

**Hearing Date & Time: March 22, 2016 at 11:00 a.m. (Eastern Time)**  
**Objection Deadline: March 15, 2016 at 4:00 p.m. (Eastern Time)**

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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.,** : **16-10429 (SHL)**  
**Debtors.<sup>1</sup>** : **(Jointly Administered)**

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**NOTICE OF HEARING REGARDING DEBTORS' FIRST OMNIBUS MOTION  
PURSUANT TO 11 U.S.C. §§ 105(a), 363(b), 365, 554 & 1110 AND FED. R. BANKR. P.  
6006 & 6007 FOR AN ORDER (I) AUTHORIZING DEBTORS TO TRANSFER TITLE  
TO AND ABANDON CERTAIN OWNED AIRCRAFT AND ENGINES AND REJECT  
RELATED AIRCRAFT LEASE AND (II) (A) AUTHORIZING, BUT NOT DIRECTING,  
DEBTORS TO FULFILL THEIR OBLIGATIONS UNDER A CERTAIN ENGINE  
PURCHASE AGREEMENT AND (B) DIRECTING CITIBANK N.A. TO TAKE ALL  
STEPS TO COOPERATE WITH THE CLOSING OF SAME**

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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.

**PLEASE TAKE NOTICE** that a hearing will be held at **11:00 a.m. (Eastern Time) on March 22, 2016** before the Honorable Sean H. Lane, United States Bankruptcy Judge, United States Bankruptcy Court for the Southern District of New York, One Bowling Green, New York, New York 10004 to consider Debtors' First Omnibus Motion Pursuant to 11 U.S.C. §§ 105(A), 363(B), 365, 554 & 1110 and Fed. R. Bankr. P. 6006 & 6007 for an Order (I) Authorizing Debtors to Transfer Title to and Abandon Certain Owned Aircraft and Engines and Reject Related Aircraft Lease and (II) (A) Authorizing, but not Directing, Debtors to Fulfill Their Obligations Under a Certain Engine Purchase Agreement and (B) Directing Citibank N.A. to Take All Steps to Cooperate With the Closing of Same (the "Motion").

**PLEASE TAKE FURTHER NOTICE** that any responses or objections (the "Objections") to the Motion shall be in writing, shall conform to the Federal Rules of Bankruptcy Procedure and the Local Bankruptcy Rules for the Southern District of New York, shall be filed with the Bankruptcy Court (a) by attorneys practicing in the Bankruptcy Court, including attorneys admitted pro hac vice, electronically pursuant to the Case Management Procedures approved by the Court (ECF No. 70) and in accordance with General Order M-399 (which can be found at <http://www.nysb.uscourts.gov/sites/default/files/m399.pdf>), and (b) by all other parties in interest, on a CD-ROM, in text-searchable portable document format (PDF) (with a hard copy delivered directly to Chambers), in accordance with the customary practices of the Bankruptcy Court and General Order M-399, to the extent applicable, and shall be served in accordance with General Order M-399 on (i) 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](mailto:bzirinsky@zirinskylaw.com)), Sharon J. Richardson, Esq. ([srichardson@zirinskylaw.com](mailto:srichardson@zirinskylaw.com)), and Gary D. Ticoll, Esq. ([gticoll@zirinskylaw.com](mailto: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 (ii) the Office of the United States Trustee, 201 Varick Street, Suite 1006, New York, New York 10014 (Attn: Brian Masumoto, Esq.), so as to be so filed and received no later than **March 15, 2016 at 4:00 p.m. (Eastern Time)**.

**PLEASE TAKE FURTHER NOTICE** that if no Objections are timely filed and served, the relief requested in the Motion may be granted with no further notice or opportunity to be heard.

Dated: New York, New York  
March 4, 2016

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*Proposed Attorneys for the Debtors and  
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**This motion seeks, in part, to reject certain unexpired leases and transfer title to or abandon certain equipment. If you have received this motion and are a contract counterparty to an agreement with the Debtors, please review Annexes 1, 2, and 3 to the proposed Order to determine if this motion affects your agreement and your rights thereunder.**

**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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**DEBTORS' FIRST OMNIBUS MOTION PURSUANT TO 11 U.S.C.  
§§ 105(a), 363(b), 365, 554 & 1110 AND FED. R. BANKR. P. 6006 & 6007  
FOR AN ORDER (I) AUTHORIZING DEBTORS TO TRANSFER TITLE TO AND  
ABANDON CERTAIN OWNED AIRCRAFT AND ENGINES AND REJECT RELATED  
AIRCRAFT LEASE AND (II) (A) AUTHORIZING, BUT NOT DIRECTING, DEBTORS  
TO FULFILL THEIR OBLIGATIONS UNDER A CERTAIN ENGINE PURCHASE  
AGREEMENT AND (B) DIRECTING CITIBANK N.A. TO TAKE ALL STEPS  
TO COOPERATE WITH THE CLOSING OF SAME**

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.

