Hearing Date & Time: April 14, 2016 at 11:00 a.m. (Eastern Time)
Objection Deadline: April 7, 2016 at 4:00 p.m. (Eastern Time)

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*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.[1]** | **:** | **(Jointly Administered)** |

**NOTICE OF HEARING ON DEBTORS' MOTION FOR ENTRY OF AN ORDER PURSUANT TO 11 U.S.C. §§ 105, 361, 362(d)(1), 363(b), 364(c)(1), 364(c)(2), 364(c)(3), 364(d), 364(e), 503(b)(1) AND 507(b) AND FED. R. BANKR. P. 4001 AND 6004 (I) AUTHORIZING DEBTORS TO OBTAIN POSTPETITION FINANCING, (II) GRANTING LIENS AND PROVIDING SUPERPRIORITY ADMINISTRATIVE EXPENSE STATUS, (III) MODIFYING THE AUTOMATIC STAY AND (IV) GRANTING RELATED RELIEF**

**PLEASE TAKE NOTICE** that a hearing will be held at **11:00 a.m. (Eastern Time) on April 14, 2016** before the Honorable Sean H. Lane, United States Bankruptcy Judge,

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.

United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court"), One Bowling Green, Room 701, New York, New York 10004, or as soon thereafter as counsel may be heard, to consider entry of an order granting Debtors' Motion for Entry of an Order Pursuant to 11 U.S.C. §§ 105, 361, 362(d)(1), 363(b), 364(c)(1), 364(c)(2), 364(c)(3), 364(d), 364(e), 503(b)(1) and 507(b) and Fed. R. Bankr. P. 4001 and 6004 (I) Authorizing Debtors to Obtain Postpetition Financing, (II) Granting Liens and Providing Superpriority Administrative Expense Status, (III) Modifying the Automatic Stay and (IV) Granting Related Relief (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 attorneys for the Debtors, Zirinsky Law Partners PLLC, 375 Park Avenue, Suite 2607, New York, New York 10152 (Attn: Bruce R. Zirinsky, Esq. (bzirinsky@zirinskylaw.com), Sharon J. Richardson, Esq. (srichardson@zirinskylaw.com), and Gary D. Ticoll, Esq. (gticoll@zirinskylaw.com)) and Hughes Hubbard & Reed LLP, One Battery Park Plaza, New York, New York 10004 (Attn:

Christopher K. Kiplok, Esq. (chris.kiplok@hugheshubbard.com) and Gabrielle Glemann, Esq. (gabrielle.glemann@hugheshubbard.com)), (ii) the Office of the United States Trustee, 201 Varick Street, Suite 1006, New York, New York 10014 (Attn: Brian Masumoto, Esq.), (iii) proposed counsel to the statutory committee of unsecured creditors, Morrison & Foerster LLP, 250 West 55th Street, New York, New York 10019 (Attn: Brett H. Miller, Esq. (bmiller@mofo.com), Todd M. Goren, Esq. (tgoren@mofo.com), and Erica J. Richards, Esq. (erichards@mofo.com)), (iv) counsel to Delta Air Lines, Inc., Davis Polk & Wardwell LLP, 450 Lexington Avenue, New York, New York, 10017 (Attn: Marshall S. Huebner, Esq. (marshall.huebner@davispolk.com) and Darren S. Klein, Esq. (darren.klein@davispolk.com)), and (v) counsel to the Ad Hoc Committee of Equity Holders of Republic Airways Holdings Inc., Schulte Roth & Zabel LLP, 919 Third Avenue, New York, New York 10022 (Attn: Adam C. Harris, Esq. (adam.harris@srz.com), Lawrence V. Gelber, Esq. (lawrence.gelber@srz.com), and David M. Hillman, Esq. (david.hillman@srz.com)) so as to be so filed and received no later than **April 7, 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 24, 2016

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

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| **In re** | **:** | **Chapter 11 Case No.** |
| **REPUBLIC AIRWAYS HOLDINGS INC., *et al.*,** | **:** | **16-10429 (SHL)** |
| **Debtors.[1]** | **:** | **(Jointly Administered)** |

**DEBTORS' MOTION FOR ENTRY OF AN ORDER PURSUANT TO 11 U.S.C. §§ 105, 361, 362(d)(1), 363(b), 364(c)(1), 364(c)(2), 364(c)(3), 364(d), 364(e), 503(b)(1) AND 507(b) AND FED. R. BANKR. P. 4001 AND 6004 (I) AUTHORIZING DEBTORS TO OBTAIN POSTPETITION FINANCING, (II) GRANTING LIENS AND PROVIDING SUPERPRIORITY ADMINISTRATIVE EXPENSE STATUS, (III) MODIFYING THE AUTOMATIC STAY AND (IV) GRANTING RELATED RELIEF**

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:

**Relief Requested**

1. By this Motion,[2] Republic hereby moves the Court for entry of an order substantially in the form attached as Exhibit A (the "DIP Order"), pursuant to sections 105, 361, 362(d)(1), 363(b), 364(c)(1), 364(c)(2), 364(c)(3), 364(d), 364(e), 503(b)(1) and 507(b) of the Bankruptcy Code and Rules 4001 and 6004 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), authorizing the Debtors, *inter alia*, to:

> a. obtain postpetition financing up to the aggregate principal amount of $75 million, substantially on the terms set forth in the Debtor-In-Possession Term Sheet (the "DIP Term Sheet") attached as Annex A to the commitment letter (the "Commitment Letter") attached hereto as Exhibit B, which will be superseded by a Debtor-In-Possession Term Loan Agreement (as amended, supplemented, or otherwise modified and in effect from time to time, the "DIP Credit Agreement," which will be filed with the Court in substantially final form no less than ten days prior to the date of the hearing on this Motion), among RAH, the Guarantors (defined below) and Delta Air Lines, Inc. (together with its successors and assigns, "Delta," or the "DIP Lender") and the related loan and security documents (together with the DIP Credit Agreement, the "DIP Agreements"), and for the Guarantors to guarantee the payment of RAH's obligations under the DIP Agreements and the proposed DIP Order;
>
> b. grant first priority liens on (i) one (1) Embraer E170 regional jet aircraft, equipped with two (2) General Electric CF34-8 engines, (ii) ten (10) CFM34-8 engines, and (iii) all other unencumbered assets of the Debtors ((i) through (iii), each as more particularly described in the DIP Term Sheet, the "First Priority Collateral"), subject to the Carve-Out, pursuant to section 364(c)(2) of the Bankruptcy Code;

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2. Capitalized terms used but not otherwise defined herein shall have the meanings set forth in DIP Term Sheet, the DIP Order or the DIP Credit Agreement, as applicable. This Motion is qualified in its entirely by reference to the provisions of the DIP Term Sheet, the DIP Order and the DIP Credit Agreement. To the extent of any inconsistency between this Motion and the DIP Term Sheet or the DIP Credit Agreement, the DIP Term Sheet or the DIP Credit Agreement, as applicable, shall govern.

c. grant a first priority priming lien on fifteen (15) specified individual LaGuardia Airport arrival and departure slots (the "Slots"), pursuant to section 364(d) of the Bankruptcy Code;

d. grant junior liens on all tangible and intangible property of the Debtors that is subject to valid, perfected and unavoidable liens in existence on the Commencement Date (collectively, the "Junior Lien Collateral," and together with the First Priority Collateral and the Slots, the "Collateral"), pursuant to section 364(c)(3) of the Bankruptcy Code, except that the Collateral shall not include (i) property in which a security interest would be prohibited by applicable law or enforceable contract (with respect to any such contractual restriction, solely to the extent (A) permitted under the DIP Credit Agreement and (B) binding on such assets and in existence on the closing of the Agreements or the date of acquisition thereof and not entered into in contemplation thereof) in each case, except to the extent such prohibition is unenforceable after giving effect to the provisions of the Bankruptcy Code and the Uniform Commercial Code and (ii) property of the type described in Sections 1110(a)(3)(A)(i) and (B) of the Bankruptcy Code to the extent that the Debtors are prohibited from granting liens thereon under the terms of a security agreement, lease or conditional sale agreement among a Debtor or Debtors and a party entitled to protections afforded by the Section 1110 of the Bankruptcy Code with respect to such property (clauses (i) and (ii), collectively, "Excluded Collateral"); provided in all events that Collateral shall include all proceeds or replacements of Excluded Collateral (unless such proceeds or replacements themselves constitute Excluded Collateral);

e. use the proceeds of the financing to (i) to provide working capital and for other general corporate purposes of Republic, and (ii) to pay the costs and expenses of the administration of these chapter 11 cases;

f. grant superpriority administrative expense claims to Delta, subject to the Carve-Out, on the terms and conditions set forth herein and in the DIP Term Sheet; and

g. modifying the automatic stay imposed by section 362 of the Bankruptcy Code to the extent necessary to implement and effectuate the terms and provisions of the DIP Term Sheet and the DIP Order.

2. This Motion is filed contemporaneously with, and is interdependent with and cross-conditioned on approval of, the *Debtors' Motion Pursuant to Sections 363(b), 363(m), and 365(a) of the Bankruptcy Code and Bankruptcy Rules 6004, 6006, and 9019 for Authorization to (I) Assume Codeshare and Related Agreements, As Amended, With Delta Air*

*Lines, Inc., (II) Lease Certain Property of the Estate and (III) Settle Certain Claims Between Delta Air Lines, Inc. and the Debtors* (the "Assumption and Lease Motion"), by which the Debtors seek entry of an order (a) authorizing the Debtors to: (i) enter into, and perform all obligations under, (A) that certain Amendment Number Fourteen dated as of March 23, 2016 (the "Single Class Amendment 14") to the Delta Connection Agreement dated and effective June 7, 2002 by and among Delta, Shuttle America and Republic (as amended, restated, supplemented or otherwise modified, the "Single Class Agreement" and as amended by Single Class Amendment 14, the "Amended Single Class Agreement") and (B) that certain Amendment Number Eight dated as of March 23, 2016 ("Dual Class DCA Amendment 8") to the Delta Connection Agreement dated and effective January 13, 2005 by and among Delta, Shuttle America and Republic (as amended, restated, supplemented or otherwise modified, the "Dual Class Agreement" and as amended by the Dual Class DCA Amendment 8, the "Amended Dual Class Agreement"); (ii) assume under Section 365 of the Bankruptcy Code the Amended Single Class Agreement and the Amended Dual Class Agreement (together, the "Amended Flying Agreements"); (iii) assume under Section 365 of the Bankruptcy Code that certain LaGuardia Slot Agreement dated as of April 15, 2015 by and between Delta and Republic Airline Inc. (the "LGA 2 Slot Lease"); (iv) under section 363(b) of the Bankruptcy Code, enter into and perform all obligations under that certain Amended and Restated LaGuardia Slot Agreement dated as of March 23, 2016 (the "A&R Slot Lease") and lease the Leased Slots (as defined in the A&R Slot Lease) to Delta thereunder with entitlement to the full protection of section 363(m) of the Bankruptcy Code; (v) enter into and perform under that certain Amendment dated as of March 23, 2016 (the "Ground Handling Amendment") to the Connection Carrier Ground Handling Agreement (ASM Buys) dated as of March 1, 2006 between Delta and Shuttle America (as

successor in interest of Chautauqua Airlines, Inc. ("Chautauqua") (as amended, restated, supplemented or otherwise modified, the "Ground Handling Agreement" and as amended by the Ground Handling Amendment, the "Amended Ground Handing Agreement"); and (vi) assume under Section 365 of the Bankruptcy Code the Ground Handling Agreement and (b) allowing Delta a prepetition general unsecured claim in the amount of $170,000,000, not subject to objection, subordination or other challenge (the "Delta Claim") as part of a global resolution between Delta and Republic that includes both a settlement of material outstanding claims and the new agreements that provide Republic with substantially enhanced economics.

3. Each of this Motion and the Assumption and Lease Motion (together, the "Motions") are conditions precedent to the consummation of the transactions contemplated in the other, and are effective only on simultaneous entry of orders of this Court approving both Motions. Together, the actions contemplated by the Motions reflect a Settlement that represents a comprehensive change in the circumstances, transactions and business relationships between the parties. If approved, the Motions will effect a series of highly-structured financial and operational transactions among the parties that would be impossible to reverse in whole or in part. Any attempted reversal or modification of the relief requested by the Motions would undermine the validity of these transactions in their entirety. The relief sought in the Motions represents a comprehensive resolution with Delta, one of Republic's code-share partners and lessees, and will enhance Republic's profitability beginning immediately upon entry of orders for relief and for the next decade or more.

4. Republic's stated goals at the outset of these chapter 11 cases are to (i) obtain modified agreements from its code-share partners to reimburse the increased costs from the new pilot labor agreement and allow an orderly restoration of service; (ii) agree to an

early return/settlement of claims relating to out-of-favor aircraft (Q400 and ERJ-145); (iii) streamline its operations by operating a single aircraft type (E170/175) and under a single operating certificate; and (iv) secure additional liquidity to fund future operations and growth. The relief requested in the Motions is a major and first step forward in the implementation of these goals, through modifications to Republic's code-share agreement with Delta to permit restructuring of its flight operations and fleet and by creating the additional liquidity necessary to provide working capital and to pay the costs and expenses of the administration of these chapter 11 cases. The Motions reflect that Delta is committed to supporting Republic's restructuring process and will help set the bar for Republic's other code-share partners.

**Concise Statement Pursuant to Local Rule 4001-2**

5. Republic submits this concise statement listing certain material terms set forth in the DIP Term Sheet and the proposed DIP Order. Specifically, Republic believes that the following financing terms are required to be identified pursuant to Bankruptcy Rule 4001(b) and (c) and Local Rule 4001-2 of the Local Rules for the Southern District of New York United States Bankruptcy Court (the "Local Bankruptcy Rules") and, as discussed in detail herein, are necessary and justified in the context of, and the circumstances relating to, these chapter 11 cases.[3]

[3] This summary is qualified its in entirety by the provisions of the DIP Term Sheet and the DIP Order. Unless otherwise set forth in this summary, capitalized terms used within this summary shall have the meaning ascribed to them in the DIP Term Sheet.

| MATERIAL TERMS OF THE POSTPETITION FINANCING | |
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| **DIP Parties**<br>*BR 4001(c)(1)(B)* | **DIP Borrower:** RAH<br><br>**DIP Guarantors:** Republic Airways Services, Inc.; Republic Airline Inc. ("RAL"); Shuttle America Corporation; Midwest Air Group, Inc.; Midwest Airlines, Inc.; and Skyway Airlines, Inc.[4]<br><br>**DIP Lender:** Delta Air Lines, Inc.<br><br>See DIP Term Sheet Pg. 1. |
| **Use of Proceeds**<br>*BR 4001(c)(1)(B), LBR 4001-2(a)(7)* | Consistent with the provisions of the DIP Order and the terms and conditions of the DIP Term Sheet, (i) to provide working capital and for other general corporate purposes of Republic and (ii) to pay fees and expenses for the administration of these chapter 11 cases.<br><br>See DIP Term Sheet Pg. 1; DIP Order ¶ 2. |
| **DIP Commitment**<br>*BR 4001(c)(1)(B), LBR 4001-2(a)(1)* | A senior secured debtor-in-possession multiple draw term loan facility in an aggregate principal amount of Seventy-Five Million US Dollars ($75,000,000.00).<br><br>See DIP Term Sheet Pg. 1; DIP Order ¶ 2. |
| **Maturity Date**<br>*BR 4001(c)(1)(B)* | The earliest of (i) one year from the date of entry of the DIP Order, (ii) the consummation of a sale of substantially all the assets of RAH, subject to the approval by the DIP Lender or (iii) the date of substantial consummation of a plan of reorganization that is confirmed pursuant to an order of the Bankruptcy Court. All amounts outstanding under the DIP Agreements shall be payable in full in cash at maturity.<br><br>See DIP Term Sheet Pg. 2. |
| **Fees**<br>*BR 4001(c)(1)(B), LBR 4001-2(a)(3)* | The Debtors agree to pay to the DIP Lender (i) an upfront fee in an amount equal to one percent (1.0%) of the commitment and (ii) a commitment fee in an amount equal to one percent (1.0%) per annum on the undrawn portion of the committed amount of the financing, calculated and paid monthly in arrears.<br><br>See DIP Term Sheet Pg. 2.I |
| **Interest Rate**<br>*BR 4001(c)(1)(B), LBR 4001-2(a)(3)* | 5.75% per annum, paid monthly in arrears, subject to a 2.00% increase during the continuation of an Event of Default.<br><br>See DIP Term Sheet Pg. 2. |
| **Prepayments**<br>*LBR 4001(2)(a)(13)* | The Debtors may voluntarily repay the Loans at any time without premium or penalty upon three (3) business days' prior written notice. Mandatory prepayments will be required upon receipt of proceeds from asset sales subject to reinvestment rights as described in the DIP Term Sheet or the issuance of debt or equity.<br><br>See DIP Term Sheet Pg. 2. |
| **Collateral and Priority**<br>*BR 4001(c)(1)(B)(i), BR 4001(c)(1)(B)(xi), LBR 4001-2(a)(4)* | All amounts outstanding under the DIP Agreements shall be secured by the following liens, subject to the Carve-Out:<br><br>Liens on Unencumbered Property: a perfected first priority lien on (i) one (1) Embraer E170 regional jet aircraft, equipped with two (2) General Electric CF34-8 engines, (ii) ten (10) CFM34-8 engines, and (iii) all other unencumbered assets, |

4. RAH's non-debtor subsidiaries, Lynx Aviation, Inc. and Camel Finance 2015, LLC, are not Guarantors.

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| | Priming Liens: a perfected first priority priming lien on fifteen (15) specified LaGuardia Airport arrival and departure slots.<br><br>Junior Liens: a perfected junior lien on all tangible and intangible property of the Debtors that is subject to valid, perfected and unavoidable liens in existence on the Commencement Date, except that the Collateral shall not include the Excluded Collateral; provided in all events that Collateral shall include all proceeds or replacements of Excluded Collateral (unless such proceeds or replacements would otherwise constitute Excluded Collateral).<br><br>See DIP Term Sheet Pgs. 2-4; DIP Order ¶ 6. |
| **Carve Out**<br>*LBR 4001-2(a)(5)* | "Carve Out" is an amount equal to the sum of (i) all fees required to be paid to the clerk of the Bankruptcy Court, any agent thereof, including without limitation, the fees and expenses of any claims and noticing agent retained in the Chapter 11 Cases pursuant to section 156(c) of title 28 and acting in such capacity and to the Office of the United States Trustee under section 1930(a) of title 28 of the United States Code plus interest at the statutory rate; (ii) fees and expenses incurred by a trustee under section 726(b) of the Bankruptcy Code in an amount not to exceed $50,000; (ii) the reasonable expenses of members of the UCC allowed pursuant to section 503(b)(3)(F) of the Bankruptcy Code whether earned before or after an Event of Default (but excluding fees and expenses of any professionals employed individually by members of the UCC); (iii) to the extent allowed by the Bankruptcy Court, all claims for unpaid fees, costs and expenses (the "Professional Fees") incurred by persons or firms retained by the Debtors or the official committee of unsecured creditors in these Chapter 11 Cases (the "UCC") (but excluding fees and expenses of any professionals employed individually by members of the UCC and any restructuring fee, sale fee or other success fee of any investment banker or financial advisor of the UCC) whose retention is approved by the Bankruptcy Court pursuant to sections 327, 328 and 1103 of the Bankruptcy Code (collectively, the "Professional Persons") (A) earned at any time prior to the occurrence of an Event of Default (as defined in the DIP Credit Agreement) unless such Event of Default is waived or cured as provided in the DIP Credit Agreement (the "Pre-EoD Date Fees"), and (B) after the occurrence and during the continuation of an Event of Default, if any, (x) excluding any restructuring fee, sale fee or other success fee of any investment banker or financial advisor and (y) in an aggregate amount not to exceed $5,000,000 (the amount set forth in this clause (iii)(B) being the "Post-EoD Carve-Out Amount"); provided that (a) as long as no Event of Default shall have occurred and be continuing, the Debtors shall be permitted to pay all fees, expenses, compensation and reimbursement of expenses allowed and payable, including under any order entered in these Chapter 11 Cases establishing procedures for interim monthly compensation and reimbursement of Professional Fees, or sections 330 and 331 of the Bankruptcy Code, as the same may be due and payable, and the same shall not reduce the Carve-Out, (b) in the event the Carve-Out is reduced by any amount during an Event of Default, upon the effectiveness of a cure of such Event of Default, the Carve Out shall be increased by such amount, and (c) nothing herein shall be construed to impair the ability of any party to object to the fees, expenses, reimbursement or compensation described in clauses (i), (ii) or (iii) above, on any grounds.<br><br>The Carve Out shall be senior to the DIP Lender's first priority liens on the Collateral and any other adequate protection, pre-petition or post-petition liens or claims.<br><br>See DIP Term Sheet Pg. 3-4; DIP Order ¶ 5(b). |
| **Conditions to Borrowing**<br>*BR 4001(c)(1)(B)*<br>*LBR 4001-2(a)(2)* | Prior written notice of borrowing of at least three (3) business days and the following conditions:<br><br>(i) Compliance with the Consolidated Liquidity covenant, which shall be certified by a |

