnumbered item in Part I following Item 4.

Item 11. EXECUTIVE COMPENSATION

Information required by this item is set forth in the Registrant's definitive proxy statement dated March 20, 1984 for the 1984 Annual Meeting of Stockholders and is incorporated herein by reference.

Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Information required by this item is set forth in the Registrant's definitive proxy statement dated March 20, 1984 for the 1984 Annual Meeting of Stockholders and is incorporated herein by reference.

Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Information required by this item is set forth in the Registrant's definitive proxy statement dated March 20, 1984 for the 1984 Annual Meeting of Stockholders and is incorporated herein by reference.

PART IV

Item 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a) 1. Financial Statements	Annual Report to Stockholders Page Reference
Consolidated balance sheets at December 31, 1983 and 1982	12 and 13
Consolidated statements of operations for the years ended December 31, 1983, 1982 and 1981	14
Consolidated statements of changes in financial position for the years ended December 31, 1983, 1982 and 1981	15
Consolidated statements of changes in stockholders' equity (deficit) for the years ended December 31, 1983, 1982 and 1981	16
Notes to financial statements	17-20

2. Financial Statement Schedules	Form 10-K Page Reference
Auditors' Report	F-1
Schedules:	
Schedule V - Property and Equipment Years ended December 31, 1983, 1982 and 1981	F-2, F-3 and F-4

Item 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K (continued)

2. Financial Statement Schedules (continued)	Form 10-K Page Reference
Schedule VI - Accumulated Depreciation and Amortization Years ended December 31, 1983, 1982 and 1981	F-5 and F-6
Schedule X - Supplementary Income Statement Information Years ended December 31, 1983, 1982 and 1981	F-7

All other schedules have been omitted since the required information is not present or not present in amounts sufficient to require submission of the schedule, or because the information required is included in the financial statements or the notes thereto.

3. Exhibits

3.1 Restated Articles of Incorporation of Republic Airlines, Inc. incorporated herein by reference to Exhibit 4.1 to the Company's Quarterly Report on Form 10-Q for the Quarter Ended June 30, 1983.

3.2 Bylaws of Republic Airlines, Inc. incorporated herein by reference to Exhibit 3.2 to the Company's 1982 Annual Report on Form 10-K.

4.1 The Company's Revolving Credit Agreement and Amendments and Waivers thereto through and including November 30, 1982 incorporated herein by reference to Exhibit 28.1 to the Company's Registration Statement No. 2-80688.

4.2 Amendments or Waivers to the Company's Revolving Credit Agreement dated January 1, 1983, June 1, 1983, June 30, 1983, July 31, 1983, and August 26, 1983, incorporated herein by reference to the Company's 1982 Annual Report on Form 10-K and the Company's Quarterly Reports of Form 10-Q for the Quarters Ended June 30, 1983 and September 30, 1983.

4.3 Security Agreement dated December 22, 1983 made by the Company with Citibank, N.A., as agent and entered into pursuant to the Company's Revolving Credit Agreement.

Item 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K (continued)

3. Exhibits (continued)

4.4	Letter waiver to the Company's Revolving Credit Agreement dated January 10, 1984.
4.5	Letter consent to the Company's Revolving Credit Agreement dated February 3, 1984.
4.6	Letter waiver to the Company's Revolving Credit Agreement dated February 15, 1984.
	The Company will furnish to the Commission upon request certain other instruments related to its long-term debt.
10.1	Employment Agreement between Hal N. Carr and Republic Airlines, Inc. dated December 5, 1975 and Amendments thereto dated April 28, 1978 and October 27, 1978 incorporated by reference to Exhibit 10.3 to the Company's 1982 Annual Report on Form 10-K.
10.2	Consulting Agreement between Frank W. Hulse and Republic Airlines, Inc. dated July 28, 1978, incorporated herein by reference to Exhibit 6.1 to the Company's Registration Statement No. 2-62836.
10.3	Option Agreement between Daniel F. May and Republic Airlines, Inc. dated September 1, 1983.
11	Computations of loss per common share for the years ended December 31, 1983, 1982 and 1981.
13	Annual Report to Stockholders.
22	Subsidiaries of the registrant.
24	Consent of experts.
25	Power of attorney.
28	Proxy Statement for the 1984 Annual Meeting of Stockholders.

(b) Reports on Form 8-K

No report on Form 8-K was filed during the fourth quarter of 1983.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

REPUBLIC AIRLINES, INC.

By /s/ Daniel F. May
Daniel F. May
President and Chief Executive Officer
(Principal Executive Officer and Director)
March 22, 1984

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

HAL N. CARR*
Hal N. Carr
Chairman of the Board
March 22, 1984

/s/ Michael D. Meyer
Michael D. Meyer
Vice President and Controller
(Principal Accounting Officer)
March 22, 1984

BERNARD SWEET*
Bernard Sweet
Vice Chairman of the Board
March 22, 1984

CECIL A. BEASLEY, JR.*
Cecil A. Beasley, Jr.
Director
March 22, 1984

FRANK W. HULSE*
Frank W. Hulse
Vice Chairman of the Board
March 22, 1984

ERIC BRAMLEY*
Eric Bramley
Director
March 22, 1984

/s/ A. L. Maxson
A. L. Maxson
Senior Vice President-Finance
(Principal Financial Officer)
March 22, 1984

D. F. DeCOURSIN*
D. F. DeCoursin
Director
March 22, 1984

DAVID H. HUGHES*
David H. Hughes
Director
March 22, 1984

WILLIAM E. RANKIN*
William E. Rankin
Director
March 22, 1984

ALTON F. IRBY, JR.*
Alton F. Irby, Jr.
Director
March 22, 1984

HENRY M. ROSS*
Henry M. Ross
Director
March 22, 1984

G. GUNBY JORDAN*
G. Gunby Jordan
Director
March 22, 1984

RICHARD A. TRIPPEER, JR.*
Richard A. Trippeer, Jr.
Director
March 22, 1984

JOHN M. LAWRENCE, III*
John M. Lawrence, III
Director
March 22, 1984

WM. BEW WHITE, JR.*
Wm. Bew White, Jr.
Director
March 22, 1984

WILLIAM R. LUMMIS*
William R. Lummis
Director
March 22, 1984

KENNETH B. WILLETT*
Kenneth B. Willett
Director
March 22, 1984

MORTON B. PHILLIPS*
Morton B. Phillips
Director
March 22, 1984

FRANK M. YOUNG III*
Frank M. Young III
Director
March 22, 1984

G. FRANK PURVIS, JR.*
G. Frank Purvis, Jr.
Director
March 22, 1984

*BY /s/ Daniel F. May
Daniel F. May, Attorney-In-Fact

Date: March 22, 1984

AUDITORS' REPORT

Stockholders and Board of Directors
Republic Airlines, Inc.

We have examined the consolidated balance sheets of Republic Airlines, Inc. (a Wisconsin corporation) and its subsidiary as of December 31, 1983 and 1982, and the consolidated statements of operations, changes in stockholders' equity (deficit) and changes in financial position for the years ended December 31, 1983, 1982 and 1981. Our examinations were made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

The accompanying consolidated financial statements have been prepared on a going concern basis which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. However, as described in Note B, significant uncertainties, which include the obtaining of employee wage and other concessions, could cause the company to be unable to continue in business. The consolidated financial statements do not include any adjustments relating to the recoverability and classification of a major portion of recorded asset amounts or the amount and classification of liabilities that might be necessary should the company be unable to continue in the normal course of business.

In our opinion, subject to the effects on the 1983 consolidated financial statements of such adjustments, if any, as might have been required had the outcome of the uncertainties referred to in the preceding paragraph been known, the consolidated financial statements referred to above present fairly the financial position of Republic Airlines, Inc., and its subsidiary at December 31, 1983 and 1982, and the results of their operations and changes in their financial position for the years ended December 31, 1983, 1982 and 1981 in conformity with generally accepted accounting principles applied on a consistent basis.

In connection with our examinations of the financial statements for the periods indicated above, we have also examined the schedules listed in Item 14(a)2, and included herein. In our opinion, such schedules present fairly the information required to be set forth therein.

Alexander Grant & Company

Minneapolis, Minnesota
February 3, 1984

REPUBLIC AIRLINES, INC.

SCHEDULE V - PROPERTY AND EQUIPMENT

Year ended December 31, 1983
(in thousands)

Column A	Column B	Column C	Column D	Column E	Column F
Classification	Balance at beginning of period	Additions at cost	Retirements	Other changes add (deduct) describe	Balance at end of period
Flight equipment:					
At cost	$ 835,338	$63,368	$4,022	$ 5,625 (A)	$ 900,309
Under capital leases	157,145	-	-	-	157,145
	992,483	63,368	4,022	5,625	1,057,454
Ground property and equipment:					
At cost	101,936	8,662	2,423	1,828 (A)	110,003
Under capital leases	12,695	4,152	910	-	15,937
	114,631	12,814	3,333	1,828	125,940
Advance deposits on equipment	19,641	627	-	(16,840)(B) (3,428)(C)	-
Total	$1,126,755	$76,809	$7,355	$(12,815)	$1,183,394

(A) Transfer of amounts from (to) other general ledger accounts.

(B) Equipment deposits - when the related asset is acquired it is shown in the Additions at Cost column for the appropriate asset classification.

(C) Cancellation of advance deposits.

REPUBLIC AIRLINES, INC.

SCHEDULE V - PROPERTY AND EQUIPMENT (continued)

Year ended December 31, 1982
(in thousands)

Column A Classification	Column B Balance at beginning of period	Column C Additions at cost	Column D Retirements	Column E Other changes add (deduct) describe	Column F Balance at end of period
Flight equipment:					
At cost	$ 767,689				$ 835,338
Under capital leases	157,134				157,145
	924,823	$85,482	$17,822	$ -	992,483
Ground property and equipment:					
At cost	96,811				101,936
Under capital leases	12,960				12,695
	109,771	7,204	2,344	-	114,631
		-	-	(8,395) (A)	
Advance deposits on equipment	67,490			(39,454) (B)	19,641
Total	$1,102,084	$92,686	$20,166	$(47,849)	$1,126,755

(A) Equipment deposits - when the related asset is acquired it is shown in the Additions at Cost column for the appropriate asset classification.

(B) Cancellation of advance deposits.

REPUBLIC AIRLINES, INC.

SCHEDULE V - PROPERTY AND EQUIPMENT (continued)

Year ended December 31, 1981
(in thousands)

Column A	Column B	Column C	Column D	Column E	Column F
Classification	Balance at beginning of period	Additions at cost	Retirements	Other changes add (deduct) describe	Balance at end of period
Flight equipment:					
At cost	$666,672				$ 767,689
Under capital leases	134,499				157,134
	801,171	$173,180	$49,528	$ -	924,823
Ground property and equipment:					
At cost	88,540				96,811
Under capital leases	9,455				12,960
	97,995	14,783	3,007	-	109,771
Advance deposits on equipment	60,135	-	-	7,355 (A)	67,490
Total	$959,301	$187,963	$52,535	$7,355	$1,102,084

(A) Equipment deposits - when the related asset is acquired it is shown in the Additions at Cost column for the appropriate asset classification.

REPUBLIC AIRLINES, INC.

SCHEDULE VI - ACCUMULATED DEPRECIATION AND AMORTIZATION OF PROPERTY AND EQUIPMENT

Year ended December 31, 1983
(in thousands)

Column A	Column B	Column C	Column D	Column E	Column F
Classification	Balance at beginning of period	Additions charged to costs and expenses	Retirements	Other changes add (deduct) describe	Balance at end of period
Flight equipment	$226,904	$59,171	$2,994	$5,625 (A)	$288,706
Ground property and equipment	53,815	11,204	1,989	1,828 (A)	64,858
Total accumulated depreciation and amortization	$280,719	$70,375	$4,983	$7,453	$353,564

Year ended December 31, 1982
(in thousands)

Column A	Column B	Column C	Column D	Column E	Column F
Flight equipment	$176,593	$54,638	$4,327	$ -	$226,904
Ground property and equipment	43,295	11,086	566	-	53,815
Total accumulated depreciation and amortization	$219,888	$65,724	$4,893	$ -	$280,719

(A) Transfer of amounts from (to) other general ledger accounts.

REPUBLIC AIRLINES, INC.

SCHEDULE VI - ACCUMULATED DEPRECIATION AND
AMORTIZATION OF PROPERTY AND EQUIPMENT (continued)

Year ended December 31, 1981
(in thousands)

Column A	Column B	Column C	Column D	Column E	Column F
Classification	Balance at beginning of period	Additions charged to costs and expenses	Retirements	Other changes add (deduct) describe	Balance at end of period
Flight equipment	$145,662	$50,837	$19,906	$ -	$176,593
Ground property and equipment	35,264	10,237	2,206	-	43,295
Total accumulated depreciation and amortization	$180,926	$61,074	$22,112	$ -	$219,888

REPUBLIC AIRLINES, INC.

SCHEDULE X - SUPPLEMENTARY INCOME STATEMENT INFORMATION

Years ended December 31, 1983, 1982 and 1981

Column A	Column B		
Item	Charged to costs and expenses (in thousands)		
	1983	1982	1981
1. Maintenance and repairs	$146,195	$137,738	$145,327
3. Taxes, other than income and payroll			
Fuel, property and other	$ 17,745	$ 17,175	$ 20,368
5. Advertising costs	$ 35,639	$ 30,835	$ 20,534

NOTE: Items 2 and 4 either none or not present in amounts sufficient to require submission of the information.

(ANNUAL REPORT OMITTED)

REPUBLIC AIRLINES, INC.
7500 Airline Drive
Minneapolis, Minnesota 55450

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

April 25, 1984

TO THE STOCKHOLDERS OF REPUBLIC AIRLINES, INC.:

Please take notice that the Annual Meeting of Stockholders of Republic Airlines, Inc. (the "Company") will be held pursuant to due call of the Board of Directors of the Company, at the Wausau Club, 309 McClellan Street, Wausau, Wisconsin, on Wednesday, April 25, 1984, at 10:30 a.m., or at any adjournment or adjournments thereof, for the following purposes:

1. To elect directors.
2. To vote on a proposal to approve a Stock Option and Stock Appreciation Right Plan.
3. To vote on a proposal expected to be made by a stockholder relating to nominees for the Company's Board of Directors.
4. To transact such other business as may properly come before the meeting.

Pursuant to due action of the Board of Directors, stockholders of record on March 8, 1984, will be entitled to vote at the meeting or any adjournment or adjournments thereof.

YOU ARE REQUESTED TO READ CAREFULLY THE ATTACHED PROXY STATEMENT. YOU ARE URGED TO SIGN AND RETURN THE ENCLOSED CARD AUTHORIZING REPRESENTATIVES OF THE PRESENT BOARD OF DIRECTORS OF THE COMPANY TO VOTE FOR YOU AT THE MEETING.

By Order of the Board of Directors
REPUBLIC AIRLINES, INC.
Ralph Strangis
Assistant Secretary

March 20, 1984

PROXY STATEMENT

of

REPUBLIC AIRLINES, INC.

Annual Meeting of Stockholders to be Held

April 25, 1984

PROXIES AND VOTING

This Proxy Statement is furnished in connection with the solicitation of proxies by the Board of Directors of Republic Airlines, Inc. (the "Company") to be used at the Annual Meeting of Stockholders of the Company to be held April 25, 1984. Each stockholder who signs and returns a proxy in the form enclosed with this Proxy Statement may revoke the same at any time prior to its use by giving notice of such revocation to the Company in writing or in open meeting. Unless so revoked, the shares represented by each proxy will be voted at the meeting and at any adjournment thereof. Presence at the meeting of a stockholder who has signed a proxy does not alone revoke that proxy.

The executive offices of the Company are located at 7500 Airline Drive, Minneapolis, Minnesota 55450. This Proxy Statement and the accompanying proxy are to be first mailed to stockholders on or about March 20, 1984.

Only stockholders of record at the close of business on March 8, 1984, will be entitled to vote at the meeting or any adjournment thereof.

COMMON SHARES OUTSTANDING AND VOTING RIGHTS

The Company has a single class of common stock of which 30,629,690 shares were outstanding as of the close of business on the record date, March 8, 1984. Each share of common stock is entitled to one vote.

SECURITY OWNERSHIP

The following table sets forth, as of the record date, all persons known by the Company to be the owner, of record or beneficially, of as much as approximately five percent of the outstanding common stock of the Company, and such ownership by all officers and directors as a group.

Name and Address	Amount Owned Beneficially or of Record	Percent of Class
Republic Airlines, Inc. Restated Employee Stock Ownership Plan (1) 7500 Airline Drive Minneapolis, MN 55450	1,944,223	6.3
All officers and directors as a group (2)	1,308,976	4.3

(1) The trustees of the Plan are Daniel F. May, a director, President and Chief Executive Officer of the Company, and Walter E. Nielsen, the Assistant Treasurer of the Company. The trustees vote common stock held under the Plan in accordance with the directions of the employees to whose accounts the shares are allocated or, in certain other circumstances, at their discretion.

(2) Includes 44,500 shares with respect to which such persons have the right to acquire beneficial ownership. Includes 2,535 shares held by the Republic Airlines, Inc. Deferred Salary Investment Plan. Does not include 162,889 shares held by the Republic Airlines, Inc. Restated Employee Stock Ownership Plan.

ELECTION OF DIRECTORS
(Proposal Number 1 in the accompanying Notice)

Twenty-one (21) directors are to be elected at the meeting, each director to hold office until the next annual meeting of stockholders or until his successor is elected and qualified. All of the persons listed below, except for Stephen M. Wolf, are now serving as directors of the Company. The Board of Directors proposes for election to the Board of Directors the nominees listed below:

Name and Age of Nominee	Principal Occupation and Directorships	Director Since	Shares Beneficially Owned as of March 8, 1984 (1)	Percent of Class
Cecil A. Beasley, Jr. (71)	Partner—Ballard and Beasley (attorneys).	1979	102,762	0.34
Eric Bramley** (67)	Retired Editor, Aviation Daily (aviation industry news service).	1976	1,000	—
Hal N. Carr* (62)	Chairman of the Board of the Company. Mr. Carr is a director of Dahlberg Electronics, Inc., First National Bank of Bryan, Texas, Ross Industries, Inc., Westland Capital Corporation, and Cayman Water Co.	1952	172,724(2)	0.56
G. F. DeCoursin* (70)	Chairman of the Board, Media Graphics (commercial graphic arts).	1944	19,990	0.07
David H. Hughes (40)	President and director of Hughes Supply, Inc. (manufacturer and distributor of electrical and plumbing supplies). Mr. Hughes is a director of Sun Banks, Inc.	1983	1,200	—
Frank W. Hulse* (71)	Vice Chairman of the Board of the Company. Mr. Hulse is a director of Fuqua Industries, Inc. and American Fidelity Life Insurance Company.	1979	359,060(3)	1.17
Alton F. Irby, Jr. (71)	Chairman of the Board, Fred S. James & Company of Georgia, Inc. (insurance agents, counselors).	1979	101,089	0.33
G. Gunby Jordan (68)	Retired Chairman of the Board, The Jordan Company (construction). Mr. Jordan is a director of Columbus Bank and Trust Bancshares, Inc.	1979	108,312(3)(6)	0.35
John M. Lawrence III (62)	Partner—Lawrence, Thornton, Payne, Watson, & Kling (attorneys). Mr. Lawrence is a director of First Bank & Trust of Bryan, Texas and Brazos Broadcasting Company.	1975	2,200	0.01
William R. Lummis (55)	Chairman of the Board, President and Chief Executive Officer, Summa Corporation (real estate investments, aviation, hotels and recreation). Mr. Lummis is a director of Texas American Bancshares, Inc.	1980	—(4)	—
Daniel F. May* (54)	President and Chief Executive Officer of the Company. Mr. May is a director of Metropolitan State Bank of Bloomington, Minnesota and Rexnord, Inc.	1980	78,748(2)(6)	0.26

Name and Age of Nominee	Principal Occupation and Directorships	Director Since	Shares Beneficially Owned as of March 8, 1984 (1)	Percent of Class
Morton B. Phillips (65)	Chairman of the Board, Westland Capital Corporation (business investments).	1966	4,345(3)	0.01
G. Frank Purvis, Jr.** (69)	Chairman of the Board and Chief Executive Officer, Pan American Life Insurance Company. Mr. Purvis is a director of Bell South Corporation and First Commerce Corporation.	1979	18,480(3)	0.06
William E. Rankin (62)	Vice Chairman of the Board of Summa Corporation (real estate investments, aviation, hotels and recreation).	1980	—(4)	—
Henry M. Ross** (56)	President, Ross Industries, Inc. (machinery manufacturer). Mr. Ross is a director of Fauquier National Bank of Warrenton, Virginia and Greater Washington Investors, Inc.	1975	1,000	—
Bernard Sweet* (60)	Vice Chairman of the Board of the Company. Mr. Sweet is a director of G & K Services, Inc. and S. E. Rykoff & Co.	1969	42,283(2)	0.14
Richard A. Trippeer, Jr. (44)	President and director of Union Planters National Bank of Memphis. Mr. Trippeer is a director of Union Planters Corporation.	1979	45,665	0.15
Wm. Bew White, Jr.* (64)	Partner—Bradley, Arant, Rose & White (attorneys). Mr. White is a director of Avondale Mills.	1979	39,500	0.13
Kenneth B. Willett* (82)	Chairman of the Board, First Financial Savings and Loan Assn. of Stevens Point, Wisconsin.	1954	35,000	0.11
Stephen M. Wolf (42)	Executive Vice President of the Company.	—	—	—
Frank M. Young III (42)	Partner—North Haskell Slaughter Young & Lewis (attorneys).	1979	81,707(5)	0.27

*Member of the Executive Committee
**Member of the Audit Committee

(1) Each nominee has sole voting and investment power with respect to the shares beneficially owned, except for Mr. Jordan, who has sole power with respect to 99,312 shares and shared power with respect to 9,000 shares, and Mr. Young, who has sole power with respect to 30,185 shares and shared power with respect to 51,522 shares.

(2) Includes for Messrs. Carr, Sweet and May, 20,066, 19,851 and 15,521 shares, respectively, held by the Company's Restated Employee Stock Ownership Plan for the benefit of such persons; includes for Mr. May 2,315 shares held by the Company's Deferred Salary Investment Plan.

(3) Does not include the following shares owned by Spouses: 21,193 by Mrs. Hulse, 346 by Mrs. Jordan, 2,000 by Mrs. Phillips and 1,260 by Mrs. Purvis.

(4) Howard Hughes Realty, Inc., of which Mr. Lummis is Chairman of the Board, is an affiliate of Summa Corporation, of which Mr. Lummis and Mr. Rankin are directors and officers. Howard Hughes Realty, Inc. owns the Company's 13% Convertible Subordinated Debentures and warrants to purchase shares of the Company's common stock at $8 per share, subject to adjustment. The warrants expire August 26, 1990. Mr. Lummis and Mr. Rankin disclaim beneficial ownership of 1,171,734 share into which the Debentures are convertible and 5,500 shares obtainable upon exercise of the warrants.

(5) Mr. Young is the son-in-law of Frank W. Hulse. Does not include 31,815 shares owned by Spouse, Mrs. Young.

(6) Includes for Messrs. Jordan and May, 9,000 and 35,500 shares, respectively, with respect to which such persons have the right to acquire beneficial ownership.

Each of such nominees has been engaged in the principal occupation set forth above for more than the last five years except for Mr. Sweet, who, prior to October 1980, was President and Chief Executive Officer of the Company; Mr. May, who was elected President in October 1980 and Chief Executive Officer in February 1982, and prior thereto was an executive officer of the Company; Mr. Wolf, who was elected Executive Vice President of the Company in February 1984, was from December 1982 to September 1983 President, Chief Operating Officer and a director of Continental Airlines Corporation, (which filed for Chapter 11 reorganization under the Federal bankruptcy laws in September 1983 after Mr. Wolf resigned as an officer and director), was from December 1981 to November 1982 Senior Vice President-Marketing of Pan American World Airways, Inc., and prior thereto was Vice President-Western Division of American Airlines, Inc.; Mr. Hulse, who, prior to July 1979, was Chairman and Chief Executive Officer of Southern Airways, Inc.; and Mr. Jordan, who, prior to January 1983, was Chairman of the Board of The Jordan Company.

Mr. Lummis and Mr. Rankin were elected to the Board of Directors in 1980 pursuant to an agreement with the Company in connection with the acquisition of Hughes Airwest. Mr. Lummis is an administrator and potential beneficiary of the estate of Howard R. Hughes, Jr., which indirectly owns all of the stock of Summa Corporation. Mr. Lummis, however, disclaims any beneficial ownership of the Company's 13% Convertible Subordinated Debentures and warrants owned by Howard Hughes Realty, Inc., an affiliate of Summa Corporation.

All shares represented by proxies will be voted for the election of the foregoing nominees who have indicated a willingness to serve, if elected; provided, however, that if any such nominee should withdraw or otherwise become unavailable for reasons not presently known, such shares may be voted for another person in place of such nominee, in accordance with the best judgment of the persons named in the proxy.

COMMITTEES OF THE BOARD OF DIRECTORS

The Company's Audit Committee, consisting of Messrs. Bramley, Purvis and Ross, held three meetings during 1983. The Audit Committee recommends to the full Board the engagement of the independent accountants, reviews the audit plan and results of the audit engagement, reviews the independence of the auditors and reviews the adequacy of the Company's system of internal accounting controls. The Executive Committee, consisting of Messrs. Carr, DeCoursin, Hulse, May, Sweet, White and Willett, held seven meetings during 1983. The Executive Committee is empowered to perform any function of the Board of Directors when the full Board is not in session, except the declaration of dividends, filling of vacancies on the Board of Directors or the Executive Committee and election or removal of officers. The Company does not have a Nominating Committee. The Board of Directors held four meetings during 1983. All directors attended at least 75 percent of the meetings of the Board of Directors and the committees of the Board on which they serve.

COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS

The following table sets forth information with respect to compensation for services provided to the Company and its subsidiaries in 1983, as to each of the five most highly compensated, key policy-making executive officers of the Company and as to all executive officers as a group.

Cash Compensation Table

Name of Individual or Identity of Group and Capacity in which Compensation Received	Cash Compensation (a)
Hal N. Carr, Chairman of the Board	$ 255,480
Bernard Sweet, Vice Chairman of the Board	200,684
Daniel F. May, President and Chief Executive Officer and Director	201,224 (b)
Gramer D. Foster, Vice President-Flight Operations	109,722
A. L. Maxson, Senior Vice President-Finance	99,948
All executive officers as a group (included 18 persons at December 31, 1983)	2,912,535

(a) Includes amounts received under the officers' medical reimbursement plan pursuant to which the Company reimburses officers for medical expenses not covered by the Company's medical insurance plan for salaried management employees. Includes, with respect to executive officers who retired during 1983, payments for vacation, sick leave and other benefits totaling approximately $582,000. Includes directors' fees. The amounts do not include the value, if any, of travel privileges granted to officers and directors in accordance with general practices in the airline industry.

(b) Includes $49,314 of Mr. May's salary which was deferred during 1983 and paid to Mr. May in the form of shares of Common Stock. After adjustment for income tax withholding, Mr. May has received 9,700 shares based on a per-share price of $3.75, the closing price on December 30, 1983.

Profit-Sharing Plan. The Company has a profit-sharing plan for the years ending December 31, 1982 through December 31, 1985 under which certain employees participating in compensation reductions and concessions will share in one-half of the Company's net profits in excess of three percent of revenues, excluding sales of flight equipment, tax benefits, and certain other items, for each such year. No amounts are payable under the plan with respect to the years ended December 31, 1982 and 1983.

Directors' Fees. Through August 1983, directors' fees were paid at the rate of $750 for each Board and committee meeting of Republic or a subsidiary. Thereafter, directors' fees were paid at a rate of $637.50 for each such meeting. Directors who are officers of the Company also receive such fees.

Death Benefits Plan and Other Benefits Agreements. The Company has agreements with executive officers to provide benefits in the event of death, retirement, or severance. Death benefits are funded by insurance. Severance benefits are payable when termination is involuntary or when employment is continued as a non-officer. The benefits, ranging from $100,000 to $300,000, are in addition to those under the group term life insurance plan and pension plans maintained for all employees. The agreements provide that the Company will not merge, consolidate or combine with another business entity unless the successor company expressly assumes the obligations of the Company under these agreements. The executive officers named in the Cash Compensation Table are entitled to the following benefits: Messrs. Carr, Sweet and May, $300,000 each; Messrs. Foster and Maxson, $200,000 each.

Employment and Consulting Agreements. Mr. Carr has an employment agreement with the Company providing for continued employment in a full-time capacity as a management executive at an annual salary of not less than $200,000 until April 7, 1986. Certain salary continuation payments are payable in the event of death or disability. The agreement also provides that Mr. Carr is entitled to participate in other benefits provided by the Company for its employees generally. Mr. Sweet had a similar employment agreement which expired April 5, 1983. Mr. Sweet continues to serve as a management executive but is not under contract. The Company has an agreement with Mr. Hulse providing for his continued engagement by the Company as an independent consultant until July 1, 1984, at a current rate of compensation of $145,000 per annum. This agreement also provides for continuation of certain payments in the event of Mr. Hulse's death or disability. Mr. Hulse is entitled to participate in other health insurance plans afforded to officers of the Company during the term of this agreement and thereafter on the same basis as other retired employees of the Company. The amounts paid to Mr. Hulse, pursuant to the agreement, are not included in the category of compensation paid to "All executive officers as a group" in the Cash Compensation Table.

401(k) Plan. In 1983, the Company adopted a Deferred Salary Investment Plan, a stock plan qualified under Section 401(k) of the Internal Revenue Code of 1954, as amended. Contributions to the Plan are invested in Company stock. Officers of the Company are entitled to participate in the Plan. Two executive officers participated during 1983, making contributions of $15,589. These amounts are included in the Cash Compensation Table.

Restated Employee Stock Ownership Plan. During 1983, 1,172 employees, including executive officers, received benefits under the Restated Employee Stock Ownership Plan (the "Plan"). Under the Plan, the Company made contributions of cash or its common stock to a trust for the benefit of eligible employees under circumstances which entitled the Company to claim an additional investment tax credit for the amount of its contributions. All cash contributions to the Plan are invested in common stock of the Company. Participants receive, upon death or other separation from employment with the Company, shares of common stock held in their accounts. No contribution has been authorized by the Board of Directors for the Plan Year 1983, and no further contributions are anticipated due to a change in the tax law. Amounts contributed in 1983, with respect to the Plan Year 1982, to the accounts of the individuals and group named in the Cash Compensation Table were as follows: Mr. Carr $1,096, Mr. Sweet $1,096, Mr. May $2,506, Mr. Foster $2,401, Mr. Maxson $776 and all executive officers as a group $30,775.

Retirement Plan. Retirement benefits for executive officers of Republic are provided under a Salaried Employees Retirement Benefit Plan ("Retirement Plan"), which is available to all salaried employees not covered under any of the Company's other pension plans (principally plans collectively bargained). Except for one officer, who is entitled to retirement benefits under a retirement plan for pilots, all executive officers are eligible under the Retirement Plan. Benefits under the Retirement Plan are based on a benefit formula providing 60 percent of a participant's final average earnings (as defined) less 50 percent of primary Social Security benefits, and proportionately reduced for years of service less than 25 years. The Company's annual contribution to the Retirement Plan with respect to an individual person cannot readily be separately calculated by the Retirement Plan's actuaries. Therefore, 1983 amounts accrued, paid or distributed pursuant to the plan for the accounts of executive officers, cannot be determined.

The table below sets forth the estimated annual benefits payable upon retirement at age 65 under the Retirement Plan for specified compensation and years of service classifications.

Annual Compensation	Estimated Annual Retirement Benefits (a)	
	15 Years	25 Years
$ 50,000	$15,360	$25,595
80,000	26,160	43,595
110,000	36,957	61,595
180,000	62,157	90,000
270,000	90,000	90,000

(a) Benefits are limited by the Tax Equity and Fiscal Responsibility Act of 1982 to the greater of $90,000 or the benefit accrued to December 31, 1982. In some cases, the applicable limit for 1984 and subsequent years will be reduced as a result of amendments to Section 415 of the Internal Revenue Code imposed by the Tax Equity and Fiscal Responsibility Act of 1982. However, the Company has adopted an Excess Benefit Pension Plan providing that if any participant's pension is reduced pursuant to the limitations imposed by Section 415, the Company will make a direct payment to that individual in a monthly amount equal to the amount of the reduction.

The years of credited service under the Retirement Plan for Messrs. Carr, Sweet, May and Maxson, officers named in the Cash Compensation Table, are 29, 35, 27 and 17, respectively. Mr. Foster is covered under a retirement plan for pilots and has 28 years of credited service under that plan.

Stock Options. In September 1983, the Company granted Mr. May an option to purchase 25,000 shares of common stock at $4.25 per share, the fair market value at date of grant. Mr. May's option was exercisable beginning on September 1, 1983 and expires on August 31, 1988. In February 1984, the Company granted Mr. Wolf an option to purchase 150,000 shares of common stock at $4.125 per share, the fair market value at date of grant. Mr. Wolf's option is exercisable on a cumulative basis at the rate of 50,000 shares for each year of employment and expires on February 24, 1992.

CERTAIN TRANSACTIONS

During 1983, the law firms of Ballard and Beasley, of which Cecil A. Beasley, Jr., a director of the Company, is a partner; Bradley, Arant, Rose & White, of which Wm. Bew White, Jr., a director of the Company, is a partner; and Lawrence, Thornton, Payne, Watson & Kling, of which John M. Lawrence III, a director of the Company, is a partner, have rendered legal services to the Company. The Company also expects to use the services of these firms during 1984.

MPG Investment Company, in which Mr. May has an equity interest, leased certain temporary warehouse space on a month-to-month basis to the Company and received approximately $35,000 of rental during 1983.

The Company purchased aviation fuel and fueling services during 1983, totaling approximately $1,800,000 from The Hughes Corporation, subsidiary of Summa Corporation, of which Mr. Lummis is an officer and director and Mr. Rankin is a director. Mr. Lummis is also an administrator and potential beneficiary of the estate of Howard R. Hughes, Jr., which indirectly owns all of the stock of Summa Corporation. The Company also sold to The Hughes Corporation fueling equipment and trucks for approximately $135,000 in 1983.

STOCK OPTION AND STOCK APPRECIATION RIGHT PLAN (Proposal Number 2 in the accompanying Notice)

The Stock Option and Stock Appreciation Right Plan (the "Plan") will be presented to the Executive Committee of the Board of Directors in March 1984 for approval. The effectiveness of the Plan is also subject to the approval of the Company's stockholders. The affirmative vote of a majority of the shares voted at the meeting is required for stockholder approval of the Plan. The complete text of the Plan as submitted for stockholder approval is set forth in Exhibit A to this Proxy Statement. The following summary of the Plan is qualified in its entirety by reference to the terms of the Plan.

The purpose of the Plan is to provide officers and key management employees with an increased incentive to make contributions to the performance and growth of the Company, to provide such employees with stock ownership in the Company, and to attract and retain such employees. The incentives offered under the Plan for continued employment and performance will, the Company believes, be an important factor in retaining and attracting key employees. For these reasons, the Company believes that adoption of the Plan is desirable and recommends that stockholders approve the Plan.

An aggregate of 750,000 shares of the Company's Common Stock will be reserved for issuance upon the exercise of options and stock appreciation rights granted under the Plan. The 750,000 shares issuable under the Plan would, if issued, represent approximately 2-1/2% of the total current outstanding shares of the Company. The Plan contains anti-dilution provisions for adjustment of the number and class of shares which may be issued under the Plan in the event of stock dividends, split-ups, recapitalizations and certai other events affecting the capitalization of the Company. If any option granted under the Plan should expire or terminate for any reason without having been exercised in full, the unpurchased shares will again become available for purposes of the Plan.

The Plan will be administered by the Stock Option Committee (the "Committee") of the Company's Board of Directors. The Committee will be comprised of three or more directors who are not eligible to receive options or stock appreciation rights under the Plan. The Committee will have full and complete authority in its discretion, but subject to the provisions of the Plan: to grant options and stock appreciation rights, to select those key employees to be granted options and stock appreciation rights, to determine the number of options and stock appreciation rights to be granted to an employee, to determine the time or times at which such options and stock appreciation rights may be exercised, to establish the terms and conditions to be contained in option and stock appreciation right agreements, to remove any restrictions and conditions upon such options and stock appreciation rights, and to adopt such rules and regulations and to make all other determinations deemed necessary or desirable for administration of the Plan.

Under the Plan, options to purchase the Company's Common Stock may be granted to officers and key management employees who are in positions to make significant contributions to the Company's growth and performance. Options granted under the Plan will be at an option price determined by the Committee, but the option price will not be less than the fair market value of the Company's Common Stock on the date of grant of the option. The Plan provides that options may, in the discretion of the Committee, be granted as incentive stock options as defined in Section 422A of the Internal Revenue Code, which have favorable tax treatment for employees, or as non-incentive stock options. The Internal Revenue Code places certain limitations on incentive stock options, including that the aggregate fair market value (determined as of the time the incentive stock option is granted) of Common Stock subject to incentive stock options granted to any employee in any calendar year cannot exceed $100,000 plus any unused limit carryover (50% of the excess of $100,000 over the fair market value of the shares subject to incentive stock options granted during the year) for the preceding three years.

