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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 FOR AN ORDER (i) AUTHORIZING, BUT NOT
DIRECTING, DEBTORS TO PAY PREPAYMENT OBLIGATIONS TO PK
AIRFINANCE US, INC. UNDER A CERTAIN AIRCRAFT LOAN AGREEMENT
AND (ii) DIRECTING PK AIRFINANCE US, INC. AND WELLS FARGO BANK
NORTHWEST, N.A., AS SECURITY TRUSTEE, TO TAKE ALL STEPS
NECESSARY TO RELEASE RELATED AIRCRAFT COLLATERAL**

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 rule 1015(b) of the Federal Rules of Bankruptcy Procedure.

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.

The PK Aircraft Loan Prepayment

7. Debtor Shuttle America Corporation ("Shuttle") is party to that certain Credit Agreement (2014-1), dated as of November 7, 2014 (as heretofore amended, restated, amended and restated, supplemented or otherwise modified, the "Credit Agreement"), among Shuttle, PK AirFinance US, Inc. ("PK AirFinance"), and Wells Fargo Bank Northwest, N.A. (the "Security Trustee"). The loan was made to finance Shuttle's purchase of a certain Embraer ERJ

170-100 SE Aircraft and the engines associated therewith (the "Loan"). RAH is a guarantor of the Loan. The current outstanding principal under the Loan is approximately \$4,600,000.

8. To secure the Loan, Shuttle granted a first-priority lien (the "Lien") on certain aircraft and aircraft engines to the Security Trustee pursuant to the Aircraft Security Agreement [N638RW] dated as of December 1, 2014 (as amended, supplemented and assigned, the "Security Agreement"). (Security Agreement § 2.1.) The remaining collateral under the Loan and Security Agreement consists of one Embraer ERJ 170-100 SE Aircraft bearing manufacturer's serial number 17000053 and two General Electric CF34-8E5 Engines associated therewith bearing engine manufacturer's serial numbers GE-E193239 and GE-E193240 (collectively, the "PK Aircraft"). The PK Aircraft is currently valued at over \$10 million.

9. As the value of the PK Aircraft is more than twice the current loan balance, Republic determined to pay down the Loan so the PK Aircraft would be available to be included in collateral to secure debtor-in-possession financing ("DIP Financing") for these chapter 11 cases.

10. Pursuant to Section 2.06 of the Credit Agreement, Shuttle has the right to prepay the Loan on any "Payment Date" on "not less than 10 days' prior irrevocable written notice." (Credit Agreement § 2.06(a).) The "Payment Dates" on the Loan occur on the first day of each month.² The next "Payment Date" under the Credit Agreement is March 1, 2016. On February 10, 2016, Shuttle delivered an irrevocable notice advising PK AirFinance that it intends to pay the Loan in full on March 1, 2016 (the "Payoff Letter," attached hereto as Exhibit "A").

11. Pursuant to Section 2.06(a) of the Credit Agreement and the Payoff Letter, Shuttle is obligated to pay to PK AirFinance on March 1, 2016 an estimated amount of

2. The "Payment Dates" are set forth in the schedule to the Amended and Restated Credit Supplement dated as of January 2, 2015 among Shuttle, the Security Trustee, and PK AirFinance.

\$4,937,670.19 (the “Prepayment Amount,” which represents a principal amount of \$4,636,324.11, plus the \$113,256.35 debt service payment due on March 1, 2016, plus the 3% prepayment fee of \$139,089.73, plus estimated \$49,000 breakage costs (to be determined by PK AirFinance subject to review and confirmation by Shuttle).

12. Section 9.19 of the Credit Agreement requires that upon payment of the Prepayment Amount, PK AirFinance “irrevocably authorize and direct the Security Trustee to release . . . all Collateral.” (Credit Agreement § 9.19.) Section 7.1 of the Security Agreement provides that upon payment in full of the Loan, the Security Trustee shall:

execute and deliver . . . an appropriate instrument or instruments . . . reasonably required to release, without recourse, representation or warranty, the [PK Aircraft] and the balance of the Collateral from the Lien of this Security Agreement to the extent it secures the Secured Obligations.

(Security Agreement § 7.1.)

Relief Requested

13. By this Motion, pursuant to sections 105(a) and 363(b) of the Bankruptcy Code and rule 6004 of the Federal Rules of Bankruptcy Procedure, Republic seeks entry of an order (i) authorizing, but not directing, Shuttle to pay the Prepayment Amount to PK AirFinance and (ii) directing the Security Trustee and PK AirFinance, upon payment of the Prepayment Amount, to take all steps necessary to release related collateral. A proposed order is annexed hereto.³

3. By separate motion, Republic is seeking an order pursuant to rule 9006(c) of the Federal Rules of Bankruptcy Procedure and Local Bankruptcy Rule 9006-1(b) to shorten the notice period with respect to the relief requested herein.

