

**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 SECTIONS 363(b) AND 365(a) OF THE BANKRUPTCY
CODE AND BANKRUPTCY RULES 6004, 6006 AND 9019 FOR AUTHORIZATION TO
(I) ASSUME CODESHARE AGREEMENT, AS AMENDED, WITH AMERICAN
AIRLINES, INC., AND (II) ENTER INTO OR ASSUME RELATED AGREEMENTS**

A hearing having been held on September 21, 2016 (the "Hearing"), to consider the motion, dated September 2, 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 363(b) and 365(a) of the Bankruptcy Code and rules 6004, 6006 and 9019 of the Federal Rules of Bankruptcy Procedure, solely as the Motion relates to the Commercial Settlement, for authorization to (i) assume codeshare agreement, as amended, with American Airlines, Inc., and (ii) enter into or assume related agreements, each as more fully described in the Motion; the Court having adjourned the hearing on the Motion solely as it relates to the Claim Settlement to October 13, 2016 upon the consent of the Debtors, American, and the Unsecured Creditors Committee; 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

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.

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) ("CMO"), and it appearing that no other or further notice need be given; and the Court having considered the Motion solely as it relates to the Commercial Settlement, 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 after due deliberation and sufficient cause appearing therefor, and for reasons stated in the record of the Hearing;

IT IS HEREBY FOUND AND CONCLUDED *based on the record before the court including the Debtor's representation*, that:

A. The statutory predicates for the relief requested in the Motion as it relates to the Commercial Settlement are sections 363 and 365 of the Bankruptcy Code and Bankruptcy Rules 6004, 6006 and 9019.

B. Proper, timely, adequate and sufficient notice of the Motion as it relates to the Commercial Settlement has been provided in accordance with the Bankruptcy Code, the Bankruptcy Rules, the Local Bankruptcy Rules and the CMO, and no other or further notice of the Motion as it relates to the Commercial Settlement or the entry of this Order shall be required.

C. Based on the record before the Court, the Debtors have demonstrated good and sufficient reasons for the Court to approve the Motion as it relates to the Commercial Settlement.

D. Neither American, its affiliates, nor their respective representatives is an "insider" of any of the Debtors as that term is used in section 101(31) of the Bankruptcy Code.

E. The entry into the Letter Agreement, the assumption of the Emergency Assistance Agreement, and the assumption of the Capacity Purchase Agreement, as amended by the Amendment (the “Restructured American CPA”), the entry into any Related Agreements, as the same are defined in the Letter Agreement, along with the consummation of any transactions contemplated by any such documents or agreements, and entry of this Order is in the best interests of the Debtors’ estates and creditors.

F. The Restructured American CPA, the Letter Agreement, the Guarantee, the Emergency Assistance Agreement, and any other Related Agreements were negotiated, proposed and entered into by the parties in good faith, from arms’ length bargaining positions and without collusion or fraud.

G. Sound business reasons have been articulated for entering into the Letter Agreement, Amendment, Guarantee, and any Related Agreements, assuming the Emergency Assistance Agreement, and assuming the Restructured American CPA and the transactions contemplated in any such document or agreement and it is a sound exercise of business judgment to enter into and perform under the Restructured American CPA, the Letter Agreement, the Guarantee, any Related Agreement, the Emergency Assistance Agreement and to consummate the transactions contemplated by any such document or agreement.

H. American is consenting to the assumption of the Restructured American CPA and the Emergency Assistance Agreement and thus, no adequate assurance of future performance by Republic is required under section 365(b) of the Bankruptcy Code.

I. As set forth in the Motion, both American and Republic will, upon entry of and in reliance on this Order, *inter alia*, take numerous steps and actions with respect to their flying schedules, aircraft, products, and agreements with other parties.

J. Each of the foregoing findings by the Court will be deemed a finding of fact if and to the full extent that it makes and contains factual findings and a conclusion of law if and to the full extent that it makes legal conclusions.

IT IS HEREBY ORDERED that:

1. The Motion solely as it relates to the Commercial Settlement is hereby granted as provided herein, and the Commercial Settlement is approved in its entirety. To the extent any objections or reservations of rights to the Motion solely relating to the Commercial Settlement have not been withdrawn or resolved by this Order, they are overruled in all respects on the merits.

2. Notwithstanding the Letter Agreement, upon the consent of the Debtors, American, and the Unsecured Creditors Committee, the Motion is hereby bifurcated as it relates to the Commercial Settlement and the Claims Settlement, and the hearing on the Motion solely as it relates to the Claim Settlement shall be separately held on October 13, 2016.

3. The Letter Agreement, including the mutual releases contained therein, is hereby approved and the Debtors are authorized to perform their obligations thereunder.

4. The Amendment is hereby approved and Republic Airline hereby assumes the Restructured American CPA pursuant to section 365(a) of the Bankruptcy Code and Bankruptcy Rule 6006.

5. With respect to the Regional Airline Services (as defined in the Amendment) relating to the LUS Covered Aircraft (as defined in the Amendment) provided by Republic Airlines to American after the Amendment Effective Date (as defined in the Amendment), the provisions of the US Air JSA shall have no further force and effect and the Regional Airline Services shall be governed by the terms of the Restructured American CPA.

6. Pursuant to section 363(b) of the Bankruptcy Code, RAH is authorized to enter into the Guarantee and perform all obligations thereunder. Upon entry of this Order, the Original Guarantee is terminated and of no further force and effect.

7. Pursuant to section 365(a) of the Bankruptcy Code, Republic Airline is authorized to assume the Emergency Assistance Agreement, and perform all obligations thereunder, and American and Republic Airlines are authorized to make amendments to the Emergency Assistance Agreement that do not impose additional material obligations on the Debtors' estates without further Court approval.

8. The Debtors are authorized to enter into any agreements including any Related Agreements contemplated by and on the terms set forth in the Restructured American CPA and the Letter Agreement to the extent it relates to the Commercial Settlement 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 Restructured American CPA, Guarantee, and the Letter Agreement.

9. The failure to specifically describe or include any particular provision in the Restructured American CPA, Letter Agreement, Emergency Assistance Agreement, Guarantee, or any Related Agreement shall not diminish or impair the effectiveness of such provision, it being the intent of this Court that the Restructured American CPA, Letter Agreement, Emergency Assistance Agreement, Guarantee, or any Related Agreement be approved in their entirety.

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

11. The provisions and effect of this Order, any actions taken pursuant to this Order and American's and the Debtors' respective rights, obligations, remedies and protections provided for herein and in the Restructured American CPA, Letter Agreement, Emergency Assistance Agreement, Guarantee or any of the Related 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 American pursuant to this Order shall continue in full force and effect notwithstanding the entry of any such order.

12. During the continuance of the Debtors' current chapter 11 cases, American 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 Restructured American CPA or failure to perform any Surviving Obligations (as defined in the Letter Agreement).

13. Notwithstanding the provisions of Bankruptcy Rule 6004, this Order shall not be stayed for 14 days after the entry hereof, but shall be effective and enforceable immediately upon entry by this Court.

14. The Motion as it relates to the Commercial Settlement satisfies rules 2002, 6006 and 9019 of the Federal Rules of Bankruptcy Procedure.

15. In the event that the Court enters a subsequent order approving the Claim Settlement, this Order, together with such order approving the Claim Settlement, will be deemed to constitute the Approval Order as defined in the Letter Agreement.

16. In the event that the Court denies approval of the Claim Settlement, this Order, together with such order denying the Claim Settlement, will be deemed to constitute the Alternative Approval Order as defined in the Letter Agreement.

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

Dated: New York, New York

September 22, 2016

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