

**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.,** : **16-10429 (SHL)**  
**Debtors.<sup>1</sup>** : **(Jointly Administered)**

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**ORDER PURSUANT TO 11 U.S.C. § 365(a) AND FED. R.  
BANKR. P. 6006 AUTHORIZING DEBTORS TO REJECT AIRCRAFT  
LEASE WITH DOUGHERTY AIR TRUSTEE, LLC (N807MD)**

A hearing having been held on June 15, 2016 (the “Hearing”), to consider the motion, dated May 31, 2016 (the “Motion”),<sup>2</sup> of Republic Airways Holdings Inc. and certain of its wholly-owned direct and indirect subsidiaries, as debtors and debtors in possession in the above-captioned chapter 11 cases (collectively, “Republic” or the “Debtors”), pursuant to section 365(a) of the Bankruptcy Code and rule 6006 of the Federal Rules of Bankruptcy Procedure, for entry of an order authorizing Debtors to reject the Lease, as more fully described 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 in accordance with the Court’s Case Management Order dated March 2, 2016 (ECF No. 70), and it appearing that no other or further notice need be given; and upon the

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1. The Debtors in these chapter 11 cases are the following entities: Republic Airways Holdings Inc.; Republic Airways Services, Inc.; Republic Airline Inc.; Shuttle America Corporation; 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 defined herein have the meanings ascribed to them in the Motion.

Motion, the papers in support thereof and the responses thereto, if any, the record of the Hearing, and all of the proceedings had before the Court; and the Court having found and determined that the Motion satisfies the requirements of Fed. R. Bankr. P. 6006, and that the relief sought in the Motion is an exercise of sound business judgment, 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 hereby granted as provided herein; and it is further

ORDERED that, pursuant to section 365(a) of the Bankruptcy Code and Fed. R. Bankr. P. 6006, Republic's rejection of the Lease as of June 15, 2016 is approved; and it is further

ORDERED that Republic will as soon as reasonably practicable after date of entry of this Order make available all "records and documents" (as defined in section 1110(a)(3)(B) of the Bankruptcy Code) in its possession related to the Returned Aircraft (collectively, the "Aircraft Records") to Dougherty; and it is further

ORDERED that Republic shall surrender and return the Returned Aircraft to Dougherty at the location provided in Annex 1 hereto and in accordance with the return and surrender procedures set forth in this Order, provided that Republic and Dougherty may agree in writing that the Returned Aircraft will be returned to or surrendered at another location(s) or according to other return or surrender procedures; and it is further

ORDERED that if the Returned Aircraft happens to be non-serviceable, Republic is under no obligation to repair such Returned Aircraft to make it serviceable; and it is further

ORDERED that this Order is without prejudice to the rights, if any, of

(i) Dougherty to assert a claim of any priority for damages for failure to comply or delay by the Debtors to satisfy all surrender, return, or turnover provisions with respect to any portion of the Returned Aircraft or for improper or inadequate record keeping with respect to the Aircraft Records, under the applicable security agreement or other operative documents or under the Bankruptcy Code (including, without limitation, section 1110(c)), including entitlement to damages, or an administrative expense claim with respect to damages, if any, or a claim for other contractual payments, including any indemnities, fees and expenses, if any, or (ii) the Debtors or any other party to object to any such claims or their asserted priority; provided, however, that to the extent Republic and Dougherty agree in writing that the Returned Aircraft shall be returned or surrendered in a manner other than that specified in the Order, with respect to specific matters delineated in such agreement, Dougherty shall not have any claim for damages relating to Republic's compliance with such agreement in lieu of the requirements set forth in the applicable security agreement (but all other claims and priority rights (and defenses thereto) shall be fully preserved); and it is further

ORDERED that, upon written request, Republic shall cooperate reasonably with Dougherty with respect to the execution of or provision of information required for a lease termination document or other documentation, as appropriate, to be filed with the FAA in connection with such Returned Aircraft, but that Dougherty shall be solely responsible for all costs associated with such documentation and for the filing thereof with the FAA; and it is further

