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

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In re : **Chapter 11 Case No.**
REPUBLIC AIRWAYS HOLDINGS INC., et al., : **16-_____ (___)**
Debtors.¹ : **(Joint Administration Pending)**

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**DEBTORS' MOTION PURSUANT TO 11 U.S.C. §§ 362 & 105(a) FOR ENTRY OF
INTERIM AND FINAL ORDERS ESTABLISHING NOTIFICATION PROCEDURES
AND APPROVING RESTRICTIONS ON CERTAIN TRANSFERS OF CLAIMS
AGAINST AND INTERESTS IN THE DEBTORS**

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

TO THE HONORABLE UNITED STATES BANKRUPTCY JUDGE:

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

Background

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

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

Republic’s Business

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

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

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

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

Jurisdiction

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

Relief Requested

7. By this motion (the "Motion"), Republic seeks to enforce the automatic stay by implementing court-ordered procedures (the "Procedures") intended to protect Republic's estates against the possible loss of valuable tax benefits that could flow from inadvertent violations of the automatic stay. Pursuant to sections 105(a) and 362 of the Bankruptcy Code, Republic requests an order (the "Interim Trading Order") in the form attached hereto authorizing Republic (i) to establish and implement restrictions and notification requirements regarding the Tax Ownership (as defined in Section (j) of Paragraph 18 below) and

certain transfers of common stock of Holdings (the “Stock”), (ii) to establish “sell down” procedures with respect to Covered Claims (as defined in Section (j) of Paragraph 18 below) and (iii) to notify holders of Stock and Covered Claims of the restrictions, notification requirements and procedures. Republic also seeks approval of the form of notice attached hereto as **Exhibit A**, which will be used to notify holders of Stock and Covered Claims whose actions could adversely affect Republic’s tax assets that the Procedures have been established by order of this Court.

Factual Section Relating to Relief

8. Republic files a consolidated U.S. income tax return. Republic has certain attributes for U.S. federal income tax purposes (the “Tax Attributes”), which include, as of December 31, 2015, approximately \$1.4 billion in estimated, consolidated net operating loss carryforwards (“NOLs”).² The Tax Attributes may be valuable assets. Title 26 of the United States Code (the “Tax Code”) generally permits corporations to carry forward their tax attributes to reduce future taxable income. *See* 26 U.S.C. § 172. Accordingly, absent any intervening limitations and depending upon future operating results and the consummation of taxable asset dispositions by Republic, the Tax Attributes could substantially reduce Republic’s U.S. federal income tax liability, including during the pendency of these chapter 11 cases. The Tax Attributes are available to offset any income realized through the taxable year that includes the effective date of a chapter 11 plan, and potentially thereafter. The Tax Attributes could translate

2. Approximately \$790 million of the NOLs are subject to limitation as a result of previous ownership changes and limitations imposed by section 382 of Title 26 of the United States Code.

Republic also has certain net operating loss carryforwards for state income tax purposes. The relief requested in this motion, if granted, would also protect the potential value of these state tax net operating loss carryforwards.

into future tax savings over time and the availability of these tax savings may prove crucial to the financial health of the reorganized Debtors.

9. For the reasons discussed below, and consistent with the automatic stay, Republic needs the ability to enforce the stay to preclude certain transfers and to monitor and possibly object to other changes in the ownership of Stock. In addition, Republic may need the ability to require creditors who have increased their positions after the Commencement Date to “sell-down” to reestablish the status quo among creditors. Specifically, trading of Stock and Covered Claims against Republic could adversely affect Republic’s future ability to utilize the Tax Attributes if:

- A. too many 5 percent or greater blocks of equity securities are created through purchases, sales or issuances, or too many shares are added to or sold from such blocks, such that, together with the previous trading by 5 percent shareholders during the preceding three year period, a section 382 Ownership Change (as defined below) is triggered prior to the consummation of a confirmed chapter 11 plan; or
- B. the tax ownership of claims against Republic that are currently held by “qualified creditors” is transferred, prior to consummation of the plan, such that (i) those claims (either alone or when accumulated with other claims currently held by a transferee) would be converted under a plan of reorganization into a 5 percent or greater block of the stock of the reorganized Debtors and (ii) the sum of all such 5 percent or greater blocks and the other blocks of stock of the reorganized Debtors held by all nonqualified creditors would represent 50 percent or more of such stock.

10. Republic’s ability to use the Tax Attributes to reduce future tax liability is subject to certain statutory limitations. Sections 382 and 383 of the Tax Code limit a corporation’s use of its tax attributes to offset future income or tax after that corporation has undergone an “ownership change” within the meaning of section 382 of the Tax Code (“section 382” and such ownership change, an “Ownership Change”). Pursuant to section 382, an Ownership Change generally occurs when the percentage of a corporation’s equity held by its

“5 percent shareholders” (within the meaning of section 382) increases by more than 50 percentage points above the lowest percentage of ownership owned by such shareholder(s) at any time during the relevant testing period (usually three years). In addition, an Ownership Change can occur where a “50 percent shareholder” (within the meaning of section 382(g)(4)(D) of the Tax Code) claims a worthlessness deduction in respect of its direct or indirect ownership of the corporation.

