

**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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**INTERIM ORDER PURSUANT TO 11 U.S.C. §§ 363(b) & 105(a) (i) AUTHORIZING  
(A) PAYMENT OF PREPETITION WAGES, SALARIES, AND OTHER  
COMPENSATION AND BENEFITS AND (B) MAINTENANCE OF EMPLOYEE  
BENEFIT PROGRAMS AND PAYMENT OF RELATED ADMINISTRATIVE  
OBLIGATIONS AND (ii) AUTHORIZING AND DIRECTING FINANCIAL  
INSTITUTIONS TO HONOR AND PROCESS RELATED CHECKS AND TRANSFERS**

A hearing having been held on February 26, 2016 (the "Hearing") to consider the motion, dated February 25, 2016 (the "Motion"),<sup>2</sup> 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 105(a) of title 11, United States Code (the "Bankruptcy Code"), for entry of an order (i) authorizing, but not directing, Republic to pay, in its sole discretion, all amounts owed with respect to Prepetition Employee Obligations, including, without limitation, Wages, Independent Contractor Obligations, Incentive Program Obligations, Reimbursement Obligations, Withholding Obligations, Payroll Maintenance Fees, Severance Obligations, Relocation Obligations, Leave Obligations, Employee Benefit

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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.

Obligations, Other Employee Program Obligations, and in each case any fees, costs, or expenses related to the foregoing, (ii) authorizing, but not directing Republic to continue its practices, programs, and policies for its Employees, as those practices, programs, and policies were in effect as of the Commencement Date and as such practices, programs, and policies may be modified, amended, or supplemented from time-to-time in the ordinary course of Republic's business, and (iii) authorizing and directing the Banks to receive, process, and pay any and all checks drawn on Republic's payroll and disbursement accounts, and automatic or other electronic fund transfers to the extent that such checks or transfers relate to any of the foregoing, all as more fully set forth in the Motion; and the Declaration of Bryan K. Bedford Pursuant to Local Bankruptcy Rule 1007-2 (the "Bedford Declaration") having been filed with the Court contemporaneously with 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 the 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 Banks (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 an exercise of sound business judgment, is necessary to avoid immediate and irreparable harm to Republic and its estates as contemplated by Fed. R. Bankr. P. 6003, 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 granted on an interim basis, as provided herein; and it is further

ORDERED that pursuant to sections 363(b) and 105(a) of the Bankruptcy Code, Republic is authorized, but not directed, to pay or otherwise honor, without further order of the Court, all Prepetition Employee Obligations, including without limitation, Wages, Independent Contractor Obligations, Incentive Program Obligations, Reimbursement Obligations, Withholding Obligations, Payroll Maintenance Fees, Severance Obligations, Relocation Obligations, Leave Obligations, Employee Benefit Obligations, and Other Employee Program Obligations (which in each of the foregoing cases includes, without limitation, any related fees, costs, or expenses), that relate to the period prior to the Commencement Date that are due and payable or come due prior to the entry of an order determining the Motion on a final basis (the “Interim Period”), in accordance with Republic’s ordinary course of conduct and consistent with Republic’s prepetition practices; provided however, that notwithstanding anything to the contrary herein, (i) during the Interim Period, (a) Republic shall not pay any individual

Employee or Independent Contractor an amount greater than the \$12,475 statutory priority imposed by section 507(a)(4) of the Bankruptcy Code on account of prepetition Wages or Independent Contractor Obligations and (b) Republic shall provide appropriate disclosures to the U.S. Trustee and any statutory committee of unsecured creditors of any prepetition Incentive Program Obligations and prepetition Reimbursement Obligations paid in the chapter 11 cases and (ii) Republic shall not make bonus or severance payments to senior management or any “insider,” as that term is defined in section 101(31) of the Bankruptcy Code, without further order of the Court; and it is further

ORDERED that, notwithstanding anything herein to the contrary, during the pendency of these chapter 11 cases, Republic shall, by separate motion, obtain authority from the Court before making any severance payments to “insiders,” as defined in section 101(31) of the Bankruptcy Code; and it is further

ORDERED that Republic is authorized, but not required, to continue to honor the practices, programs, and policies with respect to its Employees (including, without limitation, the Employee Benefits Programs), as those practices, programs, and policies were in effect as of the Commencement Date and as such practices, programs, and policies may be modified, amended, or supplemented from time-to-time in the ordinary course of Republic’s business; and it is further

ORDERED that each of the Banks is hereby authorized and directed, when requested by Republic in its sole discretion, to receive, process, honor, and pay, to the extent of sufficient funds on deposit or otherwise available therefor, any and all checks drawn on Republic’s payroll or disbursement accounts and any automatic or other electronic fund transfers

that are related to Prepetition Employee Obligations, whether those checks were presented, or funds transfers initiated, before or after the Commencement Date; and it is further

ORDERED that each of the Banks is hereby authorized and directed to rely upon the representations of Republic as to which checks and transfers to honor with respect to the payment of Prepetition Employee Obligations; and it is further

ORDERED that Republic shall serve a copy of this Order upon each of the Notice Parties within three (3) business days of its entry; and it is further

ORDERED that nothing in the Motion or in this Order shall be deemed to authorize Republic to accelerate any payments not otherwise due prior to the date of the hearing to consider entry of an order granting the relief requested in the Motion on a final basis (the “Final Hearing”); and it is further

