

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

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 In re: : Chapter 11
 :
 Republic Airways Holdings Inc., *et al.*, : Case No. 16-10429 (SHL)
 :
 Debtors. : (Jointly Administered)
 -----X

NOTICE OF APPEAL AND STATEMENT OF ELECTION

Part 1: Identify the appellant(s)

- Name(s) of appellant(s):
The Ad Hoc Committee of Equity Holders of Republic Airways Holdings Inc.
- Position of appellant(s) in the adversary proceeding or bankruptcy case that is the subject of this appeal:

For appeals in an adversary proceeding.

- Plaintiff
- Defendant
- Other (describe) _____

For appeals in a bankruptcy case and not in an adversary proceeding.

- Debtor
- Creditor
- Trustee
- Other (describe) Ad Hoc Committee of Equity Holders of Republic Airways Holdings Inc., as Objector to Debtors' Motion

Part 2: Identify the subject of this appeal

Describe the judgment, order, or decree appealed from: *Order Pursuant to Section 365(a) of the Bankruptcy Code and Bankruptcy Rules 6006 and 9019 for Authorization to (I) Assume Codeshare and Related Agreements, as Amended, with United Airlines, Inc., and (II) Settle Certain Claims Between United Airlines, Inc. and the Debtors (Bankr. S.D.N.Y. 16-10429 (SHL))*

- State the date on which the judgment, order, or decree was entered: June 16, 2016

Part 3: Identify the other parties to the appeal

List the names of all parties to the judgment, order, or decree appealed from and the names, addresses, and telephone numbers of their attorneys (attach additional pages if necessary):

- Party: Ad Hoc Committee of Equity Holders Attorney: Schulte Roth & Zabel LLP
Adam C. Harris, David M. Hillman and Lawrence V. Gelber
919 Third Avenue, New York, NY 10022
(212) 756-2000
- Party: Republic Airways Holdings Inc. Attorney: Hughes Hubbard & Reed LLP
Christopher K. Kiplok, Meaghan C. Gragg
One Battery Park Plaza, New York, NY 10004
(212) 837-6000

Zirinsky Law Partners PLLC
Sharon J. Richardson, Gary D. Ticoll and Bruce R. Zirinsky
375 Park Avenue, Suite 2607, New York, NY 10152
(212) 763-0192

Part 4: Optional election to have appeal heard by District Court (applicable only in certain districts)

If a Bankruptcy Appellate Panel is available in this judicial district, the Bankruptcy Appellate Panel will hear this appeal unless, pursuant to 28 U.S.C. § 158(c)(1), a party elects to have the appeal heard by the United States District Court. If an appellant filing this notice wishes to have the appeal heard by the United States District Court, check below. Do not check the box if the appellant wishes the Bankruptcy Appellate Panel to hear the appeal.

- Appellant(s) elect to have the appeal heard by the United States District Court rather than by the Bankruptcy Appellate Panel.

Part 5: Sign below

/s/ David M. Hillman

Date: June 24, 2016

Signature of attorney for appellant(s) (or appellant(s)
if not represented by an attorney)

Name, address, and telephone number of attorney
(or appellant(s) if not represented by an attorney):

David M. Hillman
Schulte Roth & Zabel LLP
919 Third Avenue
New York, New York 10022
(212) 756-2000

Fee waiver notice: If appellant is a child support creditor or its representative and appellant has filed the form specified in § 304(g) of the Bankruptcy Reform Act of 1994, no fee is required.

**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.¹ : **(Jointly Administered)**

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**ORDER PURSUANT TO SECTION 365(a) OF THE BANKRUPTCY CODE AND
BANKRUPTCY RULES 6006 AND 9019 FOR AUTHORIZATION TO (I) ASSUME
CODESHARE AND RELATED AGREEMENTS, AS AMENDED, WITH UNITED
AIRLINES, INC., AND (II) SETTLE CLAIMS BETWEEN UNITED AIRLINES, INC.
AND THE DEBTORS**

A hearing having been held on June 15, 2016 (the "Hearing"), to consider the motion, dated May 27, 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 section 365(a) of the Bankruptcy Code and rules 6006 and 9019 of the Federal Rules of Bankruptcy Procedure, for authorization to (i) assume the United Express Agreement, as amended, with United Airlines, Inc., (ii) assume the Slot Leases with United Airlines, Inc., and (iii) settle certain claims between United Airlines, Inc., and the Debtors, each 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

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.