11. In the event a corporation experiences an Ownership Change, section 382 generally imposes a limitation on the amount of NOLs and certain other tax attributes that can be utilized in each subsequent year to offset income. Subject to a number of potentially applicable adjustments, this limitation is generally equal to the product of (1) the equity value of the debtor immediately before the change in ownership multiplied by (2) a long-term tax-exempt rate prescribed by the U.S. Treasury (2.53% percent for an Ownership Change occurring during the month of February 2016). If Republic were to undergo an Ownership Change at a time prior to consummation of a chapter 11 plan, the resulting annual limitation could result in a substantial portion of their NOLs expiring unused.

12. By contrast, in the context of an Ownership Change that occurs pursuant to a confirmed chapter 11 plan the rules relating to the limitations on the use of tax attributes are more relaxed, particularly where the plan involves the retention or receipt of at least 50 percent of the stock of the reorganized debtor by shareholders or “qualified creditors.” *See* I.R.C. § 382(l)(5), (6). Paragraphs 13 and 14 below discuss the special rule under section 382(l)(5) of the Internal Revenue Code (“section 382(l)(5)”) that would apply if RAH shareholders and “qualified creditors” of Republic receive stock pursuant to the chapter 11 plan of reorganization constituting at least 50% of the total value and voting power of Holdings’ stock immediately

after the ownership change. Paragraph 15 below discusses the special rule under section 382(l)(6) of the Internal Revenue Code (“section 382(l)(6)”) that would apply if Republic does not satisfy the eligibility requirements of section 382(l)(5) or elect out of that provision.

13. Under section 382(l)(5), the limitations imposed by section 382 do not apply to a debtor that undergoes an Ownership Change as a result of the consummation of a chapter 11 plan if the plan provides that the persons or entities who owned the debtor’s stock immediately before the relevant Ownership Change and/or “qualified creditors” emerge from the reorganization owning (as a result of their prior ownership of stock or claims that are “qualified indebtedness”) at least 50% of the total value and voting power of the debtor’s stock immediately after the Ownership Change. *See* I.R.C. § 382(l)(5)(A). Qualified creditors are, in general, creditors who (i) held their claims continuously for at least 18 months at the time the bankruptcy petition is filed or (ii) hold claims incurred in the ordinary course of the debtor’s business and held those claims continuously since they were incurred. Claims described in the preceding sentence are “qualified indebtedness.” *See* I.R.C. § 382(l)(5)(E); Treas. Reg. § 1.382-9(d)(2). Importantly, a “de minimis” rule generally provides that a creditor who does not meet either of the foregoing requirements for the sole reason that its claim was not held continuously for a sufficient period may still be considered a qualified creditor if that creditor will directly or indirectly own less than 5 percent of the reorganized debtor’s equity immediately after the Ownership Change.³ *See* Treas. Reg. § 1.382-9(d)(3).

14. It is possible that Republic will undergo an Ownership Change for purposes of section 382 upon emergence from chapter 11. In that event, Republic may seek to

3. This “de minimis” rule does not apply to claims beneficially owned by a person whose participation in formulating a chapter 11 plan makes evident to the debtor (whether or not the debtor had previous knowledge) that the person has not owned the claim for the requisite 18 month period. In that event, in order for the person to be treated as a “qualified creditor,” the debtor must establish that the claim was incurred in the ordinary course of Republic’s business and the creditor has held the claim continuously since it was incurred.

avail themselves of the special relief afforded by section 382(l)(5) for changes in ownership under a confirmed chapter 11 plan. However, if the relief requested herein is not granted, there is a significant risk that, as a result of pre-consummation trading and the accumulation of claims against and interests in Republic, this special relief would not be available to Republic and the use of Republic's Tax Attributes could be permanently impaired. Even if Republic is ultimately unable to satisfy the requirements of section 382(l)(5) or determine that it is more advantageous to elect not to accept its benefits, it is still in the best interest of Republic and its estates to restrict Stock trading that could result in a change of ownership of Republic before the confirmation of a chapter 11 plan.⁴

15. In order for Republic to qualify for the favorable valuation rule of section 382(l)(6), an Ownership Change must occur pursuant to the consummation of a chapter 11 plan. Under section 382(l)(6), if Republic experiences an Ownership Change pursuant to a confirmed chapter 11 plan and section 382(l)(5) does not apply (either because Republic elects out of that provision or because its requirements are not satisfied), the value of the reorganized Debtors' equity for the purposes of calculating the limitation under section 382 would reflect the increase in value of the reorganized Debtors' equity resulting from the restructuring of creditor claims in the plan. Thus, to the extent the value of the reorganized Debtors' equity increases as a result of the reorganization (compared to the value of Republic's equity prior to the reorganization), section 382(l)(6) will provide for a higher annual limitation than would otherwise be obtained

4. As discussed above, if a change of ownership occurred before the confirmation of a chapter 11 plan, the limitation under section 382 would be determined based on the equity value of Republic immediately before the ownership change. Consequently, Republic's ability to use their NOL carryforwards could be severely limited. Accordingly, this Motion proposes restrictions on Stock trading in order to guard against an ownership change and thereby to protect a valuable asset of Republic's estates.

under section 382 for an Ownership Change occurring during the time Republic is operating under chapter 11.

