

Bruce R. Zirinsky
Sharon J. Richardson
Gary D. Ticoll
ZIRINSKY LAW PARTNERS PLLC
375 Park Avenue, Suite 2607
New York, New York 10152
(212) 763-0192

Christopher K. Kiplok
HUGHES HUBBARD & REED LLP
One Battery Park Plaza
New York, New York 10004
(212) 837-6000

*Proposed Attorneys for the Debtors
and Debtors in Possession*

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

-----x

In re : **Chapter 11 Case No.**
REPUBLIC AIRWAYS HOLDINGS INC., et al., : **16-_____ (___)**
Debtors.¹ : **(Joint Administration Pending)**

-----x

**DEBTORS' MOTION PURSUANT TO 11 U.S.C. §§ 363(b) & 105(a) FOR
ENTRY OF INTERIM AND FINAL ORDERS (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**

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.

Republic's Workforce

7. Collectively, Republic employs approximately 5,980 full- and part-time employees² as of January 31, 2016 on both an hourly and salaried basis, including pilots, flight attendants, dispatchers, mechanics, aviation maintenance support personnel, supervisors,

2. Approximately 335 of Republic's employees are on furlough, long-term disability, military leave, some form of personal leave or otherwise in an inactive status. While such employees are not receiving wages, some may be receiving other benefits, such as disability payments from health and welfare benefit plans, severance benefits, continuation of medical benefits, or free or reduced rate travel benefits, depending on the type of leave or years of service.

managers, administrative support staff, and other personnel (collectively, the “Employees”). As of January 31, 2016, approximately 71% of Republic’s workforce is represented by unions and is subject to collective bargaining agreements (collectively, the “CBAs”) with Republic, including: approximately 2,077 pilots, approximately 2,074 flight attendants, and approximately 87 unionized dispatchers (collectively, the “Union Employees”).

8. In addition to the Employees, from time-to-time, Republic uses the services of independent contractors (the “Independent Contractors”) to provide aircraft maintenance support and assistance with administrative services. As of the Commencement Date, 4 individuals perform such services.

Relief Requested

9. By this motion, pursuant to sections 363(b) and 105(a) of the Bankruptcy Code, Republic seeks entry of an order authorizing, but not directing, it to (i) pay, in its sole discretion, all prepetition amounts owed with respect to 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 Programs (each as herein defined, and collectively with any related fees, costs, or expenses, the “Prepetition Employee Obligations”)³ and (ii) continue its prepetition practices, programs, and policies for its Employees (as herein defined), as those practices, programs, and policies were in effect as of the Commencement Date and as those practices, programs, and policies may be modified, amended,

3. Republic believes that the list of wages, benefits, and other obligations is a comprehensive list of obligations under Republic’s employee compensation and benefits programs. To the extent that any plan or program obligation was inadvertently omitted, the term “Prepetition Employee Obligations” includes such obligation.

or supplemented from time-to-time in the ordinary course of Republic's business, and to honor and pay any related administrative costs and obligations arising thereunder.

10. Further, Republic requests that the Court authorize and direct the banks and other financial institutions at which Republic maintains payroll or disbursement accounts to receive, process, honor, and pay, at Republic's direction and to the extent of funds on deposit or otherwise available therefor, any and all checks drawn, or automatic or other electronic fund transfers requested or to be requested by Republic relating to the Prepetition Employee Obligations. Republic also seeks authority to issue new postpetition checks or effect new automatic or other electronic fund transfers on account of such obligations to replace any prepetition checks or electronic fund transfer requests that may be lost, dishonored, or rejected as a result of the commencement of these chapter 11 cases.

11. Annexed hereto is a proposed form of order that provides for the relief requested herein during the interim period (the "Interim Period") from the Commencement Date to the entry of an order granting the relief requested herein on a final basis.

Prepetition Employee Obligations

12. Republic estimates that its Prepetition Employee Obligations total approximately \$16.5 million, excluding obligations that will be honored or paid over time in the ordinary course of Republic's business or may not require cash payments (*e.g.*, certain Vacation Obligations and Sick Leave Obligations). Republic proposes to pay approximately \$15.4 million of the Prepetition Employee Obligations during the first thirty days of the case. The various components of the Prepetition Employee Obligations are detailed as follows.

Wages, Salaries, and Other Compensation

13. Republic's average monthly gross payroll to all Employees is approximately \$28.4 million, inclusive of deductions withheld by Republic from Employee

paychecks and payroll taxes paid by Republic. Generally, Employees are paid on a bi-weekly basis, although the particular pay cycles may differ based upon the applicable CBA or company policy. Most Employees receive their compensation through electronic funds transferred directly to their accounts, with the balance of Employees receiving checks.

