



The Chapter 11 Process

Q: Why did Republic file for Chapter 11?

A: The regional airline industry is undergoing profound change, especially in response to the national pilot shortage. We have been forced to ground aircraft, reduce scheduled flying and our financial health has suffered. Although our new pilot contract is achieving its desired effect and is an important asset of the company, we still need to restructure our codeshare partnership agreements and eliminate the burden of idled, out-of-favor aircraft in order to resume an upward trajectory.

Those forces have effectively split our company in two: On the one hand, we are a thriving airline with a fleet of nearly 200 highly desirable EJET aircraft. That airline represents Republic's future. On the other hand, we also are an airline with over 100 out-of-favor small jet and turboprop aircraft...out-of-favor with pilots and passengers alike. More and more of these unwanted, out-of-favor aircraft are sitting idle yet they are costing us approximately \$10 million a month and earning us nothing.

This situation was unsustainable. As successful as our EJET fleet may be, it cannot continue to carry the dead weight of our idled aircraft. Similarly, we must negotiate additional revenue from our codeshare partners that recognizes the true cost structure of our product, that reflects our value in the marketplace and the value we provide our partners.

We have worked for months with our stakeholders to attempt to restructure the obligations of our out-of-favor aircraft and to increase our codeshare revenues; it has increasingly become clear that this process has come to an impasse and that we can no longer afford to waste our valuable resources. Combined with our loss of revenue during the past several quarters and a decline in our liquidity, we could not allow a stalled negotiating effort to put our core business at risk.

Q: What is Chapter 11?

A: Chapter 11 refers to the section of the United States Bankruptcy Code that provides for court-supervised protections and restructuring of companies as they continue to operate in the normal course of business. Once we file for Chapter 11 protection, you'll see us referred to as a "*debtor in possession*" or simply a "*debtor*." During the Chapter 11 process, the debtor continues to conduct business while it reorganizes its finances and operations in order to maximize the value of its assets for the benefit of all constituents. Debtors in Chapter 11 can continue to do business with vendors, customers and employees as usual.

Q: What does it mean to "voluntarily" file for Chapter 11?

A: Usually, a Chapter 11 case commences when a company chooses to file a Chapter 11 petition with the U.S. Bankruptcy Court. This means that the company voluntarily seeks to restructure its debts and business operations under the Bankruptcy Code and retain control as a debtor-in-possession. The period prior to commencement of the Chapter 11 case is referred to as the “*pre-petition*” period and the period following commencement of the case is referred to as the “*post-petition*” period.

Q: Does the Chapter 11 filing mean that Republic is going out of business?

A: Absolutely not. The changes we make during this process are designed to enable Republic to strengthen its operations and remain competitive for the long term.

Q: What’s the difference between Chapter 11 and Chapter 7 filings?

A: The terms relate to different chapters of the U.S. Bankruptcy code. Chapter 11 – the type of petition we filed – allows the company to restructure and continue in business. Chapter 7 filings are for companies that are shutting down and ceasing business.

Q: Why are we filing now; did something trigger this event?

A: The timing of the filing was dictated by a careful consideration of all elements of the current environment. We have worked for months with our stakeholders to attempt to reduce our obligations for our out-of-favor aircraft and to increase our codeshare revenues; it has increasingly become clear that this process has come to an impasse and that we can no longer afford to waste our valuable resources. Combined with our loss of revenue during the past several quarters and a decline in our liquidity, we could not allow a stalled negotiating effort to put our core business at risk.

Q: How does bankruptcy help us?

A: The bankruptcy process will enable Republic to reorganize so it can maximize the ongoing value of the enterprise. Bankruptcy will afford Republic the protections it needs to restructure its operations to better suit the changing industry and the rapidly evolving role for codeshare airlines within the industry.

Specifically, we are seeking to achieve:

- Amended agreements with our codeshare partners that reflect the true costs of our product and that allow the orderly restoration and transition of our fleet;
- An early return of out-of-favor aircraft (Q400 and ERJ-145 with reasonable and fair compensation);
- Streamlined operations around a single aircraft type (EJET) under a single operating certificate, and;
- Additional liquidity to fund long-term opportunities.