16. With respect to creditor claims, the proposed procedures and restrictions implement a so-called “sell down” approach to protecting these valuable tax assets. The core idea of the sell down approach is that claims may be freely accumulated, subject to applicable law, unless and until the debtor files a disclosure statement for a plan structured to protect the ability to utilize the section 382(l)(5) regime. At that point, creditors that have acquired claims in excess of a specified threshold amount subsequent to the Commencement Date and that would otherwise be entitled to receive more than a specified amount (*e.g.*, 4.75 percent)⁵ of the stock of the reorganized debtor generally may be required to “sell down” their holdings to the extent necessary to preserve the debtor’s ability to utilize section 382(l)(5).

17. Republic believes that that they have significant Tax Attributes that would be adversely affected (and could be effectively eliminated) by an Ownership Change during the pendency of these cases. If such an Ownership Change occurs, the valuation for determining the annual amount of useable Tax Attributes would be at or close to zero, which may effectively eliminate the availability of such Tax Attributes. It is therefore in the best interests of Republic and its stakeholders to restrict trading that could result in an Ownership Change *before* the effective date of a chapter 11 plan or applicable bankruptcy court order. In addition, Republic may need the ability to require creditors who have increased their positions after the Commencement Date to “sell-down” to reestablish the status quo among creditors. Accordingly, Republic respectfully requests that the Court approve the procedures proposed herein to protect

5. The 4.75 percent number is designed to take advantage of the “de minimis” rule described in Paragraph 13. The Interim Trading Order uses the term “Applicable Percentage” to refer to this number. The reason for the use of a defined term is that determination of the appropriate number of shares is more complex if the plan of reorganization contemplates the issuance of more than one class of stock.

Republic's ability to use the Tax Attributes during the pendency of these chapter 11 cases and potentially thereafter.

Proposed Procedures and Restrictions

18. Republic seeks to implement the following procedures and restrictions:

a. Notice of Substantial Equityholder Status. Any Person who is or becomes a Tax Owner of at least 2,420,048 shares of Stock, which represent approximately 4.75 percent of the issued and outstanding Stock as of the Commencement Date (a "Substantial Equityholder"), must, on or before the later of: (i) 15 days after the Court's entry of an order approving these Procedures or (ii) 10 days after that Person becomes a Substantial Equityholder, serve on Republic, the attorneys for Republic and the attorneys for the Creditors' Committee (when appointed) a notice (the "Substantial Equityholder Notice") containing the Tax Ownership information substantially in the form of **Exhibit 1** annexed to **Exhibit A** hereto.

b. Restrictions and Procedures for Trading in Stock. Any Person that, after the Commencement Date,

- i is not a Substantial Equityholder and wishes to purchase or otherwise acquire Tax Ownership of an amount of Stock that would cause the Person to become a Substantial Equityholder;
- ii is a Substantial Equityholder and wishes to purchase or otherwise acquire Tax Ownership of any additional Stock; or
- iii is a Substantial Equityholder and wishes to sell or otherwise dispose of Tax Ownership of any Stock,

must, prior to the consummation of any such transaction, file with the Court (at the holder's election, in a redacted form that does not include such holder's taxpayer identification number and the aggregate principal amount of Stock that such holder beneficially owns), and serve on Republic, the attorneys for Republic and the attorneys for the Creditors' Committee (when appointed) an unredacted notice in the form attached as **Exhibit 2** to **Exhibit A** hereto, in the

case of a proposed acquisition of Stock, or **Exhibit 3** to **Exhibit A** hereto, in the case of a proposed disposition of Stock, including the case of a 50 percent shareholder who intends to claim a worthlessness deduction with respect to such Stock (either such notice, a “Proposed Stock Transaction Notice”). Republic shall consult with counsel to the Creditors’ Committee (when appointed) prior to responding to any Proposed Stock Transaction Notice. If written approval of the proposed transaction is filed with the Court by Republic within 15 calendar days following the receipt of a Proposed Stock Transaction Notice, then the transaction may proceed. If written approval of the proposed transaction is not filed by Republic with the Court within such period, then the transaction may not be consummated unless approved by a final and nonappealable order of the Court. Further transactions within the scope of this Section (b) must be the subject of additional notices as set forth herein with additional waiting periods.

c. Restrictions and Procedures for Trading in Covered Claims.