14. Republic estimates that as of the Commencement Date it owes approximately \$13.9 million in wages, salaries, and overtime (collectively, “Wages”), all of which is proposed to be paid on February 29, 2016 and thereafter within the first thirty days of the case. Primarily, these Wages were due and owing on the Commencement Date because, *inter alia*: (i) Republic’s chapter 11 petitions were filed during its regular and customary salary and hourly wage payroll periods, (ii) some payroll checks issued to Employees prior to the Commencement Date may not have been presented for payment or cleared the banking system, and accordingly, have not been honored and paid as of the Commencement Date, and (iii) Employees have not been paid all their salaries and wages for services previously performed. Republic does not propose to pay any Employee (including senior management) Wage obligations in excess of the \$12,475 priority set forth in section 507(a)(4) of the Bankruptcy Code.

15. Payment to each of the Independent Contractors varies according to the Independent Contractors’ agreement with Republic and the need for the services performed by the Independent Contractors. Republic believes that the total accrued and unpaid prepetition obligations to the Independent Contractors is approximately \$10,500 (the “Independent Contractor Obligations”), all of which is proposed to be paid during the first thirty days of the case. None of the Independent Contractors is owed more than the \$12,475 priority amount.

Incentive Programs

16. In addition to paying Wages, Republic maintains incentive plans for different categories of non-executive Employees (the “Incentive Programs,” and the obligations arising thereunder, the “Incentive Program Obligations”). Generally, the Incentive Programs reward Employee performance and the achievement of certain anniversary milestones or attendance goals, as provided in the applicable company policy or CBA. Republic also offers new pilots a one-time signing bonus and offers pilots a referral bonus for referring new pilots.

17. Consistent with Republic’s prepetition customs and practices, the Incentive Programs are designed to incentivize non-executive Employees to achieve results that lead to a more efficient operation of Republic’s business and encourage their continued commitment to the company. Continuation of the Incentive Programs, as those programs may be modified, amended, or supplemented from time-to-time in the ordinary course of Republic’s business, is critical to Republic’s ability to remain a competitive employer and to avoid a potential loss of its Employees. Republic estimates that as of the Commencement Date, approximately \$734,000 in Incentive Program Obligations is due to pilots in connection with signing bonuses (\$525,000) and referral bonuses (\$209,000), of which approximately \$575,000 is proposed to be paid during the first thirty days of the case.

Business Expense Reimbursement

18. Republic customarily reimburses Employees who incur business expenses in the ordinary course of performing their duties, as required by the applicable CBA or company policy. Certain Employees also are entitled to use a company-issued credit card (the “Employee Credit Cards”) for reimbursable business expenses, the invoices for which are paid monthly by Republic in the ordinary course of business. Republic’s reimbursement obligations include travel, lodging, ground transportation, meals, and other miscellaneous business expenses

(including the reimbursable business expenses incurred under Employee Credit Cards, the “Reimbursement Obligations”).

19. It is difficult for Republic to determine a precise amount of Reimbursement Obligations outstanding at any particular time because of their generally unpredictable and irregular nature. Historically, Reimbursement Obligations have approximated \$330,000 per month.

Withholding Obligations

20. Republic is required by law to withhold from an Employee’s wages amounts related to federal, state, and local income taxes, and social security and Medicare taxes (collectively, the “Withholding Taxes”) and remit the same to the appropriate taxing authorities (collectively, the “Taxing Authorities”). Republic also is required to match from its own funds the social security and Medicare taxes, and pay, based on a percentage of gross payroll, additional amounts for state and federal unemployment insurance (collectively with the Withholding Taxes, the “Payroll Taxes”) and to remit the Payroll Taxes to the Taxing Authorities. Republic estimates that, as of the Commencement Date, approximately \$2.4 million in Payroll Taxes is due and payable to Taxing Authorities for employee withholdings and the employer’s share of such taxes, all of which is proposed to be paid during the first thirty days of the case.

21. In the ordinary course of business and pursuant to the applicable CBAs, Republic withholds approximately \$290,000 on a monthly basis from the paychecks of Union Employees for the payment of the Employees’ union dues (the “Union Dues”), which amounts are then remitted by Republic to the respective unions. Republic estimates that, as of the Commencement Date, its outstanding Union Dues obligations aggregate approximately \$77,000, all of which is proposed to be paid during the first thirty days of the case.