**The Court May Authorize Payment of the
Prepayment Amount Pursuant to Sections 105(a)
and 363(b) of the Bankruptcy Code**

14. Republic submits that the Court has authority pursuant to sections 105(a) and 363(b) of the Bankruptcy Code to authorize Republic to pay the Prepayment Amount to obtain the release of the Lien on the PK Aircraft.

15. Section 363(b) of the Bankruptcy Code provides that “[t]he trustee, after notice and a hearing, may use, sell, or lease, other than in the ordinary course of business, property of the estate.” To approve the use of a debtor’s assets outside the ordinary course of business pursuant to section 363(b), “the debtor must articulate some business justification, other than the mere appeasement of major creditors.” *See In re Ionosphere Clubs, Inc.*, 98 B.R. 174, 175 (Bankr. S.D.N.Y. 1989).

16. This 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 consistently have 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*, 147 B.R. at 656 (quoting *CRTF Corp. v. Federated Dep’t Stores*, 683 F. Supp. 422, 436 (S.D.N.Y. 1988)).

17. Republic has good business reasons to pay the Prepayment Amount. As described above, Republic determined, because the value of the PK Aircraft is more than twice the current loan balance, to pay down the Loan to release the Lien so the PK Aircraft would be available to be included in collateral to secure DIP Financing for these chapter 11 cases.

18. Moreover, because the Loan is highly over-secured, no creditors or parties in interest will be prejudiced by the payment of the Prepayment Amount, so long as the Lien is released.

19. In addition, section 105 of the Bankruptcy Code grants courts broad statutory authority to enforce the Bankruptcy Code’s provisions either under the specific statutory language of the Bankruptcy Code or under equitable common law doctrines. Indeed, there is ample authority allowing bankruptcy courts, pursuant to section 105, to authorize the debtor to make payments that facilitate the goals of chapter 11. *See, e.g., In re Ionosphere Clubs, Inc.*, 98 B.R. 174, 176 (Bankr. S.D.N.Y. 1989); *In re Chateaugay Corp.*, 80 B.R. 279 (S.D.N.Y. 1987).

20. By authorizing Republic to make the payment requested herein, Republic and its creditors will be directly and substantially benefited. Accordingly, under these circumstances, granting Republic authority to make the payment contemplated by this motion is in the best interests of Republic, its estates, and its creditors and should be authorized by this Court.

**The Court Has Authority to Direct the PK Aircraft Parties
To Take All Steps Necessary To Release Related Aircraft
Collateral Pursuant to Sections 105(a) of the Bankruptcy Code**

21. PK AirFinance and the Security Trustee are required under the Credit Agreement and Security Agreement, respectively, to take all steps necessary to release the Lien on the PK Aircraft upon payment in full of the Loan. (Credit Agreement § 9.19; Security Agreement § 7.1.) Out of an abundance of caution, and to protect the interests of its creditors and its estates, by this Motion, Republic seeks an order requiring PK AirFinance and the Security Trustee, upon payment of the Prepayment Amount, to take all steps necessary to release the Lien on the PK Aircraft. Republic requires this relief to protect its estates and creditors from any risk of paying the Prepayment Amount without receiving the concomitant release of the Lien.

22. Section 105(a) of the Bankruptcy Code authorizes the Court to issue “any order, process, or judgment that is necessary or appropriate to carry out the provisions of this title.” 11 U.S.C. § 105(a). Republic submits that an order requiring the PK Aircraft Parties to perform their obligations under the Credit Agreements and Security Agreements upon payment in full of the Loan is both necessary and appropriate to preserve the assets of Republic’s estate. *See Schwartz v. Aquatic Dev. Group, Inc. (In re Aquatic Dev. Group, Inc.)*, 352 F.3d 671, 680 (2d Cir. 2003) (“it is axiomatic that bankruptcy courts are ‘courts of equity, empowered to invoke equitable principles to achieve fairness and justice in the reorganization process’”) (quoting *In re Momentum Mfg. Corp.*, 25 F.3d 1132, 1136 (2d Cir. 1994)). Indeed, courts have issued orders requiring pre-petition lenders to release liens upon payment in other chapter 11 cases. *See, e.g., In re Gen. Growth Properties, Inc.*, 412 B.R. 122, 128 (Bankr. S.D.N.Y. 2009) (directing that, in connection with post-petition financing, all liens imposed by a prepetition secured loan agreement be released, and lender prepare and deliver such documents as necessary to evidence the release of all liens to the debtor, following the receipt of all funds due the lender).