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| | responsible officer of RAH in a certificate setting forth the Consolidated Liquidity on the date of each borrowing;<br><br>(ii) Each of the DIP Order and the Assumption Order shall be in full force and effect, and shall not have been vacated, reversed, modified, amended, or stayed;<br><br>(iii) Representations and warranties shall be true and correct in all material respects (except where qualified by materiality, then just the accuracy thereof); and<br><br>(iv) No default or Event of Default shall exist or arise immediately after giving effect to the borrowing.<br><br>See DIP Term Sheet Pg. 7. |
| **Covenants**<br>*BR 4001(c)(1)(B), LBR 4001-2(a)(8)* | The DIP Term Sheet contains representations and warranties, and affirmative, negative, and reporting covenants, customary for financings of this type and other covenants appropriate to this specific transaction as agreed to by the Debtors and the DIP Lender.<br><br>In addition, (i) the Consolidated Liquidity, as determined on a daily basis and reported on a weekly basis for the preceding week, shall at all times be no less $50,000,000, provided that the Unrestricted Cash shall at all times be no less than $30,000,000, (ii) for each Test Period, the aggregate amount of actual operating disbursements and capital expenditures of the type set forth in the Budget line item "Total Cash Out" of the Borrower and its subsidiaries for such Test Period, as compared to the amount of operating disbursements and capital expenditures set forth in the Budget line item "Total Cash Out" for such Test Period, shall not be in excess of 115% of the amount set forth in the applicable Budget.<br><br>See DIP Term Sheet Pgs. 8-10. |
| **Events of Default**<br>*BR 4001(c)(1)(B), LBR 4001-2(a)(10)* | As more particularly described in the DIP Term Sheet, Events of Default include the occurrence of any one or more of the following and other events of default as mutually agreed between the Debtors and the DIP Lender: (i) failure to pay principal (with no grace period), interest (with 2 days grace period), fees, expenses or other obligations when due (with 5 day grace period); (ii) inaccuracy of representations or warranties in any material respect when made or deemed made; (iii) violation of covenants; (iv) change of control; (v) customary ERISA defaults; (vi) any Debtor's allegation in any pleading or other writing, or the finding or conclusion by the Bankruptcy Court, that any loan or security document or other agreement or any Bankruptcy Court order pertaining to the DIP Credit Agreement or the Delta Connection Agreements is not valid, binding or enforceable, or any other event occurs or circumstance exists which causes such loan or security document or other agreement to not be valid, binding and enforceable; (vii) an order for dismissal of any Case or conversion to a chapter 7 case or the Debtors propose or support an application for conversion to a chapter 7 case, in each case, without the consent of the DIP Lender; (viii) appointment of a chapter 11 trustee or an examiner with enlarged powers relating to the operation of the business of any Debtor, (ix) granting of relief from automatic stay to permit foreclosure on any material assets of any Debtor (other than Section 1110 Assets and other exceptions to be agreed); (x) [reserved]; (xi) any Debtor shall file any motion to stay, reverse, amend, vacate or modify the DIP Order, Assumption Order, the DIP Agreement or the Delta Connection Agreements without the DIP Lender's prior consent or the entry of any order staying, amending, vacating or reversing the DIP Order, the Assumption Order, the DIP Agreements or the Delta Connection Agreements without DIP Lender's prior consent, (xii) failure to achieve the Chapter 11 Milestone set forth in the DIP Term Sheet, (xiii) any Debtor shall bring or consent to any motion or application in the Cases or an order shall have been entered: (A) to grant any lien on Collateral that is pari passu or senior to any lien granted to the DIP Lender under the DIP Agreements or |

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| | the DIP Order unless the DIP Credit Agreement shall have been indefeasibly paid in full in cash or (B) to recover from the Collateral any costs or expenses of preserving or disposing of such Collateral under Section 506(c) of the Bankruptcy Code, (xiv) any other party shall both seek and obtain allowance of any order in the Cases to recover from any portions of the Collateral any costs or expenses of preserving or disposing of such Collateral under section 506(c) of the Bankruptcy Code, (xv) an order shall be entered by the Bankruptcy Court confirming a plan of reorganization or liquidation in any of the Cases other than an Acceptable Plan of Reorganization unless the DIP Lender shall have approved the terms of such plan, (xvi) unstayed monetary judgment defaults with administrative priority status in the amount of $5 million and material non-monetary judgment defaults, (xvii) payment of prepetition debt (other than payments (A) authorized by the Bankruptcy Court prior to the Closing & Funding Date or, if reasonably satisfactory to the DIP Lender, on or after the Closing & Funding Date, (B) set forth in the Budget approved by the DIP Lender) or (C) constituting the refinancing of existing prepetition secured indebtedness so long as the terms of such refinancing indebtedness are no less favorable to the Debtors than the terms of the indebtedness being refinanced; (xviii) the existence of any material lien in connection with any ERISA plan of any Debtor, excluding any lien arising after the filing of the Cases that is unperfected and junior to the liens securing the DIP Loan Facility; (xix) unstayed or postpetition monetary judgment defaults in excess of $5,000,000, (xx) cross-default to the Delta Connection Agreements, (xxi) cross-default and cross-acceleration to material post-petition indebtedness in excess of $5,000,000 and (xxii) the filing by any of the Loan Parties of any motion to reject any of the Delta Connection Agreements, objecting to any claim, seeking to invalidate any of the Delta Connection Agreements or challenging the security interests of the DIP Lender or Delta under the 13 Slot Lease and the 2 Slot Lease.<br><br>See DIP Term Sheet Pg. 10-12; DIP Order ¶ 9. |
| **Automatic Stay**<br>*BR 4001(c)(1)(B)(iv)* | The automatic stay provisions of section 362 of the Bankruptcy Code are hereby vacated and modified to the extent necessary to permit the Lender to enforce all of its rights under the Agreements, including to (i) immediately upon the occurrence of an Event of Default (as defined in the DIP Credit Agreement or as provided in paragraph 9 of the DIP Order), (A) declare the termination, reduction, or restriction of any further Commitment to the extent any such Commitment remains, (B) declare all Obligations to be immediately due and payable, without presentment, demand, protest or other notice of any kind, all of which are expressly waived by the Debtors, (C) charge a default rate of interest as set forth in the Agreements and (D) terminate the Agreements as to any future liability or obligation of the Lender (but, for the avoidance of doubt, without affecting any of the DIP Liens or the Obligations) and (ii) upon the occurrence of an Event of Default and the giving of five days' prior written notice (which shall run concurrently with any notice required to be provided under the Agreements) via email to the Debtors and counsel to the Debtors (and, upon receipt, the Debtors shall promptly provide a copy of such notice to counsel to each of the UCC and the U.S. Trustee) to exercise all other rights and remedies provided for in the Agreements and under applicable law. In any hearing regarding any exercise of rights or remedies under the Agreements, the only issue that may be raised by any party in opposition thereto shall be whether, in fact, an Event of Default has occurred and is continuing and the Debtors and other parties in interest hereby waive their right to and shall not be entitled to seek relief, including, without limitation, under section 105 of the Bankruptcy Code, to the extent that such relief would in any way impair or restrict the rights and remedies of the Lender set forth in the DIP Order or the Agreements. If any Debtor or any other person challenges the occurrence of an Event of Default, any such objector's remedy shall be, and hereby is, limited to requesting a hearing before this Court on two business days' written notice to the Lender for the purpose of seeking relief consistent with the DIP Order and the DIP Credit Agreement and, at such hearing, seeking such relief. In no event shall the Lender be subject to the equitable |

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| | doctrine of "marshaling" or any similar doctrine with respect to the Collateral.<br><br>See DIP Order ¶ 10. |
| **Equities of the Case**<br>*BR 4001(c)(1)(B)(viii)* | In no event shall the "equities of the case" exception in section 552(b) of the Bankruptcy Code apply to the Lender or the Lessee.<br><br>See DIP Order ¶ 10. |
| **Limitation on Charging Expenses Against Collateral**<br>*BR 4001(c)(1)(B)(x)* | Except to the extent of the Carve-Out, no costs or expenses of administration of these Chapter 11 Cases or any future proceeding that may result therefrom, including liquidation in bankruptcy or other proceedings under the Bankruptcy Code, shall be charged against or recovered from the Collateral pursuant to section 506(c) of the Bankruptcy Code or any similar principle of law, without the prior written consent of the Lender and, with respect to the Slot Collateral, the Lessee, and no such consent shall be implied from any other action, inaction or acquiescence by the Lender or the Lessee, and nothing contained in this Order shall be deemed to be a consent by the Lender to any charge, lien, assessment or claim against the Collateral under section 506(c) of the Bankruptcy Code or otherwise.<br><br>See DIP Order ¶ 11. |
| **Case Milestones**<br>*BR 4001(c)(1)(B)(vi)* | Within 60 days of the Maturity Date, a motion shall have been filed for the approval of (i) a plan of reorganization in the Cases that (A) provides for the repayment in full in cash of all Obligations then due under the DIP Loan Facility upon consummation thereof and (B) includes customary releases of the Lender (an "Acceptable Plan of Reorganization") or (ii) the repayment in full in cash of the DIP Loan Facility by the Maturity Date.<br><br>See DIP Term Sheet Pg. 10. |
| **Indemnification Provisions**<br>*BR 4001(c)(1)(B)(ix)* | The Loan Parties shall jointly and severally indemnify and hold harmless the Lender and each of its affiliates and each of their respective officers, directors, employees, agents, advisors, attorneys and representatives (each an "Indemnified Party") from and against (and will reimburse each Indemnified Party as the same are incurred for) any and all claims, damages, losses, liabilities and expenses (including, without limitation, reasonable fees and disbursements of counsel), joint or several, that may be incurred by or asserted or awarded against any Indemnified Party, in each case arising out of or in connection with or relating to any investigation, litigation or proceeding or the preparation of any defense with respect thereto, arising out of or in connection with or relating to the Commitment Letter, the DIP Loan Facility, the Loan Documents or the transactions contemplated thereby, or any actual or proposed use to be made with the proceeds of the DIP Loan Facility, whether or not such investigation, litigation or proceeding is brought by any Loan Party, any shareholders or creditors of any Loan Party, an Indemnified Party or any other person, and whether or not the transactions contemplated hereby are consummated, except to the extent such claim, damage, loss, liability or expense is found in a final judgment by a court of competent jurisdiction to have resulted from any Indemnified Party's gross negligence or willful misconduct or material breach of any Indemnified Party's obligations under the Commitment Letter, the DIP Loan Facility or the Loan Documents. To the extent permitted by law, the Loan Parties shall not assert, and will waive, any claim against any Indemnified Party, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of or in connection with the DIP Loan Facility.<br><br>See DIP Term Sheet Pg. 12-13.¶ |

**Background**

6. 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.

7. On March 4, 2016, pursuant to section 1102 of the Bankruptcy Code, the United States Trustee appointed a statutory committee of unsecured creditors (the "Creditors Committee"). No trustee or examiner has been appointed.

8. 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.

9. 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**

10. 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 Efforts to Obtain DIP Financing**

11. As part of its ongoing efforts to realize liquidity and to achieve a competitive and sustainable cost structure, Republic, together with Seabury Securities LLC, ("Seabury"), its investment banker and restructuring advisor, undertook a thorough and rigorous effort to obtain postpetition financing secured by certain assets. Seabury approached a large

number of prospective transaction partners in an effort to realize the best financing terms in respect of the available collateral.

12. Due to the nature of the aircraft, and the complexity of financing transactions related to these types of assets generally, the universe of potential transaction partners was finite and well-known to Seabury. Accordingly, beginning in February 2016, Seabury contacted approximately 40 potential transaction partners that Seabury believed might be interested in, and capable of, entering into a financing transaction with respect to some or all of the Collateral. These potential transaction partners included banks, private equity firms, hedge funds and each of Republic's code-share partners. In response to these initial solicitations, Republic received five (5) qualifying financing bids.

13. After Republic received the financing bids, it selected the top bidders and initiated negotiations with such bidders. These negotiations culminated in the selection of three (3) finalists. Each of the finalists was then provided with a draft of the proposed terms of a financing and invited to provide Republic with their comments on the terms and conditions set forth therein. After reviewing the bids, and consulting with its advisors, Republic selected the financing bid from Delta as the best bid for postpetition financing secured by the Collateral based on multiple factors, including the size and certainty of the committed amount, flexibility to draw or not draw the commitment, the applicable upfront fees and commitment fees on any undrawn amount, the applicable interest rate on drawn amounts, and the reasonableness of conditions precedent and applicable financial covenants. Additionally, Delta's pre-existing relationship with Republic and the reaffirmance of its commitment to that relationship, as evidenced by both the terms of its financing bid and Delta's concessions in amending the Amended Flying Agreements, including the schedule adjustments, substitutions, maintenance,

and product modification delays it agreed to in connection therewith, cemented its selection as the best bid for postpetition financing secured by the Collateral. Because Delta was already a secured lessee with respect to the Slots, and any pledge of that collateral would be subject to Delta's existing lien and interest, Delta was in a unique position to provide financing with respect to that collateral that would be less valuable to any other lender. Moreover, Delta has agreed to provide this postpetition financing at very low cost as part of an integrated set of transactions that are of very great value to Republic.

14. Republic submits that this marketing process was fair and thorough and led to the selection of the best offer for postpetition financing.

## Basis for Relief Requested

### A. Republic Should be Authorized to Obtain Postpetition Financing on a Secured and Priority Basis

15. Republic proposes to obtain financing on the terms set forth in the DIP Term Sheet, by providing security interests and liens as set forth above pursuant to section 364(c) of the Bankruptcy Code. Section 364(c) of the Bankruptcy Code provides that, if a debtor is unable to obtain unsecured credit allowable under section 503(b)(1) as an administrative expense, then the Court, after notice and hearing, may authorize the debtor to obtain credit or incur debt:

> (1) with priority over any or all administrative expenses of the kind specified in section 503(b) or 507(b) of [the Bankruptcy Code];
>
> (2) secured by a lien on property of the estate that is not otherwise subject to a lien; or
>
> (3) secured by a junior lien on property of the estate that is subject to a lien.

11 U.S.C. § 364(c).

16. When reviewing a debtor's business decision, such as the Debtors' decision to procure the postpetition financing on the terms set forth in the DIP Term Sheet, bankruptcy courts defer to the debtor's business judgment. *In re Ames Dep't Stores, Inc.*, 115 B.R. 34, 40 (Bankr. S.D.N.Y. 1990) ("[C]ases consistently reflect that the court's discretion under section 364 is to be utilized on grounds that permit reasonable business judgment to be exercised so long as the financing agreement does not contain terms that leverage the bankruptcy process and powers or its purpose is not so much to benefit the estate as it is to benefit a party-in-interest."); *see also In re Curlew Valley Assocs.*, 14 B.R. 506, 513-14 (Bankr. D. Utah 1981) (courts should not second guess a debtor's business decision when that decision involves a "business judgment made in good faith, upon a reasonable basis, and within the scope of [the debtor's] authority under the [Bankruptcy] Code.").

17. In addition, courts undertake a three-part inquiry in considering whether to authorize DIP financing. Specifically, courts look to whether:

(a) the debtor is unable to obtain unsecured credit under section 364(d), *i.e.*, by allowing a lender an administrative claim only;

(b) the credit transaction benefits and is necessary to preserve the assets of the estate; and

(c) the terms of the credit transaction are fair, reasonable and adequate given the circumstances of the debtor and the proposed lender.

*In re Ames Dep't Stores, Inc.*, 115 B.R. at 37-39.

18. Here, this inquiry clearly shows that the proposed financing is appropriate and should be approved. First, Republic is unable to obtain postpetition credit on an unsecured basis. Based on current capital market conditions, after consultation with its advisors, Republic determined that postpetition financing on an unsecured basis would not be obtainable. Indeed,

the proposed DIP Term Sheet is the product of a robust, comprehensive effort to obtain the best financing terms available. Of the 40 parties contacted, not a single party was willing to provide financing on an unsecured basis.

19. The Bankruptcy Code does not require Republic to mount an unending search for unsecured financing, and it does not require the debtor to seek alternate financing from every possible source. *In re 495 Cent. Park Ave. Corp.*, 136 B.R. 626, 630-31 (Bankr. S.D.N.Y. 1992). Rather, a debtor must demonstrate that it made a reasonable effort to seek credit on terms identified in section 364(b). *See id.*; 11 U.S.C. § 364(c). As described above, Republic has exceeded that standard, and the proposed DIP Term Sheet is the product of an exhaustive marketing and negotiation campaign across a broad spectrum of prospective transaction partners. As Republic is unable to obtain unsecured credit or credit on terms comprehensively better than those embodied in the DIP Term Sheet, it is reasonable and appropriate for the Debtors to grant the DIP Lender a superpriority administrative clam, first priority liens on the Collateral, and second priority liens, where permitted to secure the DIP Obligations.

20. Second, access to the DIP Financing is necessary to preserve and maximize the value of Republic's estates. Absent sufficient financing to operate its business during these chapter 11 cases and consummate a reorganization, the value of the estates would be substantially impaired to the detriment of all stakeholders.

21. Third, Republic has concluded that, in its business judgment, the terms of the DIP Term Sheet are fair, reasonable, and adequate. Republic negotiated the DIP Term Sheet with the DIP Lender in good faith and at arm's length. The proposed financing will allow Republic to maintain adequate liquidity levels for the prudent operation of its business, reflects terms that Republic believes to be the best currently available to it, and offers the lowest cost of

funds for Republic. Republic submits that the terms of the proposed financing are fair and reasonable, and such financing is clearly beneficial for the estate. Accordingly, Republic should be authorized to obtain credit under the first priority secured credit facility contemplated by the DIP Term Sheet.

**B. The Priming Liens on the Slots Should be Approved**

22. Section 364(d)(1) of the Bankruptcy Code provides that the Court, after notice and hearing, may "authorize the obtaining of credit or the incurring of debt secured by a senior or equal lien on property of the estate that is subject to a lien only if (A) the trustee is unable to obtain such credit otherwise; and (B) there is adequate protection of the interest of the holder of the lien on the property of the estate on which such senior or equal lien is proposed to be granted." 11 U.S.C. § 364(d)(1). Such financing should be approved "[o]nce unavailability of less intrusive credit has been shown and adequate protection found if required." *In re Ames Dep't Stores, Inc.*, 115 B.R. at 37. The only liens being primed here are liens held by Delta in its capacity as lessee of the Slots, to which priming Delta has consented.

**C. Republic Should Be Authorized to Use Property of the Estate as Contemplated by the DIP Term Sheet**

23. To the extent that the transactions contemplated by the DIP Term Sheet constitute the use of property of the estate other than in the ordinary course of business, Republic seeks authority pursuant to section 363(b) of the Bankruptcy Code to enter into and perform under loan and related security and other agreements on the terms set forth in the DIP Term Sheet.

24. Section 363(b) of the Bankruptcy Code permits a debtor to use, sell or lease property, other than in the ordinary course of business, with court approval. 11 U.S.C. § 363(b). Courts in this Circuit and in other jurisdictions have held that judicial approval should

be granted as long as the transaction is supported by sound business reasons. *See Comm. of Equity Sec. Holders v. Lionel Corp. (In re Lionel Corp.),* 722 F.2d 1063, 1071 (2d Cir. 1983); *In re Borders Grp., Inc.*, 453 B.R. 477, 482 (Bankr. S.D.N.Y. 2011); *In re Global Crossing Ltd.*, 295 B.R. 726, 743 (Bankr. S.D.N.Y. 2003).

25. Once the debtor articulates sound business reasons, "[t]he business judgment rule 'is a presumption that in making a business decision 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), *overruled on other grounds*, *Gantler v. Stephens*, 965 A.2d 695 (Del. 2009)). The business judgment rule shields a debtor's management from judicial second-guessing. *Comm. of Asbestos-Related Litigants and/or Creditors v. Johns-Manville Corp. (In re Johns-Manville Corp.),* 60 B.R. 612, 615-16 (Bankr. S.D.N.Y. 1986) ("[T]he Code favors the continued operation of a business by a debtor and a presumption of reasonableness attaches to a debtor's management decisions.").

26. The financing will result in a significant benefit to the Debtors' estates and will greatly enhance the prospect of a successful reorganization by ensuring adequate and low cost liquidity to fund this reorganization. Further, the Debtors' entry into the Amended Flying Agreement, the LGA 2 Slot Lease, the A&R Slot Lease and the Amended Ground Handling Agreement will benefit the Debtors' operations during these chapter 11 cases and provide a platform for the Debtors' continued success post-emergence. The Debtors' decision to pursue the transactions provided for in the DIP Agreements and the Amended Flying Agreement, the

LGA 2 Slot Lease, the A&R Slot Lease and the Amended Ground Handling Agreement is supported by sound business reasons and should be approved.

**D. The Automatic Stay Should be Modified on a Limited Basis**

27. The Debtors request that the automatic stay imposed by section 362 of the Bankruptcy Code be modified to the extent necessary to implement and effectuate the terms and provisions of the DIP Order. Such stay modifications are commonplace and standard features of debtor-in-possession financing arrangements, and, in the Debtors' business judgment, are reasonable and fair under the circumstances of these chapter 11 cases. *See*, *e.g.*, *In re AMR Corp.*, No. 11-15463 (SHL) (Bankr. S.D.N.Y. Oct. 9, 2012) (ECF No. 4955) ¶ 7; *In re Northwest Airlines Corp.*, No. 05-17930 (ALG) (Bankr. S.D.N.Y. Dec. 22, 2005) (ECF No. 1529) ¶¶ 11, 14; *In re Pinnacle Airlines Corp.*, No. 12-11343 (REG) (Bankr. S.D.N.Y. May 17, 2012) (ECF No. 316) ¶ 9(a). Termination of the automatic stay to allow the DIP Lender to exercise its rights and remedies under the DIP Agreements is thus justified.