Our restructuring will position Republic as the world’s largest – and preferred – operator of EJETs. Along with our 6,000 aviation professionals, we believe this plan will restore us to our historic place atop the regional airline industry.

Q: Why couldn’t we avoid bankruptcy?

A: We simply ran out of time. When we undertook this restructuring process we said that we would not allow these negotiations to put at risk our core business. After working for months with our partners to attempt to restructure the obligations of our out-of-favor aircraft and to increase our codeshare revenues; it has increasingly become clear that this process has come to an impasse and that we have simply run out of time. Combined with

our loss of revenue during the past several quarters and a decline in our liquidity, a stalled negotiating effort with no prospect of resolution led to today's filing.

Q: Does Republic have a specific plan for success?

A: Yes. We are seeking to achieve:

- Amended agreements with our codeshare partners that reflect the true costs of our product and that allow the orderly restoration and transition of our fleet;
- An early return of out-of-favor aircraft (Q400 and ERJ-145 with reasonable and fair compensation);
- Streamlined operations around a single aircraft type (EJET) under a single operating certificate, and;
- Additional liquidity to fund long-term opportunities.

Our success will make us an employer of choice. Our restructuring will position Republic as the world's largest – and preferred – operator of EJETs. Along with our 6,000 aviation professionals, we believe this plan will restore us to our historic place atop the regional airline industry.

Q: What are the hurdles we have to clear in reorganization?

A: There are many steps to a reorganization process including the obligation to satisfy all of our creditors to the greatest extent possible, to offer a viable plan for operating outside of Chapter 11 protection and to secure the approval of the Court.

Fortunately, Republic already has a plan to restructure its obligations and that makes us confident that we can quickly overcome hurdles we may face during reorganization. We are confident the Chapter 11 process will provide a platform from which to effect these important changes and emerge a stronger company.

Q: How does a company exit Chapter 11?

A: A company, as the debtor, exits Chapter 11 when the U.S. Bankruptcy Court has approved a *“plan of reorganization”* and the elements outlined by that plan are substantially completed. Typically, the company develops the plan in consultation with its major creditor groups.

Q: When will our restructuring be complete?

A: Our goal is to complete the restructuring as expeditiously as possible. We will take into account the needs of Republic as well as industry trends and external factors affecting the airline industry. We're committed to working as quickly and efficiently as possible to restructure the company and create a financially stronger organization going forward.

Q: What if creditors think it's better to shut us down and sell off our assets; is that a possibility?

A: We think that's extremely unlikely. First, management gets to take the lead in developing a restructuring plan and presenting it to the Court and our creditors. Second, we think a strong Republic is in the best interests of our creditors; that's why we expect that they will work together with the company in our restructuring. Accordingly, we think the Chapter 11 process will allow us to evolve into a stronger airline in much the same way it has worked for each of our partners. We intend to work together with our creditors to effect our restructuring plan and we are confident that we will continue to operate successfully.

Q: How have our creditors reacted to this filing?

A: No one likes learning they're a creditor in a bankruptcy; this is a situation that is unwelcome to almost everyone. Even so, we think the vast majority of our vendor and suppliers will continue to do business with us even as they look to recover on the pre-petition claims.

Q: Where is the case being heard?

A: Republic's Chapter 11 case was filed in U.S. Bankruptcy Court for the Southern District of New York. The Court is located in Manhattan.

Q: Where can we find additional information regarding our restructuring?

A: A special website – <http://cases.primeclerk.com/RJET> – has been established to provide information related to Republic's restructuring efforts.

Operations

Q: Is Republic going out of business?

A: Absolutely not. On the contrary, the changes we make during the bankruptcy process should enable Republic to strengthen our operations and remain competitive for the long term.

Q: How will Chapter 11 affect operations?

A: The Chapter 11 filing does not impact our day-to-day business or operations. We will continue to work hard to operate a safe, clean and reliable airline that meets the needs of our passengers and our codeshare partners.

