

**Hearing Date & Time: April 21, 2016 at 9:00 a.m. (Eastern Time)**

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

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<b>In re</b>	: <b>Chapter 11</b>
<b>REPUBLIC AIRWAYS HOLDINGS INC., et al.,</b>	: <b>Case No. 16-10429 (SHL)</b>
<b>Debtors.<sup>1</sup></b>	: <b>(Jointly Administered)</b>
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**NOTICE OF REVISED PROPOSED ORDER GRANTING DEBTORS'  
MOTION FOR ENTRY OF AN ORDER PURSUANT TO 11 U.S.C. §§ 105, 361,  
362(d)(1), 363(b), 364(c)(1), 364(c)(2), 364(c)(3), 364(d), 364(e), 503(b)(1) AND  
507(b) AND FED. R. BANKR. P. 4001 AND 6004 (I) AUTHORIZING DEBTORS  
TO OBTAIN POSTPETITION FINANCING, (II) GRANTING LIENS AND  
PROVIDING SUPERPRIORITY ADMINISTRATIVE EXPENSE STATUS,  
(III) MODIFYING THE AUTOMATIC STAY AND (IV) GRANTING  
RELATED RELIEF**

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

**PLEASE TAKE NOTICE** that on March 24, 2016, 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, the “Debtors”), filed with this Court *Debtors’ Motion for Entry of an Order Pursuant to 11 U.S.C. §§ 105, 361, 362(d)(1), 363(b), 364(c)(1), 364(c)(2), 364(c)(3), 364(d), 364(e), 503(b)(1) and 507(b) and Fed. R. Bankr. P. 4001 and 6004 (I) Authorizing Debtors to Obtain Postpetition Financing, (II) Granting Liens and Providing Superpriority Administrative Expense Status, (III) Modifying the Automatic Stay and (IV) Granting Related Relief* [ECF No. 246] (the “Motion”).

**PLEASE TAKE FURTHER NOTICE** that a revised proposed order granting the relief requested in the Motion is attached hereto as Exhibit A. Attached hereto as Exhibit B is a blackline reflecting the proposed changes to the version attached to the Motion.

Dated: New York, New York  
April 20, 2016

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Attorneys for the Debtors and  
Debtors in Possession

**Exhibit A**

**Revised Proposed Order**

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

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

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

A hearing having been held on April 21, 2016 (the "Hearing") to consider the motion (the "Motion")<sup>2</sup> dated March 24, 2016 of Republic Airways Holdings Inc. ("RAH"), and its wholly-owned direct and indirect subsidiaries that are debtors and debtors in possession in the above-captioned chapter 11 cases (collectively with RAH, "Republic" or the "Debtors"), seeking this Court's authorization pursuant to sections 105, 361, 362(d)(1), 363(b), 364(c)(1), 364(c)(2), 364(c)(3), 364(d), 364(e), 503(b)(1) and 507(b) of title 11 of the United States Code, 11 U.S.C. § 101, *et seq.* (the "Bankruptcy Code") and Rules 2002, 4001 and 6004 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules") and the local rules for the Bankruptcy Court for the Southern District of New York (the "Local Bankruptcy Rules"), for (i) the Debtors to obtain postpetition financing (the "DIP Financing") under a commitment of \$75,000,000 on a secured

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1. The Debtors in these chapter 11 cases (these "Chapter 11 Cases") are the following entities: Republic Airways Holdings Inc.; Republic Airways Services, Inc.; Republic Airline Inc.; Shuttle America Corporation; Midwest Air Group, Inc.; Midwest Airlines, Inc.; and Skyway Airlines, Inc. The Debtors' employer tax identification numbers and addresses are set forth in their respective chapter 11 petitions.
  2. Capitalized terms not otherwise defined herein have the meanings given them in the Motion or the DIP Credit Agreement.

and first priority basis, pursuant to that certain Senior Secured Super-Priority Debtor-In-Possession Credit Agreement (the “DIP Credit Agreement”) between RAH, as borrower, the other Debtors, as guarantors, Delta Air Lines, Inc. (“Delta”) as administrative agent, and Delta as lender (in such capacity, and including any permitted assignee thereof, the “Lender”) substantially in the form filed with this Court [ECF No. [•]] and any related instruments, documents, supplements and agreements that may be reasonably necessary or desirable to implement the DIP Credit Agreement (together with the DIP Credit Agreement, and all exhibits, schedules and related documents, the “Agreements”), (ii) all direct and indirect subsidiaries of the Borrower that are Debtors (collectively, the “Guarantors”) to guaranty the Borrower’s obligations in connection with the Agreements, (iii) the Debtors to grant to the Lender first priority liens against, and security interests in, subject to the Carve-Out (as defined below), (a) one (1) Embraer E170 regional jet aircraft, equipped with two (2) General Electric CF34-8 engines, as set forth on Schedule 1 to this Order, (b) two (2) Embraer E145 regional jet aircraft, equipped with four (4) Rolls-Royce AE3007 engines as set forth on Schedule 1 to this Order, (c) ten (10) CFM34-8 engines as set forth on Schedule 2 to this Order and (d) all other unencumbered assets of the Debtors ((a) through (d), collectively, the “First-Priority Collateral”), to secure all “Obligations” (as defined in the DIP Credit Agreement), (iv) the Debtors to grant to the Lender junior liens, subject to the Carve-Out, on all tangible and intangible property of the Debtors that is subject to valid, perfected and unavoidable liens in existence on the Commencement Date (as defined herein) other than the Slot Collateral (as defined herein) and the Excluded Collateral (as defined herein) (such property, the “Second-Priority Collateral”) to secure the Obligations, (v) the Debtors to grant to the Lender a first-priority priming lien, subject to the Carve-Out, on fifteen (15) specified individual LaGuardia Airport arrival and departure

slots as set forth on Schedule 3 to this Order (the “Slot Collateral”) that are subject to a lien of Delta, as lessee (in such capacity, the “Lessee”) in such Slot Collateral under that certain Amended and Restated LaGuardia Slot Agreement dated as of March 23, 2016 by and among Delta, Republic Airline Inc. (“RAI”) and RAH and that certain LaGuardia Slot Agreement dated as of April 15, 2015 by and among Delta and RAI to secure the Obligations; (vi) the Debtors to grant to the Lender, subject to the Carve-Out, a superpriority administrative expense claim with respect to the Obligations; (vii) authorization to modify the automatic stay to the extent set forth herein and in the Agreements; (viii) the limitation of the Debtors’ right to surcharge any of the Collateral pursuant to section 506(c) of the Bankruptcy Code and any right of the Debtors under the “equities of the case” exception in section 552(b) of the Bankruptcy Code, and (ix) the Debtors to utilize the loan proceeds, among other things, (a) to provide working capital and for other general corporate purposes of the Debtors and (b) to pay the costs and expenses of the administration of these Chapter 11 Cases, all as more fully set forth in the Motion and the Agreements; and the Court having jurisdiction to consider the Motion and the relief requested therein pursuant to 28 U.S.C. § 1334 and the Amended Standing Order of Reference M-431 dated January 31, 2012 (Preska, C.J.); and the Motion and the requested relief constituting a core proceeding pursuant to 28 U.S.C. § 157; and due notice of the Motion having been given to all parties known to the Debtors to have or claim to have any interest in the Collateral, the Notice Parties, the Standard Parties and the Affected Parties (each as defined in the Case Management Order dated March 2, 2016 [ECF No. 70] (“CMO”)) in accordance with the CMO, and notice of the Hearing having been given to all parties on the creditor matrix maintained by the Debtors’ claims and noticing agent, and it appearing that no other or further notice need be provided; and the Court having considered the Motion and the Agreements, the papers in support thereof, and

the responses thereto (if any); and the appearances of all interested parties having been noted in the record of the Hearing; and upon the Motion and the Agreements, the papers in support thereof and the responses thereto, the evidence adduced and the record of the Hearing, and all of the proceedings had before the Court; and after due deliberation this Court having found good and sufficient cause appearing therefor