**E. Waiver of Bankruptcy Rule 6004(h)**

28. Bankruptcy Rule 6004(h) provides that an "order authorizing the use, sale, or lease of property . . . is stayed until the expiration of 14 days after entry of the order, unless the court orders otherwise." The Debtors request that any order approving the DIP Agreements be effective immediately by providing that the 14-day stay under Bankruptcy Rule 6004(h) is waived.

**Notice**

29. Notice of this Motion has been provided to parties in interest in accordance with the Order Pursuant to 11 U.S.C. § 105(a) and Fed. R. Bankr. P. 1015(c), 2002(m) & 9007 Implementing Certain Notice and Case Management Procedures approved by the Court dated March 2, 2016 (ECF No. 70). Accordingly, the Debtors submit that, in view of

the facts and circumstances, such notice is sufficient and no other or further notice need be provided.

30. No previous request for the relief sought herein has been made to this or any other court.

WHEREFORE, the Debtors respectfully request that the Court enter an order granting the relief requested and such other or further relief as is just.

Dated: New York, New York
March 24, 2016

/s/ Bruce R. Zirinsky

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*Attorneys for the Debtors and Debtors in Possession*

# Exhibit A

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

| | | |
|---|---|---|
| **In re** | **:** | **Chapter 11 Case No.** |
| **REPUBLIC AIRWAYS HOLDINGS INC., *et al.*,** | **:** | **16-10429 (SHL)** |
| **Debtors.[1]** | **:** | **(Jointly Administered)** |

**ORDER PURSUANT TO 11 U.S.C. § 105, 361, 362(d)(1), 363(b), 364(c)(1), 364(c)(2), 364(c)(3), 364(d), 364(e), 503(b)(1) AND 507(b) AND FED. R. BANKR. P. 4001 AND 6004 (I) AUTHORIZING DEBTORS TO OBTAIN POSTPETITION FINANCING, (II) GRANTING LIENS AND PROVIDING SUPERPRIORITY ADMINISTRATIVE EXPENSE STATUS, (III) MODIFYING THE AUTOMATIC STAY AND (IV) GRANTING RELATED RELIEF**

A hearing having been held on April 14, 2016 (the "Hearing") to consider the motion (the "Motion")[2] dated March 24, 2016 of Republic Airways Holdings Inc. ("RAH"), and its wholly-owned direct and indirect subsidiaries that are debtors and debtors in possession in the above-captioned chapter 11 cases (collectively with RAH, "Republic" or the "Debtors"), seeking this Court's authorization pursuant to sections 105, 361, 362(d)(1), 363(b), 364(c)(1), 364(c)(2), 364(c)(3), 364(d), 364(e), 503(b)(1) and 507(b) of title 11 of the United States Code, 11 U.S.C. § 101, *et seq.* (the "Bankruptcy Code") and Rules 2002, 4001 and 6004 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules") and the local rules for the Bankruptcy Court for the Southern District of New York (the "Local Bankruptcy Rules"), for (i) the Debtors to obtain postpetition financing (the "DIP Financing") under a commitment of $75,000,000 on a secured

1. The Debtors in these chapter 11 cases (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 given them in the Motion or the Term Sheet.

and first priority basis, pursuant to that certain Debtor-In-Possession Term Loan Agreement (the "DIP Credit Agreement") between RAH, as borrower, and the other Debtors, as guarantors, and Delta Air Lines, Inc. ("Delta") as lender (in such capacity, the "Lender") substantially in the form filed with this Court [ECF No. [•]] and any related instruments, documents, supplements and agreements that may be reasonably necessary or desirable to implement the DIP Credit Agreement (together with the DIP Credit Agreement, and all exhibits, schedules and related documents, the "Agreements"), (ii) all direct and indirect subsidiaries of the Borrower that are Debtors (collectively, the "Guarantors") to guaranty the Borrower's obligations in connection with the Agreements, (iii) the Debtors to grant the Lender first priority liens against, and security interests in, subject to the Carve-Out (as defined below), (a) one (1) Embraer E170 regional jet aircraft, equipped with two (2) General Electric CF34-8 engines, as set forth on Schedule 1 to this Order, (b) ten (10) CFM34-8 engines as set forth on Schedule 2 to this Order and (c) all other unencumbered assets of the Debtors ((a) through (c), collectively, the "First-Priority Collateral"), to secure all "Obligations" (as defined in the Term Sheet), (iv) the Debtors to grant the Lender junior liens on all tangible and intangible property of the Debtors that is subject to valid, perfected and unavoidable liens in existence on the Commencement Date (as defined herein) other than the Slot Collateral (as defined herein) (such property, the "Second-Priority Collateral") to secure the Obligations, (v) the Debtors to grant the Lender a first-priority priming lien on fifteen (15) specified individual LaGuardia Airport arrival and departure slots as set forth on Schedule 3 to this Order (the "Slot Collateral") that are subject to a lien of Delta, as lessee (in such capacity, the "Lessee") in such Slot Collateral under that certain Amended and Restated LaGuardia Slot lease dated as of March 23, 2016 by and among Delta, Republic Airline Inc. ("RAI") and RAH and that certain LaGuardia Slot Agreement dated as of April 15, 2015 by and

among Delta and RAI to secure the Obligations; (vi) subject to the Carve-Out the Debtors to grant to the Lender of a superpriority administrative expense claim with respect to the Obligations; (vii) authorization to modify the automatic stay to the extent set forth herein and in the Agreements, (viii) the limitation of the Debtors' right to surcharge any of the Collateral pursuant to section 506(c) of the Bankruptcy Code and any right of the Debtors under the "equities of the case" exception in section 552(b) of the Bankruptcy Code, and (ix) the Debtors to utilize the loan proceeds, among other things, (a) to provide working capital and for other general corporate purposes of the Debtors and (b) to pay the costs and expenses of the administration of these Chapter 11 Cases, all as more fully set forth in the Motion and the Agreements; and the Court having jurisdiction to consider the Motion and the relief requested therein pursuant to 28 U.S.C. § 1334 and the Amended Standing Order of Reference M-431 dated January 31, 2012 (Preska, C.J.); and the Motion and the requested relief constituting a core proceeding pursuant to 28 U.S.C. § 157; and due notice of the Motion having been given to all parties known to the Debtors to have or claim to have any interest in the Collateral, the Notice Parties, the Standard Parties and the Affected Parties (each as defined in the Case Management Order dated March 2, 2016 [ECF No. 70] ("CMO")) in accordance with the CMO, and it appearing that no other or further notice need be provided; and the Court having considered the Motion and the Agreements, the papers in support thereof, and the responses thereto (if any); and the appearances of all interested parties having been noted in the record of the Hearing; and upon the Motion and the Agreements, the papers in support thereof and the responses thereto, the evidence adduced and the record of the Hearing, and all of the proceedings had before the Court; and after due deliberation this Court having found good and sufficient cause appearing therefor

**IT IS HEREBY FOUND AND CONCLUDED** that:

A. On February 25, 2016 (the "Commencement Date"), each of the Debtors filed with this Court a voluntary petition for relief under chapter 11 of the Bankruptcy Code. The Debtors are authorized to continue to operate their businesses and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. Pursuant to Bankruptcy Rule 1015(b), these Chapter 11 Cases have been consolidated for procedural purposes only and are being jointly administered.

B. This Court has core jurisdiction over these Chapter 11 Cases, the Motion and the parties and property affected hereby pursuant to 28 U.S.C. §§ 157(b) and 1334. Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

C. Proper, timely, adequate and sufficient notice of the Motion has been provided in accordance with the Bankruptcy Code, the Bankruptcy Rules, the Local Bankruptcy Rules and the CMO, and no other or further notice of the Motion or the entry of this Order shall be required.

D. Good and sufficient cause has been shown for the entry of this Order.

E. The Debtors have a need to obtain the DIP Financing contemplated under the Agreements to permit the Debtors to pay employees, maintain business relationships with vendors, suppliers and customers, satisfy other working capital, aircraft-related and operational needs and maintain adequate liquidity levels for the prudent operation of their business. Accordingly, the DIP Financing is in the best interests of the Debtors' estates and creditors.

F. The Debtors are unable to obtain financing on more favorable terms from sources other than from the Lender under the Agreements, and the Debtors are unable to obtain adequate unsecured credit allowable under Section 503(b)(1) of the Bankruptcy Code as an administrative

expense. Financing on a postpetition basis is not otherwise available without the Debtors securing such indebtedness and Obligations pursuant to sections 364(c)(2), 364(c)(3) and 364(d) of the Bankruptcy Code as provided herein.

G. The Agreements have been negotiated in good faith and at arm's length among the Debtors and the Lender, and all of the Obligations and indebtedness arising under, in respect of, or in connection with, the DIP Financing and the Agreements, including, without limitation all loans made pursuant to the Agreements shall be deemed to have been extended by the Lender in good faith, as that term is used in section 364(e) of the Bankruptcy Code and in express reliance upon the protections offered by section 364(e) of the Bankruptcy Code, and the Lender (and its successors and assigns) shall be entitled to the full protection of section 364(e) of the Bankruptcy Code in the event that this Order or any provision hereof is vacated, reversed or modified, on appeal or otherwise.

H. The terms of the DIP Financing are fair and reasonable, reflect the Debtors' exercise of prudent business judgment consistent with their fiduciary duties and are supported by reasonably equivalent value and fair consideration.

I. Good cause exists for granting the Lender relief from the automatic stay pursuant to section 362 of the Bankruptcy Code to permit the Lender to enforce the terms of the Agreements and to exercise any and all remedies thereunder without further order of the Court.

J. Entry of this Order is in the best interests of the Debtors' estates and creditors because its implementation, among other things, will allow for the availability to the Debtors of working capital which is necessary to sustain the operations of the Debtors' existing business and enhance the Debtors' prospects for successful reorganization.

K. Each of the foregoing findings by the Court will be deemed a finding of fact if and to the full extent that it makes and contains factual findings and a conclusion of law if and to the full extent that it makes legal conclusions.

**IT IS HEREBY ORDERED** that:

1. The Motion is granted. To the extent any objections or reservations of rights to the Motion have not been withdrawn or resolved by this Order, they are overruled in all respects on the merits.

2. *Authorization of the DIP Financing.* The Debtors are hereby authorized to execute, enter into and perform all of their obligations. The Borrower is hereby authorized to forthwith borrow money pursuant to the DIP Credit Agreement, and the Guarantors are hereby authorized to guaranty the Borrower's Obligations with respect to such borrowings, including all Obligations up to an aggregate principal or face amount equal to $75 million under the Agreements (plus all interest, fees, expenses and other Obligations as set forth in the Agreements), subject to any limitations on borrowing under the Agreements, which shall be used for all purposes permitted under the Agreements, including, without limitation to provide working capital for the Debtors and to pay interest, fees and expenses in accordance with this Order and the Agreements.

3. *Authorization of the Agreements*. In furtherance of the foregoing and without further approval of this Court, each Debtor is authorized and directed to perform all acts, to make, execute and deliver all instruments and documents (including, without limitation, the execution or recordation of security agreements, mortgages and financing statements) and to pay all fees that may be reasonably required or necessary for the Debtors' performance of their Obligations under the DIP Financing, including, without limitation:

(a) the execution and delivery of, and performance under, each of the Agreements;

(b) the execution and delivery of, and performance under, one or more amendments, waivers, consents or other modifications to and under the Agreements, in each case, in such form as the Debtors may agree (it being understood that no further approval of the Court or notice to any party shall be required for authorizations, amendments, waivers, consents or other modifications to and under the Agreements (and any fees paid in connection therewith) that do not shorten the maturity of the extensions of credit thereunder or increase the Commitments (as defined in the DIP Credit Agreement) or the rate of interest payable thereunder);

(c) the non-refundable payment to the Lender of all fees (which fees shall be, and shall be deemed to have been, approved upon entry of this Order and once paid, shall not be subject to any contest, attack, rejection, recoupment, reduction, defense, counterclaim, offset, subordination, recharacterization, avoidance or other claim, cause of action or other challenge of any nature under the Bankruptcy Code, under applicable non-bankruptcy law or otherwise) and any amounts due (or that may become due) in respect of the indemnification obligations, in each case referred to in the DIP Credit Agreement (and in any other Agreement) and the costs and expenses as may be due from time to time, including, without limitation, fees and expenses of the professionals retained by the Lender (including legal and financial advisors), in each case, as provided for in the Agreements without the need to file retention motions or fee applications or to provide notice to any party or for further Court approval; and

(d) the performance of all other acts required under or in connection with the Agreements.

4. Upon execution and delivery of the Agreements, the Agreements shall constitute valid, binding and unavoidable obligations of the Debtors, enforceable against each Debtor party thereto in accordance with the terms of the Agreements and this Order. No obligation, payment, transfer or grant of security under the Agreements or this Order shall be stayed, restrained, voidable or recoverable under the Bankruptcy Code or under any applicable law (including, without limitation, under sections 502(d), 548 or 549 of the Bankruptcy Code), or subject to any defense, reduction, setoff, recoupment, claim or counterclaim.

5. *Superpriority Claim.*

(a) Pursuant to section 364(c)(1) of the Bankruptcy Code, all of the Obligations shall constitute allowed superpriority administrative expense claims against the Debtors (without the need to file any proof of claim) with priority over any and all claims against the Debtors, now existing or hereafter arising, of any kind whatsoever, including, without limitation, all administrative expenses of the kind specified in sections 503(b) and 507(b) of the Bankruptcy Code and any and all administrative expenses or other claims arising under sections 105, 326, 328, 330, 331, 365, 503(b), 506(c), 507(a), 507(b), 726, 1113 or 1114 of the Bankruptcy Code, whether or not such expenses or claims may become secured by a judgment lien or other non-consensual lien, levy or attachment, which allowed claims (the "DIP Superpriority Claims") shall for purposes of section 1129(a)(9)(A) of the Bankruptcy Code be considered administrative expenses allowed under section 503(b) of the Bankruptcy Code, and which DIP Superpriority Claims shall be payable from and have recourse to all pre- and postpetition property of the Debtors and all proceeds thereof (excluding the Debtors' claims and causes of action under sections 502(d), 544, 545, 547, 548 and 550 of the Bankruptcy Code, or any other avoidance actions under the Bankruptcy Code (collectively, "Avoidance Actions") but

including any proceeds or property recovered, unencumbered or otherwise from Avoidance Actions, whether by judgment, settlement or otherwise ("Avoidance Proceeds")), subject only to the Carve-Out (as defined below). The DIP Superpriority Claims shall be entitled to the full protection of section 364(e) of the Bankruptcy Code in the event that this Order or any provision hereof is vacated, reversed or modified, on appeal or otherwise.

(b) For purposes hereof, the "Carve-Out" is an amount equal to the sum of (i) all fees required to be paid to the clerk of the Bankruptcy Court, any agent thereof, including without limitation, the fees and expenses of any claims and noticing agent retained in the Chapter 11 Cases pursuant to section 156(c) of title 28 and acting in such capacity and to the Office of the United States Trustee under section 1930(a) of title 28 of the United States Code plus interest at the statutory rate; (ii) fees and expenses incurred by a trustee under section 726(b) of the Bankruptcy Code in an amount not to exceed $50,000; (ii) the reasonable expenses of members of the UCC allowed pursuant to section 503(b)(3)(F) of the Bankruptcy Code whether earned before or after an Event of Default (but excluding fees and expenses of any professionals employed individually by members of the UCC); (iii) to the extent allowed by the Bankruptcy Court, all claims for unpaid fees, costs and expenses (the "Professional Fees") incurred by persons or firms retained by the Debtors or the official committee of unsecured creditors in these Chapter 11 Cases (the "UCC") (but excluding fees and expenses of any professionals employed individually by members of the UCC and any restructuring fee, sale fee or other success fee of any investment banker or financial advisor of the UCC) whose retention is approved by the Bankruptcy Court pursuant to sections 327, 328 and 1103 of the Bankruptcy Code (collectively, the "Professional Persons") (A) earned at any time prior to the occurrence of an Event of Default (as defined in the DIP Credit Agreement) unless such Event of Default is waived or cured as

provided in the DIP Credit Agreement (the "Pre-EoD Date Fees"), and (B) after the occurrence and during the continuation of an Event of Default, if any, (x) excluding any restructuring fee, sale fee or other success fee of any investment banker or financial advisor and (y) in an aggregate amount not to exceed $5,000,000 (the amount set forth in this clause (iii)(B) being the "Post-EoD Carve-Out Amount"); provided that (a) as long as no Event of Default shall have occurred and be continuing, the Debtors shall be permitted to pay all fees, expenses, compensation and reimbursement of expenses allowed and payable, including under any order entered in these Chapter 11 Cases establishing procedures for interim monthly compensation and reimbursement of Professional Fees, or sections 330 and 331 of the Bankruptcy Code, as the same may be due and payable, and the same shall not reduce the Carve-Out, (b) in the event the Carve-Out is reduced by any amount during an Event of Default, upon the effectiveness of a cure of such Event of Default, the Carve Out shall be increased by such amount, and (c) nothing herein shall be construed to impair the ability of any party to object to the fees, expenses, reimbursement or compensation described in clauses (i), (ii) or (iii) above, on any grounds.

6. *DIP Liens*. As security for the Obligations, effective and perfected upon the date of this Order and without the necessity of the execution, recordation or filings by the Debtors of mortgages, security agreements, control agreements, pledge agreements, financing statements or other similar documents, or the possession or control by the Lender of, or over, any Collateral, the following security interests and liens are hereby granted to the Lender (all property identified in clause (a), (b) and (c) below, but subject to clause (e) below, being collectively referred to as the "Collateral"), subject only to the payment of the Carve-Out (all such liens and security interests granted to the Lender, pursuant to this Order and the Agreements, the "DIP Liens"):

(a) First Lien On Unencumbered Property. Pursuant to section 364(c)(2) of the Bankruptcy Code, a valid, binding, continuing, enforceable, fully-perfected first priority senior security interest in and lien upon all tangible and intangible pre- and postpetition property of the Debtors, whether existing on the Commencement Date or thereafter acquired, that, on or as of the Commencement Date, is not subject to a valid, perfected and non-avoidable lien (collectively, "Unencumbered Property"), including, without limitation, any and all unencumbered cash and cash equivalents of the Debtors and any investment of such cash, inventory, accounts receivable, other rights to payment whether arising before or after the Commencement Date, contracts, properties, plants, fixtures, machinery, equipment, general intangibles, documents, instruments, securities, chattel paper, interests in leaseholds, real properties, deposit accounts, patents, copyrights, trademarks, trade names, rights under license agreements and other intellectual property, capital stock of subsidiaries, wherever located, and the proceeds, products, rents and profits of the foregoing, whether arising under section 552(b) of the Bankruptcy Code or otherwise, of all the foregoing, in each case other than Avoidance Actions, but including all Avoidance Proceeds; and

(b) Liens Junior to Certain Other Liens. Pursuant to section 364(c)(3) of the Bankruptcy Code, a valid, binding, continuing, enforceable, fully-perfected security interest in and lien upon all pre- and postpetition property of the Debtors (including, without limitation, cash, cash equivalents, inventory, accounts receivable, other rights to payment whether arising before or after the Commencement Date, contracts, properties, plants, fixtures, machinery, equipment, general intangibles, documents, instruments, securities, chattel paper, interests in leaseholds, real properties, deposit accounts, patents, copyrights, trademarks, trade names, rights under license agreements and other intellectual property, capital stock of subsidiaries, wherever

located, and the proceeds, products, rents and profits of the foregoing), immediately junior to (i) the valid, perfected and unavoidable liens in existence immediately prior to the Commencement Date and (ii) any such valid and unavoidable liens in existence immediately prior to the Commencement Date that are perfected subsequent to the Commencement Date as permitted by section 546(b) of the Bankruptcy Code, in each of case (i) and (ii) above other than the security interests and liens of the Lessee securing the Slot Collateral.

(c) Liens Priming Slot Collateral. Pursuant to section 364(d)(1) of the Bankruptcy Code, a valid, binding, continuing, enforceable, fully-perfected first priority senior priming security interest in and lien upon all Slot Collateral. The DIP Liens on the Slot Collateral shall be senior in all respects to the Lessee's interests in such property;

(d) Liens Senior to Certain Other Liens. The DIP Liens shall not be (i) subject or subordinate to (A) any lien or security interest that is avoided and preserved for the benefit of the Debtors and their estates under section 551 of the Bankruptcy Code, (B) unless otherwise provided for in the Agreements, any liens or security interests arising after the Commencement Date, including, without limitation, any liens or security interests granted in favor of any federal, state, municipal or other governmental unit (including any regulatory body), commission, board or court for any liability of the Debtors or (C) any intercompany or affiliate liens or security interests of the Debtors; or (ii) subordinated to or made pari passu with any other lien or security interest under section 363 or 364 of the Bankruptcy Code.

(e) Collateral shall not include (i) property in which a security interest would be prohibited by applicable law or enforceable contract (with respect to any such contractual restriction, solely to the extent (A) permitted under the DIP Credit Agreement and (B) binding on such assets and in existence on the closing of the Agreements or the date of acquisition thereof

and not entered into in contemplation thereof) in each case, except to the extent such prohibition is unenforceable after giving effect to the provisions of the Bankruptcy Code and the Uniform Commercial Code and (ii) property of the type described in Sections 1110(a)(3)(A)(i) and (B) of the Bankruptcy Code to the extent that the Debtors are prohibited from granting liens thereon under the terms of a security agreement, lease or conditional sale agreement among a Debtor or Debtors and a party entitled to protections afforded by the Section 1110 of the Bankruptcy Code with respect to such property (clauses (i) and (ii), collectively, "Excluded Collateral"); provided in all events that Collateral shall include all proceeds or replacements of Excluded Collateral (unless such proceeds or replacements themselves constitute Excluded Collateral).

