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**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

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In re : **Chapter 11 Case No.**
REPUBLIC AIRWAYS HOLDINGS INC., et al., : **16-_____ (___)**
Debtors.¹ : **(Joint Administration Pending)**

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**DEBTORS' MOTION PURSUANT TO 11 U.S.C. §§ 105(a), 362(d), 363(b) & 503(b) FOR
ENTRY OF ORDERS (i) AUTHORIZING DEBTORS TO CONTINUE THEIR
INSURANCE PROGRAMS AND SATISFY INSURANCE OBLIGATIONS,
(ii) MODIFYING THE AUTOMATIC STAY WITH RESPECT TO WORKERS'
COMPENSATION CLAIMS, AND (iii) AUTHORIZING AND DIRECTING FINANCIAL
INSTITUTIONS TO HONOR AND PAY RELATED CHECKS AND FUND TRANSFERS**

1. The Debtors in these chapter 11 cases are the following entities: Republic Airways Services, Inc.; Shuttle America Corporation; Republic Airline Inc.; Republic Airways Holdings Inc.; Midwest Air Group, Inc.; Midwest Airlines, Inc.; and Skyway Airlines, Inc. The Debtors' employer tax identification numbers and addresses are set forth in their respective chapter 11 petitions.

TO THE HONORABLE UNITED STATES BANKRUPTCY JUDGE:

Republic Airways Holdings Inc. ("RAH"), and certain of its wholly-owned direct and indirect subsidiaries, as debtors and debtors in possession in the above-captioned chapter 11 cases (collectively with RAH, "Republic" or the "Debtors"), respectfully represent:

Background

1. On the date hereof (the "Commencement Date") each of the Debtors filed with this Court a voluntary petition for relief under chapter 11 of title 11, United States Code (the "Bankruptcy Code"). The Debtors are authorized to continue to operate their business and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No trustee, examiner, or statutory committee of unsecured creditors has been appointed in these cases.

2. Contemporaneously herewith, the Debtors have filed a motion requesting joint administration of their chapter 11 cases for procedural purposes only pursuant to Fed. R. Bankr. P. 1015(b).

Republic's Business

3. RAH is a holding company whose common stock is traded on the NASDAQ under the symbol "RJET." RAH provides scheduled regional passenger services through its wholly-owned operating air carrier subsidiaries, Shuttle America Corporation ("Shuttle America") and Republic Airline Inc. ("Republic Airline"). Republic offers approximately 1,000 flights daily to 105 cities in 38 states, Canada, the Caribbean, and the Bahamas through Republic's fixed-fee code-share agreements with United Continental Holdings, Inc. ("United"), Delta Air Lines, Inc. ("Delta"), and American Airlines Group, Inc. ("American," and collectively with United and Delta, the "Codeshare Partners"), operating under the designations of United Express, Delta Connection, and American Eagle, including service out of

the Codeshare Partners' respective hubs and focus cities. Republic's operational fleet consists of approximately 230 aircraft.

4. As of January 31, 2016, on a consolidated basis, Republic had assets and liabilities of \$3,561,000,000 and \$2,971,000,000 (unaudited). For the year ended December 31, 2015, on a consolidated basis, Republic had operating revenue of \$1,343,900,000, operating expenses of \$1,259,200,000, and a net loss of \$27,117,000 (unaudited). In 2015, Republic carried 21,900,000 passengers an average of 479 miles per passenger, with a passenger load factor of 79.2%.

5. Detailed information regarding Republic's business, capital structure, and the circumstances leading to the commencement of these chapter 11 cases is set forth in the Declaration of Bryan K. Bedford Pursuant to Local Bankruptcy Rule 1007-2, filed with the Court on the Commencement Date.

Jurisdiction

6. This Court has jurisdiction to consider this matter pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

Relief Requested

7. By this motion, pursuant to sections 105(a), 362(d), 363(b), and 503(b) of the Bankruptcy Code, Republic seeks entry of an order (i) authorizing, but not directing, Republic to (a) continue its Insurance Programs (as defined below) and (b) pay all Insurance Obligations (as defined below), including, without limitation, premiums, deductibles, taxes, and broker or other fees, whether arising prepetition or postpetition and (ii) to the extent any of Republic's employees hold valid claims under the Workers' Compensation Programs (as defined

below), modifying the automatic stay under section 362 of the Bankruptcy Code to the extent necessary to permit these employees to proceed with such claims.

8. To implement the foregoing, Republic requests that the Court authorize and direct the banks and other financial institutions at which Republic maintains disbursement accounts, including, without limitation, the banks and financial institutions identified on Schedule 1 to the proposed interim order attached hereto (the “Banks”), to receive, process, honor, and pay, at Republic’s direction and to the extent of funds on deposit or otherwise available therefor, any and all checks drawn or automatic or electronic fund transfers requested or to be requested relating to the Insurance Obligations. Republic also seeks authority to issue new postpetition checks, or effect new automatic or electronic fund transfers, on account of the Insurance Obligations to replace any prepetition checks or automatic or electronic fund transfer requests that may be lost, dishonored, or rejected as a result of the commencement of Republic’s chapter 11 cases.