Q: Won't bankruptcy affect our ability to keep flying?

A: We will continue to operate throughout this process.

Q: How will our schedule change as a result of this bankruptcy?

A: We don't anticipate immediate schedule changes as a direct result of this action. Schedule changes are made by our codeshare partners based on many factors such as customer demand, seasonality, crew staffing, availability of aircraft, etc.

Q: Will we cancel aircraft orders as a result of this filing?

A: We plan to review our aircraft order book as part of our overall restructuring plan. At this point, however, we haven't asked for any changes beyond what has been previously announced.

Passengers

Q: What are we telling passengers?

A: Most passengers probably won't even notice our change in status, but to any who ask, we would say that we are focused on exactly the same things today that we were the day before we filed: Operating a safe, clean and reliable airline.

We would also tell them that our greatest asset is our highly skilled and hard-working associates who comprise the best workforce in the industry.

Q: Will the filing affect passengers' tickets for future Republic flights?

A: Passengers with questions about their tickets should contact the appropriate codeshare partner for the latest information on their flight details.

Q: Will this impact our code-sharing agreements with other airlines?

A: At present, our marketing partnerships with other airlines, including our codeshare relationships, remain in place. That said, one of our objectives for this restructuring is to obtain additional revenue from our codeshare partners that recognizes the true cost structure of the product, that reflects our value in the marketplace and the value we provide our partners.

Q: Does Republic anticipate reductions in flight schedules or service cuts to some communities?

A: We intend to work as we always do with our codeshare partners to operate a schedule that meets their marketing needs. At this point, we're not aware of any plans for service reductions other than those related to our intention to remove the inventory of idle and out-of-favor aircraft.

It's worth noting, however, that overall trends in the industry and the regulatory environment has led to a severe nationwide pilot shortage that is one of the factors in the reduction of service in many communities. Based on the current conditions in the industry, we expect these trends to continue.

Associates

Q: Should we still report to work?

A: Yes.

Q: What does Republic expect from its associates in bankruptcy?

A: Republic expects that associates will continue to come to work and give every passenger what they have come to expect from Republic: the safest operations, the best service, the cleanest aircraft and the most reliable performance of any airline anywhere.

Q: How can we obtain information about the bankruptcy in this process?

A: We will be sending out regular communications about the restructuring process via e-mail, the intranet and in person. We've also created an external dedicated website – <http://cases.primeclerk.com/RJET> – as a clearinghouse for information about Republic's restructuring.

Q: Will there be job losses as a result of the filing?

A: The restructuring plan we have been pursuing includes \$15 million in internal cost savings through automation and efficiency gains, reductions in overhead costs as we move to a single certificate and through limited administrative reductions. We will work as we have over the last two years to manage any workforce reductions through attrition and reassigning people to other positions within the company whenever possible.

Q: Will Republic continue to hire and fill open positions or will there be a hiring freeze?

A: Yes, we will continue to fill open positions, as necessary and consistent with our operational needs. Again, the Chapter 11 filing will not impact our day-to-day business and operations.

Q: Is the company planning to continue to hire additional pilots?

A: Absolutely, we are actively seeking to recruit as many new pilots as possible. Our current plan calls for us to hire over 500 pilots this year. We are training 342 new EJET captains and 468 EJET first officers.

We think Republic is the absolute best place in the industry for pilots to start and build a successful career as an aviator.

Q: Is the company planning to hire flight attendants?

A: Our current flight attendant staffing meets our operational requirements, but we will continue to hire in response to attrition as needed.

Q: Is the company planning to hire mechanics?

A: Our current mechanic staffing meets our operational requirements, but we will continue to hire in response to attrition as needed.

Q: Is the company planning to hire flight dispatchers?

A: Our current dispatcher staffing meets our operational requirements, but we will continue to hire in response to attrition as needed.

Q: Is the company planning to hire office staff or additional managers?

A: Our current flight attendant staffing meets our operational and managerial requirements, but we will continue to hire in response to attrition as needed.

Q: Are the collective bargaining agreements still in effect?