- i Any Person that, after the Commencement Date,
 - 1) is not a Substantial Claimholder and purchases or otherwise acquires Tax Ownership of an amount of Covered Claims that causes the Person to become a Substantial Claimholder; or
 - 2) is a Substantial Claimholder and purchases or otherwise acquires Tax Ownership of any additional Covered Claims,

will have an obligation, in the event that the Court issues a Sell Down Order at the request of Republic pursuant to Section (d) of this Paragraph 18, to sell or otherwise transfer Tax Ownership of an aggregate amount of Covered Claims sufficient to prevent such Person from having Tax Ownership of an amount of the reorganized Debtors’ stock as a result of the implementation of the 382(l)(5) Plan that exceeds the greater of (a) the Applicable Percentage or (b) the percentage specified in the Sell Down Notice applicable to such Person pursuant to Section (d) of this Paragraph 18; *provided, however*, that such Person shall not be required to

make any sale or other transfer of Tax Ownership of Covered Claims that would result in such Person having Tax Ownership of an aggregate amount of Covered Claims that is less than either (x) the Threshold Amount, as revised from time to time, or (y) such Person's Protected Amount.

ii Any Person that participates in formulating any chapter 11 plan of reorganization of or on behalf of Republic (which shall include, without limitation, making any suggestions or proposals to Republic or its advisers with regard to such a plan) shall not do so in a manner that makes evident to Republic that any Covered Claims of which such Person has Tax Ownership are Newly Traded Covered Claims (the "Participation Restriction"). For this purpose, Republic acknowledges and agrees that the following activities alone shall not constitute a violation of the Participation Restriction: filing an objection to a proposed disclosure statement or to confirmation of a proposed plan of reorganization, voting to accept or reject a proposed plan of reorganization, reviewing or commenting on a proposed business plan, participating in a Creditors' Committee (when appointed) or an *ad hoc* Committee, providing information to Republic's counsel on a confidential basis, or taking any action required by the Interim Trading Order. Any Person found by the Court to have violated the Participation Restriction willfully shall be required to dispose of Newly Traded Covered Claims of which such Person has Tax Ownership (subject to the Equity Forfeiture Provision described in Section (f) of this Paragraph 18) to the extent necessary to protect Republic's ability to effect successful implementation of the 382(l)(5) Plan. For the avoidance of doubt, (i) such Person shall not be permitted to retain Tax Ownership of any Newly Traded Covered Claims if a Sell Down Order has been or is subsequently issued pursuant to Section (d)(2) of this Paragraph 18, and (ii) if a Claims Trading Notice Order has been issued pursuant to Section (d)(5) of this Paragraph 18, such Person shall only be permitted to retain Tax Ownership of Newly Traded Covered Claims

to the extent that such retention would not impair the reasonable “cushions” referred to in Section (d)(3) of this Paragraph 18. Prior to taking any action to enforce the foregoing two sentences, Republic shall consult with counsel to the Creditors’ Committee (when appointed).

d. Sell Down Procedures.

i *Reporting of Substantial Claimholder Status.* In order to assess the feasibility of implementing a 382(l)(5) Plan and the need for petitioning the Court for a Sell Down Order, Republic, after consultation with and provision of such information as is reasonably requested by counsel to the Creditors’ Committee (when appointed), may file with the Court and further publish and serve in the manner specified in Section (h) of this Paragraph 18 a notice (the “Reporting Notice”) requiring each Substantial Claimholder, within 30 calendar days of Republic’s filing of the Reporting Notice with the Court, to serve on Republic, its counsel and counsel to the Creditors’ Committee (when appointed), a notice in the form attached as **Exhibit 4** to **Exhibit A** hereto (a “Substantial Claimholder Notice”). A Person that is uncertain whether it is a Substantial Claimholder may serve a Substantial Claimholder Notice in the manner described above in order to preserve its rights under the Interim Trading Order. A Person serving a Substantial Claimholder Notice in the manner described above shall not be required to file the Substantial Claimholder Notice with the Court. For the avoidance of doubt, Republic will not be precluded from filing more than one Reporting Notice pursuant to this subsection (1).

ii *Petition for Sell Down Order and Notification Procedures.* After filing a 382(l)(5) Plan and Disclosure Statement with respect thereto with the Court, but no later than the expiration of the 75-day period beginning with the date on which Republic files a Reporting Notice with the Court, Republic may, in consultation with counsel to the Creditors’ Committee

(when appointed), file a motion with the Court for the issuance of an order (the “Sell Down Order”) that (i) authorizes Republic to issue Sell Down Notices to each Person that has timely filed a Substantial Claimholder Notice showing Tax Ownership of Covered Claims that, pursuant to the terms of the 382(l)(5) Plan (and prior to giving effect to the Sell Down Order), would entitle such Person to acquire Tax Ownership of more than the Applicable Percentage of the equity of the reorganized Debtors (a “Potentially Substantial New Equityholder”) and (ii) provides that any Person other than a Potentially Substantial New Equityholder shall not be entitled to acquire Tax Ownership of more than the Applicable Percentage of the equity of the reorganized Debtors (or consideration in lieu thereof) if the 382(l)(5) Plan is consummated. The motion for a Sell Down Order shall be published and served in the manner described in Section (h) of this Paragraph 18. Each Potentially Substantial New Equityholder shall be served with a copy of the motion and the Sell Down Notice applicable to such Person. Counsel to the Creditors’ Committee (when appointed) shall be served with a copy of the motion and all Sell Down Notices. For the avoidance of doubt, Republic will not be precluded from filing more than one motion for the issuance of a Sell Down Order pursuant to this subsection (ii).