7. *Consent to Priming*. The Lessee has consented to the priming of the Slot Collateral solely pursuant to the terms of this Order; provided, however, that nothing in this Order or the Agreements shall (a) be construed as the affirmative consent by the Lessee for the use of the Slot Collateral, other than on the terms set forth in this Order, or (b) be construed as a consent by the Lessee to the terms of any financing or any other lien encumbering the Slot Collateral (whether senior or junior) other than on the terms set forth in this Order.

8. *Perfection*. The Lender shall not be required to file or serve financing statements, mortgages, notices of lien or similar instruments that otherwise may be required under federal or state law in any jurisdiction, or take any action, including taking possession, to validate and perfect the DIP Liens. If, however, the Lender, in its sole discretion, shall determine to file any such financing statements, mortgages, agreements, notices of lien or similar instruments, or to otherwise confirm perfection of such the DIP Liens, the Debtors are obligated to cooperate with and assist in such process to the extent provided in the Agreements, and all such documents shall be deemed to have been perfected at the time of and on the date of this Order, and shall be and

hereby are deemed and adjudicated senior to any other postpetition filing by any other person or entity with respect to the same collateral.

9. *Events of Default.* As long as any portion of the Obligations remains unpaid (in addition to any other Events of Default set forth in the Agreements), it shall constitute an Event of Default if the Debtors seek, propose or support (in each case, as applicable), without the prior written consent of the Lender, or if there is entered or confirmed (in each case, as applicable), without the prior written consent of the Lender, (a) any (i) order dismissing any of the Debtors' Chapter 11 Cases or converting any of the Debtors' cases to one or more cases under chapter 7 of the Bankruptcy Code, or (ii) application for an order converting any of the these Chapter 11 Cases to a case under chapter 7 of the Bankruptcy Code, (b) any order appointing a chapter 11 trustee in any of the Debtors' Chapter 11 Cases, (c) any order staying, reversing, vacating, rejecting or otherwise modifying the Agreements, the Delta Connection Agreements (as defined in the Term Sheet) or this Order, (d) an order appointing an examiner in any of the Debtors' Chapter 11 Cases having enlarged powers (beyond those set forth under sections 1106(a)(3) and (4) of the Bankruptcy Code), (e) a plan of reorganization other than an Acceptable Plan of Reorganization (as defined in the Term Sheet), (f) an order authorizing the sale of all or substantially all of the assets of the Debtors or (g) an order in any of the Debtors' Chapter 11 Cases or any subsequent chapter 7 cases that authorizes under any section of the Bankruptcy Code, including section 105 or 364 of the Bankruptcy Code, the obtaining of credit or the incurring of indebtedness that is entitled to superpriority administrative status, in either case equal or superior to that granted to the Lender pursuant to this Order, or the Debtors seek any of the foregoing relief in this paragraph 9, unless, in connection with any transaction such order

requires that the Obligations shall first be indefeasibly paid in full and such Obligations are in fact so paid.

10. *Modification of the Automatic Stay*. The automatic stay provisions of section 362 of the Bankruptcy Code are hereby vacated and modified to the extent necessary to permit the Lender to enforce all of its rights under the Agreements, including to (i) immediately upon the occurrence of an Event of Default (as defined in the DIP Credit Agreement or as provided in paragraph 9 of this Order), (A) declare the termination, reduction, or restriction of any further Commitment to the extent any such Commitment remains, (B) declare all Obligations to be immediately due and payable, without presentment, demand, protest or other notice of any kind, all of which are expressly waived by the Debtors, (C) charge a default rate of interest as set forth in the Agreements and (D) terminate the Agreements as to any future liability or obligation of the Lender (but, for the avoidance of doubt, without affecting any of the DIP Liens or the Obligations) and (ii) upon the occurrence of an Event of Default and the giving of five days' prior written notice (which shall run concurrently with any notice required to be provided under the Agreements) via email to the Debtors and counsel to the Debtors (and, upon receipt, the Debtors shall promptly provide a copy of such notice to counsel to each of the UCC and the U.S. Trustee) to exercise all other rights and remedies provided for in the Agreements and under applicable law. In any hearing regarding any exercise of rights or remedies under the Agreements, the only issue that may be raised by any party in opposition thereto shall be whether, in fact, an Event of Default has occurred and is continuing and the Debtors and other parties in interest hereby waive their right to and shall not be entitled to seek relief, including, without limitation, under section 105 of the Bankruptcy Code, to the extent that such relief would in any way impair or restrict the rights and remedies of the Lender set forth in this Order

or the Agreements. If any Debtor or any other person challenges the occurrence of an Event of Default, any such objector's remedy shall be, and hereby is, limited to requesting a hearing before this Court on two business days' written notice to the Lender for the purpose of seeking relief consistent with this Order and the DIP Credit Agreement and, at such hearing, seeking such relief. In no event shall the Lender be subject to the equitable doctrine of "marshaling" or any similar doctrine with respect to the Collateral. Further, in no event shall the "equities of the case" exception in section 552(b) of the Bankruptcy Code apply to the Lender or the Lessee.

11. *Limitation on Charging Expenses Against Collateral*. Except to the extent of the Carve-Out, no costs or expenses of administration of these Chapter 11 Cases or any future proceeding that may result therefrom, including liquidation in bankruptcy or other proceedings under the Bankruptcy Code, shall be charged against or recovered from the Collateral pursuant to section 506(c) of the Bankruptcy Code or any similar principle of law, without the prior written consent of the Lender and, with respect to the Slot Collateral, the Lessee, and no such consent shall be implied from any other action, inaction or acquiescence by the Lender or the Lessee, and nothing contained in this Order shall be deemed to be a consent by the Lender to any charge, lien, assessment or claim against the Collateral under section 506(c) of the Bankruptcy Code or otherwise.

12. *Payments Free and Clear*. Any and all payments or proceeds remitted to the Lender pursuant to the provisions of this Order shall be received free and clear of any claim, charge, assessment or other liability, including, without limitation, any such claim or charge arising out of or based on, directly or indirectly, section 506(c) of the Bankruptcy Code (whether asserted or assessed by, through or on behalf of the Debtors).

13. The Debtors shall be jointly and severally liable for all of the Obligations.

14. *Section 364(e).* Having been found to be extending credit and making loans to the Debtors in good faith, based on the record before this Court, the Lender shall be entitled to the full protection of section 364(e) of the Bankruptcy Code with respect to the Obligations and the DIP Liens created, adjudicated or authorized by this Order in the event that this Order or any finding, adjudication or authorization contained herein is stayed, vacated, reversed or modified on appeal. Any stay, modification, reversal or vacatur of this Order shall not affect the validity of any obligations of the Debtors to the Lender incurred pursuant to this Order. Notwithstanding any such stay, modification, reversal or vacatur, all loans made pursuant to this Order and the Agreements and all obligations incurred by the Debtors pursuant hereto prior to the effective date of any such stay, modification, reversal or vacatur shall be governed in all respects by the original provisions hereof, and the Lender shall be entitled to all the rights, privileges and benefits, including without limitation, the liens, security interests and first priorities granted herein with respect to all such obligations.

15. *Limitation on Use of DIP Financing Proceeds and Collateral*. Notwithstanding anything herein or in any other order by this Court to the contrary, no proceeds of the DIP Financing, the Collateral or the Carve-Out may be used: (a) for professional fees and expenses incurred for (i) any litigation or threatened litigation (whether by contested matter, adversary proceeding or otherwise, including any investigation in connection with litigation or threatened litigation) against the Lender or the Lessee or for the purpose of objecting to or challenging the validity, perfection, enforceability, extent or priority of any claim, lien or security interest held or asserted by the Lender or the Lessee or (ii) asserting any defense, claim, cause of action, counterclaim, or offset with respect to the Obligations or the DIP Liens or the Delta Connection Agreements; (b) to prevent, hinder or otherwise delay the Lender's assertion, enforcement or

realization on the Collateral in accordance with the Agreements or this Order other than to seek a determination that an Event of Default has not occurred or is not continuing; or (c) to seek to modify any of the rights granted to the Lender under this Order or under the Agreements or the Delta Connection Agreements, in each of the foregoing cases without the Lender's and the Lessee's, as applicable, prior written consent, which may be given or withheld by such party in the exercise of its respective sole discretion.

16. *Binding Effect; Successors and Assigns*. The Agreements and the provisions of this Order, including all findings herein, shall be binding upon all parties in interest in these Cases, including, without limitation, the Lender, the UCC, the Debtors and their respective successors and assigns (including any chapter 7 or chapter 11 trustee hereinafter appointed or elected for the estate of any of the Debtors, any examiner appointed pursuant to section 1104 of the Bankruptcy Code, or any other fiduciary appointed as a legal representative of any of the Debtors or with respect to the property of the estate of any of the Debtors) and shall inure to the benefit of the Lender, the Lessee and the Debtors and their respective successors and assigns. The DIP Liens and the DIP Superpriority Claim and all other rights and remedies of the Lender and the Lessee granted by the provisions of this Order shall survive and not be modified, impaired or discharged by (i) the entry of an order converting any of these Chapter 11 Cases to a case under chapter 7, dismissing any of these Chapter 11 Cases, terminating the joint administration of these Chapter 11 Cases or by any other act or omission; (ii) the entry of an order approving the sale of any Collateral pursuant to section 363(b) of the Bankruptcy Code (except to the extent permitted by the Agreements); or (iii) the entry of an order confirming a chapter 11 plan in any of these Chapter 11 Cases and, pursuant to section 1141(d)(4) of the Bankruptcy Code, the Debtors have waived any discharge as to any remaining Obligations. The

terms and provisions of this Order and the Agreements shall continue in these Chapter 11 Cases, in any successor cases if these Chapter 11 Cases cease to be jointly administered and in any superseding chapter 7 cases under the Bankruptcy Code, and the DIP Liens and the DIP Superpriority Claims and all other rights and remedies of the Lender and the Lessee granted by the provisions of this Order and the Agreements shall continue in full force and effect until the Obligations are indefeasibly paid in full in cash, and the Commitments have been terminated; provided, however that upon indefeasible payment of the Obligations, in full in cash and the termination of all commitments thereunder, the DIP Liens and the DIP Superpriority Claims shall be deemed automatically released and discharged. This Court shall retain jurisdiction, notwithstanding any dismissal, for the purposes of enforcing the Lender's and the Lessee's, as applicable, claims, liens and security interests.

17. To the extent any holder of a prepetition lien can demonstrate that it did not receive actual or constructive notice of the Motion, its sole and exclusive remedy is, and shall be limited to, requesting that other or additional adequate protection of its prepetition lien be provided by the Debtors. The DIP Liens and all other rights granted to the Lender pursuant to this Order shall not be affected thereby in any way.

18. *Limitation of Liability*. Nothing in this Order, the Agreements or any other documents related to these transactions shall in any way be construed or interpreted to impose or allow the imposition upon the Lender or the Lessee of any liability for any claims arising from the prepetition or postpetition activities of the Debtors in the operation of their business, or in connection with their restructuring efforts. So long as the Lender and the Lessee comply with their obligations under the Agreements and its obligations, if any, under applicable law (including the Bankruptcy Code), (a) the Lender and the Lessee shall not, in any way or manner,

be liable or responsible for (i) the safekeeping of the Collateral, (ii) any loss or damage thereto occurring or arising in any manner or fashion from any cause, (iii) any diminution in the value thereof or (iv) any act or default of any carrier, servicer, bailee, custodian, forwarding agency or other person, and (b) all risk of loss, damage or destruction of the Collateral shall be borne by the Debtors. The Lender and the Lessee shall not be deemed to be in control of the operations of the Debtors or to be acting as a "responsible person" or "owner or operator" with respect to the operation or management of the Debtors (as such terms, or any similar terms, are used in the United States Comprehensive Environmental Response, Compensation and Liability Act, 29 U.S.C. §§9601 *et seq.* as amended, or any similar federal or state statute).

19. *Effectiveness*. This Order shall constitute findings of fact and conclusions of law and shall take effect and be fully enforceable nunc pro tunc to the Commencement Date immediately upon entry hereof. Notwithstanding Bankruptcy Rules 4001(a)(3), 6004(h), 6006(d), 7062, or 9014 of the Bankruptcy Rules or any Local Bankruptcy Rule, or Rule 62(a) of the Federal Rules of Civil Procedure, this Order shall be immediately effective and enforceable upon its entry and there shall be no stay of execution or effectiveness of this Order.

20. *Order Governs*. To the extent any provision of this Order conflicts with any provision of the Motion or any of the Agreements, the provisions of this Order shall control.

21. *Headings*. Section headings used herein are for convenience only and are not to affect the construction of or to be taken into consideration in interpreting this Order.

22. *Credit Bidding*. The Lender shall have the right to credit bid up to the full amount of the Obligations in any sale of the Collateral without the need for further Court order authorizing the same and whether any such sale is effectuated through section 363(k) or 1129(b)

of the Bankruptcy Code, by a chapter 7 trustee under section 725 of the Bankruptcy Code, or otherwise.

23. The failure to include or reference any term of the Agreements in this Order shall not diminish or impair the effectiveness of such provisions of the Agreements which shall be approved and enforceable in their entirety.

24. *Retention of Jurisdiction*. The Court shall retain jurisdiction to enforce the provisions of this Order, and this retention of jurisdiction shall survive the confirmation and consummation of any chapter 11 plan for any one or more of the Debtors notwithstanding the terms or provisions of any such chapter 11 plan or any order confirming any such chapter 11 plan.

Dated: New York, New York
April __, 2016

United States Bankruptcy Judge

Schedule 1

| AIRCRAFT | Registration | Year of Manufacture | MSN | ESN #1 | ESN #2 |
|---|---|---|---|---|---|
| 1 | N638RW | 2004 | 17000053 | 193239 | 193240 |

Schedule 2

| ENGINE | ESN |
|---|---|
| 1 | 193562 |
| 2 | 193710 |
| 3 | 193711 |
| 4 | 193776 |
| 5 | 193777 |
| 6 | 193794 |
| 7 | 193797 |
| 8 | 193815 |
| 9 | 193817 |
| 10 | 193843 |

Schedule 3

| **Slot Number** | **Slot Time Arrival/Departure** | **Airport** | **Day of Week Frequency** |
|---|---|---|---|
| | | | |
| 35140 | 0700D | LGA | 12345_ _ |
| 3234 | 1030A | LGA | 12345_ _ |
| 35145 | 1030D | LGA | 12345_ _ |
| 3260 | 1130D | LGA | 12345_ _ |
| 35019 | 1500A | LGA | 12345_7 |
| 3232 | 1530A | LGA | 12345_7 |
| 35146 | 1600A | LGA | 12345_7 |
| 35143 | 1730A | LGA | 12345_7 |
| 3009 | 1800A | LGA | 12345_7 |
| 35147 | 1800D | LGA | 12345_7 |
| 3591 | 1900D | LGA | 12345_7 |
| 35028 | 1900D | LGA | 12345_7 |
| 3191 | 2100A | LGA | 12345_7 |
| 35141 | 1300A | LGA | 1234567 |
| 35109 | 1400D | LGA | 1234567 |

# Exhibit B

PRIVILEGED AND CONFIDENTIAL
Execution Version

March 24, 2016

Republic Airways Holdings Inc.
8909 Purdue Road
Suite 300
Indianapolis, IN 46268

Ladies and Gentlemen:

On February 25, 2016, Republic Airways Holdings Inc., ("Republic") and certain of its wholly-owned direct and indirect subsidiaries (collectively, the "Companies" or "you") each filed a voluntary petition (together the "Bankruptcy Cases") for relief under of title 11 of the United States Code in United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court"). You have advised Delta Air Lines, Inc. ("Delta", the "Commitment Party," "we" or "us") that, in connection with the Bankruptcy Cases, you intend to obtain debtor-in-possession financing.

Delta is pleased to advise you of its commitment, and hereby commits to provide 100% of a $75,000,000 senior secured super-priority debtor-in-possession credit facility (the "DIP Loan Facility") to you on the terms and conditions set forth herein and in the Summary of Principal Terms and Conditions of the $75,000,000 Senior Secured Superpriority Debtor-in-Possession Credit Facility attached hereto as Annex A (the "Term Sheet"). The Term Sheet, together with this Commitment Letter, hereinafter is referred to as the "Commitment Letter."

You agree that, without the prior written consent of the Commitment Party, no agents or co-agents shall be appointed, or other titles conferred to any person or entity, in respect of the DIP Loan Facility.

You agree to pay (a) all costs and expenses of the Commitment Party associated with the preparation, negotiation, execution, delivery, administration and enforcement of this Commitment Letter (including the Term Sheet) and the definitive documents relating to the DIP Loan Facility (the "Credit Facility Documentation") and any amendment or waiver with respect thereto (including the fees, disbursements and other charges of counsel (including local, conflicts and special counsel as necessary), any appraiser and financial advisors for the Commitment Party), (b) all expenses of the Commitment Party (including the fees, disbursements and other charges of local, conflicts and special counsel and financial advisors for the Commitment Party) in connection with the enforcement of the Credit Facility Documentation and (c) all expenses associated with administration of the DIP Loan Facility including collateral monitoring, collateral reviews and appraisals, diligence, environmental reviews and fees and expenses of the Commitment Party and advisors and professionals engaged by the Commitment Party in connection with the DIP Loan Facility; provided that, prior to the occurrence of an Event of Default (as defined in the Term Sheet) under the DIP Loan Facility, your reimbursement obligation to the Commitment Party under this paragraph in respect of the fees and expenses of the Commitment Party's legal counsel, financial advisors and other professionals shall be capped at (x) $1,000,000 plus (ii) 50% of all fees and expenses of the Commitment Party's professionals in connection with any contested approval of, or litigation with respect to, the DIP Loan Facility, it being understood and agreed that no such cap shall apply, other than with respect to the Commitment Party's financial advisors, after an Event of Default.

You further agree to jointly and severally indemnify and hold harmless the Commitment Party and each of its affiliates and each of their respective officers, directors, employees, agents, advisors, attorneys and representatives (each an "Indemnified Party") from and against (and will reimburse each

Indemnified Party as the same are incurred for) any and all claims, damages, losses, liabilities and expenses (including, without limitation, reasonable fees and disbursements of counsel), joint or several, that may be incurred or asserted or awarded against any Indemnified Party, in each case arising out of or in connection with or relating to any investigation, litigation or proceeding or the preparation of any defense with respect thereto, arising out of or in connection with or relating to the Commitment Letter, the DIP Loan Facility, the Credit Facility Documentation or the transactions contemplated thereby, or any actual or proposed use to be made with the proceeds of the DIP Loan Facility, whether or not such investigation, litigation or proceeding is brought by any Company, any shareholder or creditor of any Company, an Indemnified Party or any other person, and whether or not the transactions contemplated hereby are consummated, except to the extent such claim, damage, loss, liability or expense is found in a final judgment by a court of competent jurisdiction to have resulted from any Indemnified Party's gross negligence or willful misconduct or material breach of any Indemnified Party's obligations under the Commitment Letter, the DIP Loan Facility or the Credit Facility Documentation. To the extent permitted by law, the Companies shall not assert, and will waive, any claim against any Indemnified Party, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of or in connection with the DIP Loan Facility. These Indemnified Obligations will continue notwithstanding any termination of this commitment or the Commitment Letter.

For purposes hereof, "Information" means all information (including but not limited to projections) provided by or on behalf of you and your affiliates to the Commitment Party in connection with the DIP Loan Facility and the Bankruptcy Cases.

You hereby represent, warrant and covenant (and it shall be a condition to the Commitment Party's commitment hereunder and Delta's agreement to perform the services described herein) that (a) all written Information, other than the projections, budgets, estimates or forward-looking statements, that has been or will be made available to the Commitment Party by or on behalf of you or any of your representatives is or will be, when furnished, complete and correct in all material respects and does not or will not, when furnished, contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements contained therein not misleading in light of the circumstances under which such statements are made, and (b) the projections, budgets, estimates and forward-looking statements that have been or will be made available to the Commitment Party by or on behalf of you or any of your representatives have been or will be prepared in good faith based upon accounting principles consistent with the historical audited financial statements of the Companies, if applicable, and upon assumptions and methods that are believed by you to be reasonable, at the time made and at the time the related projections, estimates and forward-looking statements are made available to the Commitment Party. You agree that if at any time prior to the closing of the DIP Loan Facility, any of the representations and warranties in the preceding sentence would be incorrect if the Information was being furnished, and such representations and warranties were being made, at such time, then you will promptly supplement the Information so that such representations will be correct under those circumstances. In providing the DIP Loan Facility, the Commitment Party will be entitled to use and rely primarily on the Information without responsibility for independent verification thereof.

You agree that you shall not (and shall cause your affiliates not to), without the prior written consent of the Commitment Party attempt or agree to offer, issue, place, syndicate or arrange any debt securities or debt facilities for the Companies or any other obligor with respect to the DIP Loan Facility or make or authorize any announcement of any of the foregoing.

The obligations of the Commitment Party under this Commitment Letter are subject to, in addition to the other conditions set forth herein, and in the Term Sheet and in the Credit Facility Documentation, our not having discovered or otherwise becoming aware of information not previously disclosed to us that we believe to be materially inconsistent with the information provided to us (other

than pursuant to public filings) prior to the date hereof, of (x) the business, assets, properties, liabilities, operations, condition (financial or otherwise), operating results, or prospects of the Companies, taken as a whole or (y) the transactions contemplated hereby.

This Commitment Letter shall not be assignable by you without the prior written consent of us (and any purported assignment without such consent shall be null and void), and is intended to be solely for the benefit of the parties hereto and is not intended to confer any benefits upon, or create any rights in favor of, any person other than the parties hereto and the Indemnified Parties.