Republic’s Insurance Programs

9. In the ordinary course of business, Republic maintains workers’ compensation programs and various liability, property, and other insurance programs (collectively, the “Insurance Programs” and all premiums and other obligations related thereto, including any deductibles, taxes, and broker or other fees, collectively, the “Insurance Obligations”) through several insurance carriers (the “Insurance Carriers”) including, but not limited to, those Insurance Programs and Insurance Carriers identified on Schedule 2 to the proposed order.²

2. In addition to the Insurance Programs identified on Schedule 2, Republic maintains numerous insurance programs with regard to employee health, dental, disability, and life insurance benefits. These policies and programs are addressed in a separate motion filed in these cases pertaining to employee wages and benefits.

10. As set forth on Schedule 2, the Insurance Programs include coverage for, among other things, workers' compensation, commercial property, crime, aviation war and hijacking, officers and directors, aviation hull, and various other property-related and general liabilities.³ All of the Insurance Programs are essential to the ongoing operation of Republic's business.

11. Republic employs JLT Aerospace (North America), Inc. and JLT Aerospace Insurance Services (together, "JLT") as its insurance brokers to assist with the procurement and management of its Insurance Programs and the resolution of claims related thereto. JLT's fees are included in the premiums Republic pays in connection with the Insurance Programs.

12. The premiums for most of the Insurance Programs are determined annually and are paid by Republic in full at policy inception or via installments, either directly to the Insurance Carriers or indirectly through JLT. In some cases, a premium deposit is paid at inception of the policy and then adjusted at year-end to reflect certain agreed variables. For example, the hull liability insurance is adjusted upwards or downwards to reflect, among other things, the number of passengers carried and the number of completed departures for the relevant time period. In 2015, premiums under the Insurance Programs aggregated approximately \$22.7 million. Republic believes that as of the Commencement Date, it owed approximately \$3.4

Republic may have certain current Insurance Programs inadvertently omitted from Schedule 2. Such omission shall not operate to exclude that policy from the coverage of this motion or any order entered in connection herewith.

3. Republic also maintains a "key man" life insurance policy in the amount of \$5 million for Chief Executive Officer Bryan Bedford.

million with respect to prepetition Insurance Obligations, all of which Republic proposes to pay during the first thirty days of these cases.⁴

13. Pursuant to the Insurance Programs, Republic may be required to pay various deductibles or retention amounts, depending upon the type of claim and insurance policy involved. Under certain policies, the Insurance Carriers may pay claimants and then invoice Republic for any deductible. In such situations, the Insurance Carriers may have prepetition claims against Republic. Republic believes there are no prepetition obligations owed to Insurance Carriers for deductibles but, out of an abundance of caution, seeks authority, in its discretion, to satisfy any such prepetition obligations that may exist.

Workers' Compensation Programs

14. Under the laws of the various states in which it operates, Republic is required to maintain workers' compensation coverage (the "Workers' Compensation Programs") for its employees for claims arising from or related to their employment with Republic (the "Workers' Compensation Claims").

15. In Ohio, the local government pays the Workers' Compensation Claims, and in return, Republic makes annual payments to the Ohio Bureau of Workers' Compensation based on Republic's payroll obligations in Ohio. The premium for the period July 1, 2015 through July 1, 2016 is approximately \$1.9 million. Republic estimates that as of the Commencement Date, approximately \$474,000 is owed for unpaid premiums, of which \$189,000 will be payable within thirty days after the Commencement Date.

16. In all other states, Republic is responsible for payment of Workers' Compensation Claims. Republic maintains coverage with Starr Indemnity & Liability Co.

4. These amounts are inclusive of the Workers' Compensation Obligations described below.

(“Starr”) for the period February 1, 2016 through February 1, 2017 for which the premium to Starr is approximately \$10.1 million. Starr pays Workers’ Compensation Claims in exchange for premium payments from Republic.

17. Republic also has obligations under the Workers’ Compensation Programs with respect to Workers’ Compensation Claims asserted by current and former Republic employees before February 1, 2016. Republic maintained coverage with Starr for the period February 1, 2015 through February 1, 2016 and with Chubb Indemnity Company (“Chubb”) for periods prior to February 2015. Under both the Starr and Chubb policies, Republic paid a percentage of the premium during the policy year and is responsible for continued annual payments adjusted to reflect the actual dollar value of Workers’ Compensation Claims paid for each policy period up to the maximum premium amount, as stated in each year’s policy.⁵ Republic estimates that, at most, approximately \$4.3 million could become due and payable for Workers’ Compensation Claims asserted by Republic employees before February 1, 2016. Non-payment of these premiums would have a detrimental effect on Republic’s employees.

**The Court Should Authorize Republic to
Satisfy Outstanding Insurance Obligations
and Continue Its Insurance Programs**

18. As set forth above, Republic seeks authority to satisfy any unpaid prepetition Insurance Obligations, including, without limitation, premiums, deductibles, and any related fees, costs, and expenses, and continue its Insurance Programs and honor its Insurance Obligations in the ordinary course, regardless of whether such obligations relate to the prepetition or postpetition period.

