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*Proposed Attorneys for the Debtors
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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-_____ (___)**
Debtors.¹ : **(Joint Administration Pending)**

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**DEBTORS' MOTION PURSUANT TO 11 U.S.C. §§ 105(a), 362(d), 363(b) & 365(a) FOR
ENTRY OF INTERIM AND FINAL ORDERS (i) AUTHORIZING DEBTORS (A) TO
ASSUME CLEARINGHOUSE AGREEMENTS *NUNC PRO TUNC* TO THE
COMMENCEMENT DATE AND (B) IMMEDIATELY SATISFY CERTAIN RELATED
PREPETITION SETTLEMENT OBLIGATIONS, (ii) MODIFYING THE AUTOMATIC
STAY, AND (iii) AUTHORIZING AND DIRECTING FINANCIAL INSTITUTIONS TO
HONOR AND PROCESS RELATED CHECKS AND TRANSFERS**

1. The Debtors in these chapter 11 cases are the following entities: Republic Airways Services, Inc.; Shuttle America Corporation; Republic Airline Inc.; Republic Airways Holdings Inc.; Midwest Air Group, Inc.; Midwest Airlines, Inc.; and Skyway Airlines, Inc. The Debtors' employer tax identification numbers and addresses are set forth in their respective chapter 11 petitions.

TO THE HONORABLE UNITED STATES BANKRUPTCY JUDGE:

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

Background

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

2. Contemporaneously herewith, the Debtors have filed a motion requesting joint administration of their chapter 11 cases for procedural purposes only pursuant to rule 1015(b) of the Federal Rules of Bankruptcy Procedure.

Republic's Business

3. RAH is a holding company whose common stock is traded on the NASDAQ under the symbol "RJET." RAH provides scheduled regional passenger services through its wholly-owned operating air carrier subsidiaries, Shuttle America Corporation ("Shuttle America") and Republic Airline Inc. ("Republic Airline"). Republic offers approximately 1,000 flights daily to 105 cities in 38 states, Canada, the Caribbean, and the Bahamas through Republic's fixed-fee code-share agreements with United Continental Holdings, Inc. ("United"), Delta Air Lines, Inc. ("Delta"), and American Airlines Group, Inc. ("American," and collectively with United and Delta, the "Codeshare Partners"), operating under the designations of United Express, Delta Connection, and American Eagle, including service out of

the Codeshare Partners' respective hubs and focus cities. Republic's operational fleet consists of approximately 230 aircraft.

4. As of January 31, 2016, on a consolidated basis, Republic had assets and liabilities of \$3,561,000,000 and \$2,971,000,000 (unaudited). For the year ended December 31, 2015, on a consolidated basis, Republic had operating revenue of \$1,343,900,000, operating expenses of \$1,259,200,000, and a net loss of \$27,117,000 (unaudited). In 2015, Republic carried 21,900,000 passengers an average of 479 miles per passenger, with a passenger load factor of 79.2%.

5. Detailed information regarding Republic's business, capital structure, and the circumstances leading to the commencement of these chapter 11 cases is set forth in the Declaration of Bryan K. Bedford Pursuant to Local Bankruptcy Rule 1007-2, filed with the Court on the Commencement Date.

Jurisdiction

6. This Court has jurisdiction to consider this matter pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

The Clearinghouse Agreements

7. The airline business is an interdependent industry that relies upon a network of complex agreements governing virtually all aspects of air travel and airline operations. Without agreements for coordination between airlines and airline services, efficient service by the airline industry to the traveling public would be virtually impossible. Among other things, such agreements facilitate cooperation among airlines with respect to transactions for providing and obtaining essentials such as maintenance services and critical parts. To effectuate these transactions, Republic, other airline participants, and nonairline third-party

participants (the “Third-Party Participants”) are party to the industry-standard clearinghouse agreements identified on Exhibit A hereto (the “Clearinghouse Agreements”), which provide for the settlement of the resulting obligations that are owed among the airline participants (the “Airline Clearing Transactions”) as well as with the Third-Party Participants. These settlements occur through the International Air Transport Association Clearinghouse (“IATA”) and the Airlines Clearing House, Inc. (“ACH”) (the “Clearinghouses”), which are akin to industrywide cooperative services for which there is no readily available alternative.