ORDERED that Republic is authorized to and shall maintain its current insurance coverage and continue the existing storage maintenance program applicable to the Returned

Aircraft until the Aircraft Coverage Termination Date; provided, however, that Republic may maintain its current insurance coverage and continue the existing storage maintenance program for the Returned Aircraft after the Aircraft Coverage Termination Date if Dougherty so requests and agrees in writing to pay promptly all the costs of insurance and storage maintenance for such extended period; provided, further, that if there is such an extension of the Aircraft Coverage Termination Date, the Debtors shall not be subject to, and Dougherty shall not assert, any additional administrative expense claims (including without limitation adequate protection claims) as a result of such extension but all other bases for administrative claims (including, without limitation, any failure by the Debtors to return all equipment by the extended Aircraft Coverage Termination Date) (as well as all rights to object thereto) are fully preserved and reserved. For the purpose of this Order “Aircraft Coverage Termination Date” shall mean the earlier of: (i) the fifteenth (15th) day after the date of entry of the Order and (ii) the date on which Dougherty takes possession of the Returned Aircraft; and it is further

ORDERED that Dougherty may assert an unsecured claim for damages arising from the rejection of the Lease (a “Rejection Claim”) as set forth herein. The deadline to file a proof of claim against the Debtors with respect to any Rejection Claim shall be 5:00 p.m. prevailing Eastern Time on the later of (i) thirty (30) days after the date of this Order or (ii) such other claims bar date set by the Court in the chapter 11 cases that is generally applicable to unsecured claims. Nothing contained in this Order shall be construed as a waiver by the Debtors or the Official Committee of Unsecured Creditors of the right to review any such Rejection Claim and, where appropriate, object to the allowance of any or all of the Rejection Claim; and it is further

ORDERED that Republic is authorized to execute and deliver all instruments and documents and take any additional actions as are necessary or appropriate to implement and effectuate the rejections approved hereby; and it is further

ORDERED that the Motion satisfies rules 2002, 6006, and 9014 of the Federal Rules of Bankruptcy Procedure; and it is further

ORDERED that this Court shall retain jurisdiction to hear and determine all matters arising from or related to this Order.

Dated: New York, New York  
June 17, 2016

/s/ Sean H. Lane  
Honorable Sean H. Lane  
United States Bankruptcy Judge

**Annex 1 to Order: Returned Aircraft**

Row No., Debtor	Notice Parties	U.S. Reg. No	MSN	Aircraft Mfr. & Model	ESN #1	ESN #2	Location	Effective Date
<p>1. Republic Airline Inc.</p>	<p><u>Lessor</u> Dougherty Air Trustee LLC 90 S. 7<sup>th</sup> St. Suite 4300 Minneapolis, MN 55402</p> <p>With a copy to its counsel:</p> <p>Eric Lopez Schnabel, Esq. Jessica D. Mikhailevich, Esq. DORSEY &amp; WHITNEY LLP 51 W. 52nd Street New York, NY 10019 Telephone: (212) 415-9200 Facsimile: (212) 953-7201 schnabel.eric@dorsey.com mikhailevich.jessica@dorsey.com</p> <p>-and-</p> <p>David E. Runck, Esq. Lorie A. Klein, Esq. FAFINSKI MARK &amp; JOHNSON, P.A. 775 Prairie Center Drive, Suite 400 Minneapolis, MN 55344 Telephone (952) 995-9500 Facsimile: (952) 952-995-9577 david.runck@fmjlaw.com</p> <p><u>Security Trustee</u> Wells Fargo Bank NA 299 South Main Street Salt Lake City, UT 84111 Attn: Corporate Trust Services</p>	<p>N807MD</p>	<p>17000020</p>	<p>ERJ-170-100SU</p>	<p>GE-E193157</p>	<p>GE-E193156</p>	<p>Premier Aviation Overhaul Center Ltd 394 Hangar Road, Rome, New York 13441</p>	<p>June 15, 2016</p>