TO THE HONORABLE SEAN H. LANE  
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 February 25, 2016 (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. Pursuant to Fed. R. Bankr. P. 1015(b), the Debtors' chapter 11 cases have been consolidated for procedural purposes only and are being jointly administered.

**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 (ECF No. 4).

#### **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.

#### **Relief Requested**

7. Republic owns or leases a fleet of approximately 300 aircraft, many of which are subject either to secured debt or lease financing arrangements. Republic seeks to streamline its operations by operating a single aircraft type (E170/175) and returning out of favor aircraft types (Q400, ERJ-145, and ERJ-140). In furtherance of this business strategy, Republic intends to utilize the chapter 11 process to retire underutilized and idle aircraft and engines from its fleet through rejection or abandonment. This motion is the first step in that process.

Republic's fleet review process is not complete, is inherently dynamic, and is expected to result

in additional aircraft being returned to lessors and lenders in order to match fleet requirements with the needs of its Codeshare Partners.

### **Surrender of Owned Aircraft and Engines and Rejection of Related Lease**

8. By this motion, Republic seeks entry of an order, substantially in the form annexed hereto, authorizing it (i) pursuant to section 363(b) of the Bankruptcy Code and rule 2002 of the Federal Rules of Bankruptcy Procedure, to surrender, return, and transfer title to certain aircraft (including engines and other related equipment) or engines specified on Annex 1 to the proposed order owned by Republic (collectively, together with all related Aircraft Records (as defined herein) and all related “equipment,” as described in section 1110(a)(3) of the Bankruptcy Code, the “Excess Owned Equipment”) to the collateral trustee or other interested parties under the documents governing the security interests (the “Owned Aircraft Secured Parties”), effective on the Effective Date specified on Annex 1, (ii) pursuant to section 554(a) of the Bankruptcy Code and rule 6007 of the Federal Rules of Bankruptcy Procedure, to abandon the Excess Owned Equipment, effective on the Effective Date specified on Annex 1, and (iii) pursuant to section 365 of the Bankruptcy Code and Rule 6006 of the Federal Rules of Bankruptcy Procedure, to reject the lease (the “Lease”) for the Excess Owned Equipment specified on Annex 2 to the proposed order, effective on the date (the “Effective Date”) specified on Annex 2.

### **The MTU Purchase Agreement**

9. Certain of the aircraft and engines that the Debtors propose to surrender, return, transfer title to, or abandon are subject to liens of Citibank N.A. (“Citi”) pursuant to that certain Mortgage and Security Agreement, dated July 22, 2015 (as amended, restated, supplemented, or otherwise modified from time to time, the “Citi Security Agreement”) to secure the Debtors’ obligations with respect to that certain Credit and Guaranty Agreement dated as of

April 24, 2015 (as amended, restated, supplemented, or otherwise modified from time to time, the “Citi Credit Agreement”). The current principal amount outstanding under the Citi Credit Agreement is approximately \$23 million, which is secured by the aircraft and engines listed on Annex 1 and 3 hereto (the “Citi Collateral”). The Citi Collateral is not required going forward for Republic’s business plan.

10. The Citi Collateral includes the General Electric CF34-10E6 engine bearing engine serial number ESN 994823 (the “GE Engine,” as described on Annex 3 hereto). Prior to the commencement of these chapter 11 cases, on February 25, 2016, Shuttle entered into that certain Engine Purchase Agreement (“MTU Purchase Agreement,” annexed hereto as Exhibit A) with MTU Maintenance Lease Services B.V. (“MTU”), by which Shuttle agreed to sell and MTU agreed to buy the GE Engine in consideration of the payment of \$ [REDACTED] by MTU to Shuttle (“MTU Purchase Price”). (MTU Purchase Agreement §§ 1.1; 2.) A condition precedent to the sale includes that the GE Engine be free and clear of all liens. (MTU Purchase Agreement § 5.2(C).) Section 3.2 of the MTU Purchase Agreement provides that the sale of the GE Engine shall be concluded no later than March 31, 2016.