8. Specifically, each Clearinghouse aggregates billings from its participants to Republic, and from Republic to other participants, and calculates a net balance. For any given week, based upon the net balance of the billings, Republic may be required to make net payments to the other participants in the Clearinghouses, or Republic may be entitled to receive net payments from the other participants in the Clearinghouses. In a given week, Republic’s payments or receipts can approximate up to \$50,000.

9. Settlement among Clearinghouse participants for billings attributable to transactions in any particular week occurs the following week and is based on unaudited (and in some cases estimated) billings. As a result, billings that have been settled through the Clearinghouses remain subject to audit and adjustments under rejection/chargeback, rebilling, and dispute resolution procedures set forth in applicable Clearinghouse rules.

Relief Requested

10. The Clearinghouse Agreements, and specifically, the Airline Clearing Transactions, are essential to the preservation of the going concern value of Republic’s business, as any disruption in continuity may well result in irreparable harm to Republic’s ability to maintain its essential relationships with its Codeshare Partners and other airlines.

11. Accordingly, by this motion, Republic seeks entry of an order pursuant to 11 U.S.C. §§ 105(a), 362(d), 363(b), and 365(a) authorizing Republic to assume the Clearinghouse Agreements *nunc pro tunc* to the Commencement Date, and pending the Court's determination of such assumptions following a final hearing thereon, authorizing Republic to honor its prepetition obligations under the Clearinghouse Agreements with respect to Airline Clearing Transactions and to continue performing and exercising its respective rights and obligations (whether prepetition or postpetition) in the ordinary course of business. Republic also requests that the Court modify the automatic stay solely to the extent necessary to enable the airline counterparties to participate in routine billings and settlements in accordance with the Clearinghouse Agreements. In addition, Republic requests that the Court authorize and direct the banks and other financial institutions at which Republic maintains disbursement accounts, including without limitation the banks and other financial institutions identified on Schedule 1 to the proposed interim order attached hereto (the "Banks"), to receive, process, honor, and pay, at Republic's direction and to the extent of funds on deposit or otherwise available therefor, any and all checks drawn or automatic or electronic fund transfers requested or to be requested related to the foregoing. For the avoidance of doubt, by this motion, Republic does not (i) request authority to satisfy any prepetition obligations to the nonairline Third Party Participants that would otherwise be processed through the Clearinghouses or (ii) seek to assume any underlying agreements, irrespective of whether such underlying agreements are with airlines or with Third Party Participants.

Assumption of the Clearinghouse Agreements

12. Republic submits that its prompt assumption of the Clearinghouse Agreements, which are critical to its business, is necessary and appropriate. The worldwide

airline business is an interdependent industry based upon a vast global network of agreements that govern virtually all aspects of air travel and airline operations. Without agreements for coordination between airlines and airline services, efficient service by the domestic and international airline industry would be virtually impossible. Any interruption or cessation of Republic's ability to make and receive payments through the Clearinghouses could precipitate a disruption in performance under other agreements, including its code-share agreements, resulting in a material adverse effect on Republic's business and prospects for a successful reorganization.

13. Republic believes that it is not in monetary default under any of the Clearinghouse Agreements. To the extent any other amounts are required to be paid thereunder in order to effect assumption, Republic believes that such amounts are *de minimis* and would not exceed \$10,000.

14. Section 365(a) of the Bankruptcy Code provides that a debtor in possession "subject to the court's approval, may assume or reject any executory contract or unexpired lease of the debtor." The Court of Appeals for the Second Circuit has stated that "[t]he purpose behind allowing the assumption or rejection of executory contracts is to permit the trustee or debtor in possession to use valuable property of the estate and to 'renounce title to and abandon burdensome property.'" *Orion Pictures Corp. v. Showtime Networks, Inc. (In re Orion Pictures Corp.)*, 4 F.3d 1095, 1098 (2d Cir. 1993) (quoting 2 Collier on Bankruptcy ¶ 365.01[1] (15th ed. 1993)).