Each Sell Down Notice shall indicate (i) Republic’s calculation of the percentage of the equity of the reorganized Debtors of which the Potentially Substantial New Equityholder would otherwise acquire Tax Ownership under the terms of the 382(l)(5) Plan, based on the Substantial Claimholder Notice filed by such person (such person’s “Preliminary Percentage”), and (ii) the percentage of equity of the reorganized Debtors of which such person will be permitted to acquire Tax Ownership under the 382(l)(5) Plan, based on a proportionate reduction to the Preliminary Percentage of each Potentially Substantial New Equityholder (except to the extent that Republic determines that such a reduction would result in the requirement that a

Potentially Substantial New Equityholder sell or otherwise transfer Covered Claims that are not Newly Traded Covered Claims). For instance, if Potentially Substantial New Equityholders are required to reduce their Preliminary Percentage by 20 percent, a Potentially Substantial New Equityholder whose Preliminary Percentage was 15 percent generally would be required to sell Covered Claims such that it would be entitled to receive no more than 12 percent of the equity of the reorganized Debtors under the 382(l)(5) Plan. If a Potentially Substantial New Equityholder holds more than one category of Covered Claims, the category or categories of Covered Claims to be sold in order to comply with the Sell Down Notice will be left to the discretion of the Potentially Substantial New Equityholder.

iii *Procedures for Objection to a Sell Down Notice.* A Potentially Substantial New Equityholder in receipt of a Sell Down Notice will be permitted to object on any one or more of the following grounds: (i) the Sell Down Notice applicable to it contains a mathematical error, (ii) compliance with the Sell Down Notice applicable to it would require the Potentially Substantial New Equityholder to reduce its Tax Ownership of Covered Claims below the Threshold Amount (so long as it has complied and continues to comply with the Participation Restriction) or below its Protected Amount or would require it to transfer Tax Ownership of Covered Claims that are not Newly Traded Covered Claims, and (iii) Republic's decision to protect the ability to implement a plan utilizing section 382(l)(5) through the issuance of the Sell Down Notices is not a reasonable exercise of Republic's business judgment. If an objection described in clause (i) or (ii) is filed, Republic will be permitted to serve new Sell Down Notices in their discretion. If an objection described in clause (iii) is raised by a Potentially Substantial New Equityholder or by the Creditors' Committee (when appointed), Republic will be required to present to the Court evidence regarding:

- 1) the reasonably expected range of tax attributes available to be carried over under the 382(l)(5) Plan to reduce the future U.S. federal income tax liabilities of Republic, taking into account, among other things, anticipated reductions in tax attributes under section 108(b) of the Internal Revenue Code that will occur as a result of the implementation of the 382(l)(5) Plan and anticipated deductions arising from payments made under the 382(l)(5) Plan;
- 2) the basis for Republic's belief that the reduction in holdings required by the Sell Down Order (and implemented by the Sell Down Notices) are reasonably necessary and appropriate to ensure that the ownership requirements of section 382(l)(5) will be satisfied in connection with the 382(l)(5) Plan; and
- 3) the basis for Republic's belief that there is a reasonable possibility that utilization of section 382(l)(5) will be more beneficial to Republic and its estates than utilizing section 382(l)(6).

In evaluating the evidence presented by Republic with respect to the appropriateness of the reductions in holdings required by the Sell Down Order, substantial deference will be given to Republic's determination that reasonable "cushions" are appropriate in making determinations regarding satisfaction of the ownership requirements of section 382(l)(5). For instance, in order reasonably to ensure that a particular Substantial Claimholder will acquire Tax Ownership of less than 5 percent of the equity of the reorganized Debtors under the terms of the 382(l)(5) Plan, an Applicable Percentage of 4.75 percent will be presumed reasonable if the 382(l)(5) Plan provides for the issuance of only one class of equity of the reorganized Debtors, and substantial deference will be given to Republic's determinations regarding the Applicable Percentage if the 382(l)(5) Plan contemplates the issuance of more than one class of equity of the reorganized Debtors. In addition, in order reasonably to ensure that more than 50 percent of the equity of the reorganized Debtors will be held by holders of "pre-change" equity interests or "qualified creditors" in respect of their holdings of "pre-change" equity interests or "qualified indebtedness" (within the meaning of Treasury regulations section 1.382-9(d)), the reduction of holdings required by the Sell Down Notice will be presumed reasonable if it is intended to ensure

that 55 percent of the equity of the reorganized Debtors would be expected to be held by a combination of (i) holders with Tax Ownership of less than the Applicable Percentage of such equity and (ii) holders whose receipt of such equity is clearly in respect of “qualified indebtedness” or “pre-change” equity interests.