It is understood and agreed that this Commitment Letter shall not constitute or give rise to any obligation on the part of the Commitment Party or any of its affiliates to provide any financing, except as expressly provided herein.

You acknowledge and agree that (i) no fiduciary, advisory or agency relationship between you and the Commitment Party is intended to be or has been created in respect of any of the transactions contemplated by this Commitment Letter, (ii) the Commitment Party, on the one hand, and you, on the other hand, have an arm's-length business relationship that does not directly or indirectly give rise to, nor do you rely on, any fiduciary duty on the part of Delta, (iii) you are capable of evaluating and understanding, and you understand, and accept, the terms, risks and conditions of the transactions contemplated by this Commitment Letter, (iv) you have been advised that Delta is engaged in a broad range of transactions that may involve interests that differ from your interests and that Delta has no obligation to disclose such interests and transactions to you by virtue of any fiduciary, advisory or agency relationship, and (v) you waive any claims you may have against the Commitment Party for breach of fiduciary duty or alleged breach of fiduciary duty and agree that Delta shall have no liability (whether direct or indirect) to you in respect of such a fiduciary duty claim or to any person asserting a fiduciary duty claim on behalf of or in right of you, including your stockholders, employees or creditors. Additionally, you acknowledge and agree that the Commitment Party is not advising you as to any legal, tax, investment, accounting or regulatory matters in any jurisdiction. You shall consult with your own advisors concerning such matters and shall be responsible for making your own independent investigation and appraisal of the transactions contemplated hereby, and the Commitment Party shall have no responsibility or liability to you with respect thereto. Any review by the Commitment Party of the Companies, the transactions contemplated hereby or other matters relating to such transactions will be performed solely for the benefit of the Commitment Party and shall not be on behalf of you or any of your affiliates.

You agree that in any action arising in connection with this Commitment Letter or any transaction contemplated hereby the only damages that may be sought from the Commitment Party or any of its affiliates or any Indemnified Party are those which are reasonably foreseeable as the result of any breach hereof. The Commitment Party and its affiliates shall not be liable under this Commitment Letter or any Credit Facility Documentation (i) for any damages arising from the use by others of information or other materials obtained through electronic, telecommunications or other information transmission systems except to the extent such damages are found in a final, non-appealable judgment of a court of competent jurisdiction to have resulted from the willful misconduct or gross negligence of the Commitment Party, or (ii) in respect of any act, omission or event relating to the transaction contemplated hereby or thereby, on any theory of liability for any special, indirect, exemplary, consequential or punitive damages.

This Commitment Letter is for your confidential use only and may not be disclosed by you to any person other than (i) your employees, directors, attorneys and financial advisors (but not commercial lenders) and then only in connection with the proposed transaction and on a confidential need-to-know basis, (ii) where in your reasonable judgment, disclosure is required by law or compelled in a judicial or administrative proceeding, including, without limitation, the Bankruptcy Court (in which case, to the

extent permitted by law, you agree to inform the Commitment Party promptly thereof), (iii) you may file this Commitment Letter (including the Term Sheet) with the Bankruptcy Court pursuant to a motion, in form and substance acceptable to the Commitment Party, seeking approval of the terms of the Commitment Letter (including the Term Sheet) and the DIP Loan Facility, (iv) with the Commitment Party's prior written consent to the proposed disclosure and (v) to any official committee appointed in the Bankruptcy Cases (and their advisors) so long as you obtain from the applicable persons or entities a confidentiality agreement with respect to such information in form and substance acceptable to the Commitment Party. The Commitment Party reserves the right to review and approve, in advance, all materials, press releases, advertisements, and disclosures that you or your affiliates prepare that contain the Commitment Party's or any affiliate's name or describe the Commitment Party's financing commitment.

The Term Sheet is intended to be indicative of the principal terms of the DIP Loan Facility and does not purport to specify all of the terms, conditions, representations and warranties, covenants and other provisions that will be contained in the final Credit Facility Documentation; provided that the terms of the final Credit Facility Documentation shall be substantially consistent with the Term Sheet and otherwise satisfactory to Republic and the Commitment Party, and Republic and the Commitment Party each agrees to negotiate the final Credit Facility Documentation in good faith.

**IF THIS COMMITMENT LETTER OR ANY ACT, OMISSION OR EVENT HEREUNDER OR THEREUNDER BECOMES THE SUBJECT OF A DISPUTE, EACH OF THE UNDERSIGNED HEREBY WAIVES TRIAL BY JURY (TO THE EXTENT PERMITTED BY APPLICABLE LAW).** You hereby consent and agree to the exclusive jurisdiction of (i) the Bankruptcy Court and, (ii) if the Bankruptcy Court declines to exercise jurisdiction, the state or federal courts located in New York County, State of New York in any action, investigation, litigation or proceeding arising out of or relating to this Commitment Letter or any transaction relating hereto, provided that the parties acknowledge that any appeals from those courts may have to be by a court located outside of such jurisdiction. You hereby expressly submit and consent in advance to such jurisdiction in any action or suit commenced in any such court, and hereby waive any objection which you may have based on lack of personal jurisdiction, improper venue or inconvenient forum. This Commitment Letter shall be governed by and shall be construed in accordance with the laws of the State of New York applicable to contracts made and performed in that state.

The provisions of this letter and the Term Sheet relating to "information", "expenses", "confidentiality", "indemnity", "counterparts and governing law", "venue and submission to jurisdiction" and "waiver of jury trial" shall survive the termination or expiration of this Commitment Letter and shall remain in full force and effect regardless of whether the DIP Loan Facility closes; provided that this Commitment Letter and the Term Sheet shall be superseded by the definitive Credit Facility Documentation upon the closing of the DIP Loan Facility.

This Commitment Letter supersedes all prior discussions, writings, indications of interest and proposals with respect to the DIP Loan Facility previously delivered to you or your affiliates by the Commitment Party or any of its affiliates. Please indicate your acceptance of this commitment and return a signed copy of this Commitment Letter to the Commitment Party. This commitment and the agreements of the Commitment Party herein will expire at 9:00 p.m., New York time, on March 24, 2016, unless on or prior to such time the Commitment Party shall have received a copy of this Commitment Letter executed by you. Notwithstanding acceptance of this Commitment Letter, the commitment and the agreements of the Commitment Party herein will automatically terminate unless definitive Credit Facility Documentation is executed on or before May 20, 2016. Upon expiration or termination of the commitment contained herein, the Commitment Party and its affiliates shall have no liability or obligation hereunder. Termination of this commitment shall not affect your obligations hereunder, including your

obligations to pay any costs or expenses provided for herein or in any other agreements entered into between you and the Commitment Party.

We hereby notify you that pursuant to the requirements of the USA PATRIOT Act, Title III of Pub. L. 107-56 (signed into law October 26, 2001) (the "PATRIOT Act"), each lender may be required to obtain, verify and record information that identifies each Company, which information includes the name, address, tax identification number and other information regarding each Company that will allow such lender to identify each Company in accordance with the PATRIOT Act. This notice is given in accordance with the requirements of the PATRIOT Act and is effective as to each lender.

*[Remainder of page intentionally left blank]*

We look forward to working with you and the management team of Republic Airways Holdings Inc. on this transaction.

Sincerely,

**DELTA AIR LINES, INC.**

By: Erik Snell
Title: VP - DL Connection

**ACCEPTED AND AGREED**

**REPUBLIC AIRWAYS HOLDINGS INC.**

By: Joseph P. Allman
Name: JOSEPH P. ALLMAN
Title: SENIOR VP FINANCE, CFO

**Annex A**

*See attached*

**ANNEX A**

**Republic Airways Holdings Inc.**
**Senior Secured Superpriority Debtor-in-Possession Credit Facility**
**Summary of Principal Terms and Conditions**

| | |
|---|---|
| **Lender:** | Delta Air Lines, Inc. ("**Delta**" or the "**Lender**"). |
| **Borrower:** | Republic Airways Holdings Inc. (the "**Borrower**"), a Delaware corporation and a debtor and a debtor-in-possession in a case (together with the cases of the Guarantors described below, the "**Cases**") filed under chapter 11 of the Bankruptcy Code in United States Bankruptcy Court for the Southern District of New York on February 25, 2016 (the "**Petition Date**"). |
| **Guarantors:** | Republic Airline Inc. ("**RAL**") and each other direct or indirect subsidiary of the Borrower that is a debtor and debtor-in-possession in the Cases (the "**Guarantors**" and, together with the Borrower, the "**Loan Parties**"). For avoidance of doubt, non-debtor subsidiaries Lynx Aviation, Inc. and Camel Finance 2015, LLC are not Loan Parties. |
| **DIP Loan Facility:** | A senior secured superpriority multiple draw term loan facility (the "**DIP Loan Facility**"; the loans made pursuant thereto, the "**Loans**"), with post-petition superpriority administrative status in the Cases of each of the Loan Parties, in an aggregate principal amount of up to Seventy-Five Hundred Million US Dollars ($75,000,000) (the "**Commitment**"). |
| **Purpose/Use of Proceeds:** | The proceeds of the DIP Loan Facility shall be used (i) to provide working capital and for other general corporate purposes of the Borrower and its subsidiaries and (ii) to pay the costs and expenses of the administration of the Cases. |
| **Availability:** | Upon the Bankruptcy Court's entry of the DIP Order, as defined below (the "**DIP Order Entry Date**"), the full amount of the Commitment shall be available to the Borrower and its subsidiaries, subject to (i) the execution and delivery of definitive documentation relating to the DIP Loan Facility, which documentation shall include that certain Debtor-In-Possession Term Loan Agreement ( the "**DIP Loan Agreement**") among the Borrower, the Guarantors, and the Lender, and the related security agreements, instruments, and other documents necessary to implement the DIP Loan Agreement and the DIP Facility and shall be consistent with the terms of this Term Sheet and otherwise in form and substance satisfactory to the Lender and the Borrower in each of their sole discretions (the "**Loan Documents**"), (ii) compliance with the terms, conditions and covenants described herein and more fully set forth in the Loan Documents and (iii) satisfaction of the conditions set forth herein. The Borrower may draw down the Commitment on up to 4 occasions, each on 3 business days' notice and in a minimum amount of $10,000,000 per drawing. Amounts that have been repaid shall not be available to be redrawn. |

***PROPRIETARY & CONFIDENTIAL***

| | |
|---|---|
| **Maturity:** | The maturity date of the DIP Loan Facility will be the earliest of (i) one year from the DIP Order Entry Date, (ii) the consummation of a sale of substantially all the assets of the Borrower, subject to approval by the Lender and (iii) the date of substantial consummation of a reorganization plan that is confirmed pursuant to an order of the Bankruptcy Court. All amounts outstanding under the DIP Loan Facility shall be payable in full in cash at maturity. |
| **Amortization:** | None. |
| **Upfront Fee:** | One percent (1.0%) on the aggregate amount of the Commitment on the Closing & Funding Date (as defined below), payable in full on the Closing & Funding Date. |
| **Commitment Fee:** | One percent (1.0%) per annum on the undrawn portion of the Commitment calculated and paid monthly in arrears. |
| **Interest Rate:** | 5.75% per annum, paid monthly in arrears, subject to a 2.00% increase during the continuation of an Event of Default. |
| **Prepayments:** | The Borrower may voluntarily repay the Loans in whole or in part under the DIP Loan Facility at any time without premium or penalty upon three (3) business days' prior written notice. Mandatory prepayments will be required upon receipt of net proceeds from (A) sales of assets (other than exceptions to be agreed), subject to reinvestment rights in replacement assets (or, in the case of aircraft, aircraft engines, propellers, appliances, or spare parts as such terms are used in section 1110 of the Bankruptcy Code (the "**Section 1110 Assets**"), flight equipment) within 90 days (or (x) 180 days in the case of sales of Section 1110 Assets that take place within 90 days of the Petition Date and (y) 120 days in the case of sales of Section 1110 Assets that take place after 90 days of the Petition Date) of such sale or (B) the issuance by the Loan Parties of debt or equity (and if there are no outstanding Loans under the DIP Loan Facility, the unused Commitment shall be reduced by an amount equal to such net proceeds). |
| **Collateral:** | All unpaid principal of and interest on (including interest, fees and costs accruing after the maturity of the Loans) the Loans and all other obligations and liabilities of the Loan Parties to the Lender, whether direct or indirect, absolute or contingent, due or to become due, or now existing or hereafter incurred, which arise under, out of, or in connection with, the DIP Loan Agreement or any other Loan Document, whether on account of principal, interest, reimbursement obligations, fees, indemnities, costs, and expenses (including all fees, charges and disbursements of counsel to the Lender that are required to be paid by the Borrower pursuant thereto) or otherwise (the "**Obligations**), and all guarantees of all of the Obligations under the Loan Documents by the Guarantors, shall at all times: |

(a) (i) pursuant to Bankruptcy Code section 364(c)(1), be entitled to joint and several superpriority administrative expense claims in the Cases having priority over all administrative expenses of any kind specified in sections 503(b) and 507(b) of the Bankruptcy Code;

(b) be secured by (i) first priority liens against and security interests in all unencumbered assets of the Loan Parties including, without limitation, (x) one (1) Embraer E170 regional jet aircraft, equipped with two (2) General Electric CF34-8 engines as identified in Schedule 1, (y) ten (10) CFM34-8 engines as identified on **Schedule 1,** (ii) a first priority priming lien on fifteen (15) specified individual LaGuardia Airport arrival and departure slots as set forth on Schedule 1 (the "**Slot Collateral**"); and (iii) junior liens on all tangible and intangible property of the Loan Parties that is subject to valid, perfected and unavoidable liens other than the Slot Collateral; *provided* that Collateral shall not include (A) property in which a security interest would be prohibited by applicable law or enforceable contract (with respect to any such contractual restriction, solely to the extent (1) permitted under the DIP Loan Agreement and (2) binding on such assets and in existence on the Closing & Funding Date or the date of acquisition thereof and not entered into in contemplation thereof) in each case, except to the extent such prohibition is unenforceable after giving effect to the provisions of the Bankruptcy Code and the Uniform Commercial Code, (B) property of the type described in Sections 1110(a)(3)(A)(i) and (B) of the Bankruptcy Code to the extent that the Loan Parties are prohibited from granting liens thereon under the terms of a security agreement, lease or conditional sale agreement among a Loan Party or Loan Parties and a party entitled to protections afforded by the Section 1110 of the Bankruptcy Code with respect to such property (clauses (A) and (B), collectively, "**Excluded Collateral**"); provided in all events that Collateral shall include all proceeds or replacements of Excluded Collateral (unless such proceeds or replacements themselves constitute Excluded Collateral) and (C) in each case of clauses (i) and (iii), subject to other customary exceptions to be agreed,

subject in each case only to a carve-out (the "**Carve-Out"**) in an amount equal to the sum of (i) all fees required to be paid to the clerk of the Bankruptcy Court, any agent thereof, including without limitation, the fees and expenses of any claims and noticing agent retained in the Cases pursuant to section 156(c) of title 28 and acting in such capacity and to the Office of the United States Trustee under section 1930(a) of title 28 of the United States Code plus interest at the statutory rate; (ii) fees and expenses incurred by a trustee under section 726(b) of the Bankruptcy Code in an amount not to exceed $50,000; (iii) the reasonable expenses of members of the UCC allowed pursuant to section 503(b)(3)(F) of the Bankruptcy Code whether earned before or after an Event of Default (but excluding fees and expenses of any professionals employed individually by members of the UCC); and (iv) to the extent allowed by the Bankruptcy Court, all claims for unpaid fees, costs and expenses (the

"**Professional Fees**") incurred by persons or firms retained by the Loan Parties or the official committee of unsecured creditors in the Cases (the "**UCC**") (but excluding fees and expenses of any professionals employed individually by members of the UCC and any restructuring fee, sale fee or other success fee of any investment banker or financial advisor of the UCC) whose retention is approved by the Bankruptcy Court pursuant to sections 327, 328 and 1103 of the Bankruptcy Code (collectively, the "**Professional Persons**") (A) earned at any time prior to the occurrence of an Event of Default unless such Event of Default is waived or cured as provided in the DIP Loan Agreement (the "**Pre-EoD Date Fees**"), and (B) after the occurrence and during the continuation of an Event of Default, if any, (x) excluding any restructuring fee, sale fee or other success fee of any investment banker or financial advisor, and (y) in an aggregate amount not to exceed $5,000,000 (the amount set forth in this clause (iv)(B) being the "**Post-EoD Carve-Out Amount**"); provided that (x) as long as no Event of Default shall have occurred and be continuing, the Loan Parties shall be permitted to pay all fees, expenses, compensation and reimbursement of expenses allowed and payable, including under any order entered in the Cases establishing procedures for interim monthly compensation and reimbursement of Professional Fees, or sections 330 and 331 of the Bankruptcy Code, as the same may be due and payable, and the same shall not reduce the Carve-Out, (y) in the event the Carve-Out is reduced by any amount during an Event of Default, upon the effectiveness of a cure of such Event of Default, the Carve Out shall be increased by such amount, and (z) nothing herein shall be construed to impair the ability of any party to object to the fees, expenses, reimbursement or compensation described in clauses (i), (ii) or (iii) above, on any grounds.

Notwithstanding the foregoing, no portion of the Carve-Out may be used: (a) for professional fees and expenses incurred for (i) any litigation or threatened litigation (whether by contested matter, adversary proceeding or otherwise, including any investigation in connection with litigation or threatened litigation) against the Lender or Delta in its capacity as lessee under the 2 Slot Lease (the "**Lessee**") or for the purpose of objecting to or challenging the validity, perfection, enforceability, extent or priority of any claim, lien or security interest held or asserted by the Lender or the Lessee or (ii) asserting any defense, claim, cause of action, counterclaim, or offset with respect to the obligations under the DIP Loan Facility or including the Liens with respect thereto or the Delta Connection Agreements; (b) to prevent, hinder or otherwise delay the Lender's assertion, enforcement or realization on the Collateral in accordance with the Loan Documents or the DIP Order other than to seek a determination that an Event of Default has not occurred or is not continuing; or (c) to seek to modify any of the rights granted to the Lender under the DIP Order or under the Loan Documents or the Delta Connection Agreements, in each of the foregoing cases without the Lender's and the Lessee's, as applicable, prior written consent,

which may be given or withheld by such party in the exercise of its respective sole discretion.

**Set-off Rights:** The Borrower shall not set off Obligations owed to Lender under the DIP Loan Facility against any obligations that the Lender owes to the Borrower without the Lender's consent.

**Representations and Warranties:** Each of the Loan Parties shall make the following customary representations and warranties for transactions of this nature and other representations and warranties to be mutually agreed between the Borrower and the Lender (subject to exceptions, qualifications and materiality to be mutually agreed): (i) due incorporation and good standing; (ii) due authorization, execution, delivery and enforceability of Loan Documents; (iii) absence of consents or approvals; (iv) no violation of law, organizational documents or material agreements as a result of execution, delivery or performance; (v) absence of liens; (vi) financial statements and accuracy of disclosure; (vii) compliance with applicable laws (including, without limitation FAA, environmental laws and ERISA); (viii) Investment Company Act; (ix) margin regulations; (x) absence of material adverse change since the Petition Date; (xi) absence of material unstayed litigation, proceeding or investigation and other contingent obligations; (xii) use of proceeds in accordance with the Budget; (xiii) payment of taxes; (xiv) ownership of property; (xv) subsidiaries; (xvi) air carrier status; (xvii) absence of defaults under material agreements entered into after the date of commencement of the Cases; (xviii) insurance; (xix) economic sanctions laws; anti-corruption, (xx) further assurances regarding creation and perfection of security interests and guarantees; (xxi) the DIP Order shall continue to be in full force and effect and not amended, modified or supplemented in a manner adverse to the Lender; and other bankruptcy matters as agreed upon.

**Conditions to Closing:** The conditions to closing of the DIP Loan Facility and the funding of the first draw (the "**Closing & Funding Date**") will include the following:

1. (i) The Loan Parties will have filed a motion in the Bankruptcy Court for approval of the DIP Loan Facility on or before March 24, 2016 in form and substance satisfactory to the Loan Parties and (ii) the Bankruptcy Court will have entered on or before May 16, 2016, an order (the "**DIP Order**") on a final basis approving and authorizing the terms of the DIP Loan Facility in substantially the form annexed hereto as Exhibit A, which DIP Order shall be unstayed and not have been reversed, modified or amended in whole or in part without the prior written consent of the Lender.

1. The Loan Parties will have filed a motion (the "**Assumption Motion**") in the Bankruptcy Court on or before March 24, 2016,

(a) authorizing the applicable Loan Parties to: (i) enter into and perform under the Amended and Restated LaGuardia Slot Agreement dated as of March 23, 2016 (the "**13 Slot Lease**"), (ii) enter into and perform under (A) that certain Amendment Number Fourteen dated as of March 23, 2016 (the "**Single Class Amendment 14**") to the Delta Connection Agreement dated and effective June 7, 2002 by and among Delta, Republic Airline Inc. and Republic Airways Holdings Inc. (as heretofore amended, restated, supplemented or otherwise modified, the "**Single Class Agreement**") and (B) that certain Amendment Number Eight dated as of March 23, 2016 ("**Dual Class Amendment 8"**), to the Delta Connection Agreement dated and effective January 13, 2005 by and among Delta, Republic Airline Inc. and Republic Airways Holdings Inc. (as heretofore amended, restated, supplemented or otherwise modified, the "**Dual Class Agreement**" and, together with the Single Class Amendment 14, the Single Class Agreement and the Dual Class Amendment 8, the "**Amended Flying Agreements**"), (iii) assume under Section 365 of the Bankruptcy Code the Amended Flying Agreements, (iv) enter into an perform under that certain Amendment to Connection Carrier Handling Agreement (ASM Buys) dated as of March 23, 2016 (as heretofore amended, restated, supplemented or otherwise modified, the "**Ground Handling Agreement**"), (v) assume under Section 365 of the Bankrupt Code the Ground Handling Agreement and (vi) assume under Section 365 of the Bankruptcy Code that certain LaGuardia Slot Agreement dated as of April 15, 2015 by and between Delta and Republic (the "**2 Slot Lease**" and, together with the 13 Slot Lease, the Amended Flying Agreements and the Ground Handling Agreement, the "**Delta Connection Agreements**"); and (b) allowing Delta a prepetition unsecured claim in the amount of $170,000,000, not subject to objection.