11. By this motion, pursuant to sections 105(a) and 363(b) of the Bankruptcy Code, Republic seeks entry of an order (i) authorizing, but not directing, Republic to perform its obligations under the MTU Purchase Agreement and (ii) directing Citi to cooperate with the closing of the MTU Purchase Agreement, including the release of all liens and security interests on the GE Engine. If the Court is not inclined to order this relief, Republic requests instead an order authorizing it to surrender, return, and transfer title to or abandon the GE Engine in the same manner as those aircraft and engines listed on Annex 1 to the proposed order as of the Effective Date listed on Annex 3.



### **Basis for Relief**

#### **I. The Surrender, Return, and Transfer of Title to the Excess Owned Equipment is in The Best Interests of Republic's Estates.**

12. Section 363(b)(1) 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.” 11 U.S.C. § 363(b)(1). Whether a transfer of assets pursuant to section 363(b) of the Bankruptcy Code should be approved in a particular case is a matter left to the Court’s discretion, giving due consideration to the sound business judgment of the debtor. *See Comm. of Equity Sec. Holders v. Lionel Corp. (In re Lionel Corp.)*, 722 F.2d 1063, 1071 (2d Cir. 1983); *In re Thompson McKinnon Secs., Inc.*, 120 B.R. 301, 308 (Bankr. S.D.N.Y. 1990).

13. Republic believes that the liens against the Excess Owned Equipment exceed the market value of the aircraft and engines, thereby leaving no equity for the estates.<sup>2</sup> In addition, the Excess Owned Equipment is in storage, has been ear-marked for storage, or, in the case of the aircraft described on Annex 2 hereto, is leased to a third-party pursuant to the Lease, which does not generate any excess revenue for Republic’s estates. As such, the costs of storage, maintenance, and labor associated with the Excess Owned Equipment would be burdensome to Republic’s estates, with little, if any, corresponding benefit to Republic or its creditors. Accordingly, surrendering, returning, and transferring title to the Excess Owned Equipment to the Owned Aircraft Secured Parties will divest Republic of burdensome obligations and inure to the benefit of Republic, its creditors, and all parties in interest.

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2. The Owned Aircraft Secured Parties should sell their respective surrendered Excess Owned Equipment in a commercially reasonable manner as required by law, account to Republic and the Court for the proceeds, and return any surplus to Republic.

**II. Abandonment of the Excess Owned Equipment Is In The Best Interests of Republic's Estates.**

14. Section 554 of the Bankruptcy Code provides:

After notice and a hearing, the trustee may abandon any property of the estate that is burdensome to the estate or that is of inconsequential value and benefit to the estate.

Section 554 thus requires two showings. First, the property to be abandoned must be property of the estate. 11 U.S.C. §§ 541 and 554. Second, the property to be abandoned must be burdensome or of inconsequential value or benefit to the debtor's estate. *In re Grossinger's Assocs.*, 184 B.R. 429, 432 (Bankr. S.D.N.Y. 1995). Moreover, the debtor-in-possession is afforded significant discretion in determining the value and benefits of particular property for the purposes of the decision to abandon it. *In re Interpictures Inc.*, 168 B.R. 526, 535 (Bankr. E.D.N.Y. 1994) ("abandonment is in the discretion of the trustee, bounded only by that of the court"). "Courts defer to the trustee's judgment and place the burden on the party opposing the abandonment to prove a benefit to the estate and an abuse of the trustee's discretion." *In re Slack*, 290 B.R. 282, 284 (Bankr. N.J. 2003).

15. The appropriate test in this case is whether the Excess Owned Equipment is burdensome or of inconsequential value to Republic's estates. In this case, because the Excess Owned Equipment is not required under Republic's business plan and Republic does not believe it has any equity in the Excess Owned Equipment, the Excess Owned Equipment is burdensome to Republic's estates. This assessment reflects a business judgment made in good faith by Republic. Abandonment of the Excess Owned Equipment is, therefore, in the best interests of Republic's estates and a proper exercise of Republic's sound business judgment. Similar relief has been granted in other airline cases under similar circumstances.

**III. Rejection of the Lease Is Supported by Republic's Business Judgment and Should Be Approved by the Court.**

16. Section 365(a) of the Bankruptcy Code provides that a debtor in possession "subject to the court's approval, may assume or reject any . . . unexpired lease of the debtor." The standard applied to determine whether the rejection of an unexpired lease should be authorized is the "business judgment" standard. *See In re Penn Traffic Co.*, 524 F.3d 373, 383 (2d Cir. 2008); *In re Old Carco LLC*, 406 B.R. 180, 188 (Bankr. S.D.N.Y. 2009); *see also In re Orion Pictures Corp.*, 4 F.3d 1095, 1098-99 (2d Cir. 1993); *In re Minges*, 602 F.2d 38, 42 (2d Cir. 1979); *NLRB v. Bildisco & Bildisco*, 465 U.S. 513, 513 (1984); *In re Roman Crest Fruit, Inc.*, 35 B.R. 939, 949 (S.D.N.Y. 1983).