In evaluating the evidence presented by Republic with respect to the relative benefits of utilization of section 382(l)(5), Republic’s determination will be upheld unless the objecting Potentially Substantial New Equityholder or the Creditors’ Committee (when appointed) establishes that there is not a reasonable possibility that utilization of section 382(l)(5) will be more beneficial than utilization of the benefits of section 382(l)(6).

Unless the Court determines otherwise for good cause shown, a Sell Down Order and the related Sell Down Notices will remain effective notwithstanding amendments to the 382(l)(5) Plan; provided, however, that if Republic withdraws the 382(l)(5) Plan, the Sell Down Notices will have no further effect.

iv *Procedures for Implementing a Sell Down Order.* Each transfer of Covered Claims required by a final Sell Down Notice shall occur prior to the later of (i) the date that is 10 calendar days after the date of confirmation of the 382(l)(5) Plan, (ii) the date that is 30 calendar days after receipt of the Sell Down Notice and (iii) the date specified in all of the Sell Down Notices.

Once a Potentially Substantial New Equityholder has transferred its Covered Claims in accordance with the preceding paragraph, such Person (i) shall, no later than one business day following the latest date for completing such transfer in accordance with the preceding paragraph, serve on Republic, its counsel and counsel to the Creditors’ Committee (when appointed) a notice in the form attached as **Exhibit 5** to **Exhibit A** hereto (a “Notice of

Completed Sell Down”) and (ii) under no circumstances shall acquire additional Covered Claims in a manner that would increase the amount of the reorganized Debtors’ equity to which such Person would be entitled pursuant the implementation of the 382(l)(5) Plan above the percentage specified in the Sell Down Notice applicable to such Person.

A Person that would otherwise be prohibited by the Sell Down Order from acquiring a Covered Claim but is permitted to do so pursuant to the fourth and fifth decretal paragraphs of the Interim Trading Order (relating to property described in Section 1110 of the Bankruptcy Code) shall, within the later of (i) the date for complying with a Sell Down Notice, (ii) the date 15 days prior to the scheduled effective date of the 382(l)(5) Plan, and (iii) the date such acquisition is completed, divest itself of Tax Ownership of an amount of Covered Claims such that, following the divestiture, the Person would not be entitled to acquire Tax Ownership of an amount of equity of the reorganized Debtors pursuant to the implementation of the 382(l)(5) Plan in excess of the amount specified on the Sell Down Notice applicable to such Person (or, if there is none, the Applicable Percentage). A Person may object to the requirement of the preceding sentence on the grounds that compliance would result in such Person’s having Tax Ownership of an amount of Covered Claims that is less than the Threshold Amount (so long as it has complied and continues to comply with the Participation Restriction) or its Protected Amount. Notice of such an objection must be served on Republic, its counsel and counsel to the Creditors’ Committee (when appointed) no later than the second business day following the date on which such Person becomes aware of the grounds for such objection, and in any event no later than the date on which the divestiture would be required. Upon receipt of such an objection, Republic may, following consultation with counsel to the Creditors’ Committee (when appointed), issue revised Sell Down Notices if they consider it advisable to do so.

v *Procedure if no Sell Down Notices are Required.* If Republic determines, based on the Substantial Claimholder Notices filed in response to the Reporting Notice, that no Sell Down Notices appear necessary in order to implement the 382(l)(5) Plan, Republic may move the Court for an order requiring advance notice of certain acquisitions of Covered Claims (the “Claims Trading Notice Order”). Under the Claims Trading Notice Order,

- 1) any Potentially Substantial New Equityholder proposing to acquire Covered Claims in a transaction following which such Person would have Tax Ownership of Covered Claims that, pursuant to the terms of the 382(l)(5) Plan, would entitle such Person to receive equity of the reorganized Debtors in excess of the amount of equity to which such Person would have been entitled based on the holdings reported on such Person’s Substantial Claimholder Notice, and
- 2) any Person that would become a Potentially Substantial New Equityholder by virtue of a proposed acquisition of Covered Claims

will be required, prior to the consummation of any such transaction, to serve on Republic, its counsel and counsel to the Creditors’ Committee (when appointed), a notice in the form attached as **Exhibit 6** to **Exhibit A** hereto (a “Proposed Covered Claim Transaction Notice”). The same procedures applicable to a Proposed Stock Transaction Notice (described in Section (b) of this Paragraph 18) will apply with respect to a Proposed Covered Claim Transaction Notice. If Republic does not give written consent to the proposed transaction and the Person that has delivered the Proposed Covered Claim Transaction Notice requests a hearing, the procedures and standards of proof described in Section (d)(3) of this Paragraph 18 will apply.

