

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)

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

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

*Attorneys for the Debtors
and Debtors in Possession*

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

-----X

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

-----X

**NOTICE OF HEARING ON DEBTORS' MOTION FOR ORDER PURSUANT TO 11
U.S.C. §§ 365(a) & 105(a) AND FED. R. BANKR. P. 6006 & 9019(a) (I) APPROVING
SETTLEMENT AGREEMENT WITH RESPECT TO 27 BOMBARDIER Q-400
AIRCRAFT AND (II) AUTHORIZING THE DEBTORS TO (A) REJECT THE
LEASES ON CERTAIN AIRCRAFT AND (B) ASSUME AND ASSIGN THE SUBLEASE
AND CERTAIN VENDOR CONTRACTS RELATED TO THE REJECTED LEASES**

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, One Bowling Green, New York, New York 10004 to consider *Debtors' Motion For Order Pursuant To 11 U.S.C. §§ 365(a) & 105(a) and Fed. R. Bankr. P. 6006 & 9019(a) (I) Approving Settlement Agreement With Respect To 27 Bombardier Q-400 Aircraft And (II) Authorizing The Debtors To (A) Reject The Leases On Certain Aircraft And (B) Assume And Assign The Sublease And Certain Vendor Contracts Related To The Rejected Leases* (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 in accordance with General Order M-399 (which can be found at www.nysb.uscourts.gov), 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 Official Committee of Unsecured Creditors, Morrison & Foerster LLP, 250 West 55th Street, New York, New York 10019 (Attn: Brett H. Miller, Esq. (bmiller@mof.com), Todd M. Goren, Esq. (tgoren@mof.com), and Erica J. Richards, Esq. (erichards@mof.com)), (iv) attorneys for the Owner Parties, Vedder Price P.C., 1633 Broadway, 47th Floor, New York, New York 10019 (Attn: Michael J. Edelman, Esq. (mjedelman@vedderprice.com) and Douglas J. Lipke, Esq. (dlipke@vedderprice.com)), (v) 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)), and (vi) all entities that requested notice in these chapter 11 cases under Fed. R. Bankr. P. 2002, 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

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

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

*Attorneys for the Debtors and
Debtors in Possession*

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)

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

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

*Attorneys for the Debtors
and Debtors in Possession*

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

-----x

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

-----x

**DEBTORS' MOTION FOR ORDER PURSUANT TO 11 U.S.C.
§§ 365(a) & 105(a) AND FED. R. BANKR. P. 6006 & 9019(a) (I) APPROVING
SETTLEMENT AGREEMENT WITH RESPECT TO 27 BOMBARDIER Q-400
AIRCRAFT AND (II) AUTHORIZING THE DEBTORS TO (A) REJECT THE
LEASES ON CERTAIN AIRCRAFT AND (B) ASSUME AND ASSIGN THE SUBLEASE
AND CERTAIN VENDOR CONTRACTS RELATED TO THE REJECTED LEASES**

TO THE HONORABLE SEAN H. LANE,
UNITED STATES BANKRUPTCY JUDGE:

Republic Airways Holdings Inc. (“RAH”), and certain of its wholly-owned direct and indirect subsidiaries, as debtors and debtors in possession in the above-captioned chapter 11 cases (collectively with RAH, “Republic” or the “Debtors”), respectfully represent:

Background

1. On February 25, 2016 (the “Commencement Date”) each of the Debtors filed with this Court a voluntary petition for relief under chapter 11 of title 11, United States Code (the “Bankruptcy Code”). The Debtors are authorized to continue to operate their business and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No trustee or examiner has been appointed in these cases.

2. On March 4, 2016, the United States Trustee for the Southern District of New York appointed the Official Committee of Unsecured Creditors.

3. 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.

4. 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 (the “Bedford Declaration”), filed with the Court on the Commencement Date.

Jurisdiction

5. 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.

Preliminary Statement

6. As of the Commencement Date, Republic leased from NAC Aviation 23 Limited (“NAC”) and its affiliates a fleet of 27 Bombardier DHC-8-402 airframes (“Q400s”) and related engines and propellers. As provided in the Bedford Declaration, an integral step in Republic’s restructuring is its plan to streamline its operations by operating a single aircraft type (E170/175) by returning out of favor aircraft, like the Q400 fleet. (See Bedford Declaration ¶ 28.) Accordingly, NAC and Republic have entered into a proposed settlement providing for the rejection of a head lease with NAC of the Q400s and the assumption and assignment to NAC of the related sublease with Flybe Limited (“Flybe”). NAC has also agreed to assume Republic’s obligations with respect to certain vendor contracts related to the Q400 fleet. This agreement eliminates Republic’s obligations under the out of favor Q400 leases, mitigates claims by third parties, and provides certainty with respect to NAC’s rejection damages claims. By this motion, Republic seeks approval of the settlement agreement with NAC and authority to complete the transactions contemplated thereby.

The Leased Q400 Fleet

The Main Aircraft and Flybe Sublease

7. The 24 Q400s listed on Schedule 1 to the proposed Order (collectively, each with two related Pratt & Whitney Canada model PW150A engines and two Dowty Aerospace model R408/6-123-F/17 propellers, and all parts, equipment components, appliances, instruments, and accessories thereto belonging and installed in or appurtenant to such airframe or engines, and all Aircraft Documents, the “Main Aircraft”) are leased to Republic pursuant to that certain Master Lease Agreement, dated as of August 8, 2012 (as amended, supplemented, and in effect, the “Head Lease”), between Wells Fargo Bank Northwest, National Association, as

successor owner trustee and lessor (“Main Lessor,” and together with NAC, the “Main Owner Parties”) and Republic, as lessee. NAC is the owner participant for the Main Aircraft.

8. The Main Owner Parties acquired their interest in the Main Aircraft under the Head Lease from Regional Equipment Trust, as the original lessor, and Export Development Canada (“EDC”), as the original owner participant, pursuant to that certain Assignment, Assumption and Amendment Agreement (Leased Aircraft), dated as of June 23, 2015. EDC, the original owner participant, retained its rights with respect to two spare engines described in the Head Lease (the “EDC Spare Engines”).² The Head Lease expires on different dates between August 10, 2020 and November 11, 2021 for each of the Main Aircraft.

9. Republic began transitioning the Main Aircraft out of its operational fleet more than a year before the Commencement Date. Accordingly, Republic entered into a sublease arrangement with Flybe Limited (“Flybe”) pursuant to that certain Master Sublease Agreement, dated as of September 16, 2014, and amended and restated as of November 28, 2014 between Republic, as sublessor, and Flybe, as sublessee (as amended or supplemented from time to time, the “Sublease,” and the operative documents related to the Sublease, the “Sublease Documents”). Pursuant to the Sublease Documents, Republic agreed to deliver to Flybe the 24 Main Aircraft and EDC Spare Engines beginning in 2015. As of the Commencement Date, 4 of the 24 Main Aircraft had been delivered to Flybe.