22. Periodically, Republic withholds from Employees' wages certain amounts for Employee Benefits Programs (as defined below) contributions, 401(k) Plan (as defined below) contributions, and payroll deduction payment programs for various optional insurance programs, uniform deductions, and garnishment, child support, and similar orders (collectively with the Payroll Taxes and Union Dues, the "Withholding Obligations"). Republic believes that all such withheld funds, to the extent that they were in its possession as of the Commencement Date or remain in its possession, are not property of the chapter 11 estates.

Payroll Maintenance Fees

23. To efficiently manage the processing and payment of the various obligations described above, Republic relies on the services provided by ADP, LLC ("ADP," and the obligations related thereto, the "Payroll Maintenance Fees"). ADP provides payroll processing, tax computation, payment preparation, payroll transfer administration, and various administrative services. Each payroll period, Republic funds certain disbursement accounts with the amounts necessary to satisfy its payroll obligations. ADP then processes direct deposit transfers or administers payroll checks to Employees. The services that ADP provides are critical to the smooth functioning of Republic's payroll system. ADP is responsible for ensuring that Employees are paid on time, deductions are appropriately determined, payroll reporting is accurate, and appropriate amounts are remitted to the applicable Taxing Authorities and other payees. Republic pays ADP approximately \$20,000 per month for its services. As of the Commencement Date, Republic had outstanding Payroll Fees in the approximate amount of \$17,500, all of which is proposed to be paid during the first thirty days of the case.

Severance Obligations

24. Republic is obligated to certain non-executive Employees under its severance programs (the "Severance Programs"). Pursuant to these programs, non-executive

Employees who were severed in accordance with the terms of such programs have been granted pay and certain benefits for a specified period of time following separation (the “Severance Obligations”). Although Republic must maintain and honor the Severance Programs in order to retain, and provide security to, its current Employees, Republic does not propose to pay any Severance Obligations in contravention of section 503(c) of the Bankruptcy Code.

25. As of the Commencement Date, one Employee (who is not an “insider,” as defined in section 101(31) of the Bankruptcy Code) is entitled to receive continued benefits pursuant to the Severance Programs. The monthly cost of such programs for Republic is *de minimis*. As of the Commencement Date, Republic estimates that the prepetition Severance Obligations total approximately \$3,200, all of which is proposed to be paid during the first thirty days of the case.

Relocation Benefits

26. Republic also offers relocation benefits to Employees who relocate at Republic’s request in furtherance of its business needs (the “Relocation Obligations”). Republic estimates that, as of the Commencement Date, prepetition Relocation Obligations owed to Employees will not exceed approximately \$15,000 based on experience and the historical timing of Employees’ submission of expenses.

Vacation Policy, Sick Time, and Holidays

27. Certain Employees are eligible for paid vacation. (All obligations with respect to vacation time are hereinafter referred to as the “Vacation Obligations.”) Eligible Employees accrue a specified number of vacation hours for each month of active service, as required by the applicable CBA or company policy. Pursuant to Republic’s vacation policy and the CBAs, eligible Employees are paid their full wage for each vacation hour, up to the maximum number of hours accrued by that Employee under the vacation policy. Unused

accrued vacation may be cashed out to Employees at the end of the year or upon separation from Republic, as required by the applicable CBA or state law. Pilots also are entitled to participate in the “Vacation Buy Back” program in certain months, under which the pilot’s scheduled week of vacation is removed from the pilot’s schedule, Republic pays the pilot their full wage for the week and deducts the hours from the pilot’s vacation bank, and Republic pays a premium of \$2,500 per week of vacation. Republic believes that it is current with respect to its obligations under the “Vacation Buy Back” program. As of the Commencement Date, Republic owes approximately \$10.5 million in accrued but unpaid Vacation Obligations, which will be paid over time.

28. In addition, under the applicable CBA or company policy, Employees are entitled to certain sick leave benefits (“Sick Leave Obligations”). Sick leave benefits are earned at various rates based on hours worked per month and certain eligible Employees may carry benefits forward from year to year. Employees are not entitled to paid sick leave for sick leave days not yet accrued. Eligible Employees are entitled to the cash equivalent of accrued but unused sick-leave benefits upon retirement in accordance with the applicable CBA or employee policy. As of the Commencement Date Republic owes approximately \$7.5 million in respect of accrued but unpaid Sick Leave Obligations, which will be paid over time.

29. In addition to vacation and sick leave, full-time Employees are paid for seven or eight holidays per year in accordance with the applicable CBA or employee policy (“Holiday Obligations,” and together with Vacation Obligations and Sick Leave Obligations, the “Leave Obligations”). Employees are not paid for unused holidays when they separate from the company. Republic does not owe any outstanding prepetition Holiday Obligations as of the Commencement Date.