17. As detailed in section I hereto, Republic has determined that the aircraft described in Annex 2 no longer fits into Republic's business plans. As Republic proposes to transfer title to and abandon the aircraft to the relevant Owned Aircraft Secured Party, rejecting the Lease would benefit Republic's estates and creditors.

18. Republic submits that the rejection of the Lease should be effective as of the Effective Date, which will relieve Republic of burdensome obligations. *See, e.g., In re KP Fashion Co.*, No. 10 Civ. 8429 (NRB), 2011 WL 3806116, at \*3 n.7 (S.D.N.Y. Aug. 29, 2011) (retroactive rejection is valid when the balance of equities favor such treatment) (citing *BP Energy Co. v. Bethlehem Steel Corp.*, 2002 WL 31548723, at \* 3 (S.D.N.Y., Nov. 15, 2002); *In re The Reader's Digest Ass'n, Inc.*, No. 09-23529 (Bankr. S.D.N.Y. Sept. 17, 2009) (approving retroactive rejection of eight leases); *In re Jamesway Corp.*, 179 B.R. 33, 38 (S.D.N.Y. 1995) (finding that a court may approve retroactive rejection); *see also In re At Home Corp.*, 392 F.3d 1064, 1071 (9th Cir. 2004) (same); *In re Thinking Mach. Corp. v. Mellon Fin. Servs.*, 67 F.3d 1021, 1028 (1st Cir. 1995) (approving retroactive orders of rejection where the balance of the

equities favors such relief). This Court has granted the rejection of aircraft and related equipment leases under similar circumstances in other complex chapter 11 airline cases.

19. In light of the foregoing, Republic submits that rejection of the Lease on the terms proposed herein is an exercise of its sound business judgment and is in the best interests of its estates and all economic parties in interest.

**IV. The Court May Authorize Republic To Consummate The MTU Purchase Agreement Pursuant to Section 363(b) of the Bankruptcy Code.**

20. Republic submits that the Court has authority pursuant to section 363(b) of the Bankruptcy Code to authorize Republic to consummate the MTU Purchase Agreement. As discussed herein, section 363(b) of the Bankruptcy Code provides that a debtor can sell property of the estate where it has determined, in its business judgment, that the sale would be appropriate.

21. Republic has good business reasons to perform its obligations under the MTU Purchase Agreement and transfer the title to the GE Engine pursuant to the MTU Purchase Agreement. Republic negotiated a good price—\$[REDACTED]—for the sale of the GE Engine. If and to the extent Citi is undersecured, closing the sale contemplated by the MTU Purchase Agreement will reduce the value of any unsecured claims that Citi may have.<sup>3</sup> If Citi is oversecured after selling the remaining Citi Collateral in a commercially reasonable manner as required by law, the return of any surplus will directly benefit Republic's estates and all parties in interest. Accordingly, Republic and its creditors will be substantially benefitted by authorizing Republic to perform its obligations under the MTU Purchase Agreement. Under these circumstances, granting Republic authority to consummate the MTU Purchase Agreement

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3. Nothing contained herein constitutes an admission or acknowledgment of the validity of any claims that Citi may assert.

is in the best interests of Republic, its estates, and its creditors and should be authorized by this Court.

**V. The Court Has Authority Pursuant to Section 105(a) of the Bankruptcy Code to Direct Citi to Take All Steps Necessary to Cooperate With the Closing of the MTU Purchase Agreement.**

22. A condition precedent to the sale under the MTU Purchase Agreement includes that the GE Engine be free and clear of all liens. Accordingly, Republic seeks an order directing Citi to take all steps necessary to cooperate with the closing of the MTU Purchase Agreement, including the release of all liens on the GE Engine.

23. 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 Citi to cooperate with the closing of the MTU Purchase Agreement and release all liens upon payment of the MTU Purchase Price is appropriate to preserve the assets of Republic’s estates. *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).