The Bankruptcy Court shall have entered on or before May 16, 2016 an order (the "**Assumption Order**"), in substantially the form annexed hereto as Exhibit B, approving the Assumption Motion and all relief requested therein, which order shall be unstayed.

2. Receipt by each of the parties of all necessary corporate approvals and any necessary or desirable third-party consents by March 24, 2016, which shall include approval of Republic's Board of Directors.

3. The Lender's receipt of (i) executed copies of the Loan Documents, (ii) executed copies of the amendments to the Delta Connection Agreements and (iii) evidence, including without limitation, receipt of stock certificates and other possessory collateral, of the perfected security interest in the Collateral as set forth under "Collateral".

4. The Lender's receipt of evidence of all relevant insurance coverages.

5. The Lender's receipt of a Budget (as defined below) for the first 13 week period commencing after the Closing & Funding Date that is reasonably satisfactory to the Lender.

6. The Lender's receipt of the Operating Forecast (as defined below).

7. Since the Petition Date, there shall not have been any material change, development or event that has occurred (other than the commencement of the Cases and any matters otherwise disclosed in writing to Delta on or prior to the date hereof) in the business, condition (financial or otherwise), operation, performance or properties of the Borrower and its subsidiaries.

8. The Lender's receipt of customary opinions of counsel in form and substance reasonably satisfactory to the Lender.

9. The Loan Parties shall be in compliance in all respects with the DIP Order.

10. All costs, expenses (including, without limitation, reasonable legal fees) and other compensation contemplated by the Loan Documents to be payable to the Lender shall have been paid to the extent due and the Loan Parties shall have complied with all of their other obligations to the Lender under the DIP Order.

11. Receipt of Uniform Commercial Code and other lien searches (including tax liens and judgments and FAA recordations) as requested by the Lender shall have been obtained by the Loan Parties and delivered to the Lender.

**Conditions to all Borrowings:**

The conditions to all borrowings will include requirements relating to prior written notice of borrowing of at least three (3) business days and the following conditions:

(i) Compliance with the Consolidated Liquidity covenant, which shall be certified by a responsible officer of the Borrower in a certificate setting forth the Consolidated Liquidity on the date of each borrowing;

(ii) Each of the DIP Order and the Assumption Order shall be in full force and effect, and shall not have been vacated, reversed, modified, amended, or stayed;

(iii) Representations and warranties shall be true and correct in all material respects (except where qualified by materiality, then just the accuracy thereof); and

(iv) No default or Event of Default shall exist, or arise immediately after giving effect to the borrowing.

**Affirmative Covenants:** Each of the Loan Parties shall agree to the following customary affirmative covenants for facilities of this type and other affirmative covenants to be mutually agreed between the Borrower and the Lender:

(i) delivery of monthly, quarterly and annual financial statements, compliance certificates and the Budget (as described below); (ii) maintenance of books and records; (iii) maintenance of customary insurance; (iv) maintenance of corporate existence property, material rights, certificates, licenses, authorizations and privileges; (v) payment of all undisputed post-petition taxes and other post-petition obligations; (vi) compliance with applicable laws, including ERISA, (vii) notification to the Lender of any default or Event of Default and certain other customary material events; (viii) commercially reasonable inspection rights; (ix) (A) all pleadings affecting the DIP Loan Facility delivered to the Lender reasonably in advance of filing under the circumstances to permit review and to be reasonably satisfactory to the Lender and (B) all material pleadings affecting the Delta Connection Agreements to be provided to the Lender reasonably in advance of filing under the circumstances to permit review; (x) delivery of any financial and other non-privileged information provided to the UCC, substantially contemporaneously with the delivery to the UCC; (xi) taking action to provide further assurances regarding creation and perfection of security interests and guarantee as may be reasonably requested by the Lender (including but not limited to any aircraft mortgages, account control agreements and other security documents reasonably requested by the Lender to grant liens in favor of the Lender as evidence of perfection of such liens under applicable federal and state law); and (xii) affirmative covenants in respect of air carrier status, maintaining authorizations from the Federal Aviation Administration and the Department of Transportation and gate utilization.

The Borrower shall deliver to the Lender and its advisors: (i) an initial Budget (delivered as a condition to the closing and initial funding of the DIP Loan Facility) which includes a 13-week statement of sources and uses for the next 13 weeks of the Borrower and its subsidiaries, broken down by line item, including, without limitation, the anticipated uses of the DIP Loan Facility for such period, and thereafter by 12:00 noon, New York City time, on the first Friday of each month, an updated 13-week projection for the subsequent 13 week period beginning on the immediately preceding Monday, together with a reasonably detailed written explanation of all projected material variances as compared to the immediately

preceding Budget delivered by the Borrower (each, a "**Budget**") and the Lender shall notify the Loan Parties whether the Budget is approved by the Wednesday of the week following delivery; (ii) by 12:00 noon, New York City time, on each Friday after the Closing & Funding Date, (A) for the immediately preceding week (ending on the Sunday immediately preceding the applicable Friday reporting deadline), the actual and budgeted results for such week by line item in the Budget, together with a reasonably detailed written explanation of all material variances, and (B) for the immediately preceding week (ending on the Sunday immediately preceding the applicable Friday reporting deadline), the Consolidated Liquidity on each day of such week and (iii) a business plan and projected operating budget (the "**Operating Forecast**") for a period of one (1) year, broken down by month, including, without limitation , income statements, balance sheets, cash flow statements, projected capital expenditures, asset sales, and estimated cost savings, and a line item for total available liquidity (delivered as a condition to the closing and initial funding of the DIP Loan Facility).

**Negative Covenants:** Each of the Loan Parties shall agree to the following customary negative covenants for facilities of this type and other negative covenants to be mutually agreed between the Borrower and the Lender: restrictions on (i) indebtedness, guaranties and preferred stock, provided that the Loan Parties shall be permitted to obtain (A) acquisition financing of aircraft, aircraft engines, propellers, appliances or spare parts as such terms are used in section 1110 of the Bankruptcy Code (and permitted refinancings thereof) and (B) financing of up to $10,000,000 of capital expenditures (together, the "**Permitted Financings"**), in each case, so long as such financing is incurred by the Loan Parties prior to or within 60 days of such acquisition of such assets or making of such capital expenditures, as applicable, (iii) investments, (iv) restricted payments, (v) asset sales, provided however, that the Loan Parties shall be permitted to sell (A) obsolete spare parts of the Loan Parties, (B) propellers, appliances and spare parts as such terms are used in section 1110 of the Bankruptcy Code and tooling in the ordinary course of business for fair market value in an aggregate amount not to exceed $5,000,000, (C) sales of surplus aircraft or engines not constituting Collateral for fair market value so long as the net proceeds are sufficient to cover the prepayment of the associated secured debt, in each case, subject to prepayment of the DIP Loan Facility as set forth under "Mandatory Prepayments" and (D) other dispositions to be mutually agreed (for the avoidance of doubt, the sale of the aircraft and engines set forth on Schedule A shall not be permitted without Lender consent), (vi) fundamental changes, (vii) transactions with affiliates, (viii) business activities, (ix) prepayments of other debt, (x) burdensome agreements, (xi) a negative pledge on the route authorities allocated for the Loan Parties for city pair routes OMA-DCA and MSN-DCA and supporting slots, (xii) changes to fiscal year or accounting method and (xiii) filing an application for the approval of any

superpriority claim or any lien in any of the Cases that is pari passu or senior to the liens securing the DIP Loan Facility, except for (a) the Carve-Out and (b) Liens securing assets acquired in respect of a Permitted Financing so long as such liens do not apply to any other assets of the Loan Parties and which shall in each case be subject to additional exclusions to be agreed.

**Financial Covenants**: The DIP Loan Facility shall include the following financial covenants:

a. The Consolidated Liquidity, as determined on a daily basis and reported on a weekly basis for the preceding week, shall at all times be no less $50,000,000; provided that the Unrestricted Cash shall at all times be no less than $30,000,000. "**Consolidated Liquidity**" means (i) the fair market value on such date of unrestricted cash and cash equivalents held in securities accounts or deposit accounts of the Loan Parties, but only if and to the extent constituting Collateral ("**Unrestricted Cash**"), plus (ii) undrawn amounts under the DIP Loan Facility, plus (iii) the net book value of eligible accounts receivable of the Loan Parties.

b. For each Test Period, the aggregate amount of actual operating disbursements and capital expenditures of the type set forth in the Budget line item "Total Cash Out" of the Borrower and its subsidiaries for such Test Period, as compared to the amount of operating disbursements and capital expenditures set forth in the Budget line item "Total Cash Out" for such Test Period, shall not be in excess of 115% of the amount set forth in the applicable Budget. "**Test Period**" shall be defined as (i) the preceding week on the first Monday following the Closing & Funding Date, (ii) the preceding two weeks on the second Monday following the Closing & Funding Date, (iii) the preceding three weeks on the third Monday following the Closing & Funding Date, and (iv) the preceding four weeks for the fourth Monday and all subsequent weeks following the Closing & Funding Date.

**Case Milestone**: Within 60 days of the Maturity Date, a motion shall have been filed for the approval of (i) a plan of reorganization in the Cases that (A) provides for the repayment in full in cash of all Obligations then due under the DIP Loan Facility upon consummation thereof and (B) includes customary releases of the Lender (an "**Acceptable Plan of Reorganization**") or (ii) the repayment in full in cash of the DIP Loan Facility by the Maturity Date.

**Events of Default:** The following items applicable to the Loan Parties and other events of defaults to be mutually agreed between the Borrower and the Lender: (i) failure to pay principal (with no grace period), interest (with 2 days grace period), fees, expenses or other obligations when due (with 5 day grace period); (ii) inaccuracy of representations or warranties in any material respect when made or deemed made; (iii) violation of covenants; (iv) change of control; (v) customary ERISA defaults; (vi) any Loan Party's allegation in any pleading or other

writing, or the finding or conclusion by the Bankruptcy Court, that any loan or security document or other agreement or any Bankruptcy Court order pertaining to the DIP Loan Facility or the Delta Connection Agreements is not valid, binding or enforceable, or any other event occurs or circumstance exists which causes such loan or security document or other agreement to not be valid, binding and enforceable; (vii) an order for dismissal of any Case or conversion to a chapter 7 case or the Loan Parties propose or support an application for conversion to a chapter 7 case, in each case, without the consent of the Lender; (viii) appointment of a chapter 11 trustee or an examiner with enlarged powers relating to the operation of the business of any Loan Party, (ix) granting of relief from automatic stay to permit foreclosure on any material assets of any Loan Party (other than Section 1110 Assets and other exceptions to be agreed); (x) [reserved]; (xi) any Loan Party shall file any motion to stay, reverse, amend, vacate or modify the DIP Order, Assumption Order, the Loan Documents or the Delta Connection Agreements without the Lender's prior consent or the entry of any order staying, amending, vacating or reversing the DIP Order, the Assumption Order, the Loan Documents or the Delta Connection Agreements without Lender's prior consent, (xii) failure to achieve the Chapter 11 Milestone set forth above, (xiii) any Loan Party shall bring or consent to any motion or application in the Cases or an order shall have been entered: (A) to grant any lien on Collateral that is pari passu or senior to any lien granted to the Lender under the Loan Documents or the DIP Order unless the DIP Loan Facility shall have been indefeasibly paid in full in cash or (B) to recover from the Collateral any costs or expenses of preserving or disposing of such Collateral under Section 506(c) of the Bankruptcy Code, (xiv) any other party shall both seek and obtain allowance of any order in the Cases to recover from any portions of the Collateral any costs or expenses of preserving or disposing of such Collateral under section 506(c) of the Bankruptcy Code, (xv) an order shall be entered by the Bankruptcy Court confirming a plan of reorganization or liquidation in any of the Cases other than an Acceptable Plan of Reorganization unless the Lender shall have approved the terms of such plan, (xvi) unstayed monetary judgment defaults with administrative priority status in the amount of $5 million and material non-monetary judgment defaults, (xvii) payment of prepetition debt (other than payments (A) authorized by the Bankruptcy Court prior to the Closing & Funding Date or, if reasonably satisfactory to the Lender, on or after the Closing & Funding Date, (B) set forth in the Budget approved by the Lender) or (C) constituting the refinancing of existing prepetition secured indebtedness so long as the terms of such refinancing indebtedness are no less favorable to the Loan Parties than the terms of the indebtedness being refinanced; (xviii) the existence of any material lien in connection with any ERISA plan of any Loan Party, excluding any lien arising after the filing of the Cases that is unperfected and junior to the liens securing the DIP Loan Facility; (xix) unstayed or postpetition monetary judgment defaults in excess of $5,000,000, (xx) cross-default to the Delta Connection Agreements, (xxi) cross-default and cross-acceleration to

material post-petition indebtedness in excess of $5,000,000 and (xxii) the filing by any of the Loan Parties of any motion to reject any of the Delta Connection Agreements, objecting to any claim, seeking to invalidate any of the Delta Connection Agreements or challenging the security interests of the Lender or Delta under the 13 Slot Lease and the 2 Slot Lease.

Upon the occurrence and continuance of any Event of Default, the automatic stay shall be deemed modified and the Lender may take all or any of the following actions without further order of or application to the Bankruptcy Court; provided that the Lender shall provide the Borrower with five (5) business days prior written notice (the "**Notice Period**") prior to taking any action specified in clause (iii) below;

(i) declare the principal of and accrued interest on the outstanding borrowings, and all amounts payable under the Loan Documents, to be immediately due and payable;

(ii) terminate the Commitment to lend; or

(iii) take any action or exercise any right or remedy against the Collateral permitted under the Loan Documents, the DIP Order or by applicable law.

Provided, however, that in any hearing regarding any exercise of rights or remedies under the Loan Documents, the only issue that may be raised by the Loan Parties in opposition thereto shall be whether, in fact, an Event of Default has occurred and is continuing, and the Loan Parties and other parties in interest hereby waive their right to and shall not be entitled to seek relief, including, without limitation, under section 105 of the Bankruptcy Code, to the extent that such relief would in any way impair or restrict the rights and remedies of the Lender set forth in the DIP Order or the Loan Agreements. If any Loan Party or any other person challenges the occurrence of an Event of Default, any such objector's remedy shall be, and hereby is, limited to requesting a hearing before this Court on two business days' written notice to the Lender for the purpose of seeking relief consistent with this Order and the DIP Loan Agreement and, at such hearing, seeking such relief.

**Amendments and Waivers**: Amendments, waivers, consents and approvals contemplated hereby or by the Loan Documents shall be in writing and shall require the consent of the Lender and the Borrower.

**Jurisdiction:** The parties shall submit to the exclusive jurisdiction of the United States Bankruptcy Court of the Southern District Court of New York.

**Governing Law:** Laws of the State of New York.

**Funding Protection**: The following standard provisions: capital adequacy requirements, gross-up for withholding (subject to customary qualifications), if

applicable, compensation for increased costs (including reduced payments or earnings and increased capital requirements) and compliance with any change in law, regulatory restrictions, guidelines, or request of relevant authorities.

**Indemnity; Expenses**: The Loan Parties shall jointly and severally indemnify and hold harmless the Lender and each of its affiliates and each of their respective officers, directors, employees, agents, advisors, attorneys and representatives (each an "**Indemnified Party**") from and against (and will reimburse each Indemnified Party as the same are incurred for) any and all claims, damages, losses, liabilities and expenses (including, without limitation, reasonable fees and disbursements of counsel), joint or several, that may be incurred by or asserted or awarded against any Indemnified Party, in each case arising out of or in connection with or relating to any investigation, litigation or proceeding or the preparation of any defense with respect thereto, arising out of or in connection with or relating to the Commitment Letter, the DIP Loan Facility, the Loan Documents or the transactions contemplated thereby, or any actual or proposed use to be made with the proceeds of the DIP Loan Facility, whether or not such investigation, litigation or proceeding is brought by any Loan Party, any shareholders or creditors of any Loan Party, an Indemnified Party or any other person, and whether or not the transactions contemplated hereby are consummated, except to the extent such claim, damage, loss, liability or expense is found in a final judgment by a court of competent jurisdiction to have resulted from any Indemnified Party's gross negligence or willful misconduct or material breach of any Indemnified Party's obligations under the Commitment Letter, the DIP Loan Facility or the Loan Documents. To the extent permitted by law, the Loan Parties shall not assert, and will waive, any claim against any Indemnified Party, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of or in connection with the DIP Loan Facility.

The Loan Parties will reimburse the Lender for (a) its transaction expenses (including fees and expenses of counsel) in connection with the preparation, negotiation and execution of the Loan Documents including any amendment or waiver thereof (including the fees, disbursements and other charges of counsel (including local, conflicts and special counsel as necessary), any appraiser, and financial advisors for the Lender), (b) all expenses of the Lender (including the fees, disbursements and other charges of counsel (including local, conflicts and special counsel) and financial advisors for the Lender) and financial advisors in connection with the enforcement of the Loan Documents and (c) all expenses associated with the administration of the DIP Loan Facility including collateral monitoring, collateral reviews and appraisals, environmental reviews and fees and expenses of other advisors and professionals engaged by the Lender; provided that, prior to the occurrence of an Event of Default under the DIP Loan Facility, the Loan Parties' reimbursement

obligation to the Lender under this paragraph in respect of the fees and expenses of the Lender's legal counsel, financial advisors and other professionals shall be capped at (x) $1,000,000 plus (ii) 50% of all fees and expenses of the Lender's professionals in connection with any contested approval of, or litigation with respect to, the DIP Loan Facility, it being understood and agreed that no such cap shall apply, other than with respect to the Lender's financial advisors, after an Event of Default.

**Confidentiality:** Usual and customary for facilities of this type.

**Counsel to the Lender:** Davis Polk & Wardwell LLP.

SCHEDULE 1

PART 1: AIRCRAFT AND ENGINES

| AIRCRAFT | Registration | Year of Manufacture | MSN | ESN #1 | ESN #2 |
|---|---|---|---|---|---|
| 1 | N638RW | 2004 | 17000053 | 193239 | 193240 |

| ENGINE | ESN |
|---|---|
| 1 | 193562 |
| 2 | 193710 |
| 3 | 193711 |
| 4 | 193776 |
| 5 | 193777 |
| 6 | 193794 |
| 7 | 193797 |
| 8 | 193815 |
| 9 | 193817 |
| 10 | 193843 |

***PROPRIETARY & CONFIDENTIAL***

SCHEDULE 1 (continued)

Part 2: SLOTS

Slots

| **Slot Number** | **Slot Time Arrival/Departure** | **Airport** | **Day of Week Frequency** |
|---|---|---|---|
| | | | |
| 35140 | 0700D | LGA | 12345_ _ |
| 3234 | 1030A | LGA | 12345_ _ |
| 35145 | 1030D | LGA | 12345_ _ |
| 3260 | 1130D | LGA | 12345_ _ |
| 35019 | 1500A | LGA | 12345_7 |
| 3232 | 1530A | LGA | 12345_7 |
| 35146 | 1600A | LGA | 12345_7 |
| 35143 | 1730A | LGA | 12345_7 |
| 3009 | 1800A | LGA | 12345_7 |
| 35147 | 1800D | LGA | 12345_7 |
| 3591 | 1900D | LGA | 12345_7 |
| 35028 | 1900D | LGA | 12345_7 |
| 3191 | 2100A | LGA | 12345_7 |
| 35141 | 1300A | LGA | 1234567 |
| 35109 | 1400D | LGA | 1234567 |

Note: "A" = arrival; "D" = departure. The frequency with numerical coding is coded so that day 1 is Monday, day 2 is Tuesday, day 3 is Wednesday, day 4 is Thursday, day 5 is Friday, day 6 is Saturday and day 7 is Sunday.