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

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

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

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

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

E. The Debtors have a need to obtain the DIP Financing contemplated under the Agreements and intend to use the DIP Financing to pay employees, maintain business relationships with vendors, suppliers and customers, satisfy other working capital, aircraft-

related and operational needs, maintain adequate liquidity levels for the prudent operation of their business, and to pay the costs and expenses of administration of these Chapter 11 Cases.

Accordingly, the DIP Financing is in the best interests of the Debtors' estates and creditors.

F. The Debtors are unable to obtain financing on more favorable terms from sources other than from the Lender under the Agreements, and the Debtors are unable to obtain adequate unsecured credit allowable under Section 503(b)(1) of the Bankruptcy Code as an administrative expense. Financing on a postpetition basis is not otherwise available without the Debtors securing such indebtedness and Obligations pursuant to sections 364(c)(2), 364(c)(3) and 364(d) of the Bankruptcy Code as provided herein.

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

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



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

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

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

**IT IS HEREBY ORDERED** that:

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

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

working capital for the Debtors and to pay interest, fees and expenses in accordance with this Order and the Agreements.

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

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

(b) the execution and delivery of, and performance under, one or more amendments, waivers, consents or other modifications to and under the Agreements, in each case, in such form as the Debtors may agree, with, where practicable, prior notice of one day for non-substantive amendments and three days for substantive amendments to the official committee of unsecured creditors in these Chapter 11 Cases (the "UCC") (it being understood that no further approval of the Court or notice to any party shall be required for authorizations, amendments, waivers, consents or other modifications to and under the Agreements (and any fees paid in connection therewith) that do not shorten the maturity of the extensions of credit thereunder or increase the Commitments (as defined in the DIP Credit Agreement) or the rate of interest payable thereunder, in each case so long as the Debtors represent in such authorization, amendment, waiver, consent or other modification that the effect thereof is not materially adverse to the Debtors);

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

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

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

5. *Superpriority Claim.*

(a) Pursuant to section 364(c)(1) of the Bankruptcy Code, all of the Obligations shall constitute allowed superpriority administrative expense claims against the

Debtors (without the need to file any proof of claim), subject only to the Carve-Out (as defined below), with priority over any and all claims against the Debtors, now existing or hereafter arising, of any kind whatsoever, including, without limitation, all administrative expenses of the kind specified in sections 503(b) and 507(b) of the Bankruptcy Code and any and all administrative expenses or other claims arising under sections 105, 326, 328, 330, 331, 365, 503(b), 506(c), 507(a), 507(b), 726, 1113 or 1114 of the Bankruptcy Code, whether or not such expenses or claims may become secured by a judgment lien or other non-consensual lien, levy or attachment, which allowed claims (the “DIP Superpriority Claims”) shall for purposes of section 1129(a)(9)(A) of the Bankruptcy Code be considered administrative expenses allowed under section 503(b) of the Bankruptcy Code, and which DIP Superpriority Claims shall be payable from and have recourse to all pre- and postpetition property of the Debtors and all proceeds thereof (excluding the Debtors’ claims and causes of action under sections 502(d), 544, 545, 547, 548 and 550 of the Bankruptcy Code, or any other avoidance actions under the Bankruptcy Code (collectively, “Avoidance Actions”) but including any proceeds or property recovered, unencumbered or otherwise from Avoidance Actions, whether by judgment, settlement or otherwise (“Avoidance Proceeds”). The DIP Superpriority Claims shall be entitled to the full protection of section 364(e) of the Bankruptcy Code in the event that this Order or any provision hereof is vacated, reversed or modified, on appeal or otherwise.

(b) For purposes hereof, the “Carve-Out” is an amount equal to the sum of (i) all fees required to be paid to the clerk of the Bankruptcy Court, any agent thereof, including without limitation, the fees and expenses of any claims and noticing agent retained in the Chapter 11 Cases pursuant to section 156(c) of title 28 and acting in such capacity and to the Office of the United States Trustee under section 1930(a) of title 28 of the United States Code plus interest

at the statutory rate; (ii) fees and expenses incurred by a trustee under section 726(b) of the Bankruptcy Code in an amount not to exceed \$50,000; (iii) the reasonable expenses of members of the UCC allowed pursuant to section 503(b)(3)(F) of the Bankruptcy Code whether earned before or after an Event of Default (but excluding fees and expenses of any professionals employed individually by members of the UCC); (iv) to the extent allowed by the Bankruptcy Court, all claims for unpaid fees, costs and expenses (the “Professional Fees”) incurred by persons or firms retained by the Debtors or the UCC (but excluding fees and expenses of any professionals employed individually by members of the UCC and any restructuring fee, sale fee or other success fee of any investment banker or financial advisor of the UCC) whose retention is approved by the Bankruptcy Court pursuant to sections 327, 328 and 1103 of the Bankruptcy Code (collectively, the “Professional Persons”) (A) earned at any time prior to the occurrence of an Event of Default (as defined in the DIP Credit Agreement) unless such Event of Default is waived or cured as provided in the DIP Credit Agreement (the “Pre-EoD Date Fees”), and (B) earned after the occurrence and during the continuance of an Event of Default and delivery by the Lender of written notice (the “Carve-Out Trigger Notice”) thereof (which may be by email) to the Debtors and Debtors’ counsel (and, upon receipt, the Debtors shall promptly provide a copy of such notice to the United States Trustee and counsel for the UCC), (x) excluding any restructuring fee, sale fee or other success fee of any investment banker or financial advisor and (y) in an aggregate amount not to exceed \$5,000,000 (the amount set forth in this clause (iii)(B) being the “Post-EoD Carve-Out Amount”); provided that (a) as long as no Carve-Out Trigger Notice shall have been delivered, the Debtors shall be permitted to pay all fees, expenses, compensation and reimbursement of expenses allowed and payable, including under any order entered in these Chapter 11 Cases establishing procedures for interim monthly compensation and

reimbursement of Professional Fees, or sections 330 and 331 of the Bankruptcy Code, as the same may be due and payable, and the same shall not reduce the Carve-Out, (b) in the event the Carve-Out is reduced by any amount during an Event of Default and after delivery of a Carve-Out Trigger Notice, upon the effectiveness of a cure of such Event of Default, the Carve-Out shall be increased by such amount, and (c) nothing herein shall be construed to impair the ability of any party to object to the fees, expenses, reimbursement or compensation described in clauses (i), (ii) or (iii) above, on any grounds.