The Plan also provides that stock appreciation rights may be granted separately or in conjunction with options granted under the Plan. A maximum of 750,000 shares, subject to adjustment, may be covered by stock appreciation rights granted under the Plan. A stock appreciation right entitles the holder to receive the appreciation on the shares covered by the stock appreciation right. The amount of appreciation is equal to the excess of the fair market value of those shares at the time the stock appreciation right is exercised above the price specified in the stock appreciation right, which must be equal to or greater than the fair market value of the shares at the time the stock appreciation right was granted. The appreciation is paid in shares of Common Stock or, if approved by the Committee, cash in whole or in part.

Each option and stock appreciation right granted under the Plan will be evidenced by a written agreement containing such terms and conditions consistent with the provisions of the Plan as the Committee may determine. The term within which each option and stock appreciation right is exercisable will be for such period as the Committee may determine, but the term will not be more than 10 years from the date of grant. Any option and stock appreciation right may be exercised in whole or in part, subject to any terms relating to vesting and exercise as the Committee may determine when granting the option and stock appreciation right. The Plan provides that payment of the option price may be made in cash or by the delivery of shares of Common Stock (valued at fair market value) owned by the employee for more than six months. The net proceeds from the sale of the Company's Common Stock under the Plan will be used for general corporate urposes.

An employee receiving an incentive stock option under the Plan will have no federal income tax consequences when the option is granted or when the option is exercised. If the shares acquired upon exercise of an incentive stock option are held for at least one year after exercise (unless the option is exercised within

Plan are held by the Plan trustee until the death, disability or termination of employment of the participating employee.

The Company has granted options to Mr. May, who is the President and Chief Executive Officer and a director, for 25,000 shares and to Mr. Wolf, who is the Executive Vice President, for 150,000 shares, as discussed following the Cash Compensation Table. If the Plan is adopted, the Committee may elect to cancel the options held by Messrs. May and Wolf, if they give their respective consents, and issue options and stock appreciation rights under the Plan to them, but the option price for any such options or rights under the Plan would be no less than the price of the Company's Common Stock on the New York Stock Exchange on the date on which such options and rights are granted.

THE COMPANY RECOMMENDS A VOTE "FOR" THIS PROPOSAL.

* * * *

AMENDMENT TO BYLAWS RELATING TO NOMINEES FOR THE COMPANY'S BOARD OF DIRECTORS (Proposal Number 3 in the accompanying Notice)

The Company has been advised by Dan S. McClendon, the beneficial owner of a total of 978 shares of the Company's common stock, whose address is 3747 Southland Court, East Point, Georgia 30344, that he will cause the following proposal amending the Company's Bylaws (which is set forth in exactly the form received by the Company except for correction of typographical errors) to be introduced at the Annual Meeting of Stockholders:

> It is proposed that Article III (Board of Directors), Section 2. (Number, Tenure and Qualifications) be amended to add the following to the first sentence:
>
> > ...and four of whom shall be nominated by the employees of the corporation through their labor organizations.
>
> The first sentence would then read as follows:
>
> > The number of directors of the corporation shall not be less than three or more than twenty-three and four of whom shall be nominated by the employees of the corporation through their labor organizations.

The Board of Directors unanimously recommends that you vote AGAINST this proposal for the following reasons:

> The proposal would require that four nominees for directors of the Company be designated by the six collective bargaining units representing the Company's employees. There is no procedure identified in the proposal as to how such nominees would be chosen.
>
> The Board of Directors believes that the proposed Bylaw amendment may, if implemented, violate both the Company's Restated Certificate of Incorporation and Wisconsin law. Moreover, the Board of Directors has overall responsibility for the management of the Company and should be responsive to the interests of all the stockholders and not just to the interest of a certain group which may have its own special concerns.

The stockholder proposal will become effective to the extent it can legally govern the actions of the ›mpany if a majority of the outstanding shares (or a vote of at least 15,314,846 shares) are cast in favor of the proposal.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE "AGAINST" THIS PROPOSAL.

one year after the date of grant, in which case the shares must be held for two years after the date of grant), gain or loss on the disposition of the shares will be treated as long-term capital gain or loss, and the Company will not be entitled to any deductions. If, however, the shares are sold before satisfying the long-term holding period requirements, the employee will recognize ordinary income equal to the excess over the option price of the lesser of the sales price or the market price at the time the option was exercised, and the Company will be entitled to a tax deduction in the amount of the ordinary income recognized by the employee.

The federal income tax consequences for non-incentive stock options and stock appreciation rights are less favorable to employees. No income is recognized by an employee at the time a non-incentive stock option or stock appreciation right is granted under the Plan. Upon the exercise of such an option, an employee recognizes ordinary income to the extent the fair market value of the shares purchased exceeds the option price. Upon exercise of a stock appreciation right, an employee recognizes ordinary income equal to the fair market value of the shares and any cash received. The Company is also entitled to a deduction in the amount of the ordinary income recognized by the employee. The employee's cost basis in the shares is the amount of ordinary income recognized plus, if an option is exercised, the amount paid for the shares. The employee will have long-term or short-term (depending on the holding period) capital gain or loss on the disposition of the shares to the extent the sales price is in excess of or less than the employee's cost basis in the shares.

The Plan provides that the Board of Directors may suspend or terminate the Plan and amend any of its provisions, except that, subject to the anti-dilution provisions of the Plan, the Board of Directors may not, without approval by the stockholders, increase the maximum number of shares which may be issued under the Plan, decrease the minimum option exercise price, change the designation of the class of employees eligible to receive options under the Plan, or increase the aggregate fair market value of Common Stock for which incentive stock options may be granted to an employee in any calendar year unless permitted by the Code.

During the last five years, the Company has not had any stock option or stock appreciation right plan for its employees. Within the last five years, all current executive officers as a group exercised qualified stock options which were granted prior to 1979 to purchase 122,825 shares at a weighted average price of $2.76 per share and having a net value (market value at exercise less exercise price) of $539,528, including 50,000 shares purchased by Mr. Carr at a weighted average price of $2.68 per share, with a net value of $242,500; 22,900 shares purchased by Mr. Sweet at a weighted average price of $2.73 per share, with a net value of $83,712 and 11,950 shares purchased by Mr. May at a weighted average price of $2.72 per share, with a net value of $45,544. All other current officers as a group purchased 2,300 shares at a weighted average price of $2.75 per share, with a net value of $12,388. During the last five years, all current executive officers who purchased shares upon exercise of options sold 147,414 shares, including 115,000 shares by Mr. Carr and 22,374 shares by Mr. Sweet.

The Restated Employee Stock Ownership Plan, discussed following the Cash Compensation Table, was in effect through 1982, but the Company will not make any contributions for 1983 and does not expect to make any contributions in subsequent years. In 1983, the Company adopted a Deferred Salary Investment Plan and an Employee Stock Purchase Plan which were available to all employees pursuant to which the salary deferred from 1982 and payable in August 1983 could be contributed to either plan for investment in shares of Common Stock at the prevailing market price. In 1981, the Company adopted a Stock for Pay Plan which was available to all employees pursuant to which 15% of one month's salary could be used to purchase shares of Common Stock at the prevailing market price. Shares purchased under the 1983 Employee Stock Purchase Plan and the 1981 Stock for Pay Plan were distributable to participating employees at the time of purchase, whereas shares acquired under the 1983 Deferred Salary Investment

EXHIBIT A

REPUBLIC AIRLINES, INC.

STOCK OPTION AND STOCK APPRECIATION RIGHT PLAN

1. Purpose

The purpose of the Stock Option and Stock Appreciation Right Plan (the "Plan") is to provide officers and key management employees (the "Employees") of Republic Airlines, Inc. (the "Company") and its present and future subsidiaries, within the meaning of Section 425 of the Internal Revenue Code of 1954 as amended (the "Code"), with an increased incentive to make contributions to the performance and growth of the Company, to provide such employees with stock ownership in the Company, and to attract and retain such employees.

2. Administration

(a) The Plan shall be administered by the Stock Option Committee (the "Committee") of the Board of Directors. The Committee shall be comprised of three or more members of the Board of Directors who shall be "disinterested persons" as defined in Rule 16b-3 of the General Rules and Regulations under the Securities Exchange Act of 1934.

(b) The Committee shall have full and complete authority, in its discretion, but subject to the provisions of the Plan: to grant options and stock appreciation rights under the Plan; to select those Employees to be granted stock options and stock appreciation rights under the Plan; to determine the number of stock options and stock appreciation rights to be granted to an Employee; to determine the time or times at which such options and stock appreciation rights may be exercised; to establish the terms and conditions to be contained in option and stock appreciation right agreements under the Plan; to remove any restrictions and conditions upon such stock options and stock appreciation rights; and to adopt such rules and regulations and to make all other determinations deemed necessary or desirable for administration of the Plan. The determinations of the Committee in the administration of the Plan shall be conclusive.

3. Eligibility and Participation

The classes of employees eligible to receive stock options and stock appreciation rights under the Plan are officers and key management employees who shall be selected by the Committee from those Employees who, in the opinion of the Committee, are in positions which enable them to make significant and important contributions to the performance and growth of the Company and its subsidiaries.

4. Stock Options

Stock options to purchase full shares of common stock, par value $.20 per share, (the "Common Stock") of the Company may, at the discretion of the Committee, be incentive stock options ("Incentive Stock Options"), as defined in Section 422A of the Code, or non-incentive stock options ("Non-Incentive Stock Options") or both. Incentive Stock Options and Non-Incentive Stock Options are sometimes hereinafter collectively referred to as "stock options" or "options."

5. Terms and Conditions of Stock Options

(a) Option Price. The option price of Common Stock covered by each stock option shall be determined by the Committee but shall not be less than the fair market value of Common Stock, as determined by the ommittee, on the date of grant of such stock option.

(b) Term. The term within which each stock option is exercisable shall be for such period as the Committee may determine, but such term shall not exceed a period of ten (10) years from the date of grant of an option.

(c) Date of Grant. The date of grant of a stock option shall occur when the granting of the stock option is authorized by the Committee, or such later date as may be specified by the Committee in such authorization.

(d) Exercise and Payment. The holder of any option may exercise the option or any portion thereof, subject to the terms and conditions on which the option was granted, by written notice to the Company. Payment of the option price shall be made in cash or, if approved by the Committee, in shares of Common Stock having a fair market value equal to the option price, provided that such shares have been owned for more than six months prior to the tender of such shares in payment.

6. Special Terms and Conditions for Incentive Stock Options

(a) Limit on Exercise. No Incentive Stock Option may be exercised by an Employee while there is outstanding (within the meaning of Section 422A of the Code) any Incentive Stock Option previously granted to such Employee by the Company.

(b) Limit on Value of Incentive Stock Options. The aggregate fair market value (determined as of the time the option is granted) of the Common Stock for which any Employee may be granted an Incentive Stock Option in any calendar year (under all plans of the Company or any subsidiary which provide for the granting of Incentive Stock Options) shall not exceed $100,000 plus any unused limit carryover to such year. Pursuant to the provisions of Section 422A(c)(4) of the Code, if $100,000 exceeds the aggregate fair market value (determined at the time the option is granted) of the stock for which an Employee was granted an Incentive Stock Option in any calendar year, one-half of such excess shall be an unused limit carryover to each of the three succeeding calendar years. The amount of the unused limit carryover from any calendar year which may be taken into account in any succeeding calendar year shall be the amount of such carryover reduced by the amount of such carryover which was used in prior calendar years. For purposes of the next preceding sentence, (i) the amount of Incentive Stock Options granted during any calendar year shall be treated as first using up the $100,000 limitation, and (ii) then shall be treated as using up unused limit carryovers to such year in the order of the calendar years in which the carryovers arose.

(c) Tandem Options. No Non-Incentive Stock Options may be issued together with Incentive Stock Options if the exercise of either option affects the right to exercise the other option.

7. Stock Appreciation Rights

The Committee may also grant stock appreciation rights either separately or in connection with options granted by the Company under the Plan or otherwise, either at the time such options are granted or subsequent to such grant. Each stock appreciation right shall entitle the holder to receive from the Company an amount equal to the excess of the fair market value of one share of Common Stock over the SAR Share Price, as defined in paragraph 8(a), times the number of shares covered by the stock appreciation right, or portion thereof, which is exercised. A maximum of 750,000 shares may be covered by stock appreciation rights granted under the Plan, subject to the adjustments described in paragraph 10.

8. Terms and Conditions of Stock Appreciation Rights

(a) SAR Share Price. The price per share (the "SAR Share Price") of the shares covered by any stock appreciation right, on which basis the appreciation of the shares is measured, shall be determined by the Committee, but shall not be less than the fair market value of the Common Stock, as determined by the Committee, on the date of grant of such stock appreciation right.

(b) Term. The term within which a stock appreciation right is exercisable shall be for such period as the Committee may determine, but such term shall not exceed a period of ten (10) years from the date of grant of such stock appreciation right.

(c) Date of Grant. The date of grant of a stock appreciation right shall occur when the granting of the stock appreciation right is authorized by the Committee, or such later date as may be specified by the Committee in such authorization.

(d) Exercise and Payment. The holder of any stock appreciation right may exercise the stock appreciation right or any portion thereof, subject to the terms and conditions on which the stock appreciation right was granted, by written notice to the Company. Payment shall be made in shares of Common Stock valued at fair market value or in cash, or partly in shares and partly in cash, all as shall be determined by the Committee. The fair market value shall be the value determined in accordance with procedures established by the Committee. No fractional shares will be issued but instead cash will be paid for a fraction or, if the Committee should so determine, the number of shares shall be rounded downward to the next whole share.

(e) Restrictions. The obligation of the Company to satisfy any stock appreciation right exercised by a holder who is subject to Section 16 of the Securities Exchange Act of 1934, as amended, shall be conditioned upon the prior receipt by the Company of an opinion of counsel to the Company that any such satisfaction will not create an obligation on the part of such holder pursuant to section 16(b) of such Act to reimburse the Company for any statutory profit which might be held to result from such satisfaction.

(f) Related Incentive Stock Option. If a stock appreciation right is granted in connection with an Incentive Stock Option and the exercise of either affects the right to exercise the other, such stock appreciation right may be exercised only when the related Incentive Stock Option is eligible to be exercised, and the SAR Share Price shall be at least the option price of the related Incentive Stock Option.

9. Option and Stock Appreciation Right Agreements

Each stock option and stock appreciation right shall be evidenced by a written agreement containing such terms and conditions, consistent with the provisions of the Plan, as the Committee shall from time to time determine. Such terms and conditions, at the discretion of the Committee, may include, without limitation, provisions with respect to the time or times at which the stock option and stock appreciation right are exercisable, the effect of termination of employment upon right of exercise, the manner of exercise of such stock option and stock appreciation right, and the payment for Common Stock upon exercise of a stock option either with other shares of Common Stock or with cash or with both.

10. Adjustments upon Changes in Capitalization

In the event of changes in the Common Stock by reason of stock dividends, split-ups, recapitalizations, mergers, consolidations, combinations or exchanges of shares and the like, the Committee shall make such adjustment as it deems appropriate in the maximum number of shares of Common Stock or other shares which may be issued under the Plan.

11. Termination of Employment

During its term, an option and stock appreciation right may be exercised both while the holder thereof continues to be an Employee and during the three-month period following termination of employment. Such three-month period shall be one year if the termination of employment is as a result of the disability, within the meaning of Section 105(d)(4) of the Code, or death of the Employee, but not in excess of the term of the option or stock appreciation right.

12. Non-Transferability

Options and stock appreciation rights under the Plan shall not be assignable or transferable, or subject to encumbrance or charge of any nature, otherwise than by will or the laws of descent and distribution. A stock option and stock appreciation right may be exercised, during the lifetime of the Employee to whom such stock option was granted, only by such Employee. In the event of an Employee's death, the rights of the Employee under any option or stock appreciation right shall pass by will or by applicable laws of descent and distribution.

13. Amendment and Termination

The Board of Directors of the Company may at any time and from time to time amend, suspend or terminate the Plan in whole or in part; provided, however, that the Board of Directors may not, without the favorable vote of a majority of the shares of voting stock represented at a meeting of stockholders of the Company, increase the aggregate number of shares of Common Stock which may be issued under the Plan, or increase the number of shares which can be covered by stock appreciation rights under the Plan, or decrease the minimum stock option price set forth in Paragraph 5(a) or the minimum SAR Share Price set forth in paragraph 8(a), or change the designation of the class of employees eligible to receive Incentive Stock Options under the Plan, or increase the aggregate fair market value of Common Stock for which Incentive Stock Options may be granted to an Employee in any calendar year, unless otherwise permitted by the Code, or increase the maximum term of any option or stock appreciation right. No such amendment, suspension or termination may, without the consent of the Employee to whom any option or stock appreciation right shall theretofore have been granted, adversely affect the rights of such Employee under such option or stock appreciation right.

14. Common Stock Reserved for Plan

The aggregate number of shares of Common Stock which may be issued upon exercise of options and stock appreciation rights granted under the Plan, and which shall be reserved for purposes of the Plan, shall be 750,000. Authorized but unissued shares or treasury shares or both may be utilized for purposes of the Plan. Such number of reserved shares shall be reduced if and to the extent that treasury shares rather than authorized but unissued shares of Common Stock shall be utilized for purposes of the Plan. If any stock option shall expire or terminate for any reason without having been exercised in full, the unpurchased shares under such option shall again become available for purposes of the Plan.

15. Miscellaneous Provisions

(a) Nothing in the Plan or in any stock option or stock appreciation right granted pursuant to the Plan shall confer on any Employee the right to continue in the employ of the Company or any of its subsidiaries or affect in any way the right of the Company or any such subsidiary to terminate such Employee's employment at any time.

(b) The grant of stock options or stock appreciation rights under the Plan shall not confer upon any Employee any of the rights of a shareholder until the Employee shall have been issued shares of Common Stock upon the exercise thereof.

(c) The Company or a subsidiary shall make provisions as it may deem appropriate for the withholding of taxes which the Company or subsidiary determines it is required to withhold in connection with the grant or exercise of options or stock appreciation rights under the Plan.

(d) The Company shall not be required to issue or deliver any shares of stock upon the exercise of an option or stock appreciation right prior to (i) the admission of such shares to listing on any stock exchange on which the Company's Common Stock may then be listed, and (ii) the completion of such registration or other qualification of such shares under any state or federal law, rule or regulation, as the Company shall determine to be necessary or advisable. The Company shall not be required to issue or deliver any shares of stock upon the exercise of an option or stock appreciation right free of transfer restrictions, of any kind or character, imposed under applicable state or federal law, rules or regulations.

16. Effective Date and Termination Date of Plan

The Plan shall be effective as of March 23, 1984, subject to approval thereof by not less than a majority of the shares of Common Stock represented at the Company's 1984 annual meeting of stockholders. No stock option or stock appreciation right shall be granted under the Plan after March 22, 1994.

SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 1982. Commission file number 1-7169

REPUBLIC AIRLINES, INC.
(Exact name of registrant as specified in its charter)

Wisconsin	41-0728838
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
7500 Airline Drive, Minneapolis, Minnesota	55450
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code (612) 726-7411

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock ($.20 par value)	New York Stock Exchange and Midwest Stock Exchange
10-1/8% Convertible Senior Subordinated Debentures due December 15, 2007	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No ___

State the aggregate market value of the voting stock held by non-affiliates of the registrant. $157,709,433 as of March 10, 1983.

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of the latest practical date. 22,066,221 shares of common stock, $.20 par value, were outstanding as of March 10, 1983.

Documents Incorporated By Reference

Select provisions of the following documents are incorporated by reference into the Form 10-K:

Document	Part of Form 10-K Into Which Incorporated By Reference
(1) 1982 Annual Report to Stockholders	I, II
(2) Definitive proxy statement dated March 22, 1983 for the 1983 Annual Meeting of Stockholders	III

(Except as expressly incorporated herein by reference, the foregoing annual report and proxy statement are not deemed filed as a part of this report.)

PART I

Item 1. BUSINESS

GENERAL

Republic Airlines, Inc. (the "Company" or "Republic"), was organized in 1944 under the laws of the State of Wisconsin. The Company is engaged in one industry segment, the scheduled air transport of persons, property and mail over a 107,000 mile route system, and operates approximately 1,300 daily departures to more than 160 cities in thirty-one states, as well as destinations in Mexico, Canada and the Cayman Islands in the Caribbean. Republic was formed in 1979 by the merger of North Central Airlines and Southern Airways, each of which had operated regional networks since 1948 and 1949, respectively, and acted as feeders for the long haul trunk carriers servicing major national and international routes. In 1980, the Company acquired the stock of Hughes Airwest, a regional airline which served the western United States, Canada and Mexico.

AIRLINE INDUSTRY

Since the passage of the Airline Deregulation Act of 1978 (the "Deregulation Act"), the airline industry has been characterized by intense competition. Major routes with high density traffic now are accessible to almost any carrier, and airlines have been offering a wide range of schedules, in-flight services and discount fares to attract passengers in these popular markets. Routes with low or moderate density traffic have attracted less competition because of the limited passenger potential, but remain vulnerable to competition by airlines attempting to enter new markets or to increase their market shares. Airlines have used discount fares and promotions as the principal competitive tools to increase market shares. Price competition has accelerated the efforts of airline management to reduce operating costs and improve productivity in order to be able to withstand greater levels of discounting. Efforts to improve productivity have become particularly important to established air carriers, which now must compete with new airlines formed to capitalize on lower labor and equipment costs in serving limited market segments, as well as with the more efficient, established airlines.

ROUTE SYSTEM

Republic's route system is based upon a "hub and spoke" configuration that utilizes the regional route systems historically developed by North Central Airlines, Southern Airways and Hughes Airwest in the north central, southeastern and western areas of the United States, respectively. The regional systems serve small and medium size cities within the regions through short and intermediate length hauls (generally less than 300 miles) and feed this traffic to eight major regional centers which are the hubs of the systems.

ITEM 1. BUSINESS (continued)

Republic provides longer haul service (generally 300 to 2,000 miles) between the regional systems over "bridge" routes between the hub cities and to other major destinations.

The Company's eight hub cities are Atlanta, Chicago, Detroit, Las Vegas, Memphis, Milwaukee, Minneapolis-St. Paul and Phoenix. Republic's hub cities together accounted for approximately 48% of passengers boarded during the year ended December 31, 1982. Based upon total passengers boarded by Republic and other airlines during the year ended December 31, 1982, the Company was the leading air carrier at Detroit, Milwaukee, Phoenix and Memphis; second at Las Vegas and Minneapolis-St. Paul; third at Atlanta; and fifth at Chicago. A significant portion of Republic's passengers departing from its hub cities are connecting passengers from Republic flights within its regional feeder systems.

Management currently expects that expansion of the Company's route system will be through establishment of bridge routes to connect hub cities, further development at regional hubs, and the addition of intermediate and longer haul routes utilizing traffic developed by Republic's regional feeder systems. Management does not currently intend to add other regional systems to its route structure. As a result of the implementation of new longer haul routes, Republic's average length of flight segment has increased from 171.3 miles in 1978 to 338.8 miles in 1982, and the average length of passenger haul has risen from 301.9 miles in 1978 to 510.7 miles in 1982. During 1982, the Company added 36 new routes having an average length of flight segment of 719 miles.

Along with expanding longer haul service, the Company has terminated shorter haul service to certain cities with low density traffic. Republic is permitted to discontinue service at a city on ninety days' notice to the Civil Aeronautics Board ("CAB"), provided the city is not thereby deprived of "essential" air transportation. The CAB may require that service be continued until a suitable replacement carrier is found for such "essential" air transportation, but the CAB is required to pay a subsidy to compensate for operating losses for the continued service. From January 1980 through December 1982, Republic has discontinued service to 36 domestic airports, including 29 for which Republic received public service revenues. As of December 31, 1982, Republic had also given notice to the CAB of its intent to discontinue service to seven additional airports serving markets with low density traffic, but continues service under the "essential" air transportation requirement. The Company has developed a support program for replacement carriers and for other commuter airlines to facilitate the Company's ability to discontinue service to cities with low density traffic. This program, which includes ground support and computerized reservations services, may continue to provide feeder traffic to Republic.

ITEM 1. BUSINESS (continued)

On its passenger flights, the Company also provides small package and cargo transportation services. In addition, the Company transports mail for the U.S. Postal Service. Republic engages in limited charter operations which accounted for less than 0.3% of total revenues for the year ended December 31, 1982, compared with approximately 0.4% for the year ended December 31, 1981.

RATES, FARES AND COMPETITION

As of January 1, 1983 all regulation of fares in domestic markets terminated. Because of the decline in air travel since 1979 and the resulting over-capacity, fare competition has been intense. Price competition is greatest on routes with high density traffic, which are served by several established airlines and by new airlines offering discounted fares. In addition, promotional discounts have increased as airlines have attempted to gain or retain market shares. Republic has offered discount and promotional fares to meet competition, to develop traffic on new routes or to stimulate traffic during seasonally low traffic periods.

During 1982, Republic instituted a number of special promotions designed to attract traffic and to increase public awareness of Republic's service, including the "Kids Fly Free" program, the "Pair Fare" and special give-away programs when introducing new service. The Company has also completed a seating reconfiguration program for a Business Coach class of wider and more luxurious seats. Most of the Company's aircraft offer the Business Coach class which also includes other amenities for fares at $10 over regular coach rates for an introductory period.

The Company pays travel agents who issue tickets on Republic flights a commission based on a percentage of the ticket price and additional commissions for special promotions. Because travel agents are able to exercise discretion over the selection of airlines and the booking of their customers' flight schedules, Republic considers the payment of commission rates comparable to its competitors as necessary to its business. During 1982, approximately 66.2% of the Company's passenger revenues were derived from tickets issued by travel agents. This percentage may increase as Republic expands into longer haul markets to supplement its regional systems.

PUBLIC SERVICE REVENUES

As of December 31, 1982, the Company received Federal funding, classified as "public service revenues," for providing air service to airports serving small cities on its route system (including six airports where Republic is required by the CAB to continue "essential" air transportation). These cities produce insufficient traffic to support profitable service. Subject to limitations established by Congress, the CAB determines the public service revenues necessary to maintain air transportation to these cities and communitities. In 1982, the Company received approximately $18.7 million in public service revenues.

ITEM 1. BUSINESS (continued)

A substantial portion of the public service revenue program under which the Company received funding expired on October 1, 1982. However, Congress approved an amount of approximately $13.5 million to extend the programs for one year to 18 airports where the Company provides service as well as to certain airports served by other airlines. Such payments would be made pursuant to rates which were in effect as of July 1, 1982 for such services, but would be subject to downward adjustment to the extent necessary to meet the $13.5 million ceiling. The Company anticipates that amounts payable to it under such an arrangement, while less than it currently receives, will nevertheless be sufficient to warrant its continuing air service at the 18 eligible airports through September 30, 1983. No further funding of this program is expected after fiscal 1983. The extent to which such services would be continued thereafter without Federal funding cannot be determined at this time.

As of January 1, 1983, payment of public service revenues to the Company at any subsidy-eligible airports also will be subject to termination under another provision of the Deregulation Act which permits the CAB to terminate eligibility for such payments at an airport where another airline has demonstrated its ability to provide substantially better service at substantially lower cost to the government.

FUEL

During 1982, the Company purchased approximately 91% of its total aviation fuel requirements under contracts with 15 fuel suppliers. The balance was purchased at retail as needed or in the "spot" market where prices may vary above or below contract levels. The Company's fuel supply contracts generally have one-year terms and permit the supplier to increase or decrease the price depending on market conditions. Such contracts also typically permit the Company to terminate upon notice if it finds a price increase to be unacceptable. The principal purpose of entering into such contracts is to assure sources of supply. Supplies of petroleum products, including aviation fuel, are currently adequate and, absent a disruption in the flow of petroleum supplies, management expects there to be an adequate supply of aviation fuel in the immediate future.

The cost of fuel has become a substantial portion of the Company's operating costs. The average price per gallon paid by Republic for aviation fuel increased from 40.3¢ in 1978 to 58.1¢ in 1979, to 89.6¢ in 1980, to $1.036 in 1981 and decreased to $.975 in 1982, due to the increased supply of aviation fuel. Changes in demand for other petroleum products, including gasoline, petrochemicals and home heating oil, as well as the adequacy of refining capacity and other supply constraints, affect the price and availability of aviation fuel generally.

ITEM 1. BUSINESS (continued)

A wholly-owned, unconsolidated subsidiary of the Company, Republic Energy, Inc., is engaged in limited oil and gas exploration and development in the continental United States. Its operations are not significant to the business of the Company.

REGULATION

CAB Regulation: The extent of regulation of airlines by the Civil Aeronautics Board has continued to diminish substantially since adoption of the Airline Deregulation Act of 1978. The status of such regulation with respect to domestic services is generally as follows: Entry: The Company may begin service in any city pair without prior CAB approval. Exit: In general the Company may suspend service at any point without approval. However, it may be required to give notice and suspension may be delayed for successive 30 day periods by the CAB where the effect of suspension could be to deny such point "essential" air service. Rates: Except for mail service, the Company's rates are unregulated. Agreements/Mergers/Antitrust: Agreements among airlines pertaining to travel agents, interline passengers, settlement of accounts and similar matters, have traditionally been maintained under grant of antitrust immunity by the CAB. The CAB has recently voted to reduce such immunity in certain respects. The CAB's decision is now under review in court and by Congress. Mergers, acquisitions and interlocking relationships among air carriers are also subject to CAB approval. Such approval authority is scheduled to be transferred to the Department of Justice on January 1, 1985. Consumer Protection: The CAB continues to regulate such matters as smoking rules, denied boarding compensation, and baggage liability, and retains supervision over unfair and deceptive practices. International Services: The Company serves Canada, Mexico and the Cayman Islands. The amount of competition on such routes and the rates to be charged are limited by the terms of international air transport agreements and certain statutory requirements and regulations not applicable to domestic transportation.

FAA Regulation. The Federal Aviation Administration ("FAA") has jurisdiction under the Aviation Act to regulate flight operations generally, including the licensing of pilots and maintenance personnel, the establishment of minimum standards for training and maintenance and the establishment of minimum technical standards for flight, communications and ground equipment. The FAA's jurisdiction and functions were largely unaffected by the Deregulation Act.

The FAA employs the air traffic controllers who direct landings and takeoffs from airports as well as monitor air routes travelled by commercial aircraft. Following the 1981 strike by the Professional Air Traffic Controllers Organization, the FAA put into operation an air traffic control system which reduces and limits flights by a system of slot allocations to certain high density airports served by the Company. The slot allocation system is gradually being phased out as the air traffic control system returns to pre-strike levels.

ITEM 1. BUSINESS (continued)

Environmental Regulations. The FAA is empowered to promulgate regulations covering aircraft noise. Current noise abatement regulations require that most aircraft currently operating (including all of Republic's aircraft except the Convair 580s) comply with certain standards as most recently amended by the Aviation Safety and Noise Abatement Act of 1980. To comply with these standards, Republic will be required to modify all of its DC-9-10s and DC-9-30s by January 1, 1988, at a cost of approximately $240,000 per aircraft and spare engines at a cost of approximately $120,000 per engine. The Company began its retrofit program in 1979 and has completed a portion of the necessary modifications. The Company estimates it will have to spend approximately $14 million to complete the retrofit program. The DC-9-50, DC-9-80 and Boeing 727-200 aircraft operated by the Company comply with, and the DC-9-80s on order will meet, the noise standards. A commercial operator purchasing any such aircraft after January 1, 1983 cannot operate the aircraft in the United States unless the required modifications have been made which may affect the Company's ability to sell aircraft that do not comply with the noise standards.

State legislatures and other governmental bodies, as well as some airport authorities, have from time to time considered or adopted noise reduction measures, including limitations on hours of operation and restrictions on types of aircraft. The Orange County/Santa Ana/Anaheim, California, airport restricts the type of aircraft and number of departures serving the airport. Orange County recently adopted new noise abatement restrictions which would tend to limit aircraft serving the airport to newer and quieter types, such as DC-9-80s, within two years. The U.S. Department of Transportation has encouraged airport authorities to develop noise abatement plans and to submit them to the FAA for review and adoption of uniform regulations. Regulations restricting the use of airports or requiring modifications of equipment or substitution of aircraft, particularly state or local regulations which may vary in uniformity, could increase the Company's operating costs.

Other Regulations. The Company is subject to the jurisdiction of various other regulatory agencies, including the Federal Communications Commission, which governs the operating of Republic's radio and communications facilities and the U.S. Postal Service, which regulates transportation of mail through Republic's system and related services. Republic's routes and fares between the United States and Mexico, Canada and the Cayman Islands in the Caribbean are subject to foreign regulations.

EMPLOYEES AND LABOR RELATIONS

As of December 31, 1982, the Company employed 14,426 persons, substantially all of whom are represented by unions. Management believes that the Company's employee relations have been good.

ITEM 1. BUSINESS (continued)

Collective bargaining agreements provide standards for wages, hours of work, working conditions, settlement of disputes and other matters with various unions representing the following employees. The amendable dates for the various agreements are as follows:

Employee Unit	Amendable Date of Collective Bargaining Agreement
Mechanics and Related Personnel (1)	6/1/82
Supervisors of Mechanical Personnel	7/1/83
Flight Superintendents	11/1/83
Clerical, Office, Fleet and Passenger Service Employees	12/1/83
Pilots	1/1/84
Flight Attendants	1/1/84

(1) At this time, the Company and the IAM are in mediation, the outcome of which cannot be determined.

For information relating to Republic's profit sharing plan and employee pension plans, see Notes F and H to the Financial Statements of Republic, incorporated herein by reference, found on pages 19 and 20 of the accompanying Annual Report to Stockholders.

INSURANCE

The Company carries insurance of types customary to the airline industry and in amounts management deems adequate to protect the Company and its property. The principal coverages include public liability, passenger liability, baggage and cargo liability, property damage, workers' compensation, loss or damage to flight equipment, and fire insurance on contents of hangars and buildings used by the Company.

Item 2. DESCRIPTION OF PROPERTY

FLIGHT EQUIPMENT

Republic has a fleet of intermediate-size jet aircraft, appropriate to both its regional markets and its longer haul routes. This fleet allows Republic to allocate its aircraft efficiently among its various routes according to traffic demand. The Company does not provide non-stop service in the coast-to-coast markets where larger capacity aircraft are generally utilized. The following table sets forth information, as of December 31, 1982, regarding the flight equipment operated by the Company in scheduled service and the flight equipment then on order by the Company:

Item 2. DESCRIPTION OF PROPERTY (continued)

Type of Aircraft	Passenger Capacity	Average Age(Yrs)	Number of Aircraft Owned	Leased	Total	On Order
Douglas DC-9-10........	80-85	15	34	3	37	-
Douglas DC-9-30........	97	13	53	8	61	-
Douglas DC-9-50........	124	3½	16	12	28	-
Douglas DC-9-80........	145	1	5	1	6	8
Boeing 727-200.........	145	3	15	-	15	-
Convair 580...........	48	28	16	-	16	-

All of aircraft owned by the Company are subject to outstanding chattel mortgages to secure obligations of the Company including obligations pursuant to various credit agreements and the Company's indemnity of tax benefits. For information concerning the Company's lease obligations, see Note E to the Financial Statements, incorporated herein by reference, found on page 19 of the accompanying Annual Report to Stockholders.

For additional information relating to the eight DC-9-80s on order, see "Management's Discussion and Analysis" and Note F to the Financial Statements, incorporated herein by reference, found on pages 10, 11 and 19 of the Annual Report to Stockholders. The Company continues to evaluate its fleet needs and may dispose of older, less efficient aircraft if any aircraft are determined to be surplus to the Company's requirements.

All aircraft operated by Republic are maintained in accordance with procedures approved by the FAA. The Company maintains inventories of spare engines, spare parts, accessories and other maintenance supplies sufficient to meet its operating requirements.

GROUND FACILITIES

The Company leases substantially all of its office, maintenance and terminal buildings from governmental units or authorities under long-term lease agreements. The Company's general office is located at the Minneapolis-St. Paul International Airport. The principal maintenance bases are located at the airports serving Minneapolis-St. Paul, Atlanta and Phoenix. The Company also leases significant office space in Atlanta and in San Mateo, California but is subleasing much of its San Mateo office.

The Company has committed to airport facility expansion programs in Detroit, Houston, Los Angeles, Milwaukee, New York, Phoenix and Tucson with an estimated cost of $10 million. These new improvements will be financed through the issuance of tax-exempt bonds by airport authorities and by Republic from internally generated funds. Generally, the Company enters into long-term facility leases which fund the debt service of the bonds.

Item 2. DESCRIPTION OF PROPERTY (continued)

The Company also owns or leases certain computer equipment, airport passenger loading bridges, vehicles, baggage handling equipment, furniture and fixtures which support its airline operations.

Item 3. LEGAL PROCEEDINGS

Various claims and lawsuits against the Company are pending, but are either covered by insurance or are the type which are normally and reasonably foreseeable in view of the nature of the Company's business. Management believes the total amount of liability which reasonably may be expected to arise from such claims and lawsuits not covered by insurance would not have a material adverse effect on the results of its operations, its financial condition or its business generally.

Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Not applicable.