5. As collateral for Republic’s payment of its obligations to Chubb, Republic maintains a stand-by letter of credit through Bank of America, N.A. in the amount of \$1.95 million, which can only be drawn upon if Republic defaults on an adjustment payment.

19. Section 503(b)(1) of the Bankruptcy Code provides for the allowance of “the actual, necessary costs and expenses of preserving the estate,” as administrative expenses. Republic, therefore, may use estate funds to satisfy postpetition Insurance Obligations.

20. In addition, the Court may authorize Republic, pursuant to section 363(b) of the Bankruptcy Code, to satisfy Insurance Obligations relating to the period before the Commencement Date. *See In re Ionosphere Clubs, Inc.*, 98 B.R. 174, 175 (Bankr. S.D.N.Y. 1989) (authorizing payment of certain prepetition obligations under section 363(b)). Section 363(b) provides that “the trustee, after notice and a hearing, may use, sell, or lease, other than in the ordinary course of business, property of the estate.” 11 U.S.C. § 363(b)(1). To approve the use of a debtor’s assets outside the ordinary course of business pursuant to section 363(b), a court must find that a “good business reason” exists. *See, e.g., Official Comm. of Unsecured Creditors v. Enron Corp. (In re Enron Corp.)*, 335 B.R. 22, 27–28 (S.D.N.Y. 2005) (quoting *In re Lionel Corp.*, 722 F.2d 1063, 1071 (2d Cir. 1983)).

21. The business judgment rule is satisfied where “the directors of a corporation acted on an informed basis, in good faith and in the honest belief that the action taken was in the best interests of the company.” *Official Comm. of Subordinated Bondholders v. Integrated Res., Inc. (In re Integrated Res., Inc.)*, 147 B.R. 650, 656 (S.D.N.Y. 1992) (quoting *Smith v. Van Gorkom*, 488 A.2d 858, 872 (Del. 1985)), *appeal dismissed*, 3 F.3d 49 (2d Cir. 1993). “Where the debtor articulates a reasonable basis for its business decisions (as distinct from a decision made arbitrarily or capriciously), courts will generally not entertain objections to the debtor’s conduct.” *Comm. of Asbestos-Related Litigants v. Johns-Manville Corp. (In re Johns-Manville Corp.)*, 60 B.R. 612, 616 (Bankr. S.D.N.Y. 1986). Courts in this District have consistently declined to interfere with corporate decisions absent a showing of bad faith, self-

interest, or gross negligence, and have upheld a board's decisions as long as such decisions are attributable to any "rational business purpose." *Integrated Res., Inc.*, 147 B.R. at 656.

22. Furthermore, section 105(a) of the Bankruptcy Code empowers the Court to "issue any order, process, or judgment that is necessary or appropriate to carry out the provisions" of the Bankruptcy Code. *See Schwartz v. Aquatic Dev. Grp., Inc. (In re Aquatic Dev. Grp., Inc.)*, 352 F.3d 671, 680 (2d Cir. 2003) (Straub, J., concurring) ("it is axiomatic that bankruptcy courts are 'courts of equity, empowered to invoke equitable principles to achieve fairness and justice in the reorganization process'") (citation omitted). Thus, the Court has the authority, pursuant to its equitable powers under section 105(a) of the Bankruptcy Code, to authorize Republic to pay or otherwise satisfy any Insurance Obligations because such payments are necessary for Republic to carry out its fiduciary duties under section 1107(a) of the Bankruptcy Code, which "contains an implied duty of the debtor-in-possession" to act as a fiduciary to "protect and preserve the estate, including the operating business' going-concern value." *In re CEI Roofing, Inc.*, 315 B.R. 50, 59 (Bankr. N.D. Tex. 2004) (quoting *In re CoServ, L.L.C.*, 273 B.R. 487, 497 (Bankr. N.D. Tex. 2002)); *see also Unofficial Comm. of Equity Holders v. McManigle (In re Penick Pharm., Inc.)*, 227 B.R. 229, 233 (Bankr. S.D.N.Y. 1998) ("upon filing its petition, the Debtor became debtor in possession and, through its management . . . was burdened with the duties and responsibilities of a bankruptcy trustee").

23. In a long line of well-established cases, courts consistently have permitted postpetition payment of prepetition obligations where necessary to preserve or enhance the value of a debtor's estate for the benefit of all creditors. *See, e.g., In re Fin. News Network, Inc.*, 134 B.R. 732, 735-36 (Bankr. S.D.N.Y. 1991) ("[A] bankruptcy court may allow pre-plan payments of prepetition obligations where such payments are critical to the debtor's reorganization");

Ionosphere, 98 B.R. at 175 (citing *Miltenberger v. Logansport, C&S W.R. Co.*, 106 U.S. 286, 312 (1882) (payment of pre-receivership claim before reorganization permitted to prevent stoppage of “indispensable business relations”)); *Mich. Bureau of Workers’ Disability Comp. v. Chateaugay Corp. (In re Chateaugay Corp.)*, 80 B.R. 279, 285-86 (S.D.N.Y. 1987) (approving lower court order authorizing payment of prepetition wages, salaries, expenses, and benefits).