The Other Aircraft

10. The four Q400s listed on Schedule 2 to the proposed Order (collectively, each with two related Pratt & Whitney Canada model PW150A engines and two Dowty

2. Republic is moving to reject the Head Lease with respect to the EDC Spare Engines and surrender and return the EDC Spare Engines to EDC pursuant to the *Debtor’s Second Omnibus Motion Pursuant to 11 U.S.C. §§ 363(b), 365, 554 & 1110 and Fed. R. Bankr. P. 6006 & 6007 for an Order Authorizing Debtors to (i) Transfer Title to and Surrender Certain Owned Aircraft and (ii) Reject Certain Aircraft and Engine Leases* filed contemporaneously.

Aerospace model R408/6-123-F/17 propellers, and all parts, equipment components, appliances, instruments, and accessories thereto belonging and installed in or appurtenant to such airframe or engines, and all Aircraft Documents, the “Other Aircraft”) are leased to Republic pursuant to that certain Master Lease Agreement, dated as of June 15, 2015 (as amended, supplemented and in effect, the “Other Lease”), between Wells Fargo Bank Northwest, National Association, as successor owner trustee and lessor (in such capacity, the “Other Lessor”) and Republic, as lessee. NAC Aviation 21 Limited (“NAC 21,” and together with Other Lessor, the “Other Owner Parties,” and collectively with the Main Owner Parties, the “Owner Parties”) is the owner participant with respect to the Other Aircraft.

11. Before the Commencement Date, the Other Owner Parties and Republic executed the Early Return Agreement, dated October 27, 2015 (the “Other Aircraft Early Return Agreement”) that provides for the early termination of the leasing arrangements for the Other Aircraft under the Other Lease and the delivery of such aircraft to the Other Owner Parties. As of the Commencement Date, one of the four Other Aircraft had already been returned to the Other Owner Parties pursuant to the Other Aircraft Return Agreement. The remaining three Other Aircraft were scheduled to be returned by March 20, 2016 under the Other Aircraft Return Agreement.

The Vendor Contracts

12. Republic entered into certain agreements with vendors, maintenance providers, contractors, and other suppliers that have provided work, parts, supplies, or services with respect to its Q400 fleet (collectively, the “Vendor Contracts,” as set forth on Schedule 3 to the proposed Order). As Republic is retiring its Q400 fleet, the Vendor Contracts are no longer necessary to Republic’s operations.

The Settlement Agreement with NAC

13. Republic has determined that the Main Aircraft and the Other Aircraft (together, the “Aircraft”) are excess aircraft that are not now, or shortly will not be, needed for Republic’s flight operations. As of the Commencement Date, Republic was using only four of the Aircraft. Republic intends to retire the remaining four Aircraft from its operations on or before April 1, 2016. Accordingly, shortly after the Commencement Date, Republic began negotiating with the Owner Parties regarding the planned surrender and return of the Aircraft through the chapter 11 process.

14. The parties agreed, following good faith, arm’s-length negotiations, to enter the *Settlement Agreement Regarding Bombardier Q400 Aircraft Return, Collapse and Treatment of Existing Head Lease and Sublease Structure and Related Agreements*, among Republic Airline, RAH, Main Lessor, NAC, Other Lessor, and NAC 21, a copy of which is annexed hereto as Exhibit A (together with its schedules, the “Settlement Agreement”).³

15. The terms of the settlement embodied in the Settlement Agreement are complex and reference should be made to the Settlement Agreement for a complete description of the settlement. The material terms of the settlement are outlined briefly herein:

- i. Republic will reject the Head Lease and the other Main Rejected Contracts (as defined in the section 3.2 of the Settlement Agreement), the Other Lease, the Other Aircraft Return Agreement, and the Other Rejected Contracts (as defined in section 5.2 of the Settlement Agreement) (collectively, the “Rejected Agreements”);
- ii. Republic will surrender and return the Aircraft in “AS-IS” condition pursuant to the agreed procedures set forth in Article 2 of the Settlement Agreement, which provides for cost sharing of storage, ferry flight,

3. The description of the transaction and agreements herein is subject in all respects to the specific terms of the Settlement Agreement. To the extent of any inconsistency between the summary and the Settlement Agreement, the terms of the settlement Agreement will control. Capitalized terms used but not otherwise defined herein have the meanings given them in the Settlement Agreement.

insurance, and certain maintenance of the Aircraft in the interim period before the Aircraft are surrendered and returned;

- iii. Republic will assume and assign to NAC or its designee the Sublease, Sublease Documents (as defined in the Settlement Agreement), and the Selected Vendor Contracts (the “Assumed Agreements”). NAC will assume Republic’s obligations under the Assumed Agreements and will pay the cure amounts (the “Proposed Cure”), if any, set forth on Schedule 3 to the proposed Order with respect to the Assumed Agreements;
- iv. NAC has the right to deselect any Assumed Agreement within five (5) business days of a determination by the Court that the Cure amount owed is greater than the proposed cure amount set forth on Schedule 3. (*See* Settlement Agreement § 4.6.) NAC also has the right to deselect any Assumed Agreement (except the Sublease and certain related agreements) at its discretion, but may also deselect the Sublease with the consent of Republic, not to be unreasonably withheld. (*Id.* § 4.7.)
- v. Republic agrees to transfer or sell certain unencumbered spare parts related to the Aircraft to NAC. In any case where Republic is selling parts to NAC, Republic will offer to sell such parts and equipment to NAC at the purchase price paid by Republic when Republic purchased such equipment; and
- vi. Republic will allow to NAC (i) an administrative claim against the Republic estate in the amount of \$374,000 in connection with Republic’s postpetition use of four of the Aircraft and other expenses (the “Allowed Administrative Claim”) and (ii) a general unsecured claim in the amount of \$47,855,336⁴ in connection with its rejection damages under the Head Lease and related agreements (the “Allowed Rejection Damages Claim”).

16. The parties seek to complete the transactions contemplated by the Settlement Agreement in advance of the 60-day deadline in section 1110(a) of the Bankruptcy Code. To the extent the Aircraft are “equipment” within the meaning of sections

4. To the extent NAC pays reasonable Cure amounts in connection with the assumption and assignment of certain specified Assumed Agreements, NAC’s allowed general unsecured claim will increase by such amounts. (*See* Settlement Agreement § 7.2.) In addition, with respect to one of the Assumed Agreements, to the extent NAC is required to pay certain adjustments, its allowed general unsecured claim could increase by such amount (up to a cap). (*Id.* § 7.2(c).)