24. If the Court is not inclined to order the requested relief with respect to the MTU Purchase Agreement, Republic requests an order authorizing it to surrender, return, and

transfer title to or abandon the GE Engine in the same manner as those aircraft and engines listed on Annex 1 to the proposed order as of the Effective Date listed on Annex 3 for all of the reasons listed in Sections I and II *supra*. Citi should sell the Citi Collateral in a commercially reasonable manner as required by law, account to Republic and the Court for the proceeds, and return any surplus.

### **Retrieval of Aircraft and Engines**

25. Republic has provided information on the annexes to the proposed order that will assist the Owned Aircraft Secured Parties in retrieving their Excess Owned Equipment. Republic proposes that if an Owned Aircraft Secured Party does not retrieve its Excess Owned Equipment from the location designated on the annexes within fifteen days after the later of the date of entry of the Order and the relevant Effective Date, such Owned Aircraft Secured Party shall be responsible for the costs of storing such equipment and other attendant costs as determined by Republic, including the costs of insuring the relevant Excess Owned Equipment. If the Owned Aircraft Secured Party does not remove its Excess Owned Equipment or make timely payments for storage, Republic may file a motion to compel removal of the Excess Owned Equipment and payment of storage and other attendant costs.

26. To preserve the value of the Excess Owned Equipment pending its retrieval by the appropriate Owned Aircraft Secured Party, Republic proposes to maintain its current insurance coverage and continue the existing storage maintenance program pursuant to Republic's Federal Aviation Administration ("FAA")-approved maintenance program (if applicable) until the earlier of: (i) the fifteenth day after the later of the date of entry of the Order and the relevant Effective Date or (ii) the date on which the appropriate Owned Aircraft Secured Party takes possession of its Excess Owned Equipment. Thereafter, however, Republic shall cease insuring and maintaining the Excess Owned Equipment.

**Filing Proofs of Claim**

27. Republic proposes that any claims arising out of (i) the rejection of the Lease or (ii) the transfer of title or abandonment of the Excess Owned Equipment or GE Engine, effected pursuant to this motion be filed in accordance with any order pursuant to rule 3003(c) of the Federal Rules of Bankruptcy Procedure establishing a deadline by which prepetition general unsecured claims must be filed. Any claim not timely filed will be irrevocably barred.

**Records and Documents**

28. On or as soon as reasonably practicable after the applicable Effective Date of abandonment, Republic shall make available to the applicable Owned Aircraft Secured Party records and documents in its possession relating to the Excess Owned Equipment (collectively, the "Aircraft Records").

**Reservation of Rights**

29. Republic submits that nothing set forth herein shall be with prejudice to the rights, if any, of (i) any Owned Aircraft Secured Party, as applicable, to assert a claim for damages for failure to comply or delay by Republic to satisfy all surrender, return, or turnover provisions with respect to any portion of the Excess Owned Equipment or for improper or inadequate record keeping with respect to the Aircraft Records, or (ii) Republic or any other party to object to any such claims or their asserted priority; provided, however, that to the extent Republic and the applicable Owned Aircraft Secured Party agree in writing that the Excess Owned Equipment shall be returned or surrendered in a manner other than that specified in the Order, with respect to specific matters delineated in such agreement, the applicable Owned Aircraft Secured Party shall not have any claim for damages relating to Republic's compliance with the such agreement in lieu of the requirements set forth in the applicable security agreement (but all other claims and priority rights (and defenses thereto) shall be fully preserved).

**Republic's Cooperation In Making Related FAA Filings**

30. Upon written request by an affected Owned Aircraft Secured Party, Republic will cooperate reasonably with such party with respect to the execution of, or provision of, information required for a lease termination document or other documentation, as appropriate, to be filed with the FAA in connection with such Excess Owned Equipment. However, the affected Owned Aircraft Secured Party shall be solely responsible for all costs associated with such documentation and for the filing thereof with the FAA.

**Republic's Further Actions To Implement Approved Transfers, Abandonments, and Rejection**

31. Republic submits that the foregoing is reasonable, in the best interests of the estates and all economic parties in interest, and should be approved in all respects. To implement the foregoing, Republic seeks authorization to execute and deliver all instruments and documents and take any additional actions as are necessary or appropriate.

**Notice**

32. Notice of this motion is being provided in accordance with the Court's Case Management Order, dated March 2, 2016 (ECF No. 70), and upon filing with the Court, the application will be available for inspection on Republic's Case Website (located at <https://cases.primeclerk.com/RJET/>). Republic submits that no other or further notice need be given.