24. This “doctrine of necessity” functions in a chapter 11 reorganization as a mechanism by which the Court can exercise its equitable power to allow payment of critical prepetition claims not explicitly authorized by the Bankruptcy Code. See *In re Lehigh & New England Ry. Co.*, 657 F.2d 570, 581 (3d Cir. 1981) (quoting *In re Penn Cent. Transp. Co.*, 467 F.2d 100, 102 n.1 (3d Cir. 1972) (“[T]he ‘necessity of payment’ doctrine [permits] immediate payment of claims of creditors where those creditors will not supply services or material essential to the conduct of the business until their pre-reorganization claims shall have been paid.”); *In re Boston & Me. Corp.*, 634 F.2d 1359, 1382 (1st Cir. 1980) (recognizing “existence of a judicial power to authorize trustees in reorganization to pay claims [for] goods and services indispensably necessary” to debtors’ continued operation); *In re Quality Interiors, Inc.*, 127 B.R. 391, 396 (Bankr. N.D. Ohio 1991) (“A general practice has developed...where bankruptcy courts permit the payment of certain pre-petition claims, pursuant to 11 U.S.C. § 105, where the debtor will be unable to reorganize without such payment.”); *In re Structurelite Plastics Corp.*, 86 B.R. 922, 931 (Bankr. S.D. Ohio 1988) (“[A] *per se* rule proscribing the payment of pre-petition indebtedness may well be too inflexible to permit the effectuation of the rehabilitative purposes of the Code”). The rationale for the doctrine of necessity is consistent with the paramount goal of chapter 11—“facilitating the continued operation and rehabilitation of the debtor.” *Ionosphere*, 98 B.R. at 176.

25. Republic is required legally and contractually to maintain certain Insurance Programs and the nature of its business makes it essential for Republic to maintain all Insurance Programs on an ongoing and uninterrupted basis. Many states mandate maintenance of workers' compensation and Republic must maintain most of the Insurance Programs to comply with the guidelines of the Office of the United States Trustee. Moreover, the Insurance Programs are typically renewed annually. The inability to pay any Insurance Obligations could result in one or more Insurance Carriers declining to renew. If the Insurance Programs lapse without renewal, Republic could be exposed to substantial liability to the detriment of all parties in interest.

26. With respect to amounts owed to JLT, Republic believes that the loss of JLT due to nonpayment would be a costly distraction at this critical time in the chapter 11 cases as it would require Republic to shift focus from stabilizing its business and operations to managing and renewing a multitude of insurance policies. JLT has served as Republic's insurance broker for many years and is very familiar with the Insurance Programs.

27. Republic submits that the continuation of the Insurance Programs and the authority to pay, in Republic's discretion, all Insurance Obligations as they come due in the ordinary course of business, including any unpaid broker fees, is essential to preserve Republic's business and the value of the estates for all parties in interest.

The Court Should Modify the Automatic Stay As it Applies to Valid Workers' Compensation Claims

28. Section 362(a) of the Bankruptcy Code, operates to stay,
(1) the commencement or continuation, including the issuance or employment of process, of a judicial, administrative, or other action or proceeding against the debtor that was or could have been commenced before the commencement of the case under this title, or to recover a claim against the debtor that arose before the commencement of the case under this title

Section 362, however, permits a debtor, or other parties in interest, to request modification or termination of the automatic stay for “cause.”

29. Republic proposes that to the extent employees hold valid Workers’ Compensation Claims, they should be permitted to proceed with those claims in the appropriate judicial or administrative forum in accordance with applicable Workers’ Compensation Programs with all recoveries limited to the proceeds therefrom. Republic submits that cause exists to modify the automatic stay as proposed because a continued stay of valid Workers’ Compensation Claims could have a detrimental effect on the financial well-being and morale of Republic’s employees and lead to departures. This, in turn, may cause a severe disruption in Republic’s operations to the detriment of all parties in interest. Republic does not seek a waiver, termination, or modification of the automatic stay with respect to any other claims.

**The Court Should Authorize and Direct Banks and Other Financial
Institutions to Honor and Pay Checks Issued and Make Other
Transfers to Pay the Insurance Obligations**

30. Republic requests that the Court authorize and direct the Banks to receive, process, honor, and pay, at Republic’s direction and to the extent of funds on deposit or otherwise available therefor, any and all checks drawn, or automatic or electronic fund transfers requested or to be requested, by Republic relating to the Insurance Obligations. Republic also seeks authority to issue new postpetition checks, or effect new automatic or other electronic fund transfers, on account of such obligations to replace any prepetition checks or funds transfer requests that may be lost, dishonored, or rejected as a result of the commencement of these chapter 11 cases.