A: Yes. The company has no plans to seek changes or to reject any of its collective bargaining agreements.

Q: Do associates covered by collective bargaining agreements continue to have union representation during Chapter 11?

A: Yes.

Q: Will associates continue to receive their paychecks during the Chapter 11 process?

A: Yes. Associates will continue to be paid on the same schedule for work performed.

Q: Will associates be paid for work performed prior to the bankruptcy filing?

A: Yes.

Q: What happens if a bank will not accept an associate's paycheck?

A: As part of our first-day filing motions, we filed a motion for authority for our banks to continue to honor payroll checks. Motions of this sort are a part of every Chapter 11 filing and neither we or our advisors have ever heard of such motions being denied.

Q: Will associates' direct deposits and automatic deductions continue?

A: Yes.

Q: What is a "claw back" provision and does it apply to associates' wages?

A: A claw back provision is sometimes used in Chapter 11 proceeding to compel the return of payments made during the 90 days prior to a filing if the Court believes such a payment was made in anticipation of the filing or is otherwise inappropriate. Neither we or our advisors can imagine a circumstance when normal wages would be subject to claw

back provisions. Should such a circumstance emerge – however unlikely that may be – we would strenuously oppose the use of a claw back for this purpose.

Q: What happens to any garnishments of wages?

A: There will be no impact on garnishments. Garnishments will continue to be withheld as before the bankruptcy filing.

Q: Will bankruptcy affect associates' banked sick and vacation days?

A: As part of our first-day filing motions, we filed a motion for authority to continue to allow associates to use vacation and sick days accrued before bankruptcy in the ordinary course of business (consistent with applicable collective bargaining agreements or company policy). Motions of this sort are a part of every Chapter 11 filing and neither we or our advisors have ever heard of such motions being denied.

Q: Will associate salary increases need to be approved by the Bankruptcy Court?

A: We will be permitted to operate in the ordinary course of business during our Chapter 11 case. Normal pay step progressions will continue to apply for union-represented associates. We will retain the ability to deliver performance and job-based raises for salaried associates.

Q: Will associates continue to be reimbursed for qualified business expenses during the bankruptcy case?

A: Yes, if such expenses are incurred in the normal course of doing business and are consistent with Republic's policies.

Q: Will associates be reimbursed for pre-bankruptcy business expenses?

A: As part of our first-day filing motions, we filed a motion for permission to pay associates for such expenses. Motions of this sort are a part of every Chapter 11 filing and neither we or our advisors have ever heard of such motions being denied.

Q: Will associate wages be reduced in bankruptcy?

A: No. There's no plan to reduce anyone's wages as a result of this filing.

Q: What will happen to associate benefits?

A: As part of our first-day filing motions, we filed a motion to continue honoring and paying health care claims and life and disability insurance premiums in the ordinary course of business. Motions of this sort are a part of every Chapter 11 filing and neither we or our advisors have ever heard of such motions being denied.

Q: What about associates who are receiving long-term disability payments or are in the long-term disability benefit waiting period? Will their long-term disability benefits continue?

A: Long-term disability payments will continue and the benefit waiting period will not be affected by the Chapter 11 filing.

Q: What happens to Republic's 401(k) plans?

A: We will continue to make our 401(k) match contributions on schedule and without interruption. The plans themselves and their assets are not affected by the Chapter 11 filings. The assets in the trust belong to the participants with a 401(k) account balance and are not accessible to Republic or its creditors. Participants will continue to have

access to their 401(k) accounts, including loans, withdrawals, etc. under the current provisions of the Plans.

Q: Will the Chapter 11 filing affect associate pass travel privileges?

A: We are not aware of any changes for associate pass travel. Going forward, changes to travel privileges are possible as our codeshare partners control our pass travel policies.

Vendor Payments and Claims

Q: What are we telling our vendors?

A: We are telling them that we intend to fund continuing operations through existing assets and that the bankruptcy code provides a priority status for post-petition orders and shipments – goods and services received after the date of the filing. We’re telling them that we can and will pay for such post-petition goods in full in the normal course of business and in accordance with the terms of our purchasing agreement with each supplier.