33. 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  
March 4, 2016

/s/ Gary D. Ticoll  
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*Proposed Attorneys for the Debtors and  
Debtors in Possession*

**EXHIBIT A**

**MTU Purchase Agreement**

**[REDACTED]**

**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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**ORDER PURSUANT TO 11 U.S.C. §§ 105(a), 363(b), 365, 554 & 1110 AND FED. R. BANKR. P. 6006 & 6007 (I) AUTHORIZING DEBTORS TO TRANSFER TITLE TO AND ABANDON CERTAIN OWNED AIRCRAFT AND ENGINES AND REJECT RELATED AIRCRAFT LEASE AND (II) (A) AUTHORIZING, BUT NOT DIRECTING, DEBTORS TO FULFILL THEIR OBLIGATIONS UNDER A CERTAIN ENGINE PURCHASE AGREEMENT AND (B) DIRECTING CITIBANK N.A. TO TAKE ALL STEPS TO COOPERATE WITH THE CLOSING OF SAME**

A hearing having been held on \_\_\_\_\_, 2016 (the "Hearing"), to consider the motion, dated March 4, 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 105(a), 363(b), 365(a), and 554(a) of the Bankruptcy Code and rules 6006 and 6007 of the Federal Rules of Bankruptcy Procedure, for entry of an order (i) authorizing Republic (a) to transfer title to certain aircraft (including engines and other related equipment) or engines specified on Annex 1 hereto owned by Republic (collectively, together with all related Aircraft Records and all related "equipment," as described in section 1110(a)(3) of the Bankruptcy Code, the "Excess Owned Equipment") to the Owned Aircraft Secured Parties

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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.

identified in Annex 1, (b) to abandon the Excess Owned Equipment, and (c) to reject the lease (the "Lease") for the Excess Owned Equipment specified on Annex 2 to the proposed order and (ii) (a) authorizing, but not directing, Republic to perform its obligations under the MTU Purchase Agreement and (b) directing Citi to cooperate with the closing of the MTU Purchase Agreement and take all steps necessary to release its liens on the GE Engine, 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 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), 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 all of the proceedings had before the Court; and the Court having found and determined that the Motion satisfies the requirements of Fed. R. Bankr. P. 6006 and 6007 and 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 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 hereby granted as provided herein; and it is further

ORDERED that, pursuant to section 363(b) of the Bankruptcy Code, Republic's transfer of title to each item of Excess Owned Equipment to the relevant Owned Aircraft Secured Parties as of the relevant Effective Date (as set forth in Annex 1) is approved; and it is further

ORDERED that the Owned Aircraft Secured Parties should sell their respective surrendered Excess Owned Equipment in a commercially reasonable manner as required by law, account to Republic and the Court for the proceeds, and return any surplus to Republic; and it is further

ORDERED that, pursuant to section 554(a) of the Bankruptcy Code and Fed. R. Bankr. P. 6007, Republic's abandonment of each Excess Owned Aircraft as of the applicable Effective Date (as set forth in Annex 1) is approved; and it is further

ORDERED that, pursuant to section 365 of the Bankruptcy Code and Fed. R. Bankr. P. 6006, Republic's rejection of the Lease as of the relevant Effective Date (as set forth in Annex 2) is approved; and it is further

ORDERED that the MTU Purchase Agreement, all the terms and conditions thereof and the transactions and agreements contemplated therein are authorized and approved; and it is further

ORDERED that Republic is authorized to perform its obligations provided for under the MTU Purchase Agreement and implement the transactions contemplated therein; and it is further

ORDERED that Citi shall take all steps necessary to cooperate with the closing of the MTU Purchase Agreement and the release of the lien on the GE Engine, including, but not limited to (i) executing and delivering to Republic a proper instrument or instruments acknowledging the satisfaction and termination of the Loan Documents with respect to the GE Engine, (ii) duly assigning, transferring, and delivering to Republic (without recourse and without any representation or warranty) the GE Engine; (iii) promptly executing and delivering to Republic all appropriate UCC termination statements and other documents that Republic shall

reasonably request to evidence such release, and (iv) taking necessary action to permit Republic to register with the International Registry the discharge of the International Interest created by the Loan Documents; and it is further

ORDERED that Republic shall, on the Effective Date, or when reasonably practicable after the Effective Date, make available all “records and documents” (as defined in section 1110(a)(3)(B) of the Bankruptcy Code) in its possession related to the Excess Owned Equipment (collectively, the “Aircraft Records”) to the appropriate Owned Aircraft Secured Party and that Republic shall when reasonably practicable after the entry of this Order, provide to such Owned Aircraft Secured Party reasonable access to the Aircraft Records; and it is further