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

(a) First Lien On Unencumbered Property. Pursuant to section 364(c)(2) of the Bankruptcy Code, a valid, binding, continuing, enforceable, fully-perfected first priority senior security interest in and lien upon all tangible and intangible pre- and postpetition property of the Debtors, whether existing on the Commencement Date or thereafter acquired, that, on or as of the Commencement Date, is not subject to a valid, perfected and non-avoidable lien (collectively, “Unencumbered Property”), including, without limitation, any and all unencumbered cash and cash equivalents of the Debtors and any investment of such cash, inventory, accounts receivable, other rights to payment whether arising before or after the

Commencement Date, contracts, properties, plants, fixtures, machinery, equipment, general intangibles, documents, instruments, securities, chattel paper, interests in leaseholds, real properties, deposit accounts, patents, copyrights, trademarks, trade names, rights under license agreements and other intellectual property, capital stock of subsidiaries, wherever located, and the proceeds, products, rents and profits of the foregoing, whether arising under section 552(b) of the Bankruptcy Code or otherwise, of all the foregoing, in each case other than Avoidance Actions, but including all Avoidance Proceeds; and

(b) Liens Junior to Certain Other Liens. Pursuant to section 364(c)(3) of the Bankruptcy Code, a valid, binding, continuing, enforceable, fully-perfected security interest in and lien upon all pre- and postpetition property of the Debtors (including, without limitation, cash, cash equivalents, inventory, accounts receivable, other rights to payment whether arising before or after the Commencement Date, contracts, properties, plants, fixtures, machinery, equipment, general intangibles, documents, instruments, securities, chattel paper, interests in leaseholds, real properties, deposit accounts, patents, copyrights, trademarks, trade names, rights under license agreements and other intellectual property, capital stock of subsidiaries, wherever located, and the proceeds, products, rents and profits of the foregoing), immediately junior to (i) the valid, perfected and unavoidable liens in existence immediately prior to the Commencement Date and (ii) any such valid and unavoidable liens in existence immediately prior to the Commencement Date that are perfected subsequent to the Commencement Date as permitted by section 546(b) of the Bankruptcy Code, in each of case (i) and (ii) above other than the security interests and liens of the Lessee securing the Slot Collateral.

(c) Liens Priming Slot Collateral. Pursuant to section 364(d)(1) of the Bankruptcy Code, a valid, binding, continuing, enforceable, fully-perfected first priority senior

priming security interest in and lien upon all Slot Collateral. The DIP Liens on the Slot Collateral shall be senior in all respects to the Lessee's interests in such property;

(d) Liens Senior to Certain Other Liens. The DIP Liens shall not be (i) subject or subordinate to (A) any lien or security interest that is avoided and preserved for the benefit of the Debtors and their estates under section 551 of the Bankruptcy Code, (B) unless otherwise provided for in the Agreements (including liens securing certain indebtedness incurred pursuant to Sections 6.03(a)(i), 6.03(a)(xii) or 6.03(a)(xiv) of the DIP Credit Agreement), any liens or security interests arising after the Commencement Date, including, without limitation, any liens or security interests granted in favor of any federal, state, municipal or other governmental unit (including any regulatory body), commission, board or court for any liability of the Debtors or (C) any intercompany or affiliate liens or security interests of the Debtors; or (ii) subordinated to or made pari passu with any other lien or security interest under section 363 or 364 of the Bankruptcy Code.

(e) Notwithstanding anything to the contrary in this Order or the Agreements, the Collateral shall not include (i) property in which the granting of a security interest would be prohibited by applicable law or enforceable contract (with respect to any such contractual restriction, solely to the extent (A) permitted under Section 6.16 of the DIP Credit Agreement and (B) binding on such assets and in existence on the closing of the Agreements or the date of acquisition thereof and not entered into in contemplation thereof) in each case, except to the extent such prohibition is unenforceable after giving effect to the provisions of the Bankruptcy Code and the Uniform Commercial Code; and (ii) property of the type described in Sections 1110(a)(3)(A)(i) and (a)(3)(B) of the Bankruptcy Code and any other property or Aircraft Agreement (as defined below) which is subject to the rights of a Section 1110 Beneficiary (as



defined below) under section 1110 of the Bankruptcy Code (such property, the “Section 1110 Assets”) and any lease or sublease of, or any Debtor’s leasehold interest in, any Section 1110 Assets, to the extent that, and for so long as, (A) any of the Debtors are prohibited from granting liens thereon under the terms of a security agreement, lease, sublease or conditional sale agreement (any such security agreement, lease, sublease or conditional sale agreement, an “Aircraft Agreement”) among a Debtor or Debtors and a party entitled to protections afforded by Section 1110 of the Bankruptcy Code with respect to such property (any such party, a “Section 1110 Beneficiary”) or (B) the granting of a lien thereon would cause a default, directly or indirectly, of any Aircraft Agreement (clauses (i) and (ii), together with (x) Escrow Accounts (as defined in the DIP Credit Agreement) other than the Debtors’ rights to receive any excess funds remaining in the Escrow Accounts following the payment in full of the taxes, fees and charges payable from such Escrow Accounts, (y) Excluded Equity (as defined in the DIP Credit Agreement), and (z) Avoidance Actions (but not Avoidance Proceeds, which in all events shall constitute Collateral), collectively, “Excluded Collateral”); provided in all events that Collateral shall include all proceeds or replacements of Excluded Collateral (including, without limitation, all rights to proceeds of the disposition of the Section 1110 Assets after the payment in full of any Debtor’s obligations under any Aircraft Agreement related to such Section 1110 Assets) unless such proceeds or replacements themselves constitute Excluded Collateral; provided, further, that the Lender shall not be listed as a loss payee or as an additional insured on any insurance policy with respect to any Excluded Collateral. Nothing in this Order or the Agreements shall (i) prejudice, limit, expand or otherwise modify any party’s rights under Section 1110 of the Bankruptcy Code or (ii) constitute a forbearance, adjudication or waiver of any party’s rights under Section 1110 of the Bankruptcy Code.

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

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

9. *Events of Default.* As long as any portion of the Obligations remains unpaid (in addition to any other Events of Default set forth in the Agreements), it shall constitute an Event of Default if the Debtors seek, propose or support (in each case, as applicable), without the prior written consent of the Lender, or if there is entered or confirmed (in each case, as applicable), without the prior written consent of the Lender, (a) any (i) order dismissing any of the Debtors' Chapter 11 Cases or converting any of the Debtors' cases to one or more cases under chapter 7 of the Bankruptcy Code, or (ii) application for an order converting any of the these Chapter 11

Cases to a case under chapter 7 of the Bankruptcy Code, (b) any order appointing a chapter 11 trustee in any of the Debtors' Chapter 11 Cases (c) any order staying, reversing, vacating, rejecting or otherwise modifying the Agreements, the Delta Connection Agreements (as defined in the DIP Credit Agreement) or this Order, (d) an order appointing an examiner in any of the Debtors' Chapter 11 Cases having enlarged powers (beyond those set forth under sections 1106(a)(3) and (4) of the Bankruptcy Code), (e) a plan of reorganization other than an Acceptable Plan of Reorganization (as defined in the DIP Credit Agreement, (f) an order authorizing the sale of all or substantially all of the assets of the Debtors or (g) an order in any of the Debtors' Chapter 11 Cases or any subsequent chapter 7 cases that authorizes under any section of the Bankruptcy Code, including section 105 or 364 of the Bankruptcy Code, the obtaining of credit or the incurring of indebtedness that is entitled to superpriority administrative status, in either case equal or superior to that granted to the Lender pursuant to this Order, or the Debtors seek any of the foregoing relief in this paragraph 9, unless, in connection with any transaction such order requires that the Obligations shall first be indefeasibly paid in full and such Obligations are in fact so paid. Nothing in this Order or the Agreements shall prohibit the Debtors from granting, in connection with obtaining of credit or the incurring of indebtedness otherwise permitted by this Order or the Agreements any superpriority administrative claims junior and subordinated in right of payment to that granted to the Lender pursuant to this Order.