If a vendor has specific questions about their account, please ask them to e-mail us at ap@rjet.com.

Q: Why should suppliers continue doing business with us?

A: The successful restructuring of our business will help ensure our long-term viability and success. We expect to be a strong business partner going forward and our suppliers will benefit from the company’s future successes.

Q: Will a check issued to a vendor prior to the filing date be honored?

A: No. Because that payment was made for goods or services prior to the filing date, the check will not be honored absent a special order of the Bankruptcy Court allowing such payment.

Q: Will payment for goods delivered and services provided after the Chapter 11 filing date be honored?

A: We will continue to pay for all goods and services provided *after* the Chapter 11 filing. Our vendors and suppliers should know that post-petition suppliers are given “administrative expense priority status” under the law which provides additional protection to them. This is to encourage suppliers to continue providing goods and services to us on normal terms.

Q: Will payment be made for goods in transit to Republic as of the Chapter 11 date?

A: Yes. Suppliers will be paid for goods received by Republic post-petition, even if the goods were in transit at the time of the Chapter 11 filing.

Q: How can vendors file a claim for any invoices that were generated prior to the Chapter 11 filing?

A: There will be mechanisms set up through the Court to file a proof of claim for any pre-petition debt. Known creditors will receive instructions for filing such a proof of claim; others can request a claim for by requesting one from the case administration website: <http://cases.primeclerk.com/RJET>.

Q: What will general unsecured creditors receive as payment for their claims?

A: It is too early in the restructuring process to accurately forecast the amount and nature of any eventual payment or distribution to be made on account of allowed pre-petition claims.

Q: When will vendors receive payment for goods supplied prior to the bankruptcy filing?

A: In general, any amount paid to creditors holding allowed pre-Chapter 11 claims is paid after the company confirms a plan of reorganization that has been voted upon by creditors and then approved by the Bankruptcy Court. The timing of such payments therefore depends upon the duration of the bankruptcy case, when the Chapter 11 plan is confirmed, and the specific provisions of the Chapter 11 plan. The Chapter 11 plan typically contains provisions for the timing and nature of any payment or other consideration distributed to creditors on account of allowed claims and the resolution of any disputed claims.

Q: Can suppliers reclaim equipment or goods that they delivered before the filing date if Republic has not paid for the equipment or goods?

A: Except for goods delivered immediately before the petition date, such actions are subject to the automatic stay, which provides a breathing spell for the debtor during which time creditors and other third parties are generally prohibited from, among other things, pursuing their claims against the debtor and its assets/properties. However, at the appropriate time, we will institute court-authorized procedures to handle any valid reclamation claims for goods delivered immediately before the petition date.

Q: Should suppliers impose credit terms such as C.O.D. or payment in advance in response to this filing?

A: There's no reason for a supplier to change terms or to impose restrictive credit terms as a result of a Chapter 11 filing. Our contracts with our suppliers have payment terms that we expect to be honored and that are enforceable by Republic. Additionally, post-petition suppliers are given priority administrative status under the law, which provides additional protection to post-petition suppliers.

Q: How can vendors or suppliers receive updates regarding status of payment of post-petition invoices?

A: Vendors and suppliers should continue to work with their normal contacts at Republic, who can answer any questions.

Q: Who can suppliers speak to about the status of their pre-petition claims?

A: Republic has established a supplier hotline – toll-free in the US and Canada at (855) 252-2304 or internationally at (917) 460-0803 – and an e-mail address – RJETinfo@primeclerk.com – to help respond to questions.

Suppliers should feel free to call or correspond with their usual Republic contacts who will be kept informed of the progress of the Chapter 11 case. We're committed to updating suppliers on the progress of the case. Known creditors will also receive correspondence from the Bankruptcy Court that will provide information on filing a claim. Additionally, suppliers may wish to consult their own legal counsel.

Additional information for vendors and suppliers will also be posted on a special website, <http://cases.primeclerk.com/RJET>.