EXECUTIVE OFFICERS OF THE REGISTRANT

The executive officers of the Registrant as of March 10, 1983, who were elected at the Board of Directors meeting following the 1982 annual meeting of stockholders or at a subsequent Board of Directors meeting, are:

Name and Age	Title	Officer Since
Carr, Hal N., 61	Chairman of the Board	1947
Hulse, Frank W., 70	Vice Chairman of the Board	1943
Sweet, Bernard, 59	Vice Chairman of the Board	1950
May, Daniel F., 53	President and Chief Executive Officer	1962
Altman, Edwin N., 64	Senior Vice President-Operations	1970
Atwood, Dorman W., 61	Senior Vice President-Maintenance and Engineering	1979
Hubertus, Kenneth L., 54	Senior Vice President-Customer Service	1979
Karnas, George J., 53	Senior Vice President-Inflight Service	1973
Maxson, A. L., 47	Senior Vice President-Finance	1966
Moran, David E., 52	Senior Vice President-Marketing	1967
Wallis, G. F., 60	Senior Vice President-Flight Operations	1965

PART II

Item 5. MARKET FOR THE REGISTRANT'S COMMON STOCK AND RELATED SECURITY HOLDER MATTERS

Information required by this item is set forth under Common Stock Information on page 21 of the accompanying Annual Report to Stockholders and is incorporated herein by reference.

Item 6. SELECTED FINANCIAL DATA

Information required by this item is set forth under the Five-Year Summary on page 24 of the accompanying Annual Report to Stockholders and is incorporated herein by reference.

Item 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Information required by this item is set forth under Management's Discussion and Analysis on pages 10 and 11 and Effects of Changing Prices on pages 22 and 23 of the accompanying Annual Report to Stockholders and is incorporated herein by reference.

Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Financial Statements appearing on pages 12 through 21 of the accompanying Annual Report to Stockholders are incorporated herein by reference.

Quarterly Summaries of Operations appearing on page 21 of the accompanying Annual Report to Stockholders are incorporated herein by reference.

Effects of Changing Prices on pages 22 and 23 of the accompanying Annual Report to Stockholders are incorporated herein by reference.

Item 9. DISAGREEMENTS ON ACCOUNTING AND FINANCIAL DISCLOSURES

Not applicable.

PART III

Item 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Information relating to the directors of the Registrant is contained in its definitive proxy statement dated March 22, 1983 for the 1983 Annual Meeting of Stockholders and is incorporated herein by reference. Information relating to the executive officers of the Registrant is furnished as an unnumbered item in Part I following Item 4.

Item 11. MANAGEMENT REMUNERATION AND TRANSACTIONS

Information required by this item is set forth in the Registrant's definitive proxy statement dated March 22, 1983 for the 1983 Annual Meeting of Stockholders and is incorporated herein by reference.

Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Information required by this item is set forth in the Registrant's definitive proxy statement dated March 22, 1983 for the 1983 Annual Meeting of Stockholders and is incorporated herein by reference.

PART IV

Item 13. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a) 1. Financial Statements	Annual Report to Stockholders Page Reference
Consolidated balance sheets at December 31, 1982 and 1981	12 and 13
Consolidated statements of operations for the years ended December 31, 1982, 1981 and 1980	14
Consolidated statements of changes in financial position for the years ended December 31, 1982, 1981 and 1980	15
Consolidated statements of changes in stockholders' equity for the years ended December 31, 1982, 1981 and 1980	16
Notes to financial statements	17-21

2. Financial Statement Schedules	Form 10-K Page Reference
Auditors' Report	F-1
Schedules:	
Schedule V - Property and Equipment Years ended December 31, 1982, 1981 and 1980	F-2, F-3 and F-4

EXECUTIVE OFFICERS OF THE REGISTRANT (continued)

Name and Age	Title	Officer Since
Bordi, John F., 47	Vice President-Computer and Communications Service	1982
Courtenay, J. Kenneth, 55	Vice President-Regulatory and Community Affairs	1961
Dingivan, Edward A., 63	Vice President-Federal Affairs	1980
Dow, John P., 52	Vice President-Corporate Affairs and Secretary	1959
Drechsler, William G., 50	Vice President-Maintenance and Engineering	1976
Ettel, Joseph W., 36	Vice President-Industrial Relations	1974
Foster, Gramer D., 55	Vice President-Flying	1980
Jackson, Earl D., 55	Vice President-Maintenance and Technical Service	1980
Mackinnon, W. Howard, 44	Vice President and Treasurer	1978
Meyer, Michael D., 38	Vice President and Controller	1974
Oakes, William E., 49	Vice President-Marketing	1969
Rubens, Robert G., 59	Staff Vice President	1982
Westberg, Charlotte G., 65	Staff Vice President	1962

All of the executive officers have been officers or employees of the Registrant or its predecessor companies in capacities substantially equivalent to their current employment responsibilities for the past five years except for Edward A. Dingivan and Robert G. Rubens. Mr. Dingivan was Vice President of National Air Carriers Association (a Charter Carrier Trade Association) for more than five years prior to joining the Company and Mr. Rubens was a pilot for more than five years prior to becoming an officer of the Company. Officers are elected to serve until the Board of Directors meeting following the annual meeting of stockholders or until their successors are elected.

Additional information for those executive officers who are also directors, is set forth in the Registrant's definitive proxy statement dated March 22, 1983 for the 1983 Annual Meeting of Stockholders and is incorporated herein by reference.

Item 13. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K (continued)

2. Financial Statement Schedules (continued)	Form 10-K Page Reference
Schedule VI - Accumulated Depreciation and Amortization Years ended December 31, 1982, 1981 and 1980	F-5 and F-6
Schedule X - Supplementary Income Statement Information Years ended December 31, 1982, 1981 and 1980	F-7

All other schedules have been omitted since the required information is not present or not present in amounts sufficient to require submission of the schedule, or because the information required is included in the financial statements or the notes thereto.

3. Exhibits

3.1 Restated Articles of Incorporation of Republic Airlines, Inc. incorporated herein by reference to Exhibit 4.4 to the Company's Registration Statement No. 2-80688.

3.2 Bylaws of Republic Airlines, Inc.

4.1 The Company's Revolving Credit Agreement and Amendments thereto through and including November 30, 1982 incorporated herein by reference to Exhibit 28.1 to the Company's Registration Statement No. 2-80688.

4.2 Amendment to the Company's Revolving Credit Agreement dated January 1, 1983.

The Company will furnish to the Commission upon request certain other instruments related to its long-term debt.

10.1 The Purchase Agreement DAC 80-11-D dated May 1, 1980 and amendments thereto.

10.2 The Purchase Agreement DAC 79-3-D dated June 25, 1979 and amendments thereto.

10.3 Employment Agreement between Hal N. Carr and Republic Airlines, Inc. dated December 5, 1975 and Amendments thereto dated April 28, 1978 and October 27, 1978.

Item 13. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K (continued)

3. Exhibits (continued)

10.4	Employment Agreement between Bernard Sweet and Republic Airlines, Inc. dated April 5, 1978 and Amendment thereto dated October 27, 1978.
10.5	Consulting Agreement between Frank W. Hulse and Republic Airlines, Inc. dated July 28, 1978, incorporated herein by reference to Exhibit 6.1 to the Company's Registration Statement No. 2-62836.
11	Computations of loss per common share.
13	Annual Report to Stockholders.
22	Subsidiaries of the registrant.
24	Consent of experts.
25	Power of attorney.
28.1	Proxy Statement for the 1983 Annual Meeting of Stockholders.
28.2	The restated statements of operations of Hughes Air Corp. for the years ended December 31, 1979 and 1978, incorporated herein by reference to the Company's Current Report on Form 8-K dated December 2, 1982.
28.3	Undertakings incorporated by reference into Form S-8 Registration Statement No. 2-73736.

(b) Reports of Form 8-K

On December 2, 1982, the Registrant filed a Current Report on Form 8-K to restate the Hughes Air Corp. statements of operations in accordance with Regulation S-X requirements.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

REPUBLIC AIRLINES, INC.

By ______________________________
Daniel F. May
President and Chief Executive Officer
(Principal Executive Officer and Director)
March 29, 1983

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

* ______________________________
Hal N. Carr
Chairman of the Board
March 29, 1983

____
Michael D. Meyer
Vice President and Controller
(Principal Accounting Officer)
March 29, 1983

* ______________________________
Bernard Sweet
Vice Chairman of the Board
March 29, 1983

* ______________________________
Cecil A. Beasley, Jr.
Director
March 29, 1983

* ______________________________
Frank W. Hulse
Vice Chairman of the Board
March 29, 1983

* ______________________________
Eric Bramley
Director
March 29, 1983

____
A. L. Maxson
Senior Vice President-Finance
(Principal Financial Officer)
March 29, 1983

* ______________________________
D. F. DeCoursin
Director
March 29, 1983

* Alton F. Irby, Jr.
Director
March 29, 1983

* Joseph E. Rapkin
Director
March 29, 1983

* G. Gunby Jordan
Director
March 29, 1983

* Henry M. Ross
Director
March 29, 1983

* John M. Lawrence, III
Director
March 29, 1983

* Richard A. Trippeer, Jr.
Director
March 29, 1983

* William R. Lummis
Director
March 29, 1983

* Wm. Bew White, Jr.
Director
March 29, 1983

* Morton B. Phillips
Director
March 29, 1983

* Kenneth B. Willett
Director
March 29, 1983

* G. Frank Purvis, Jr.
Director
March 29, 1983

* Frank M. Young III
Director
March 29, 1983

* William E. Rankin
Director
March 29, 1983

*BY Daniel F. May
Daniel F. May, Attorney-In-Fact

Date: March 29, 1983

AUDITORS' REPORT

Stockholders and Board of Directors
Republic Airlines, Inc.

We have examined the consolidated balance sheets of Republic Airlines, Inc. (a Wisconsin corporation), and its subsidiary as of December 31, 1982 and 1981, and the consolidated statements of operations, changes in stockholders' equity and changes in financial position for the years ended December 31, 1982, 1981 and 1980. Our examinations were made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements referred to above present fairly the financial position of Republic Airlines, Inc., and its subsidiary at December 31, 1982 and 1981, and the results of their operations and changes in their financial position for the years ended December 31, 1982, 1981 and 1980, in conformity with generally accepted accounting principles applied on a consistent basis.

In connection with our examinations of the financial statements for the periods indicated above, we have also examined the schedules listed in Item 13(a)2, and included herein. In our opinion, such schedules present fairly the information required to be set forth therein.

Alexander Grant & Company

Alexander Grant & Company

Minneapolis, Minnesota
February 24, 1983

REPUBLIC AIRLINES, INC.

SCHEDULE V - PROPERTY AND EQUIPMENT

Year ended December 31, 1982
(in thousands)

Column A	Column B	Column C	Column D	Column E	Column F
Classification	Balance at beginning of period	Additions at cost	Retirements	Other changes add (deduct) describe	Balance at end of period
Flight equipment:					
At cost	$ 767,689				$ 835,338
Under capital leases	157,134				157,145
	924,823	$85,482	$17,822	$ -	992,483
Ground property and equipment:					
At cost	96,811				101,936
Under capital leases	12,960				12,695
	109,771	7,204	2,344	-	114,631
Advance deposits on equipment	67,490	-	-	(8,395) (A) (39,454) (B)	19,641
Total	$1,102,084	$92,686	$20,166	$(47,849)	$1,126,755

(A) Equipment deposits - when the related asset is acquired it is shown in the Additions at Cost column for the appropriate asset classification.

(B) Cancellation of advance deposits.

REPUBLIC AIRLINES, INC.

SCHEDULE V - PROPERTY AND EQUIPMENT (continued)

Year ended December 31, 1981
(in thousands)

Column A	Column B	Column C	Column D	Column E	Column F
Classification	Balance at beginning of period	Additions at cost	Retirements	Other changes add (deduct) describe	Balance at end of period
Flight equipment:					
At cost	$666,672				$ 767,689
Under capital leases	134,499				157,134
	801,171	$173,180	$49,528	$ -	924,823
Ground property and equipment:					
At cost	88,540				96,811
Under capital leases	9,455				12,960
	97,995	14,783	3,007	-	109,771
Advance deposits on equipment	60,135	-	-	7,355 (A)	67,490
Total	$959,301	$187,963	$52,535	$ 7,355	$1,102,084

(A) Equipment deposits - when the related asset is acquired it is shown in the Additions at Cost column for the appropriate asset classification.

REPUBLIC AIRLINES, INC.

SCHEDULE V - PROPERTY AND EQUIPMENT (continued)

Year ended December 31, 1980
(in thousands)

Column A	Column B	Column C		Column D	Column E	Column F
Classification	Balance at beginning of period	Additions at cost	Hughes Air Corp. Acquisition (A)	Retirements	Other changes add (deduct) describe	Balance at end of period
Flight equipment:						
At cost	$352,549					$666,672
Under capital leases	84,185					134,499
	436,734	$165,766	$225,506	$26,165	$ (670) (B)	801,171
Ground property and equipment:						
At cost	65,391					88,540
Under capital leases	8,786					9,455
	74,177	14,765	11,862	2,809	-	97,995
Advance deposits on equipment	35,275	-	3,174	-	21,686 (C)	60,135
Total	$546,186	$180,531	$240,542	$28,974	$21,016	$959,301

(A) On October 1, 1980, Republic Airlines, Inc. acquired all of the outstanding stock of Hughes Air Corp. d/b/a Hughes Airwest. Asset additions are shown at consolidated values as adjusted in accordance with Accounting Principles Board Opinion No. 16.

(B) Transfer of amounts from (to) other general ledger accounts.

(C) Equipment deposits - when the related asset is acquired it is shown in the Additions at Cost column for the appropriate asset classification.

REPUBLIC AIRLINES, INC.

SCHEDULE VI - ACCUMULATED DEPRECIATION AND AMORTIZATION OF PROPERTY AND EQUIPMENT

Year ended December 31, 1982
(in thousands)

Column A	Column B	Column C	Column D	Column E	Column F
Classification	Balance at beginning of period	Additions at cost	Retirements	Other changes add (deduct) describe	Balance at end of period
Flight equipment	$176,593	$54,638	$4,327	$ -	$226,904
Ground property and equipment	43,295	11,086	566	-	53,815
Total accumulated depreciation and amortization	$219,888	$65,724	$4,893	$ -	$280,719

Year ended December 31, 1981
(in thousands)

Classification	Balance at beginning of period	Additions at cost	Retirements	Other changes add (deduct) describe	Balance at end of period
Flight equipment	$145,662	$50,837	$19,906	$ -	$176,593
Ground property and equipment	35,264	10,237	2,206	-	43,295
Total accumulated depreciation and amortization	$180,926	$61,074	$22,112	$ -	$219,888

REPUBLIC AIRLINES, INC.

SCHEDULE VI - ACCUMULATED DEPRECIATION AND AMORTIZATION OF PROPERTY AND EQUIPMENT (continued)

Year ended December 31, 1980
(in thousands)

Column A	Column B	Column C	Column D	Column E	Column F
Classification	Balance at beginning of period	Additions at cost	Retirements	Other changes add (deduct) describe	Balance at end of period
Flight equipment	$118,772	$31,123	$ 4,268	$ 35 (A)	$145,662
Ground property and equipment	27,782	8,532	1,050	-	35,264
Total accumulated depreciation and amortization	$146,554	$39,655	$ 5,318	$ 35	$180,926

(A) Transfer of amounts from (to) other general ledger accounts.

REPUBLIC AIRLINES, INC.

SCHEDULE X - SUPPLEMENTARY INCOME STATEMENT INFORMATION

Years ended December 31, 1982, 1981 and 1980

Column A	Column B		
Item	Charged to costs and expenses (in thousands)		
	1982	1981	1980
1. Maintenance and repairs	$137,738	$145,327	$103,713
3. Taxes, other than income and payroll			
Fuel, property and other	$ 17,175	$ 20,368	$ 11,639
5. Advertising costs	$ 30,835	$ 20,534	$ 7,604

NOTE: Items 2 and 4 either none or not present in amounts sufficient to require submission of the information.

EXHIBIT 11

REPUBLIC AIRLINES, INC.

COMPUTATIONS OF LOSS PER COMMON SHARE - PRIMARY
(in thousands except shares and per share amounts)

	1982	1981	1980
Net loss	$(39,861)	$(46,269)	$(24,662)
Preferred dividend requirement	$ (3,943)	(2,942)	-
Adjusted net loss	$(43,804)	$(49,211)	$(24,662)
Weighted average outstanding shares of common stock	22,062,966	21,385,451	20,722,638
NET LOSS PER COMMON SHARE	$(1.99)	$(2.30)	$(1.19)

Note: Fully diluted loss per share is not presented because it would be anti-dilutive.

EXHIBIT 22

REPUBLIC AIRLINES, INC.

SUBSIDIARIES OF THE REGISTRANT

Republic Airlines, Inc.
Minneapolis, Minnesota (A Wisconsin Corporation)

Its Subsidiaries:

Republic Airlines West, Inc.*
San Francisco, California (A Delaware Corporation)

Republic Energy, Inc.
Bryan, Texas (A Texas Corporation)

Republic Airlines, Inc. (Inactive Nameholder Corporation)
Wilmington, Delaware (A Delaware Corporation)

*Effective December 31, 1982, Republic Airlines West, Inc. adopted a plan of dissolution whereby all of its assets and liabilities would transfer to Republic Airlines, Inc.

EXHIBIT 24

AUDITORS' CONSENT

We have issued our report dated February 24, 1983, accompanying the consolidated financial statements and schedules included in the Annual Report on Form 10-K of Republic Airlines, Inc. for the year ended December 31, 1982. We hereby consent to the incorporation by reference of the above mentioned report in the prospectus dated September 8, 1981, constituting part of the registration statement on Form S-8 of Republic Airlines, Inc. (File No. 2-73736).

Alexander Grant & Company

Alexander Grant & Company

Minneapolis, Minnesota
March 29, 1983

EXHIBIT 28.3

UNDERTAKINGS

(a) The undersigned registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by section 10(a)(3) of the Securities Act of 1933;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represents a fundamental change in the information set forth in the registration statement;

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;

Provided, however, that paragraphs (a)(1)(i) and (a)(1)(ii) do not apply if the registration statement is on Form S-3 or Form S-8 and the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed by the registrant pursuant to section 13 or section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(b) The undersigned registrant hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the registrant's annual report pursuant to section 13(a) or section 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of any employee benefit plan's annual report pursuant to section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the registration statement shall be deemed to be a new registration relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(f) Employee plans on Form S-8.

(1) The undersigned registrant hereby undertakes to delivery or cause to be delivered with the prospectus to each employee to whom the prospectus is sent or given a copy of the registrant's annual report to stockholders for its last fiscal year, unless such employee otherwise has received a copy of such report, in which case the registrant shall state in the prospectus that it will promptly furnish, without charge, a copy of such report on written request of the employee. If the last fiscal year of the registrant has ended within 120 days prior to the use of the prospectus, the annual report of the registrant for the preceding fiscal year may be so delivered, but within such 120 day period the annual report for the last fiscal year will be furnished to each such employee.

(2) The undersigned registrant hereby undertakes to transmit or cause to be transmitted to all employees participating in the plan who do not otherwise receive such material as stockholders of the registrant, at the time and in the manner such material is sent to its stockholders, copies of all reports, proxy statements and other communications distributed to its stockholders generally.

(3) Where interests in a plan are registered herewith, the undersigned registrant and plan hereby undertake to transmit or cause to be transmitted promptly, without charge, to any participant in the plan who makes a written request, a copy of the then latest annual report of the plan filed pursuant to section 15(d) of the Securities Exchange Act of 1934 (Form 11-K). If such report is filed separately on Form 11-K, such form shall be delivered upon written request. If such report is filed as a part of the registrant's annual report on Form 10-K, that entire report (excluding exhibits) shall be delivered upon written request. If such report is filed as a part of the registrant's annual report to stockholders delivered pursuant to paragraph (1) or (2) of this undertaking, additional delivery shall not be required.

(i) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C.

FORM 10-K

DECEMBER 31, 1981
(DATE)

REPUBLIC AIRLINES, INC.
(NAME OF REGISTRANT)

SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 1981. Commission file number 1-7169

REPUBLIC AIRLINES, INC.
(Exact name of registrant as specified in its charter)

Wisconsin	41-0728838
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
7500 Airline Drive, Minneapolis, Minnesota	55450
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code (612) 726-7411

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock ($.20 par value)	New York Stock Exchange and Midwest Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No ___

State the aggregate market value of the voting stock held by non-affiliates of the registrant. $88,261,000 as of March 11, 1982.

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of the latest practical date.

Outstanding at March 11, 1982 22,065,262

Documents Incorporated By Reference

Select provisions of the following documents are incorporated by reference into the Form 10-K:

Document	Part of Form 10-K Into Which Incorporation By Reference
(1) 1981 Annual Report to Stockholders	I, II
(2) Definitive proxy statement dated March 22, 1982 for the 1982 annual meeting of stockholders	III

(Except as expressly incorporated herein by reference, the foregoing annual report and proxy statement are not deemed filed as a part of this report.)

PART I

Item 1. BUSINESS

Information required by this item is set forth at the following pages of the accompanying 1981 Annual Report to Stockholders (hereafter referred to as the Annual Report to Stockholders) and is incorporated herein by reference.

Item 2. DESCRIPTION OF PROPERTY

FLIGHT EQUIPMENT PROGRAM

At December 31, 1981, the Company operated or had on order Douglas DC-9 fan jets, Boeing 727 fan jets and Convair 580 prop jets as indicated in the table below.

Aircraft Type	Seating Capacity	Number of Aircraft Owned	Leased	On Order
DC-9-80	147	2	1	11
DC-9-50	130	16	12	-
DC-9-30	100	53	8	-
DC-9-10	80	34	3	-
CV-580	48	16	-	-
727-200	145	16	-	-

Additional information in notes E, F and G set forth in the Notes to Financial Statements on pages 19 and 20 of the accompanying Annual Report to Stockholders is incorporated herein by reference.

Item 2. DESCRIPTION OF PROPERTY (continued)

OTHER FACILITIES

Information required by this item is set forth at the following pages of the accompanying Annual Report to Stockholders and is incorporated herein by reference.

Item 3. LEGAL PROCEEDINGS

There are no legal proceedings other than routine litigation incidental to the Company's business, which are considered not material, or matters being handled by the Company's insurance carriers.

Item 4. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth, as of March 11, 1982, all persons known by the Company to be the owner, of record or beneficially, of as much as approximately five percent of the outstanding Common Stock of the Company, and such ownership by all officers and directors as a group.

Name and Address	Amount Owned Beneficially or of Record	Percent of Class
Republic Airlines, Inc. Employee Stock Ownership Plan 7500 Airline Drive Minneapolis, MN 55450	2,586,749	11.72
Republic Airlines, Inc. Pension Plan c/o Northwestern National Bank, Trust Department Minneapolis, MN 55402	1,445,300	6.55
All officers and directors as a group (1)	1,501,654	6.81

(1) Does not include shares held by the Republic Airlines, Inc. Employee Stock Ownership Plan. Messrs. Daniel F. May, a director, President and Chief Executive Officer, and Walter E. Nielsen, Assistant Treasurer, serve as Trustees of the plan.

PART II

Item 5. MARKET FOR THE REGISTRANT'S COMMON STOCK AND RELATED SECURITY HOLDER MATTERS

Information required by this item is set forth under Common Stock Information on page 22 of the accompanying Annual Report to Stockholders and is incorporated herein by reference.

Item 6. SELECTED FINANCIAL DATA

Information required by this item is set forth under the Five-Year Summary on page 5 of the accompanying Annual Report to Stockholders and is incorporated herein by reference.

Item 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Information required by this item is set forth under Financial Review on pages 2, 3, and 4 and Effects of Changing Prices on pages 23 and 24 of the accompanying Annual Report to Stockholders and is incorporated herein by reference.

Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Financial statements appearing on pages 14 through 22 of the accompanying Annual Report to Stockholders are incorporated herein by reference.

Quarterly Statements of Operations appearing on page 22 of the accompanying Annual Report to Stockholders are incorporated herein by reference.

Effects of Changing Prices on pages 23 and 24 of the accompanying Annual Report to Stockholders are incorporated herein by reference.

PART III

Item 9. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

(a) The directors of the Registrant are:

Information regarding the directors of the Registrant is contained in its definitive proxy statement dated March 22, 1982 for the 1982 annual meeting of stockholders and is incorporated herein by reference.

Item 9. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT (continued)

(b) The executive officers of the Registrant as of March 11, 1982, who were elected at the Board of Directors meeting following the 1981 annual meeting of stockholders or at a subsequent Board of Directors meeting, are:

Name and Age	Title	Officer Since
Carr, Hal N., 60	Chairman of the Board	1947
Hulse, Frank W.*, 69	Vice Chairman of the Board	1943
Sweet, Bernard, 58	Vice Chairman of the Board	1950
May, Daniel F., 52	President and Chief Executive Officer	1962
Atwood, Dorman W., 60	Senior Vice President-Maintenance and Engineering	1979
Hubertus, Kenneth L., 53	Senior Vice President-Customer Service	1979
Karnas, George J., 52	Senior Vice President-Inflight Service	1973
Maxson, A. L.*, 46	Senior Vice President-Finance	1968
Moran, David E., 51	Senior Vice President-Marketing	1967
Wallis, G. F., 59	Senior Vice President-Flight Operations	1965
Courtenay, J. Kenneth*, 54	Vice President-Route Development	1961
Dingivan, Edward A., 62	Vice President-Federal Affairs	1980
Dow, John P., 51	Vice President and Secretary	1959
Drechsler, William G.*, 49	Vice President-Maintenance and Engineering	1976
Ettel, Joseph W., 35	Vice President-Industrial Relations	1974
Foster, Gramer D., 54	Vice President-Flying	1980
Jackson, Earl D., 54	Vice President-Maintenance and Engineering, Atlanta Region	1980
Meyer, Michael D., 37	Vice President and Controller	1974
Oakes, William E.*, 48	Vice President-Marketing	1969

Item 9. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT (continued)

Name and Age	Title	Officer Since
Rubens, Robert G., 58	Staff Vice President	1982
Westberg, Charlotte G., 64	Staff Vice President	1962
Mackinnon, W. Howard*, 43	Treasurer	1978

*Former officers of Southern Airways, Inc. or Republic Airlines West, Inc.

All of the executive officers have been officers or employees of the Registrant [or where indicated, of Southern Airways, Inc. prior to July 1, 1979 or of Republic Airlines West, Inc. (formerly Hughes Airwest)], in capacities substantially equivalent to their current employment responsibilities for the past five years except for Edward A. Dingivan and Robert G. Rubens. Mr. Dingivan was Vice President of National Air Carriers Association (a Charter Carrier Trade Association) for more than five years prior to joining the Company and Mr. Rubens was a pilot for more than five years prior to becoming an officer of the Company. Officers are elected to serve until the Board of Directors meeting following the annual meeting of stockholders or until their successors are elected.

Additional information for those executive officers who are also directors, is set forth in the Registrant's definitive proxy statement dated March 22, 1982 for the 1982 annual meeting of stockholders and is incorporated herein bv reference.

Item 10. MANAGEMENT REMUNERATION AND TRANSACTIONS

Information required by this item is set forth in Registrant's definitive proxy statement dated March 22, 1982 for the 1982 annual meeting of stockholders and is incorporated herein by reference.

Item 11. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a) 1. Financial Statements	Page Reference
Consolidated balance sheets at December 31, 1981 and 1980	14
Consolidated statements of operations for the years ended December 31, 1981, 1980 and 1979	15
Consolidated statements of changes in financial position for the years ended December 31, 1981, 1980 and 1979	16
Consolidated statements of changes in stockholders' equity for the years ended December 31, 1981, 1980 and 1979	17
Notes to financial statements	18-22

Item 11. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K (continued)

(a) 2. Financial Statement Schedules

Auditors' Report	F-1
Schedules:	
Schedule V - Property and Equipment Years ended December 31, 1981, 1980 and 1979	F-2, F-3 and F-4
Schedule VI - Accumulated Depreciation and Amortization Years ended December 31, 1981, 1980 and 1979	F-5 and F-6
Schedule X - Supplementary Income Statement Information Years ended December 31, 1981, 1980 and 1979	F-7

All other schedules have been omitted since the required information is not present or not present in amounts sufficient to require submission of the schedule, or because the information required is included in the financial statements or the notes thereto.

The individual financial statements of the Registrant have been omitted as permitted by Rule 3-05(1) of Regulation S-X.

(a) 3. Exhibits

		Regulation S-K Exhibit No.
1.	Computations of earnings per share for the years ended December 31, 1981, 1980 and 1979.	11
2.	Subsidiaries of the Registrant	22
3.	1981 Annual Report to Stockholders	13
4.	Definitive proxy statement dated March 22, 1982.	

(b) Reports of Form 8-K

No report on Form 8-K was filed during 1981.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

REPUBLIC AIRLINES, INC.

By /s/ Daniel F. May

Daniel F. May
President and Chief Executive Officer
(Principal Executive Officer and Director)
March 29, 1982

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

*

Hal N. Carr
Chairman of the Board
March 29, 1982

*

Bernard Sweet
Vice Chairman of the Board
March 29, 1982

*

Frank W. Hulse
Vice Chairman of the Board
March 29, 1982

/s/ A. L. Maxson

A. L. Maxson
Senior Vice President-Finance
(Principal Financial Officer)
March 29, 1982

/s/ Michael D. Meyer

Michael D. Meyer
Vice President and Controller
March 29, 1982

*

Cecil A. Beasley, Jr.
Director
March 29, 1982

*

Eric Bramley
Director
March 29, 1982

*

G. F. DeCoursin
Director
March 29, 1982

*

Alton F. Irby, Jr.
Director
March 29, 1982

*

G. Gunby Jordan
Director
March 29, 1982

*

John M. Lawrence, III
Director
March 29, 1982

*

William R. Lummis
Director
March 29, 1982

*

Morton B. Phillips
Director
March 29, 1982

*

G. Frank Purvis, Jr.
Director
March 29, 1982

*

William E. Rankin
Director
March 29, 1982

*

Joseph E. Rapkin
Director
March 29, 1982

*

Henry M. Ross
Director
March 29, 1982

*

Richard A. Trippeer, Jr.
Director
March 29, 1982

*

Wm. Bew White, Jr.
Director
March 29, 1982

*

Kenneth B. Willett
Director
March 29, 1982

*

Frank M. Young, III
Director
March 29, 1982

*BY /s/ Daniel F. May
Daniel F. May, Attorney-In-Fact

Date: March 29, 1982

AUDITORS' REPORT

Stockholders and Board of Directors
Republic Airlines, Inc.

We have examined the consolidated balance sheets of Republic Airlines, Inc. (a Wisconsin corporation), and its subsidiary as of December 31, 1981 and 1980, and the consolidated statements of operations, changes in stockholders' equity and changes in financial position for the years ended December 31, 1981, 1980 and 1979. Our examinations were made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

The accompanying consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business but, as discussed in Note B, certain eventualities could cause the company to be unable to continue in business. Also, as discussed in Note G, an additional uncertainty has arisen because the company has been unable to meet the delivery terms of its aircraft purchase commitments and is negotiating a revision of such commitments. The consolidated financial statements do not include any adjustments relating to losses which may be incurred as a result of these purchase commitments or to the realization of the carrying value of assets or the amount and classification of liabilities that might be necessary should the company be unable to continue in the normal course of business.

In our opinion, subject to the effects on the 1981 consolidated financial statements of such adjustments, if any, as might have been required had the outcome of the uncertainties referred to in the preceding paragraph been known, the consolidated financial statements referred to above present fairly the financial position of Republic Airlines, Inc., and its subsidiary at December 31, 1981 and 1980, and the results of their operations and changes in their financial position for the years ended December 31, 1981, 1980 and 1979, in conformity with generally accepted accounting principles applied on a consistent basis.

In connection with our examinations of the financial statements for the periods indicated above, we have also examined the schedules listed in Item 11(a)2, and included herein. In our opinion, subject to the effects on the 1981 consolidated financial statements of such adjustments, if any, as might have been required had the outcome of the uncertainties referred to above been known, such schedules present fairly the information required to be set forth therein.

Alexander Grant & Company

Minneapolis, Minnesota
February 26, 1982

REPUBLIC AIRLINES, INC.

SCHEDULE V - PROPERTY AND EQUIPMENT

Year ended December 31, 1981
(in thousands)

Column A	Column B	Column C	Column D	Column E	Column F
Classification	Balance at beginning of period	Additions at cost	Retirements	Other changes add (deduct) describe	Balance at end of period
Flight equipment:					
At cost	$666,672				$ 765,152
Under capital leases	134,499				159,671
	801,171	$173,180	$49,528	$ -	924,823
Ground property and equipment:					
At cost	88,540				96,811
Under capital leases	9,455				12,960
	97,995	14,783	3,007	-	109,771
Advance payments on equiment	60,135	-	-	7,355 (A)	67,490
Total	$959,301	$187,963	$52,535	$ 7,355	$1,102,084

(A) Equipment deposits - when the related asset is acquired it is shown in the Additions at Cost column for the appropriate asset classification.

REPUBLIC AIRLINES, INC.

SCHEDULE V - PROPERTY AND EQUIPMENT (continued)

Year ended December 31, 1980
(in thousands)

Column A	Column B	Column C		Column D	Column E	Column F
Classification	Balance at beginning of period	Additions at cost	Hughes Air Corp. Acquisition (A)	Retirements	Other changes add (deduct) describe	Balance at end of period
Flight equipment:						
At cost	$352,549					$666,672
Under capital leases	84,185					134,499
	436,734	$165,766	$225,506	$26,165	$ (670) (B)	801,171
Ground property and equipment:						
At cost	65,391					88,540
Under capital leases	8,786					9,455
	74,177	14,765	11,862	2,809	-	97,995
Advance payments on equipment	35,275	-	3,174	-	21,686 (C)	60,135
Total	$546,186	$180,531	$240,542	$28,974	$21,016	$959,301

(A) On October 1, 1980, Republic Airlines, Inc. acquired all of the outstanding stock of Hughes Air Corp. d/b/a Hughes Airwest. Asset additions are shown at consolidated values as adjusted in accordance with Accounting Principles Board Opinion No. 16.

(B) Transfer of amounts from (to) other general ledger accounts.

(C) Equipment deposits - when the related asset is acquired it is shown in the Additions at Cost column for the appropriate asset classification.

REPUBLIC AIRLINES, INC.

SCHEDULE V - PROPERTY AND EQUIPMENT (continued)

Year ended December 31, 1979
(in thousands)

Column A	Column B	Column C	Column D	Column E	Column F
Classification	Balance at beginning of period	Additions at cost	Retirements	Other changes add (deduct) describe	Balance at end of period
Flight equipment					
At cost	$323,068				$352,549
Under capital leases	21,116				84,185
	344,184	$103,300	$ 8,277	$(2,473) (A)	436,734
Ground property and equipment:					
At cost	54,360				65,391
Under capital leases	8,936				8,786
	63,296	12,094	1,837	624 (A)	74,177
Advance payments on equipment	32,024	-	-	3,251 (B)	35,275
Total	$439,504	$115,394	$10,114	$ 1,402	$546,186

(A) Transfer of amounts from (to) other general ledger accounts.

(B) Equipment deposits - when the related asset is acquired it is shown in the Additions at Cost column for the appropriate asset classification.

REPUBLIC AIRLINES, INC.

SCHEDULE VI - ACCUMULATED DEPRECIATION AND AMORTIZATION OF PROPERTY AND EQUIPMENT

Year ended December 31, 1981
(in thousands)

Column A	Column B	Column C	Column D	Column E	Column F
Classification	Balance at beginning of period	Additions charged to costs and expenses	Retirements	Other changes add (deduct) describe	Balance at end of period
Flight equipment	$145,662	$50,837	$19,906	$ -	$176,593
Ground property and equipment	35,264	10,237	2,206	-	43,295
Total accumulated depreciation and amortization	$180,926	$61,074	$22,112	$ -	$219,888

Year ended December 31, 1980
(in thousands)

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Flight equipment	$118,772	$31,123	$ 4,268	$ 35 (A)	$145,662
Ground property and equipment	27,782	8,532	1,050	-	35,264
Total accumulated depreciation and amortization	$146,554	$39,655	$ 5,318	$ 35	$180,926

(A) Transfer of amounts from (to) other general ledger accounts.

REPUBLIC AIRLINES, INC.

SCHEDULE VI - ACCUMULATED DEPRECIATION AND AMORTIZATION OF PROPERTY AND EQUIPMENT (continued)

Year ended December 31, 1979
(in thousands)

Column A	Column B	Column C	Column D	Column E	Column F
Classification	Balance at beginning of period	Additions charged to costs and expenses	Retirements	Other changes add (deduct) describe	Balance at end of period
Flight equipment	$103,596	$22,277	$6,891	$(210) (A)	$118,772
Ground property and equipment	21,854	6,992	1,064	-	27,782
Total accumulated depreciation and amortization	$125,450	$29,269	$7,955	$(210)	$146,554

(A) Transfer of amounts from (to) other general ledger accounts.

REPUBLIC AIRLINES, INC.