In addition, the Claims Trading Notice Order will require any Person that has acquired Tax Ownership of Covered Claims for which it did not file a Substantial Claimholder Notice and as to which a motion would have been required under the preceding paragraph, but for the fact that such acquisition occurred prior to the entry of the Claims Trading Notice Order,

to serve notice of such fact on Republic, its counsel and counsel to the Creditors' Committee (when appointed) within 15 calendar days of the entry of the Claims Trading Notice Order. If Republic determines that the retention by such Person of such Covered Claims could jeopardize the implementation of the 382(l)(5) Plan, they will serve a Sell Down Notice on such Person, in which case the procedures and standards of proof described in this Section (d) will apply. The provisions of this paragraph will also apply to a Person that is exempted by the fourth and fifth decretal paragraphs of the Interim Trading Order (relating to property described in Section 1110 of the Bankruptcy Code) from giving the advance notice otherwise required by the preceding paragraph with respect to an acquisition of Covered Claims. In such a case, notice of the acquisition must be served on Republic, its counsel and counsel to the Creditors' Committee (when appointed) within the earlier of (i) the date that is 15 calendar days after the date of such acquisition and (ii) the later of the date of such acquisition and the date that is 15 calendar days prior to the scheduled effective date of such 382(l)(5) Plan.

e. Confidentiality.

Republic, its counsel and counsel to the Creditors' Committee (when appointed) shall keep all information provided in all notices delivered pursuant to the Interim Trading Order strictly confidential and shall not disclose the contents thereof to any person (including any member of any Creditors' Committee (when appointed)), except (i) to the extent necessary to respond to a petition or objection filed with the Court, (ii) to the extent otherwise required by law, or (iii) to the extent that the information contained therein is already public; *provided, however,* that Republic may disclose the contents thereof to their professional financial advisers, who shall keep all such notices strictly confidential and shall not disclose the contents thereof to any other person subject to further Court order. To the extent confidential information is

necessary to respond to a petition or objection filed with the Court, such confidential information shall be filed under seal or in redacted form. For the avoidance of doubt, the foregoing provisions shall not preclude Republic from including in their unredacted, unsealed filings with the Court summary information regarding the amount of equity of the reorganized Debtors that Potentially Substantial New Equityholders (not identified by name or otherwise) would be expected to receive under the terms of the 382(l)(5) Plan before and after the implementation of the Sell Down Order.

f. Sanctions for Noncompliance.

i *Noncompliance Relating to Stock.* Acquisitions and dispositions of Tax Ownership of Stock in violation of the restrictions and procedures set forth in Section (b) of this Paragraph 18 shall be void *ab initio*, and the sanction for violating Section (b) of this Paragraph 18 shall be reversal of the noncompliant transaction or such other (or additional) measures as the Court may consider appropriate.

ii *Noncompliance Relating to a Sell Down Notice or a Claims Trading Notice Order.* In the event that any Person fails to comply with a final Sell Down Notice applicable to it, such Person shall not be entitled to acquire Tax Ownership of any equity of the reorganized Debtors (or consideration in lieu thereof) in connection with the implementation of the 382(l)(5) Plan in excess of the greater of (i) the Applicable Percentage (which, only with respect to such Person, shall be deemed to be zero unless such Person has complied and continues to comply with the Participation Restriction) or (ii) the percent specified on such Sell Down Notice. Any Person that did not file a Substantial Claimholder Notice shall not be entitled to acquire Tax Ownership of any equity of the reorganized Debtors (or consideration in lieu thereof) in excess of the Applicable Percentage in connection with the implementation of the

382(l)(5) Plan. Any Person that acquires Covered Claims in violation of a Sell Down Order or a Claims Trading Notice Order shall not be entitled to acquire Tax Ownership of any equity of the reorganized Debtors (or consideration in lieu thereof) in connection with the implementation of the 382(l)(5) Plan in excess of the percentage of equity to which such Person would have been entitled had it not acquired such Covered Claims. The foregoing sanctions (the “Equity Forfeiture Provisions”) shall be effective without any further order of the Court. Any purported acquisition of Tax Ownership of stock of the reorganized Debtors pursuant to the implementation of the 382(l)(5) Plan that is precluded by the Equity Forfeiture Provisions (such stock the “Forfeited Equity”) shall be void *ab initio*. Any Person that receives Forfeited Equity shall, immediately upon becoming aware of such fact, return such Forfeited Equity to Republic or, if all of the shares properly issued to such Person and all or any portion of such Forfeited Equity have been sold prior to the time such Person becomes aware of such fact, such Person shall return to Republic (i) any Forfeited Equity still held by such Person and (ii) the proceeds attributable to the sale of Forfeited Equity, calculated by treating the most recently sold shares as Forfeited Equity. Any Person that receives Forfeited Equity and deliberately fails to comply with the preceding sentence shall be subject to such additional sanctions as the Court may determine. In no event, however, shall an acquisition or disposition of Tax Ownership of Covered Claims be rendered void or unenforceable by reason of the Interim Trading Order.

