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## HQ staying put in Indy, Republic's CEO says

Jobs may shift as it seeks efficiencies after acquisitions

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Suddenly taking over airlines in Denver and Milwaukee has made Republic Airways officials think about moving some operations out of Indianapolis.

But one thing seems assured: The company's headquarters will stay here.

"We're not going to shut down Republic's headquarters in Indianapolis. We're committed to the Indianapolis community," said Bryan Bedford, Republic chairman.

"But there are a lot of functions now that are in transition," Bedford said. "As we look at Midwest and Frontier, we obviously don't need three back-office functions. There's clearly going to be some things moving around."

A review of all of the office work performed in the three cities could lead Republic Airways to pull some of its 1,200 jobs out of Indianapolis, home to the airline since 1994.

The passenger hauler based on the Far Northside is ranked among Indiana's fastest-rising businesses, growing from 690 employees a decade ago to what will be nearly 11,000 workers nationwide by Oct. 1.

What is going on reflects the chaos in aviation that put hometown carrier ATA Airlines out of business in 2008 and set in motion Republic's buying spree. Its buyout of Milwaukee-based Midwest Airlines on July 31 was followed by the unlikely winning bid Thursday for bankrupt Frontier Airlines.

In buying Frontier for \$108.8 million, Republic took over a national brand name, and did it by outbidding far-larger Southwest Airlines of Dallas.

Republic is barely known to travelers. That obscurity won't change. It intends to operate Frontier and Midwest as separate and distinct brands run by their own office staffs in Denver and Milwaukee but joined at the hip as subsidiaries of Republic.

Frontier is expected to become part of Republic on the day it emerges from bankruptcy, probably before Oct. 1, Bedford said.

Although the Indianapolis carrier is the nation's No. 11 airline in terms of passenger traffic, it flies only on routes outsourced to it by big-name carriers whose own jets are too big to consistently make money flying to smaller cities.

Republic's 212 airliners, regional jets that generally seat 50 to 90 passengers, fly under the names and colors of clients, including Frontier and Midwest, as well as Delta, United and US Airways.

With Frontier and Midwest struggling to stay in business, Republic took control of its former clients -- Frontier is the No. 2 carrier in Denver, Midwest is No. 1 in Milwaukee.

Now, Republic is looking for ways to integrate work in the three cities, such as accounting, human resources, dispatching, training and other administrative tasks.

At the same time, Republic intends to reshuffle airplanes. Midwest once had big airliners flying to Florida and the West Coast cities of Los Angeles, San Diego, San Francisco and Seattle.

Larger rivals such as Florida-based AirTran had forced the Milwaukee carrier to scale back those flights, but under Republic, some of them will resume, first using Republic's regional jets and eventually some of the large Airbus jets in Frontier's fleet during periods of heavy travel, Bedford said.

As this transition occurs, Republic's planes could begin flying more feeder routes to the Denver and Milwaukee hubs of Frontier and Midwest. In turn, some of the supporting office work could be relocated among the three cities.

"What we're going to find here are network opportunities for synergies. What does that mean in English?" Bedford said. "We're going to realize the opportunity to optimize flying with the right-size aircraft for the mission and the season."

Bedford put to rest a budding economic development battle Friday when he insisted the Republic headquarters will stay in Indianapolis.

Earlier in the day, Carlo Bertolini, a Republic spokesman, said the move had not been ruled out. Coming on the heels of a Denver Post report -- that Denver officials have been trying to lure Republic's offices -- it looked like an incentive fight was brewing between the cities.

After The Indianapolis Star posted an article on its Web site Friday about the possible relocation of the head office, Bedford weighed in, saying the headquarters of Republic Airways, Frontier and Midwest would remain in their current cities.

"While we're not seeking financial incentives to move work here or remove work from there, I think the simple thing I can tell you is everything is on the table when it comes to where the work can be done the most efficiently," Bedford said, referring to integrating daily office tasks common to the three lines.

Indianapolis public officials have met with Bedford in recent weeks but have not discussed possible tax incentives to encourage an expansion here.

"We have reached out to Republic and let them know how important we feel they are to the city and how we want to work with them to keep the jobs here," said Scott Miller, chief executive of Indianapolis Economic Development.

Bedford, hired to run Republic in 1999 when it was part of the Connecticut hedge fund Wexford Capital, is now facing one of the most serious challenges to the company.

He must oversee two new acquisitions and mesh their cultures with Republic's. He calls the task doable for a single reason: The trio of companies have struggled and survived.

"There's a warrior spirit between these three companies," Bedford said. "I don't think we'll have any problem putting the three cultures together."

## Additional Facts

Republic Airways: a history

- **1973:** Chautauqua Airlines is founded in Jamestown, N.Y., by Joel and Gloria Hall. It is established to operate under an agreement with Allegheny Airlines, with two nine-passenger Beech 99 aircraft.

- **1986:** Chautauqua is purchased by GAC.
- **1994:** The airline announces the renewal of its code-share agreement with USAir, which includes a route realignment and a relocation of corporate headquarters to Indianapolis.
- **1998:** Wexford Capital of Greenwich, Conn., purchases the airline.
- **1999:** Bryan Bedford is appointed president and chief executive of the airline. Republic Airways Holdings is formed.
- **March 2004:** Delta Airlines and United Airlines select Chautauqua as a regional carrier. United also chooses Republic Airways to operate 16 larger Embraer 170, 70-seat jets.
- **May 2004:** Republic completes its initial public offering and begins trading on the NASDAQ national market under the RJET ticker symbol.
- **April 2008:** Frontier Airlines, which filed for bankruptcy reorganization, cancels a deal to use Republic and a dozen of its jet airlines on routes feeding passengers to Frontier.
- **July 2008:** Republic says it plans to cut 500 jobs -- or 10 percent -- of its work force and scale back to match reduced flights by major airlines hit by higher fuel prices.
- **September 2008:** Republic recalls more than 100 pilots and flight attendants to work on Midwest Airlines routes.
- **June 23, 2009:** Republic Airways says it is offering to buy Frontier Airlines for \$108.8 million and take it out of bankruptcy.
- **July 30:** Southwest Airlines says it has outbid Republic for the rights to Frontier Airlines.
- Republic completes its acquisition of Midwest Airlines.
- **Aug. 13:** Republic wins the bankruptcy court auction for Frontier, buying the Denver-based carrier for almost \$108.8 million after Southwest's bid was rejected.

-- Sources: Republic Airways; Star archives

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