EXHIBIT A

FORM OF DIP ORDER

[See Attached]

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

| | | |
|---|---|---|
| **In re** | **:** | **Chapter 11 Case No.** |
| **REPUBLIC AIRWAYS HOLDINGS INC., *et al.*,** | **:** | **16-10429 (SHL)** |
| **Debtors.[1]** | **:** | **(Jointly Administered)** |

**ORDER PURSUANT TO 11 U.S.C. § 105, 361, 362(d)(1), 363(b), 364(c)(1), 364(c)(2), 364(c)(3), 364(d), 364(e), 503(b)(1) AND 507(b) AND FED. R. BANKR. P. 4001 AND 6004 (I) AUTHORIZING DEBTORS TO OBTAIN POSTPETITION FINANCING, (II) GRANTING LIENS AND PROVIDING SUPERPRIORITY ADMINISTRATIVE EXPENSE STATUS, (III) MODIFYING THE AUTOMATIC STAY AND (IV) GRANTING RELATED RELIEF**

A hearing having been held on April 14, 2016 (the "Hearing") to consider the motion (the "Motion")[2] dated March 24, 2016 of Republic Airways Holdings Inc. ("RAH"), and its wholly-owned direct and indirect subsidiaries that are debtors and debtors in possession in the above-captioned chapter 11 cases (collectively with RAH, "Republic" or the "Debtors"), seeking this Court's authorization pursuant to sections 105, 361, 362(d)(1), 363(b), 364(c)(1), 364(c)(2), 364(c)(3), 364(d), 364(e), 503(b)(1) and 507(b) of title 11 of the United States Code, 11 U.S.C. § 101, *et seq.* (the "Bankruptcy Code") and Rules 2002, 4001 and 6004 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules") and the local rules for the Bankruptcy Court for the Southern District of New York (the "Local Bankruptcy Rules"), for (i) the Debtors to obtain postpetition financing (the "DIP Financing") under a commitment of $75,000,000 on a secured

1. The Debtors in these chapter 11 cases (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 given them in the Motion or the Term Sheet.

and first priority basis, pursuant to that certain Debtor-In-Possession Term Loan Agreement (the "DIP Credit Agreement") between RAH, as borrower, and the other Debtors, as guarantors, and Delta Air Lines, Inc. ("Delta") as lender (in such capacity, the "Lender") substantially in the form filed with this Court [ECF No. [•]] and any related instruments, documents, supplements and agreements that may be reasonably necessary or desirable to implement the DIP Credit Agreement (together with the DIP Credit Agreement, and all exhibits, schedules and related documents, the "Agreements"), (ii) all direct and indirect subsidiaries of the Borrower that are Debtors (collectively, the "Guarantors") to guaranty the Borrower's obligations in connection with the Agreements, (iii) the Debtors to grant the Lender first priority liens against, and security interests in, subject to the Carve-Out (as defined below), (a) one (1) Embraer E170 regional jet aircraft, equipped with two (2) General Electric CF34-8 engines, as set forth on Schedule 1 to this Order, (b) ten (10) CFM34-8 engines as set forth on Schedule 2 to this Order and (c) all other unencumbered assets of the Debtors ((a) through (c), collectively, the "First-Priority Collateral"), to secure all "Obligations" (as defined in the Term Sheet), (iv) the Debtors to grant the Lender junior liens on all tangible and intangible property of the Debtors that is subject to valid, perfected and unavoidable liens in existence on the Commencement Date (as defined herein) other than the Slot Collateral (as defined herein) (such property, the "Second-Priority Collateral") to secure the Obligations, (v) the Debtors to grant the Lender a first-priority priming lien on fifteen (15) specified individual LaGuardia Airport arrival and departure slots as set forth on Schedule 3 to this Order (the "Slot Collateral") that are subject to a lien of Delta, as lessee (in such capacity, the "Lessee") in such Slot Collateral under that certain Amended and Restated LaGuardia Slot lease dated as of March 23, 2016 by and among Delta, Republic Airline Inc. ("RAI") and RAH and that certain LaGuardia Slot Agreement dated as of April 15, 2015 by and

among Delta and RAI to secure the Obligations; (vi) subject to the Carve-Out the Debtors to grant to the Lender of a superpriority administrative expense claim with respect to the Obligations; (vii) authorization to modify the automatic stay to the extent set forth herein and in the Agreements, (viii) the limitation of the Debtors' right to surcharge any of the Collateral pursuant to section 506(c) of the Bankruptcy Code and any right of the Debtors under the "equities of the case" exception in section 552(b) of the Bankruptcy Code, and (ix) the Debtors to utilize the loan proceeds, among other things, (a) to provide working capital and for other general corporate purposes of the Debtors and (b) to pay the costs and expenses of the administration of these Chapter 11 Cases, all as more fully set forth in the Motion and the Agreements; and the Court having jurisdiction to consider the Motion and the relief requested therein pursuant to 28 U.S.C. § 1334 and the Amended Standing Order of Reference M-431 dated January 31, 2012 (Preska, C.J.); and the Motion and the requested relief constituting a core proceeding pursuant to 28 U.S.C. § 157; and due notice of the Motion having been given to all parties known to the Debtors to have or claim to have any interest in the Collateral, the Notice Parties, the Standard Parties and the Affected Parties (each as defined in the Case Management Order dated March 2, 2016 [ECF No. 70] ("CMO")) in accordance with the CMO, and it appearing that no other or further notice need be provided; and the Court having considered the Motion and the Agreements, the papers in support thereof, and the responses thereto (if any); and the appearances of all interested parties having been noted in the record of the Hearing; and upon the Motion and the Agreements, the papers in support thereof and the responses thereto, the evidence adduced and the record of the Hearing, and all of the proceedings had before the Court; and after due deliberation this Court having found good and sufficient cause appearing therefor

**IT IS HEREBY FOUND AND CONCLUDED** that:

A. On February 25, 2016 (the "Commencement Date"), each of the Debtors filed with this Court a voluntary petition for relief under chapter 11 of the Bankruptcy Code. The Debtors are authorized to continue to operate their businesses and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. Pursuant to Bankruptcy Rule 1015(b), these Chapter 11 Cases have been consolidated for procedural purposes only and are being jointly administered.

B. This Court has core jurisdiction over these Chapter 11 Cases, the Motion and the parties and property affected hereby pursuant to 28 U.S.C. §§ 157(b) and 1334. Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

C. Proper, timely, adequate and sufficient notice of the Motion has been provided in accordance with the Bankruptcy Code, the Bankruptcy Rules, the Local Bankruptcy Rules and the CMO, and no other or further notice of the Motion or the entry of this Order shall be required.

D. Good and sufficient cause has been shown for the entry of this Order.

E. The Debtors have a need to obtain the DIP Financing contemplated under the Agreements to permit the Debtors to pay employees, maintain business relationships with vendors, suppliers and customers, satisfy other working capital, aircraft-related and operational needs and maintain adequate liquidity levels for the prudent operation of their business. Accordingly, the DIP Financing is in the best interests of the Debtors' estates and creditors.

F. The Debtors are unable to obtain financing on more favorable terms from sources other than from the Lender under the Agreements, and the Debtors are unable to obtain adequate unsecured credit allowable under Section 503(b)(1) of the Bankruptcy Code as an administrative

expense. Financing on a postpetition basis is not otherwise available without the Debtors securing such indebtedness and Obligations pursuant to sections 364(c)(2), 364(c)(3) and 364(d) of the Bankruptcy Code as provided herein.

G. The Agreements have been negotiated in good faith and at arm's length among the Debtors and the Lender, and all of the Obligations and indebtedness arising under, in respect of, or in connection with, the DIP Financing and the Agreements, including, without limitation all loans made pursuant to the Agreements shall be deemed to have been extended by the Lender in good faith, as that term is used in section 364(e) of the Bankruptcy Code and in express reliance upon the protections offered by section 364(e) of the Bankruptcy Code, and the Lender (and its successors and assigns) shall be entitled to the full protection of section 364(e) of the Bankruptcy Code in the event that this Order or any provision hereof is vacated, reversed or modified, on appeal or otherwise.

H. The terms of the DIP Financing are fair and reasonable, reflect the Debtors' exercise of prudent business judgment consistent with their fiduciary duties and are supported by reasonably equivalent value and fair consideration.

I. Good cause exists for granting the Lender relief from the automatic stay pursuant to section 362 of the Bankruptcy Code to permit the Lender to enforce the terms of the Agreements and to exercise any and all remedies thereunder without further order of the Court.

J. Entry of this Order is in the best interests of the Debtors' estates and creditors because its implementation, among other things, will allow for the availability to the Debtors of working capital which is necessary to sustain the operations of the Debtors' existing business and enhance the Debtors' prospects for successful reorganization.

K. Each of the foregoing findings by the Court will be deemed a finding of fact if and to the full extent that it makes and contains factual findings and a conclusion of law if and to the full extent that it makes legal conclusions.

**IT IS HEREBY ORDERED** that:

1. The Motion is granted. To the extent any objections or reservations of rights to the Motion have not been withdrawn or resolved by this Order, they are overruled in all respects on the merits.

2. *Authorization of the DIP Financing.* The Debtors are hereby authorized to execute, enter into and perform all of their obligations. The Borrower is hereby authorized to forthwith borrow money pursuant to the DIP Credit Agreement, and the Guarantors are hereby authorized to guaranty the Borrower's Obligations with respect to such borrowings, including all Obligations up to an aggregate principal or face amount equal to $75 million under the Agreements (plus all interest, fees, expenses and other Obligations as set forth in the Agreements), subject to any limitations on borrowing under the Agreements, which shall be used for all purposes permitted under the Agreements, including, without limitation to provide working capital for the Debtors and to pay interest, fees and expenses in accordance with this Order and the Agreements.

3. *Authorization of the Agreements*. In furtherance of the foregoing and without further approval of this Court, each Debtor is authorized and directed to perform all acts, to make, execute and deliver all instruments and documents (including, without limitation, the execution or recordation of security agreements, mortgages and financing statements) and to pay all fees that may be reasonably required or necessary for the Debtors' performance of their Obligations under the DIP Financing, including, without limitation:

(a) the execution and delivery of, and performance under, each of the Agreements;

(b) the execution and delivery of, and performance under, one or more amendments, waivers, consents or other modifications to and under the Agreements, in each case, in such form as the Debtors may agree (it being understood that no further approval of the Court or notice to any party shall be required for authorizations, amendments, waivers, consents or other modifications to and under the Agreements (and any fees paid in connection therewith) that do not shorten the maturity of the extensions of credit thereunder or increase the Commitments (as defined in the DIP Credit Agreement) or the rate of interest payable thereunder);

(c) the non-refundable payment to the Lender of all fees (which fees shall be, and shall be deemed to have been, approved upon entry of this Order and once paid, shall not be subject to any contest, attack, rejection, recoupment, reduction, defense, counterclaim, offset, subordination, recharacterization, avoidance or other claim, cause of action or other challenge of any nature under the Bankruptcy Code, under applicable non-bankruptcy law or otherwise) and any amounts due (or that may become due) in respect of the indemnification obligations, in each case referred to in the DIP Credit Agreement (and in any other Agreement) and the costs and expenses as may be due from time to time, including, without limitation, fees and expenses of the professionals retained by the Lender (including legal and financial advisors), in each case, as provided for in the Agreements without the need to file retention motions or fee applications or to provide notice to any party or for further Court approval; and

(d) the performance of all other acts required under or in connection with the Agreements.

4. Upon execution and delivery of the Agreements, the Agreements shall constitute valid, binding and unavoidable obligations of the Debtors, enforceable against each Debtor party thereto in accordance with the terms of the Agreements and this Order. No obligation, payment, transfer or grant of security under the Agreements or this Order shall be stayed, restrained, voidable or recoverable under the Bankruptcy Code or under any applicable law (including, without limitation, under sections 502(d), 548 or 549 of the Bankruptcy Code), or subject to any defense, reduction, setoff, recoupment, claim or counterclaim.

5. *Superpriority Claim.*

(a) Pursuant to section 364(c)(1) of the Bankruptcy Code, all of the Obligations shall constitute allowed superpriority administrative expense claims against the Debtors (without the need to file any proof of claim) with priority over any and all claims against the Debtors, now existing or hereafter arising, of any kind whatsoever, including, without limitation, all administrative expenses of the kind specified in sections 503(b) and 507(b) of the Bankruptcy Code and any and all administrative expenses or other claims arising under sections 105, 326, 328, 330, 331, 365, 503(b), 506(c), 507(a), 507(b), 726, 1113 or 1114 of the Bankruptcy Code, whether or not such expenses or claims may become secured by a judgment lien or other non-consensual lien, levy or attachment, which allowed claims (the "DIP Superpriority Claims") shall for purposes of section 1129(a)(9)(A) of the Bankruptcy Code be considered administrative expenses allowed under section 503(b) of the Bankruptcy Code, and which DIP Superpriority Claims shall be payable from and have recourse to all pre- and postpetition property of the Debtors and all proceeds thereof (excluding the Debtors' claims and causes of action under sections 502(d), 544, 545, 547, 548 and 550 of the Bankruptcy Code, or any other avoidance actions under the Bankruptcy Code (collectively, "Avoidance Actions") but

including any proceeds or property recovered, unencumbered or otherwise from Avoidance Actions, whether by judgment, settlement or otherwise ("Avoidance Proceeds")), subject only to the Carve-Out (as defined below). The DIP Superpriority Claims shall be entitled to the full protection of section 364(e) of the Bankruptcy Code in the event that this Order or any provision hereof is vacated, reversed or modified, on appeal or otherwise.

(b) For purposes hereof, the "Carve-Out" is an amount equal to the sum of (i) all fees required to be paid to the clerk of the Bankruptcy Court, any agent thereof, including without limitation, the fees and expenses of any claims and noticing agent retained in the Chapter 11 Cases pursuant to section 156(c) of title 28 and acting in such capacity and to the Office of the United States Trustee under section 1930(a) of title 28 of the United States Code plus interest at the statutory rate; (ii) fees and expenses incurred by a trustee under section 726(b) of the Bankruptcy Code in an amount not to exceed $50,000; (ii) the reasonable expenses of members of the UCC allowed pursuant to section 503(b)(3)(F) of the Bankruptcy Code whether earned before or after an Event of Default (but excluding fees and expenses of any professionals employed individually by members of the UCC); (iii) to the extent allowed by the Bankruptcy Court, all claims for unpaid fees, costs and expenses (the "Professional Fees") incurred by persons or firms retained by the Debtors or the official committee of unsecured creditors in these Chapter 11 Cases (the "UCC") (but excluding fees and expenses of any professionals employed individually by members of the UCC and any restructuring fee, sale fee or other success fee of any investment banker or financial advisor of the UCC) whose retention is approved by the Bankruptcy Court pursuant to sections 327, 328 and 1103 of the Bankruptcy Code (collectively, the "Professional Persons") (A) earned at any time prior to the occurrence of an Event of Default (as defined in the DIP Credit Agreement) unless such Event of Default is waived or cured as

provided in the DIP Credit Agreement (the "Pre-EoD Date Fees"), and (B) after the occurrence and during the continuation of an Event of Default, if any, (x) excluding any restructuring fee, sale fee or other success fee of any investment banker or financial advisor and (y) in an aggregate amount not to exceed $5,000,000 (the amount set forth in this clause (iii)(B) being the "Post-EoD Carve-Out Amount"); provided that (a) as long as no Event of Default shall have occurred and be continuing, the Debtors shall be permitted to pay all fees, expenses, compensation and reimbursement of expenses allowed and payable, including under any order entered in these Chapter 11 Cases establishing procedures for interim monthly compensation and reimbursement of Professional Fees, or sections 330 and 331 of the Bankruptcy Code, as the same may be due and payable, and the same shall not reduce the Carve-Out, (b) in the event the Carve-Out is reduced by any amount during an Event of Default, upon the effectiveness of a cure of such Event of Default, the Carve Out shall be increased by such amount, and (c) nothing herein shall be construed to impair the ability of any party to object to the fees, expenses, reimbursement or compensation described in clauses (i), (ii) or (iii) above, on any grounds.

6. *DIP Liens*. As security for the Obligations, effective and perfected upon the date of this Order and without the necessity of the execution, recordation or filings by the Debtors of mortgages, security agreements, control agreements, pledge agreements, financing statements or other similar documents, or the possession or control by the Lender of, or over, any Collateral, the following security interests and liens are hereby granted to the Lender (all property identified in clause (a), (b) and (c) below, but subject to clause (e) below, being collectively referred to as the "Collateral"), subject only to the payment of the Carve-Out (all such liens and security interests granted to the Lender, pursuant to this Order and the Agreements, the "DIP Liens"):

(a) First Lien On Unencumbered Property. Pursuant to section 364(c)(2) of the Bankruptcy Code, a valid, binding, continuing, enforceable, fully-perfected first priority senior security interest in and lien upon all tangible and intangible pre- and postpetition property of the Debtors, whether existing on the Commencement Date or thereafter acquired, that, on or as of the Commencement Date, is not subject to a valid, perfected and non-avoidable lien (collectively, "Unencumbered Property"), including, without limitation, any and all unencumbered cash and cash equivalents of the Debtors and any investment of such cash, inventory, accounts receivable, other rights to payment whether arising before or after the Commencement Date, contracts, properties, plants, fixtures, machinery, equipment, general intangibles, documents, instruments, securities, chattel paper, interests in leaseholds, real properties, deposit accounts, patents, copyrights, trademarks, trade names, rights under license agreements and other intellectual property, capital stock of subsidiaries, wherever located, and the proceeds, products, rents and profits of the foregoing, whether arising under section 552(b) of the Bankruptcy Code or otherwise, of all the foregoing, in each case other than Avoidance Actions, but including all Avoidance Proceeds; and

(b) Liens Junior to Certain Other Liens. Pursuant to section 364(c)(3) of the Bankruptcy Code, a valid, binding, continuing, enforceable, fully-perfected security interest in and lien upon all pre- and postpetition property of the Debtors (including, without limitation, cash, cash equivalents, inventory, accounts receivable, other rights to payment whether arising before or after the Commencement Date, contracts, properties, plants, fixtures, machinery, equipment, general intangibles, documents, instruments, securities, chattel paper, interests in leaseholds, real properties, deposit accounts, patents, copyrights, trademarks, trade names, rights under license agreements and other intellectual property, capital stock of subsidiaries, wherever

located, and the proceeds, products, rents and profits of the foregoing), immediately junior to (i) the valid, perfected and unavoidable liens in existence immediately prior to the Commencement Date and (ii) any such valid and unavoidable liens in existence immediately prior to the Commencement Date that are perfected subsequent to the Commencement Date as permitted by section 546(b) of the Bankruptcy Code, in each of case (i) and (ii) above other than the security interests and liens of the Lessee securing the Slot Collateral.

(c) Liens Priming Slot Collateral. Pursuant to section 364(d)(1) of the Bankruptcy Code, a valid, binding, continuing, enforceable, fully-perfected first priority senior priming security interest in and lien upon all Slot Collateral. The DIP Liens on the Slot Collateral shall be senior in all respects to the Lessee's interests in such property;

(d) Liens Senior to Certain Other Liens. The DIP Liens shall not be (i) subject or subordinate to (A) any lien or security interest that is avoided and preserved for the benefit of the Debtors and their estates under section 551 of the Bankruptcy Code, (B) unless otherwise provided for in the Agreements, any liens or security interests arising after the Commencement Date, including, without limitation, any liens or security interests granted in favor of any federal, state, municipal or other governmental unit (including any regulatory body), commission, board or court for any liability of the Debtors or (C) any intercompany or affiliate liens or security interests of the Debtors; or (ii) subordinated to or made pari passu with any other lien or security interest under section 363 or 364 of the Bankruptcy Code.

(e) Collateral shall not include (i) property in which a security interest would be prohibited by applicable law or enforceable contract (with respect to any such contractual restriction, solely to the extent (A) permitted under the DIP Credit Agreement and (B) binding on such assets and in existence on the closing of the Agreements or the date of acquisition thereof

and not entered into in contemplation thereof) in each case, except to the extent such prohibition is unenforceable after giving effect to the provisions of the Bankruptcy Code and the Uniform Commercial Code and (ii) property of the type described in Sections 1110(a)(3)(A)(i) and (B) of the Bankruptcy Code to the extent that the Debtors are prohibited from granting liens thereon under the terms of a security agreement, lease or conditional sale agreement among a Debtor or Debtors and a party entitled to protections afforded by the Section 1110 of the Bankruptcy Code with respect to such property (clauses (i) and (ii), collectively, "Excluded Collateral"); provided in all events that Collateral shall include all proceeds or replacements of Excluded Collateral (unless such proceeds or replacements themselves constitute Excluded Collateral).

7. *Consent to Priming*. The Lessee has consented to the priming of the Slot Collateral solely pursuant to the terms of this Order; provided, however, that nothing in this Order or the Agreements shall (a) be construed as the affirmative consent by the Lessee for the use of the Slot Collateral, other than on the terms set forth in this Order, or (b) be construed as a consent by the Lessee to the terms of any financing or any other lien encumbering the Slot Collateral (whether senior or junior) other than on the terms set forth in this Order.

8. *Perfection*. The Lender shall not be required to file or serve financing statements, mortgages, notices of lien or similar instruments that otherwise may be required under federal or state law in any jurisdiction, or take any action, including taking possession, to validate and perfect the DIP Liens. If, however, the Lender, in its sole discretion, shall determine to file any such financing statements, mortgages, agreements, notices of lien or similar instruments, or to otherwise confirm perfection of such the DIP Liens, the Debtors are obligated to cooperate with and assist in such process to the extent provided in the Agreements, and all such documents shall be deemed to have been perfected at the time of and on the date of this Order, and shall be and

hereby are deemed and adjudicated senior to any other postpetition filing by any other person or entity with respect to the same collateral.