1110(a)(3)(A)(i) and 1110(a)(3)(B) of the Bankruptcy Code, the Aircraft, Head Lease, and Other Lease are entitled to the protections of section 1110 of the Bankruptcy Code.⁵

Relief Requested

17. By this Motion, Republic seeks entry of an order, substantially in the form annexed hereto, pursuant to sections 105(a) and 365 of the Bankruptcy Code and rules 6006 and 9019(a) of the Federal Rules of Bankruptcy Procedure:

- i. authorizing Republic to enter into the Settlement Agreement and to perform its obligations thereunder and to enter into the transactions contemplated therein;
- ii. authorizing Republic to (i) reject the Rejected Agreements and (ii) assume and assign to NAC or its designee the Assumed Agreements;
- iii. approving the Proposed Cure with respect to the Assumed Agreements;
- iv. allowing the Allowed Unsecured Claim and Allowed Rejection Damages Claim; and
- v. granting other related relief.

Basis for Relief

I. Ample Cause Exists to Approve the Settlement Agreement Pursuant to Rule 9019(a) of the Federal Rules of Bankruptcy Procedure.

18. Rule 9019(a) of the Federal Rules of Bankruptcy Procedure authorizes a court, after notice and a hearing, to approve a compromise or settlement of a controversy, providing, in relevant part, that “[o]n motion by the [debtor in possession] and after notice and a hearing, the court may approve a compromise or settlement.” In reviewing a settlement, bankruptcy courts “review the reasonableness of the proposed settlement [and] ... make an informed judgment as to whether the settlement is fair and equitable and in the best interests of

5. Nothing herein constitutes an admission by Republic that the Aircraft constitutes “equipment” within the meaning of section 1110 of the Bankruptcy Code or that the Aircraft, Head Lease, or Other Lease are entitled to the protections of section 1110 of the Bankruptcy Code.

the estate.” *In re WorldCom, Inc.*, 347 B.R. 123, 137 (Bankr. S.D.N.Y. 2006); *see also Air Line Pilots Ass’n, Int’l v. Am. Nat’l Bank & Trust Co. (In re Ionosphere Clubs, Inc.)*, 156 B.R. 414, 426 (S.D.N.Y. 1993). The Court, however, need not “conduct a ‘mini trial’ on the issue. The Court need only ‘canvass the issues’ to determine if the ‘settlement falls below the lowest point in the range of reasonableness.’” *In re AMR Corp.*, 502 B.R. 23, 42-3 (Bankr. S.D.N.Y. 2013) (quoting *WorldCom*, 347 B.R. at 137).

19. The factors to consider in approving a settlement include: (1) the balance between the litigation’s possibility of success and the settlement’s future benefits; (2) the likelihood of complex and protracted litigation, with its attendant expense, inconvenience, and delay, including the difficulty in collecting on the judgment; (3) the paramount interests of the creditors, including each affected class’s relative benefits and the degree to which creditors either do not object to or affirmatively support the proposed settlement; (4) whether other parties in interest support the settlement; (5) the competency and experience of counsel supporting the settlement; (6) the nature and breadth of releases to be obtained by officers and directors; and (7) the extent to which the settlement is the product of arm’s length bargaining. *In re Iridium Operating LLC*, 478 F.3d 452, 462 (2d Cir.2007).

20. “Settlements or compromises are favored in bankruptcy and, in fact, encouraged.” *In re AMR Corp.*, 502 B.R. at 43. “In administering reorganization proceedings in an economical and practical manner it will often be wise to arrange the settlement of claims as to which there are substantial and reasonable doubts.” *Id.* (quoting *Protective Committee for Independent Stockholders of TMT Trailer Ferry, Inc. v. Anderson*, 390 U.S. 414, 424 (1968)). “The decision whether to accept or reject a compromise lies within the sound discretion of the court.” *In re AMR Corp.*, 502 B.R. at 43 (quoting *In re Adelpia Comm’ns Corp.*, 368 B.R. 140,

226 (Bankr. S.D.N.Y. 2007). The court may exercise its discretion “in light of the general public policy favoring settlements.” *In re Hibbard Brown & Co.*, 217 B.R. 41, 46 (Bankr. S.D.N.Y. 1998).

21. Republic submits that the settlement and compromise embodied in the Settlement Agreement readily meets the standards for approval described in the applicable case law. The settlement is fair and equitable, represents a prudent exercise of Republic’s business judgment, and falls well within the range of reasonableness. Absent the compromise in the Settlement Agreement, the Owner Parties, Flybe, and the counterparties to the Vendor Contracts may assert significant claims against Republic’s estates. NAC asserts that its rejection damages claim in connection with rejection of the Head Lease would be more than twice as much as the Allowed Rejection Damages Claim. The Settlement Agreement enables Republic to avoid the substantial time and expense that would be required to litigate the claims of NAC and other parties and the inherent uncertainty of such litigation. In addition to cost savings and claims certainty, the settlement advances Republic’s plan to streamline its operations by operating a single aircraft type (E170/175) and operating under a single operating certificate. (*See* Bedford Declaration ¶ 28.)

22. Finally, in the context of section 1110 of the Bankruptcy Code, Republic’s alternatives to reaching a settlement with respect to the Aircraft are severely limited: *i.e.*, either elect to accept the existing lease terms or else risk a demand for the immediate surrender and return of all the equipment. Neither alternative is acceptable or in the best interests of Republic and its economic stakeholders. First, the Head Lease is out of alignment with Republic’s fleet plan and continued payments under the Head Lease would disadvantage Republic. Accordingly, retaining the Aircraft subject to existing contractual terms is not a reasonable alternative.

Second, risking demand for immediate surrender of the Aircraft (by “going naked” under section 1110, without either a section 1110(a) election nor a section 1110(b) extension) is not an acceptable option as it would expose Republic to the potential of significant claims with respect to both the Rejected Agreements and the Assumed Agreements.

23. The Settlement Agreement and all of the relief requested in the Proposed Order were negotiated and agreed to in good faith. They are the product of extended arm’s-length negotiations that were thorough and rigorous. The parties to the Settlement Agreement are all highly sophisticated and were represented by experienced and knowledgeable counsel. Republic’s diligent efforts to develop and negotiate the restructuring embodied in the Settlement Agreement manifests Republic’s reasonable determination to obtain certain, immediate, and substantial cost savings, to advance its fleet plan, and to increase flexibility by means of a beneficial consensual resolution that avoids the substantial time, cost, and risk of litigation that might otherwise be required. In light of the significant savings and claims certainty provided for by the settlement, the Settlement Agreement represents a sound exercise of Republic’s business judgment and should be approved.