Reservation of Rights

31. Nothing contained herein is intended to be or shall be construed as (i) an admission as to the validity or priority of any claim against Republic, (ii) a waiver of Republic’s

or any appropriate party in interest's rights to dispute any claim, or (iii) an approval or assumption of any agreement, contract, program, policy, or lease under section 365 of the Bankruptcy Code. Likewise, if this Court grants the relief sought herein, any payment made pursuant to the Court's order is not intended to be and should not be construed as an admission as to the validity or priority of any claim or a waiver of Republic's rights to dispute such claim subsequently.

Fed. R. Bankr. P. 6003(b) Is Satisfied

32. Fed. R. Bankr. P. 6003(b) provides that to the extent relief is necessary to avoid immediate and irreparable harm, a bankruptcy court may approve a motion to "pay all or part of a claim that arose before the filing of the petition" prior to twenty-one days after the case is commenced. As described herein, Republic is legally and contractually required to maintain many of its Insurance Programs. In addition, Insurance Carriers' refusal to renew any Insurance Program as a result of Republic's failure to pay any Insurance Obligations could subject Republic to substantial liability as well as a potential cessation of operations, to the detriment of all parties in interest. Accordingly, Republic submits that the relief requested in this motion is necessary to avoid immediate and irreparable harm as described herein, and that rule 6003(b) has been satisfied.

Waiver of Fed. R. Bankr. P. 6004(a) and 6004(h)

33. To implement the foregoing immediately, Republic seeks a waiver of the notice requirements under Fed. R. Bankr. P. 6004(a) and the fourteen-day stay of an order authorizing the use, sale, or lease of property under rule 6004(h).

**Waiver of Fed. R. Bankr. P.
4001(a)(3) and Local Bankruptcy Rule 4001-1**

34. Republic requests a waiver of any stay of the effectiveness of the order approving this motion under Fed. R. Bankr. P. 4001(a)(3). Republic also requests a waiver of the procedures that may be required pursuant to Local Bankruptcy Rule 4001-1. Pursuant to Fed. R. Bankr. P. 4001(a)(3), “[a]n order granting a motion for relief from an automatic stay made in accordance with Rule 4001(a)(1) is stayed until the expiration of fourteen days after entry of the order, unless the court orders otherwise.” Local Bankruptcy Rule 4001-1 sets forth certain procedures for movants seeking to modify the automatic stay. As set forth above, modifying the automatic stay to allow valid Workers’ Compensation Claims to proceed is essential to avoid harm to the financial well-being and morale of Republic’s employees that may lead to departures. As discussed above, such departures could cause a severe disruption in the company’s business and operations to the detriment of all parties in interest. Accordingly, Republic submits that ample cause exists to justify the waiver of the fourteen-day stay imposed by Fed. R. Bankr. P. 4001(a)(3), to the extent such stay applies, and of the procedures set forth in Local Bankruptcy Rule 4001-1, to the extent such procedures apply.

Notice

35. Notice of this motion is being provided to (i) the Office of the United States Trustee for the Southern District of New York, (ii) the holders of the ten largest secured claims against Republic (on a consolidated basis), (iii) the holders of the forty largest unsecured claims against Republic (on a consolidated basis), (iv) the attorneys for the agents under Republic’s prepetition revolving credit facilities, (v) the attorneys for Republic’s Codeshare Partners, (vi) the International Brotherhood of Teamsters, (vii) the Securities and Exchange Commission, (viii) the Internal Revenue Service, (ix) the Office of the United States Attorney for

the Southern District of New York, and (x) the Banks. Republic submits that, in view of the facts and circumstances, such notice is sufficient and no other or further notice need be given.

36. No previous request for the relief sought herein has been made by Republic to this or any other Court.

WHEREFORE Republic respectfully requests (i) entry of an order substantially in the form annexed hereto granting the relief requested herein on an interim basis, (ii) entry of an order granting the relief requested herein on a final basis, and (iii) such other and further relief as is just.

Dated: New York, New York
February 25, 2016

/s/ Bruce R. Zirinsky

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*Proposed Attorneys for the Debtors and
Debtors in Possession*

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

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In re : **Chapter 11 Case No.**
REPUBLIC AIRWAYS HOLDINGS INC., et al., : **16-_____ (___)**
Debtors.¹ : **(Jointly Administered)**

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**INTERIM ORDER PURSUANT TO 11 U.S.C. §§ 105(a), 362(d), 363(b) & 503(b)
AUTHORIZING DEBTORS TO CONTINUE INSURANCE PROGRAMS AND SATISFY
INSURANCE OBLIGATIONS, (ii) MODIFYING THE AUTOMATIC STAY WITH
RESPECT TO WORKERS' COMPENSATION CLAIMS, AND (iii) AUTHORIZING
AND DIRECTING FINANCIAL INSTITUTIONS TO HONOR AND PAY RELATED
CHECKS AND FUND TRANSFERS**