SCHEDULE X - SUPPLEMENTARY INCOME STATEMENT INFORMATION

Years ended December 31, 1981, 1980 and 1979

Column A	Column B		
Item	Charged to costs and expenses (in thousands)		
	1981	1980	1979
1. Maintenance and repairs	$145,327	$103,713	$70,436
3. Taxes, other than income and payroll			
Fuel, property and other	$ 20,368	$ 11,639	$ 7,692
5. Advertising costs	$ 20,534	$ 7,604	$ 7,444

NOTE: Items 2 and 4 either none or not present in amounts sufficient to require submission of the information.

INDEX TO EXHIBITS

EXHIBIT 1

REPUBLIC AIRLINES, INC.

COMPUTATIONS OF EARNINGS PER COMMON AND COMMON EQUIVALENT SHARE

AMOUNTS (in thousands)	1981 Primary and Fully Diluted	1980 Primary and Fully Diluted	1979 Primary	1979 Fully Diluted
Net earnings (loss).	$(46,269)	$(24,662)	$13,061	$13,061
Imputed interest (less related income tax effect) related to: (a)				
6-1/2% Convertible Subordinated Debentures	-	-	-	159
5-3/4% Convertible Subordinated Debentures	-	-	-	96
	-	-	-	255
Preferred dividend requirement	(2,942)	-	-	-
Adjusted earnings. . . . .(A)	$(49,211)	$(24,662)	$13,061	$13,316
SHARES				
Common shares.	21,385,451	20,722,638	17,590,742	17,590,742
Options and Warrants	-	-	970,340	970,340
6-1/2% Subordinated Debentures	-	-	-	573,069
5-3/4% Subordinated Debentures	-	-	-	359,062
(B)	21,385,451	20,722,638	18,561,082	19,493,213
NET EARNINGS (LOSS) PER SHARE (A)÷(B)	$(2.30)	$(1.19)	$.70	$.68

(a) Rates used are approximate overall effective income tax rate.

EXHIBIT 2

REPUBLIC AIRLINES, INC.

SUBSIDIARIES OF THE REGISTRANT

Republic Airlines, Inc.
Minneapolis, Minnesota (A Wisconsin Corporation)

Its Subsidiaries:

Republic Airlines West, Inc.
San Francisco, California (A Delaware Corporation)

Republic Energy, Inc.
Bryan, Texas (A Texas Corporation)

Republic Airlines, Inc. (Inactive Nameholder Corporation)
Wilmington, Delaware (A Delaware Corporation)

(ANNUAL REPORT OMITTED)

REPUBLIC AIRLINES, INC.
7500 Airline Drive
Minneapolis, Minnesota 55450

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

April 28, 1982

TO THE STOCKHOLDERS OF REPUBLIC AIRLINES, INC.:

Please take notice that the Annual Meeting of Stockholders of Republic Airlines, Inc. will be held, pursuant to due call by the Board of Directors of the Company, at the Wausau Club, 309 McClellan Street, Wausau, Wisconsin, on Wednesday, April 28, 1982, at 10:30 a.m., or at any adjournment or adjournments thereof, for the purpose of considering and taking appropriate action with respect to the following:

1. Electing directors.
2. Transacting such other business as may properly come before the meeting.

Pursuant to due action of the Board of Directors, stockholders of record on March 11, 1982 will be entitled to vote at the meeting or any adjournment or adjournments thereof.

YOU ARE REQUESTED TO READ CAREFULLY THE ATTACHED PROXY STATEMENT. YOU ARE URGED TO SIGN AND RETURN THE ENCLOSED CARD AUTHORIZING REPRESENTATIVES OF THE PRESENT BOARD OF DIRECTORS OF THE COMPANY TO VOTE FOR YOU AT THE MEETING.

By Order of the Board of Directors
REPUBLIC AIRLINES, INC.
John P. Dow
Vice President and Secretary

March 22, 1982

Proxy Statement

of

REPUBLIC AIRLINES, INC.

Annual Meeting of Stockholders to be Held

April 28, 1982

PROXIES AND VOTING

This Proxy Statement is furnished in connection with the solicitation of proxies by the Board of Directors of Republic Airlines, Inc. (the "Company") to be used at the Annual Meeting of Stockholders of the Company to be held April 28, 1982. Each stockholder who signs and returns a proxy in the form enclosed with this Proxy Statement may revoke the same at any time prior to its use by giving notice of such revocation to the Company in writing or in open meeting. Unless so revoked, the shares represented by each such proxy will be voted at the meeting and at any adjournment thereof. Presence at the meeting of a stockholder who has signed a proxy does not alone revoke that proxy.

The executive offices of the Company are located at 7500 Airline Drive, Minneapolis, Minnesota 55450. This Proxy Statement and the accompanying proxy are to be first mailed to stockholders on or about March 22, 1982.

Only stockholders of record at the close of business on March 11, 1982 will be entitled to vote at the meeting or any adjournment thereof. On such date there were outstanding 22,065,262 shares of Common Stock, $.20 par value per share, each of which shares is entitled to one vote.

SECURITY OWNERSHIP

The following table sets forth, as of the record date, all persons known by the Company to be the owner, of record or beneficially, of as much as approximately five percent of the outstanding Common Stock of the Company, and such ownership by all officers and directors as a group.

Name and Address	Amount Owned Beneficially or of Record	Percent of Class
Republic Airlines, Inc. Employee Stock Ownership Plan 7500 Airline Drive Minneapolis, MN 55450	2,586,749	11.72
Republic Airlines, Inc. Pension Plan Northwestern National Bank, Trust Department Minneapolis, MN 55402	1,445,300	6.55
All officers and directors as a group (1)	1,501,654	6.81

(1) Does not include shares held by the Republic Airlines, Inc. Employee Stock Ownership Plan. Messrs. Daniel F. May, a director, President and Chief Executive Officer, and Walter E. Nielsen, Assistant Treasurer, serve as Trustees of the Plan.

ELECTION OF DIRECTORS

Twenty (20) directors are to be elected at the meeting, each director to hold office until the next annual meeting of stockholders or until his successor is elected and qualified. All of the persons listed below are now serving as directors of the Company. The Board of Directors proposes for election to the Board of Directors the nominees listed below:

Name and Age of Nominee	Principal Occupation and Directorships in Public Companies	Director Since	Shares Beneficially Owned as of March 11, 1982	Percent of Class
Beasley, Cecil A., Jr., 69	Partner — Ballard & Beasley, attorneys.	1979	102,762	0.47
Bramley, Eric,** 65	Retired Editor, Aviation Daily (aviation industry news service).	1976	1,000	—
Carr, Hal N.,* 60	Chairman of the Board of the Company. Mr. Carr is a director of Dahlberg Electronics, Inc.	1952	219,492(1)	0.99
DeCoursin, G. F.,* 68	Chairman of the Board, April Graphics, Inc. (commercial graphic arts).	1944	50,000	0.23
Hulse, Frank W.,* 69	Vice Chairman of the Board of the Company. Mr. Hulse is a director of Fuqua Industries, Inc.; and American Fidelity Insurance Company.	1979	359,060(2)	1.63
Irby, Alton F., Jr., 69	Insurance Consultant and Investments. Mr. Irby is a director of Southeastern Capital Corporation.	1979	101,089	0.46
Jordan, G. Gunby, 66	Chairman of the Board, The Jordan Company (construction). Mr. Jordan is a director of Columbus Bank and Trust Bancshares, Inc.; Gas Light Co. of Columbus; and Utica Mutual Insurance Co.	1979	99,312(2)	0.45
Lawrence, John M. III, 60	Partner — Lawrence, Thornton, Payne & Watson, attorneys. Mr. Lawrence is a director of First Bank & Trust; and Brazos Broadcasting Company.	1975	2,200	0.01
Lummis, Wm. R., 53	Chairman of the Board, Summa Corporation (real estate investments, aviation, hotels and recreation). Mr. Lummis is a director of Texas American Bancshares, Inc.	1980	—(3)	—
ay, Daniel F.,* 52	President and Chief Executive Officer of the Company. Mr. May is a director of Summit State Bank of Bloomington.	1980	36,138(1)(2)	0.16

Name and Age of Nominee	Principal Occupation and Directorships in Public Companies	Director Since	Shares Beneficially Owned as of March 11, 1982	Percent of Class
Phillips, Morton B., 63	Chairman of the Board, Westland Capital Corporation (business investments).	1966	4,345(2)	0.02
Purvis, G. Frank, Jr.,** 67	Chairman of the Board, Pan American Life Insurance Company. Mr. Purvis is a director of South Central Bell Telephone Company; and First Commerce Corporation.	1979	18,480(2)	0.08
Rankin, Wm. E., 59	President of Summa Corporation (real estate investments, aviation, hotels and recreation).	1980	—(3)	—
Rapkin, Joseph E., 74	Partner — Foley & Lardner, attorneys. Mr. Rapkin is a director of Jack Winter, Inc.; Marcus Corporation; and Realist, Inc.	1965	2,100	0.01
Ross, Henry M.,** 54	President, Ross Industries, Inc. (machinery manufacturer). Mr. Ross is a director of Fauquier National Bank; and Greater Washington Investors, Inc.	1975	1,000	—
Sweet, Bernard,* 58	Vice Chairman of the Board of the Company. Mr. Sweet is a director of G & K Services, Inc.; and S. E. Rykoff & Co.	1969	66,419(1)	0.30
Trippeer, Richard A., Jr., 42	President and director of Union Planters National Bank. Mr. Trippeer is a director of Union Planters Corporation.	1979	159,748(4)	0.72
White, Wm. Bew, Jr.,* 62	Partner — Bradley, Arant, Rose & White, attorneys. Mr. White is a director of Avondale Mills.	1979	39,439	0.18
Willett, Kenneth B.,* 80	Chairman of the Board, First Financial Savings and Loan Assn.	1954	42,000	0.19
Young, Frank M. III, 40	Partner — North Haskell Slaughter Young & Lewis, attorneys.	1979	28,185(5)	0.13

*Member of the Executive Committee
**Member of the Audit Committee

(1) Includes for Messrs. Carr, Sweet and May 16,834, 16,619 and 11,626 shares, respectively, held by the Company's Employee Stock Ownership Plan and Trust for the benefit of such persons.

(2) Does not include the following shares owned by Spouses: 21,193 by Mrs. Hulse, 346 by Mrs. Jordan, 900 by Mrs. May, 2,000 by Mrs. Phillips and 630 by Mrs. Purvis.

(3) Does not include 966,666 shares into which the debenture owned by Summa Corporation, of which Messrs. Lummis and Rankin are directors and officers, is convertible.

(4) Includes 48,183 shares in a trust, the sole beneficiary of which is Mr. Trippeer and the trustee is Union Planters National Bank of which Mr. Trippeer is a director.

(5) Mr. Young is the son-in-law of Frank W. Hulse. Does not include 31,815 shares owned by Spouse and 46,540 shares held as trustee for the benefit of Mr. Young's minor children.

Each of such nominees has been engaged in the principal occupation set forth above for more than the last five years except for Mr. Sweet, who, prior to October, 1980, was President and Chief Executive Officer of the Company; Mr. May, who was elected President in October, 1980 and Chief Executive Officer in February 1982, and prior thereto was an executive officer of the Company; Mr. Hulse, who, prior to July, 1979, was Chairman and Chief Executive Officer of Southern Airways, Inc.; Mr. DeCoursin, who, prior to March, 1979, was Senior Vice President of Stange Co. (manufacturer and distributor of food products); and Mr. Irby, who, prior to January, 1981, was Chairman of the Board of Fred S. James & Company of Georgia (insurance agents, counselors).

The information contained in the foregoing footnotes is for explanatory purposes only, and certain persons disclaim beneficial ownership of shares designated as owned by or held in a trust for any other persons, including family members, of which such person is a trustee, or by a corporation of which such person is a director, officer or shareholder.

All shares represented by proxies will be voted for the election of the foregoing nominees who have indicated a willingness to serve, if elected; provided, however, that if any such nominee should withdraw or otherwise become unavailable for reasons not presently known, such shares may be voted for another person in place of such nominee, in accordance with the best judgment of the persons named in the proxy.

REMUNERATION OF DIRECTORS AND OFFICERS

The following information relates to each of the five most highly compensated executive officers or directors of the Company as to whom the total remuneration for the past fiscal year exceeded $50,000, and as to all officers and directors as a group.

	Cash and Cash Equivalent Forms of Remuneration (8)(10)	
Name of Individual or Identity of Group and Capacity in which Remuneration Received	**Salaries and Directors' Fees (1)**	**Securities or Property, Insurance Benefits or Reimbursement, Personal Benefits (2)(3)(4)**
Hal N. Carr, Chairman of the Board (5)	$ 257,683(6)	$ 12,862
Bernard Sweet, Vice Chairman of the Board (5)	233,100(7)	29,015
Daniel F. May, President and Director (5)	159,350	21,378
G. F. Wallis, Senior Vice President-Flight Operations	95,580	21,474
A. L. Maxson, Senior Vice President-Finance	68,853	18,054
All officers and directors as a group (included 43 persons at December 31, 1981)	2,202,948(9)	302,548

(1) Includes directors' fees at the rate of $750 for each Board and committee meeting of the Company, Republic Airlines West, Inc. or Republic Energy, Inc. attended. The directors' fees were reduced by 10% to $675 effective November 1, 1981, in connection with a 10% management pay reduction applicable to directors' fees and officers' salaries.

(2) The Company has adopted an Employee Stock Ownership Plan and Trust for eligible employees of the Company. The amount contributed to the Trust under this Plan during 1981 was $5,100,000. Included in the foregoing table are the amounts distributed in 1981 to the accounts of such individuals.

(3) Includes with respect to certain officers the difference between the acquisition price and market value on the date of exercise of shares acquired pursuant to the Company's stock option plan.

(4) Includes amounts received under the officers' medical reimbursement plan pursuant to which the Company reimburses officers for medical expenses not covered by the Company's medical insurance plan for salaried and management employees.

(5) Mr. Carr is also the Chairman of the Board of Republic Airlines West, Inc. (formerly Hughes Air Corp. d/b/a Hughes Airwest) and of Republic Energy, Inc., both of which are subsidiaries of the Company. Mr. Sweet is the Vice Chairman of the Board of Directors of Republic Airlines West, Inc. and Republic Energy, Inc. Mr. May is a director of Republic Airlines West, Inc. and is a director and Treasurer of Republic Energy, Inc.

(6) The Company has an agreement with Hal N. Carr dated December 5, 1975, and subsequently amended, providing for his continued employment in a full-time capacity as a management executive of the Company until April 7, 1986, at an annual salary of not less than $200,000. The agreement also provides for certain salary continuation payments in the event of the death or disability of Mr. Carr. Mr. Carr is entitled to participate in other employee benefits provided by the Company generally for its employees.

(7) The Company has an agreement with Bernard Sweet dated April 5, 1978, and subsequently amended, providing for his continued employment in a full-time capacity as a management executive of the Company until April 5, 1983, at an annual salary of not less than $200,000. The agreement also provides for certain salary continuation payments in the event of the death or disability of Mr. Sweet. Mr. Sweet is entitled to participate in other employee benefits provided by the Company generally for its employees.

(8) The Company maintains a plan for salaried officers pursuant to which death or retirement benefits (funded by insurance) ranging in amounts from $100,000 to $300,000 are paid by the Company to the officer or to the estate or designated beneficiary upon such person's death. Amounts payable under this plan are reduced by the amounts otherwise payable under the group term life insurance plan maintained generally for employees of the Company.

(9) The Company has an agreement with Frank W. Hulse, dated July 28, 1978, providing for his continued engagement by the Company as an independent consultant until July 1, 1984, at a rate of compensation of $125,000 per annum for the first year with annual increases of $5,000 each year thereafter. This agreement also provides for continuation of certain payments in the event of Mr. Hulse's death or disability. Mr. Hulse is entitled to participate in other health insurance plans afforded to officers of the Company during the term of this agreement and thereafter on the same basis as other retired employees of the Company. Such amounts are not included in the foregoing table.

(10) Retirement benefits are provided under a Salaried Employees Retirement Benefit Plan to all salaried employees not covered under any of the Company's other pension plans. Except for two officers, who are entitled to retirement benefits under a retirement plan for pilots which has been in effect throughout the period covered in the table, all officers are eligible under the Plan. Benefits under the Plan are based on a benefit formula providing 60% of a participant's Final Average Earnings less 50% of primary Social Security benefits and proportionately reduced for years of service less than 25 years. Final Average Earnings are the participant's five consecutive calendar year earnings in the 15 years prior to retirement which produce the highest average. Since the Company's annual contribution to the Plan with respect to an individual person is not and cannot readily be separately or individually calculated by the Plan's actuaries, the foregoing table does not include any remuneration attributable to such Plan. The table below sets forth the estimated annual benefits payable upon retirement at age 65 under the Plan for specified remuneration and years of service classifications.

During 1981, the Company amended the Salaried Employees Retirement Benefit Plan to provide a special early retirement benefit payable to Plan participants over age 55 who elected to retire between October 1, 1981 and December 31, 1981. The amount of pension payable was determined under the regular normal retirement benefit formula outlined above but based on the assumption that the participant had continued to work until age 65 at the rate of pay in effect at the time of retirement. The table below is representative of the benefits payable under this formula commencing at the participant's actual retirement age. In addition to these amounts, an annual supplement of $7,200 payable until age 65 was also provided to these participants under this special provision. Approximately 300 employees, which includes five officers, took early retirement.

Annual Remuneration	Estimated Annual Retirement Benefits 15 Years	25 Years
$ 50,000	$ 15,960	$ 26,600
80,000	26,760	44,600
110,000	37,560	62,600
300,000	105,960	124,500(a)

The years of credited service under the Plan for Messrs. Carr, Sweet, May and Maxson are 27, 33, 25 and 15, respectively. Mr. Wallis is covered under a retirement plan for pilots and has 32 years of credited service under that plan.

(a) As required by the Employee Retirement Income Security Act of 1974, annual retirement benefits payable with respect to these employees cannot exceed $124,500 for 1981 (as adjusted annually by regulation for cost of living increases).

The following tabulation shows as to certain officers and directors and as to all officers and directors as a group the amount of shares acquired by such persons since January 1, 1981, pursuant to exercise of options. All options granted were intended to be qualified stock options and were granted at a price equal to 100% of the market value of the Company's shares on the date of grant. All options were either exercised or expired in 1981 and no additional options are issuable under this plan.

	Exercised January 1, 1981 to March 11, 1982			Unexercised at March 11, 1982	
Name	Number of Shares	Aggregate Option Price	Aggregate Market Value on Date Exercised	Number of Shares	Average Option Price Per Share
Bernard Sweet	3,900	$ 15,113	$ 31,200	0	—
Daniel F. May	1,950	7,556	15,600	0	—
G. F. Wallis	1,950	7,556	15,844	0	—
All officers and directors as a group (including those named above)	13,675	52,991	110,931	0	—

CERTAIN TRANSACTIONS

During the third quarter of 1981, a "stock for pay" plan was available to all employees of the Company whereby each employee could utilize fifteen percent of one month's salary to purchase shares of Common Stock of the Company at the then current market price. Officers of the Company participated in this plan. Approximately 709,000 shares were issued under this plan for $4.3 million. On April 7, 1981, Mr. Hulse, Vice Chairman of the Company, sold warrants equivalent to 17,499 shares of the Company's Common Stock at a price of $11.06 per warrant to the Company's Employee Stock Ownership Plan. Such price after conversion was equal to the opening price of the Company's stock on the New York Stock Exchange on such date. MPG Investment Company, in which Mr. May has an equity interest, leased on a month to month basis certain temporary warehouse space to the Company and received approximately $40,000 of rental during 1981.

During the past two years, the law firms of Ballard & Beasley, of which Cecil A. Beasley, Jr., a director of the Company, is a partner; Bradley, Arant, Rose & White, of which Wm. Bew White, Jr., a director of the Company, is a partner; and Lawrence, Thornton, Payne & Watson, of which John M. Lawrence III, a director of the Company, is a partner, have rendered legal services to the Company.

PROPOSALS OF STOCKHOLDERS

All proposals of stockholders intended to be presented at the 1983 annual meeting of stockholders of the Company pursuant to the Securities Exchange Act of 1934 must be received by the Company at its executive offices on or before December 22, 1982.

OTHER MATTERS

Committees of the Board of Directors

The Company's Audit Committee, consisting of Messrs. Bramley, Purvis and Ross, held four meetings during 1981. The Audit Committee recommends to the full Board the engagement of the independent accountants; reviews the audit plan and results of the audit engagement; reviews the independence of the auditors; and reviews the adequacy of the Company's system of internal accounting controls. The Executive Committee, consisting of Messrs. Carr, DeCoursin, Hulse, May, Sweet, White and Willett, held seven meetings during 1981. Functions performed by the Executive Committee include recommending to the full Board the amount of compensation for officers and other management personnel. The Company does not have a Nominating Committee. The Board of Directors held four meetings during 1981. All directors attended at least 75% of the Board of Directors meetings and meetings of the committees of the Board on which they serve, except Mr. White, who attended three of the four Directors meetings and five of the seven Executive Committee meetings.

Independent Accountants

Alexander Grant & Company have been the independent certified public accountants for the Company since 1947 and have been selected by the Board of Directors as the accountants for 1982. Representatives of Alexander Grant & Company will attend the Annual Meeting of Stockholders with the opportunity to make a statement if they desire to do so and will be available to respond to questions.

Solicitation

The cost of preparing, assembling and mailing this proxy statement, the notice, form of proxy, annual report and other material which may be sent to the stockholders will be borne by the Company. The management has made no arrangement to solicit proxies for the meeting other than by use of mails, except that some solicitation may be made by telegraph, telephone, or personal calls by officers or regular employees of the Company. The Company will, upon request, reimburse brokers and other persons holding shares for the benefit of others in accordance with the rates approved by the New York Stock Exchange for their expenses in forwarding proxies and accompanying material and in obtaining authorization from beneficial owners of the Company's stock to give proxies.

The Board of Directors knows of no other matters to be brought before the Annual Meeting. However, if other matters should come before the meeting, it is the intention of each person named in the proxy to vote such proxy in accordance with his judgment on such matters.

By Order of the Board of Directors
John P. Dow
Vice President and Secretary

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D. C.

FORM 10-K

DECEMBER 31, 1980

(DATE)

REPUBLIC AIRLINES, INC.

(NAME OF REGISTRANT)

SECURITIES AND EXCHANGE COMMISSION
Washington, D. C.
20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15 (d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 1980 Commission file number 1-7169

REPUBLIC AIRLINES, INC.
(Exact name of registrant as specified in its charter)

Wisconsin	41-0728838
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
7500 Airline Drive, Minneapolis, Minnesota	55450
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code (612) 726-7411

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock ($.20 par value)	New York Stock Exchange and Midwest Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:

Title of class

Warrants to purchase Common Stock ($.20 par value)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No ___

State the aggregate market value of the voting stock held by non-affiliates of the registrant. $139,140,000 as of March 5, 1981.

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of the latest practical date.

Outstanding at March 5, 1981 21,002,214

Documents Incorporated By Reference

Select provisions of the following documents are incorporated by reference into the Form 10-K:

Document	Part of Form 10-K Into Which Incorporated By Reference
(1) 1980 Annual Report to Stockholders	I, II
(2) Definitive proxy statement dated March 17, 1981 for the 1981 annual meeting of stockholders	III

(Except as expressly incorporated herein by reference, the foregoing annual report and proxy statement are not deemed filed as a part of this report.)

PART I

Item 1. BUSINESS

Information required by this item is set forth at the following pages of the accompanying 1980 Annual Report to Stockholders (hereafter referred to as the Annual Report to Stockholders) and is incorporated herein by reference.

Item 2. DESCRIPTION OF PROPERTY

FLIGHT EQUIPMENT PROGRAM

At December 31, 1980, the Company operated or had on order Douglas DC-9 fan jets, Boeing 727 fan jets and Convair 580 prop jets as indicated in the table below.

Aircraft Type	Seating Capacity	Number of Aircraft		
		Owned	Leased	On Order
DC-9-80	147	-	-	14
DC-9-50	130	15	11	2
DC-9-30	100	46	13	-
DC-9-10	80	35	3	-
CV-580	48	21	-	-
727-200	145	10	-	3

Additional information in notes D, E and F set forth in the Notes to Financial Statements on pages 21 through 22 of the accompanying Annual Report to Stockholders is incorporated herein by reference.

Item 2. DESCRIPTION OF PROPERTY (continued)

OTHER FACILITIES

Information required by this item is set forth at the following pages of the accompanying Annual Report to Stockholders and is incorporated herein by reference.

Subject	Page
New facilities and services	7
Note E - Leases	22

Item 3. LEGAL PROCEEDINGS

There are no legal proceedings other than routine litigation incidental to the company's business, which are considered not material, or matters being handled by the company's insurance carriers.

Item 4. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth, as of the record date, all persons known by the Company to be the owner, of record or beneficially, of as much as approximately five percent of the outstanding Common Stock of the Company, and such ownership by all officers and directors as a group.

Name and Address	Amount Owned Beneficially or of Record	Percent of Class
Republic Airlines, Inc. Employee Stock Ownership Plan 7500 Airline Drive Minneapolis, MN 55450	2,711,797	12.91
Republic Airlines, Inc. Pension Plan c/o Northwestern National Bank, Trust Department Minneapolis, MN 55402	1,236,800	5.89
All officers and directors as a group (1)	1,787,375	8.47

(1) For the purpose of this calculation, all shares of Common Stock issuable upon exercise of outstanding options or warrants held by such officers and directors (an aggregate of 99,991 shares) are deemed to be issued and outstanding. Does not include shares held by the Republic Airlines, Inc. Employee Stock Ownership Plan. Messrs. Daniel F. May, a Director and President, and Gowan Miller, Vice President-Industrial Relations, serve as Trustees of the Plan.

PART II

Item 5. MARKET FOR THE REGISTRANT'S COMMON STOCK AND RELATED SECURITY HOLDER MATTERS

Information required by this item is set forth under Common Stock Information on page 26 of the accompanying Annual Report to Stockholders and is incorporated herein by reference.

Item 6. SELECTED FINANCIAL DATA

Information required by this item is set forth under the Five-Year Summary on page 25 of the accompanying Annual Report to Stockholders and is incorporated herein by reference.

Item 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Information required by this item is set forth under Financial Review on pages 4 and 5, Jet fuel outlook on page 10 and Effects of Changing Prices on pages 27 and 28 of the accompanying Annual Report to Stockholders and is incorporated herein by reference.

Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Financial statements appearing on pages 16 through 24 of the accompanying Annual Report to Stockholders are incorporated herein by reference.

Quarterly Statements of Operations appearing on page 26 of the accompanying Annual Report to Stockholders are incorporated herein by reference.

Effects of Changing Prices on pages 27 and 28 of the accompanying Annual Report to Stockholders are incorporated herein by reference.

PART III

Item 9. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

(a) The directors of the Registrant are:

Name and Age	Principal Occupation and Directorships in Public Companies	Director Since
Miles, Theodore R., 57	President and director of Stange Co. (food products)	1966

Item 9. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT (continued)

Information regarding the other directors of the Registrant is contained in its definitive proxy statement dated March 17, 1981 for the 1981 annual meeting of stockholders and is incorporated herein by reference.

(b) The executive officers of the Registrant who are elected at the Board of Directors meeting following the annual meeting of stockholders are:

Name and Age	Title	Officer Since
Carr, Hal N., 59	Chairman of the Board	1947
Hulse, Frank W.*, 68	Vice Chairman of the Board	1943
Sweet, Bernard, 57	Vice Chairman of the Board	1950
May, Daniel F., 51	President	1962
Gren, Robert L., 59	Senior Vice President-Maintenance and Engineering	1973
Hubertus, Kenneth L., 52	Senior Vice President-Customer Service	1979
Karnas, George, J., 50	Senior Vice President - Inflight Service	1973
Maxson, A. L.*, 45	Senior Vice President-Finance	1968
Moran, David E., 50	Senior Vice President-Marketing	1967
Nixon, James F., 40	Senior Vice President-Corporate Planning	1970
Wallis, G. F., 57	Senior Vice President-Flight Operations	1965
Courtenay, J. Kenneth*, 53	Vice President-Route Development	1961
Dingivan, Edward A., 61	Vice President-Federal Affairs	1980
Dow, John P., 50	Vice President and Secretary	1959
Meyer, Michael D., 36	Vice President and Controller	1974
Miller, Gowan J., 59	Vice President-Industrial Relations	1966
Warner, A. E., 55	Vice President-Maintenance	1979
Westberg, Charlotte G., 63	Staff Vice President	1962
Mackinnon, W. Howard*, 42	Treasurer	1978

*Former officers of Southern Airways, Inc.

Item 9. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT (continued)

All of the executive officers have been officers or employees of the Registrant (or where indicated, prior to July 1, 1979, of Southern Airways, Inc. in capacities substantially equivalent to their current employment responsibilities) for the past five years except for Edward A. Dingivan. Mr. Dingivan was Vice President of National Air Carriers Association (a Charter Carrier Trade Association) for more than five years prior to joining the Company.

Additional information for those executive officers who are also directors, is set forth in the Registrant's definitive proxy statement dated March 17, 1981 for the 1981 annual meeting of stockholders and is incorporated herein by reference.

Item 10. MANAGEMENT REMUNERATION AND TRANSACTIONS

Information required by this item is set forth in Registrant's definitive proxy statement dated March 17, 1981 for the 1981 annual meeting of stockholders and is incorporated herein by reference.

Item 11. EXHIBITS, FIANANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a) 1. Financial Statements	Page Reference
Consolidated balance sheets at December 31, 1980 and 1979	16
Consolidated statements of operations for the years ended December 31, 1980, 1979 and 1978	17
Consolidated statements of changes in financial position for the years ended December 31, 1980, 1979 and 1978	18
Consolidated statements of changes in stockholders' equity for theyears ended December 31, 1980, 1979 and 1978	19
Notes to financial statements	20-24

Item 11. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K (cont)

(a) 2. Financial Statement Schedules

Auditors' Report		F-1
Schedules:		
Schedule V	- Property and Equipment Years ended December 31, 1980, 1979 and 1978	F-2 and F-3
Schedule VI	- Accumulated Depreciation and Amortization Years ended December 31, 1980, 1979 and 1978	F-4 and F-5
Schedule X	- Supplementary Income Statement Information Years ended December 31, 1980, 1979 and 1978	F-6

All other schedules have been omitted since the required information is not present or not present in amounts sufficient to require submission of the schedule, or because the information required is included in the financial statements or the notes thereto.

The individual financial statements of the Registrant have been omitted as permitted by Rule 3-05(a)(2)(i) of Regulation S-X.

(a) 3. Exhibits

1. Computations of earnings per share for the years ended December 31, 1980, 1979 and 1978.

2. Parents of Subsidiaries

3. 1980 Annual Report to Stockholders

4. Definitive proxy statement dated March 17,1981

(b) Reports of Form 8-K

On October 1, 1980, an 8-K Current Report was filed under Item 2, Acquisition or Disposition of Assets. This Report detailed the purchase by the Registrant of all the outstanding stock of Hughes Air Corp. d/b/a Hughes Airwest, a Delaware corporation, pursuant to a Stock Purchase Agreement dated June 7, 1980. This agreement was filed as an exhibit to the 8-K.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

REPUBLIC AIRLINES, INC.

BY /s/ Daniel F. May
Daniel F. May
President, (Principal Executive Officer and Director)
March 26, 1981

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

*
Hal N. Carr
Chairman of the Board
March 26, 1981

*
Bernard Sweet
Vice Chairman of the Board
March 26, 1981

*
Frank W. Hulse
Vice Chairman of the Board
March 26, 1981

/s/ A. L. Maxson
A. L. Maxson
Senior Vice President-Finance
(Principal Financial Officer)
March 26, 1981

/s/ Michael D. Meyer

Michael D. Meyer
Vice President and Controller
March 26, 1981

*

Cecil A. Beasley, Jr.
Director
March 26, 1981

*

Eric Bramley
Director
March 26, 1981

*

G. F. DeCoursin
Director
March 26, 1981

*

Alton F. Irby, Jr.
Director
March 26, 1981

*

G. Gunby Jordan
Director
March 26, 1981

*

John M. Lawrence, III
Director
March 26, 1981

William R. Lummis
Director
March 26, 1981

Theodore R. Miles
Director
March 26, 1981

Morton B. Phillips
Director
March 26, 1981

*

G. Frank Purvis, Jr.
Director
March 26, 1981

William E. Rankin
Director
March 26, 1981

*

Joseph E. Rapkin
Director
March 26, 1981

*

Henry M. Ross
Director
March 26, 1981

*

Richard A. Trippeer, Jr.
Director
March 26, 1981

*

Wm. Bew White, Jr.
Director
March 26, 1981

Kenneth B. Willett
Director
March 26, 1981

*

Frank M. Young III
Director
March 26 1981

*BY /s/ Daniel F. May
Daniel F. May, Attorney-In-Fact

Date: March 26, 1981

AUDITORS' REPORT

Stockholders and Board of Directors
Republic Airlines, Inc.

We have examined the consolidated balance sheets of Republic Airlines, Inc. (a Wisconsin corporation) and its subsidiary as of December 31, 1980 and 1979, and the consolidated statements of operations, changes in stockholders' equity and changes in financial position for the years ended December 31, 1980, 1979 and 1978. Our examinations were made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements referred to above present fairly the financial position of Republic Airlines, Inc., and its subsidiary at December 31, 1980 and 1979 and the results of their operations and changes in their financial position for the years ended December 31, 1980, 1979 and 1978 in conformity with generally accepted accounting principles applied on a consistent basis, except for the change in 1979, with which we concur, in the method of capitalizing interest as discussed in note B to the financial statements.

In connection with our examinations of the financial statements for the periods indicated above, we have also examined the schedules listed in Item 11(a)2, and included herein. In our opinion, such schedules present fairly the information required to be set forth therein.

Alexander Grant & Company

Minneapolis, Minnesota
February 27, 1981

REPUBLIC AIRLINES, INC.

SCHEDULE V - PROPERTY AND EQUIPMENT

Year ended December 31, 1980
(in thousands)

Column A	Column B	Column C		Column D	Column E	Column F
Classification	Balance at beginning of period	Additions at cost	Hughes Air Corp. Acquisition (A)	Retirements	Other changes add (deduct) describe	Balance at end of period
Flight equipment	$436,734	$165,766	$225,506	$26,165	$ (670) (B)	$801,171
Ground property and equipment	74,177	14,765	11,862	2,809	-	97,995
Advance payments on equipment	35,275	-	3,174	-	21,686 (C)	60,135
Total	$546,186	$180,531	$240,542	$28,974	$21,016	$959,301

Year ended December 31, 1979
(in thousands)

Column A	Column B	Column C		Column D	Column E	Column F
Flight equipment	$344,184	$103,300	$ -	$ 8,277	$(2,473) (B)	$436,734
Ground property and equipment	63,296	12,094	-	1,837	624	74,177
Advance payments on equipment	32,024	-	-	-	3,251 (C)	35,275
Total	$439,504	$115,394	$ -	$10,114	$ 1,402	$546,186

(A) On October 1, 1980, Republic Airlines, Inc. acquired all of the outstanding stock of Hughes Air Corp. d/b/a Hughes Airwest. Asset additions are shown at consolidated values as adjusted in accordance with Accounting Principles Board Opinion No. 16.

(B) Transfer of amounts from (to) other general ledger accounts.

(C) Equipment deposits - when the related asset is acquired it is shown in the additions at cost column for the appropriate asset classification.

REPUBLIC AIRLINES, INC.

SCHEDULE V - PROPERTY AND EQUIPMENT (continued)

Year ended December 31,1978
(in thousands)

Column A	Column B	Column C	Column D	Column E	Column F
Classification	Balance at beginning of period	Additions at cost	Retirements	Other changes add (deduct) describe	Balance at end of period
Flight equipment	$283,259	$78,779	$16,303	$(1,551) (A)	$344,184
Ground property and equipment	53,442	18,688	8,816	(18) (A)	63,296
Advance payments on equipment	15,803	-	-	16,221 (B)	32,024
Total	$352,504	$97,467	$25,119	$14,652	$439,504

(A) Transfer of amounts from (to) other general ledger accounts.

(B) Equipment deposits - when the related asset is acquired it is shown in the additions at cost column for the appropriate asset classification.

REPUBLIC AIRLINES, INC.

SCHEDULE VI - ACCUMULATED DEPRECIATION AND AMORTIZATION OF PROPERTY AND EQUIPMENT

Year ended December 31, 1980
(in thousands)

Column A	Column B	Column C	Column D	Column E	Column F
Classification	Balance at beginning of period	Additions charged to costs and expenses	Retirements	Other changes add (deduct) describe	Balance at end of period
Flight Equipment	$118,772	$31,123	$4,268	$ 35 (A)	$145,662
Ground property and equipment	27,782	8,532	1,050	-	35,264
Total accumulated depreciation	$146,554	$39,655	$5,318	$ 35	$180,926

Year ended December 31, 1979
(in thousands)

Column A	Column B	Column C	Column D	Column E	Column F
Flight equipment	$103,596	$22,277	$6,891	$(210) (A)	$118,772
Ground property and equipment	21,854	6,992	1,064	-	27,782
Total accumulated depreciation	$125,450	$29,269	$7,955	$(210)	$146,554

(A) Transfer of amounts from (to) other general ledger accounts.