10. *Modification of the Automatic Stay.* The automatic stay provisions of section 362 of the Bankruptcy Code are hereby vacated and modified to the extent necessary to permit the Lender to enforce all of its rights under the Agreements, including to, upon the occurrence of an Event of Default (as defined in the DIP Credit Agreement or as provided in paragraph 9 of this Order) and after the giving of five business days' prior written notice (such five business-day

period, the “Notice Period”) (which shall run concurrently with the five business days notice required to be provided under section 8.02(b) of the DIP Credit Agreement and include notice of which Events of Default have occurred and are continuing) to the Debtors and counsel to the Debtors (and, upon receipt, the Debtors shall promptly provide a copy of such notice to counsel to each of the UCC and the U.S. Trustee), (i) declare the termination, reduction, or restriction of any further Commitment to the extent any such Commitment remains, (ii) declare all Obligations to be immediately due and payable, without presentment, demand, protest or other notice of any kind, all of which are expressly waived by the Debtors, (iii) terminate the Agreements as to any future liability or obligation of the Lender (but, for the avoidance of doubt, without affecting any of the DIP Liens or the Obligations) and (iv) exercise all other rights and remedies provided for in the Agreements and under applicable law; provided that during the Notice Period, Delta shall be permitted to withhold payments under the Delta Connection Agreements (as defined in the DIP Credit Agreement) to the extent that such payments may be offset against any obligations owed by any of the Debtors to Delta under the Agreements (assuming for this purpose that the obligations under the Agreements were accelerated as a result of the applicable Event(s) of Default). In any hearing regarding any exercise of rights or remedies under the Agreements, the only issue that may be raised by any party in opposition thereto shall be whether, in fact, an Event of Default has occurred and is continuing and the Debtors and other parties in interest hereby waive their right to and shall not be entitled to seek relief, including, without limitation, under section 105 of the Bankruptcy Code, to the extent that such relief would in any way impair or restrict the rights and remedies of the Lender set forth in this Order or the Agreements. If any Debtor or any other person challenges the occurrence of an Event of Default, any such objector’s remedy shall be, and hereby is, limited to requesting a hearing before this Court on two business

days' written notice to the Lender for the purpose of seeking relief consistent with this Order and the DIP Credit Agreement and, at such hearing, seeking such relief. In no event shall the Lender be subject to the equitable doctrine of "marshaling" or any similar doctrine with respect to the Collateral. Further, in no event shall the "equities of the case" exception in section 552(b) of the Bankruptcy Code apply to the Lender or the Lessee.

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

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

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

14. *Section 364(e).* Having been found to be extending credit and making loans to the Debtors in good faith, based on the record before this Court, the Lender shall be entitled to the

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

15. *Limitation on Use of DIP Financing Proceeds and Collateral.* Notwithstanding anything herein or in any other order by this Court to the contrary, no proceeds of the DIP Financing, the Collateral or the Carve-Out may be used: (a) for professional fees and expenses incurred after the date hereof for (i) any litigation or threatened litigation (whether by contested matter, adversary proceeding or otherwise, including any investigation in connection with litigation or threatened litigation) against the Lender or the Lessee or for the purpose of objecting to or challenging the validity, perfection, enforceability, extent or priority of any claim, lien or security interest held or asserted by the Lender or the Lessee or (ii) asserting any defense, claim, cause of action, counterclaim, or offset with respect to the Obligations or the DIP Liens or the Delta Connection Agreements; (b) to prevent, hinder or otherwise delay the Lender's assertion, enforcement or realization on the Collateral in accordance with the Agreements or this Order other than to seek a determination that an Event of Default has not occurred or is not continuing;

or (c) to seek to modify any of the rights granted to the Lender under this Order or under the Agreements or the Delta Connection Agreements, in each of the foregoing cases without the Lender's and the Lessee's, as applicable, prior written consent, which may be given or withheld by such party in the exercise of its respective sole discretion.

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

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

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

18. *Limitation of Liability.* Nothing in this Order, the Agreements or any other documents related to these transactions shall in any way be construed or interpreted to impose or allow the imposition upon the Lender or the Lessee of any liability for any claims arising from the prepetition or postpetition activities of the Debtors in the operation of their business, or in connection with their restructuring efforts. So long as the Lender and the Lessee comply with their obligations under the Agreements and its obligations, if any, under applicable law



(including the Bankruptcy Code), (a) the Lender and the Lessee shall not, in any way or manner, be liable or responsible for (i) the safekeeping of the Collateral, (ii) any loss or damage thereto occurring or arising in any manner or fashion from any cause, (iii) any diminution in the value thereof or (iv) any act or default of any carrier, servicer, bailee, custodian, forwarding agency or other person (each, a “Third Party”), and (b) all risk of loss, damage or destruction of the Collateral shall be borne by the Debtors or such Third Party, as the case may be. This paragraph shall not apply to any liabilities owed to, or rights or causes of action held by, the United States or any Governmental Unit (as defined by section 101(27) of the Bankruptcy Code).

19. In determining to make any loan under the Agreements or in exercising any rights or remedies as and when permitted pursuant to this Order or the Agreements, the Lender shall not be deemed to be in control of the operations of the Debtors or to be acting as a “responsible person” or “owner or operator” with respect to the operation or management of the Debtors, so long as the Lender’s actions do not constitute, within the meaning of 42 U.S.C. § 9601(20)(F), actual participation in the management or operational affairs of a vessel or facility owned or operated by a Debtor, or otherwise cause liability to arise to the federal or state government or the status of responsible person or managing agent to exist under applicable law (as such terms, or any similar terms, are used in the United States Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. § 9601 *et seq.*, as amended, or any similar federal or state statute).

20. *No Impact on Compliance with Laws.* Nothing in this Order or the Agreements shall limit, expand or otherwise modify the Debtors’ obligations pursuant to 28 U.S.C. § 959(b), nor shall anything in this Order or the Agreements permit the Debtors to violate 28 U.S.C. § 959(b).

21. *Rights of the United States.* As to the United States, its agencies, departments, or agents, nothing in this Order or the Agreements shall discharge, release or otherwise preclude any valid right of setoff or recoupment that any such entity may have.

22. *Committee Information.* The Debtors shall promptly provide the UCC advisors with copies of any reporting or notices that are required to be provided to the Lender or by the Lender, pursuant to the DIP Credit Agreement, which reporting or notices may be provided, in the Debtors' sole discretion, on a confidential, professionals' eyes only basis.