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

23. 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).

Notice

24. 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 PK Aircraft Parties. Republic submits that, in view of the facts and circumstances, such notice is sufficient and no other or further notice need be given.

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

WHEREFORE Republic respectfully requests entry of an order substantially in the form annexed hereto granting the relief requested herein and 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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**ORDER (i) AUTHORIZING, BUT NOT DIRECTING, DEBTORS TO
PAY PREPAYMENT OBLIGATIONS TO PK AIRFINANCE US, INC.
UNDER A CERTAIN AIRCRAFT LOAN AGREEMENT AND
(ii) DIRECTING PK AIRFINANCE US, INC. AND WELLS FARGO
BANK NORTHWEST, N.A., AS SECURITY TRUSTEE, TO TAKE ALL
STEPS NECESSARY TO RELEASE RELATED AIRCRAFT COLLATERAL**

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) and 363(b) of title 11, United States Code (the “Bankruptcy Code”) and rule 6004 of the Federal Rules of Bankruptcy Procedure, for entry of an order (i) authorizing, but not directly, Shuttle to pay the Prepayment Amount to PK AirFinance and (ii) directing the Security Trustee and PK AirFinance to, upon payment of the Prepayment Amount, take all steps necessary to release related aircraft collateral, all as more fully set forth in the Motion; and the Declaration of Bryan K. Bedford Pursuant to Local Bankruptcy Rule 1007-2 having been filed with the Court contemporaneously with the Motion

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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 shall have the meanings ascribed to them in the Motion.

(the “Bedford Declaration”); 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 PK Aircraft Parties (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 Bedford Declaration, 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 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 relief requested in the Motion is hereby granted as set forth herein; and it is further

ORDERED that Republic is authorized, but not directed, to pay the Prepayment Amount to PK AirFinance; and it is further

ORDERED that, upon payment of the Prepayment Amount, Shuttle, RAH, and any of their agents, attorneys or designees, shall be authorized to file UCC termination statements pertaining to such Liens (as defined in the Credit Agreement) and security interests of the Security Trustee and any other person in the property and assets of Shuttle and RAH and agrees to promptly execute and deliver to Shuttle, RAH, or any of their agents, attorneys and designees any other documents as Shuttle, RAH, or their agents, attorneys or designees may reasonably request from time to time to evidence the foregoing; and it is further

ORDERED that, upon Shuttle's payment of the Prepayment Amount, the Security Trustee shall (i) execute and deliver an FAA Release in the form provided by Shuttle to the Security Trustee, (ii) consent to any International Registry discharges of the International Interests granted under the Security Agreement in respect of the Collateral, and (iii) authorize Shuttle to file the UCC termination statements in the form provided by Shuttle to the Security Trustee; and it is further

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

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

Dated: New York, New York
_____, 2016

United States Bankruptcy Judge

Exhibit A

Payoff Letter



February 10, 2016

PK AIRFINANCE US, INC.
901 Main Ave.
Norwalk, CT 06851

Re: Payoff Letter – Series A Loan (MSN 17000053)

Gentlemen:

Reference is made to that certain Credit Agreement (2014-1), dated as of November 7, 2014 (as heretofore amended, restated, amended and restated, supplemented or otherwise modified, the “Credit Agreement”), among Shuttle America Corporation, an Indiana corporation (the “Borrower”), PK AirFinance US, Inc. (the “Lender”), and Wells Fargo Bank Northwest, N.A. (the “Security Trustee”). Capitalized terms used in this letter and otherwise not herein defined shall have the respective meanings assigned to such terms in the Credit Agreement.

The Borrower hereby advises Lender and Security Trustee that it intends to (i) pay in full the Series A Loan made to finance the Borrower’s purchase of that certain Embraer ERJ 170-100 SE Aircraft bearing manufacturer’s serial number 17000053, including the General Electric CF34-8E5 Engines associated therewith bearing engine manufacturer’s serial numbers GE-E193239 and GE-E193240 (the “Loan”), pursuant to Section 2.06 of the Credit Agreement and (ii) pay all other obligations with respect to the Loan under the Credit Agreement and the other Operative Agreements (other than contingent indemnification obligations as to which no unsatisfied claim has been asserted and that expressly survive the termination of the Credit Agreement and the other Operative Agreements in accordance with the terms thereof), including, without limitation, any guaranties of Borrower’s obligations (clauses (i) and (ii), collectively, the “Repayment”).