REPUBLIC AIRLINES, INC.

SCHEDULE VI - ACCUMULATED DEPRECIATION AND
AMORTIZATION OF PROPERTY AND EQUIPMENT (continued)

Year ended December 31, 1978
(in thousands)

Column A Classification	Column B Balance beginning of period	Column C Additions charged to costs and expenses	Column D Retirements	Column E Other changes add (deduct) describe	Column F Balance at end of period
Flight equipment	$ 94,097	$23,203	$13,645	$(59) (A)	$103,596
Ground property and equipment	22,736	5,634	6,516	-	21,854
Total accumulated depreciation	$116,833	$28,837	$20,161	$(59)	$125,450

(A) Transfer of amounts from (to) other general ledger accounts.

REPUBLIC AIRLINES, INC.

SCHEDULE X - SUPPLEMENTARY INCOME STATEMENT INFORMATION

Years ended December 31, 1980, 1979 and 1978

Column A	Column B		
Item	Charged to costs and expenses (in thousands)		
	1980	1979	1978
1. Maintenance and repairs	$103,713	$70,436	$55,774
3. Taxes, other than income and payroll			
Property and other	$ 11,639	$ 7,692	$ 6,924
5. Advertising costs	$ 7,604	$ 7,444	$ 5,322

NOTE: Items 2 and 4 either none or not present in amounts sufficient to require submission of the information.

INDEX TO EXHIBITS

EXHIBIT 1

REPUBLIC AIRLINES, INC.

COMPUTATIONS OF EARNINGS PER COMMON AND COMMON EQUIVALENT SHARE

	1980	1979		1978	
AMOUNTS (in thousands)	Primary and Fully Diluted	Primary	Fully Diluted	Primary	Fully Diluted
Net earnings (loss)	$(24,662)	$13,061	$13,061	$24,571	$24,571
Imputed interest (less related income tax effect) related to: (a)					
6-1/2% Convertible Subordinated Debentures	-	-	159	-	300
5-3/4% Convertible Subordinated Debentures	-	-	96	-	155
	-	-	255	-	455
Preferred dividend requirement	-	-	-	(1)	-
Adjusted earnings (A)	$(24,662)	$13,061	$13,316	$24,570	$25,026
SHARES					
Common shares	20,722,638	17,590,742	17,590,742	16,095,225	16,095,225
Preferred shares	-	-	-	-	3,338
Options and Warrants	-	970,340	970,340	1,236,970	1,236,970
6-1/2% Subordinated Debentures	-	-	573,069	-	1,185,943
5-3/4% Subordinated Debentures	-	-	359,062	-	639,963
(B)	20,722,638	18,561,082	19,493,213	17,332,195	19,161,439
NET EARNINGS (LOSS) PER SHARE (A)÷(B)	$(1.19)	$.70	$.68	$1.42	$1.31

(a) Rates used are approximate overall effective income tax rate each year.

EXHIBIT 2

REPUBLIC AIRLINES, INC

PARENTS AND SUBSIDIARIES

Republic Airlines, Inc.
Minneapolis, Minnesota (A Wisconsin Corporation)

Its Subsidiaries:

Republic Airlines West, Inc.
San Francisco, California (A Delaware Corporation)

Republic Energy, Inc.
Bryan, Texas (A Texas Corporation)

Republic Airlines, Inc. (Inactive Nameholder Corporation)
Wilmington, Delaware (A Delaware Corporation)

(ANNUAL REPORT OMITTED)

REPUBLIC AIRLINES, INC.
7500 Airline Drive
Minneapolis, Minnesota 55450

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

April 22, 1981

To the Stockholders of Republic Airlines, Inc.:

Please take notice that the Annual Meeting of Stockholders of Republic Airlines, Inc. will be held, pursuant to due call by the Board of Directors of the Company, at the Wausau Club, 309 McClellan Street, Wausau, Wisconsin, on Wednesday, April 22, 1981, at 10:30 a.m., or at any adjournment or adjournments thereof, for the purpose of considering and taking appropriate action with respect to the following:

1. Electing directors.
2. Transacting such other business as may properly come before the meeting.

Pursuant to due action of the Board of Directors, stockholders of record on March 5, 1981, will be entitled to vote at the meeting or any adjournment or adjournments thereof.

YOU ARE REQUESTED TO READ CAREFULLY THE ATTACHED PROXY STATEMENT. YOU ARE URGED TO SIGN AND RETURN THE ENCLOSED CARD AUTHORIZING REPRESENTATIVES OF THE PRESENT BOARD OF DIRECTORS OF THE COMPANY TO VOTE FOR YOU AT THE MEETING.

By Order of the Board of Directors
REPUBLIC AIRLINES, INC.
John P. Dow
Vice President and Secretary

March 17, 1981

Proxy Statement

of

REPUBLIC AIRLINES, INC.

Annual Meeting of Stockholders to be Held

April 22, 1981

PROXIES AND VOTING

This Proxy Statement is furnished in connection with the solicitation of proxies by the Board of Directors of Republic Airlines, Inc. (the "Company") to be used at the Annual Meeting of Stockholders of the Company to be held April 22, 1981. Each stockholder who signs and returns a proxy in the form enclosed with this Proxy Statement may revoke the same at any time prior to its use by giving notice of such revocation to the Company in writing or in open meeting. Unless so revoked, the shares represented by each such proxy will be voted at the meeting and at any adjournment thereof. Presence at the meeting of a stockholder who has signed a proxy does not alone revoke that proxy.

The executive offices of the Company are located at 7500 Airline Drive, Minneapolis, Minnesota 55450. This Proxy Statement and the accompanying proxy are to be first mailed to stockholders on or about March 17, 1981.

Only stockholders of record at the close of business on March 5, 1981 will be entitled to vote at the meeting or any adjournment thereof. On such date there were outstanding 21,002,214 shares of Common Stock, $.20 par value per share, each of which shares is entitled to one vote.

SECURITY OWNERSHIP

The following table sets forth, as of the record date, all persons known by the Company to be the owner, of record or beneficially, of as much as approximately five percent of the outstanding Common Stock of the Company, and such ownership by all officers and directors as a group.

Name and Address	Amount Owned Beneficially or of Record	Percent of Class
Republic Airlines, Inc. Employee Stock Ownership Plan 7500 Airline Drive Minneapolis, MN 55450	2,711,797	12.91
Republic Airlines, Inc. Pension Plan c/o Northwestern National Bank, Trust Department Minneapolis, MN 55402	1,236,800	5.89
All officers and directors as a group (1)	1,787,375	8.47

(1) For the purpose of this calculation, all shares of Common Stock issuable upon exercise of outstanding options or warrants held by such officers and directors (an aggregate of 99,991 shares) are deemed to be issued and outstanding. Does not include shares held by the Republic Airlines, Inc. Employee Stock Ownership Plan. Messrs. Daniel F. May, a Director and President, and Gowan Miller, Vice President-Industrial Relations, serve as Trustees of the Plan.

ELECTION OF DIRECTORS

Twenty (20) directors are to be elected at the meeting, each director to hold office until the next annual meeting of stockholders or until his successor is elected and qualified. All of the persons listed below are now serving as directors of the Company. The Board of Directors proposes for election to the Board of Directors the nominees listed below:

Name and Age of Nominee	Principal Occupation and Directorships in Public Companies	Director Since	Shares Beneficially Owned as of March 5, 1981	Percent of Class (9)
Beasley, Cecil A., Jr. 68	Partner — Ballard & Beasley, attorneys.	1979	102,632(1)	0.49
Bramley, Eric, **64	Retired Editor, Aviation Daily (aviation industry news service).	1976	1,000	—
Carr, Hal N., *59	Chairman of the Board of the Company. Mr. Carr is a director of Stange Co.; Dahlberg Electronics, Inc.	1952	286,999(2)	1.36
DeCoursin, G. F., *67	Chairman of the Board, Media Graphics, Inc. (commercial graphic arts). Mr. DeCoursin is a director of Stange Co.	1944	50,000	0.24
Hulse, Frank W., *68	Vice Chairman of the Board of the Company. Mr. Hulse is a director of Fuqua Industries, Inc.; Associated Distributors, Inc.; and American Fidelity Insurance Company.	1979	376,559(3)	1.79
Irby, Alton F., Jr., 68	Insurance Consultant and Investments. Mr. Irby is a director of Southeastern Capital Corporation.	1979	101,089(4)	0.48
Jordan, G. Gunby, 65	Chairman of the Board, The Jordan Company (construction). Mr. Jordan is a director of Columbus Bank and Trust Bancshares, Inc.; Bickerstaff Clay Products, Inc.; and Gas Light Co. of Columbus.	1979	99,312(4)	0.47
Lawrence, John M. III, 59	Partner — Lawrence, Thornton, Payne & Watson, attorneys. Mr. Lawrence is a director of First Bank & Trust.	1975	1,200	—
Lummis, Wm. R., 52	Chairman of the Board, Summa Corporation (real estate investments, aviation, hotels and recreation). Mr. Lummis is a director of Texas American Bancshares, Inc.	1980	—(5)	—

Name and Age of Nominee	Principal Occupation and Directorships in Public Companies	Director Since	Shares Beneficially Owned as of March 5, 1981	Percent of Class (9)
May, Daniel F., *51	President of the Company. Mr. May is a director of Summit State Bank of Bloomington.	1980	33,417(2)(4)	0.16
Phillips, Morton B., 62	Chairman of the Board, Westland Capital Corporation (business investments).	1966	4,345(4)	0.02
Purvis, G. Frank, Jr., 66	Chairman of the Board, Pan American Life Insurance Company. Mr. Purvis is a director of South Central Bell Telephone Company; and First Commerce Corporation.	1979	18,480(1)(4)	0.09
Rankin, Wm. E., 58	President of Summa Corporation (real estate investments, aviation, hotels and recreation).	1980	—(5)	—
Rapkin, Joseph E., 73	Partner — Foley & Lardner, attorneys. Mr. Rapkin is a director of Jack Winter, Inc.; Marcus Corporation; and Realist, Inc.	1965	2,100	0.01
Ross, Henry M., **53	President, Ross Industries, Inc. (machinery manufacturer). Mr. Ross is a director of Fauquier National Bank.	1975	1,000	—
Sweet, Bernard, *57	Vice Chairman of the Board of the Company. Mr. Sweet is a director of G & K Services, Inc.; and S. E. Rykoff & Co.	1969	63,462(2)	0.30
Trippeer, Richard A., Jr., 41	President and director of Union Planters National Bank. Mr. Trippeer is a director of Union Planters Corporation.	1979	186,748(6)	0.89
White, Wm. Bew, Jr., *61	Partner — Bradley, Arant, Rose & White, attorneys. Mr. White is a director of Avondale Mills.	1979	40,069(1)	0.19
Willett, Kenneth B., *79	Chairman of the Board, First Financial Savings and Loan Assn.	1954	37,567(7)	0.18
Young, Frank M. III, 39	Partner — North Haskell Slaughter Young & Lewis, attorneys.	1979	30,285(8)	0.14

*Member of the Executive Committee
**Member of the Audit Committee

(1) Includes the following shares which may be acquired upon exercise of warrants held by the following directors: 8,750 shares for Mr. Beasley, 3,675 for Mr. Purvis, and 7,171 shares for Mr. White.

(2) Includes for Messrs. Carr, Sweet and May 14,841, 14,630 and 9,717 shares, respectively, held by the Company's Employee Stock Ownership Plan and Trust for the benefit of such persons and 19,500, 3,900 and 1,950 shares, respectively, which may be acquired upon exercise of options.

(3) Includes 17,499 shares which may be acquired upon exercise of warrants held by Mr. Hulse. Does not include 21,193 shares owned by Spouse; 12,600 shares and warrants to acquire 4,200 shares owned by Hangar One, Inc., of which Mr. Hulse is Chairman.

(4) Does not include warrants held by Mrs. Purvis to acquire 630 shares and the following shares owned by Spouses: 20,000 by Mrs. Irby, 346 by Mrs. Jordan, 900 by Mrs. May, 2,000 by Mrs. Phillips and 630 by Mrs. Purvis.

(5) Does not include 966,666 shares into which the debenture owned by Summa Corporation, of which Messrs. Lummis and Rankin are directors and officers, is convertible. See "Certain Transactions".

(6) Includes 48,402 shares in a trust, the sole beneficiary of which is Mr. Trippeer and the trustee is Union Planters National Bank of which Mr. Trippeer is a director and 26,781 shares which may be acquired upon exercise of warrants held by the trust.

(7) Does not include 200 shares held by Travel Aid, Inc., of which Mrs. Willett is a stockholder.

(8) Mr. Young is the son-in-law of Frank W. Hulse. Includes 2,100 shares which may be acquired upon exercise of warrants held by Mr. Young. Does not include 31,815 shares owned by Spouse; 46,540 shares held as trustee for the benefit of Mr. Young's minor children; 12,600 shares held by Hangar One, Inc., of which Mr. Young is a shareholder; or warrants to acquire 4,200 shares held by Hangar One, Inc.

(9) For the purpose of this calculation, all shares issuable upon exercise of options or warrants held by directors are deemed to be outstanding.

Messrs. Lummis and Rankin were elected to the Board of Directors in October, 1980 and are nominees for election pursuant to the agreement described in "Certain Transactions".

Each of such nominees has been engaged in the principal occupation set forth above for more than the last five years except for Mr. Sweet, who for more than five years prior to October, 1980 was President of the Company; Mr. May, who for more than five years prior to October, 1980 was an executive officer of the Company; Mr. Hulse, who for more than five years prior to July, 1979 was Chairman and Chief Executive Officer of Southern Airways, Inc.; Mr. DeCoursin, who for more than five years prior to March, 1979 was Senior Vice President of Stange Co. (manufacturer and distributor of food products); and Mr. Irby, who for more than five years prior to January, 1981 was Chairman of the Board of Fred S. James & Company of Georgia (insurance agents, counselors).

The information contained in the foregoing footnotes is for explanatory purposes only, and certain persons disclaim beneficial ownership of shares designated as owned by or held in a trust for any other persons, including family members, of which such person is a trustee, or by a corporation of which such person is a director, officer or shareholder.

All shares represented by proxies will be voted for the election of the foregoing nominees who have indicated a willingness to serve, if elected; provided, however, that if any such nominee should withdraw or otherwise become unavailable for reasons not presently known, such shares may be voted for another person in place of such nominee, in accordance with the best judgment of the persons named in the proxy.

REMUNERATION OF DIRECTORS AND OFFICERS

The following information relates to each of the five most highly compensated executive officers or directors of the Company as to whom the total remuneration for the past fiscal year exceeded $50,000, and as to all officers and directors as a group.

Name of Individual or Identity of Group and Capacity in which Remuneration Received	Cash and Cash Equivalent Forms of Remuneration (8)(11)	
	Salaries, Directors' Fees, and Bonuses (1)	Securities or Property, Insurance Benefits or Reimbursement, Personal Benefits (2)(3)(4)
Hal N. Carr, Chairman of the Board (5)	$ 304,750(6)(9)	$ 68,028
Bernard Sweet, Vice Chairman of the Board (5)	300,847(7)(9)	46,642
Daniel F. May, President and Director (5)	117,595(9)	41,869
G. F. Wallis, Senior Vice President-Flight Operations	96,900	50,290
A. L. Maxson, Senior Vice President-Finance	74,848	24,165
All officers and directors as a group (included 47 persons at December 31, 1980)	2,341,333(9)(10)	505,695

(1) The annual remuneration for certain officers and directors, including the remuneration for three individuals named in the table, was changed in late 1980 as follows: Mr. Sweet to $225,000; Mr. May to $150,000; Mr. Wallis to $97,200; and all officers and directors as a group to $2,248,296. The amounts included in the foregoing table only include amounts paid to officers and directors of the Company while such persons served in such capacity.

(2) In order to secure the full benefit of the investment tax credit as permitted for Federal income tax purposes, the Company has adopted an Employee Stock Ownership Plan and Trust for eligible employees of the Company. The amount contributed to the Trust under this Plan for 1980 was $2,233,047. Included in the foregoing table are amounts contributed by the Company to the Trust for 1980 for the account of such individuals.

(3) Includes with respect to certain officers the difference between the acquisition price and market value on the date of exercise of shares acquired pursuant to the Company's stock option plan.

(4) Includes amounts received under the officers medical reimbursement plan pursuant to which the Company reimburses officers for medical expenses not covered by the Company's medical insurance plan for salaried and management employees.

(5) Mr. Carr is also the Chairman of the Board of Republic Airlines West, Inc. (formerly Hughes Air Corp. d/b/a Hughes Airwest) and of Republic Energy, Inc., both of which are wholly-owned subsidiaries of the Company. Mr. Sweet is the Vice Chairman of the Board of Directors of Republic Airlines West, Inc. and Republic Energy, Inc. Mr. May is a Director of Republic Airlines West, Inc. and is a Director and Treasurer of Republic Energy, Inc.

(6) The Company has an agreement with Hal N. Carr dated December 5, 1975, and subsequently amended, providing for his continued employment in a full-time capacity as a management executive of the Company until April 7, 1986, at an annual salary of not less than $200,000. The agreement also provides for certain salary continuation payments in the event of the death or disability of Mr. Carr. Mr. Carr is entitled to participate in other employee benefits provided by the Company generally for its employees.

(7) The Company has an agreement with Bernard Sweet dated April 5, 1978, and subsequently amended, providing for his continued employment in a full-time capacity as a management executive of the Company until April 5, 1983, at an annual salary of not less than $200,000. The agreement also provides for certain salary continuation payments in the event of the death or disability of Mr. Sweet. Mr. Sweet is entitled to participate in other employee benefits provided by the Company generally for its employees.

(8) The Company maintains a plan for salaried officers pursuant to which death benefits (funded by insurance) ranging in amounts from $100,000 to $300,000 are paid by the Company upon such person's death to the estate or designated beneficiary of such person. Amounts payable under this plan are reduced by the amounts otherwise payable under the group term life insurance plan maintained generally for employees of the Company.

(9) Includes directors' fees at the rate of $750 for each Board and committee meeting of the Company, Republic Airlines West, Inc. or Republic Energy, Inc. attended.

(10) The Company has an agreement with Frank W. Hulse, dated July 28, 1978, providing for his continued engagement by the Company as an independent consultant until July 1, 1984, at a rate of compensation of $125,000 per annum for the first year with annual increases of $5,000 each year thereafter. This agreement also provides for continuation of certain payments in the event of Mr. Hulse's death or disability. Mr. Hulse is entitled to participate in other health insurance plans afforded to officers of the Company during the term of this agreement and thereafter on the same basis as other retired employees of the Company.

(11) Retirement benefits are provided under a Salaried Employees Retirement Benefit Plan to all salaried employees not covered under any of the Company's other pension plans. Except for two officers, who are entitled to retirement benefits under a retirement plan for pilots which has been in effect throughout the period covered in the table, all officers are eligible under the Plan. Benefits under the Plan are based on a benefit formula providing 60% of a participant's Final Average Earnings less 50% of primary Social Security and proportionately reduced for years of service less than 25 years. Final Average Earnings are the participant's five consecutive calendar year earnings in the 15 years prior to retirement which produce the highest average. Since the Company's annual contribution to the Plan with respect to an individual person is not and cannot readily be separately or individually calculated by the Plan's actuaries, the foregoing table does not include any remuneration attributable to such Plan. The table below sets forth the estimated annual benefits payable upon retirement at age 65 under the Plan for specified remuneration and years of service classifications.

Annual Remuneration	Estimated Annual Retirement Benefits	
	15 Years	25 Years
$ 50,000	$ 15,960	$ 26,600
80,000	26,760	44,600
110,000	37,560	62,600
300,000	105,960	110,625(1)

The years of credited service under the Plan for Messrs. Carr, Sweet, May and Maxson are 26, 32, 24 and 14, respectively. Mr. Wallis is covered under a retirement plan for pilots and has 31 years of credited service under that plan.

(1) As required by the Employee Retirement Income Security Act of 1974, annual retirement benefits payable with respect to these employees cannot exceed $110,625 for 1980 (as adjusted annually by regulation for cost of living increases).

The following tabulation shows as to certain officers and directors and as to all officers and directors as a group (1) the amount of shares acquired by such persons since January 1, 1980, pursuant to exercise of options, and (2) the amount of shares subject to all unexercised options held as of March 5, 1981. All options granted were intended to be qualified stock options and were granted at a price equal to 100% of the market value of the Company's shares on the date of grant. No options were granted during such period.

Name	Exercised January 1, 1980 to March 5, 1981 Number of Shares	Aggregate Option Price	Aggregate Market Value on Date Exercised	Unexercised at March 5, 1981 Number of Shares	Average Option Price Per Share
Hal N. Carr	15,000	$ 37,500	$ 91,500	19,500	$3.875
Bernard Sweet	9,000	22,500	54,900	3,900	3.875
Daniel F. May	8,000	20,000	48,800	1,950	3.875
G. F. Wallis	6,000	15,000	51,600	1,950	3.875
All officers and directors as a group (including those named above)	66,375	167,278	442,340	33,175	3.875

CERTAIN TRANSACTIONS

On October 1, 1980, the Company acquired all of the outstanding shares of Hughes Air Corp. d/b/a Hughes Airwest (a certificated air carrier operating primarily in the western United States) from Summa Corporation and the Estate of Howard R. Hughes, Jr. for $24,000,000 in cash and $14,500,000 principal amount of the Company's 13% convertible subordinated debenture ("Debenture") due November 15, 1992. The Debenture is convertible at $15.00 per share into 966,666 shares of common stock of the Company. Pursuant to the agreement for the acquisition of Hughes Airwest, the Company agreed to use its best efforts to have Messrs. Lummis and Rankin elected directors of the Company. Messrs. Lummis and Rankin were elected to the Board of Directors at its meeting on October 24, 1980 and are nominees for election at the 1981 Annual Meeting of Stockholders. Messrs. Lummis and Rankin are directors and the Chairman and the President, respectively, of Summa Corporation and Mr. Lummis is an administrator and potential beneficiary of the estate of Howard R. Hughes, Jr. which indirectly owns all of the stock of Summa Corporation.

On January 4, 1980, Mr. Hulse, Vice Chairman of the Company, sold 25,000 shares of the Company's Common Stock at a price of $6.00 per share to the Company's Employee Stock Ownership Plan. Such price was equal to the closing price of the Company's stock on the New York Stock Exchange on such date. MPG Investment Company, in which Mr. May has an equity interest, leased on a month to month basis certain temporary warehouse space to the Company and received approximately $35,000 of rental during 1980.

The law firm of Kaplan, Strangis and Kaplan, P.A., of which Ralph Strangis, an officer of the Company, is a member, received approximately $276,000 for legal services rendered to the Company in 1980. The law firm of Zuckert, Scoutt & Rasenberger, of which Raymond J. Rasenberger, an officer of the Company, is a partner, received approximately $488,000 for legal services rendered to the Company in 1980. Additionally, during 1979 and 1980, the law firms of Ballard & Beasley, of which Cecil A. Beasley, Jr., a director of the Company, is a partner; Bradley, Arant, Rose & White, of which Wm. Bew White, Jr., a director of the Company, is a partner; and Foley & Lardner, of which Joseph E. Rapkin, a director of the Company, is a partner have rendered legal services to the Company.

PROPOSALS OF STOCKHOLDERS

All proposals of stockholders intended to be presented at the 1982 annual meeting of stockholders of the Company pursuant to the Securities Exchange Act of 1934 must be received by the Company at its executive offices on or before December 5, 1981.

OTHER MATTERS

Committees of the Board of Directors

The Company's Audit Committee, which consisted of Messrs. Bramley, Miles and Ross, held four meetings during 1980. The Audit Committee recommends to the full Board the engagement of the independent accountants; reviews the audit plan and results of the audit engagement; reviews the independence of the auditors; and reviews the adequacy of the Company's system of internal accounting controls. The Executive Committee, which currently consists of Messrs. Carr, DeCoursin, Hulse, May, Sweet, White and Willett, held seven meetings during 1980. Functions performed by the Executive Committee include recommending to the full Board the amount of compensation for officers and other management personnel. The Company does not have a Nominating Committee. The Board of Directors held four meetings during 1980.

Independent Accountants

Alexander Grant & Company have been the independent certified public accountants for the Company since 1947 and have been selected by the Board of Directors as the accountants for 1981. Representatives of Alexander Grant & Company will attend the Annual Meeting of Stockholders with the opportunity to make a statement if they desire to do so and will be available to respond to questions. Fees were paid by the Company to Alexander Grant & Company during 1980 for services rendered in connection with audits of the year-end financial statements of the Company, including audits of its subsidiaries, audits of employee benefit plans, filings with the Securities and Exchange Commission, and consultation on various accounting and reporting matters. The Audit Committee approves all non-audit services, reviews the services provided by Alexander Grant & Company, considers the range of audit and non-audit fees and considers the effect of non-audit services on the independence of the Company's accountants. Fees paid by the Company for non-audit services as a percentage of total audit fees were 19%, of which tax planning and return preparation was 8% and consultation regarding software development was 11%.

Solicitation

The cost of preparing, assembling and mailing this proxy statement, the notice, form of proxy, annual report and other material which may be sent to the stockholders will be borne by the Company. The management has made no arrangement to solicit proxies for the meeting other than by use of mails, except that some solicitation may be made by telegraph, telephone, or personal calls by officers or regular employees of the Company. The Company will, upon request, reimburse brokers and other persons holding shares for the benefit of others in accordance with the rates approved by the New York Stock Exchange for their expenses in forwarding proxies and accompanying material and in obtaining authorization from beneficial owners of the Company's stock to give proxies.

The Board of Directors knows of no other matters to be brought before the Annual Meeting. However, if other matters should come before the meeting, it is the intention of each person named in the proxy to vote such proxy in accordance with his judgment on such matters.

By Order of the Board of Directors
John P. Dow
Vice President and Secretary

SECURITIES AND EXCHANGE COMMISSION
Washington, D. C.
20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15 (d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 1979 Commission file number 1-7169

REPUBLIC AIRLINES, INC.
(Exact name of registrant as specified in its charter)

Wisconsin	41-0728838
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
7500 Airline Drive, Minneapolis, Minnesota	55450
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code (612) 726-7411

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock ($.20 par value)	New York Stock Exchange and Midwest Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:

Title of class

Warrants to purchase Common Stock ($.20 par value)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No ___

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of the close of the period covered by this report.

20,619,722

Item 1. BUSINESS

Information required by this item is set forth at the following pages of the accompanying 1979 Annual Report to Stockholders (hereafter referred to as the Annual Report to Stockholders) and is incorporated herein by reference.

On March 16, 1980, the company reached an agreement in principle to acquire Hughes Airwest, Inc. The transaction will involve approximately $45 million, consisting of cash and the company's convertible debentures. Documentation is being finalized, with a closing expected after the companies have obtained necessary approvals, including that of the Civil Aeronautics Board and Probate Courts for those shares of Airwest held by the Hughes Estate.

Item 2. SUMMARY OF OPERATIONS

Additional information required by this item is set forth in the Five-year summary at pages 30 and 31 of the accompanying Annual Report to Stockholders and is incorporated herein by reference.

NOTES TO SUMMARY OF OPERATIONS - Five years ended December 31, 1979.

(1) NET EARNINGS PER SHARE

Primary net earnings per share for the years 1977, 1976 and 1975 were computed by dividing net earnings by the weighted average number of common shares outstanding for the period (16,703,450 in 1977; 16,635,373 in 1976; and 16,701,476 in 1975).

Fully diluted earnings per share for the years 1977, 1976 and 1975 are based on the assumed issuance of additional common shares (1,986,677 in 1977 and 1976; 2,155,179 in 1975), relating to the conversion of the 5-1/2%, 5-3/4% and 6-1/2% debentures, and related interest (net of income tax effect) was added to income for purposes of the calculation.

Information for the calculation of net earnings per share for 1979 and 1978 is set forth in note K in the Notes to Financial Statements on page 26 of the accompanying Annual Report to Stockholders and is incorporated herein by reference.

(2) DIVIDENDS PER SHARE

Dividends per share for the years 1979, 1978, 1977, 1976 and 1975 were $.20, $.16, $.12, $.10, and $.10, respectively.

Additional information required by this item is set forth in the Five-year summary at pages 30 and 31 of the accompanying Annual Report to Stockholders and is incorporated herein by reference.

(3) The Summary of operations for Republic Airlines, Inc. represents the Summary of operations of North Central Airlines, Inc. restated to include Southern Airways, Inc. with no resulting adjustments to revenues or net earnings.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF EARNINGS

For additional information relating to the Summary of operations see Financial Review on pages 4 and 5 of the Annual Report to Stockholders incorporated herein by reference.

Item 3. PROPERTIES

FLIGHT EQUIPMENT PROGRAM

At December 31, 1979, the company operated or had on order Douglas DC-9 fan jets, Boeing 727 fan jets, Convair 580 prop jets and Metroliner II prop jets as indicated in the table below.

Aircraft Type	Seating Capacity	Number of Aircraft Owned	Leased	On Order
DC-9-80	151	-	-	12
DC-9-50	130	15	7	6
DC-9-30	100	19	9	-
DC-9-10	80	25	2	1
CV-580	48	24	-	-
Metro II	19	7	1	-
727-200	164	-	-	7

Additional information in notes C, D, and E set forth in the Notes to Financial Statements at pages 22 through 24 of the accompanying Annual Report to Stockholders is incorporated herein by reference.

Item 4. PARENTS AND SUBSIDIARIES OF REGISTRANT

The Registrant has no parent. In connection with protecting the name Republic Airlines, Inc. in certain states where the company is not presently doing business, a wholly owned Delaware subsidiary was formed. The Delaware subsidiary is qualified to do business in Hawaii, Nevada, New Hampshire, Oklahoma, and Wyoming.

Item 5. LEGAL PROCEEDINGS

There are no legal proceedings other than routine litigation incidental to the company's business, which are considered not material, or matters being handled by the company's insurance carriers.

Item 6. INCREASES AND DECREASES IN OUTSTANDING SECURITIES AND INDEBTEDNESS

(a) Equity Securities:

Information required by this item is set forth in the Statements of changes in stockholders' equity at page 21 of the accompanying Annual Report to Stockholders and such information is incorporated herein by reference.

(b) Debt Securities:

Information required by this item is set forth at pages 22 and 23 of the accompanying Annual Report to Stockholders and is incorporated herein by reference. The securities were not registered under the Securities Act of 1933 in reliance upon the exemption provided by Section 4(2).

Item 7. CHANGES IN SECURITIES AND CHANGES IN SECURITY FOR REGISTERED SECURITIES

None

Item 8. DEFAULTS UPON SENIOR SECURITIES

None

Item 9. APPROXIMATE NUMBER OF EQUITY SECURITY HOLDERS

Title of Class	Number of Record Holders as of December 31, 1979
Common Stock $.20 par value	33,022
Warrants to purchase Common Stock	829

Item 10. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None

Item 11. INDEMNIFICATION OF DIRECTORS AND OFFICERS

Section 180.407 of the Wisconsin Corporation Law relative to indemnifying directors and officers provides as follows:

"180.407 Indemnifying directors, officers and employees. Any person made a party to or threatened with, any civil, criminal, or administrative action, suit or proceedings by reason of the fact that he, his testator or intestate, is or was a director, officer or employee of any corporation shall be indemnified by the corporation against the reasonable expenses, including attorney fees, actually and necessarily incurred by him in connection with such action, suit or proceeding, or in connection with any appeal therein, except as to matters as to which such director, officer or employee is guilty of negligence or misconduct in the performance of his duties. Such right of indemnification shall not be deemed exclusive of any other rights to which such director, officer or employee may be entitled apart from this section."

Reference is also made to the following exhibits, which are incorporated herein by reference:

(a) Article VII of the Registrant's By-Laws filed as Exhibit (2) attached hereto.

(b) Officers and directors indemnity insurance policy (Endorsement No. 9) filed as Exhibit (3) attached hereto.

Item 12. FINANCIAL STATEMENTS, EXHIBITS FILED AND REPORTS ON FORM 8-K

(a) (1) The financial statements listed below are filed as part of this Annual Report on Form 10-K;

	Page Reference	
	Form 10-K	Annual Report
Data is incorporated by reference from the attached 1979 Annual Report to Stockholders of Republic Airlines, Inc.		
Balance sheets at December 31, 1979 and 1978		18
Statements of earnings for the years ended December 31, 1979 and 1978		19
Statements of changes in financial position for the years ended December 31, 1979 and 1978		20
Statements of changes in stockholders' equity for the years ended December 31, 1979 and 1978		21
Notes to financial statements		22-26

Attachments incorporated herewith to Form 10-K:

Auditors' Report		F-1
Schedules:		
Schedule V	- PROPERTY, PLANT AND EQUIPMENT Years ended December 31, 1979 and 1978	F-2-3
Schedule VI	- ACCUMULATED DEPRECIATION AND AMORTIZATION OF PROPERTY AND EQUIPMENT Years ended December 31, 1979 and 1978	F-4-5
Schedule XVI	- SUPPLEMENTARY INCOME STATEMENT INFORMATION Years ended December 31, 1979 and 1978	F-6

All other schedules have been omitted since the required information is not present or not present in amounts sufficient to require submission of the schedule, or because the information required is included in the financial statements or the notes thereto.

(a) (2) Exhibits: (1) Statement of computations of earnings per share for the five years ended December 31, 1979.

(2) Article VII of By-Laws.

(3) Officers and directors indemnity insurance policy (Endorsement No. 9).

(b) There were no reports filed on Form 8-K during the last quarter of 1979.

Executive Officers of the Registrant

The following is a list of the officers of the Registrant:

Name	Age	Officer Since	Title	
Hal N. Carr	58	1947	Chairman of the Board and management executive	
Frank W. Hulse*	67	1943	Vice Chairman of the Board	
Bernard Sweet	56	1950	President and Chief Executive Officer	
Robert L. Gren	58	1973	Senior Vice President-Maintenance and Engineering	
Graydon Hall*	58	1961	Senior Vice President-Marketing	
Kenneth L. Hubertus	51	1979	Central Regional Manager-Station Operations	12/16/65- 1/01/76
			Manager-Station Operations	1/01/76- 7/01/79
			Vice President-Ground Operations	7/01/79-11/01/79
			Senior Vice President Ground Operations	11/01/79-

	Age	Officer Since	Title
George J. Karnas	49	1973	Senior Vice President-Inflight Service
Daniel F. May	49	1962	Senior Vice President-Finance
G. F. Wallis	56	1965	Senior Vice President-Flight Operations
JC Constantz	64	1978	Vice President-Federal Affairs
J. Kenneth Courtenay*	52	1961	Vice President-Route Development
John P. Dow	49	1959	Vice President and Secretary
A. L. Maxson*	44	1968	Vice President and Treasurer
Michael D. Meyer	35	1974	Vice President and Controller
Gowan J. Miller	58	1966	Vice President-Industrial Relations
David E. Moran	49	1967	Vice President-Sales and Customer Service
James F. Nixon	39	1970	Vice President-Financial Planning
V. C. Pruitt*	56	1972	Vice President-Atlanta Base Maintenance
T. M. Shanahan*	46	1974	Vice President-Flying
A. E. Warner	54	1979	Manager-Technical Services 8/01/74- 7/01/79 Vice President - Maintenance 7/01/79-
Charlotte G. Westberg	62	1962	Staff Vice President

*Former officers of Southern Airways, Inc.

There is no family relationship among the officers of the Registrant. All of the executive officers listed above serve at the pleasure of the Board of Directors except for Hal N. Carr, whose employment agreement with the company provides for his continued employment in a full-time capacity as a management executive of the company until April 7, 1986, at an annual salary of not less that $200,000, and Bernard Sweet, whose employment agreement with the company provides for his continued employment in a full-time capacity as a management executive of the company until April 5, 1983, at an annual salary of not less than $200,000. The agreements also provide for certain salary continuation payments in the event of the death or disability of Mr. Carr or Mr. Sweet.

They are also entitled to participate in other employee benefits provided by the company generally for its employees. Additionally, the Company has an agreement with Frank W. Hulse, dated July 28, 1978, providing for his continued engagement by the Company as an independent consultant until July 1, 1984, at a rate of compensation of $125,000 per annum for the first year with annual increases of $5,000 each year thereafter. This agreement also provides for continuation of certain payments in the event of Mr. Hulse's death or disability. Mr. Hulse is entitled to participate in other health insurance plans afforded to officers of the Company during the term of this agreement and thereafter on the same basis as other retired employees of the Company.

All of the executive officers have been officers or employees of the Registrant (or where indicated, prior to July 1, 1979, by Southern Airways, Inc., in capacities substantially equivalent to their current employment responsibilities) for the past five years with the exception of Mr. Constantz. Mr. Constantz was the head of the Economic Analysis Division of the CAB for more than five years prior to joining Republic.

PART II.

Additional reference is made to the Registrant's definitive proxy statement dated March 7, 1980, for the 1980 annual meeting of stockholders with respect to information covering Items 13 through 15 inclusive.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

REPUBLIC AIRLINES, INC.

Dated: March 28, 1980

BY Michael Meyer
Michael D. Meyer
Vice President and Controller

AUDITORS' REPORT

Stockholders and Directors
Republic Airlines, Inc.