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

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

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

26. *Credit Bidding.* The Lender shall have the right to credit bid up to the full amount of the Obligations in any sale of the Collateral without the need for further Court order authorizing the same and whether any such sale is effectuated through section 363(k) or 1129(b) of the Bankruptcy Code, by a chapter 7 trustee under section 725 of the Bankruptcy Code, or otherwise.

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

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

Dated: New York, New York  
April \_\_, 2016

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United States Bankruptcy Judge

Schedule 1

AIRCRAFT	Registration	Year of Manufacture	MSN	ESN #1	ESN #2
1	N638RW	2004	17000053	193239	193240
2	N260SK	1999	145128	CAE 311142	CAE 311143
3	N264SK	2000	145221	CAE 311327	CAE 311337

Schedule 2

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

Schedule 3

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

**Exhibit B**

**Blackline**

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

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

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

A hearing having been held on April ~~14~~21, 2016 (the “Hearing”) to consider the motion (the “Motion”)² dated March 24, 2016 of Republic Airways Holdings Inc. (“RAH”), and its wholly-owned direct and indirect subsidiaries that are debtors and debtors in possession in the above-captioned chapter 11 cases (collectively with RAH, “Republic” or the “Debtors”), seeking this Court’s authorization pursuant to sections 105, 361, 362(d)(1), 363(b), 364(c)(1), 364(c)(2), 364(c)(3), 364(d), 364(e), 503(b)(1) and 507(b) of title 11 of the United States Code, 11 U.S.C. § 101, *et seq.* (the “Bankruptcy Code”) and Rules 2002, 4001 and 6004 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”) and the local rules for the Bankruptcy Court for the Southern District of New York (the “Local Bankruptcy Rules”), for (i) the Debtors to obtain postpetition financing (the “DIP Financing”) under a commitment of \$75,000,000 on a secured

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<sup>1</sup> The Debtors in these chapter 11 cases (these “Chapter 11 Cases”) are the following entities: Republic Airways Holdings Inc.; Republic Airways Services, Inc.; Republic Airline Inc.; Shuttle America Corporation; Midwest Air Group, Inc.; Midwest Airlines, Inc.; and Skyway Airlines, Inc. The Debtors’ employer tax identification numbers and addresses are set forth in their respective chapter 11 petitions.



and first priority basis, pursuant to that certain [Senior Secured Super-Priority](#) Debtor-In-Possession ~~Term-Loan~~[Credit](#) Agreement (the “[DIP Credit Agreement](#)”) between RAH, as borrower, ~~and~~ the other Debtors, as guarantors, ~~and~~ Delta Air Lines, Inc. (“[Delta](#)”) as [administrative agent, and Delta as](#) lender (in such capacity, [and including any permitted assignee thereof](#), the “[Lender](#)”) substantially in the form filed with this Court [ECF No. [•]] and any related instruments, documents, supplements and agreements that may be reasonably necessary or desirable to implement the [DIP Credit Agreement](#) (together with the [DIP Credit Agreement](#), and all exhibits, schedules and related documents, the “[Agreements](#)”), (ii) all direct and indirect subsidiaries of the Borrower that are Debtors (collectively, the “[Guarantors](#)”) to guaranty the Borrower’s obligations in connection with the [Agreements](#), (iii) the Debtors to grant [to](#) the Lender first priority liens against, and security interests in, subject to the Carve-Out (as defined below), (a) one (1) Embraer E170 regional jet aircraft, equipped with two (2) General Electric CF34-8 engines, as set forth on Schedule 1 to this Order, (b) [two \(2\) Embraer E145 regional jet aircraft, equipped with four \(4\) Rolls-Royce AE3007 engines as set forth on Schedule 1 to this Order](#), (c) ten (10) CFM34-8 engines as set forth on Schedule 2 to this Order and (~~ed~~) all other unencumbered assets of the Debtors ((a) through (~~ed~~), collectively, the “[First-Priority Collateral](#)”), to secure all “Obligations” (as defined in the ~~Term-Sheet~~[DIP Credit Agreement](#)), (iv) the Debtors to grant [to](#) the Lender junior liens, [subject to the Carve-Out](#), on all tangible and intangible property of the Debtors that is subject to valid, perfected and unavoidable liens in existence on the Commencement Date (as defined herein) other than the Slot Collateral (as defined herein) [and the Excluded Collateral \(as defined herein\)](#) (such property, the “[Second-Priority Collateral](#)”) to secure the Obligations, (v) the Debtors to grant [to](#) the Lender a first-priority priming lien, [subject to the Carve-Out](#), on fifteen

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<sup>2</sup>. Capitalized terms not otherwise defined herein have the meanings given them in the Motion or the ~~Term~~

(15) specified individual LaGuardia Airport arrival and departure slots as set forth on Schedule 3 to this Order (the “Slot Collateral”) that are subject to a lien of Delta, as lessee (in such capacity, the “Lessee”) in such Slot Collateral under that certain Amended and Restated LaGuardia Slot ~~lease~~Agreement dated as of March 23, 2016 by and among Delta, Republic Airline Inc. (“RAI”) and RAH and that certain LaGuardia Slot Agreement dated as of April 15, 2015 by and among Delta and RAI to secure the Obligations; (vi) ~~subject to the Carve-Out~~ the Debtors to grant to the Lender ~~of~~ subject to the Carve-Out, a superpriority administrative expense claim with respect to the Obligations; (vii) authorization to modify the automatic stay to the extent set forth herein and in the Agreements; (viii) the limitation of the Debtors’ right to surcharge any of the Collateral pursuant to section 506(c) of the Bankruptcy Code and any right of the Debtors under the “equities of the case” exception in section 552(b) of the Bankruptcy Code, and (ix) the Debtors to utilize the loan proceeds, among other things, (a) to provide working capital and for other general corporate purposes of the Debtors and (b) to pay the costs and expenses of the administration of these Chapter 11 Cases, all as more fully set forth in the Motion and the Agreements; and the Court having jurisdiction to consider the Motion and the relief requested therein pursuant to 28 U.S.C. § 1334 and the Amended Standing Order of Reference M-431 dated January 31, 2012 (Preska, C.J.); and the Motion and the requested relief constituting a core proceeding pursuant to 28 U.S.C. § 157; and due notice of the Motion having been given to all parties known to the Debtors to have or claim to have any interest in the Collateral, the Notice Parties, the Standard Parties and the Affected Parties (each as defined in the Case Management Order dated March 2, 2016 [ECF No. 70] (“CMO”)) in accordance with the CMO, and notice of the Hearing having been given to all parties on the creditor matrix maintained by the Debtors’ claims and noticing agent, and it appearing that no other or further notice need be provided; and the Court having considered the

Motion and the Agreements, the papers in support thereof, and the responses thereto (if any); and the appearances of all interested parties having been noted in the record of the Hearing; and upon the Motion and the Agreements, the papers in support thereof and the responses thereto, the evidence adduced and the record of the Hearing, and all of the proceedings had before the Court; and after due deliberation this Court having found good and sufficient cause appearing therefor

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

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

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

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

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

E. The Debtors have a need to obtain the DIP Financing contemplated under the Agreements and intend to permit use the ~~Debtors~~ DIP Financing to pay employees, maintain business relationships with vendors, suppliers and customers, satisfy other working capital, aircraft-related and operational needs ~~and~~, maintain adequate liquidity levels for the prudent operation of their business, and to pay the costs and expenses of administration of these Chapter 11 Cases. Accordingly, the DIP Financing is in the best interests of the Debtors' estates and creditors.