ORDERED that (a) nothing contained in the Motion or in this Order is intended to be or shall be construed as (i) an admission as to the validity or priority of any claim against Republic, (ii) a waiver of Republic’s or any appropriate party in interest’s rights to dispute any claim, or (iii) an approval or assumption of any agreement, contract, program, policy, or lease under section 365 of the Bankruptcy Code and (b) any payment made pursuant to this Order is not intended to be and shall not be construed as an admission as to the validity or priority of any claim or a waiver of Republic’s rights to dispute such claim subsequently; and it is further

ORDERED that notwithstanding entry of this Order, nothing herein shall create, and nothing herein is intended to create, any rights in favor of, or enhance the status of any claim held by, any party; and it is further

ORDERED that the requirements of Fed. R. Bankr. P. 6003(b) have been satisfied; and it is further

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

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

ORDERED that the Final Hearing on the Motion shall be held on **March 22, 2016 at 11:00 a.m. (Eastern Time)**, and (i) any objections or responses to the Motion and entry of an order granting the relief requested on a final basis shall be in writing, filed with the Court in accordance with local rules and orders of the Court, and served upon (a) the proposed attorneys for the Debtors, Zirinsky Law Partners PLLC, 375 Park Avenue, Suite 2607, New York, New York 10152 (Attn: Bruce R. Zirinsky, Esq. (bzirinsky@zirinskylaw.com), Sharon J. Richardson, Esq. (srichardson@zirinskylaw.com), and Gary D. Ticoll, Esq. (gticoll@zirinskylaw.com)) and Hughes Hubbard & Reed LLP, One Battery Park Plaza, New York, New York 10004 (Attn: Christopher K. Kiplok, Esq. (chris.kiplok@hugheshubbard.com) and Ramsey Chamie, Esq. (ramsey.chamie@hugheshubbard.com)) and (b) the Notice Parties, in each case so as to be received no later than at **4:00 p.m. (Eastern Time) on March 15, 2016** and (ii) replies, if any, shall be filed with the Court and served upon the Notice Parties so as to be received no later than **12:00 p.m. (Eastern Time) on March 18, 2016**; and it is further

ORDERED that this Order is effective from the date of entry through this Court's disposition of the Motion on a final basis; provided that the Court's ultimate disposition of the Motion on the final basis shall not impair or otherwise affect any action taken pursuant to this Order; 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 implementation, interpretation, or enforcement of this Order.

Dated: New York, New York  
February 29, 2016

/s/ Sean H. Lane  
United States Bankruptcy Judge

**Schedule 1**

**Banks and Other Financial Institutions**

<b>Entity</b>	<b>Bank</b>	<b>Acct Last 4</b>	<b>Type</b>	<b>Cur.</b>
Republic Airways Holdings Inc.	Bank of America	9785	Operating	USD
Republic Airways Holdings Inc.	Bank of America	1560	Accounts Payable	USD
Republic Airways Holdings Inc.	Bank of America	9670	Manual Payroll	USD
Republic Airways Holdings Inc.	Bank of America	7605	LC Restricted Cash	USD
Republic Airways Holdings Inc.	Bank of America	3476	Securities Custody	USD
Republic Airline Inc.	Bank of America	2600	Operating	USD
Republic Airline Inc.	Bank of America	1586	Accounts Payable	USD
Republic Airline Inc.	Bank of America	3160	Manual Payroll	USD
Shuttle America Corporation	Bank of America	3814	Operating	USD
Shuttle America Corporation	Bank of America	7108	Accounts Payable	USD
Shuttle America Corporation	Bank of America	9819	Manual Payroll	USD
Shuttle America Corporation	Bank of America (Canada)	8207	Operating	CAD
Shuttle America Corporation (Chautauqua)	Bank of America	4556	Operating	USD
Midwest Air Group, Inc.	Bank of America	9120	Operating	USD
Republic Airline Inc.	JPMorgan	1038	Operating	USD
Republic Airways Holdings Inc.	JPMorgan	1038	Operating	USD
Shuttle America Corporation	JPMorgan	6755	Operating	USD
Republic Airways Services, Inc.	JPMorgan	3380	Operating	USD
Republic Airways Holdings Inc.	JPMorgan	0690	Investments Clearing	
Republic Airline Inc.	US Bank	7576	ACH	USD
Shuttle America Corporation	US Bank	7865	ACH	USD
Republic Airways Holdings Inc.	Deutsche Bank	0741	Irrevocable Trust	USD
Republic Airways Holdings Inc.	Key Bank	0496	Operating	USD
Republic Airways Holdings Inc.	Key Bank	4121	Accounts Payable	USD
Republic Airways Holdings Inc.	Key Bank	4139	Manual Payroll	USD
Republic Airline Inc.	Key Bank	0520	Operating	USD
Republic Airline Inc.	Key Bank	4105	Accounts Payable	USD
Republic Airline Inc.	Key Bank	4113	Manual Payroll	USD
Shuttle America Corporation	Key Bank	0553	Operating	USD
Shuttle America Corporation	Key Bank	4147	Accounts Payable	USD
Shuttle America Corporation	Key Bank	4154	Manual Payroll	USD
Shuttle America Corporation	Key Bank	0835	Operating	CAD
Midwest Air Group, Inc.	Key Bank	0587	Operating	USD