9. *Events of Default.* As long as any portion of the Obligations remains unpaid (in addition to any other Events of Default set forth in the Agreements), it shall constitute an Event of Default if the Debtors seek, propose or support (in each case, as applicable), without the prior written consent of the Lender, or if there is entered or confirmed (in each case, as applicable), without the prior written consent of the Lender, (a) any (i) order dismissing any of the Debtors' Chapter 11 Cases or converting any of the Debtors' cases to one or more cases under chapter 7 of the Bankruptcy Code, or (ii) application for an order converting any of the these Chapter 11 Cases to a case under chapter 7 of the Bankruptcy Code, (b) any order appointing a chapter 11 trustee in any of the Debtors' Chapter 11 Cases, (c) any order staying, reversing, vacating, rejecting or otherwise modifying the Agreements, the Delta Connection Agreements (as defined in the Term Sheet) or this Order, (d) an order appointing an examiner in any of the Debtors' Chapter 11 Cases having enlarged powers (beyond those set forth under sections 1106(a)(3) and (4) of the Bankruptcy Code), (e) a plan of reorganization other than an Acceptable Plan of Reorganization (as defined in the Term Sheet), (f) an order authorizing the sale of all or substantially all of the assets of the Debtors or (g) an order in any of the Debtors' Chapter 11 Cases or any subsequent chapter 7 cases that authorizes under any section of the Bankruptcy Code, including section 105 or 364 of the Bankruptcy Code, the obtaining of credit or the incurring of indebtedness that is entitled to superpriority administrative status, in either case equal or superior to that granted to the Lender pursuant to this Order, or the Debtors seek any of the foregoing relief in this paragraph 9, unless, in connection with any transaction such order

requires that the Obligations shall first be indefeasibly paid in full and such Obligations are in fact so paid.

10. *Modification of the Automatic Stay*. The automatic stay provisions of section 362 of the Bankruptcy Code are hereby vacated and modified to the extent necessary to permit the Lender to enforce all of its rights under the Agreements, including to (i) immediately upon the occurrence of an Event of Default (as defined in the DIP Credit Agreement or as provided in paragraph 9 of this Order), (A) declare the termination, reduction, or restriction of any further Commitment to the extent any such Commitment remains, (B) declare all Obligations to be immediately due and payable, without presentment, demand, protest or other notice of any kind, all of which are expressly waived by the Debtors, (C) charge a default rate of interest as set forth in the Agreements and (D) terminate the Agreements as to any future liability or obligation of the Lender (but, for the avoidance of doubt, without affecting any of the DIP Liens or the Obligations) and (ii) upon the occurrence of an Event of Default and the giving of five days' prior written notice (which shall run concurrently with any notice required to be provided under the Agreements) via email to the Debtors and counsel to the Debtors (and, upon receipt, the Debtors shall promptly provide a copy of such notice to counsel to each of the UCC and the U.S. Trustee) to exercise all other rights and remedies provided for in the Agreements and under applicable law. In any hearing regarding any exercise of rights or remedies under the Agreements, the only issue that may be raised by any party in opposition thereto shall be whether, in fact, an Event of Default has occurred and is continuing and the Debtors and other parties in interest hereby waive their right to and shall not be entitled to seek relief, including, without limitation, under section 105 of the Bankruptcy Code, to the extent that such relief would in any way impair or restrict the rights and remedies of the Lender set forth in this Order

or the Agreements. If any Debtor or any other person challenges the occurrence of an Event of Default, any such objector's remedy shall be, and hereby is, limited to requesting a hearing before this Court on two business days' written notice to the Lender for the purpose of seeking relief consistent with this Order and the DIP Credit Agreement and, at such hearing, seeking such relief. In no event shall the Lender be subject to the equitable doctrine of "marshaling" or any similar doctrine with respect to the Collateral. Further, in no event shall the "equities of the case" exception in section 552(b) of the Bankruptcy Code apply to the Lender or the Lessee.

11. *Limitation on Charging Expenses Against Collateral*. Except to the extent of the Carve-Out, no costs or expenses of administration of these Chapter 11 Cases or any future proceeding that may result therefrom, including liquidation in bankruptcy or other proceedings under the Bankruptcy Code, shall be charged against or recovered from the Collateral pursuant to section 506(c) of the Bankruptcy Code or any similar principle of law, without the prior written consent of the Lender and, with respect to the Slot Collateral, the Lessee, and no such consent shall be implied from any other action, inaction or acquiescence by the Lender or the Lessee, and nothing contained in this Order shall be deemed to be a consent by the Lender to any charge, lien, assessment or claim against the Collateral under section 506(c) of the Bankruptcy Code or otherwise.

12. *Payments Free and Clear*. Any and all payments or proceeds remitted to the Lender pursuant to the provisions of this Order shall be received free and clear of any claim, charge, assessment or other liability, including, without limitation, any such claim or charge arising out of or based on, directly or indirectly, section 506(c) of the Bankruptcy Code (whether asserted or assessed by, through or on behalf of the Debtors).

13. The Debtors shall be jointly and severally liable for all of the Obligations.

14. *Section 364(e).* Having been found to be extending credit and making loans to the Debtors in good faith, based on the record before this Court, the Lender shall be entitled to the full protection of section 364(e) of the Bankruptcy Code with respect to the Obligations and the DIP Liens created, adjudicated or authorized by this Order in the event that this Order or any finding, adjudication or authorization contained herein is stayed, vacated, reversed or modified on appeal. Any stay, modification, reversal or vacatur of this Order shall not affect the validity of any obligations of the Debtors to the Lender incurred pursuant to this Order. Notwithstanding any such stay, modification, reversal or vacatur, all loans made pursuant to this Order and the Agreements and all obligations incurred by the Debtors pursuant hereto prior to the effective date of any such stay, modification, reversal or vacatur shall be governed in all respects by the original provisions hereof, and the Lender shall be entitled to all the rights, privileges and benefits, including without limitation, the liens, security interests and first priorities granted herein with respect to all such obligations.

15. *Limitation on Use of DIP Financing Proceeds and Collateral*. Notwithstanding anything herein or in any other order by this Court to the contrary, no proceeds of the DIP Financing, the Collateral or the Carve-Out may be used: (a) for professional fees and expenses incurred for (i) any litigation or threatened litigation (whether by contested matter, adversary proceeding or otherwise, including any investigation in connection with litigation or threatened litigation) against the Lender or the Lessee or for the purpose of objecting to or challenging the validity, perfection, enforceability, extent or priority of any claim, lien or security interest held or asserted by the Lender or the Lessee or (ii) asserting any defense, claim, cause of action, counterclaim, or offset with respect to the Obligations or the DIP Liens or the Delta Connection Agreements; (b) to prevent, hinder or otherwise delay the Lender's assertion, enforcement or

realization on the Collateral in accordance with the Agreements or this Order other than to seek a determination that an Event of Default has not occurred or is not continuing; or (c) to seek to modify any of the rights granted to the Lender under this Order or under the Agreements or the Delta Connection Agreements, in each of the foregoing cases without the Lender's and the Lessee's, as applicable, prior written consent, which may be given or withheld by such party in the exercise of its respective sole discretion.

16. *Binding Effect; Successors and Assigns*. The Agreements and the provisions of this Order, including all findings herein, shall be binding upon all parties in interest in these Cases, including, without limitation, the Lender, the UCC, the Debtors and their respective successors and assigns (including any chapter 7 or chapter 11 trustee hereinafter appointed or elected for the estate of any of the Debtors, any examiner appointed pursuant to section 1104 of the Bankruptcy Code, or any other fiduciary appointed as a legal representative of any of the Debtors or with respect to the property of the estate of any of the Debtors) and shall inure to the benefit of the Lender, the Lessee and the Debtors and their respective successors and assigns. The DIP Liens and the DIP Superpriority Claim and all other rights and remedies of the Lender and the Lessee granted by the provisions of this Order shall survive and not be modified, impaired or discharged by (i) the entry of an order converting any of these Chapter 11 Cases to a case under chapter 7, dismissing any of these Chapter 11 Cases, terminating the joint administration of these Chapter 11 Cases or by any other act or omission; (ii) the entry of an order approving the sale of any Collateral pursuant to section 363(b) of the Bankruptcy Code (except to the extent permitted by the Agreements); or (iii) the entry of an order confirming a chapter 11 plan in any of these Chapter 11 Cases and, pursuant to section 1141(d)(4) of the Bankruptcy Code, the Debtors have waived any discharge as to any remaining Obligations. The

terms and provisions of this Order and the Agreements shall continue in these Chapter 11 Cases, in any successor cases if these Chapter 11 Cases cease to be jointly administered and in any superseding chapter 7 cases under the Bankruptcy Code, and the DIP Liens and the DIP Superpriority Claims and all other rights and remedies of the Lender and the Lessee granted by the provisions of this Order and the Agreements shall continue in full force and effect until the Obligations are indefeasibly paid in full in cash, and the Commitments have been terminated; provided, however that upon indefeasible payment of the Obligations, in full in cash and the termination of all commitments thereunder, the DIP Liens and the DIP Superpriority Claims shall be deemed automatically released and discharged. This Court shall retain jurisdiction, notwithstanding any dismissal, for the purposes of enforcing the Lender's and the Lessee's, as applicable, claims, liens and security interests.

17. To the extent any holder of a prepetition lien can demonstrate that it did not receive actual or constructive notice of the Motion, its sole and exclusive remedy is, and shall be limited to, requesting that other or additional adequate protection of its prepetition lien be provided by the Debtors. The DIP Liens and all other rights granted to the Lender pursuant to this Order shall not be affected thereby in any way.

18. *Limitation of Liability*. Nothing in this Order, the Agreements or any other documents related to these transactions shall in any way be construed or interpreted to impose or allow the imposition upon the Lender or the Lessee of any liability for any claims arising from the prepetition or postpetition activities of the Debtors in the operation of their business, or in connection with their restructuring efforts. So long as the Lender and the Lessee comply with their obligations under the Agreements and its obligations, if any, under applicable law (including the Bankruptcy Code), (a) the Lender and the Lessee shall not, in any way or manner,

be liable or responsible for (i) the safekeeping of the Collateral, (ii) any loss or damage thereto occurring or arising in any manner or fashion from any cause, (iii) any diminution in the value thereof or (iv) any act or default of any carrier, servicer, bailee, custodian, forwarding agency or other person, and (b) all risk of loss, damage or destruction of the Collateral shall be borne by the Debtors. The Lender and the Lessee shall not be deemed to be in control of the operations of the Debtors or to be acting as a "responsible person" or "owner or operator" with respect to the operation or management of the Debtors (as such terms, or any similar terms, are used in the United States Comprehensive Environmental Response, Compensation and Liability Act, 29 U.S.C. §§9601 *et seq.* as amended, or any similar federal or state statute).

19. *Effectiveness*. This Order shall constitute findings of fact and conclusions of law and shall take effect and be fully enforceable nunc pro tunc to the Commencement Date immediately upon entry hereof. Notwithstanding Bankruptcy Rules 4001(a)(3), 6004(h), 6006(d), 7062, or 9014 of the Bankruptcy Rules or any Local Bankruptcy Rule, or Rule 62(a) of the Federal Rules of Civil Procedure, this Order shall be immediately effective and enforceable upon its entry and there shall be no stay of execution or effectiveness of this Order.

20. *Order Governs*. To the extent any provision of this Order conflicts with any provision of the Motion or any of the Agreements, the provisions of this Order shall control.

21. *Headings*. Section headings used herein are for convenience only and are not to affect the construction of or to be taken into consideration in interpreting this Order.

22. *Credit Bidding*. The Lender shall have the right to credit bid up to the full amount of the Obligations in any sale of the Collateral without the need for further Court order authorizing the same and whether any such sale is effectuated through section 363(k) or 1129(b)

of the Bankruptcy Code, by a chapter 7 trustee under section 725 of the Bankruptcy Code, or otherwise.

23. The failure to include or reference any term of the Agreements in this Order shall not diminish or impair the effectiveness of such provisions of the Agreements which shall be approved and enforceable in their entirety.

24. *Retention of Jurisdiction*. The Court shall retain jurisdiction to enforce the provisions of this Order, and this retention of jurisdiction shall survive the confirmation and consummation of any chapter 11 plan for any one or more of the Debtors notwithstanding the terms or provisions of any such chapter 11 plan or any order confirming any such chapter 11 plan.

Dated: New York, New York
April __, 2016

United States Bankruptcy Judge

Schedule 1

| AIRCRAFT | Registration | Year of Manufacture | MSN | ESN #1 | ESN #2 |
|---|---|---|---|---|---|
| 1 | N638RW | 2004 | 17000053 | 193239 | 193240 |

Schedule 2

| ENGINE | ESN |
|---|---|
| 1 | 193562 |
| 2 | 193710 |
| 3 | 193711 |
| 4 | 193776 |
| 5 | 193777 |
| 6 | 193794 |
| 7 | 193797 |
| 8 | 193815 |
| 9 | 193817 |
| 10 | 193843 |

Schedule 3

| **Slot Number** | **Slot Time Arrival/Departure** | **Airport** | **Day of Week Frequency** |
|---|---|---|---|
| | | | |
| 35140 | 0700D | LGA | 12345_ _ |
| 3234 | 1030A | LGA | 12345_ _ |
| 35145 | 1030D | LGA | 12345_ _ |
| 3260 | 1130D | LGA | 12345_ _ |
| 35019 | 1500A | LGA | 12345_7 |
| 3232 | 1530A | LGA | 12345_7 |
| 35146 | 1600A | LGA | 12345_7 |
| 35143 | 1730A | LGA | 12345_7 |
| 3009 | 1800A | LGA | 12345_7 |
| 35147 | 1800D | LGA | 12345_7 |
| 3591 | 1900D | LGA | 12345_7 |
| 35028 | 1900D | LGA | 12345_7 |
| 3191 | 2100A | LGA | 12345_7 |
| 35141 | 1300A | LGA | 1234567 |
| 35109 | 1400D | LGA | 1234567 |

EXHIBIT B

FORM OF ASSUMPTION ORDER

[See Attached]

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

| | | |
|---|---|---|
| **In re** | **:** | **Chapter 11 Case No.** |
| **REPUBLIC AIRWAYS HOLDINGS INC., *et al.*,** | **:** | **16-10429 (SHL)** |
| **Debtors.[1]** | **:** | **(Jointly Administered)** |

**ORDER PURSUANT TO SECTIONS 363(b), 363(m), AND 365(a) OF THE BANKRUPTCY CODE AND BANKRUPTCY RULES 6004, 6006 AND 9019 FOR AUTHORIZATION TO (I) ASSUME CODESHARE AND RELATED AGREEMENTS, AS AMENDED, WITH DELTA AIR LINES, INC., (II) LEASE CERTAIN PROPERTY OF THE ESTATE AND (III) SETTLE CLAIMS BETWEEN DELTA AIR LINES, INC. AND THE DEBTORS**

A hearing having been held on April 14, 2016 (the "Hearing"), to consider the motion, dated March 24, 2016 (the "Motion"),[2] of Republic Airways Holdings Inc. ("RAH"), and certain of its wholly-owned direct and indirect subsidiaries, as debtors and debtors in possession in the above-captioned chapter 11 cases (collectively with RAH, "Republic" or the "Debtors"), pursuant to sections 363(b), 363(m) and 365(a) of the Bankruptcy Code and rules 6004, 6006 and 9019 of the Federal Rules of Bankruptcy Procedure, for authorization to (i) assume codeshare and related agreements, as amended, with Delta Air Lines, Inc., (ii) lease certain property of the estate and (iii) settle certain claims between Delta Air Lines, Inc. and the Debtor, 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

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.

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) ("CMO"), and it appearing that no other or further notice need be given; and the Court having considered the Motion, the papers in support thereof, the Bedford Declaration, and all of the proceedings had before the Court; and the appearances of all interested parties having been noted in the record of the Hearing; and after due deliberation and sufficient cause appearing therefor, and for reasons stated in the record of the Hearing;

**IT IS HEREBY FOUND AND CONCLUDED** that:

A. The statutory predicates for the relief requested in the Motion are sections 363 and 365 of the Bankruptcy Code and Bankruptcy Rules 6004, 6006 and 9019.

B. Proper, timely, adequate and sufficient notice of the Motion has been provided in accordance with the Bankruptcy Code, the Bankruptcy Rules, the Local Bankruptcy Rules and the CMO, and no other or further notice of the Motion or the entry of this Order shall be required.

C. Based on the record before the Court, the Debtors have demonstrated good and sufficient reasons for the Court to approve the Motion.

D. Neither Delta, its affiliates nor their respective representatives is an "insider" of any of the Debtors as that term is used in section 101(31) of the Bankruptcy Code,

E. Delta is a good faith lessee, as that term is used in section 363(m) of the Bankruptcy Code with respect to the Leased Slots. The A&R Slot Lease was negotiated, proposed and entered into by the parties in good faith, from arms'-length bargaining positions

and without collusion or fraud, and Delta is entitled to the protections of section 363(m) of the Bankruptcy Code with respect to the Leased Slots.

F. Sound business reasons have been articulated for performing the obligations set forth in the A&R Slot Lease and leasing the Leased Slots as set forth in the Motion, and it is a sound exercise of business judgment to enter into and perform under the A&R Slot Lease and consummate the transactions contemplated thereby.

G. The Amended Flying Agreements and the Amended Ground Handling Agreement have been negotiated in good faith and at arm's length among Delta and the Debtors.

H. Sound business reasons have been articulated for assuming the Assumed Agreements and it is a sound exercise of business judgment to enter into and perform under the Assumed Agreements and consummate the transactions contemplated thereby.

I. There is no uncured default by Republic under the Assumed Agreements, and thus, no adequate assurance of future performance by Republic is required under section 365(b) of the Bankruptcy Code.

J. Entry of this Order is in the best interests of the Debtors' estates and creditors.

K. As set forth in the Motion, both Delta and Republic will, upon entry of and in reliance on this Order, *inter alia*, take numerous steps and actions with respect to their flying schedules, aircraft, products, and agreements with other parties.

L. Each of the foregoing findings by the Court will be deemed a finding of fact if and to the full extent that it makes and contains factual findings and a conclusion of law if and to the full extent that it makes legal conclusions.

**IT IS HEREBY ORDERED** that:

1. The Motion is hereby granted as provided herein. To the extent any objections or reservations of rights to the Motion have not been withdrawn or resolved by this Order, they are overruled in all respects on the merits.

2. The Debtors are authorized to amend the Single Class Agreement via entry into Single Class Amendment 14 and the Dual Class Agreement via entry into Dual Class DCA Amendment 8 and assume, and hereby do assume, the Amended Flying Agreements pursuant to section 365(a) of the Bankruptcy Code and Bankruptcy Rule 6006.

3. The Debtors are authorized to assume, and hereby do assume, the LGA 2 Slot Lease pursuant to section 365(a) of the Bankruptcy Code and Bankruptcy Rule 6006.

4. The Debtors are authorized to amend the Ground Handling Agreement via entry into the Ground Handling Amendment and to assume, and hereby do assume, the Amended Ground Handling Agreement pursuant to section 365(a) of the Bankruptcy Code and Bankruptcy Rule 6006.

5. Pursuant to section 363(b) of the Bankruptcy Code, Republic is authorized to enter into the A&R Slot Lease, lease the Leased Slots to Delta and perform all obligations thereunder.

6. In the event that this Order is hereafter reversed, modified, vacated or stayed by a subsequent order of this Court or of any other court of competent jurisdiction, such reversal, stay, modification or vacation shall not affect the validity of any rights granted Delta hereunder or of any transaction, including the lease of the Leased Slots, completed pursuant to and in reliance on this Order prior to the effective date of such reversal, stay, modification or vacation, the Court specifically finding that the terms and provisions of the A&R Slots Lease and the Assumed Agreements and the transactions authorized thereunder and hereunder were negotiated and made

without collusion and in good faith, and that, accordingly, in the event the parties elect to consummate the transactions contemplated in the A&R Slots Lease and the Assumed Agreements while an appeal of this Order is pending, Delta is entitled to rely on the protections of section 363(m) of the Bankruptcy Code.

7. Delta is hereby granted an allowed prepetition general unsecured claim in the amount of $170,000,000 against each of the Debtors, not subject to offset, subordination, attack or other challenge (the "Delta Claim"); provided that if any of the Debtors' other codeshare partners (American Airlines Group, Inc. or United Continental Holdings), receive an allowed claim against any of the Debtors (a "Codeshare Claim"), which Codeshare Claim is in a greater proportion to such codeshare partners' maximum reasonable damages or in a greater proportion of the economic concessions to the Debtors, than the Delta Claim is to Delta's maximum reasonable damages or economic concessions or has priority higher than that of a general unsecured prepetition claim (such proportion and priority, the "Codeshare Claim Proportion"), then the Delta Claim shall be automatically increased in amount or priority, as applicable such that its proportion to Delta's reasonable damages or priority equals the Codeshare Claim Proportion.

8. Republic is authorized to enter into any agreements contemplated by and on the terms set forth in the Assumed Agreements and the A&R Slot Lease, and to execute, deliver, implement and fully perform any and all obligations, instruments, documents and papers and to take any and all actions that may be reasonably necessary or appropriate to implement the Assumed Agreements and the A&R Slot Lease and perform all obligations contemplated thereunder.

9. Any person or entity that did not timely object to the Motion is deemed to consent to the relief granted herein.

10. The provisions and effect of this Order, any actions taken pursuant to this Order and Delta's and the Debtors' respective rights, obligations, remedies and protections provided for herein and in the A&R Slot Lease and the Assumed Agreements shall survive the conversion, dismissal and/or closing of these chapter 11 cases, appointment of a trustee herein, confirmation of a plan or plans of reorganization, and/or the substantive consolidation of these chapter 11 cases with any other case or cases, and the terms and provision of this Order as well as any protections granted to Delta pursuant to this Order shall continue in full force and effect notwithstanding the entry of any such order; and it is further

11. Notwithstanding the provisions of Bankruptcy Rule 6004, this Order shall not be stayed for 14 days after the entry hereof, but shall be effective and enforceable immediately upon entry.

12. The Motion satisfies rules 2002, 6004, 6006 and 9019 of the Federal Rules of Bankruptcy Procedure.

13. This Court shall retain jurisdiction to hear and determine all matters arising from or related to this Order.

Dated: New York, New York
April __, 2016

_____
Honorable Sean H. Lane
United States Bankruptcy Judge