F. The Debtors are unable to obtain financing on more favorable terms from sources other than from the Lender under the Agreements, and the Debtors are unable to obtain adequate

unsecured credit allowable under Section 503(b)(1) of the Bankruptcy Code as an administrative expense. Financing on a postpetition basis is not otherwise available without the Debtors securing such indebtedness and Obligations pursuant to sections 364(c)(2), 364(c)(3) and 364(d) of the Bankruptcy Code as provided herein.

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

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

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

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

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

**IT IS HEREBY ORDERED** that:

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

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

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

the Debtors' performance of their Obligations under the DIP Financing, including, without limitation:

- (a) the execution and delivery of, and performance under, each of the Agreements;
- (b) the execution and delivery of, and performance under, one or more amendments, waivers, consents or other modifications to and under the Agreements, in each case, in such form as the Debtors may agree, with, where practicable, prior notice of one day for non-substantive amendments and three days for substantive amendments to the official committee of unsecured creditors in these Chapter 11 Cases (the "UCC") (it being understood that no further approval of the Court or notice to any party shall be required for authorizations, amendments, waivers, consents or other modifications to and under the Agreements (and any fees paid in connection therewith) that do not shorten the maturity of the extensions of credit thereunder or increase the Commitments (as defined in the DIP Credit Agreement) or the rate of interest payable thereunder, in each case so long as the Debtors represent in such authorization, amendment, waiver, consent or other modification that the effect thereof is not materially adverse to the Debtors);
- (c) the non-refundable payment to the Lender of all fees (which fees shall be, and shall be deemed to have been, approved upon entry of this Order and once paid, shall not be subject to any contest, attack, rejection, recoupment, reduction, defense, counterclaim, offset, subordination, recharacterization, avoidance or other claim, cause of action or other challenge of any nature under the Bankruptcy Code, under applicable non-bankruptcy law or otherwise) and any amounts due (or that may become due) in respect of the indemnification obligations, in each case referred to in the DIP Credit Agreement (and in any other Agreement) and the costs and

expenses as may be due from time to time, including, without limitation, fees and expenses of the professionals retained by the Lender (including legal and financial advisors), in each case, as provided for in the Agreements without the need to file retention motions or fee applications or to provide notice to any party or for further Court approval; and

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

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

5. *Superpriority Claim.*

(a) Pursuant to section 364(c)(1) of the Bankruptcy Code, all of the Obligations shall constitute allowed superpriority administrative expense claims against the Debtors (without the need to file any proof of claim), subject only to the Carve-Out (as defined below), with priority over any and all claims against the Debtors, now existing or hereafter arising, of any kind whatsoever, including, without limitation, all administrative expenses of the kind specified in sections 503(b) and 507(b) of the Bankruptcy Code and any and all administrative expenses or other claims arising under sections 105, 326, 328, 330, 331, 365, 503(b), 506(c), 507(a), 507(b), 726, 1113 or 1114 of the Bankruptcy Code, whether or not such expenses or claims may become secured by a judgment lien or other non-consensual lien, levy or attachment, which allowed claims



(the “DIP Superpriority Claims”) shall for purposes of section 1129(a)(9)(A) of the Bankruptcy Code be considered administrative expenses allowed under section 503(b) of the Bankruptcy Code, and which DIP Superpriority Claims shall be payable from and have recourse to all pre- and postpetition property of the Debtors and all proceeds thereof (excluding the Debtors’ claims and causes of action under sections 502(d), 544, 545, 547, 548 and 550 of the Bankruptcy Code, or any other avoidance actions under the Bankruptcy Code (collectively, “Avoidance Actions”) but including any proceeds or property recovered, unencumbered or otherwise from Avoidance Actions, whether by judgment, settlement or otherwise (“Avoidance Proceeds”)), ~~subject only to the Carve-Out (as defined below)~~. The DIP Superpriority Claims shall be entitled to the full protection of section 364(e) of the Bankruptcy Code in the event that this Order or any provision hereof is vacated, reversed or modified, on appeal or otherwise.

(b) For purposes hereof, the “Carve-Out” is an amount equal to the sum of (i) all fees required to be paid to the clerk of the Bankruptcy Court, any agent thereof, including without limitation, the fees and expenses of any claims and noticing agent retained in the Chapter 11 Cases pursuant to section 156(c) of title 28 and acting in such capacity and to the Office of the United States Trustee under section 1930(a) of title 28 of the United States Code plus interest at the statutory rate; (ii) fees and expenses incurred by a trustee under section 726(b) of the Bankruptcy Code in an amount not to exceed \$50,000; ~~(iii)~~ the reasonable expenses of members of the UCC allowed pursuant to section 503(b)(3)(F) of the Bankruptcy Code whether earned before or after an Event of Default (but excluding fees and expenses of any professionals employed individually by members of the UCC); ~~(iii)~~ to the extent allowed by the Bankruptcy Court, all claims for unpaid fees, costs and expenses (the “Professional Fees”) incurred by persons or firms retained by the Debtors or the ~~official committee of unsecured creditors in these Chapter 11 Cases (the~~

~~“UCC”~~UCC (but excluding fees and expenses of any professionals employed individually by members of the UCC and any restructuring fee, sale fee or other success fee of any investment banker or financial advisor of the UCC) whose retention is approved by the Bankruptcy Court pursuant to sections 327, 328 and 1103 of the Bankruptcy Code (collectively, the “Professional Persons”) (A) earned at any time prior to the occurrence of an Event of Default (as defined in the DIP Credit Agreement) unless such Event of Default is waived or cured as provided in the DIP Credit Agreement (the “Pre-EoD Date Fees”), and (B) earned after the occurrence and during the ~~continuation of an Event of Default, if any,~~ continuance of an Event of Default and delivery by the Lender of written notice (the “Carve-Out Trigger Notice”) thereof (which may be by email) to the Debtors and Debtors’ counsel (and, upon receipt, the Debtors shall promptly provide a copy of such notice to the United States Trustee and counsel for the UCC), (x) excluding any restructuring fee, sale fee or other success fee of any investment banker or financial advisor and (y) in an aggregate amount not to exceed \$5,000,000 (the amount set forth in this clause (iii)(B) being the “Post-EoD Carve-Out Amount”); provided that (a) as long as no ~~Event of Default~~Carve-Out Trigger Notice shall have ~~occurred and be continuing~~been delivered, the Debtors shall be permitted to pay all fees, expenses, compensation and reimbursement of expenses allowed and payable, including under any order entered in these Chapter 11 Cases establishing procedures for interim monthly compensation and reimbursement of Professional Fees, or sections 330 and 331 of the Bankruptcy Code, as the same may be due and payable, and the same shall not reduce the Carve-Out, (b) in the event the Carve-Out is reduced by any amount during an Event of Default and after delivery of a Carve-Out Trigger Notice, upon the effectiveness of a cure of such Event of Default, the Carve Out shall be increased by such amount, and (c) nothing herein shall be

construed to impair the ability of any party to object to the fees, expenses, reimbursement or compensation described in clauses (i), (ii) or (iii) above, on any grounds.