II. Rejection of the Rejected Agreements Is a Sound Exercise of Republic’s Business Judgment and Should Be Approved.

24. Section 365(a) of the Bankruptcy Code provides that a debtor in possession “subject to the court’s approval, may . . . reject any . . . unexpired lease of the debtor.” 11 U.S.C. § 365(a). The standard applied to determine whether the rejection of an unexpired lease should be approved is the business judgment standard. *See In re Penn Traffic Co.*, 524 F.3d 373, 383 (2d Cir. 2008); *In re Old Carco LLC*, 406 B.R. 180, 188 (Bankr. S.D.N.Y. 2009); *see also In re Orion Pictures Corp.*, 4 F.3d 1095, 1098-99 (2d Cir. 1993); *In re*

Minges, 602 F.2d 38, 42 (2d Cir. 1979); *NLRB v. Bildisco & Bildisco*, 465 U.S. 513, 513 (1984);
In re Roman Crest Fruit, Inc., 35 B.R. 939, 949 (S.D.N.Y. 1983).

25. Under the business judgment standard, “[a] debtor’s decision to reject . . . must be summarily affirmed unless it is the product of bad faith, or whim or caprice.” *In re Trans World Airlines, Inc.*, 261 B.R. 103, 121 (Bankr. D. Del. 2001) (quotation omitted). It requires only that rejection of the unexpired lease or executory contract will benefit the debtor’s estate. *See In re Balco Equities, Inc.*, 323 B.R. 85, 99 (Bankr. S.D.N.Y. 2005) (“In determining whether the debtor has employed reasonable business discretion, the court for the most part must only determine that the rejection will likely benefit the estate.”) (citation omitted); *see also In re Helm*, 335 B.R. 528 (Bankr. S.D.N.Y. 2006) (“To meet the business judgment test, the debtor in possession must ‘establish that rejection will benefit the estate.’”) (citation omitted).

26. As detailed in the Settlement Agreement, Republic has agreed to reject the Rejected Agreements and surrender and return the Aircraft to the Owner Parties pursuant to the terms set forth in the Settlement Agreement, which have been negotiated between the parties to best reflect the needs of NAC and Republic.

27. Rejecting the Rejected Agreements and surrendering and returning the Aircraft is beneficial to Republic’s estate as it relieves the estate of significant expenses to continue to service the leases on aircraft that Republic does not contemplate including in its ongoing flight plan. In light of the foregoing, Republic submits that rejection of the Rejected Agreements on the terms proposed herein is an exercise of its sound business judgment and is in the best interest of its estates and all economic parties in interest.

III. Assumption and Assignment of the Assumed Agreements Is a Sound Exercise of Republic's Business Judgment and Should Be Approved.

28. Section 365(a) of the Bankruptcy Code provides that a debtor in possession "subject to the court's approval, may assume . . . any executory contract or unexpired lease of the debtor." 11 U.S.C. § 365(a); *see also Bildisco*, 465 U.S. at 513; *In re Lavigne*, 114 F.3d 379, 386 (2d Cir. 1997). The purpose behind allowing the assumption of unexpired leases "is to permit the trustee or debtor-in-possession to use valuable property of the estate." *Orion Pictures Corp. v. Showtime Networks, Inc. (In re Orion Pictures Corp.)*, 4 F.3d 1095, 1098 (2d Cir. 1993). Courts defer to a debtor's business judgment in assuming an unexpired lease. *See, e.g., In re Child World, Inc.*, 142 B.R. 87, 89 (Bankr. S.D.N.Y. 1992) (stating that a debtor may assume or reject an unexpired lease under section 365(a) of the Bankruptcy Code in the exercise of its business judgment).

29. Section 365(b)(1)(A) of the Bankruptcy Code requires that Republic cure or provide adequate assurance that it will promptly cure defaults under the executory contracts and unexpired leases at the time of assumption. Under section 365(f)(2) of the Bankruptcy Code, Republic may assign an assumed unexpired lease or executory contract if "adequate assurance of future performance by the assignee of such contract or lease is provided." 11 U.S.C. § 365(f)(2). The meaning of "adequate assurance of future performance" for the purpose of section 365(f)(2) depends on the facts and circumstances of each case, but should be given "practical, pragmatic construction." *Carlisle Homes, Inc. v. Arrari (In re Carlisle Homes, Inc.)*, 103 B.R. 524, 538 (Bankr. D.N.J. 1989) (internal citations omitted); *see also In re Natco Indus., Inc.*, 54 B.R. 436, 440 (Bankr. S.D.N.Y. 1985) (explaining that adequate assurance of future performance does not mean absolute assurance that debtor will thrive and pay rent).

30. Republic has determined the amounts required to cure any defaults under the Assumed Agreements based on Republic's books and records and related documents. The proposed Cure amount for each of the Assumed Agreements are set forth in Schedule 3 to the proposed Order. In satisfaction of sections 365(b) and (f)(2), NAC has agreed in the Settlement Agreement to pay any Cure amount on the Assumed Agreements as soon as reasonably practicable following entry of an Order approving the assumption and assignment of the respective agreement. Subject to its rights to deselect certain Assumed Agreements, NAC has also agreed to assume all of Republic's obligations under the Assumed Agreements in return for Republic assigning all of its rights in the Assumed Agreements.

31. Accordingly, the assumption and assignment to NAC of the Assumed Agreements will benefit Republic's estates by effectuating the compromise negotiated and agreed to in the Settlement Agreement. For all of the same reasons that the Settlement Agreement is an exercise of Republic's sound business judgment, so to is the assumption and assignment of the Assumed Agreements. NAC is assuming obligations of Republic that might otherwise result in claims by Flybe, Vendors and other counterparties to the Assumed Agreements, which would be costly to Republic's estates. Upon NAC's payment in full of the Cure amount, any proofs of claim based upon the Assumed Agreements shall be deemed disallowed and expunged. Accordingly, NAC's assumption of Republic's obligations under the Assumed Agreements will provide a benefit that will accrue directly to Republic's estates

32. In light of the foregoing, Republic respectfully requests that, pursuant to 365(a) and (f) of the Bankruptcy Code, the Court approve Republic's proposed assumption and assignment of the Assumed Agreements.

Waiver of Stay Imposed Under Fed. R. Bankr. P. 6006(d)

33. Rule 6006(d) of the Federal Rules of Bankruptcy Procedure provides that an “order authorizing the trustee to assign an executory contract under § 365(f) is stayed until the expiration of 14 days after the entry of the order, unless the court orders otherwise.” In order to ensure a timely and efficient assignment of the Assumed Agreements, Republic requests that any order approving such assignment to NAC be effective immediately by providing a waiver of the stay imposed by Fed. R. Bankr. P. 6006(d).