15. The decision whether to assume or reject a contract or lease is an exercise of the debtor's business judgment. *See Orion Pictures*, 4 F.3d at 1099; *Nostas Assoc. v. Costich (In re Klein Sleep Prods., Inc.)*, 78 F.3d 18, 21 (2d Cir. 1996); *In re Penn Traffic Co.*, 322 B.R. 63, 68 (Bankr. S.D.N.Y. 2005) ("It is well established that the decision whether to assume or

reject an executory contract under section 365(a) is a matter of business judgment to be exercised in the best interests of the debtor in possession and its creditors.”). A debtor’s decision to assume an executory contract based on its business judgment will generally not be disturbed “absent a showing of bad faith or abuse of business discretion.” *In re Chipwich, Inc.*, 54 B.R. 427, 430-31 (Bankr. S.D.N.Y. 1985). Upon finding that the debtor has exercised its sound business judgment in determining that the assumption of an agreement is in the best interests of the debtor and its estate, the court should approve the assumption under section 365(a) of the Bankruptcy Code. *See, e.g., In re Gucci*, 193 B.R. 411, 415 (S.D.N.Y. 1996); *In re Child World, Inc.*, 142 B.R. 87, 89 (Bankr. S.D.N.Y. 1992).

16. Republic submits that its assumption of the Clearinghouse Agreements is critical to its continued business operations, that it is fully capable of performing thereunder, and that the proposed assumptions are an exercise of Republic’s sound business judgment and should be approved.²

17. Because there are no monetary defaults under the Clearinghouse Agreements, adequate assurance of Republic’s future performance thereunder is not required. *See* 11 U.S.C. § 365(b)(1)(C); *In re Partridge, Jr. & Sons*, 43 B.R. 669, 671 (Bankr. S.D.N.Y. 1984) (cure and adequate assurance requirements are “inapplicable if no default exists, in which case the contract or unexpired lease may be assumed without the debtor having to provide adequate assurances to the creditor”). In any event, adequate assurance of future performance is provided because Republic has access to sufficient liquidity with which to satisfy its operating expenses.

2. *See, e.g., In re AMR Corp.*, No. 11-15463 (Bankr. S.D.N.Y. Dec. 22, 2011); *In re Northwest Airlines Corp.*, No. 05-17930 (Bankr. S.D.N.Y. Oct. 7, 2005); *In re Hawaiian Airlines, Inc.*, No. 03-00817 (Bankr. D. Haw. Mar. 24, 2003); *In re UAL Corp.*, No. 02-48191 (Bankr. N.D. Ill. Dec. 11, 2002).

**The Interim Relief Requested
Is Necessary And Appropriate**

18. Republic further submits that pending the Court's determination of Republic's request to assume the Clearinghouse Agreements, Republic should be authorized to honor and pay its prepetition Airline Clearing Transaction obligations to the extent such obligations historically have been settled through the Clearinghouses and should be subject to the normal payment reconciliation process thereunder, all without prejudice to Republic's rights to contest all or a portion of a settlement or payment on any grounds. Republic receives substantial benefits from its relationships with other airlines (including the Codeshare Partners) that settle through the Clearinghouses and intends to continue performance under the Clearinghouse Agreements postpetition in the ordinary course of business.

19. Section 363(b)(1) of the Bankruptcy Code empowers the Court to allow the debtor to "use, sell, or lease, other than in the ordinary course of business, property of the estate." Debtors' decisions to use, sell or lease assets outside the ordinary course of business must be based upon the sound business judgment of the debtor. *See Official Comm. of Unsecured Creditors of LTV Aerospace & Defense Co. v. LTV Corp. (In re Chateaugay Corp.)*, 973 F.2d 141, 143 (2d Cir. 1992) (holding that a judge determining a section 363(b) application must find from the evidence presented before him a good business reason to grant such application); *see also Comm. of Equity Sec. Holders v. Lionel Corp. (In re Lionel Corp.)*, 722 F.2d 1063, 1071 (2d Cir. 1983) (same); *In re Global Crossing Ltd.*, 295 B.R. 726, 743 (Bankr. S.D.N.Y. 2003); *In re Ionosphere Clubs, Inc.*, 100 B.R. 670, 675 (Bankr. S.D.N.Y. 1989) (noting that the standard for determining a section 363(b) motion is "good business reason").