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

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

profits of the foregoing, whether arising under section 552(b) of the Bankruptcy Code or otherwise, of all the foregoing, in each case other than Avoidance Actions, but including all Avoidance Proceeds; and

(b) Liens Junior to Certain Other Liens. Pursuant to section 364(c)(3) of the Bankruptcy Code, a valid, binding, continuing, enforceable, fully-perfected security interest in and lien upon all pre- and postpetition property of the Debtors (including, without limitation, cash, cash equivalents, inventory, accounts receivable, other rights to payment whether arising before or after the Commencement Date, contracts, properties, plants, fixtures, machinery, equipment, general intangibles, documents, instruments, securities, chattel paper, interests in leaseholds, real properties, deposit accounts, patents, copyrights, trademarks, trade names, rights under license agreements and other intellectual property, capital stock of subsidiaries, wherever located, and the proceeds, products, rents and profits of the foregoing), immediately junior to (i) the valid, perfected and unavoidable liens in existence immediately prior to the Commencement Date and (ii) any such valid and unavoidable liens in existence immediately prior to the Commencement Date that are perfected subsequent to the Commencement Date as permitted by section 546(b) of the Bankruptcy Code, in each of case (i) and (ii) above other than the security interests and liens of the Lessee securing the Slot Collateral.

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

(d) Liens Senior to Certain Other Liens. The DIP Liens shall not be (i) subject or subordinate to (A) any lien or security interest that is avoided and preserved for the benefit of

the Debtors and their estates under section 551 of the Bankruptcy Code, (B) unless otherwise provided for in the Agreements (including liens securing certain indebtedness incurred pursuant to Sections 6.03(a)(i), 6.03(a)(xii) or 6.03(a)(xiv) of the DIP Credit Agreement), any liens or security interests arising after the Commencement Date, including, without limitation, any liens or security interests granted in favor of any federal, state, municipal or other governmental unit (including any regulatory body), commission, board or court for any liability of the Debtors or (C) any intercompany or affiliate liens or security interests of the Debtors; or (ii) subordinated to or made pari passu with any other lien or security interest under section 363 or 364 of the Bankruptcy Code.

(e) Notwithstanding anything to the contrary in this Order or the Agreements, the Collateral shall not include (i) property in which the granting of a security interest would be prohibited by applicable law or enforceable contract (with respect to any such contractual restriction, solely to the extent (A) permitted under Section 6.16 of the DIP Credit Agreement and (B) binding on such assets and in existence on the closing of the Agreements or the date of acquisition thereof and not entered into in contemplation thereof) in each case, except to the extent such prohibition is unenforceable after giving effect to the provisions of the Bankruptcy Code and the Uniform Commercial Code; and (ii) property of the type described in Sections 1110(a)(3)(A)(i) and (a)(3)(B) of the Bankruptcy Code ~~to the extent that~~ and any other property or Aircraft Agreement (as defined below) which is subject to the rights of a Section 1110 Beneficiary (as defined below) under section 1110 of the Bankruptcy Code (such property, the “Section 1110 Assets”) and any lease or sublease of, or any Debtor’s leasehold interest in, any Section 1110 Assets, to the extent that, and for so long as, (A) any of the Debtors are prohibited from granting liens thereon under the terms of a security agreement, lease, sublease or conditional sale agreement (any such security agreement, lease, sublease or conditional sale agreement, an “Aircraft

Agreement) among a Debtor or Debtors and a party entitled to protections afforded by ~~the~~ Section 1110 of the Bankruptcy Code with respect to such property (~~clauses (i) and (ii)~~ any such party, a “Section 1110 Beneficiary”) or (B) the granting of a lien thereon would cause a default, directly or indirectly, of any Aircraft Agreement (clauses (i) and (ii), together with (x) Escrow Accounts (as defined in the DIP Credit Agreement) other than the Debtors’ rights to receive any excess funds remaining in the Escrow Accounts following the payment in full of the taxes, fees and charges payable from such Escrow Accounts, (y) Excluded Equity (as defined in the DIP Credit Agreement), and (z) Avoidance Actions (but not Avoidance Proceeds, which in all events shall constitute Collateral), collectively, “Excluded Collateral”); provided in all events that Collateral shall include all proceeds or replacements of Excluded Collateral (including, without limitation, all rights to proceeds of the disposition of the Section 1110 Assets after the payment in full of any Debtor’s obligations under any Aircraft Agreement related to such Section 1110 Assets) unless such proceeds or replacements themselves constitute Excluded Collateral); provided, further, that the Lender shall not be listed as a loss payee or as an additional insured on any insurance policy with respect to any Excluded Collateral. Nothing in this Order or the Agreements shall (i) prejudice, limit, expand or otherwise modify any party’s rights under Section 1110 of the Bankruptcy Code or (ii) constitute a forbearance, adjudication or waiver of any party’s rights under Section 1110 of the Bankruptcy Code.

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

Lessee to the terms of any financing or any other lien encumbering the Slot Collateral (whether senior or junior) other than on the terms set forth in this Order.

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

9. *Events of Default.* As long as any portion of the Obligations remains unpaid (in addition to any other Events of Default set forth in the Agreements), it shall constitute an Event of Default if the Debtors seek, propose or support (in each case, as applicable), without the prior written consent of the Lender, or if there is entered or confirmed (in each case, as applicable), without the prior written consent of the Lender, (a) any (i) order dismissing any of the Debtors' Chapter 11 Cases or converting any of the Debtors' cases to one or more cases under chapter 7 of the Bankruptcy Code, or (ii) application for an order converting any of the these Chapter 11 Cases to a case under chapter 7 of the Bankruptcy Code, (b) any order appointing a chapter 11 trustee in any of the Debtors' Chapter 11 Cases; (c) any order staying, reversing, vacating, rejecting or otherwise modifying the Agreements, the Delta Connection Agreements (as defined in the ~~Term Sheet~~[DIP Credit Agreement](#)) or this Order, (d) an order appointing an examiner in any of the

Debtors' Chapter 11 Cases having enlarged powers (beyond those set forth under sections 1106(a)(3) and (4) of the Bankruptcy Code), (e) a plan of reorganization other than an Acceptable Plan of Reorganization (as defined in the ~~Term Sheet~~ DIP Credit Agreement), (f) an order authorizing the sale of all or substantially all of the assets of the Debtors or (g) an order in any of the Debtors' Chapter 11 Cases or any subsequent chapter 7 cases that authorizes under any section of the Bankruptcy Code, including section 105 or 364 of the Bankruptcy Code, the obtaining of credit or the incurring of indebtedness that is entitled to superpriority administrative status, in either case equal or superior to that granted to the Lender pursuant to this Order, or the Debtors seek any of the foregoing relief in this paragraph 9, unless, in connection with any transaction such order requires that the Obligations shall first be indefeasibly paid in full and such Obligations are in fact so paid. Nothing in this Order or the Agreements shall prohibit the Debtors from granting, in connection with obtaining of credit or the incurring of indebtedness otherwise permitted by this Order or the Agreements any superpriority administrative claims junior and subordinated in right of payment to that granted to the Lender pursuant to this Order.