Notice

34. 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, dated March 2, 2016 (ECF No. 70). Republic submits that, in view of the facts and circumstances, such notice is sufficient and no other or further notice need be provided.

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

WHEREFORE Republic respectfully requests entry of an order substantially in the form annexed hereto granting the relief requested herein and such other and further relief as is just.

Dated: New York, New York
March 24, 2016

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

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

*Attorneys for the Debtors and
Debtors in Possession*

EXHIBIT A

Settlement Agreement

[REDACTED]

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

-----x

In re : **Chapter 11 Case No.**
REPUBLIC AIRWAYS HOLDINGS INC., et al., : **16-10429 (SHL)**
Debtors.⁶ : **(Jointly Administered)**

-----x

**ORDER PURSUANT TO 11 U.S.C. §§ 365(a) & 105(a) AND FED. R. BANKR. P.
6006 & 9019(a) (I) APPROVING SETTLEMENT AGREEMENT WITH RESPECT
TO 27 BOMBARDIER Q-400 AIRCRAFT AND (II) AUTHORIZING THE
DEBTORS TO (A) REJECT THE LEASES ON CERTAIN AIRCRAFT AND
(B) ASSUME AND ASSIGN THE SUBLEASE AND CERTAIN VENDOR
CONTRACTS RELATED TO THE REJECTED LEASES**

A hearing having been held on April 14, 2016 (the "Hearing"), to consider the motion, dated March 24, 2016 (the "Motion"),⁷ of Republic Airways Holdings Inc. and certain of its wholly-owned direct and indirect subsidiaries, as debtors and debtors in possession in the above-captioned chapter 11 cases (collectively, "Republic" or the "Debtors"), pursuant to sections 105(a) and 365 of the Bankruptcy Code and Rules 6006 and 9019(a) of the Federal Rules of Bankruptcy Procedure seeking an order (i) approving the Settlement Agreement with NAC with respect to the 27 Bombardier Q-400 Aircraft, a copy of which is annexed to the Motion as Exhibit A, and authorizing Republic to perform its obligations under the Settlement Agreement and implement the transactions contemplated by the Settlement Agreement and (ii) authorizing the debtors to (a) reject the Rejected Agreements, and (b) assume and assign to NAC the Assumed Agreements, and (iii) approving the Allowed Administrative Claim and the

6. 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.

7. Capitalized terms not otherwise defined herein have the meanings ascribed to them in the Motion, or if not defined therein, as defined in the Settlement Agreement.

Allowed Rejection Damages Claim, all as more fully described in the Motion; 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 and sufficient notice of the Motion having been provided in accordance with the Court's Case Management Order dated March 2, 2016 (ECF No. 70), and it appearing that no other or further notice need be given; and upon the Motion, the papers in support thereof and the responses thereto, if any, the record of the Hearing, and the appearances of parties in interest noted in the record; and upon all of the proceedings had before the Court and the Court having found and determined that the Motion satisfies the requirements of Fed. R. Bankr. P. 6006 and that the relief sought in the Motion is an exercise of sound business judgment, and is in the best interests of Republic, its estates, creditors, and all parties in interest, and that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and the Court having found and determined that the settlement and compromises set forth in the Motion are fair and reasonable and necessary to the administration of the Debtors' chapter 11 cases and are supported by sound business reasons and judgment after due deliberation and sufficient cause appearing therefor, it is

ORDERED that the Motion is hereby granted as provided herein; and it is further

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

ORDERED that the failure to specifically include any particular provision of any Settlement Agreement in this Order shall not diminish or impair the enforceability of such

provision, it being the intent of the Court that the Settlement Agreement and the transactions and agreements contemplated thereby are approved in their entirety; and it is further

ORDERED that the Settlement Agreement and any related documents, agreements, or instruments may be modified, amended, or supplemented by the parties thereto in a writing signed by Republic, NAC, and the Owner Trustee, only in accordance with the terms thereof, without further order of the Court, provided that any such modification, amendment, or supplement is consistent with this Order and does not have a material adverse effect on Republic; and it is further

ORDERED that, pursuant to section 365 of the Bankruptcy Code and Fed. R. Bankr. P. 6006, Republic's rejection of the Rejected Agreements for the Main Aircraft set forth in Schedule 1 hereto and the Other Aircraft set forth in Schedule 2 hereto is approved; and it is further

ORDERED that pursuant to section 365(a) and (f) of the Bankruptcy Code and Rules 6006 and 9014 of the Federal Rules of Bankruptcy Procedure, the Debtors are authorized to assume and assign the Assumed Agreements, listed on Schedule 3 attached hereto, to NAC, in each case, subject to NAC's rights to deselect any such Assumed Agreements (in which case any such deselected agreements would not be assumed and assigned) to the extent permitted by and in accordance with Sections 4.6 and 4.7 of the Settlement Agreement; and it is further

ORDERED that, with respect to each of the Assumed Agreements being assumed and assigned to NAC or its designee, to the full extent provided under the Bankruptcy Code or other applicable law, (a) the Assumed Agreements shall remain in full force and effect for the benefit of NAC and/or its designee in accordance with the terms of such agreements, notwithstanding any provision in such agreements (including those of the type set forth in section

365(b)(2) of the Bankruptcy Code) that prohibits, restricts, or conditions such transfer or assignment and (b) any provision that prohibits, restricts, or conditions the assignment or transfer of any such executory contract or unexpired lease or that terminates or modifies any such Selected Contract or allows the counterparty to such contract to terminate, modify, recapture, impose any penalty, condition renewal or extension, or modify any term or condition upon any such transfer and assignment, constitutes an unenforceable anti-assignment provision and is void and of no force or effect; and it is further

ORDERED that NAC has provided adequate assurance of future performance in respect of the Assumed Agreements and no further showing of adequate assurance is necessary; and it is further

ORDERED that upon the assumption by the Debtors and assignment to NAC of the Assumed Agreements, and the payment of the Cure amounts in full by NAC, all defaults or events of default under the Assumed Agreements shall be deemed to have been cured and any counterparty to any such Assumed Agreements, its successors, assigns or transferees, shall be prohibited from exercising any rights or remedies against any Debtor or non-Debtor party (including without limitation NAC and the other Owner Parties) to such Assumed Agreements based on an asserted default or event of default that occurred on, prior to, or as a proximate result of the assumption and assignment, including the types of default specified in section 365(b)(1)(A); and it is further