Employee Benefits Programs

30. Republic has established various plans and policies to provide Employees with coverage for medical and prescriptions, dental, vision, disability, life, accidental death and dismemberment, health spending accounts, flexible spending accounts, 401(k) plans, and pensions plans (collectively, the “Employee Benefits Programs,” and amounts owed under these plans, the “Employee Benefit Obligations”).

Medical, Vision, and Dental Plans

31. Medical and Vision Plans. Republic offers Employees and their families medical benefits (including prescription drugs) and vision benefits through a self-insured plan administered by Anthem Blue Cross Blue Shield (“Anthem”). Employees may choose among four medical plans (the “Medical Plans”), and may choose between two vision plans (the “Vision Plans”). Republic pays a significant portion of cost of the Medical Plans and the full cost of the Vision Plans. Anthem invoices Republic for Employee claims under the program as it pays vendors and providers for Employee expenses. Republic pays approximately \$3 million per month, net of Employee contributions, for claims and costs related to the Medical Plan. As of the Commencement Date, Republic believes that it is current with respect to payments to Anthem for the Medical and Vision Plans.

32. Anthem also provides stop-loss coverage for any expenses in excess of the \$400,000 self-insured limit per Employee. Republic pays a monthly premium of \$91,000 to Anthem for stop loss coverage. Republic believes that it does not owe any amounts to Anthem for premiums owed for stop-loss insurance as of the Commencement Date.

33. Dental Plans. Republic offers Employees and their families the choice of two dental benefit plans (the “Dental Plans”) administered through Metropolitan Life Insurance Company (“MetLife”). The Dental Plans are funded through contributions made by Republic

and by Employees by way of payroll deductions. Republic believes that it is current with respect to payments to MetLife.

34. Benefits Advisor. Republic utilizes Mercer LLC (“Mercer”) as its benefits advisor for certain Employee Benefits Programs. Mercer provides certain necessary health and welfare services, including, among other things, annual health plan strategy and management, communications, open enrollment, actuarial services, and government reporting. In exchange for these services, Republic pays Mercer \$15,000 per month. Republic believes that it is current with respect to payments to Mercer.

Health Savings Accounts and Flexible Spending Accounts

35. In addition to offering the medical benefits described above, Republic provides Employees with the option to enroll in a health savings account (“HSA”) administered by HSA Bank (if enrolled in a qualified Medical Plan) or in one of three flexible spending accounts (each a “FSA”) administered by Anthem: (i) a healthcare-related FSA, which provides a participating Employee with pre-tax reimbursement for qualified health care expenses not covered by insurance, (ii) the dependent-care-related FSA, which provides pre-tax reimbursement for a participating Employees’ eligible dependents’ day care needs, and (iii) the limited-use health care FSA, which provides a participating Employee with pre-tax reimbursement for qualified dental and vision expenses not covered by insurance. Anthem has sub-contracted part of the FSA administration to Conexis.

36. For the approximately 2,228 Employees currently enrolled in a qualified high-deductible health plan, Republic contributes to the HSA \$800 annually per Employee or \$1,600 annually for Employees with family coverage. This contribution is made at the beginning of the calendar year for enrolled Employees. *De minimis* prorated contributions are paid throughout the year for new Employees or Employees who move into the qualified high-

deductible health plan midyear. Employees also may contribute to the HSA on a pre-tax basis up to an annual maximum amount determined by the IRS. Republic pays HSA Bank a *de minimis* monthly fee per participant for its services in administering the Employee HSAs.

37. Under the terms of the FSAs, during the annual enrollment period, Employees may choose to designate an amount of their pre-tax wages or salary, which can then be used for eligible health care expenses incurred. Participating Employees submit receipts for such eligible expenses to, and are paid by, the administrators for the FSAs, and are then reimbursed from the Employees' FSA accounts on a periodic basis. Approximately 682 Employees contributed to FSAs this calendar year. Republic pays a *de minimis* fee per participant to Anthem each month for its administration of the FSAs.

The 401(k) Plans

38. Republic maintains, for certain eligible Employees, qualified defined contribution plans that meet the requirements of section 401(k) of the Internal Revenue Code (the "401(k) Plan"). Generally, under the terms of the 401(k) Plan, eligible Employees can contribute a percentage of their compensation, through payroll deductions, both on a pre-tax and an after-tax basis, up to the limits imposed on those contributions under the 401(k) Plan and the Internal Revenue Code. Republic estimates the aggregate monthly Employee contribution to the 401(k) Plan to be approximately \$1.6 million.