ORDERED that Republic shall return or surrender the Excess Owned Equipment to the applicable Owned Aircraft Secured Party at the location and in accordance with the return and surrender procedures set forth in the Motion, provided that Republic and the applicable Owned Aircraft Secured Party may agree in writing that the Excess Owned Equipment will be returned to or surrendered at another location(s) or according to other return or surrender procedures; and it is further

ORDERED that if any of the Excess Owned Equipment happen to be non-serviceable, Republic is under no obligation to repair such Excess Owned Equipment to make it serviceable; and it is further

ORDERED that Republic’s abandonment of the Excess Owned Equipment in accordance with this Order satisfies the “surrender and return” requirements of section 1110(c) of the Bankruptcy Code, without prejudice to the rights, if any, of (i) any Owned Aircraft Secured Party to assert a claim for damages for failure to comply or delay by the Debtors to satisfy all surrender, return, or turnover provisions with respect to any portion of the Excess

Owned Equipment or for improper or inadequate record keeping with respect to the Aircraft Records, or (ii) the Debtors or any other party to object to any such claims or their asserted priority; provided, however, that to the extent Republic and the applicable Owned Aircraft Secured Party agree in writing that the Excess Owned Equipment shall be returned or surrendered in a manner other than that specified in the Order, with respect to specific matters delineated in such agreement, the applicable Owned Aircraft Secured Party shall not have any claim for damages relating to Republic's compliance with the such agreement in lieu of the requirements set forth in the applicable security agreement (but all other claims and priority rights (and defenses thereto) shall be fully preserved); and it is further

ORDERED that, upon written request from an Owned Aircraft Secured Party, Republic shall cooperate reasonably with such Owned Aircraft Secured Party with respect to the execution of or provision of information required for a lease termination document or other documentation, as appropriate, to be filed with the FAA in connection with such Excess Owned Equipment, but that the Owned Aircraft Secured Party shall be solely responsible for all costs associated with such documentation and for the filing thereof with the FAA; and it is further

ORDERED that Republic is authorized (i) to maintain its current insurance coverage and continue the existing storage maintenance program applicable to each item of Excess Owned Equipment until the earlier of (a) the fifteenth (15th) day after the relevant Effective Date and (b) the date on which the relevant Owned Aircraft Secured Party takes possession of such Excess Owned Equipment and (ii) thereafter to cease insuring and maintaining such Excess Owned Equipment; and it is further

ORDERED that claims arising out of any rejection or abandonment effected pursuant to these procedures must timely be filed in accordance with any order pursuant to Rule

3003(c) of the Federal Rules of Bankruptcy Procedure establishing a deadline by which  
prepetition general unsecured claims must be filed, on or before such deadline; and it is further

ORDERED that Republic is authorized to execute and deliver all instruments and  
documents and take any additional actions as are necessary or appropriate to implement and  
effectuate the rejections approved hereby; and it is further

ORDERED that the Motion satisfies rules 2002, 6006, 9014, and 6007 of the  
Federal Rules of Bankruptcy Procedure and Local Bankruptcy Rule 6007-1; 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

\_\_\_\_\_, 2016

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Honorable Sean H. Lane  
United States Bankruptcy Judge



**Annex 1 to Order: Excess Owned Equipment**

**Alphabetical index of parties in this schedule:**

**Aerodynamics Incorporated:** Row 4

**Citibank N.A.:** Rows 1-7

Row No., Debtor	Notice Parties	U.S. Reg. No	MSN	Aircraft Mfr. & Model	ESN #1	ESN #2	Location of Airframe and Engines	Effective Date
1. Republic Airline Inc.	<u>Administrative Agent:</u> Citibank N.A. 1615 Brett Rd. OPS 3 New Castle, DE 19720 Fax: (212) 994-0847 Attention: Owen Coyle	N261SK	145144	Embraer ERJ-145LR	CAE311168	CAE311170	Kingman Airline Services 9900 Flightline Drive Kingman, AZ 86401  <i>CAE311168</i> Aerolitoral S.A. de C.V. Carretera Miguel Aleman km 22.8 Apodaca Nuevo Leon C.P. 66600 Mexico	March 4, 2016
2. Republic Airline Inc.	<u>Administrative Agent:</u> Citibank N.A. 1615 Brett Rd. OPS 3 New Castle, DE 19720 Fax: (212) 994-0847 Attention: Owen Coyle	N262SK	145168	Embraer ERJ-145LR	CAE311207	CAE311208	Kingman Airline Services 9900 Flightline Drive Kingman, AZ 86401	March 4, 2016
3. Republic Airline Inc.	<u>Administrative Agent:</u> Citibank N.A. 1615 Brett Rd. OPS 3 New Castle, DE 19720 Fax: (212) 994-0847 Attention: Owen Coyle	N263SK	145199	Embraer ERJ-145LR	CAE311280	CAE311281	Kingman Airline Services 9900 Flightline Drive Kingman, AZ 86401  <i>CAE311281</i> Aerolitoral S.A. de C.V. Carretera Miguel Aleman km 22.8 Apodaca Nuevo Leon C.P. 66600 Mexico	March 4, 2016