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) ("CMO"), and it appearing that no other or further notice need be given; and the Court having considered the Motion, the papers in support thereof, the Bedford Declaration, and all of the proceedings had before the Court; and the appearances of all interested parties having been noted in the record of the Hearing; and the Court having issued a bench ruling on June 16, 2016 (the "Bench Ruling"); and the Bench Ruling having set forth the Court's findings of fact and conclusions of law, all of which are incorporated into this Order as if fully set forth at length³; and upon the record of the hearings and these proceedings; and after due deliberation, this Court having found good and sufficient cause appearing therefor for all of the reasons set forth in the Bench Ruling,

IT IS HEREBY ORDERED that:

1. The Motion is hereby granted as provided herein. To the extent any objections or reservations of rights to the Motion have not been withdrawn or resolved by this Order, they are overruled in all respects on the merits.
2. The Debtors are authorized to amend the United Express Agreement via entry into United Express Amendment 14 and assume, and hereby do assume, the Restructured United Express Agreement and the Slot Leases pursuant to section 365(a) of the Bankruptcy Code and Bankruptcy Rule 6006.

³ *The Court reserves the right to correct any typographical errors and errors in transcribing legal citations such that any corrected version will serve as the final decision in this matter.*

3. The Debtors are authorized to enter into any agreements contemplated by and on the terms set forth in the Assumed United Agreements, and to execute, deliver, implement and fully perform any and all obligations, instruments, documents and papers and to take any and all actions that may be reasonably necessary or appropriate to implement the Assumed United Agreements and perform all obligations contemplated thereunder.

4. United is hereby granted an allowed prepetition general unsecured claim in the amount of \$191.6 million against RAH (the "Guarantee Claim") and a single general unsecured claim in the amount of \$191.6 million to be split into two claims and allocated against Republic Airline and Shuttle (the "Allocable Claim"). Neither the Guarantee Claim nor the Allocable Claim shall be subject to offset, subordination, attack, or other challenge, but the Allocable Claim shall be split into two claims allocated by Republic Airline and Shuttle (*pari passu* with the Delta Allocable Claim (as defined below)) as set forth in paragraph 5.

5. In settlement of Delta's rights under paragraph 9 of the Delta Assumption Order with respect to the Guarantee Claim and the Allocable Claim, Delta's allowed prepetition general unsecured claims against each of RAH (the "Delta Guarantee Claim") and Shuttle (the "Delta Allocable Claim") and together with the Delta Guarantee Claim, the "Delta Claims") are hereby increased by \$3.5 million to \$173.5 million. The Delta Claims shall not be subject to offset, subordination, attack or other challenge, but the Delta Allocable Claim shall be split into two claims and allocated (*pari passu* with the Allocable Claim) as set forth in paragraph 6. The increase and the treatment of the Delta Claims as set forth herein represents a fair and reasonable settlement of Delta's rights under paragraph 9 of the Delta Assumption Order, has been agreed among the Debtors, Delta and the Creditors' Committee and is in the best interests of the estates. Such treatment and the settlements herein are without prejudice to any rights of Delta under the

Delta Assumption Order in the event that the Debtors seek allowance of any other Codeshare Claim. For purposes of the Assumed Agreements and the A&R Slot Lease (each as defined in the Delta Assumption Order), the defined term "Approval Order" (as used in the Assumed Agreements and the A&R Slot Lease) is hereby deemed amended to refer, with respect to events occurring after the date hereof, to both the Delta Assumption Order and paragraphs 5 and 6 of this Order.

6. At the time of determination of any distributions to be made on account of general unsecured claims under a plan of reorganization (a "Plan") or liquidation for Republic Airline or Shuttle in these chapter 11 cases, or any superseding chapter 7 cases, an amount of the Allocable Claim and the Delta Allocable Claim, on a *pari passu* basis, shall be allocated between Shuttle and Republic Airline such that the percentage recoveries in respect of such distributions to general unsecured claims against Republic Airlines and Shuttle (inclusive of the Allocable Claim and the Delta Allocable Claim) are equal or as nearly equal as is possible given such allocation. In the event of any consolidation of the estates of Republic Airline and Shuttle for purposes of distributions to creditors, United shall receive a distribution on a single claim of \$191.6 million from the consolidated entity in the same percentage as distributions on account of all other general unsecured claims against the consolidated estates and Delta shall receive a distribution on a single claim of \$173.5 million from the consolidated entity in the same percentage as distributions on all other general unsecured claims against the consolidated estates.

7. The Debtors shall not agree to the allowance of the claim of any of the Debtors' other codeshare partners (American Airlines Group, Inc. or Delta Air Lines, Inc.) against any of the Debtors (such claim, a "Codeshare Claim") that is in a greater proportion to such codeshare partners' maximum reasonable damages or in a greater proportion of the economic concessions