39. Additionally, under a special feature of the 401(k) Plan, certain Employees are eligible to receive an employer matching contribution on their before-tax contributions of up to 6% of eligible compensation, as specified by the applicable CBA or company policy. Republic estimates its monthly matching contribution to the 401(k) Plan to be approximately \$713,000. The amount due as of the Commencement Date is included in Wages.

40. Pursuant to an agreement between RAH and Schwab Retirement Plan Services, Inc. (“Schwab”), Schwab performs certain recordkeeping services with respect to the 401(k) Plan. Payments owed to Schwab for administering the 401(k) Plan, calculated as approximately \$55 per participant annually, are drawn directly from 401(k) Plan funds. Further, Mesirow Financial Investment Management, Inc. (“Mesirow”) provides advisory services to Republic with respect to the 401(k) Plan. Mesirow reviews the plan and makes recommendations to ensure Republic is in compliance with applicable regulations and its investment policy statement (including plan design and asset allocation). Republic makes payments totaling approximately \$18,750 from the plan’s assets for Mesirow’s services. Republic does not owe any amounts to Schwab respect to the 401(k) Plan and is current with respect to its obligations to Mesirow.

Midwest Express Airlines Pilots’ Supplemental Pension Plan

41. Republic maintains a defined benefit plan (the “Midwest Plan”) for the pilots formerly employed by Midwest Express Airlines, Inc. (“Midwest Express”), the predecessor entity to Midwest Airlines, Inc. Like the 401(k) Plan, the Midwest Plan is managed by Schwab and Mesirow acts as the investment advisor. As Midwest Express has not employed pilots as active employees since July 31, 2009, no participant has accrued any benefit under the Midwest Plan for many years. RAH is the administrator of the Midwest Plan. The benefits payable under this plan are based on years of service and employee compensation. Republic believes that as of the Commencement Date, the Midwest Plan is underfunded by approximately \$3.5 million. Republic’s quarterly contributions to the Midwest Plan approximates \$150,000 and the next contribution is due on April 15, 2016.

Employee Insurance Programs

42. Republic provides certain insurance coverage to Employees and offers additional insurance options.

43. Basic Life and AD&D Insurance. Republic purchases through Symetra Life Insurance Co. (“Symetra”) Core Life (“Basic Life Insurance”) and Accidental Death and Dismemberment Insurance (“AD&D Insurance”) for Employees in the event of serious illness, injury, or death. Under the Basic Life Insurance, upon the Employee’s death, the Employee’s designee receives an amount equal to two times the Employee’s annual base salary. The AD&D Insurance is equal to the Basic Life Insurance amount, and if a serious accident takes an Employee’s sight, limb, or life, such Employee (or his/her designee) receives added compensation. Republic’s annual premiums for Basic Life Insurance and AD&D Insurance approximate \$750,000. Republic believes that as of the Commencement Date, it is current and no amounts are outstanding.

44. Supplemental Life Insurance. Employees are eligible to purchase supplemental life insurance (the “Supplemental Life Insurance”). The Supplemental Life Insurance premiums are paid exclusively by the Employees. Premiums for this coverage are paid through regular payroll deductions from the participating Employees’ paychecks, and accordingly, no amounts are outstanding.

45. Disability Benefits. Republic also offers Employees long-term and short-term disability insurance (the “Disability Plans”). Both programs are offered through Symetra. Under the long-term disability program, participating Employees pay the full cost of coverage and are eligible to receive 60% of their monthly salary up to a maximum of \$5,000 per month. Under the short-term disability program, which offers all eligible non-New Jersey Employees 50% of their base pay up to a maximum of \$700 per week, the costs of coverage are shared by

Republic with its Employees. Employee contributions for the Disability Plans are withheld by Republic from payroll checks. Republic believes that as of the Commencement Date, it is current on its premium payments to Symetra for the Disability Plans and no amounts are outstanding.

Other Employee Programs

46. In addition to the foregoing, Republic has in place miscellaneous practices, programs, and policies that provide benefits various groups of Employees (collectively, “Other Employee Programs,” and the obligations with respect thereto, “Other Employee Program Obligations”). Republic offers eligible Employees an opportunity to participate in certain reduced rate travel benefit programs offered by its Codeshare Partners. Under these programs, Employees either pay the Codeshare Partner directly or Republic withholds from Employee paychecks and remits withheld amounts to the applicable partner. Republic provides Employees a stipend through payroll to cover some of the costs of the Employee’s participation in the program. Republic’s annual contribution is approximately \$497,400. Republic currently owes approximately \$1.5 million to its Codeshare Partners in connection with amounts withheld for the travel benefit programs, of which approximately \$518,000 is proposed to be paid during the first thirty days of the case. Republic believes that the Other Employee Programs are important to maintaining Employee morale and assisting in the retention of its workforce.