ORDERED that upon the effectiveness of the assumptions and assignments authorized hereby, the Debtors shall forever be released from any and all liability and claims under the Assumed Agreements; and it is further

ORDERED that, except to the extent set forth in Schedule C to the Settlement Agreement, as provided in a Final Treatment Objection Order or as consensually agreed in writing by the Debtors and NAC, any claim relating to the assumption and assignment of an Assumed Agreement by the Debtors to NAC or its designee shall be forever barred from assertion and shall not be enforceable against any Debtor, NAC, any other Owner Party, or NAC's designee, without the need for any objection by the Debtors, NAC or any of the other Owner Parties, and without any further notice to or action by any party or order of the Bankruptcy Court, and any obligation the Debtors or any of the Owner Parties may have under section 365 of the Bankruptcy Code are deemed fully satisfied, released, and discharged; and it is further

ORDERED that the general unsecured claim against Republic set forth in Section 7.2 of the Settlement Agreement (the "Unsecured Claim") is hereby allowed, subject to the terms and conditions set forth in the Settlement Agreement, and such Unsecured Claim shall be in full and final satisfaction of all unsecured claims filed, asserted, or that could have been asserted by NAC against the Debtors arising under or relating to the Aircraft and related transactions; and it is further

ORDERED that the administrative claim against Republic set forth in Section 7.1 of the Settlement Agreement (the "Administrative Claim") is hereby allowed, subject to the occurrence of the Effective Date and the other terms and conditions set forth in the Settlement Agreement, and such Administrative Claim shall be in full and final satisfaction of all administrative claims filed, asserted, or that could have been asserted by NAC against the Debtors arising under or relating to the Aircraft and related transactions; and it is further

ORDERED that, except as expressly set forth in the Settlement Agreement, the Unsecured Claim and the Administrative Claim are fully allowed and not subject to any, objection, counterclaim or right of setoff, and the Unsecured Claim and the Administrative Claim are not subject to be affected or modified by any avoidance or recovery actions under Sections 502(d), 542, 544, 545, 547, 548, 549, 550, 551 and 553 of the Bankruptcy Code and shall not otherwise be reduced in any manner (either directly or indirectly); and it is further

ORDERED that any Treatment Objection that is not filed with this Court and properly served on or before April 7, 2016 shall be (and hereby is) denied automatically and with prejudice; and it is further

ORDERED that (i) none of the transactions provided for in the Settlement Agreement or, to the extent reasonably necessary or desirable to effect the transactions contemplated in the Settlement Agreement, including, without limitation, to give effect to the Debtors relinquishment of rights and interests with respect to the Aircraft as contemplated in the Settlement Agreement, shall be subject to the automatic stay under Section 362 of the Bankruptcy Code and accordingly, in all such respects, the automatic stay under Section 362 of the Bankruptcy Code is deemed modified and lifted without further notice or order of this Court and (ii) no stay or injunction shall be issued pursuant to Section 105 of the Bankruptcy Code, or otherwise by this Court, that would impede, restrict, or prohibit the exercise the implementation of the terms of the Settlement Agreement or the effectuation of the transactions and/or economic substance of the matters set forth in the Settlement Agreement; and it is further

ORDERED that Republic is authorized to execute and deliver all instruments and documents and take any additional actions as are necessary or appropriate to implement and

effectuate the rejections approved hereby and the terms and transactions provided for under the Settlement Agreement; and it is further

ORDERED that this Order shall be binding in all respects upon the Debtors and any trustee appointed in the Debtors' chapter 11 cases or upon a conversion of the chapter 11 cases to cases under chapter 7 under the Bankruptcy Code, and upon all creditors and parties-in-interest in the Debtors' Bankruptcy Cases; and it is further

ORDERED that the Debtors' court-appointed claims and noticing agent is authorized and directed to modify the Debtors' official claims registry to reflect the relief provided herein; and it is further

ORDERED that in the event of an inconsistency between the Settlement Agreement, on the one hand, and this Order, on the other, unless Republic and NAC agree otherwise, the provisions of the Settlement Agreement shall govern and control; and it is further

ORDERED that this Order shall be immediately effective and enforceable upon its entry and the effectiveness of this Order shall not be stayed pursuant to Bankruptcy Rule 6006(d) or otherwise; and it is further

ORDERED that the Court retains jurisdiction to hear and determine any and all matters or issues arising from or related to the Settlement Agreement and this Order.

Dated: New York, New York
_____, 2016

Honorable Sean H. Lane
United States Bankruptcy Judge

Schedule 1: Main Aircraft

<u>MAIN AIRCRAFT</u>								
<u>Notice Party</u>	<u>Debtor</u>	<u>Reg.</u>	<u>MSN</u>	<u>Aircraft Mfr. & Model</u>	<u>ESN #1</u>	<u>ESN #2</u>	<u>Aircraft Location</u>	<u>Effective</u>
NAC AVIATION 23 LIMITED Fifth Floor, Bedford Place Henry Street Limerick Ireland	Republic Airline Inc.	N338NG	4338	Bombardier DHC-8-402	PCE-FA0741	PCE-FA0739	Flybe Ltd. New Walker Hangar Exeter International Arpt. Exeter, Devon EX5 2BA United Kingdom	3/24/16
NAC AVIATION 23 LIMITED Fifth Floor, Bedford Place Henry Street Limerick Ireland	Republic Airline Inc.	N332NG	4332	Bombardier DHC-8-402	PCE-FA0460	PCE-FA0449	Flybe Ltd. New Walker Hangar Exeter International Arpt. Exeter, Devon EX5 2BA United Kingdom	3/24/16
NAC AVIATION 23 LIMITED Fifth Floor, Bedford Place Henry Street Limerick Ireland	Republic Airline Inc.	N336NG	4336	Bombardier DHC-8-402	PCE-FA0736	PCE-FA0457	Emery Air Inc. One Airport Drive Rockford, IL 61109	3/24/16
NAC AVIATION 23 LIMITED Fifth Floor, Bedford Place Henry Street Limerick Ireland	Republic Airline Inc.	N333NG	4333	Bombardier DHC-8-402	PCE-FA0454	PCE-FA0732	Flybe Ltd. New Walker Hangar Exeter International Arpt. Exeter, Devon EX5 2BA United Kingdom	3/24/16