A hearing having been held on _____, 2016 (the "Hearing"), to consider the motion, dated February 25, 2016 (the "Motion"),² of Republic Airways Holdings Inc. ("RAH"), and certain of its wholly-owned direct and indirect subsidiaries, as debtors and debtors in possession in the above-captioned chapter 11 cases (collectively with RAH, "Republic" or the "Debtors"), pursuant to sections 105(a), 362(d), 363(b), and 503(b) of title 11, United States Code (the "Bankruptcy Code"), for entry of an order (i) authorizing, but not directing, Republic to continue its Insurance Programs and satisfy all Insurance Obligations in connection therewith, including, without limitation, premiums, deductibles, taxes, and broker and other fees, whether arising prepetition or postpetition, (ii) modifying the automatic stay under section 362 of the Bankruptcy Code to the extent necessary to permit Republic employees who hold valid claims under the Workers' Compensation Programs, to proceed with such claims, and (iii) authorizing

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1. The Debtors in these chapter 11 cases are the following entities: Republic Airways Services, Inc.; Shuttle America Corporation; Republic Airline Inc.; Republic Airways Holdings Inc.; Midwest Air Group, Inc.; Midwest Airlines, Inc.; and Skyway Airlines, Inc. The Debtors' employer tax identification numbers and addresses are set forth in their respective chapter 11 petitions.
 2. Capitalized terms not otherwise herein defined have the meanings ascribed to them in the Motion.

and directing the Banks at which Republic maintains disbursement accounts to honor and pay all related claims and fund transfers, all as more fully set forth in the Motion; and the Court having jurisdiction to consider the Motion and the relief requested therein in accordance with 28 U.S.C. §§ 157 and 1334 and Amended Standing Order of Reference M-431, dated January 31, 2012 (Preska, C.J.); and consideration of the Motion and the relief requested therein being a core proceeding pursuant to 28 U.S.C. § 157(b); and venue being proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; and due and sufficient notice of the Motion having been provided to (i) the Office of the United States Trustee for the Southern District of New York, (ii) the holders of the ten largest secured claims against Republic (on a consolidated basis), (iii) the holders of the forty largest unsecured claims against Republic (on a consolidated basis), (iv) the attorneys for the agents under Republic's prepetition revolving credit facilities, (v) the attorneys for Republic's Codeshare Partners, (vi) the International Brotherhood of Teamsters, (vii) the Securities and Exchange Commission, (viii) the Internal Revenue Service, (ix) the Office of the United States Attorney for the Southern District of New York, and (x) the Banks (collectively, the "Notice Parties"), and it appearing that no other or further notice need be given; and upon the Motion, the papers in support thereof and the responses thereto, if any, the Declaration of Bryan K. Bedford Pursuant to Local Bankruptcy Rule 1007-2 (the "Bedford Declaration") having been filed with the Court contemporaneously with the Motion, the record of the Hearing, and all of the proceedings had before the Court; and the Court having found and determined that the relief sought in the Motion is an exercise of sound business judgment, is necessary to avoid immediate and irreparable harm to Republic and its estates, as contemplated by Fed. R. Bankr. P. 6003, and is in the best interests of Republic, its estates, creditors, and all parties in interest, and that the

legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and after due deliberation and sufficient cause appearing therefor, it is

ORDERED that the Motion is granted on an interim basis, as provided herein; and it is further

ORDERED that pursuant to sections 363(b) and 105(a) of the Bankruptcy Code, Republic is authorized, but not directed, to pay or otherwise satisfy, in its discretion and without further order of the Court, all Insurance Obligations (including, without limitation, premiums, deductibles, taxes, and broker and other fees) arising under or relating to the Insurance Programs, including those Insurance Programs listed on Schedule 2 hereto, regardless of whether relating to the period before or after the Commencement Date; and it is further

ORDERED that nothing in the Motion or this Order shall be deemed to authorize Republic to accelerate any payments not otherwise due prior to the date of the hearing to consider entry of an order granting the relief requested in the Motion on a final basis (the “Final Hearing”); and it is further

ORDERED that Republic is authorized to satisfy all Insurance Obligations and maintain its Insurance Programs in accordance with practices and procedures that were in effect before the commencement of these chapter 11 cases; and it is further

ORDERED that Republic is authorized to revise, extend, supplement, or modify its insurance coverage as needed, including without limitation, through the purchase or renewal of new or existing insurance policies; and it is further

ORDERED that the automatic stay under section 362(a) of the Bankruptcy Code is modified solely to allow Republic’s employees to proceed with their Workers’ Compensation Claims in the appropriate judicial or administrative forum and only in accordance with the

Workers' Compensation Programs; provided that recoveries, if any, shall be limited to the proceeds from the Workers' Compensation Programs; and it is further

ORDERED that each of the Banks is hereby authorized and directed to receive, process, honor, and pay at Republic's direction, to the extent of sufficient funds on deposit or otherwise available therefor, any and all checks drawn or automatic or other electronic fund transfers requested or to be requested by Republic in respect of any Insurance Obligations, whether relating to the period prior to or after the Commencement Date; and it is further