The Relief Requested Should Be Granted

47. There are multiple legal grounds upon which the relief requested by this motion may be granted. Section 363(b)(1) of the Bankruptcy Code provides, in pertinent part, 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.” And it is well-established that a court may authorize

a debtor to pay certain prepetition obligations pursuant to section 363(b) when there is a sound business justification for doing so. *E.g.*, *Official Comm. of Unsecured Creditors v. Enron Corp. (In re Enron Corp.)*, 335 B.R. 22, 27-28 (S.D.N.Y. 2005) (quoting *In re Lionel Corp.*, 722 F.2d 1063, 1071 (2d Cir. 1983)); *In re Ionosphere Clubs, Inc.*, 98 B.R. 174, 175 (Bankr. S.D.N.Y. 1989).

48. The 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).

49. Moreover, section 1107(a) of the Bankruptcy Code “contains an implied duty of the debtor-in-possession” to act as a fiduciary to “protect and preserve the estate, including an operating business’ going-concern value,” on behalf of the debtor’s creditors and other parties in interest. *In re CEI Roofing, Inc.*, 315 B.R. 50, 59 (Bankr. N.D. Tex. 2004) (quoting *In re CoServ, L.L.C.*, 273 B.R. 487, 497 (Bankr. N.D. Tex. 2002)). Consistent with these fiduciary duties, courts have authorized payment of prepetition obligations, *see Ionosphere*, 273 B.R. at 175, and recognize that in certain cases, a debtor’s fiduciary duty can “only be fulfilled by the preplan satisfaction of a prepetition claim,” *In re CoServ, L.L.C.*, 273 B.R. 487, 497 (Bankr. N.D. Tex. 2002).

50. The Court also may rely upon its equitable powers under section 105(a) of the Bankruptcy Code, which empowers the Court to “issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of” the Bankruptcy Code. *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)).

51. In a long line of well-established cases, courts consistently have permitted postpetition payment of prepetition obligations where necessary to preserve or enhance the value of a debtor’s estate for the benefit of all creditors. *See, e.g., In re Fin. News Network, Inc.*, 134 B.R. 732, 735-36 (Bankr. S.D.N.Y. 1991) (“a bankruptcy court may allow pre-plan payments of prepetition obligations where such payments are critical to the debtor’s reorganization”); *Ionosphere*, 98 B.R. at 175 (citing *Miltenberger v. Logansport, C&S W.R. Co.*, 106 U.S. 286, 312 (1882) (payment of pre-receivership claim before reorganization permitted to prevent stoppage of “indispensable business relations”)); *Mich. Bureau of Workers’ Disability Comp. v. Chateaugay Corp. (In re Chateaugay Corp.)*, 80 B.R. 279, 285-86 (S.D.N.Y. 1987) (approving lower court order authorizing payment of prepetition wages, salaries, expenses, and benefits).

52. This “doctrine of necessity” functions in a chapter 11 reorganization as a mechanism by which the Court can exercise its equitable power to allow payment of critical prepetition claims not explicitly authorized by the Bankruptcy Code. *See In re Lehigh & New England Ry. Co.*, 657 F.2d 570, 581 (3d Cir. 1981) (quoting *In re Penn Cent. Transp. Co.*, 467 F.2d 100, 102 n.1 (3d Cir. 1972) (“[T]he ‘necessity of payment’ doctrine [permits] immediate payment of claims of creditors where those creditors will not supply services or material

essential to the conduct of the business until their pre-reorganization claims shall have been paid.”); *In re Boston & Me. Corp.*, 634 F.2d 1359, 1382 (1st Cir. 1980) (recognizing “existence of a judicial power to authorize trustees in reorganization to pay claims [for] goods and services indispensably necessary” to debtors’ continued operation); *In re Quality Interiors, Inc.*, 127 B.R. 391, 396 (Bankr. N.D. Ohio 1991) (“A general practice has developed . . . where bankruptcy courts permit the payment of certain pre-petition claims, pursuant to 11 U.S.C. § 105, where the debtor will be unable to reorganize without such payment.”); *In re Structurelite Plastics Corp.*, 86 B.R. 922, 931 (Bankr. S.D. Ohio 1988) (“a *per se* rule proscribing the payment of pre-petition indebtedness may well be too inflexible to permit the effectuation of the rehabilitative purposes of the Code”). The rationale for the doctrine of necessity is consistent with the paramount goal of chapter 11— “facilitating the continued operation and rehabilitation of the debtor.”