10. *Modification of the Automatic Stay.* The automatic stay provisions of section 362 of the Bankruptcy Code are hereby vacated and modified to the extent necessary to permit the Lender to enforce all of its rights under the Agreements, including to ~~(i) immediately,~~ upon the occurrence of an Event of Default (as defined in the DIP Credit Agreement or as provided in paragraph 9 of this Order), ~~(A~~ and after the giving of five business days' prior written notice (such five business-day period, the "Notice Period") (which shall run concurrently with the five business days notice required to be provided under section 8.02(b) of the DIP Credit Agreement and include notice of which Events of Default have occurred and are continuing) to the Debtors and counsel to the Debtors (and, upon receipt, the Debtors shall promptly provide a copy of such notice to counsel



to each of the UCC and the U.S. Trustee), (i) declare the termination, reduction, or restriction of any further Commitment to the extent any such Commitment remains, (Bii) declare all Obligations to be immediately due and payable, without presentment, demand, protest or other notice of any kind, all of which are expressly waived by the Debtors, ~~(C) charge a default rate of interest as set forth in the Agreements and (Diii)~~ terminate the Agreements as to any future liability or obligation of the Lender (but, for the avoidance of doubt, without affecting any of the DIP Liens or the Obligations) and ~~(ii) upon the occurrence of an Event of Default and the giving of five days' prior written notice (which shall run concurrently with any notice required to be provided under the Agreements) via email to the Debtors and counsel to the Debtors (and, upon receipt, the Debtors shall promptly provide a copy of such notice to counsel to each of the UCC and the U.S. Trustee)~~ to iv) exercise all other rights and remedies provided for in the Agreements and under applicable law; provided that during the Notice Period, Delta shall be permitted to withhold payments under the Delta Connection Agreements (as defined in the DIP Credit Agreement) to the extent that such payments may be offset against any obligations owed by any of the Debtors to Delta under the Agreements (assuming for this purpose that the obligations under the Agreements were accelerated as a result of the applicable Event(s) of Default). In any hearing regarding any exercise of rights or remedies under the Agreements, the only issue that may be raised by any party in opposition thereto shall be whether, in fact, an Event of Default has occurred and is continuing and the Debtors and other parties in interest hereby waive their right to and shall not be entitled to seek relief, including, without limitation, under section 105 of the Bankruptcy Code, to the extent that such relief would in any way impair or restrict the rights and remedies of the Lender set forth in this Order or the Agreements. If any Debtor or any other person challenges the occurrence of an Event of Default, any such objector's remedy shall be, and hereby is, limited to requesting a

hearing before this Court on two business days' written notice to the Lender for the purpose of seeking relief consistent with this Order and the DIP Credit Agreement and, at such hearing, seeking such relief. In no event shall the Lender be subject to the equitable doctrine of "marshaling" or any similar doctrine with respect to the Collateral. Further, in no event shall the "equities of the case" exception in section 552(b) of the Bankruptcy Code apply to the Lender or the Lessee.

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

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

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

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

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

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

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

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

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

18. *Limitation of Liability.* Nothing in this Order, the Agreements or any other documents related to these transactions shall in any way be construed or interpreted to impose or allow the imposition upon the Lender or the Lessee of any liability for any claims arising from the prepetition or postpetition activities of the Debtors in the operation of their business, or in connection with their restructuring efforts. So long as the Lender and the Lessee comply with their

obligations under the Agreements and its obligations, if any, under applicable law (including the Bankruptcy Code), (a) the Lender and the Lessee shall not, in any way or manner, be liable or responsible for (i) the safekeeping of the Collateral, (ii) any loss or damage thereto occurring or arising in any manner or fashion from any cause, (iii) any diminution in the value thereof or (iv) any act or default of any carrier, servicer, bailee, custodian, forwarding agency or other person (each, a “Third Party”), and (b) all risk of loss, damage or destruction of the Collateral shall be borne by the Debtors. ~~The Lender and the Lessee shall not be deemed to be in control of the operations of the Debtors or to be acting as a “responsible person” or “owner or operator” with respect to the operation or management of the Debtors (as such terms, or any similar terms, are used in the United States Comprehensive Environmental Response, Compensation and Liability Act, 29 U.S.C. §§9601 *et seq.* as amended, or any similar federal or state statute).~~ or such Third Party, as the case may be. This paragraph shall not apply to any liabilities owed to, or rights or causes of action held by, the United States or any Governmental Unit (as defined by section 101(27) of the Bankruptcy Code).

19. In determining to make any loan under the Agreements or in exercising any rights or remedies as and when permitted pursuant to this Order or the Agreements, the Lender shall not be deemed to be in control of the operations of the Debtors or to be acting as a “responsible person” or “owner or operator” with respect to the operation or management of the Debtors, so long as the Lender’s actions do not constitute, within the meaning of 42 U.S.C. § 9601(20)(F), actual participation in the management or operational affairs of a vessel or facility owned or operated by a Debtor, or otherwise cause liability to arise to the federal or state government or the status of responsible person or managing agent to exist under applicable law (as such terms, or any similar terms, are used in the United States Comprehensive Environmental Response,

Compensation and Liability Act, 42 U.S.C. § 9601 et seq., as amended, or any similar federal or state statute).

20. No Impact on Compliance with Laws. Nothing in this Order or the Agreements shall limit, expand or otherwise modify the Debtors' obligations pursuant to 28 U.S.C. § 959(b), nor shall anything in this Order or the Agreements permit the Debtors to violate 28 U.S.C. § 959(b).

21. Rights of the United States. As to the United States, its agencies, departments, or agents, nothing in this Order or the Agreements shall discharge, release or otherwise preclude any valid right of setoff or recoupment that any such entity may have.

22. Committee Information. The Debtors shall promptly provide the UCC advisors with copies of any reporting or notices that are required to be provided to the Lender or by the Lender, pursuant to the DIP Credit Agreement, which reporting or notices may be provided, in the Debtors' sole discretion, on a confidential, professionals' eyes only basis.

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

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

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

26. *Credit Bidding.* The Lender shall have the right to credit bid up to the full amount of the Obligations in any sale of the Collateral without the need for further Court order authorizing the same and whether any such sale is effectuated through section 363(k) or 1129(b) of the Bankruptcy Code, by a chapter 7 trustee under section 725 of the Bankruptcy Code, or otherwise.

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

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

Dated: New York, New York  
April \_\_, 2016

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United States Bankruptcy Judge





Schedule 1

AIRCRAFT	Registration	Year of Manufacture	MSN	ESN #1	ESN #2
1	N638RW	2004	17000053	193239	193240
<u>2</u>	<u><a href="#">N260SK</a></u>	<u><a href="#">1999</a></u>	<u><a href="#">145128</a></u>	<u><a href="#">CAE 311142</a></u>	<u><a href="#">CAE 311143</a></u>
<u>3</u>	<u><a href="#">N264SK</a></u>	<u><a href="#">2000</a></u>	<u><a href="#">145221</a></u>	<u><a href="#">CAE 311327</a></u>	<u><a href="#">CAE 311337</a></u>

Schedule 2

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

Schedule 3

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

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Description	Proposed DIP Order Final for Filing
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<del>Deletion</del>	
<del>Moved from</del>	
<a href="#">Moved to</a>	
Style change	
Format change	
<del>Moved deletion</del>	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

<b>Statistics:</b>	
	Count
Insertions	101
Deletions	43
Moved from	0
Moved to	0
Style change	0
Format changed	0
<b>Total changes</b>	<b>144</b>