We have examined the balance sheets of Republic Airlines, Inc. (a Wisconsin corporation) as of December 31, 1979 and 1978, and the related statements of earnings, changes in stockholders' equity and changes in financial position for the years then ended. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements referred to above present fairly the financial position of Republic Airlines, Inc. at December 31, 1979 and 1978, and the results of its operations and changes in its financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis except for the change, with which we concur, in the method of capitalizing interest as discussed in note B to the financial statements.

In connection with our examinations of the financial statements as of December 31, 1979 and 1978 and for the years then ended, we have also examined the financial statements and the schedules listed under Item 12(a)(1) and included herein. In our opinion, such schedules present fairly the information required to be set forth therein.

Alexander Grant & Company
Alexander Grant & Company

Minneapolis, Minnesota
February 25, 1980

REPUBLIC AIRLINES, INC.

SCHEDULE V - PROPERTY AND EQUIPMENT

Year ended December 31, 1979

Column A	Column B	Column C	Column D	Column E	Column F
Classification	Balance at beginning of period	Additions at cost	Retirements	Other changes - add (deduct) - describe	Balance at end of period
Flight equipment	$344,184,000	$103,300,000	$ 8,277,000	$ (2,473,000) (A)	$436,734,000
Ground property and equipment	63,296,000	12,094,000	1,837,000	624,000 (A)	74,177,000
Advance payments on equipment	32,024,000	-	-	3,251,000 (B)	35,275,000
Total	$439,504,000	$115,394,000	$ 10,114,000	$ 1,402,000	$546,186,000

(A) Transfer of amounts from (to) other general ledger accounts.

(B) Equipment deposits - when the related asset is acquired it is shown in the additions at cost column for the appropriate asset classification.

REPUBLIC AIRLINES, INC.

SCHEDULE V - PROPERTY AND EQUIPMENT

Year ended December 31, 1978

Column A	Column B	Column C	Column D	Column E	Column F
Classification	Balance at beginning of period	Additions at cost	Retirements	Other changes - add (deduct) - describe	Balance at end of period
Flight equipment	$283,259,000	$ 78,779,000	$ 16,303,000	$ (1,551,000) (A)	$344,184,000
Ground property and equipment	53,442,000	18,688,000	8,816,000	(18,000) (A)	63,296,000
Advance payments on equipment	15,803,000	-	-	16,221,000 (B)	32,024,000
Total	$352,504,000	$ 97,467,000	$ 25,119,000	$ 14,652,000	$439,504,000

(A) Transfer of amounts from (to) other general ledger accounts.

(B) Equipment deposits - when the related asset is acquired it is shown in the additions at cost column for the appropriate asset classification.

REPUBLIC AIRLINES, INC.

SCHEDULE VI - ACCUMULATED DEPRECIATION AND AMORTIZATION OF PROPERTY AND EQUIPMENT

Year ended December 31, 1979

Column A	Column B	Column C	Column D	Column E	Column F
Classification	Balance at beginning of period	Additions charged to costs and expenses	Retirements	Other changes - add (deduct) - describe	Balance at end of period
Flight equipment	$103,596,000	$ 22,277,000	$ 6,891,000	$ (210,000) (A)	$118,772,000
Ground property and equipment	21,854,000	6,078,000	1,064,000	914,000 (B)	27,782,000
Total accumulated depreciation	$125,450,000	$ 28,355,000	$ 7,955,000	$ 704,000	$146,554,000

(A) Transfer of amounts from (to) other general ledger accounts.

(B) Leasing Division Depreciation.

REPUBLIC AIRLINES, INC.

SCHEDULE VI - ACCUMULATED DEPRECIATION AND AMORTIZATION OF PROPERTY AND EQUIPMENT

Year ended December 31, 1978

Column A	Column B	Column C	Column D	Column E	Column F
Classification	Balance at beginning of period	Additions charged to costs and expenses	Retirements	Other changes - add (deduct) - describe	Balance at end of period
Flight equipment	$ 94,097,000	$ 23,203,000	$ 13,645,000	$ (59,000) (A)	$103,596,000
Ground property and equipment	22,736,000	5,000,000	6,516,000	634,000 (B)	21,854,000
Total accumulated depreciation	$116,833,000	$ 28,203,000	$ 20,161,000	$ 575,000	$125,450,000

(A) Transfer of amounts from (to) other general ledger accounts.

(B) Leasing Division Depreciation.

REPUBLIC AIRLINES, INC.

SCHEDULE XVI - SUPPLEMENTARY INCOME STATEMENT INFORMATION

Years ended December 31, 1979 and 1978

Column A Item	Column B Charged to costs and expenses 1979	 1978
1. Maintenance and repairs	$ 70,436,000	$ 55,774,000
2. Depreciation and amortization of property and equipment	$ 28,355,000	$ 28,203,000
4. Taxes, other than income taxes		
a) Taxes - payroll	$ 11,280,000	$ 7,910,000
b) Taxes - property and other	$ 7,692,000	$ 6,924,000
5. Rent and landing fees	$ 29,890,000	$ 25,727,000
7. Advertising costs	$ 7,444,000	$ 5,322,000

NOTE: Items 3 and 6 either none or not present in amounts sufficient to require submission of the information.

EXHIBIT (1)

REPUBLIC AIRLINES, INC.

COMPUTATIONS OF EARNINGS PER COMMON AND COMMON EQUIVALENT SHARE

(This Exhibit should be read in conjunction with Note (1) to the Statement of Operations)

	1979		1978		1977		1976		1975	
AMOUNTS	Primary	Fully Diluted	Primary	Fully Diluted	Primary	Fully Diluted	Primary	Fully Diluted	Primary	Fully Diluted
Net income	$13,061,000	$13,061,000	$24,571,000	$24,571,000	$23,038,000	$23,038,000	$ 8,004,000	$ 8,004,000	$ 8,065,000	$ 8,065,000
Imputed interest (less related income tax effect) related to: (a)										
5-1/2% Subordinated Debentures	-	-	-	-	-	34,000	-	27,000	-	35,000
6-1/2% Convertible Subordinated Debentures	-	159,000	-	300,000	-	337,000	-	272,000	-	350,000
5-3/4% Convertible Subordinated Debentures	-	96,000	-	155,000	-	177,000	-	144,000	-	231,000
	-	255,000	-	455,000	-	548,000	-	443,000	-	616,000
Preferred dividend requirement	-	-	(1,000)	-	(2,000)	-	(2,000)	-	(2,000)	-
Adjusted income (A)	$13,061,000	$13,316,000	$24,570,000	$25,026,000	$23,036,000	$23,586,000	$ 8,002,000	$ 8,443,000	$ 8,063,000	$ 8,681,000
SHARES										
Common shares	17,590,742	17,590,742	16,095,225	16,095,225	15,982,244	15,982,244	15,818,447	15,818,447	15,866,312	15,866,312
Preferred shares	-	-	-	3,338	-	9,345	-	9,345	-	9,345
Options and Warrants	970,340	970,340	1,236,970	1,236,970	721,206	721,206	816,926	816,926	835,164	835,164
5-1/2% Subordinated Debentures	-	-	-	-	-	80,711	-	80,711	-	80,711
6-1/2% Subordinated Debentures	-	573,069	-	1,185,943	-	1,224,930	-	1,224,930	-	1,224,930
5-3/4% Subordinated Debentures	-	359,062	-	639,963	-	671,691	-	671,691	-	840,193
(B)	18,561,082	19,493,213	17,332,195	19,161,439	16,703,450	18,690,127	16,635,373	18,622,050	16,701,476	18,856,655
NET INCOME PER SHARE (A)÷(B)	$.70	$.68	$1.42	$1.31	$1.38	$1.26	$.48	$.45	$.48	$.46

(a) Rates used are approximate overall effective income tax rate each year.

EXHIBIT (2)

BYLAWS

of

REPUBLIC AIRLINES, INC.

ARTICLE VII. INDEMNIFICATION OF OFFICERS AND DIRECTORS

Each present, former and future director and officer of the corporation or any person who may have served at the request of the corporation as a director or officer of another corporation in which the corporation owns stock or of which it shall have been a creditor, and the personal representative of any such director, officer or person who is deceased, shall be entitled, without prejudice to any other rights he may have, to be reimbursed by the corporation for, and indemnified by the corporation against, all liability and expense (including, without limitation, legal expense) hereafter reasonably incurred by him in connection with any claim, action, suit or proceeding of whatever nature in which he may be involved as a part or otherwise by reason of the fact that he or his testator or intestate served, before or after the date of the adoption of this Bylaw, as a director or officer of the corporation or of such other corporation, or by reason of any action alleged to have been theretofore or thereafter taken or omitted by him or his testator or intestate as such director or officer, whether or not he continues to be such director or officer, including amounts paid or incurred in connection with reasonable settlements made with a view to curtailment or avoidance of costs of litigation and with the approval of a majority of the directors of the corporation then in office, other than those involved, whether or not such majority constitutes a quorum. No such reimbursement or indemnity shall relate to any liability or expense incurred or settlement made in connection with any matter arising out of the negligence or misconduct of such director or officer as determined either by a court of competent jurisdiction or, in the absence of such a determination, by such majority of the directors acting on the advice of counsel. The corporation and its directors, officers, employees and agents shall not be liable to anyone for making any determination as to the existence or absence of liability, or for making or refusing to make any payment hereunder on the basis of such determination, or for taking or omitting to take any other action hereunder, in reliance upon the advice of counsel.

EXHIBIT 3

ENDORSEMENT

NO. D 9.

INSURED REPUBLIC AIRLINES, INC.

PRODUCER MARSH & MC LENNAN, INC.

POLICY NO. 134719 A&B

THE EFFECTIVE DATE OF THIS ENDORSEMENT IS JULY 1, 1979.

TYPE COVERAGE DIRECTORS & OFFICERS LIABILITY

ADDITIONAL PREMIUM	TOTAL
$10,049.00	$10,049.00

IN CONSIDERATION OF THE ADDITIONAL PREMIUM CHARGED HEREON, IT IS UNDERSTOOD AND AGREED THAT CLAUSE 5. LIMITS AND RETENTION (B) AND THE DECLARATIONS ARE HEREBY AMENDED AS FOLLOWS:

WHEREVER $5,000,000.00 APPEARS IT IS AMENDED TO READ $7,500,000.00.

NOTHING HEREIN CONTAINED SHALL BE HELD TO VARY, ALTER, WAIVE OR EXTEND ANY OF THE TERMS, CONDITIONS, OR LIMITATIONS OF THE POLICY TO WHICH THIS ENDORSEMENT IS ATTACHED OTHER THAN AS ABOVE STATED.

DATED AT CHICAGO, ILLINOIS THIS 19TH DAY OF FEB., 1980.

Harbor Insurance Company

BY L. J. Cromer

AUTHORIZED REPRESENTATIVE

HU 8002-5 (ED. 8 70)

ORIGINAL ENDORSEMENT

(ANNUAL REPORT OMITTED)

SECURITIES AND EXCHANGE COMMISSION
Washington, D. C.
20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15 (d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 1978 Commission file number 1-7169

NORTH CENTRAL AIRLINES, INC.
(Exact name of registrant as specified in its charter)

Wisconsin
(State of other jurisdiction of incorporation or organization)

41-0728838
(I.R.S. Employer Identification No.)

7500 Northliner Drive, Minneapolis, Minnesota
(Address of principal executive offices)

55450
(Zip Code)

Registrant's telephone number, including area code (612) 726-7411

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common stock ($.20 par value)	New York Stock Exchange and Midwest Stock Exchange
Warrants to purchase Common Stock ($.20 par value)	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No ___

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of the close of the period covered by this report.

12,366,031

PART I.

Item 1. BUSINESS

NATURE OF OPERATION

North Central Airlines, Inc. (hereinafter called the "company" or "North Central") operates a regional airline providing scheduled service for passengers, mail and property on a regular basis to 103 cities in the following twenty states and two Canadian provinces: Arizona, Colorado, Florida, Georgia, Illinois, Indiana, Iowa, Maryland, Massachusetts, Michigan, Minnesota, Missouri, Nebraska, New York, North Dakota, Ohio, Pennsylvania, South Dakota, Texas, and Wisconsin, under a Certificate of Public Convenience and Necessity issued by the Civil Aeronautics Board ("CAB" or the "Board"). The company also operates charter flights throughout the United States and in foreign countries. The company operates 36 Douglas DC-9's including one on short-term lease from another carrier and 24 Convair 580's over 23,050 route miles with Minneapolis/St. Paul as the hub of the system. The term "regional airline" or "regional carrier" is used to identify local service interstate carriers as distinquished from long-haul or trunk airlines.

OPERATING DATA.

The following is a summary of operating data relating to the company's business:

	Years ended December 31				
	1978	1977	1976	1975	1974
Revenue passenger miles (000)	1,925,450	1,392,406	1,179,144	1,071,638	1,060,865
Revenue miles flown (000)	36,874	33,343	30,810	29,748	29,055
Passengers carried	6,911,130	5,547,065	4,969,264	4,580,521	4,546,209
Passenger load factor	56.9%	48.7%	48.2%	48.0%	49.3%
Average revenue passenger load	52.2	41.8	38.3	36.0	36.5
Mail carried (in pounds) (000)	30,862	25,663	27,912	24,328	23,311
Cargo carried (in pounds) (000)	71,990	60,928	56,508	51,426	61,162
Revenue ton miles flown (all services) (000)					
Passenger	192,545	139,241	117,914	107,164	106,08
U. S. Mail	5,178	3,988	3,826	3,295	3,030
Air Freight	12,441	10,010	9,227	8,408	9,555
Total	210,164	153,239	130,967	118,867	118,671

	Years ended December 31				
	1978	1977	1976	1975	1974
Mail revenue per ton mile . . . (A) . . .	76.9¢	123.7¢	61.3¢	60.5¢	67.4¢
Cargo revenue per ton mile (exp., frt.) .	158.7¢	136.7¢	121.4¢	101.5¢	85.4¢
Passenger breakeven load factor without subsidy	50.6%	47.4%	48.0%	49.4%	46.7%
Percent of public service revenues to total revenue.	4.08%	5.71%	6.96%	7.47%	8.00%
Number of route miles operated - end of period	23,050	10,862	10,862	10,230	10,230
Number of airports served - end of period	82	71	71	70	70
Number of aircraft operated - end of period:					
Douglas DC-9-50's.	16	9	6	-	-
Douglas DC-9-30's.	20	20	21	21	19
Convair 580's.	24	26	28	30	31

(A) During 1977 the company recognized $1,932,000 of mail revenue which applied to prior periods as discussed below.

MAIL PAY

The company receives compensation from the Federal Government for the transportation of mail at rates fixed by the CAB. Such compensatory mail pay is based on the actual number of ton miles of mail enplaned and the mileage over which such mail is transported.

In December of 1977 the CAB issued an order establishing new temporary mail rates in connection with its Domestic Service Mail Rates Investigation. As a result of this order the company has recognized $2,733,000 of additional revenue in 1977. Approximately $1,932,000 of this retroactive amount applied to the period March 28, 1973 through December 31, 1976. In November 1978 the final rates were established with no adjustment in revenue for the company.

PUBLIC SERVICE REVENUE

North Central receives federal funding classified as "Public Service Revenues," which are provided to compensate for serving small and intermediate size communities that generate insufficient traffic to fully support profitable air service. The statutory basis for these payments is contained in Section 406(b) of the Federal Aviation Act. In October, 1978, the Airline Deregulation Act of 1978 was enacted into law which amended Section 406(b) and added a new provision, Section 419, relating to payments for providing "essential air transportation services." Payments under Section 406(b) will cease January 1, 1986 and payments under Section 419 will end October 24, 1988.

The amount of such payments is determined by the CAB on the basis of its evaluation of the amount of revenue needed to meet operating expenses and provide a reasonable return on investment with respect to eligible routes. Public service revenues for the period January 1, 1978 through June 30, 1978 were computed and paid under the provisions of Class Rate VIII, which had been in effect since July 1, 1976. Effective January 1, 1978, the CAB increased North Central's maximum annual public service revenues based on its then level of operations to $13,770,000 from the previous figure of $13,317,000 which had become effective July 1, 1977.

The CAB has proposed Class Rate IX to become effective July 1, 1978, however, a joint objection to some of the provisions of this rate has been filed by the regional airlines, and at this time no final rule making has been issued by the Board. Estimates of revenues due under the new rate were based upon figures proposed by the CAB as they affect North Central. Class Rate IX and subsequent rates were affected by the Airline Deregulation Act of 1978 with respect to the offsetting of certain revenues not relating to subsidy-eligible services. Effective October 24, 1978, non-related revenues may not be offset against a carrier's need on the eligible portion of its system.

From January 1, 1983 until January 1, 1986, North Central will be eligible to receive public service revenues under Section 406(b), but the basis for determining these payments is subject to change. In addition, after January 1, 1983, other air carriers may seek to replace North Central as the carrier receiving public service revenues for service to eligible points. The CAB will grant such applications if the applying carrier can show its proposed service would result in a substantial improvement in the air service being provided and a reduction in the amount of a compensation required to continue the essential air transportation service to the eligible points involved.

ROUTE DEVELOPMENT

Over the past several years North Central has applied to the CAB for a substantial number of additional routes. During this period North Central has been awarded a number of new routes of the longer non-stop variety. These routes have enabled North Central to increase its "length of hop" as well as improve its scheduling flexibility and better utilize its fleet. The longer non-stop flights have helped reduce unit costs since incremental expenses attributable to the length of a flight are relatively small.

Since January 1, 1977, the company has instituted service on the following routes:

Route	Inauguration
Detroit-Boston	January, 1977
Bismarck/Mandan-Fargo/Moorhead-Minneapolis/St. Paul	May, 1978
Detroit-Baltimore	August, 1978
Cincinnati-Philadelphia	September, 1978
Detroit-Atlanta	September, 1978
Minneapolis/St. Paul-Denver/Tucson	December, 1978
Milwaukee-Philadephia	December, 1978
Milwaukee-Miami	December, 1978
Milwaukee-Tampa/St. Petersburg	December, 1978
Detroit-Syracuse	December, 1978
Detroit-Houston	December, 1978
Detroit-Ft. Lauderdale	December, 1978
Detroit-Sarasota/Bradenton	December, 1978
Detroit-West Palm Beach	December, 1978
Chicago-West Palm Beach	December, 1978
Boston-Syracuse	December, 1978
Minneapolis/St. Paul-Detroit	December, 1978

Numerous route applications are now pending with the CAB and North Central has recently received route awards and authorizations for service which have not yet been implemented. Because of the recent changes in the regulatory statute, North Central's management expects that further inauguration of new service will not be as limited by its ability to receive new route awards from the CAB as it has been in the past. Ability to provide service with equipment, facilities and personnel as well as competition on routes are expected to be more significant factors to future operations and route development than they have previously been.

INSURANCE

The company carries insurance of types customary in the airline industry and in amounts deemed adequate to protect the company and its property. The principal coverages include public liability, passenger liability, baggage and cargo liability, property damage, worker's compensation, loss or damage to flight equipment, and fire insurance on contents of hangars and buildings used by the company.

COMPETITION

North Central is subject to competition in varying degrees between all the points served by it from surface carriers of various kinds. North Central provides feeder service to many smaller markets in which no other regional or trunk airline operates. Some of these smaller markets are also served by commuter air carriers which are not certificated by the CAB, but the extent of such competition is not substantial. In 1978 and 1977, North Central generated 46% and 58% respectively of its revenue passenger miles over routes on which it did not compete with other certificated air carriers. North Central faces competition, principally from trunk airlines, in the markets where traffic is heaviest. In 1978 and 1977, North Central generated 54% and 42%, respectively, of its revenue passenger miles from such routes.

For the twelve month period ended September 30, 1977 and 1978, the top market accounted for 7.8% and 8.2%, respectively, of the revenue passenger miles for scheduled service and the top ten markets accounted for 44.9% and 48.0%, respectively. During these periods the top ten markets were on routes where North Central competed with one or more trunk line carriers, regional carriers or commuter carriers, except for two markets which represented 7.8% of the scheduled revenue passenger miles during the 1977 period and 9.1% during the 1978 period. With the enactment of the Deregulation Act, North Central expects greater competition in terms of rates and fares.

MUTUAL AID AGREEMENT

On January 1, 1971, North Central became a party to the Mutual Aid Agreement in effect between most of the United States scheduled certificated air carriers. Pursuant to the terms of the Agreement, participating carriers agree to make payments on a formula basis to any carrier whose operations are curtailed by virtue of a strike. Under the Mutual Aid Agreement, each party to the Agreement pays a struck carrier amounts equal to certain windfall revenues attributable to the strike, less additional direct expenses incident thereto. In addition, a struck carrier receives supplemental payments which together with such windfall revenues, equal 50% of the struck carrier's normal air transport operating expenses during the first two weeks of a strike, 45% during the third week, 40% during the fourth week and 35% thereafter. Obligations for such supplemental payments are limited to an annual maximum liability in respect of any party of 1% of its transport operating revenues for the previous calendar year.

The Deregulation Act disapproved the Mutual Aid Agreement, but permits a more limited version meeting certain requirements. North Central is not presently considering any proposal for a revised mutual aid agreement conforming to the specifications of the new law.

In 1978, a party to the Mutual Aid Agreement experienced a prolonged strike of 109 days. North Central flies a number of routes in competition with the struck carrier. While the exact impact of the strike on North Central's 1978 revenues and earnings cannot be fully determined, the increases in passenger revenues due to the strike were substantial and North Central believes that the strike contributed to its 1978 profitability.

REGULATION AND FARES

The company is subject to the jurisdiction of the CAB and the Federal Aviation Administration ("FAA"), both of which exercise regulatory authority over air carriers pursuant to the Federal Aviation Act of 1958, as amended.

Until recently amended, the Federal Aviation Act established a pervasive system of economic regulation of airlines. Route authority and rates were closely regulated as well as most agreements concerning air carriers and various mergers, acquisitions or interlocking relationships involving air carriers or other persons engaged in a phase of aeronautics. On November 6, 1977 the Federal Aviation Act was amended to substantially eliminate regulation of air cargo entry and rates. On October 24, 1978, the Airline Deregulation Act of 1978 ("Deregulation Act") was enacted into law and substantially altered regulatory policies and procedures with a view toward ending most forms of economic regulation of domestic air transportation. The Deregulation Act also abolishes the CAB on January 1, 1985. The more significant provisions of the Federal Aviation Act as amended by the Deregulation Act are discussed below.

Policy Statement of the Deregulation Act. In determining "public interest" and "public convenience and necessity"— the touchstones of the CAB's regulatory authority— the Deregulation Act directs the CAB to place maximum reliance on competitive market forces, actual and potential competition, encouraging efficient and low price air services, avoiding unreasonable industry concentration, encouraging new entry into air transportation, strengthening of small air carriers, and maintaining a comprehensive and convenient network of service to small communities.

Route Authority. Consistent with the increased emphasis on competition, the Deregulation Act provides that regulation of route authority will terminate on January 1, 1982. In the meantime, the CAB is authorized to establish expedited non-hearing procedures for granting new routes and removing route restrictions. A presumption is made in favor of granting all route applications of persons found fit to engage in air transportation. Various procedural deadlines are also established to assure prompt action by the CAB on these matters. In addition, the Federal Aviation Act now provides, subject to certain limited exceptions, for the automatic grant of nonstop rights to the first applicant seeking to replace another carrier on the unused nonstop authority of that other air carrier and for the automatic grant to each air carrier of nonstop rights between one city pair of its choosing for each of the three years 1979, 1980 and 1981. The CAB's power to exempt air carriers from the certification requirements has also been broadened, and a specific exemption is provided for domestic air carriers which operate solely aircraft with a maximum capacity of less than 56 passengers.

Suspensions of Service. CAB approval is no longer required for carriers to discontinue service to a point. A carrier must, however, give 90 days notice prior to discontinuing service. If the CAB determines that service to such point would fall below the level of "essential" air transportation, the CAB may require the carrier to continue serving the point for additional 30 day periods until a replacement carrier is found. In such event, the CAB must compensate the carrier for losses incurred during such additional periods of service to the point.

Rates and Fares. Regulation of passenger fares by the CAB will terminate on January 1, 1983. In the meantime carriers may lower fares in all markets as much as 50% per year below the standard industry fare level and after July 1, 1979, may raise fares as much as 5% per year in markets which are substantially competitive. The CAB retains the power to approve or disapprove fare changes outside this range after considering the new policies calling for greater reliance on competitive market forces. The CAB's power to set mail rates continues until January 1, 1985 when it is transferred to the Postal Service.

The FAA's authority covers the safety of flying operations generally, including regulations as to equipment used, ground facilities, airport security and other technical matters. The FAA prescribes certain safety standards, including the number of hours which air-frames, engines and other aircraft components can be operated before being overhauled.

Pursuant to the Noise Control Act of 1972, the FAA is empowered to promulgate regulations convering aircraft noise. In December 1976, the FAA, following a November 1976, Department of Transportation ("DOT") Aviation Noise Abatement Policy Statement, established regulations which required the company to either retrofit or replace jet engines, which exceed the established maximum noise level, by January 1, 1983. In the present fleet, 18 DC-9-30 aircraft have engines which will have to be modified. While the precise figure is not available, it is estimated that the cost to retrofit the engines will be $4,500,000.

In January, 1977, the Administration requested Congress to consider legislation providing for Federal funding for retrofitting and/or replacement of aircraft. On September 14, 1978, the House of Representatives passed a bill (H.R. 8729) providing Federal funds for up to 90% of the retrofit cost, as determined by the DOT, for each aircraft retrofitted, up to 75% of the cost of replacing engines on aircraft not in compliance with the Federal regulations and up to 40% of the replacement cost for each aircraft replaced. Since the Senate did not pass similar legislation during the Second Session of the 95th Congress, the proposal must be reintroduced before it can be considered by either the House or the Senate. The ultimate disposition of these proposals cannot be predicted at this time.

The Post Office Department also has jurisdiction over a part of the company's operation. This relates to the facilities dealing with the transportation of mail and the services connected therewith. Labor relations in the air transport industry are regulated under the Railway Labor Act, as amended. By reason of the use of radio facilities in its operations, the company is also subject to the Communications Act of 1934, as amended. In addition, the Canadian government has jurisdiction over the company's authority between Canada and the United States.

There are presently pending in various states proposals for regulation of noise levels and emission of pollutants by all airlines. The costs of complying with the proposed state regulations would involve substantial additional expense. The company believes that such areas of state regulation are preempted by the Federal regulation of its activities.

FUEL

In prior periods, principally 1973 through 1976, North Central experienced great difficulties in obtaining necessary amounts of fuel. Currently localized shortages are being experienced due to the Iranian situation. Scheduled service is being selectively reduced as a way to conserve fuel and the company expects to be able to continue service to all cities. Fuel costs have represented an increasing percentage of operating expenses. The following table sets forth North Central's fuel costs for the last five years:

	Year ended December 31				
	1978	1977	1976	1975	1974
Weighted Average Cost Per Gallon	$ .4030	$ .3705	$ .3223	$ .3065	$ .1943
Total Gallons Consumed (000).	106,082	93,216	84,112	77,452	74,640
Total Fuel Expense(000) .	$43,012	$34,662	$27,223	$23,918	$14,758

Substantial reductions in fuel supplies and/or increases in fuel prices, if not offset by related fare increases, could have a material adverse effect on the operations and earnings of North Central.

The Mandatory Fuel Allocation Regulations adopted by the Federal Energy Administration ("FEA") pursuant to the Emergency Petroleum Allocation Act of 1973 impose allocation and price controls on jet fuel. The Energy Policy and Conservation Act of 1975 and the Department of Energy Organization Act of 1977 continued the authority of FEA controls, with certain changes. Pursuant to those Acts, the Department of Energy on February 12, 1978 issued a preliminary report which concluded that aviation jet fuel should no longer be subject to allocation and price regulations and proposed to terminate these regulations. Public hearings on this proposal have been held, and after review by the Federal Energy Regulatory Commission and submission to the Congress (where either the Senate or House could overrule the proposal within fifteen days after submission), the regulations will terminate. It is now expected that the regulations will terminate some time during 1979 and that as a result all air carriers, including North Central, could incur substantial additional fuel cost increases. In addition, President Carter has recommended to Congress changes in the existing laws imposing controls on the price of domestic U.S. crude oil. If these recommendations are adopted, the cost of domestic U.S. crude oil will approximate the cost of foreign crude oil. Further increases by OPEC producers could see the cost of imported crude oil continue to escalate. These events could substantially increase the price of U.S. petroleum products, including aviation fuel.

EMPLOYEES

As of December 31, 1978, the company employed approximately 4,460 persons, substantially all of whom are represented by unions. Employee relations have been satisfactory and there have been no work stoppages or strikes.

PROPOSED MERGER

On September 5, 1978, the company and Southern Airways, Inc. executed an Agreement and Plan of Merger containing the definitive terms and conditions of the merger of Southern with and into the company. The Merger Agreement provides a formula which results in the conversion of one share of Southern common stock, exchanged on the effective date of the merger, for 2.1 shares of the company's stock. On February 9, 1979, a Civil Aeronautics Board Law Judge issued an initial decision favoring the merger, and on February 22, 1979, stockholders of both companies approved the merger. Consummation is subject to the approval of lenders, the CAB and the President of the United States.

Reference is made to the Company's definitive proxy statement and prospectus dated January 9, 1979 for the Special Meeting of Stockholders and incorporated as an attachment herewith.

Item 2. SUMMARY OF OPERATIONS

NORTH CENTRAL AIRLINES, INC.
SUMMARY OF OPERATIONS

	Year ended December 31				
	1978	1977	1976	1975	1974
	(in thousands of dollars except per share amounts)				
OPERATING REVENUES					
Passenger	$248,596	$186,641	$157,159	$135,664	$124,007
Public service revenues (1)	12,196	13,079	13,296	12,225	12,126
Other	38,261	29,403	20,693	15,735	15,397
	299,053	229,123	191,148	163,624	151,530
OPERATING EXPENSES					
Flying operations and maintenance	116,218	97,685	83,291	73,358	57,544
Other operating expenses	131,379	98,313	81,533	72,402	65,304
Depreciation and amortization	16,353	14,590	11,635	10,131	9,975
	263,950	210,588	176,459	155,891	132,823
OPERATING PROFIT	35,103	18,535	14,689	7,733	18,707
OTHER EXPENSES (INCOME)					
Interest expense	11,783	7,781	5,503	4,084	4,515
Capitalized interest	(1,917)	(832)	(843)	(757)	(341)
Interest income and other-net	(1,532)	(409)	(501)	(540)	(1,213)
(Gain) loss on dispostion of equipment	50	(2,705)	(189)	23	(16)
	8,384	3,835	3,970	2,810	2,945
EARNINGS BEFORE INCOME TAXES	26,719	14,700	10,719	4,923	15,762
INCOME TAXES					
Currently payable	1,677	745	2,169	172	5,348
Deferred	2,878	259	871	(500)	2,164
	4,555	1,004	3,040	(328)	7,512
NET EARNINGS	$ 22,164	$ 13,696	$ 7,679	$ 5,251	$ 8,250
NET EARNINGS PER SHARE AND EQUIVALENT SHARE (2)	$1.70	$1.11	$.63	$.43	$.67
DIVIDENDS PER SHARE	$ .16	$ .12	$.10	$.10	$.10

NORTH CENTRAL AIRLINES, INC.

NOTES TO SUMMARY OF OPERATIONS

Five years ended December 31, 1978

(1) PUBLIC SERVICE REVENUES

As a regional carrier, the company receives public service revenues for serving small and intermediate size communities which do not generate sufficient traffic to fully support profitable air service. The amount of such payments is determined by the Civil Aeronautics Board on the basis of its evaluation of the amount of revenue needed to meet operating expenses and provide a reasonable return on investment with respect to eligible routes.

Public service revenues for the period January 1, 1978 through June 30, 1978 were computed and paid under the provisions of Class Rate VIII, which had been in effect since July 1, 1976. The CAB has proposed Class Rate IX to become effective July 1, 1978, however, a joint objection to some of the provisions of this rate has been filed by the regional airlines, and at this time no final rule making has been issued by the Board. Estimates of revenues due under the new rate were based upon figures proposed by the CAB as they affect North Central. Class Rate IX and subsequent rates were affected by the Airline Deregulation Act of 1978 with respect to the offsetting of certain revenues not relating to subsidy-eligible services. Effective October 24, 1978, non-related revenues may not be offset against a carrier's need on the eligible portion of its system.

(2) NET EARNINGS PER SHARE

Primary net earnings per share for the years 1977, 1976, 1975 and 1974 were computed by dividing net earnings by the weighted average number of common shares outstanding for the period (12,328,158 in 1977; 12,164,424 in 1976; 12,212,427 in 1975; and 12,431,869 in 1974). Common equivalent shares for the options and warrants and adjustments to net earnings from their assumed exercise were excluded from the computations for the above mentioned periods since their inclusion would have been antidilutive or would not have resulted in material dilution of earnings per share.

Fully diluted earnings per share for the years 1977, 1976, 1975 and 1974 are not presented since the computations would not have resulted in material dilution of earnings per share.

NORTH CENTRAL AIRLINES, INC.

NOTES TO SUMMARY OF OPERATIONS

Five years ended December 31, 1978

Primary net earnings per share for 1978 were computed by dividing adjusted net earnings by the weighted average number of common shares and common equivalent shares outstanding (13,027,063). Common equivalent shares result from the assumed exercise of stock options and warrants using the "treasury stock" method. Since the number of shares assumed to be purchased using the "treasury stock" method is less than the 20% limitation, no adjustment is required to net earnings.

Fully diluted earnings per share is not presented for 1978 since it is the same as primary earnings per share.

(3) PENSION COSTS

The company has pension plans for substantially all of its employees and funds its current expense of normal costs and amortization of prior service costs over 40 years. Asset appreciation or depreciation is applied to the unfunded prior service cost. Pension funding is determined under the unit credit and aggregate frozen liability methods. Total pension expense was: 1978 - $7,703,000; 1977 - $6,346,000; 1976 - $5,282,000; 1975 - $4,489,000; 1974 - $4,150,000.

At January 1, 1978, the latest actuarial valuation date, the total market value of fund assets exceeded the actuarially computed value of vested benefits for all plans by approximately $2,691,000.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF EARNINGS

For additional information relating to the Summary of Operations see Financial Review on Pages 4 and 5 of North Central Airlines, Inc. 1978 Annual Report to stockholders incorporated herein by reference.

Item 3. PROPERTIES

FLIGHT EQUIPMENT PROGRAM

The company operates Douglas DC-9 fan jets and Convair 580 prop jets as indicated in the table below.

Aircraft Type	Seating Capacity	Number of Aircraft Owned	Leased	On Order
DC-9-50	130	15	1	11
DC-9-30	100	15	5	-
CV-580	48	24	-	-
727-200	164	-	-	3

The 24 CV-580's and 30 DC-9s are owned by the company subject to outstanding chattel mortgages. Five DC-9-30 aircraft are operated under long-term leases and one DC-9-50 aircraft is operated under a short-term lease.

The company has purchase agreements with McDonnell Douglas Corporation for the purchase of eleven (11) DC-9-50, 130 passenger aircraft for delivery during 1979 and 1980. The approximate total cost of this equipment purchase will be $125,900,000.

In January 1979 the company signed a letter of intent with provision for cancellation, to purchase four (4) McDonnell Douglas Corporation DC-9-80 aircraft and obtained options on four (4) additional aircraft. The approximate total cost of this equipment purchase will be $104,600,000.

During 1978, the company signed a purchase commitment with options to cancel prior to July 1979, with Boeing Aircraft Company for three (3) 727-200 aircraft for delivery in 1980 and an option for four (4) additional 727-200's for delivery in 1980 and 1981. This equipment purchase would be approximately $104,100,000.

The present fleet of DC-9s includes the series 30 and the series 50. The stretch series 30 was first placed in service in 1967 and is powered by two (2) Pratt & Whitney JT8D fan jet engines mounted at the rear of the aircraft. The DC-9 series 30 is flown as a 100 passenger aircraft and designed to substantially reduce engine noise and vibration within the passenger compartment and cruise at speeds of up to 510 miles per hour at operational altitudes of up to 35,000 feet. The newer DC-9 series 50, a stretch version of the series 30, is flown as a 130 passenger aircraft.

Substantially all of the owned flight equipment and spare aircraft parts are pledged as collateral to secure amounts due banks under the company's loan agreements. The loan agreements contain certain covenants, limitations and restrictions including those relating to dividends, capital expenditures, additional borrowings and requirements relating to minimum working capital and net worth. The company has, from time to time, obtained consents, waivers and modifications of the terms of such loan agreements in respect to financial covenants and conditions in complying with the terms of these covenants.

OTHER FACILITIES

The company owns no real estate. Its administrative offices and primary maintenance base are located at the Minneapolis/St. Paul International Airport where the company occupies a facility consisting of approximately 125,000 square feet of hangar floor space and 391,000 square feet for offices, shops and other facilities. The facility is leased on a net lease basis from the Metropolitan Airports Commission for a 30-year term at an annual rental of approximately $1,000,000. The company took occupancy of these facilities during 1969.

The company leases approximately 43,000 square feet of hangar and office space at O'Hare International Airport. These leases are for a term of 40 years expiring on January 1, 1999, with an annual net rental of approximately $275,000.