ORDERED that Republic is authorized, but not directed, to issue new postpetition checks, or effect new electronic fund transfers, on account of the Insurance Obligations to replace any prepetition checks or electronic fund transfer requests that may be lost, dishonored, or rejected as a result of the commencement of these chapter 11 cases; and it is further

ORDERED that each of the Banks is hereby authorized and directed to rely upon the representations of Republic as to which checks and transfers to honor with respect to the payment of Insurance Obligations; and it is further

ORDERED that Republic shall serve a copy of this Order upon each of the Notice Parties and the Insurance Carriers within three (3) business days of its entry; and it is further

ORDERED that (a) nothing contained in the Motion or in this Order is intended to be or shall be construed as (i) an admission as to the validity or priority of any claim against Republic, (ii) a waiver of Republic's or any appropriate party in interest's rights to dispute any claim, or (iii) an approval or assumption of any agreement, contract, program, policy, or lease under section 365 of the Bankruptcy Code and (b) any payment made pursuant to this Order is not intended to be and shall not be construed as an admission as to the validity or priority of any claim or a waiver of Republic's rights to dispute such claim subsequently; and it is further

ORDERED that notwithstanding entry of this Order, nothing herein shall create, nor is intended to create, any rights in favor of, or enhance the status of any claim held by, any party; and it is further

ORDERED that the requirements of Fed. R. Bankr. P. 6003(b) have been satisfied; and it is further

ORDERED that the requirements set forth in Fed. R. Bankr. P. 6004(a) are hereby waived; and it is further

ORDERED that pursuant to Fed. R. Bankr. P. 6004(h), the terms and provisions of this Order shall be immediately effective and enforceable upon its entry; and it is further

ORDERED that the requirements set forth in Fed. R. Bankr. P. 4001(a)(3) and Local Bankruptcy Rule 4001-1 are hereby waived; and it is further

ORDERED that the Final Hearing on the Motion shall be held on _____, **2016 at __: __.m. (Eastern Time)**, and any objections or responses to the Motion and entry of an order granting the relief requested on a final basis shall be in writing, filed with the Court in accordance with local rules and orders of the Court, and served upon (i) the proposed attorneys for Republic, Zirinsky Law Partners PLLC, 375 Park Avenue, Suite 2607, New York, New York 10152 (Attn: Bruce R. Zirinsky, Esq. (bzirinsky@zirinskylaw.com), Sharon J. Richardson, Esq. (srichardson@zirinskylaw.com), and Gary D. Ticoll, Esq. (gticoll@zirinskylaw.com)) and Hughes Hubbard & Reed LLP, One Battery Park Plaza, New York, New York 10004 (Attn: Christopher K. Kiplok, Esq. (chris.kiplok@hugheshubbard.com) and Ramsey Chamie, Esq. (ramsey.chamie@hugheshubbard.com)) and (ii) the Notice Parties, in each case so as to be received no later than at **4:00 p.m. (Eastern Time) on _____, 2016**; and it is further

ORDERED that this Order is effective from the date of entry through this Court's disposition of the Motion on a final basis; provided that the Court's ultimate disposition of the Motion on a final basis shall not impair or otherwise affect any action taken pursuant to this Order; and it is further

ORDERED that Republic is authorized to take all steps necessary to carry out this Order; and it is further

ORDERED that this Court shall retain jurisdiction to hear and determine all matters arising from or related to the implementation, interpretation, or enforcement of this Order.

Dated: New York, New York
_____, 2016

United States Bankruptcy Judge

Schedule 1

Banks and Other Financial Institutions

Entity	Bank	Acct Last 4	Type	Cur.
Republic Airways Holdings Inc.	Bank of America	9785	Operating	USD
Republic Airways Holdings Inc.	Bank of America	1560	Accounts Payable	USD
Republic Airways Holdings Inc.	Bank of America	9670	Manual Payroll	USD
Republic Airways Holdings Inc.	Bank of America	7605	LC Restricted Cash	USD
Republic Airways Holdings Inc.	Bank of America	3476	Securities Custody	USD
Republic Airline Inc.	Bank of America	2600	Operating	USD
Republic Airline Inc.	Bank of America	1586	Accounts Payable	USD
Republic Airline Inc.	Bank of America	3160	Manual Payroll	USD
Shuttle America Corporation	Bank of America	3814	Operating	USD
Shuttle America Corporation	Bank of America	7108	Accounts Payable	USD
Shuttle America Corporation	Bank of America	9819	Manual Payroll	USD
Shuttle America Corporation	Bank of America (Canada)	8207	Operating	CAD
Shuttle America Corporation (Chautauqua)	Bank of America	4556	Operating	USD
Midwest Air Group, Inc.	Bank of America	9120	Operating	USD
Republic Airline Inc.	JPMorgan	1038	Operating	USD
Republic Airways Holdings Inc.	JPMorgan	1038	Operating	USD
Shuttle America Corporation	JPMorgan	6755	Operating	USD
Republic Airways Services, Inc.	JPMorgan	3380	Operating	USD
Republic Airways Holdings Inc.	JPMorgan	0690	Investments Clearing	
Republic Airline Inc.	US Bank	7576	ACH	USD
Shuttle America Corporation	US Bank	7865	ACH	USD
Republic Airways Holdings Inc.	Deutsche Bank	0741	Irrevocable Trust	USD
Republic Airways Holdings Inc.	Key Bank	0496	Operating	USD
Republic Airways Holdings Inc.	Key Bank	4121	Accounts Payable	USD
Republic Airways Holdings Inc.	Key Bank	4139	Manual Payroll	USD
Republic Airline Inc.	Key Bank	0520	Operating	USD
Republic Airline Inc.	Key Bank	4105	Accounts Payable	USD
Republic Airline Inc.	Key Bank	4113	Manual Payroll	USD
Shuttle America Corporation	Key Bank	0553	Operating	USD
Shuttle America Corporation	Key Bank	4147	Accounts Payable	USD
Shuttle America Corporation	Key Bank	4154	Manual Payroll	USD
Shuttle America Corporation	Key Bank	0835	Operating	CAD
Midwest Air Group, Inc.	Key Bank	0587	Operating	USD