1. Payoff. The Borrower shall pay the amounts specified in this Paragraph 1 on March 1, 2016 (the “Repayment Date”). On the Repayment Date, Borrower shall pay, in immediately available funds, an estimated amount of \$4,937,670.19 (which represents a principal amount of \$4,636,324.11, plus the \$113,256.35 debt service payment due on March 1, 2016, plus the 3% prepayment fee of \$139,089.73, plus estimated breakage costs to be determined by the Lender subject to review and confirmation by Borrower (estimated by Borrower as of the date hereof to be \$49,000.00, which is included in the foregoing payoff amount)).

2. Release of Liens. On the Repayment Date the Lender agrees that all of the obligations owing by the Borrower and the Guarantor to the Lender with respect to the Loan under the Credit Agreement and the other Operative Agreements (including any guaranty obligations) shall be satisfied in full. The Lender hereby authorizes the Borrower, the Guarantor and any of their agents, attorneys or designees, on or after the Repayment Date, to file UCC termination statements pertaining to such Liens and security interests of the Security Trustee and any other Person in the property and assets of the Borrower or Guarantor and agrees to promptly execute and deliver to the



Borrower, the Guarantor or any of their agents, attorneys and designees any other documents as the Borrower, the Guarantor or their agents, attorneys or designees may reasonably request from time to time to evidence the foregoing.

3. Effect on Operative Agreements; Termination of Commitments. Except as otherwise provided herein, this letter shall not be construed as a modification or waiver of any terms or conditions of the Credit Agreement or the other Operative Agreements, all of which shall continue in full force and effect until the Repayment; provided, that all commitments of the Lender under the Credit Agreement with respect to the Loan which theretofore shall not have expired shall be automatically terminated on the Repayment Date. On the Repayment Date, (i) the outstanding indebtedness and other obligations (including any guaranty obligations) of the Borrower or Guarantor with respect to or in connection with the Loan shall automatically terminate and be of no further force and effect, without any further action on the part of any Person and shall automatically be released and, in the case of payment obligations, paid in full and (ii) the Borrower or Guarantor are automatically and irrevocably released and discharged from any duty, liability, Secured Obligation (as defined in in any applicable Operative Agreement) or agreement of any nature whatsoever with respect to the Loan arising under, or in connection with, the Operative Agreements, except those contingent indemnification provisions that expressly survive such termination in accordance with the terms thereof.

4. Expenses; Indemnity. Notwithstanding any terms herein to the contrary, the Borrower (i) agrees to pay such fees and expenses that it is obligated to pay under in Section 10.03 of the Credit Agreement, and (ii) confirms Section 10.04 of the Credit Agreement remain in full force and effect.

5. Effect of this Letter. This letter shall become a legally binding agreement among the Lender, the Guarantor and the Borrower upon your acceptance hereof.

6. Governing Law. The provisions of this letter shall be governed by, and construed in accordance with, the laws of the State of New York.

7. General. This letter may be executed by each party on a separate counterpart, each of which when so executed and delivered shall be an original, but all of which shall constitute one agreement. Delivery of an executed counterpart of this letter by telecopy or electronic communications (including '.PDF') shall be equally as effective as delivery of an original executed counterpart of this letter.

[remainder of page intentionally left blank]



Please acknowledge your acceptance of this letter by executing and returning a copy hereof to the undersigned.

Sincerely yours,

SHUTTLE AMERICA CORPORATION, as
Borrower

A handwritten signature in blue ink, appearing to read "Lars-Erik Arnell", is written over a horizontal line.


Name: **Lars-Erik Arnell**
Title: **SVP Corporate Development**

Please acknowledge your acceptance of this letter by executing and returning a copy hereof to the Borrower.

PK AIRFINANCE US, INC., as Lender

By: _____
Name: _____
Title: _____

REPUBLIC AIRWAYS HOLDINGS INC., as Guarantor

By:  _____
Name: **Lars-Erik Arnell**
Title: **SVP Corporate Development**



Please acknowledge your acceptance of this letter by executing and returning a copy hereof to the undersigned.

Sincerely yours,

SHUTTLE AMERICA CORPORATION, as
Borrower

Name:
Title:

Please acknowledge your acceptance of this letter by executing and returning a copy hereof to the Borrower.

PK AIRFINANCE US, INC., as Lender

By: 
Name: MARGARET I MORROW
Title: Vice President - Marketing

REPUBLIC AIRWAYS HOLDINGS INC., as Guarantor

By: _____
Name: _____
Title: _____