<u>MAIN AIRCRAFT</u>								
<u>Notice Party</u>	<u>Debtor</u>	<u>Reg.</u>	<u>MSN</u>	<u>Aircraft Mfr. & Model</u>	<u>ESN #1</u>	<u>ESN #2</u>	<u>Aircraft Location</u>	<u>Effective</u>
NAC AVIATION 23 LIMITED Fifth Floor, Bedford Place Henry Street Limerick Ireland	Republic Airline Inc.	N345NG	4345	Bombardier DHC-8-402	PCE-FA0759	PCE-FA0761	Emery Air Inc. One Airport Drive Rockford, IL 61109	3/24/16
NAC AVIATION 23 LIMITED Fifth Floor, Bedford Place Henry Street Limerick Ireland	Republic Airline Inc.	N339NG	4339	Bombardier DHC-8-402	PCE-FA0787	PCE-FA0738	Emery Air Inc. One Airport Drive Rockford, IL 61109	4/1/2016
NAC AVIATION 23 LIMITED Fifth Floor, Bedford Place Henry Street Limerick Ireland	Republic Airline Inc.	N328NG	4328	Bombardier DHC-8-402	PCE-FA0731	PCE-FA0720	Emery Air Inc. One Airport Drive Rockford, IL 61109	3/24/16
NAC AVIATION 23 LIMITED Fifth Floor, Bedford Place Henry Street Limerick Ireland	Republic Airline Inc.	N34NG	4340	Bombardier DHC-8-402	PCE-FA0750	PCE-FA0447	Emery Air Inc. One Airport Drive Rockford, IL 61109	3/24/16
NAC AVIATION 23 LIMITED Fifth Floor, Bedford Place Henry Street Limerick Ireland	Republic Airline Inc.	N203WQ	4203	Bombardier DHC-8-402	PCE-FA0749	PCE-FA0476	Skyservice F.B.O. Inc. 6120 Midfield Road Mississauga, ON L5P 1B1 Canada	3/24/16
NAC AVIATION 23 LIMITED Fifth Floor, Bedford Place Henry Street Limerick Ireland	Republic Airline Inc.	N323NG	4323	Bombardier DHC-8-402	PCE-FA0711	PCE-FA0712	Skyservice F.B.O. Inc. 6120 Midfield Road Mississauga, ON L5P 1B1 Canada	3/24/16

<u>MAIN AIRCRAFT</u>								
<u>Notice Party</u>	<u>Debtor</u>	<u>Reg.</u>	<u>MSN</u>	<u>Aircraft Mfr. & Model</u>	<u>ESN #1</u>	<u>ESN #2</u>	<u>Aircraft Location</u>	<u>Effective</u>
NAC AVIATION 23 LIMITED Fifth Floor, Bedford Place Henry Street Limerick Ireland	Republic Airline Inc.	N342NG	4342	Bombardier DHC-8-402	PCE-FA0748	PCE-FA0753	Emery Air Inc. One Airport Drive Rockford, IL 61109	3/24/16
NAC AVIATION 23 LIMITED Fifth Floor, Bedford Place Henry Street Limerick Ireland	Republic Airline Inc.	N346NG	4346	Bombardier DHC-8-402	PCE-FA0756	PCE-FA0724	Emery Air Inc. One Airport Drive Rockford, IL 61109	3/24/16
NAC AVIATION 23 LIMITED Fifth Floor, Bedford Place Henry Street Limerick Ireland	Republic Airline Inc.	N356NG	4356	Bombardier DHC-8-402	PCE-FA0802	PCE-FA0801	Emery Air Inc. One Airport Drive Rockford, IL 61109	3/24/16
NAC AVIATION 23 LIMITED Fifth Floor, Bedford Place Henry Street Limerick Ireland	Republic Airline Inc.	N187WQ	4187	Bombardier DHC-8-402	PCE-FA0434	PCE-FA0445	Flybe Ltd. New Walker Hangar Exeter International Arpt. Exeter, Devon EX5 2BA United Kingdom	3/24/16
NAC AVIATION 23 LIMITED Fifth Floor, Bedford Place Henry Street Limerick Ireland	Republic Airline Inc.	N188WQ	4188	Bombardier DHC-8-402	PCE-FA0440	PCE-FA0459	Skyservice F.B.O. Inc. 6120 Midfield Road Mississauga, ON L5P 1B1 Canada	3/24/16

<u>MAIN AIRCRAFT</u>								
<u>Notice Party</u>	<u>Debtor</u>	<u>Reg.</u>	<u>MSN</u>	<u>Aircraft Mfr. & Model</u>	<u>ESN #1</u>	<u>ESN #2</u>	<u>Aircraft Location</u>	<u>Effective</u>
NAC AVIATION 23 LIMITED Fifth Floor, Bedford Place Henry Street Limerick Ireland	Republic Airline Inc.	N204WQ	4204	Bombardier DHC-8-402	PCE-FA0478	PCE-FA0221	Emery Air Inc. One Airport Drive Rockford, IL 61109	3/24/16
NAC AVIATION 23 LIMITED Fifth Floor, Bedford Place Henry Street Limerick Ireland	Republic Airline Inc.	N190WQ	4190	Bombardier DHC-8-402	PCE-FA0744	PCE-FA0456	Emery Air Inc. One Airport Drive Rockford, IL 61109	3/24/16
NAC AVIATION 23 LIMITED Fifth Floor, Bedford Place Henry Street Limerick Ireland	Republic Airline Inc.	N380NG	4380	Bombardier DHC-8-402	PCE-FA0838	PCE-FA0798	Flybe Ltd. New Walker Hangar Exeter International Arpt. Exeter, Devon EX5 2BA United Kingdom	3/24/16
NAC AVIATION 23 LIMITED Fifth Floor, Bedford Place Henry Street Limerick Ireland	Republic Airline Inc.	N191WQ	4191	Bombardier DHC-8-402	PCE-FA0467	PCE-FA0428	Skyservice F.B.O. Inc. 6120 Midfield Road Mississauga, ON L5P 1B1 Canada	3/24/16
NAC AVIATION 23 LIMITED Fifth Floor, Bedford Place Henry Street Limerick Ireland	Republic Airline Inc.	N213WQ	4213	Bombardier DHC-8-402	PCE-FA0236	PCE-FA0719	Skyservice F.B.O. Inc. 6120 Midfield Road Mississauga, ON L5P 1B1 Canada	4/1/16