20. The business judgment rule is satisfied "when the following elements are present: (1) a business decision, (2) disinterestedness, (3) due care, (4) good faith, and (5)

according to some courts and commentators, no abuse of discretion or waste of corporate assets.” *Official Comm. of Subordinated Bondholders v. Integrated Res., Inc. (In re Integrated Res., Inc.)*, 147 B.R. 650, 656 (S.D.N.Y. 1992), *appeal dismissed*, 3 F.3d 49 (2d Cir. 1993) (internal quotations omitted). In fact, “[w]here the debtor articulates a reasonable basis for its business decisions (as distinct from a decision made arbitrarily or capriciously), courts will generally not entertain objections to the debtor’s conduct.” *Comm. of Asbestos-Related Litigants and/or Creditors v. Johns-Manville Corp. (In re Johns-Manville Corp.)*, 60 B.R. 612, 616 (Bankr. S.D.N.Y. 1986). Courts in this district have consistently refused to interfere with corporate decisions absent a showing of bad faith, self-interest, or gross negligence, and will uphold a board’s decisions as long as they are attributable to any “rational business purpose.” *In re Integrated Res. Inc.*, 147 B.R. at 656.

21. Moreover, the Court has the authority, pursuant to its equitable powers under section 105(a) of the Bankruptcy Code, to authorize Republic to honor its prepetition Airline Clearing Transaction obligations under the Clearinghouse Agreements because payments of such obligations are necessary for the Debtors to carry out their fiduciary duties under section 1107(a) of the Bankruptcy Code. Section 1107(a) “contains an implied duty of the debtor-in-possession” to act as a fiduciary to “protect and preserve the estate, including an operating business’ going-concern value,” on behalf of the debtor’s creditors and other parties in interest. *In re CEI Roofing, Inc.*, 315 B.R. 50, 59 (Bankr. N.D. Tex. 2004) (quoting *In re CoServ, L.L.C.*, 273 B.R. 487, 497 (Bankr. N.D. Tex. 2002)); *see also Unofficial Comm. of Equity Holders v. McManigle (In re Penick Pharm., Inc.)*, 227 B.R. 229, 232-33 (Bankr. S.D.N.Y. 1998) (“upon filing its petition, the Debtor became debtor in possession and, through its management . . . was burdened with the duties and responsibilities of a bankruptcy trustee”). Section 105(a) of the

Bankruptcy Code empowers the Court to “issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of” the Bankruptcy Code. *See Schwartz v. Aquatic Dev. Group, Inc. (In re Aquatic Dev. Group, Inc.)*, 352 F.3d 671, 680 (2d Cir. 2003) (“it is axiomatic that bankruptcy courts are ‘courts of equity, empowered to invoke equitable principles to achieve fairness and justice in the reorganization process’”) (quoting *In re Momentum Mfg. Corp.*, 25 F.3d 1132, 1136 (2d Cir. 1994)).

22. In a long line of well-established cases, courts consistently have permitted postpetition payment of prepetition obligations where necessary to preserve or enhance the value of a debtor’s estate for the benefit of all creditors. *See, e.g., Miltenberger v. Logansport, C&S W.R. Co.*, 106 U.S. 286, 312 (1882) (payment of pre-receivership claim prior to reorganization permitted to prevent “stoppage of [crucial] business relations”); *Dudley v. Mealey*, 147 F.2d 268, 271 (2d Cir. 1945) (extending doctrine for payment of prepetition claims beyond railroad reorganization cases), *cert. denied* 325 U.S. 873 (1945); *Mich. Bureau of Workers’ Disability Comp. v. Chateaugay Corp. (In re Chateaugay Corp.)*, 80 B.R. 279, 285-86 (S.D.N.Y. 1987) (approving lower court order authorizing payment of prepetition wages, salaries, expenses, and benefits).