A hangar containing approximately 50,000 square feet of space at the Detroit Metropolitan Wayne County Airport is leased by the Company. Annual net rental payments range from approximately $104,000 to $116,000 over the term of the lease which is 25 years expiring on July 1, 1990.

Ticket counter space and gate boarding areas are leased at airports which the company serves, and in several cities downtown ticket offices or reservation facilities are also leased. The aggregate annual rental for these offices and facilities, exclusive of those located at Minneapolis/St. Paul International Airport, O'Hare and Wayne County Airport, is approximately $2,300,000.

Use of landing fields is secured by lease or other arrangements at the various airports with the amount of the fees payable by the company normally dependent upon the extent of use by the company. These leases vary in duration from month to month to a maximum of 40 years. The facilities leased at O'Hare, in effect, provide for a minimum annual landing fee of approximately $300,000.

North Central has acquired computer equipment, some of which it expects to use in its future operations, and pending such use has leased the equipment to third parties. The duration of the leases ranges from 3 to 8 years. The equipment on lease prior to 1978 consisted of one IBM 370/158, one IBM 370/168, and various peripheral equipment. In September 1978, North Central purchased a new generation IBM 3033 computer and accessories, which it is leasing to a third party for a term of four years with a one-year renewal option. The purchase has been financed by a loan of $4,200,000 payable in monthly installments over a seven-year period with interest at the rate of 8-3/4%. In December 1978, North Central took delivery of an IBM 3033 computer for its own use at a cost of approximately $4,000,000. North Central has also ordered two IBM 3032 computers for delivery in 1980 at a cost of $5,600,000. It is anticipated that one IBM 3032 will be leased to a third party and the other will be used by North Central. The financing for the two IBM 3032 computers will be arranged at a time nearer the delivery date of these units.

For additional information regarding flight equipment and other facilities see Note B - Long-term Debt; Note C - Lessee Leasing; and Note D - Commitments on pages 20-22 of North Central Airlines, Inc. 1978 Annual Report to Stockholders.

Item 4. PARENTS AND SUBSIDIARIES OF REGISTRANT

The Registrant has no parent or subsidiaries.

Item 5. LEGAL PROCEEDINGS

None, other than routine litigation incidental to the Registrant's business.

Item 6. INCREASES AND DECREASES IN OUTSTANDING SECURITIES AND INDEBTEDNESS.

(a) The following are the increases and decreases during the fiscal year in the amount of outstanding equity securities of the Registrant.

		Common Stock	Warrants to Purchase Common Stock	Stock Options	5 1/2% Subordinated Convertible Debentures
Balance - December 31, 1977		12,328,158	2,649,061	218,550	$ 690,000
Increases:					
Exercise of stock options	(1)	28,300	-	-	-
Conversion of warrants to purchase common stock	(2)	9,573	-	-	-
Decreases:					
Exercise of stock options	(1)	-	-	28,300	-
Conversion of warrants to purchase common stock	(2)	-	9,573	-	-
Payment at maturity		-	-	-	690,000
Balance - December 31, 1978		12,366,031	2,639,488	190,250	$ -

(1) No underwriters were involved in this transaction. The above transactions were exempt under Section 4(2) of the Securities Act of 1933 as a transaction by an issuer not involving a public offering. The appropriate restrictive legend has been placed on the certificates and stoptransfer instructions given as necessary.

(2) Shares of common stock issued pursuant to registration statement No. 2-62535.

(b) The following are the increases and decreases during the fiscal year in the amount of outstanding debt securities of the Registrant.

	Bank Credit Agreement	Equipment Trust Certificate (1)
Balance at December 31, 1977	$64,000,000	$ -
Increases:		
Additional borrowings:		
Per first quarter Form 10-Q	8,000,000	-
Per second quarter Form 10-Q	3,500,000	18,000,000
Per third quarter Form 10-Q	-	27,000,000
Fourth quarter (2)	6,000,000	-
Decreases:		
Periodic payments made pursuant to terms of constituent instruments:		
First quarter	2,041,000	
Second quarter	2,041,000	
Third quarter	2,041,000	
Fourth quarter	2,040,000	
Balance at December 31, 1978	$73,335,000	$45,000,000

(1) The above transaction was exempt under Section 4(2) of the Securities Act of 1933 as a transaction by an issuer not involving a public offering.

(2) In the fourth quarter, the company borrowed an additional $6,000,000 under a credit agreement with Northwestern National Bank of Minneapolis, Citibank, N. A. and First Wisconsin National Bank of Milwaukee. At December 31, 1978, the company had approximately $73,335,000 outstanding under the agreement compared with $69,376,000 at September 30, 1978. The borrowing was applied to the deposits on three (3) Boeing 727-200 aircraft.

Item 7. CHANGES IN SECURITIES AND CHANGES IN SECURITY FOR REGISTERED SECURITIES

The company's loan agreements with several banks contain certain restrictions on the payment of dividends, capital expenditures, lease obligations, investments, guarantees, additional borrowings and requirements related to minimum working capital and net worth. As of December 31, 1978, the company was restricted from paying cash dividends in excess of approximately $18,298,000 subject to certain working capital restrictions, under the above agreements.

The above restrictions were in effect in prior periods and there were no material changes or modifications during the current period.

Item 8. DEFAULTS UPON SENIOR SECURITIES

None

Item 9. APPROXIMATE NUMBER OF EQUITY SECURITY HOLDERS

Title of Class	Number of Record Holders as of February 15, 1979
Common Stock $.20 par value	28,976
Warrants to purchase Common Stock	2,203

Item 10. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

On February 22, 1979, a Special Meeting of the Stockholders was held to: (1) approve and adopt the Agreement and Plan of Merger dated September 5, 1978 between the Company and Southern Airways, Inc. (10,064,709 affirmative and 248,601 negative votes were cast on this issue); (2) consider and act upon the proposal to amend the Restated Articles of Incorporation (9,449,845 affirmative and 863,465 negative votes were cast on this issue).

Reference is made to the Company's definitive proxy statement and prospectus dated January 9, 1979 for the Special Meeting of Stockholders and incorporated as an attachment herewith.

Item 11. INDEMNIFICATION OF DIRECTORS AND OFFICERS

Section 180.407 of the Wisconsin Corporation Law relative to idemnifying directors and officers provides as follows:

"180.407. Idemnifying directors, officers and employees. Any person made a party to or threatened with, any civil, criminal, or administrative action, suit or proceedings by reason of the fact that he, his testator or intestate, is or was a director, officer or employee of any corporation shall be indemnified by the corporation against the reasonable expenses, including attorney fees, actually and necessarily incurred by him in connection with such action, suit or proceeding, or in connection with any appeal therein, except as to matters as to which such director, officer or employee is guilty of negligence or misconduct in the performance of his duties. Such right of indemnification shall not be deemed exclusive of any other rights to which such director, officer or employee may be entitled apart from this section."

Reference is also made to the following exhibits, which are incorporated herein by reference:

(a) Article VII of the Registrant's By-Laws, filed as Exhibit 3.02 to Registration Statement on Form S-1 (No. 2-34486).

(b) Officers and directors indemnity insurance policy, filed as Exhibit 12.01 to Registration Statement on Form S-1 (No. 2-43265).

Item 12. Financial Statements, Exhibits Filed and Reports on Form 8-K.

(a) (1) The financial statements listed below are filed as part of this Annual Report on Form 10-K;

	Page Reference Form 10-K	Page Reference Annual Report
Data is incorporated by reference from attached 1978 Annual Report to Stockholders of North Central Airlines, Inc. With the exception of the financial statements on pages 16 through 23 and the financial review on pages 4 and 5 which have been incorporated herein by reference, the Annual Report to Stockholders for 1978 is not to be deemed "filed" as part of this Annual Report on Form 10-K.		
Balance sheets at December 31, 1978 and 1977		16
Statements of earnings for the years ended December 31, 1978 and 1977		17
Statements of changes in financial position for the years ended December 31, 1978 and 1977		18
Statements of changes in stockholders' equity for the years ended December 31, 1978 and 1977		19
Notes to financial statements		20-23

	Page Reference	
	Form 10-K	Annual Report
Attachments incorporated herewith to Form 10-K:		
Auditors' Report	F-1	
Additional notes to financial statements	F-2-5	
Schedules:		
Schedule V - PROPERTY, PLANT AND EQUIPMENT Year ended December 31, 1978	F-6	
Schedule VI - ACCUMULATED DEPRECIATION, DEPLETION AND AMORTIZATION OF PROPERTY, PLANT AND EQUIPMENT Year ended December 31, 1978	F-7	
Schedule VII - INTANGIBLE ASSETS, PREOPERATING EXPENSES AND SIMILAR DEFERRALS Year ended December 31, 1978	F-8	
Schedule IV - BONDS, MORTGAGES AND SIMILAR DEBT Year ended December 31, 1978	F-9	
Schedule XII - VALUATION AND QUALIFYING ACCOUNTS AND RESERVES Year ended December 31, 1978	F-10	
Schedule XIII - CAPITAL SHARES Year ended December 31, 1978	F-11	
Schedule XIV - WARRANTS OR RIGHTS Year ended December 31, 1978	F-12	
Schedule XVI - SUPPLEMENTARY INCOME STATEMENT INFORMATION Years ended December 31, 1978 and 1977	F-13	

Schedules V, VI, VII, and XII for the year ended December 31, 1977 are incorporated herein by reference to the registrants Annual Report on the Form 10-K (File No. 1-7169) for the year ended December 31, 1977.

All other schedules have been omitted since the required information is not present or not present in amounts sufficient to require submission of the schedule, or because the information required is included in the financial statements or the notes thereto.

(a) (2) Exhibits: (1) Statement of computations of earnings per share for the five years ended December 31, 1978.

(2) Data incorporated by reference from attached Proxy Statement and Prospectus dated January 9, 1979 for the Special Meeting of Stockholders.

(b) There were no reports filed on Form 8-K during the last quarter of 1978.

Executive Officers of the Registrant

The following is a list of the officers of the Registrant:

Name	Age	Officer Since	Positions with the Company for the Last Five Years	
Hal N. Carr	57	1947	Chairman of the Board and management executive	
Bernard Sweet	55	1950	President and Chief Executive Officer	
JC Constantz	63	1978	Assistant to the President 1/1/78 - 12/1/7 Vice President-Federal Affairs 12/1/78-	
John P. Dow	48	1959	Vice President and Secretary	
Robert L. Gren	56	1973	Vice President-Maintenance and Engineering	
George J. Karnas	48	1973	Vice President -Inflight Service	
Daniel F. May	48	1962	Vice President - Finance	
Gowan J. Miller	57	1966	Vice President-Industrial Relations	
David E. Moran	48	1967	Vice President-Traffic & Sales	
T. M. Needham	63	1965	Vice President-Ground Operations	
James F. Nixon	38	1970	Treasurer and Manager-Internal Auditing Vice President and Treasurer	12/3/71 - 9/27/ 9/27/74 -
G. F. Wallis	55	1965	Vice President-Flight Operations	
Charlotte G. Westberg	61	1962	Assistant Secretary Vice President-Staff Administration Staff Vice President	4/4/62 - 9/27, 9/27/74 - 4/7/ 4/7/76 -

Name	Age	Officer Since	Positions with the Company for the Last Five Years	
Joseph W. Ettel	32	1974	Staff Assistant-Industrial Relations	4/3/72 - 11/22/74
			Assistant Secretary	11/22/74-
Raymond J. Rasenberger	51	1974	Assistant Secretary	11/22/74
Ralph Strangis	42	1976	Assistant Secretary	4/7/76
Walter E. Nielsen	51	1974	Manager-General Accounting	5/1/67 - 9/27/74
			Assistant Treasurer	9/27/74
Michael D. Meyer	34	1974	Manager-Budgets	8/1/70 - 9/27/74
			Controller	9/27/74 -

There is no family relationship among the officers of the Registrant. All of the executive officers listed above serve at the pleasure of the Board of Directors except for Hal N. Carr, whose employment agreement with the company provides for his continued employment in a full-time capacity as a management executive of the company until April 7, 1986, at an annual salary of not less than $200,000, and Bernard Sweet, whose employment agreement with the company provides for his continued employment in a full-time capacity as a management executive of the company until April 5, 1983, at an annual salary of not less than $200,000. The agreements also provide for certain salary continuation payments in the event of the death or disability of Mr. Carr or Mr. Sweet. They are also entitled to participate in other employee benefits provided by the company generally for its employees.

All of the executive officers have been officers or employees of the Registrant for the past five years with the exception of Mr. Rasenberger, Mr. Strangis and Mr. Constantz. Mr. Rasenberger has been a partner in the law firm of Zuckert, Scoutt and Rasenberger, Washington, D. C. for more than the past five years. Mr. Strangis was a partner in the law firm of Maslon, Kaplan, Edelman, Borman, Brand & McNulty, Minneapolis, Minnesota for more than five years prior to October, 1978, when he became a partner of the law firm of Strangis and Kaplan, Minneapolis, Minnesota, a position he currently retains. Mr. Constantz was the head of the Economic Analysis Division of the CAB for more than five years prior to joining North Central.

PART II.

Additional reference is made to the Registrant's definitive proxy statement dated March 5, 1979, for the 1979 annual meeting of stockholders with respect to information covering Items 13 through 15 inclusive.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

NORTH CENTRAL AIRLINES, INC.

Dated: March 29, 1979 BY /s/ Michael D. Meyer

Michael D. Meyer
Controller

AUDITORS' REPORT

Stockholders and Directors
North Central Airlines, Inc.

We have examined the balance sheets of North Central Airlines, Inc. (a Wisconsin corporation) as of December 31, 1978 and 1977, and the related statements of earnings, changes in stockholders' equity and changes in financial position for the years then ended. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements referred to above present fairly the financial position of North Central Airlines, Inc. at December 31, 1978 and 1977, and the results of its operations and changes in its financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

In connection with our examinations of the financial statements as of December 31, 1978 and 1977 and for the years then ended, we have also examined the additional notes to financial statements and the schedules listed under Item 12(a)(1) and included herein. In our opinion, such additional notes and schedules present fairly the information required to be set forth therein.

Alexander Grant & Company

Minneapolis, Minnesota
February 22, 1979

NORTH CENTRAL AIRLINES, INC.

ADDITIONAL NOTES TO FINANCIAL STATEMENTS

December 31, 1978 and 1977

NOTE M - DEPRECIATION

Depreciation is provided in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives on a straight-line basis for financial and tax reporting purposes.

Prior to 1968 accelerated depreciation methods for flight equipment were used to determine taxable income. The company subsequently changed to the straight-line method. Accumulated depreciation deducted for income taxes exceeded financial depreciation by $7,143,000 and $7,045,000 as of December 31, 1978 and 1977, respectively. Deferred income taxes have been provided on these amounts. Annual rates of depreciation are as follows:

	Life in Years
Aircraft airframe, engines, propellers and navigational equipment:	
DC-9-50	15
DC-9-30	15
Convair 580	(a)
Assemblies and spare parts:	
DC-9-50	(b)
DC-9-30	(c)
Convair 580	(a)
Leasehold improvements and improvements to leased equipment	(d)
Station, communication, hangar and ramp equipment, storage and distribution, maintenance and engineering, miscellaneous ground equipment and motorized vehicles	5 - 10
Passenger and food service equipment	3 - 7
Office equipment	8 - 12

(a) Convair 580 aircraft, engines, propellors, navigational equipment, and assemblies and spare parts purchased before January 1, 1977 have a common retirement date of June 30, 1979; purchases after January 1, 1977 have a common retirement date of December 31, 1983.

(b) DC-9-50 assemblies and spare parts have a common retirement date of December 31, 1991.

(c) DC-9-30 assemblies and spare parts have a common retirement date of December 31, 1986.

NORTH CENTRAL AIRLINES, INC.

ADDITIONAL NOTES TO FINANCIAL STATEMENTS

December 31, 1978 and 1977

NOTE M - DEPRECIATION—continued

(d) Amortization of leasehold improvements and improvements to leased property is based on the useful life of the asset or the life of the lease, whichever is less.

Maintenance and repairs are expensed as incurred. Major spare parts are capitalized and depreciated as above.

Residual amounts on disposal of property and equipment are eliminated at time of disposal. No gain or loss is recognized at time of disposal of assets being depreciated on a group basis. Gain or loss on assets being depreciated on a non-group basis is recognized as non-operating income or expense.

NOTE N - REPLACEMENT COST DATA (unaudited)

The following table reflects the estimated replacement cost of the company's property and equipment at December 31, 1978 and 1977 and related depreciation expense in accordance with Accounting Series Release No. 190. Replacement cost is defined as the lowest cost that would be incurred to obtain new assets of equivalent operating or productive capacity.

The data presented below is based on reasonable estimates of the cost to replace all of the company's current productive capacity but does not mean that the company has current plans to do so. The figures are not intended to reflect the current market value of existing property and equipment.

	December 31, 1978		December 31, 1977	
	Historical Cost	Estimated Replacement Cost	Historical Cost	Estimated Replacement Cost
	(in thousands of dollars)			
Property and equipment				
Flight equipment	$237,152	$419,484	$185,307	$311,430
Other property and equipment	42,336	53,107	36,966	47,036
	279,488	472,591	222,273	358,466
Less allowance for depreciation	73,960	125,060	75,835	122,301
	205,528	347,531	146,438	236,165
Depreciation allowance	$ 15,791	$ 26,701	$ 14,173	$ 22,857

NOTE N - REPLACEMENT COST DATA (unaudited)—continued

In the air transport industry the available passenger seat is the primary unit of productive capacity. The company has estimated the replacement cost of its current flight equipment by multiplying the total number of passenger seats (based on maximum aircraft seating capacity) by the per-seat price at December 31, 1978 and 1977 of new aircraft. The price of new aircraft was determined based on actual delivered cost of new aircraft at December 31, 1978 and 1977. The per-seat price method has been developed by the Air Transport Association for use in the airline industry. While the same number of seats would be available, the number of aircraft available to the company would be reduced since there would be more seats in each of the replacement aircraft than in each of the aircraft currently operated.

Spare parts supporting the aircraft fleet have been estimated based on the ratio of the historic costs of these assets to the historic cost of the aircraft. Replacement cost of flight equipment expendable spare parts have been omitted since they are not held for resale and generally turnover within one year.

Replacement cost of owned and capitalized leased ground equipment was estimated by using price indices from the Bureau of Labor Wholesale Price Index. Facilities and aircraft accounted for under the operating method, as described in Note C to the financial statements, are not included in replacement cost data.

Since historical depreciation is computed on the straight-line method, accumulated depreciation for assets whose replacement cost is estimated is calculated by using the same ratio as the historical reserve is to historical cost and applying this ratio to the assets estimated cost.

NORTH CENTRAL AIRLINES, INC.

ADDITIONAL NOTES TO FINANCIAL STATEMENTS

December 31, 1978 and 1977

NOTE N - REPLACEMENT COST DATA (unaudited)— continued

No allowance has been made in the above estimates for efficiency resulting from the replacement of present productive capacity with more efficient assets. If the company were to replace its productive capacity, the equipment selected would probably provide savings through reductions in indirect labor, repairs and maintenance, and fuel which would serve to offset the depreciation charge. Although indeterminable, the reduction in operating costs other than depreciation could, in the company's opinion, be significant, but would be offset by an increase in interest costs as a result of additional borrowing to finance replacement assets. The effect of changes in scheduled service and increased interest costs has not been calculated because of the company's inability to determine the required schedule changes and how much additional borrowing would be required and what applicable interest rates would be. In addition, income tax effects, including investment tax credits that would result from the replacement of productive capacity, would have to be taken into account.

NORTH CENTRAL AIRLINES, INC.

SCHEDULE V - PROPERTY, PLANT AND EQUIPMENT

Year ended December 31, 1978

Column A	Column B	Column C	Column D	Column E	Column F
Classification	Balance at beginning of period	Additions at cost	Retirements	Other changes - add (deduct) - describe	Balance at end of period
Flight equipment					
Airframes	$128,212,061	$ 52,818,095	$ 2,071,410	$ 7,451,222 (A)	$186,409,968
Engines	25,798,119	11,182,539	292,839	1,139,218 (A)	37,827,037
Propellers and other flight equipment	10,607,831	3,069,315	446,503	(593,456) (A)	12,637,187
Capitalized leased flight equipment	11,250,000	-	11,250,000	-	-
Non-operating flight equipment	9,438,658	-	-	(9,161,042) (A)	277,616
Total flight equipment	185,306,669	67,069,949	14,060,752	(1,164,058)	237,151,808
Ground property and equipment	30,914,472	12,824,861	8,651,298	(8,300) (A)	35,079,735
Improvements to leased property	6,052,019	1,195,541	-	8,300 (A)	7,255,860
Advance payments on equipment	12,412,817	-	-	12,563,535 (B)	24,976,352
Total	$234,685,977	$ 81,090,351	$ 22,712,050	$ 11,399,477	$304,463,755

(A) Transfer of amounts from (to) other general ledger accounts.

(B) Equipment deposits - when the related asset is acquired it is shown in the additions at cost column for the appropriate asset classification.

NORTH CENTRAL AIRLINES, INC.

SCHEDULE VI - ACCUMULATED DEPRECIATION, DEPLETION AND AMORTIZATION OF PROPERTY, PLANT AND EQUIPMENT

Year ended December 31, 1978

Column A	Column B	Column C	Column D	Column E	Column F
Description	Balance at beginning of period	Additions charged to costs and expenses	Retirements	Other changes - add (deduct) - describe	Balance at end of period
Flight equipment					
Airframes	$ 35,984,567	$ 9,004,701	$ 1,573,453	$ 908,930 (A)	$ 44,324,745
Engines	8,164,257	1,951,624	145,802	172,575 (A)	10,142,654
Propellers and other flight equipment	4,335,373	1,104,771	416,675	(344,440) (A)	4,679,029
Capitalized leased flight equipment	9,501,884	256,891	9,758,775	-	-
Non-operating flight equipment	619,935	201,724	-	(719,484) (A)	102,175
Total flight equipment	58,606,016	12,519,711	11,894,705	17,581	59,248,603
Ground property and equipment	14,830,872	2,731,908	6,422,782	633,731 (B)	11,773,729
Improvements to leased property	2,398,434	539,595	-	-	2,938,029
Total accumlated depreciation	$ 75,835,322	$ 15,791,214	$ 18,317,487	$ 651,312	$ 73,960,361

(A) Transfer of amounts from (to) other general ledger accounts.

(B) Leasing Division Depreciation.

NORTH CENTRAL AIRLINES, INC.

SCHEDULE VII - INTANGIBLE ASSETS, PREOPERATING EXPENSES AND SIMILAR DEFERRALS

Year ended December 31, 1978

Column A	Column B	Column C	Column D		Column F
			Deductions		
Description	Balance at beginning of period	Additions at cost - describe	(1) Charged to costs and expenses	(2) Charged to other accounts-describe	Balance at close of period
Part A					
Unamortized development and preoperating costs Route development and extension and other	$1,876,666	$1,828,832	$ 793,935 (A)	$ -	$2,911,563
Part B					
Unamortized discount and expense on debt	$ 140,978	$ 265,295	$ 36,378 (A)	$ -	$ 369,895
Rentals	1,101,120	95,854	12,997	-	1,183,977
Other non-current assets	739,828	-	-	135,420 (B)	604,408
	$1,981,926	$ 361,149	$ 49,375	$ 135,420	$2,158,280

NOTE: Column E - None

(A) Amortization has been charged to costs and expenses as follows:

Route development and extension to depreciation and amortization as determined by management in each case (generally over a 60-month period if in excess of $5,000).
Aircraft preoperating costs to depreciation and amortization after equipment is placed in service (principally over an 8-year per[illegible]).
Unamortiz[illegible] discount and expense on debt is amortized to interest expense using the "interest method" over the term of the loan.

(B) Reclassifications to other areas of the balance sheet.

NORTH CENTRAL AIRLINES, INC.

SCHEDULE IX - BONDS, MORTGAGES AND SIMILAR DEBT

December 31, 1978

Column A Name of issuer and title of each issue (A)	Column B Amount authorized by indenture	Column C Amount issued and not retired or cancelled	Column D Amount included in Column C, which is (1) Held by or for account of issuer thereof	Column D (2) Not held by or for account of issuer thereof	Column E Amount included in sum extended under caption "Bonds, Mortgages and Similar Debt" in related balance sheet
Banks and insurance company notes - Equipment loans secured by chattel mortgages	$109,551,188	$96,706,966	None	$96,706,966	$ 96,706,966
Equipment Trust Certificate	45,000,000	45,000,000	None	45,000,000	45,000,000
Conditional sales contracts and sundry	7,523,385	5,653,178	None	5,653,178	5,653,178
Lease obligations	4,700,587	1,817,743	None	1,817,743	1,817,743
					$149,177,887

Column F - Amount in sinking and other special funds of issuer thereof - none.
Column G - Amount pledged by issuer thereof - none.
Column H - Amounts held by affiliates for which statements are filed herewith - none.

(A) For further information, see note B "Long-term Debt" of the Notes to Financial Statements.

NORTH CENTRAL AIRLINES, INC.

SCHEDULE XII - VALUATION AND QUALIFYING ACCOUNTS AND RESERVES

Year ended December 31, 1978

Column A	Column B	Column C Additions		Column D	Column E
		(1)	(2)		
Description	Balance at beginning of period	Charged to costs and expenses	Charged to other accounts-describe	Deductions-describe	Balance at end of period
Repairable parts depreciation reserves	$998,668	$ 68,493	$ -	$ -	$1,067,161
Allowance for bad debts	$118,405	$374,986	$ -	$302,104 (A)	$ 191,287

(A) resents uncollectible items charged against the reserve.

NORTH CENTRAL AIRLINES, INC.

SCHEDULE XIII - CAPITAL SHARES

December 31, 1978

Column		
A	Name of issuer Title of issue	North Central Airlines, Inc. Common Stock
B	Number of shares authorized by charter	16,000,000
C	Number of shares issued and not retired or cancelled	12,500,625
D	Number of shares included in Column C which are:	
	(1) Held by or for account of issuer thereof	134,594
	(2) Not held by or for account of issuer thereof	12,366,031
E	Shares issued or outstanding as shown on or included in related balance sheet under caption "Common Stock"	
	(1) Number	12,500,625
	(2) Amount at which shown	$2,500,000
F	Not applicable	
G	Number of shares reserved for options, warrants, conversions and other rights	
	(1) Directors, officers and employees (A)	216,751
	(2) Others	2,612,987

(A) Includes warrants held by officers and Directors only. The warrants are publically traded and it is not possible to determine the number of warrants held by all employees.

NORTH CENTRAL AIRLINES, INC.

SCHEDULE XIV - WARRANTS OR RIGHTS

December 31, 1978

Column		
A	Title of issue of securities called for by warrants	Common Stock
B	Amount of securities called for by each warrant	One
C	Number of warrants outstanding	2,639,488 (1)
D	Aggregate amount of securities called for by warrants outstanding	2,639,488 (1)
E	Date from which warrants are exercisable	(1) and (2)
F	Expiration date of warrants	October 31, 1979
G	Price at which warrant is exercisable	$5.50

(1) Of the original 2,649,511 warrants issued, 10,023 have been exercised through December 31, 1978.

(2) Warrants enabling the holder to purchase Common Stock became exercisable as follows:

200,000 in 1968; 1,200,000 on February 1, 1970; 259,511 on March 23, 1970; and 990,000 on July 8, 1971.

NORTH CENTRAL AIRLINES, INC.

SCHEDULE XVI - SUPPLEMENTARY INCOME STATEMENT INFORMATION

Years ended December 31, 1978 and 1977

Column A Item	Column B Charged to costs and expenses 1978	 1977
1. Maintenance and repairs	$ 32,171,000	$ 29,337,000
2. Depreciation, depletion and amortization of property, plant and equipment	$ 15,791,000	$ 14,173,000
4. Taxes, other than income taxes		
a) Taxes - payroll	$ 4,779,000	$ 3,981,000
b) Taxes - property and other	$ 3,727,000	$ 2,992,000
5. Rent and landing fees	$ 16,236,000	$ 14,186,000

NOTE: Items 3, 6 and 7 either none or not present in amounts sufficient to require submission of the information.

AUDITORS' CONSENT

We have issued our report dated February 22, 1979, accompanying the financial statements and schedules included in the Annual Report of North Central Airlines, Inc. on Form 10-K for the year ended December 31, 1978. We hereby consent to the incorporation by reference of said report in the Prospectus dated October 25, 1978 constituting part of the Registration Statement on Form S-16 of North Central Airlines, Inc. (Registration No. 2-62535).

ALEXANDER GRANT & COMPANY

Minneapolis, Minnesota
March 29, 1979

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

Annual Report Pursuant to Section 13 or 15(d)

of the Securities Exchange Act of 1934

For the Fiscal Year Ended December 31, 1978

Commission File Number 0-842

SOUTHERN AIRWAYS, INC.

(Exact name of registrant as specified in its charter)

Delaware	58-0546353
(State or other jurisdiction of incorporation or organization)	(I. R. S. Employer Identification No.)
Hartsfield Atlanta International Airport Atlanta, Georgia (Address of principal executive offices)	30320 (Zip Code)

Registrant's telephone number, including area code: A.C. (404) 762-4000

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

Title of Each Class	Name of each Exchange on which registered
None	None

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT:

COMMON STOCK (PAR VALUE $2.00)
(TITLE OF CLASS)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES X NO ____

Indicate the number of shares outstanding of each of the issuer's class of common stock as of the end of the period covered by this report.

1,896,288 Shares of Common Stock

SOUTHERN AIRWAYS, INC.

FORM 10-K

Report for the Year Ended December 31, 1978

ITEM 1. Business

The Company

Southern Airways, Inc. (the "Company") is engaged in scheduled air transportation of persons, property and mail, serving 70 cities in the following 18 states: Alabama, Colorado, Florida, Georgia, Illinois, Kansas, Louisiana, Michigan, Minnesota, Mississippi, Missouri, New Jersey, New York, North Carolina, South Carolina, Tennessee, Virginia, Wisconsin and the District of Columbia pursuant to permanent certificates of public convenience and necessity issued by the Civil Aeronautics Board (the "CAB"). In addition, the Company operates an international route between Miami and Fort Lauderdale, Florida and the Cayman Islands, British West Indies. The Company is one of ten certificated scheduled airlines which operate in interstate commerce and serve cities of small and intermediate size as well as major metropolitan areas, hereinafter referred to as the "Local Service Carriers," as distinguished from the major domestic airlines, herein referred to as "Trunk Carriers." In common with other Local Service Carriers, the Company receives a subsidy from the federal government for rendering service to small and intermediate-size cities on its domestic routes.

Property and Employees

At December 31, 1978, the Company had a fleet consisting of 30 Douglas DC9 twin-fanjet aircraft and eight Swearingen Metro II turboprop aircraft. At December 31, 1978, the Company had 3,216 employees.

Competition

The Company is subject to competition in varying degrees between all of the points served by it either by surface carriers of various kinds or by other air carriers. There are a number of Trunk Carriers operating over certain of the Company's route segments. All of these Trunk Carriers are substantially larger than the Company in size and financial resources, and some use larger and newer aircraft over these route segments. The Company is also subject to competition over certain of its route segments from one or more Local Service Carriers. The Company's traffic levels evidence a significant degree of seasonality, generally reaching their highest levels in mid-summer and their lowest levels in mid-winter.

Congress passed and the President signed on October 24, 1978, a bill denominated the "Airline Deregulation Act of 1978." It alters significantly the Civil Aeronautics Act of 1938, as amended. As a matter of policy, it places emphasis on, among other things, maximum reliance on competition, freedom of carriers to enter new markets, reduced fares, and the strengthening of small carriers, particularly commuters. The Act modifies the local service carriers' subsidy program and provides for its termination on January 1, 1986.

The provisions in the Airline Deregulation Act of 1978 could have a material impact, both favorable and unfavorable, on the Company but the Company cannot predict the timing or extent to which it will occur nor its degree of adversity on the Company, if any.

Fuel Shortages

During 1978 Southern received approval from the Department of Energy to increase its base period supply of fuel. Although fuel costs increased, supplies were available. During the fourth quarter, changes in services provided by the Company resulting from the Airline Deregulation Act of 1978 and reductions in supplier refinery production caused a general tightening of supply and spot fuel shortages over the Company's system. The early 1979 upheaval in Iran and the related uncertainty about crude oil supplies has also caused spot shortages, with some suppliers imposing fuel allocations.

The Mandatory Fuel and Price Allocation Regulations adopted by the Federal Energy Administration ("FEA") pursuant to the Emergency Petroleum Allocation Act of 1973 imposed allocation and price controls on jet fuel. The Energy Policy and Conservation Act of 1975 and the Department of Energy Organization Act of 1977 continued the authority for FEA controls, with certain changes. Pursuant to those Acts, the Department of Energy on February 12, 1978 issued a preliminary report which concluded that aviation jet fuel should no longer be subject to allocation and price regulations and proposed to terminate these regulations. Public hearings on this proposal were held and, after review, the Department of Energy submitted a proposal to Congress in early 1979 to terminate the regulations. Congress did not overrule the proposal within the required fifteen day period and the regulations terminated in the latter part of February, 1979. In anticipation of de-control of fuel the Economic Regulatory Administration of the Department of Energy issued new rules covering "Standy-by Product Allocation and Price Regulations and Imposed Allocation Fractions" on January 18, 1979. The stand-by rules may be imposed by the government under certain conditions. As a result of the de-control of jet fuel and/or possible government-imposed allocations, all carriers including the Company could incur substantial additional fuel cost increases and/or reductions in fuel supplies which could have a material adverse effect on the earnings and operations of the Company and the airline industry in general. In addition, President Carter has recommended to Congress in the past and may again recommend changes in existing laws imposing controls on the price of domestic U.S. crude oil. If these recommendations are adopted, the cost of domestic U.S. crude oil could approximate the cost of foreign crude oil, thus, substantially increasing the price of U.S. petroleum products, including jet fuel.

Environmental Factors

The Company is subject to requirements of State and Federal statutes and regulations respecting environmental quality. Federal regulations issued under the Air Quality Act of 1967, as amended, established certain standards for emissions from aircraft engines, and most of the states in which the Company operates have adopted similar legislation and regulations. The Company is in compliance with these emission standards.

The Secretary of Transportation and the FAA promulgated an Aviation Noise Abatement Policy in November 1976, and adopted regulations with respect to aircraft noise effective January 1, 1977. These regulations require modification or replacement of aircraft that do not meet present FAA noise control standards for new aircraft. The Company's 30 McDonnell Douglas DC9 aircraft do not comply with these regulations. The Company, in order to comply with these noise abatement regulations, is required to modify 50 per cent of its DC9 aircraft by January 1, 1981 and have all these aircraft modified by January 1, 1983. The estimated cost to modify these aircraft is approximately $5.6 million. Legislative proposals, to permit the financing of a portion of the cost of compliance with these regulations by the air carriers from special ticket tax revenues presently allocated to airport development, failed to be enacted by the 95th Congress in late October 1978.

Proposed Merger

On September 5, 1978, the Company and North Central Airlines, Inc. ("North Central") entered into an Agreement and Plan of Merger (the "Merger Agreement"), pursuant to which the Company will be merged into North Central. On the effective date of the merger, each share of the Company's Common Stock issued and outstanding will be converted into 2.1 shares of North Central Common Stock. The terms of the Merger Agreement were determined in arms-length negotiations between the companies after consideration of many factors, including stock prices, financial condition, underlying asset value, operating results and the future prospects of the respective companies.

The merger of the Company into North Central will result in a route system connecting a large number of cities in the two distinct regions currently served by the respective companies--the Upper Midwest by North Central and the Southeastern United States by the Company. Based upon operating results for the year 1978, the combined carrier resulting from the merger would rank as the twelfth largest domestic air carrier in terms of passenger revenue.

While North Central and the Company do not compete between any pair of cities, they jointly serve a number of major terminals, including New York, Atlanta, Detroit, Chicago, Denver, Milwaukee and Minneapolis/St. Paul. The expanded route system will permit single carrier service from cities on the route system of each company to cities served by the other through connecting service over such bridge routes as: Minneapolis/St. Paul and Memphis; Milwaukee and Memphis; Chicago and Memphis; Detroit and Nashville; and Detroit and Atlanta. Management of North Central and the Company believe that the new service patterns permitted by the merger will offer the potential for improved air service for the two regions as a whole, achieving more efficient utilization of the combined jet aircraft fleet, generating additional traffic and revenues for the merged company, and improving the merged company's ability to finance acquisition of more efficient aircraft needed for growth and competitive strength. There should also be some potential for achieving cost savings by eliminating duplication of facilities, equipment and expenses.

The merger should result in a single carrier better able to compete with the large Trunk Line air carriers operating in the area. Because of new traffic potential resulting from the merger, especially north-south vacation travel, the merged company should be better able to expand low fare services and expand their use to new markets. In addition, the merger should improve the potential for the expansion of routes to new markets. The merged company should also be better able to absorb cutbacks in public service revenue for services to small cities based on possible new government policies.

The Merger Agreement provides that the Company will be merged into North Central in accordance with the applicable provisions of the Business Corporation Law of the State of Wisconsin and the General Corporation Law of the State of Delaware. On the effective date of the merger, all the property, assets, business and rights of the Company will be vested in North Central, and North Central will assume all of the debts, liabilities (including all contingent liabilities, whether known or unknown) and other obligations of the Company.

