

**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 11 U.S.C. §§ 363(b), 363(f), AND 363(m)
AND FED. R. BANKR. P. 6004 AND 9019 (I) AUTHORIZING THE DEBTORS
TO SELL CERTAIN AIRCRAFT, PREPAY CERTAIN AIRCRAFT LOANS,
AND CONSENSUALLY TERMINATE RELATED AIRCRAFT
LEASES AND (II) APPROVING ALLOWED CLAIMS**

A hearing having been held on December 8, 2016 (the "Hearing"), to consider the motion, dated October 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 sections 363(b), 363(f) and 363(m) of title 11, United States Code (the "Bankruptcy Code") and Rules 6004 and 9019 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules") for entry of an order (i) approving the sale of three EMB 170 SU aircraft with serial numbers 1700019, 1700042, and 1700046 and current registration marks XA-ACP, XA-ACQ and XA-ACV, each equipped with two (2) CF34-8E5 engines (collectively, the "Aircraft") to Aerolitoral, S.A. de CV d/b/a Aeromexico Connect ("Connect") subject to certain contingencies and conditions precedent as set forth in the Letter of Intent annexed to the Motion

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 used, but not otherwise defined herein, shall have the meanings given such terms in the Motion.

as Exhibit A (the “LOI”), (ii) approving, and authorizing, but not directing, Republic to enter into, a binding purchase agreement for each Aircraft and any other documents required to give effect to the transactions contemplated in the LOI (the “Definitive Documents”), (iii) authorizing Republic to use the net sale proceeds from the sale of the Aircraft to pay down indebtedness secured by the Aircraft (the “Existing Loans”), (iv) authorizing Republic to mutually and consensually terminate certain leases (the “Leases”) of the Aircraft between Connect and Republic Airline Inc., and (v) allowing Connect prepetition general unsecured claims against RAI in the aggregate amount of \$6,770,092 and against Shuttle America Corporation in an aggregate amount of \$3,543,471, all as more fully described in the Motion; and the Court having jurisdiction to consider the Motion and the relief requested therein pursuant to 28 U.S.C. § 1334 and the Amended Standing Order of Reference M-431 dated January 31, 2012 (Preska, C.J.); and the Motion and the requested relief constituting a core proceeding pursuant to 28 U.S.C. § 157; 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 Motion, the papers in support thereof and the responses thereto, if any, the record of the Hearing, and the appearances of parties in interest noted in the record; and upon 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, and is in the best interests of Republic, its estates, creditors, and all parties in interest, and that Connect is purchasing the Aircraft in good faith as contemplated by section 363(m) of the Bankruptcy Code, and that the consideration Connect is transferring to RAI under the transactions approved herein constitutes reasonably equivalent and fair value for the Aircraft and other consideration provided by RAI, and that the legal and factual bases set forth in the Motion

establish just cause for the relief granted herein to the Debtors and to Connect; and the Court having found and determined that the settlement and compromises set forth in the Motion are fair and reasonable and necessary to the administration of the Debtors' chapter 11 cases and are supported by sound business reasons and judgment 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 the LOI and all the terms and conditions thereof and the transactions and agreements contemplated therein are authorized and approved in all respects; and it is further

ORDERED that the Debtors are authorized, but not directed, to enter into, a binding purchase agreement for each Aircraft and any other documents required to give effect to the transactions contemplated in the LOI (the "Definitive Documents"); and it is further

ORDERED that pursuant to sections 363(b) and 363(f) of the Bankruptcy Code, the Debtors are authorized, but not directed, in their sole discretion to (i) enter into, consummate, and close the transactions contemplated in the LOI and the Definitive Documents for the sale, transfer and conveyance of the Aircraft free and clear of all liens, claims, interest and encumbrances, (ii) undertake all of the transactions contemplated thereby in connection therewith, including (but not limited to) the preparation, execution, filing, or delivery of any documents, deeds, assignments, or other instruments in furtherance of the foregoing and (iii) use the net proceeds of the sale of the Aircraft to pay the outstanding principal and interest on the Existing Loan; and it is further

ORDERED that the transactions contemplated by the LOI and the Definitive Documents effect a legal, valid, enforceable and effective sale and transfer of the Aircraft to

Connect, and shall (upon closing) vest Connect with all right, title, and interest in the Aircraft, subject only to any encumbrances contained in the LOI and the Definitive Documents and otherwise free and clear of all liens, encumbrances and interests; and it further

ORDERED that the LOI and the Definitive Documents may be modified, amended, or supplemented by the parties thereto in a writing signed by both parties, and in accordance with the terms thereof, without further order of the Court, *provided, however*, that any such modification, amendment, or supplement does not have a material adverse effect on the Debtors' estates; and it is further

ORDERED that Connect is entitled to all of the protections afforded by section 363(m) of the Bankruptcy Code and that any reversal or modification on appeal of the authorization provided herein to consummate the sale of the Aircraft shall not affect the validity of the sale of the Aircraft to Connect; and it is further

ORDERED that pursuant to section 363(b) of the Bankruptcy Code, the mutual and consensual termination of each of the Leases as of the respective Closing Date of the purchase of the Aircraft subject to such Lease is hereby authorized and approved (and that the automatic stay arising pursuant to section 362(a) of the Bankruptcy Code is modified to the extent necessary to effect such termination); and it is further

ORDERED that, subject to the terms of the LOI and the Definitive Documents, Connect is hereby granted, effective on the last Closing Date, (i) an allowed general unsecured claim against Republic Airline Inc. in the amount of \$6,770,092 and (ii) an allowed general unsecured claim against Shuttle America Corporation in the amount of \$3,543,471, and each of the allowed claims is not subject to offset, subordination, attack or other challenge; and it is further

ORDERED that the Debtors are hereby authorized without any further order of the Court to execute and deliver all instruments and documents and take any additional actions as necessary and appropriate to implement the LOI, the Definitive Documents and the transactions contemplated therein; and it is further

ORDERED that the Debtors' court-appointed claims and noticing agent is authorized and directed to modify the Debtors' official claims registry to reflect the relief provided herein; and it is further

ORDERED that the requirements of Bankruptcy Rules 6004(h) are waived; 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
December 14, 2016

/s/ Sean H. Lane
United States Bankruptcy Judge