23. This “doctrine of necessity” functions in a chapter 11 reorganization as a mechanism by which the Court can exercise its equitable power to allow payment of critical prepetition claims not explicitly authorized by the Bankruptcy Code. *See In re Boston & Me. Corp.*, 634 F.2d 1359, 1382 (1st Cir. 1980) (recognizing “existence of a judicial power to authorize trustees . . . to pay claims [for] goods and services indispensably necessary” to debtors’ continued operation); *In re Structurelite Plastics Corp.*, 86 B.R. 922, 931 (Bankr. S.D. Ohio 1988) (“a *per se* rule proscribing the payment of pre-petition indebtedness may well be too

inflexible to permit the effectuation of the rehabilitative purposes of the [Bankruptcy] Code”). The rationale for the doctrine of necessity is consistent with the paramount goal of chapter 11: “facilitating the continued operation and rehabilitation of the debtor.” *In re Ionosphere Clubs, Inc.*, 98 B.R. 174, 176 (Bankr. S.D.N.Y. 1989).

24. Republic submits that the requested relief represents a sound exercise of Republic’s business judgment and is justified under sections 363(b) and 105(a) of the Bankruptcy Code. The amounts to be settled under the Clearinghouse Agreements are *de minimis* in the context of Republic’s overall business, and their satisfaction will contribute greatly to the value of the estates. As a practical matter, Republic does not have competing suppliers and providers to substitute for the vital functions provided by the Clearinghouses. As explained above, the relief requested will promote the continued operation of Republic’s business on an uninterrupted basis. Failure to honor the prepetition Airline Clearing Transactions will jeopardize Republic’s business relationships with important airline counterparties, including the Codeshare Partners. Accordingly, the relief requested herein is necessary and appropriate and will serve to maximize value for the benefit of Republic, its estates, and all parties in interest.

Limited Modification of the Automatic Stay

25. The Clearinghouse Agreements provide for an ongoing mutual billing, settlement, and adjustment process. Republic submits that modification of the automatic stay, to the extent necessary to enable the airline counterparties to those agreements to participate in routine billings, settlements, and adjustments with respect to the Airline Clearing Transactions in accordance with the terms of the Clearinghouse Agreements, will aid in effectuating the interim relief requested and is appropriate and warranted as it will ensure that Republic’s business will operate smoothly and on an uninterrupted basis. *See, e.g., In re Pinnacle Airlines Corp.*, case

No. 12-11343 (REG) (Bankr. S.D.N.Y. Apr. 23, 2012); *In re AMR Corp.*, Case No. 11-15643 (SHL) (Bankr. S.D.N.Y. Nov. 30, 2011); *In re Frontier Airlines Holdings, Inc.*, Case No. 08-11298 (RDD) (Bankr. S.D.N.Y. Apr. 14, 2008); *In re Delta Air Lines, Inc.*, Case No. 05-17923 (PCB) (Bankr. S.D.N.Y. Sept. 16, 2005).

**Request for Authority for Financial Institutions
to Honor and Process Related Checks and Transfers**

26. Republic requests that the Court authorize and direct the banks and other financial institutions at which Republic maintains disbursement accounts, including without limitation, the banks and other financial institutions identified on Schedule 1 to the proposed order (the “Banks”) to receive, process, honor, and pay, at Republic’s direction and to the extent of funds on deposit or otherwise available, any and all checks drawn, or automatic or other electronic fund transfers requested or to be requested by Republic relating to the Airline Clearing Transactions. Republic also seeks authority to issue new postpetition checks or effect new automatic or other electronic fund transfers on account of such obligations to replace any prepetition checks or fund transfer requests that may be lost, dishonored, or rejected as a result of the commencement of these chapter 11 cases.