<u>MAIN AIRCRAFT</u>								
<u>Notice Party</u>	<u>Debtor</u>	<u>Reg.</u>	<u>MSN</u>	<u>Aircraft Mfr. & Model</u>	<u>ESN #1</u>	<u>ESN #2</u>	<u>Aircraft Location</u>	<u>Effective</u>
NAC AVIATION 23 LIMITED Fifth Floor, Bedford Place Henry Street Limerick Ireland	Republic Airline Inc.	N214WQ	4214	Bombardier DHC-8-402	PCE-FA0472	PCE-FA0465	Skyservice F.B.O. Inc. 6120 Midfield Road Mississauga, ON L5P 1B1 Canada	4/1/16
NAC AVIATION 23 LIMITED Fifth Floor, Bedford Place Henry Street Limerick Ireland	Republic Airline Inc.	N195WQ	4195	Bombardier DHC-8-402	PCE-FA0426	PCE-FA0733	Emery Air Inc. One Airport Drive Rockford, IL 61109	3/24/16
NAC AVIATION 23 LIMITED Fifth Floor, Bedford Place Henry Street Limerick Ireland	Republic Airline Inc.	N209WQ	4209	Bombardier DHC-8-402	PCE-FA0466	PCE-FA0443	Emery Air Inc. One Airport Drive Rockford, IL 61109	3/24/16
NAC AVIATION 23 LIMITED Fifth Floor, Bedford Place Henry Street Limerick Ireland	Republic Airline Inc.	N202WQ	4202	Bombardier DHC-8-402	PCE-FA0431	PCE-FA0432	Skyservice F.B.O. Inc. 6120 Midfield Road Mississauga, ON L5P 1B1 Canada	4/1/16

Schedule 2: Other Aircraft

<u>Notice Party</u>	<u>Debtor</u>	<u>Reg.</u>	<u>MSN</u>	<u>Aircraft Mfr. & Model</u>	<u>ESN #1</u>	<u>ESN #2</u>	<u>Aircraft Location</u>	<u>Effective</u>
NAC 21 Fifth Floor, Bedford Place Henry Street Limerick Ireland	Republic Airline Inc.	N502LX	4168	Bombardier DHC-8-402	PCE- FA0381	PCE- FA0383	Emery Air Inc. One Airport Drive Rockford, IL 61109	3/24/16
NAC 21 Fifth Floor, Bedford Place Henry Street Limerick Ireland	Republic Airline Inc.	N508LX	4182	Bombardier DHC-8-402	PCE- FA0412	PCE- FA0413	Emery Air Inc. One Airport Drive Rockford, IL 61109	3/24/16
NAC 21 Fifth Floor, Bedford Place Henry Street Limerick Ireland	Republic Airline Inc.	N510LX	4186	Bombardier DHC-8-402	PCE- FA0422	PCE- FA0423	Emery Air Inc. One Airport Drive Rockford, IL 61109	3/24/16

Schedule 3: Assumed Agreements¹

Counterparties	Agreement Description	Proposed Cure Amount
SUBLEASE DOCUMENTS		
Flybe Limited Jack Walker House Exeter International Airport Exeter Devon EX5 2HL United Kingdom Attn: Company Secretary Fax: +44(0) 1392 266 772	Master Sublease Agreement, dated as of September 16, 2014 and amended and restated as of November 28, 2014, as supplemented by each Sublease Supplement	\$0
Flybe Limited Jack Walker House Exeter International Airport Exeter Devon EX5 2HL United Kingdom Attn: Company Secretary Fax: +44(0) 1392 266 772	Additional Agreement, dated as of September 16, 2014, and amended and restated as of November 28, 2014	\$0
Flybe Group plc Jack Walker House Exeter International Airport Exeter Devon EX5 2HL United Kingdom Attn: Company Secretary Fax: +44(0) 1392 266 772	Parent Guarantee, dated as of September 16, 2014	\$0

1. The inclusion of a Contract or Lease on this Schedule 3 does not constitute a determination that such Contract or Lease is an executory contract or unexpired lease under section 365 of the Bankruptcy Code. As such, Republic may take the position that any Contract or Lease on this Schedule 3 is not an executory contract or unexpired lease. References to all Contracts and Leases listed on this Schedule 3 include any and all amendments, modifications or replacements related thereto, and any and all related agreements. Republic reserves the right to amend this Schedule 3 to add or remove Contracts or Leases, or to amend the Cure amount for any Contract or Lease.

Counterparties	Agreement Description	Proposed Cure Amount
VENDOR CONTRACTS		
Pratt & Whitney Canada Corp. 1000 Marie-Victorin (01ES4) Longueuil, Quebec, J4G 1A1 Canada	Term Cost Program No. GS12-0032, dated as of May 1, 2012, between P&WC and Republic, as amended by Amendment No. 1 to Term Cost Program GS12-0032, dated as of November 12, 2012 and Amendment No. 2 to Term Cost Plan No. GS12-0032, dated as of March 31, 2015, as amended and restated by Amended and Restated Term Cost Program dated as of March 31, 2015 and Amendment No. 1 to the Amended and Restated Term Cost Plan dated December 31, 2015	\$400,805.57
Bombardier Inc. 400 Cote Vertu Road West Dorval Quebec, Canada H4S 1Y9	Smart Parts Program Q400 (SPQ400) Agreement dated August 2, 2012	\$961,829.29
GE Aviation Systems Limited, trading as Dowty Propellers Anson Business Park Cheltenham Road East Gloucester, GL2 9QN Flybe Ltd. Jack Walker House Exeter International Airport Exeter Devon EX5 2HL United Kingdom Attn: Company Secretary Fax: +44(0) 1392 266 772	Repair and Overhaul Agreement dated November 16, 2012	\$47,586.37
Pratt & Whitney Canada Corp. A United Technologies Company (f/k/a Hamilton Sunstrand Corporation) 1000 Marie-Victorin (Mail Stop 01PM4) Longueuil, Quebec J4G 1A1	Maintenance Support Agreement No. 12-MSA-291 dated August 1, 2012	\$37,759.60

Counterparties	Agreement Description	Proposed Cure Amount
Emery Air Inc. Once Airport Circle Rockford, IL 61109	Aircraft Maintenance Services Agreement	\$1,508,200.04
Skyservice F.B.O. Inc. 6120 Midfield Road Mississauga, IN L5P 1B1	Dash 8-Q400 – FAA to EASA Modifications	\$28,979.10
Goodrich Corporation A UTC Aerospace Corporation 101 Waco Street Troy OH 45373	Dash 8-400 Charge-Per-Aircraft-Landing Agreement	\$26,061.01
Dunlop Aircraft Tyres Limited 40 Fort Parkway Edington, Brimingham B24 9HL	Cost Per Aircraft Landing Proposal and Agreement, dated August 1, 2012 (as amended and supplemented and in effect)	\$9,619.12
Global Aerospace Corporation 7075 Fir Tree Drive Mississauga, IN L5S 1 J7	Q400 Landing Gear Service Level Agreement dated January 1, 2012	\$67,749.00
GKN Aerospace Services C/O Hutchinson Aerospace 4510 Van Owen Street Burbank, CA 91505	Maintenance Agreement	\$75,962.00