Ionosphere, 98 B.R. at 176.

53. Republic submits that the relief requested in this motion represents the sound exercise of its business judgment, is necessary to avoid immediate and irreparable harm to its business and its chapter 11 estates, and is justified under sections 363(b), 1107(a), and 105(a) of the Bankruptcy Code.

54. Payment of the Prepetition Employee Obligations (including the administrative costs owed to third-party vendors which enable Republic to maintain its compensation and benefit programs in an efficient and cost-effective manner) is clearly justified by the facts and circumstances of these chapter 11 cases. The Employees are vital to the continued operation of Republic’s business and to its successful reorganization. Any delay in payment of Republic’s Prepetition Employee Obligations will undoubtedly adversely affect Employee morale, dedication, confidence, and cooperation. Republic cannot sustain the damage

to its business that would follow any such decline in Employee morale. Moreover, absent an order granting the relief requested, Employees will suffer undue hardship, and in many instances, serious financial difficulties. Without the relief requested, Republic's restructuring efforts will be severely undermined when otherwise loyal Employees seek alternative employment opportunities, potentially crippling Republic's ability to meet the obligations necessary to sustain its business.

55. Republic believes that a substantial portion of the Prepetition Employee Obligations constitute priority claims under the Bankruptcy Code. Under section 507(a)(4)(A) of the Bankruptcy Code, the unsecured claims of Employees for "wages, salaries, or commissions, including vacation, severance, and sick leave pay," that are "earned within 180 days before" the Commencement Date are afforded priority status up to \$12,475 per individual. Section 507(a)(5) provides that Employees' unsecured claims for contributions to certain employee benefit plans also are afforded priority status to the extent of \$12,475 per Employee covered by such plans, less any amount paid pursuant to section 507(a)(4) of the Bankruptcy Code. And section 507(a)(8) provides a priority in payment to Taxing Authorities for Payroll Taxes. As priority claims, all such Prepetition Employee Obligations must be paid in full before any nonpriority general unsecured claims against Republic may be satisfied. Accordingly, the relief requested herein likely will affect only the timing of the payment of a substantial portion of the Prepetition Employee Obligations and would not prejudice the rights of general unsecured creditors.

56. Moreover, Republic's Payroll Taxes and other Withholding Obligations represent amounts designated for deduction from Employees' paychecks on another party's behalf, and therefore, constitute trust funds, which are not property of Republic's estate. *See* 11

U.S.C. § 541(b); *Begier v. IRS*, 496 U.S. 53, 59 (1990) (withholding taxes are property held by the debtor in trust for another, and as such, are not property of the debtors' estates); *City of Farrell v. Sharon Steel Corp.* 41 F.3d 92, 95-97 (3d Cir. 1994) (state law that required debtor to withhold city income tax from employee wages created a trust relationship between debtor and city for payment of the withheld taxes). Accordingly, payment of Republic's Withholding Obligations would not prejudice any party interest.

57. Satisfaction of the Withholding Obligations also will avoid potential unnecessary litigation against Republic's officers and directors, which could distract Republic from its restructuring efforts. Many federal, state, and local statutes hold officers and directors of collecting entities personally liable or criminally responsible for certain taxes owed by those entities. To the extent that Withholding Obligations remain unpaid, Republic and its officers, directors, and other employees may be subject to lawsuits or criminal prosecution during the pendency of these chapter 11 cases. *See United States v. Energy Res. Co.*, 495 U.S. 545, 546-47 (1990) (to the extent that an employer fails to pay income taxes or social security taxes, 26 U.S.C. § 6672 authorized the government to collect an equivalent sum directly from the employer's officers or employees who are responsible for collecting the tax); *IRS v. Kaplan (In re Kaplan)*, 104 F.3d 589, 591 n.1 (3d Cir. 1997) (Internal Revenue Code authorizes the government to collect certain taxes directly from the corporation's responsible officers or employees); *DuCharmes & Co. v. State of Mich. (In re DuCharmes & Co.)*, 852 F.2d 194, 196 (6th Cir. 1988) (company officers may be held personally liable for failure to pay trust fund taxes). Any such lawsuit or criminal prosecution, and any ensuing liability, would distract Republic and its personnel from the effective prosecution of these chapter 11 cases. The active participation of Republic's officers, directors, and other employees is integral to Republic's

continued operations so as to ensure the orderly administration of these cases, and thus, to maximize the value of these estates for all parties in interest.