Necessity for Immediate Relief

27. Fed. R. Bankr. P. 6003 provides that to the extent “relief is necessary to avoid immediate and irreparable harm,” a Bankruptcy Court may approve a motion to “pay all or part of a claim that arose before the filing of the petition” prior to twenty-one days after the Commencement Date. If Republic is not permitted to honor its prepetition Airline Clearing Transaction obligations on an uninterrupted basis under the terms of the Clearinghouse Agreements, it would cause immediate and irreparable harm by disrupting the necessary operational arrangements between Republic and the other airline participants. It may well also

result in stranded planes and passengers. Accordingly, Republic submits that the relief requested is necessary to avoid immediate and irreparable harm, and therefore, Fed. R. Bankr. P. 6003 is satisfied.

Request for Waiver of Stay

28. To implement the foregoing immediately, Republic seeks a waiver of the notice requirements under Fed. R. Bankr. P. 6004(a) and the fourteen-day stay of an order authorizing the use, sale, or lease of property under rule 6004(h).

Notice

29. Notice of this motion is being provided to (i) the Office of the United States Trustee for the Southern District of New York, (ii) the holders of the ten largest secured claims against Republic (on a consolidated basis), (iii) the holders of the forty largest unsecured claims against Republic (on a consolidated basis), (iv) the attorneys for the agents under Republic's prepetition revolving credit facilities, (v) the attorneys for Republic's Mainline Airline Partners, (vi) the International Brotherhood of Teamsters, (vii) the Securities and Exchange Commission, (viii) the Internal Revenue Service, (ix) the Office of the United States Attorney for the Southern District of New York, (x) the Clearinghouses, and (xi) the Banks. Republic submits that, in view of the facts and circumstances, such notice is sufficient and no other or further notice need be given.

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

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

Dated: New York, New York
February 25, 2016

/s/ Bruce R. Zirinsky

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*Proposed Attorneys for the Debtors and
Debtors in Possession*

Exhibit A

Clearinghouse Agreements

- IATA Clearing House Membership (Member of the IATA Clearing House)
- IATA Currency Clearance Service
- Agreement Relating to the Settlement of Interline Accounts through Airlines Clearing House, Inc.

**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-_____ (___)**
Debtors.¹ : **(Joint Administration Pending)**

-----x

INTERIM ORDER PURSUANT TO 11 U.S.C. §§ 105(a), 362(d) & 363(b)
**(i) AUTHORIZING DEBTORS IMMEDIATELY SATISFY CERTAIN PREPETITION
SETTLEMENT OBLIGATIONS UNDER CLEARINGHOUSE AGREEMENTS,**
**(ii) MODIFYING THE AUTOMATIC STAY, AND (iii) AUTHORIZING AND
DIRECTING FINANCIAL INSTITUTIONS TO HONOR AND PROCESS
RELATED CHECKS AND TRANSFERS**

A hearing having been held on _____, 2016 (the “Hearing”) to consider the motion, dated February 25, 2016 (the “Motion”),² of Republic Airways Holdings Inc. (“RAH”) and certain of its wholly-owned direct and indirect subsidiaries, as debtors and debtors in possession in the above-captioned chapter 11 cases (collectively with RAH, “Republic” or the “Debtors”), pursuant to sections 105(a), 362(d), 363(b) and 365(a) of title 11, United States Code (the “Bankruptcy Code”), for entry of an order (i) authorizing Republic to (a) assume the Clearinghouse Agreements *nunc pro tunc* to the Commencement Date and (b) immediately satisfy certain related prepetition settlement obligations, (ii) modifying the automatic stay, and (iii) authorizing and directing financial institutions to honor and process related checks and transfers, all as more fully set forth in the Motion; and the Declaration of Bryan K. Bedford

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1. The Debtors in these chapter 11 cases are the following entities: Republic Airways Services, Inc.; Shuttle America Corporation; Republic Airline Inc.; Republic Airways Holdings Inc.; Midwest Air Group, Inc.; Midwest Airlines, Inc.; and Skyway Airlines, Inc. The Debtors’ employer tax identification numbers and addresses are set forth in their respective chapter 11 petitions.
 2. Capitalized terms not otherwise herein defined shall have the meanings ascribed to them in the Motion.