Common Stock Purchase Warrants of the Company and Employee Stock Options which have not been exercised on the effective date of the merger will continue in effect after the merger in accordance with their terms, except that persons exercising the Warrants or Stock Options will receive 2.1 shares of North Central Common Stock (plus cash in lieu of fractional shares) for each share they would have been entitled to prior to the merger.

On the effective date of the merger, North Central will assume the rights and obligations with respect to the Company's 5-3/4% Convertible Subordinated Debentures due December 1, 1981 ("5-3/4% Debentures") and 6-1/2% Convertible Subordinated Debentures due November 1, 1983 ("6-1/2% Debentures") as those obligations are set forth in the related Indenture Agreements (collectively referred to as "Debentures"). Thereafter, the Debentures will be convertible into 2.1 shares of North Central Common Stock for each share of the Company's stock into which they would have been convertible immediately prior to the merger.

The stockholders of North Central and the Company have approved the merger.

The Merger Agreement may be terminated and the merger abandoned by the mutual consent of the Boards of Directors of the Company and North Central or by either Board if the conditions precedent to the merger as set forth in the merger agreement have not been met, including receipt of all required approvals, by June 30, 1979.

The merger of the Company into North Central must be approved by the CAB. The merger must also then be approved by the President of the United States because of the Company's authority to engage in foreign air transportation between Miami/Ft. Lauderdale, Florida and the Cayman Islands. On August 3, 1978, North Central and the Company commenced a proceeding before the CAB seeking an order approving the merger. On February 9, 1979, the CAB Administrative Law Judge rendered a decision in favor of the merger. That decision is subject to further action by the CAB. If the proceedings are completed as scheduled, a decision from the CAB and action by the President could be expected before June 30, 1979.

There is no assurance that the CAB or President will grant the required approvals. Even if the CAB approves the merger, it may impose certain conditions on its approval, such as reduction of public service revenue or adoption of labor protective provisions.

Historically, the CAB has conditioned its approval of airline mergers upon the adoption by the merged company of labor protective provisions for employees (generally excluding officers and management personnel). These provisions would require North Central to provide benefits and termination compensation of up to 60% of the terminated employee's salary for a maximum of 60 months pay for employees of the Company whose employment is terminated within three years after the merger. Termination for certain specified reasons, including voluntary resignation and termination for cause, would not render an employee eligible for this benefit.

On September 1, 1978, the Justice Department petitioned to intervene in the CAB proceeding considering the request by North Central and the Company for approval of the merger of the two companies. On December 6, 1978, the Justice Department announced that it would not oppose the merger since it does not believe the proposed merger is contrary to the antitrust laws.

On the effective date of the merger, the Board of Directors of the merged company will consist of the thirteen persons then serving as directors of North Central plus the following ten members of the Board of Directors of the Company: Cecil A. Beasley, Jr.; Frank W. Hulse; F. Barton Harvey, Jr.; David H. Hughes; Alton F. Irby, Jr.; G. Gunby Jordan; G. Frank Purvis, Jr.; Richard A. Trippeer, Jr.; Wm. Bew White, Jr.; and Frank M. Young, III. Messrs. Hulse and White will also become members of the Executive Committee of the merged company.

ITEM 2. Summary of Operations.

FIVE-YEAR OPERATING AND FINANCIAL SUMMARY
SOUTHERN AIRWAYS, INC.

	1978	1977	1976	1975	1974
		(	As Restated - Note 1		)
	(	In thousands, except per share amounts			)
Summary of Operations					
Operating revenues					
Passenger	$159,802	$130,828	$115,206	$ 95,666	$ 86,821
Charter	7,162	9,594	8,803	8,208	6,908
Public Service	4,327	5,220	5,723	5,961	6,805
Other	17,221	13,869	10,435	8,115	7,818
	188,512	159,511	140,167	117,950	108,352
Operating expenses					
Depreciation and amortization	12,900	10,670	9,809	8,287	7,917
Other	167,906	139,581	125,756	101,905	91,939
	180,806	150,251	135,565	110,192	99,856
Operating income	7,706	9,260	4,602	7,758	8,496
Interest on long-term debt	6,905	4,643	4,687	4,755	5,923
Miscellaneous deductions (income)-net	(2,515)	(6,606)	(514)	(611)	(623)
Income before income taxes, extraordinary tax credit and accounting change	3,316	11,223	429	3,614	3,196
Income taxes	909	1,881	104	985	860
Income before extraordinary tax credit and accounting change	2,407	9,342	325	2,629	2,336
Tax benefits of net operating loss carryforward	-	-	-	185	800
Cumulative effect of accounting change	-	-	-	-	565
Net income	$ 2,407	$ 9,342	$ 325	$ 2,814	$ 3,701
Earnings per common and common equivalent share (3)					
Primary					
Income before extraordinary tax credit and accounting change	$ 1.29	$ 5.39	$ .17	$ 1.52	$ 1.48
Extraordinary tax credit	-	-	-	.10	.50
Cumulative effect of accounting change	-	-	-	-	.35
Net Income	$ 1.29	$ 5.39	$ .17	$ 1.62	$ 2.33
Fully Diluted					
Income before extraordinary tax credit and accounting change	$ .93	$ 3.45	$ .17	$ 1.10	$ 1.01
Extraordinary tax credit	-	-	-	.06	.27
Cumulative effect of accounting change	-	-	-	-	.19
Net Income	$ .93	$ 3.45	$ .17	$ 1.16	$ 1.47
Ratio of Income to Fixed Charges (4)	1.30	2.33	1.07	1.57	1.50

SOUTHERN AIRWAYS, INC.

NOTES TO SUMMARY OF OPERATIONS

FOR FIVE YEARS ENDED DECEMBER 31, 1978

(1) The Company's financial statements have been restated to reflect the accounting for certain operating leases entered into prior to January 1, 1977, as capital leases by recording assets and liabilities for leased property and equipment in accordance with FASB Statement No. 13, "Accounting for Leases". The effect of this change is recorded as an adjustment of beginning retained earnings for the year 1974 and increased (decreased) net income as follows:

	Year Ended December 31			
	1974	1975	1976	1977
Net income	$219,000	$72,000	$(80,000)	$1,089,000
Earnings per share (Primary)	$ .14	$ .04	$ (.05)	$ .63

(2) Pension expenses, including amounts paid under a defined contribution plan, were as follows:

Year Ended December 31				
1974	1975	1976	1977	1978
$1,899,000	$2,379,000	$3,251,000	$4,032,000	$4,169,000

Expense in 1975, 1976, 1977 and 1978 includes $43,000, $273,000, $312,000 and $358,000, respectively, applicable to the Employee Stock Ownership Plan adopted in 1975. During 1976, Southern made certain changes in one of its plans to provide increased benefits, which had the effect of increasing pension costs by approximately $450,000.

(3) Primary earnings per share for 1976 were computed by dividing net income, after reduction for the preferred dividend requirement of $59,000 by the weighted average number of common shares outstanding of 1,580,880. Common equivalent shares (defined below) and adjustments resulting from their assumed exercise were excluded from the 1976 computations since their inclusion would have increased earnings per share.

Primary earnings per share for the years 1974, 1975, 1977 and 1978 were computed by dividing net income (adjusted as described below and reduced by the preferred dividend requirement of $120,000, $59,000, $59,000 and $41,000, respectively) by the weighted average number of common shares and common equivalent shares outstanding during each period (1,598,882 in 1974, 1,765,168 in 1975, 1,732,923 in 1977 and 1,839,214 in 1978). In 1978, common equivalent shares comprised that number of shares issuable upon exercise of stock options and warrants less the shares assumed repurchased from the proceeds of the exercise at the average market price for the period. In 1974, 1975 and 1977, common equivalent shares comprised that number of common shares issuable upon exercise of stock options and warrants in excess of 20 per cent of the number of common shares outstanding at the end of these periods.

SOUTHERN AIRWAYS, INC.

NOTES TO SUMMARY OF OPERATIONS

FOR FIVE YEARS ENDED DECEMBER 31, 1978

Proceeds from the assumed exercise of the options and warrants in excess of the amount which would have been required to purchase 20 per cent of the outstanding common stock at the average market price during each period were assumed to have been applied to debt reduction, and the related interest (net of income tax effect) was added to income for purposes of the calculation.

In 1978, if shares of preferred stock and debentures which were converted into common stock were assumed converted at the beginning of the period, primary earnings per common and common equivalent share would have been $1.16 or a decrease of 13 cents per share.

Fully diluted earnings per share for the years 1974, 1975, 1977 and 1978 were determined on the assumption that the weighted average number of common and common equivalent shares for these periods was further increased from the beginning of the period by conversion of outstanding convertible debentures and convertible preferred stock (2,913,090 in 1974, 2,912,407 in 1975, 2,799,826 in 1977, and 2,888,288 in 1978). These calculations also assumed no preferred dividend requirement, and interest (net of income tax effect) related to the debentures assumed converted, was added to income for purposes of the calculation. The assumed conversion of convertible securities in 1976 would not have been dilutive.

(4) For purposes of this ratio (a) income was determined before reduction for income taxes and fixed charges, and (b) fixed charges comprise total interest expense and the interest elements of rentals.

(5) This Summary should be read in conjunction with the related financial statements and notes thereto included in the Annual Report to Stockholders incorporated by reference under Item 12 (a)(1).

MANAGEMENT'S DISCUSSION AND ANALYSIS OF OPERATIONS

Reference is made to Management's Discussion of Summary of Operations on pages 6 and 7 of the Annual Report to Stockholders for the year ended December 31, 1978, incorporated herein by reference.

ITEM 3. Properties

Flight Equipment

As of December 31, 1978, the Company operated Douglas DC-9 fan jets and Swearingen Metro II turboprop aircraft, as indicated in the table below.

Type of Aircraft	Passenger Capacity	Useful Life (years)	Average Age of Current Fleet (years)	Number of Aircraft		
				Owned	Leased	Total
DC-9-10	80	15 (new), Greater of 5 years or remaining Life to 1983 (used)	11.8	20	2	22
DC-9-30	100	15 (new), 10 (used)	8.8	4	4	8
Metro II	18	7	0.9	7	1	8

Two DC-9-10 aircraft are leased under long-term leases, which expire in 1979, at an annual rental of approximately $390,000 each. The Company intends to purchase these aircraft in July and August, 1979, at a total cost of $4,800,000. The four DC-9-30 leased aircraft are leased for the following terms: one for a 12-year term ending in 1981 (annual rental--$471,000); one for a 12-year term ending in 1983 (annual rental--$606,000); one for an 8-year term ending in 1983 (annual rental--$620,000); one for a 10-year term ending in 1985 (annual rental--$560,000). The one leased Metro II aircraft is leased for an 8-year term ending in 1986. Under the Metro II lease, the Company will make payments of approximately $115,500 per year plus interest for the first seven years and $334,500 plus interest the eighth year. At the end of the eighth year the Company may purchase the aircraft for a nominal amount.

The Company has also agreed to lease an additional seven used DC-9-10 aircraft for a term of seven years commencing in 1979 for a total annual rental of $3,200,000. The Company also has an option to purchase up to four of the seven leased aircraft at $2,600,000 per aircraft.

The Company had entered into a contract with McDonnell Douglas Corporation to purchase four new DC-9-30 aircraft (for delivery during the first quarter of 1980) at a total cost of $40,000,000. The Company also had options to purchase two new DC-9-80 aircraft (for delivery in 1982) at a total cost of $25,000,000. The Company has assigned to North Central its agreement with McDonnell Douglas Corporation for four new DC9-30 aircraft which has been changed to an order for DC-9 series 50 aircraft and has assigned to North Central its options on two additional DC-9-80 aircraft which have been changed to options on DC-9 series 50 or 80 aircraft. North Central has assumed the Company's contractual liability and reimbursed the Company for its deposits on these aircraft. See Note H of Notes to Financial Statements included in the Annual Report to Stockholders incorporated herein by reference.

All of the Company-owned DC-9 and Metro II aircraft, engines, and spare parts are mortgaged as collateral for notes payable. Consent of certain of these lenders is required for completion of the merger.

For additional information regarding aircraft financing obligations and agreements, see Notes C, D and H of Notes to Financial Statements included in the Annual Report to Stockholders incorporated herein by reference.

Other Property

In October 1977, the Company occupied a 120,000 square-foot newly constructed General Office and Reservations building located at Hartsfield Atlanta International Airport on land leased from the City of Atlanta. Annual rental payments under the capital lease obligation for the building and related land rentals approximate $487,000. The term of the lease is for 30 years.

The Company leases from the City of Atlanta, Georgia a 310,000 square-foot maintenance base and training center recently constructed at the Hartsfield Atlanta International Airport at an annual rental of $2,519,000. The lease extends to October 1, 2005 and may be renewed at the Company's option for an additional term extending to January 1, 2024.

The Company leases office and ticketing space at the different airports from which it operates and in downtown locations in some of the cities which it serves. The aggregate annual rental for such facilities, including the premises and facilities at the Hartsfield Atlanta International Airport not related to the general operations of the Company, is approximately $2,154,000.

On April 12, 1976, the Company occupied a newly-constructed cargo facility at the Atlanta Airport. The facility, which is being leased from the City of Atlanta, includes approximately 39,760 square feet of cargo building space plus adjacent land of 2.734 acres. The lease extends for a period of 15 years from the date of occupancy and may be cancelled by the Company after the fifth and tenth years if the Company elects to lease space in another facility expected to be constructed by the City of Atlanta in the future. Annual rental is approximately $123,000.

The Company leases computer, message switching and automated ticketing equipment at an annual rental of approximately $742,000 and has contracted to receive passenger reservations services and automated ticketing and fare quotation services through 1981. Charges for these services exclusive of related computer and message switching equipment rentals ($463,000 in 1978) are based upon the number of unduplicated passengers.

The Company owns ramp, passenger service and ground communications equipment, shop tools and equipment, automobiles and trucks, furniture and fixtures and underground fuel storage facilities located at various airports. All of the Company's ground equipment and other property is in good condition and is deemed appropriate and adequate for present operations.

The Company has an agreement with the City of Atlanta to lease passenger gates and other airport facilities at a new terminal to be operational in late 1981. The terms of the lease call for annual net rental payments of approximately $2 million over a thirty year period (excluding maintenance and other operating costs).

ITEM 4. Parents and Subsidiaries

Except as noted below, on December 31, 1978, no person owned of record, or to the knowledge of the Company owned beneficially, 10% or more of the outstanding voting stock of the Company. As of that date the officers and directors of the Company and their associates as a group owned beneficially 361,643 shares of the voting securities of the Company, representing 19.1% of the outstanding voting securities of the Company. Mr. Frank W. Hulse, Chairman of the Board of the Company, owns beneficially 135,150 shares or 7% of the outstanding shares of the Company's common stock and has the right to acquire an additional 74,916 shares (4%) upon exercise of warrants and conversion of debentures.

ITEM 5. Legal Proceedings

There are no legal proceedings other than routine litigation incidental to the Company's business, which are considered not material, or matters being handled by the Company's insurance carriers.

ITEM 6. Increases and Decreases in Outstanding Securities and Indebtedness.

(a) Equity Securities:

	Preferred Stock Series A $1 Par Value	Common Stock $2 Par Value
Shares Outstanding, January 1, 1978	164,000	1,581,080
Conversion of debentures	-	101,473
Conversion and redemption of preferred stock	(164,000)	159,131
Exercise of options and warrants	-	54,604
Shares outstanding, December 31, 1978	-	1,896,288

(b) Debt Securities:

Information required by this item is set forth at pages 14 and 15 of the accompanying Annual Report. The securities were not registered under the Securities Act of 1933 in reliance upon the exemption provided by Section 4(2).

ITEM 7. Changes in Securities and Changes in Security for Registered Securities.

None

ITEM 8. Defaults upon Senior Securities.

None

ITEM 9. Approximate Number of Equity Security Holders

Title of Class	Number of Record Holders
Convertible Subordinated Debentures:	
5-3/4% due December 1, 1981	443
6-1/2% due November 1, 1983	195
Common Stock (Par Value $2)	4,503
Warrants	460

ITEM 10. Submission of Matters to a Vote of Security Holders.

On February 22, 1979, a Special Meeting of Stockholders was held to vote on the proposed merger of the Company into North Central Airlines, Inc. The merger proposal was approved with 1,384,166 shares voted for and 17,025 against. Proxies for the meeting were solicited pursuant to Regulation 14A of the Act.

ITEM 11. Indemnification of Directors and Officers.

Pursuant to the provisions of Section 145 of the General Corporation Law of the State of Delaware, every corporation created thereunder has the power to indemnify any and all of its directors, officers, employees or agents, including former directors, or officers, against expenses, judgments, fines and amounts paid in settlement actually and reasonably incurred by any such person in connection with such action, suit or proceeding, if such persons acted in good faith and in a manner reasonably believed to be in or not opposed to the best interest of the corporation. The Board of Directors of the Company on May 6, 1968, adopted a resolution authorizing the Company to reimburse or indemnify each past, present, or future director, officer or employee of the Company, and each person who may have served, is serving or may serve as a director, officer or employee of any other corporation at the request of the Company because of the Company's interest in such corporation as a shareholder or creditor to the extent and in the method, and as authorized by Section 145 of said law, and providing that the standard of conduct for the Company's directors, officers, employees or agents be the same as that set out in Section 145 of said law. This resolution is still in full force and effect.

ITEM 12. Financial Statements, Exhibits Filed, and Reports on Form 8-K.

(a) 1. Financial Statements

The following financial statements of the Registrant, included in the annual report of the Registrant to its stockholders for the year ended December 31, 1978, are incorporated herein by reference:

Balance Sheets--December 31, 1978 and 1977

Statements of Income--Two years ended December 31, 1978

Statements of Stockholders' Equity--Two years ended December 31, 1978

Statements of Changes in Financial Position--Two years ended December 31, 1978

Notes to Financial Statements--December 31, 1978

The following financial information for the years ended December 31, 1978 and 1977 is submitted herewith on pages F-1 thru F-8.

Additional Note to Financial Statements--December 31, 1978.

Schedule V--Property and Equipment for the years ended December 31, 1978 and 1977

Schedule VI--Allowances for Depreciation and Maintenance of Property and Equipment for the years ended December 31, 1978 and 1977

Schedule XII--Valuation and Qualifying Accounts and Reserves for the years ended December 31, 1978 and 1977

All other schedules (Nos. I, II, III, IV, VII, VIII, IX, X, XI, XIII, XIV, XV, XVI, XVII, XVIII and XIX) for which provision is made in the applicable regulation of the Securities and Exchange Commission are not required under the related instructions, are inapplicable, or have been included in the Notes to Financial Statements and therefore have been omitted.

2. Exhibits

The following exhibits are filed as part of this report:

4(hh) Amendment Number 13 to Credit Agreement dated as of February 20, 1973, and amended as of February 2, 1977.

4(ii) Amendment Number 14 to Credit Agreement dated as of February 20, 1973, and amended as of February 2, 1977.

4(jj) Loan Agreement dated August 7, 1978, between Southern Airways, Inc. and Great American Life Insurance Company.

4(kk) Loan Agreement dated August 7, 1978, between Southern Airways, Inc. and Stonewall Insurance Company.

11(y) Agreement between Southern Airways, Inc. and George M. Gross dated September 1, 1978.

11(z) Agreement between Southern Airways, Inc. and Graydon Hall dated September 5, 1978.

11(aa) Agreement between Southern Airways, Inc. and Cecil A. Beasley, Jr. dated July 28, 1978.

11(bb) Agreement between Southern Airways, Inc. and J. Kenneth Courtenay dated September 5, 1978.

11(cc) Agreement between Southern Airways, Inc. and Mary C. Hayes dated September 5, 1978.

11(dd) Agreement between Southern Airways, Inc. and Thomas A. Wiley, Jr. dated July 28, 1978.

11(ee) Agreement between Southern Airways, Inc. and Ray W. Burden dated September 5, 1978.

13(y) Agreement and Plan of Merger between Southern Airways, Inc. and North Central Airlines, Inc. dated September 5, 1978, (incorporated herein by reference to Form 8-K filed September 12, 1978).

13(z) Assignment of Purchase Agreement dated October 31, 1978, between Southern Airways, Inc. and North Central Airlines, Inc. relating to the purchase of four DC9-30 aircraft and an option to purchase two DC9-80 aircraft dated October 14, 1977 and amended May 19, 1978.

14(e) Computation of Ratio of Income to Fixed Charges for the five years ended December 31, 1978.

14(f) Computation of Earnings Per Common and Common Equivalent Share for the five years ended December 31, 1978.

(b) Form 8-K Filings.

The Company was not required to file Form 8-K pursuant to Section 13 or 15(d) of the Securities and Exchange Act of 1934 during the quarter ended December 31, 1978.

PART II

ITEM 14(b) Directors and Executive Officers of the Registrant

The Directors of the Company are as follows:

Name and Age at December 31, 1978	Principal Occupation Last Five Years	Year First Elected	Current Term Ends
Frank W. Hulse* (66)	Chairman of the Board of Directors and Chief Executive Officer of the Company	1943	1981
Graydon Hall* (57)	Vice Chairman of the Board of Directors	1962	1980
George M. Gross (52)	President of the Company	1970	1979
A. L. Maxson (43)	Vice President - Finance and Treasurer of the Company	1975	1981
Cecil A. Beasley, Jr. (66)	Vice President and Assistant Secretary of the Company and Partner - Ballard, Beasley, and Nelson (Attorneys) Washington, D. C.	1950	1980
F. Barton Harvey, Jr. (57)	Partner - Alex, Brown & Sons (Investment Bankers) Baltimore, Maryland	1961	1979
David H. Hughes (35)	President and Chief Executive Officer of Hughes Supply, Inc. (Manufacturer and Distributor of Electrical and Plumbing Supplies) Orlando, Florida	1977	1979
Alton F. Irby, Jr. (66)	Chairman of the Board and Chief Executive Officer, Fred S. James & Company of Georgia, Inc. (Insurance Agents and Counselors) Atlanta, Georgia	1952	1980
G. Gunby Jordan* (63)	Chairman of the Board The Jordan Company (Construction) Columbus, Georgia	1953	1981

Name and Age at December 31, 1978	Principal Occupation Last Five Years	Year First Elected	Current Term Ends
G. Frank Purvis, Jr.** (64)	Chairman of the Board and Chief Executive Officer - Pan American Life Insurance Company New Orleans, Louisiana	1964	1981
Elton B. Stephens* (67)	Chairman of the Board EBSCO Industries, Inc. (Diversified Multinational Sales Corporation and Metal Manufacturer) Birmingham, Alabama	1950	1979
Richard A. Trippeer,Jr.** (39)	President - Union Planters National Bank Memphis, Tennessee	1972	1981
Wm. Bew White, Jr.* (59)	Assistant Secretary of the Company and Partner - Bradley, Arant, Rose & White (Attorneys) Birmingham, Alabama	1952	1980
Frank M. Young, III** (37)	Partner - North, Haskell, Slaughter, Young & Lewis (Attorneys) Birmingham, Alabama	1977	1979

*Member of Executive Committee

**Member of Audit Committee

Mr. Young is the son-in-law of Mr. Hulse.

The Executive Officers of the Company are as follows:

Name and Year First Elected Executive Officer	Title	Age at December 31, 1978
Cecil A. Beasley, Jr. (1978)	Vice President and Assistant Secretary and Director	66
Frank W. Hulse (1943)	Chairman of the Board of Directors and Chief Executive Officer	66
Graydon Hall (1961)	Vice Chairman of the Board of Directors	57

Name and Year First Elected Executive Officer	Title	Age at December 31, 1978
George M. Gross (1965)	President and Director	52
J. Kenneth Courtenay (1961)	Vice President - Economic Regulations and Secretary	51
James G. Godsman (1976)	Vice President - Customer Sales and Service	38
A. L. Maxson (1968)	Vice President - Finance, Treasurer and Director	43
J. R. Price (1975)	Vice President - Properties	50
Victor C. Pruitt (1972)	Vice President - Technical Services	55
Tilden M. Shanahan (1974)	Vice President - Flight	45
Thomas A. Wiley, Jr. (1967)	Vice President - Marketing	55

There is no family relationship between any of the above officers. All executive officers are elected annually by the Board of Directors to serve until the next annual Board of Directors meeting held following the annual stockholders meeting on the first Tuesday of May of each year. There are no known arrangements or understandings between any executive officers and any other person pursuant to which any of the above-named persons was selected as an officer.

All of the executive officers have been in the employ of the Company for more than five years except Mr. Godsman. Before joining the Company in 1976, Mr. Godsman was Marketing Group Manager of New Business Ventures for L'EGGS Products, Inc., a division of Hanes Corp. Previously, Mr. Godsman was employed by General Foods in various sales and marketing capacities. During 1975, Mr. Hulse, the Company's founder was elected Chairman of the Board and Chief Executive Officer after holding the position of President and Chief Executive Officer for the past 27 years. Prior to their elections to their current positions in 1978, Mr. Hall had been Executive Vice President and General Manager from 1969 to 1975 and President from 1975 to 1978, and Mr. Gross had been Vice President from 1965 to 1969 and Executive Vice President and General Manager from 1975 to 1978. Mr. Price had been Assistant Vice President - Contracts and Properties since 1968, before being elected to his current position in 1975.

Mr. Shanahan joined the Company as a First Officer in 1960 and subsequently held positions as System Chief Pilot and Director - Flight Division before becoming Vice President - Flight in 1974. Messrs. Courtenay, Maxson, Pruitt and Wiley have each served in the capacities indicated by their titles for more than five years.

Items 13 and 15 of Part II of the Form 10-K, have been omitted from this Report pursuant to the provisions of Instruction H to Form 10-K, since a definitive proxy statement pursuant to Regulation 14A under the Securities Exchange Act of 1934 will be filed within 120 days after the close of the fiscal year.

Signatures

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SOUTHERN AIRWAYS, INC.
(Registrant)

Date March 28, 1979

By A L Maxson

A. L. Maxson
Vice President
Finance and Treasurer

ANNUAL REPORT OF FORM 10-K

ITEM 12(a) 1

FINANCIAL STATEMENTS AND SCHEDULES

YEAR ENDED DECEMBER 31, 1978

SOUTHERN AIRWAYS, INC.

ATLANTA, GEORGIA

Report of Independent Accountants

Board of Directors
Southern Airways, Inc.
Atlanta, Georgia

We have examined the balance sheets of Southern Airways, Inc. as of December 31, 1978 and 1977, and the related statements of income, stockholders' equity and changes in financial position for the years then ended included in the annual report to stockholders of Southern Airways, Inc. for the year ended December 31, 1978, and the additional note to financial statements and the schedules listed in the index under item 12(a) 1. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

As discussed in Note E to the Financial Statements, the Company in 1978 amended the lease relating to its maintenance base and training facility and capitalized the lease for income tax purposes. As a result, the Company may be entitled to reduce income taxes for 1975, 1976 and 1977 by approximately $800,000 because of investment tax credits related to the lease. Because of the technical issues involved the Internal Revenue Service has not approved the Company's returns. Accordingly, no amounts have been included in the accompanying financial statements to recognize the income arising from the investment tax credits that may be realized upon the final resolution of this matter.

In our opinion, subject to the effects, if any, on the financial statements of the ultimate resolution of the matter discussed in the preceding paragraph, the financial statements referred to above present fairly the financial position of Southern Airways, Inc. at December 31, 1978 and 1977, and the results of its operations and changes in its financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis after restatement for the change, with which we concur, in the method of accounting for leases as described in Note B to the Financial Statements in the Annual Report to the Stockholders incorporated herein by reference. Further, it is our opinion that the additional note to financial statements and schedules referred to above present fairly the information set forth therein in compliance with the applicable accounting regulation of the Securities and Exchange Commission.

Ernst & Ernst

Atlanta, Georgia
February 9, 1979

Ernst & Ernst

SOUTHERN AIRWAYS, INC.

ADDITIONAL NOTE TO FINANCIAL STATEMENTS

NOTE M--REPLACEMENT COST INFORMATION

The Company is presenting certain replacement cost data pertaining to its property and equipment as of December 31, 1978, and 1977, together with an estimate of the related depreciation expense for the years then ended. This information has been compiled in accordance with the rules of the Securities and Exchange Commission (SEC).

The Company modified replacement cost assumptions at December 31, 1978, taking into consideration the assignment of its purchase commitment for four new DC9-80 aircraft to North Central Airlines, Inc. These aircraft were used in the calculation of replacement cost at December 31, 1977. The data presented below is based on the assumption that the Company would replace its entire productive capacity at December 31st of each year whether or not the funds to do so were available or such action were desirable. In actuality, the replacement of property and equipment will take place over many years. Additionally, presentation of this data does not mean that the Company has current plans to replace its productive capacity in the manner assumed in estimating the data. The Company also cautions that replacement cost is not the current value of existing property and equipment; it is only an estimate of the cost that would be incurred if such assets were replaced at December 31, 1978 and 1977.

The following represents the estimated replacement cost data compiled in accordance with the rules of the SEC:

	December 31			
	1978		1977	
	Historical Cost	Estimated Replacement Cost	Historical Cost	Estimated Replacement Cost
	(in thousands of dollars)			
Property and Equipment:				
Flight equipment	$108,834	$166,140	$100,168	$151,865
Other property and equipment	19,101	24,271	14,864	17,987
	127,935	190,411	115,032	169,852
Less: Allowances for depreciation	50,839	77,489	40,453	61,768
	$ 77,096	$112,922	$ 74,579	$108,084
Depreciation expense on property and equipment for the year ended	$ 12,305	$ 17,240	$ 10,081	$ 12,699

SOUTHERN AIRWAYS, INC.

ADDITIONAL NOTE TO FINANCIAL STATEMENTS

Historical cost amounts for which replacement cost data have been estimated are as follows:

	1978		
	Property and Equipment	Allowances for Depreciation	Depre-ciation
	(in thousands of dollars)		
Totals as shown in the financial statements	$132,143	$51,490	$12,412
Less amounts for which replacement cost data has not been provided:			
Purchase deposits	1,331	-	-
Leasehold improvements*	1,879	651	107
Construction work in progress	998	-	-
Historical cost amounts for which replacement cost data have been estimated	$127,935	$50,839	$12,305

	1977		
	Property and Equipment	Allowances for Depreciation	Depre-ciation
	(in thousands of dollars)		
Totals as shown in the financial statements	$120,232	$40,998	$10,171
Less amounts for which replacement cost data has not been provided:			
Purchase deposits	3,390	-	-
Leasehold improvements*	1,385	545	90
Construction work in progress	425	-	-
Historical cost amounts for which replacement cost data have been estimated	$115,032	$40,453	$10,081

*Leasehold improvements applicable to property leased from airport authorities or other governmental units which have been excluded.

SOUTHERN AIRWAYS, INC.

ADDITIONAL NOTE TO FINANCIAL STATEMENTS

The primary unit of productive capacity for the air transport industry is the passenger seat provided. The Company has estimated the replacement cost of its current flight equipment by multiplying the total number of passenger seats (based on the maximum seating capacity) by the per-seat price at December 31, 1978 and 1977 of new and used aircraft respectively (historically, most of the equipment acquired has been used). The price of the aircraft was determined based on estimates of the cost of these aircraft. The per-seat price method has been developed by the Air Transport Association for use in the airline industry. While the same number of seats would be available, the number of aircraft available to the Company would be reduced since there would be more seats in each of the replacement aircraft than in most of the aircraft currently operated.

Replacement cost for spare engines have been estimated using the most recent manufacturer's purchase price of new engines. Rotable spare parts supporting the aircraft fleet have been estimated based on the ratio of the historic costs of these assets to the historic cost of the aircraft.

Replacement cost of ground equipment was estimated by using price indices. Leased terminals, hangars and other facilities located at airports and leased from an airport authority or other governmental unit are not considered capital leases under FASB No. 13 and are not included in replacement cost data.

Since historical depreciation is computed on the straight-line method, accumulated depreciation for assets for which replacement cost is estimated is calculated by using the same ratio as the historical reserve is to historical cost and applying this ratio to the estimated replacement cost of the assets.

In the presentation of estimated replacement cost above, the Company has not estimated any operational efficiencies resulting from assumed replacement of assets with assets having greater economy of scale.

If the Company were to replace its productive capacity, the equipment selected would probably provide certain savings (e.g., reductions in indirect labor, repairs and maintenance, and fuel) which would serve to offset the depreciation charge. Although indeterminable, the reduction in operating costs other than depreciation could, in the Company's opinion, be significant, but would be offset by an increase in interest costs as a result of additional borrowing to finance replacement assets. The effect of changes in scheduled service and increased interest costs has not been calculated because of the Company's inability to determine the schedule changes required, the additional borrowings required and the applicable interest rates. In addition, income tax effects, including investment tax credits that would result from the replacement of productive capacity, would have to be taken into account.

SOUTHERN AIRWAYS, INC.

ADDITIONAL NOTE TO FINANCIAL STATEMENTS

The Company does not believe that the estimated replacement cost data above can be used to impute the effects of inflation on the Company's net income without other factors, such as the need for future fare increases on the one hand and the impact of general price level changes and of statutory taxing policies affecting the Company on the other hand.

The above replacement cost data have been estimated in accordance with the rules of the SEC and represent, in the Company's opinion, a reasonable estimate. However, the ability to estimate replacement costs has inherent limitations because of the need for substantial subjective judgments.

SOUTHERN AIRWAYS, INC.

SCHEDULE V--PROPERTY AND EQUIPMENT

Column A	Column B	Column C	Column D	Column E	Column F
Classification	Balance at Beginning of Period	Additions	Retirements	Other Changes-Add (Deduct) Describe	Balance at End of Period
		Year Ended December 31, 1977			
Flight Equipment	$ 99,454,000	$31,500,000	$27,213,000	$15,000(A)	$103,756,000
Ground Equipment	11,324,000	7,102,000	1,950,000	-	16,476,000
	$110,778,000	$38,602,000	$29,163,000	$15,000	$120,232,000
		Year Ended December 31, 1978			
Flight Equipment	$103,756,000	$11,709,000	$ 4,301,000	$ -	$111,164,000
Ground Equipment	16,476,000	4,668,000	165,000	-	20,979,000
	$120,232,000	$16,377,000	$ 4,466,000	$ -	$132,143,000

(A) Represents purchase of parts for fully depreciated Martin 404 aircraft.

SOUTHERN AIRWAYS, INC.

SCHEDULE VI--ALLOWANCE FOR DEPRECIATION AND MAINTENANCE OF PROPERTY AND EQUIPMENT

Column A	Column B	Column C	Column D	Column E	Column F
Classification	Balance at Beginning of Period	Additions Charged to Costs and Expenses	Retirements	Other Changes-Add (Deduct) Describe	Balance at End of Period
		Year Ended December 31, 1977			
Flight Equipment	$44,184,000	$ 8,845,000 265,000(A)	$17,678,000	$(125,000)(B)	$35,491,000
Ground Equipment	5,996,000	1,326,000	1,815,000	-	5,507,000
	$50,180,000	$10,436,000	$19,493,000	$(125,000)	$40,998,000
		Year Ended December 31, 1978			
Flight Equipment	$35,491,000	$10,684,000 11,000(A)	$ 1,750,000	$(88,000)(B)	$44,348,000
Ground Equipment	5,507,000	$ 1,728,000	93,000	-	7,142,000
	$40,998,000	$12,423,000	$ 1,843,000	$(88,000)	$51,490,000

(A) Provision for airframe and engine overhauls.
(B) Composed of the following:

	1978	1977
Expenditures for engine overhauls	$ -	$(109,000)
Utilization of maintenance reserve recorded at date of acquisition applicable to used engines acquired	(465,000)	(292,000)
Reserve requirement on parts purchased for fully depreciated Martin 404 aircraft	-	15,000
Estimated accumulated maintenance cost at date of acquisition applicable to used engines acquired, representing hours consumed on such engines by prior owners	377,000	261,000
	$(88,000)	$(125,000)

SOUTHERN AIRWAYS, INC.

SCHEDULE XII-- VALUATION AND QUALIFYING ACCOUNTS AND RESERVES

Column A	Column B	Column C	Column D	Column E
Description	Balance at Beginning of Period	Additions Charged to Costs and Expenses	Other -Describe	Balance at End of Period
	Year Ended December 31, 1977			
Allowance for doubtful accounts	$ 162,000	$ 96,000	$(79,000)(A)	$ 179,000
Allowance for obsolescence--maintenance and operating supplies	$1,717,000	$273,000(B)	$(927,000)(C)	$1,063,000
	Year Ended December 31, 1978			
Allowance for doubtful accounts	$ 179,000	$112,000	$(101,000)(A)	$ 190,000
Allowance for obsolescence--maintenance and operating supplies	$1,063,000	$334,000(B)	$ -	$1,397,000

(A) Bad debts written off, net of recoveries

(B) Consists of the following:

	1978	1977
Provision for inventory obsolescence	$334,000	$ 240,000
Allowance applicable to parts for fully depreciated Martin 404 equipment purchased (sold)--Net	-	33,000
	$334,000	$ 273,000

(C) Sale of all Martin 404 inventory

(ANNUAL REPORT OMITTED)