to the Debtors, and if any such agreed Codeshare Claim has a priority higher than that of a general unsecured prepetition claim then the Guarantee Claim and the Allocable Claim shall be automatically increased in priority to equal the priority of the Codeshare Claim. The Delta Claims in the amount of \$173,500,000 allowed under the Delta Assumption Order and paragraph 5 of this Order satisfy the Debtors' agreement in the preceding sentence and United does not presently have any right to increase the amount or priority of the Guarantee Claim and the Allocable Claim. "Delta Assumption Order" means the Order Pursuant to 11 U.S.C. §§ 363(b), 363(m), and 365(a) of the Bankruptcy Code and Bankruptcy Rules 6004, 6006 and 9019 for Authorization to (I) Assume Codeshare and Related Agreements, as Amended, with Delta Airlines, Inc., (II) Lease Certain Property of the Estate and (III) Settle Certain Claims Between Delta Airlines, Inc. and the Debtors [ECF No. 506], as amended by the Order Amending the Order Pursuant to 11 U.S.C. §§ 363(b), 363(m), and 365(a) of the Bankruptcy Code and Bankruptcy Rules 6004, 6006 and 9019 for Authorization to (I) Assume Codeshare and Related Agreements, as Amended, with Delta Airlines, Inc., (II) Lease Certain Property of the Estate and (III) Settle Certain Claims Between Delta Airlines, Inc. and the Debtors dated May 5, 2016 [ECF No. 515]. A claim determined exclusively by a (x) final order of a court of competent jurisdiction or (y) final decision by one or more arbitrators pursuant to mandatory arbitration, which the Debtors, including any person asserting the right to agree or settle on behalf of the Debtors or the Debtors' estates, have in good faith and to conclusion litigated and contested, including fully through the appellate process, the priority, amount and allowance of such Codeshare Claim and not agreed to, or settled, the amount of such Codeshare Claim (a "Litigated Claim") shall not be an "agreed" claim as referenced by the first sentence of this paragraph, provided that the portion of any such Codeshare Claim to which the Debtors have agreed, settled

or not contested, and the allowance of any claim by the Court other than as a Litigated Claim, shall be an “agreed” claim as referenced by the first sentence of this paragraph.

8. Other than the Guarantee Claim and Allocable Claim, and subject to paragraph 7 of this Order, United shall not assert any general pre-petition unsecured claims in the chapter 11 cases of the Debtors arising pursuant to the United Express Agreement and the Guaranty. The claims of United which are being compromised in return for allowance of the Guarantee Claim and Allocable Claim, and which, subject to paragraph 7 of this Order, shall not be asserted by United, include (1) any claim of United arising out of past shortfalls by any of the Debtors in contractual flying of Q400 aircraft, (2) any claim arising from the Debtors’ inability to schedule and fly those certain E170 aircraft numbers **REDACTED** and **REDACTED** between February 25, 2016 and July 1, 2016, (3) any claim of United to recover the increased Carrier Controlled Costs (as defined in the Restructured United Express Agreement) which United is agreeing to provide the Debtors pursuant to the Restructured United Express Agreement, (4) any claim of United for the Debtors’ inability to schedule and fly certain aircraft prior to the Commencement Date; and (5) any claim of United to recover compensation related to agreeing in the Restructured United Express Agreement to amend the Debtors’ pre-petition obligation to obtain delivery of and operate the Subject Aircraft (as defined in the Restructured United Express Agreement) which, as amended, is now set forth in Attachment 6 of the Restructured United Express Agreement. For the avoidance of doubt, all insured claims, ordinary course reconciliations, and indemnification tenders arising in connection with the Restructured United Express Agreement are being assumed as contractual administrative claims pursuant to this Order and are not being compromised by United.

9. The settlement of the Guarantee Claim and Allocable Claim on the terms described herein is fair and reasonable.

10. The failure to specifically describe or include any particular provision in the Assumed United Agreements shall not diminish or impair the effectiveness of such provision, it being the intent of this Court that each of the Assumed United Agreements be approved in its entirety.

11. Any person or entity that did not timely object to the Motion is deemed to consent to the relief granted herein.

12. The provisions and effect of this Order, any actions taken pursuant to this Order and United's and the Debtors' respective rights, obligations, remedies, and protections provided for herein and in the Assumed United Agreements shall survive the conversion, dismissal, and/or closing of these chapter 11 cases, appointment of a trustee herein, confirmation of a plan or plans of reorganization, and/or the substantive consolidation of these chapter 11 cases with any other case or cases, and the terms and provision of this Order as well as any protections granted to United pursuant to this Order shall continue in full force and effect notwithstanding the entry of any such order.

13. During the continuance of the Debtors' current chapter 11 cases, United shall be entitled to exercise its remedies under the Credit Agreement, the aircraft security documents, the Assumed United Agreements or section 1110 of the Bankruptcy Code, and the automatic stay imposed under section 362(a) of the Bankruptcy Code, to the extent applicable, is hereby modified and lifted to allow United to exercise such remedies.

14. United shall be entitled to an administrative expense priority claim pursuant to sections 503 and 507 of the Bankruptcy Code for any breach by the Debtors of the Assumed United Agreements.

15. This Order shall be stayed until the expiration of seven (7) days after entry of the Order.

16. The Motion satisfies rules 2002, 6006, and 9019 of the Federal Rules of Bankruptcy Procedure.

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

Dated: New York, New York

June 16, 2016

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