**Schedule 2
Insurance Programs**

Type of Coverage	Policy Term	Carrier	Policy Number	Annual Premium
Commercial Auto	2/1/2016 to 2/1/2017	The Travelers Indemnity Co.	BA9277A58416HPR (all states)	\$196,440
Commercial Property	2/1/2016 to 2/1/2017	The Travelers Indemnity Co.	KTJ6300330L430TIL-16	\$190,891
Aviation Hull & Liability	7/1/2015 to 7/1/2016	Allianz Global Risks US Insurance Company	A1AI000018915AM	\$1,132,135 \$127,500 (Leader Fee)
		JLT Aerospace (various carriers)	J51511546	\$1,240,814
		Isosceles Insurance Ltd.	J51511547	\$3,411,972
		Starnet Insurance Co. per Berkley Aviation LLC	BA-15-07-00104	\$190,752
		Commerce and Industry Insurance Co. Per AIG Aerospace Adjustment Services, Inc.	HL03391712-15	\$1,159,533
		Starr Surplus Lines Insurance Company	SASLAMR63615615-04	\$1,142,974
		Ironshore Specialty Insurance Co.	IHM100030-08	\$175,842
		XL Specialty Insurance Co.	UA00006054AV15A	\$279,923
		Old Republic Insurance Co. thru Old Republic Aerospace	RAL000023-01	\$171,564
Excess Aviation War, Hi-Jacking and Other Perils (AVN52)	7/1/2015 to 7/1/2016	Lloyd's Syndicate 1919 (Starr Underwriting Agents, Ltd.	J51511537	\$56,198
		Lancashire Ins. Company (UK) Ltd.	J51511539	\$57,294
		Axis Specialty Europe SE	J51511540	\$46,562

Type of Coverage	Policy Term	Carrier	Policy Number	Annual Premium
		Axis Specialty Europe SE	J51511536	\$51,445
		XL Specialty	UA00010033AV15A	\$33,211
		International Insurance Company of Hannover	J51511550	\$68,223
		Amlin Plc (AM 2001)	J51511548	\$196,448
		Lloyd's Syndicate 4472 (Liberty)	J51511926	\$10,622
Aviation Hull, War, Hijacking and Other Perils Ins.	7/1/2015 to 7/1/2016	Lloyd's of London Syndicate	J51409986	\$317,534
Mexico Aviation Liability	5/1/2015 to 5/1/2016	Allianz, Mexico S.A.	AVRD/00000186	\$6,900
Workers' Compensation	2/1/2016 to 2/1/2017	Starr Indemnity and Liability Co.	100 0001621	\$10,147,908
Directors and Officers Liability – Primary	6/1/2015 to 6/1/2016	Illinois National Insurance Company	01-354-30-77	\$188,264
Directors and Officers Liability – First Layer	6/1/2015 to 6/1/2016	XL Specialty Insurance Company	ELU139242-15	\$115,000
Directors and Officers Liability – Second Layer	6/1/2015 to 6/1/2016	Continental Casualty Company	425563629	\$74,000
Directors and Officers Liability – Third Layer	6/1/2015 to 6/1/2016	Federal Insurance Company	8222-1614	\$51,266
Fiduciary Liability	6/1/2015 to 6/1/2016	Illinois National Insurance Company	01-354-17-16	\$22,624
Fiduciary Excess	6/1/2015 to 6/1/2016	Berkley Insurance Co.	18010143	\$13,000
Crime	6/1/2015 to 6/1/2016	Federal Insurance Company	8223-0426	\$49,220
Kidnap and Ransom	12/1/2013 to 12/1/2016	Federal Insurance Company	8223-0782	\$13,753

Type of Coverage	Policy Term	Carrier	Policy Number	Annual Premium
Ohio Bureau of Workers' Compensation	7/1/2015 to 7/1/2016	N/A	1538367 1538351	\$1,857,894
Life Insurance for Chief Executive Officer	12/1/2015 to 11/30/2016	Jackson National Life Insurance	VINY013903	\$31,975