Pursuant to Local Bankruptcy Rule 1007-2 (the “Bedford Declaration”) having been filed with the Court contemporaneously with the Motion; and the Court having jurisdiction to consider the Motion and the relief requested therein in accordance with 28 U.S.C. §§ 157 and 1334 and the Amended Standing Order of Reference M-431, dated January 31, 2012 (Preska, C.J.); and consideration of the Motion and the relief requested therein being a core proceeding pursuant to 28 U.S.C. § 157(b); and venue being proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; and due and sufficient notice of the Motion having been provided to (i) the Office of the United States Trustee for the Southern District of New York, (ii) the holders of the ten largest secured claims against Republic (on a consolidated basis), (iii) the holders of the forty largest unsecured claims against Republic (on a consolidated basis), (iv) the attorneys for the agents under Republic’s prepetition revolving credit facilities, (v) the attorneys for Republic’s Mainline Airline Partners, (vi) the International Brotherhood of Teamsters, (vii) the Securities and Exchange Commission, (viii) the Internal Revenue Service, (ix) the Office of the United States Attorney for the Southern District of New York, (x) the Clearinghouses, and (xi) the Banks (collectively, the “Notice Parties”) and it appearing that no other or further notice need be given; and upon the Motion, the papers in support thereof and the responses thereto, if any, the Bedford Declaration, the record of the Hearing, and all of the proceedings had before the Court; and the Court having found and determined that the relief sought in the Motion is an exercise of Republic’s sound business judgment, is necessary to avoid immediate and irreparable harm to Republic and its estates as contemplated by Fed. R. Bankr. P. 6003, and is in the best interests of Republic, its estates, creditors, and all parties in interest, and that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and after due deliberation and sufficient cause appearing therefor, it is

ORDERED that the Motion is hereby granted on an interim basis as set forth herein; and it is further

ORDERED that, pursuant to sections 105(a) and 363(b) of the Bankruptcy Code, Republic is authorized to honor, pay, or otherwise satisfy its prepetition Airline Clearing Transaction obligations under the Clearinghouse Agreements and to continue to perform and exercise its rights and obligations under the Clearinghouse Agreements in the ordinary course of business with respect thereto; and it is further

ORDERED that nothing in this Order shall be deemed to authorize (i) Republic to satisfy any prepetition obligations to nonairline Third Party Participants or (b) Republic's assumption of any executory contract or unexpired lease pursuant to section 365 of the Bankruptcy Code and all of Republic's rights with respect thereto are expressly preserved; and it is further

ORDERED that the pursuant to section 362(d) of the Bankruptcy Code, the automatic stay is hereby modified solely to the extent necessary to enable Republic and the airline counterparties to the Clearinghouse Agreements to participate, in the ordinary course of business, in routine billings, settlements, and adjustments with respect to the Airline Clearing Transactions in accordance with the terms and conditions of the Clearinghouse Agreements, whether arising prior to the commencement of Republic's chapter 11 cases or thereafter; and it is further

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

related to the Airline Clearing Transactions, whether those checks were presented, or fund transfers initiated, before or after the Commencement Date; and it is further

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

ORDERED that the notice procedures set forth herein are good and sufficient notice and satisfy Fed. Bankr. R. P. 6006 and 9014 and Local Bankruptcy Rules 6006-1(a) and 9006-1 by providing appropriate notice and an opportunity to object and be heard at a hearing; and it is further

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

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

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

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

ORDERED that the hearing to consider the relief requested in the Motion on a final basis shall be held on _____, 2016 at __:__ .m. (**Eastern Time**), and any objections or responses to the Motion and entry of an order granting the relief requested on a final basis shall be in writing, filed with the Court in accordance with local rules and orders of the Court, and served upon (i) the proposed attorneys for the Debtors, Zirinsky Law Partners PLLC, 375 Park Avenue, Suite 2607, New York, New York 10152 (Attn: Bruce R. Zirinsky, Esq.

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

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

ORDERED that Republic is authorized to take all steps necessary to carry out this Order; and it is further

ORDERED that this Court shall retain jurisdiction to hear and determine all matters arising from or related to the implementation, interpretation, or enforcement of this Order.

Dated: New York, New York
_____, 2016

United States Bankruptcy Judge

Schedule 1

Banks and Other Financial Institutions

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