58. Republic does not currently seek to alter its compensation, vacation, or other benefit programs or policies. Rather, pursuant to sections 363(b) and 105(a) of the Bankruptcy Code, it seeks authority to honor and pay the Prepetition Employee Obligations as and when they come due in the ordinary course of business, and to continue at this time its practices, programs, and policies for their Employees, as those practices, programs, and policies were in effect as of the Commencement Date or as such policies may be modified, amended, or supplemented from time-to-time in the ordinary course of business.

59. Further, Republic is not seeking authority to pay any individual Employee or Independent Contractor an amount greater than the \$12,475 priority cap imposed by section 507(a)(4) of the Bankruptcy Code on account of outstanding prepetition Wages. Republic will not make any payments to senior executives on account of any Employee Incentive Program and will not make Severance Program payments to any “insider,” as defined in section 101(31) of the Bankruptcy Code, in each case without first requesting separate authority from the Court.

The Court Should Authorize and Direct Banks and Other Financial Institutions to Honor and Pay Checks Issued and Make Other Transfers to Pay the Prepetition Employee Obligations

60. Republic requests that the Court authorize and direct the banks and other financial institutions at which Republic maintains payroll and disbursement accounts, including without limitation, the banks and other financial institutions identified on Schedule 1 to the proposed order (the “Banks”) to receive, process, honor, and pay, at Republic’s direction and to the extent of funds on deposit or otherwise available, any and all checks drawn, or automatic or other electronic fund transfers requested or to be requested by Republic relating to the Prepetition Employee Obligations. Republic also seeks authority to issue new postpetition

checks or effect new automatic or other electronic fund transfers on account of such obligations to replace any prepetition checks or fund transfer requests that may be lost, dishonored, or rejected as a result of the commencement of these chapter 11 cases.

Reservation of Rights

61. Nothing contained herein 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. Likewise, if this Court grants the relief sought herein, any payment made pursuant to the Court's order is not intended to be and should not be construed as an admission to the validity or priority of any claim or a waiver of Republic's rights to dispute such claim subsequently.

Fed. R. Bankr. P. 6003(b) Is Satisfied

62. Fed. R. Bankr. P. 6003(b) provides that, to the extent relief is necessary to avoid immediate and irreparable harm, a bankruptcy court may approve a motion to "pay all or part of a claim that arose before the filing of the petition" prior to twenty-one days after the case is commenced. As described herein, the continued and uninterrupted service of the Employees is critical to Republic's business operations. Republic submits that the relief requested in this motion is necessary to avoid immediate and irreparable harm as described herein, and that rule 6003(b) has been satisfied.

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

63. 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

64. 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 Banks. Republic submits that, in view of the facts and circumstances, such notice is sufficient and no other or further notice need be given.

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

WHEREFORE Republic respectfully requests (i) entry of an order substantially in the form annexed hereto granting the relief requested herein on an interim basis, (ii) entry of an order granting the relief requested herein on a final basis, and (iii) such other and further relief as is just.

Dated: New York, New York
February 25, 2016

/s/ Bruce R. Zirinsky

Bruce R. Zirinsky
Sharon J. Richardson
Gary D. Ticoll
ZIRINSKY LAW PARTNERS PLLC
375 Park Avenue, Suite 2607
New York, New York 10152
(212) 763-0192
bzirinsky@zirinskylaw.com
srichardson@zirinskylaw.com
gticoll@zirinskylaw.com

Christopher K. Kiplok
HUGHES HUBBARD & REED LLP
One Battery Park Plaza
New York, New York 10004
(212) 837-6000
chris.kiplok@hugheshubbard.com

*Proposed Attorneys for the Debtors and
Debtors in Possession*

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

-----x

In re : **Chapter 11 Case No.**
REPUBLIC AIRWAYS HOLDINGS INC., et al., : **16-_____ (___)**
Debtors.¹ : **(Jointly Administered)**

-----x

**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 _____, 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 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

-
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, 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 (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 _____, **2016 at __:___.m. (Eastern Time)**, and 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 (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), Sharon J. Richardson, Esq. (srichardson@zirinskylaw.com), and Gary D. Ticoll (gticoll@zirinskylaw.com)) and Hughes Hubbard & Reed LLP, One Battery Park Plaza, New York, New York 10004 (Attn: Christopher K. Kiplok (chris.kiplok@hugheshubbard.com) and Ramsey Chamie, Esq. (ramsey.chamie@hugheshubbard.com)) and (ii) the Notice Parties, in each case so as to be received no later than at **4:00 p.m. (Eastern Time) on _____, 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
_____, 2016

United States Bankruptcy Judge

Schedule 1

Banks and Other Financial Institutions

Entity	Bank	Acct Last 4	Type	Cur.
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