Row No., Debtor	Notice Parties	U.S. Reg. No	MSN	Aircraft Mfr. & Model	ESN #1	ESN #2	Location of Airframe and Engines	Effective Date
4. Republic Airline Inc.	<u>Administrative Agent:</u> Citibank N.A. 1615 Brett Rd. OPS 3 New Castle, DE 19720 Fax: (212) 994-0847 Attention: Owen Coyle  <u>Lessee:</u> Aerodynamics Incorporated 25700 Science Park Drive Suite 210 Beachwood, Ohio 44122 Attention: Darrell Richardson Email: drichardson@flyadi.com	N974RP	145203	Embraer ERJ-145MP	CAE311294	CAE311543	Aerodynamics Incorporated 25700 Science Park Dr. Suite. 210 Beachwood, OH 44122  <i>CAE 311294</i> Kingman Airline Services 9900 Flightline Drive Kingman, AZ 86401	March 4, 2016
5. Republic Airline Inc.	<u>Administrative Agent:</u> Citibank N.A. 1615 Brett Rd. OPS 3 New Castle, DE 19720 Fax: (212) 994-0847 Attention: Owen Coyle	N975RP	145337	Embraer ERJ-145MP	CAE311580	CAE311584	Kingman Airline Services 9900 Flightline Drive Kingman, AZ 86401  <i>CAE311580</i> Louisville International Airport 600 Terminal Drive Louisville, KY 40209	March 4, 2016
6. Republic Airline Inc.	<u>Administrative Agent:</u> Citibank N.A. 1615 Brett Rd. OPS 3 New Castle, DE 19720 Fax: (212) 994-0847 Attention: Owen Coyle	N976RP	145322	Embraer ERJ-145MP	CAE311286	CAE311544	Kingman Airline Services 9900 Flightline Drive Kingman, AZ 86401  <i>CAE 311286</i> Aerodynamics Incorporated 25700 Science Park Dr. Suite. 210 Beachwood, OH 44122	March 4, 2016
7. Republic Airline Inc.	<u>Administrative Agent:</u> Citibank N.A. 1615 Brett Rd. OPS 3 New Castle, DE 19720 Fax: (212) 994-0847 Attention: Owen Coyle	N/A	N/A	Rolls-Royce AE3007	CAE311452	N/A	Louisville International Airport 600 Terminal Drive Louisville, KY 40209	March 4, 2016

**Annex 2 to Order: Excess Owned Equipment Leased to Third Parties by Debtors**

Row No., Debtor	Notice Parties	U.S. Reg. No	MSN	Aircraft Mfr. & Model	ESN #1	ESN #2	Location of Airframe and Engines	Effective Date
Shuttle America Corp.	<p><u>Administrative Agent:</u> Citibank N.A. 1615 Brett Rd. OPS 3 New Castle, DE 19720 Fax: (212) 994-0847 Attention: Owen Coyle</p> <p><u>Lessee:</u> Aerodynamics Incorporated 25700 Science Park Drive Suite 210 Beachwood, Ohio 44122 Attention: Darrell Richardson Email: drichardson@flyadi.com</p>	N974RP	145203	Embraer ERJ-145MP	CAE311294	CAE311543	<p>Aerodynamics Incorporated 25700 Science Park Dr. Suite. 210 Beachwood, OH 44122</p> <p><i>CAE 311294</i> Kingman Airline Services 9900 Flightline Drive Kingman, AZ 86401</p>	March 4, 2016

**Annex 3 to Order: The GE Engine**

Row No., Debtor	Notice Parties	ESN	Type	Location of Engine	Effective Date
Republic Airline Inc.	<u>Administrative Agent:</u> Citibank N.A. 1615 Brett Rd. OPS 3 New Castle, DE 19720 Fax: (212) 994-0847 Attention: Owen Coyle	GE-E994823	GE CF34-10E6	Port Columbus International Airport 4600 International Gateway Columbus, OH 43219	March 4, 2016