g. Discretionary Waiver by Debtors. Republic, with the consent of the Creditors’ Committee (when appointed) or pursuant to an order of the Court, may waive any sanctions, remedies or notification procedures imposed by the Interim Trading Order; *provided, however,* that any such waiver shall be filed with the Court.

h. Notice Procedures. Within three business days of the entry of the Interim Trading Order, Republic shall (i) submit a publication notice of the entry of the Interim Trading Order (substantially in the form attached hereto as **Exhibit B**) for posting on the Bloomberg newswire service and the Depository Trust Company Legal Notice System (also known as LENS); (ii) post such notice together with a copy of the Interim Trading Order on Republic's case information website (www.primeclerk.com/RJET); and (iii) serve a notice of the entry of the Interim Trading Order (substantially in the form attached hereto as **Exhibit A**) on (1) the Office of the United States Trustee for the Southern District of New York; (2) all indenture trustees, owner trustees or transfer agents for the Covered Claims or Stock, as applicable; (3) those creditors holding the ten (10) largest secured claims against Republic's estates on a consolidated basis; (4) those creditors holding the forty (40) largest unsecured claims against Republic's estates on a consolidated basis; (5) the attorneys for the agents under Republic's prepetition revolving credit facilities; (6) the attorneys for the International Brotherhood of Teamsters; (7) the attorneys for Republic's Codeshare Partners; (8) counsel to the Creditors' Committee (when appointed); (9) any identified Substantial Equityholders and Substantial Claimholders; (10) the Internal Revenue Service; (11) the Securities and Exchange Commission; and (12) the United States Attorney's Office for the Southern District of New York. Upon receipt of such notice, counsel to the Creditors' Committee (when appointed) shall send such notice to their respective committee members. Upon receipt of such notice and at least once every three months during the pendency of these chapter 11 cases, all indenture trustees, owner trustees and transfer agents shall send the notice to all holders of Covered Claims of more than \$4.94 million or at least 2,420,048 shares of Stock, as applicable, registered with the indenture trustee, owner trustee or transfer agent. Any registered holder shall, in turn, provide the notice to

any holder for whose account the registered holder holds Covered Claims of more than \$4.94 million or at least 2,420,048 shares of Stock, as applicable. Any such holder shall, in turn, provide the notice to any Person for whom the holder holds Covered Claims of more than \$4.94 million or at least 2,420,048 shares of Stock, as applicable. Any Person, or broker or agent acting on such Person's behalf, that sells Covered Claims in the aggregate amount of \$4.94 million or sells an aggregate amount of at least 2,420,048 shares of Stock (or an option with respect thereto) to another Person (other than pursuant to a transaction consummated on the NASDAQ) shall provide a copy of the notice to such purchaser or to any broker or agent acting on such purchaser's behalf. Similar procedures shall apply if Republic files a Reporting Notice, a motion for a Sell Down Order or a change to the definition of the Threshold Amount with the Court.

Upon receipt of such notice of Interim Trading Order, any broker, bank, dealer or other agent or nominee of a beneficial holder (each a "Nominee") of Equity Securities will be required, within five (5) business days of receipt of such notice and on at least a quarterly basis thereafter, to send the notice of Interim Trading Order to all beneficial holders of Equity Securities on whose behalf such Nominee holds Equity Securities. To the extent such beneficial holder is also a Nominee, such Nominee must, in turn, promptly provide the notice of Interim Trading Order to any holder for whose account such holder holds Equity Securities, and so on down the chain of ownership.

i. Special Rules. A Person acquiring or disposing of Tax Ownership of Stock or Covered Claims in the capacity of Agent of another Person shall not be treated as a Substantial Equityholder or Substantial Claimholder solely to the extent acting in the capacity of Agent, and shall not have an affirmative duty to inquire whether the account, customer,

investment fund, principal, trust, or beneficiary is subject to any restrictions or requirements under the Interim Trading Order; *provided, however*, that the account, customer, fund, principal, trust, or beneficiary shall not be excluded from the Interim Trading Order by reason of this subsection. Specifically and for the avoidance of doubt, the trustee of any trust, any indenture trustee, owner trustee, pass-through trustee, subordination agent, registrar, paying agent or transfer agent, in each case for any ownership interests, bonds, debentures, pass-through certificates (whether offered publicly or privately, "PTCs"), equipment trust certificates (whether offered publicly or privately, "ETCs"), enhanced equipment trust certificates (whether offered publicly or privately, "EETCs"), enhanced pass-through trust certificates, property or other debt securities (collectively, "Debt Securities") (i) issued by any of the Debtors, (ii) issued by any governmental or quasi-governmental authority for the benefit of any of the Debtors, (iii) secured by assets of any of the Debtors or agreements with respect to such assets or (iv) secured by assets leased to any of the Debtors (any such person, a "Trustee"), shall not be treated as a "Substantial Claimholder" solely to the extent acting in the capacity described above; *provided, however*, that neither any transferee of Covered Claims nor any Person who has Tax Ownership of a Covered Claim held by a Trustee shall be excluded solely by reason of this provision. No Trustee shall be subject to the Interim Trading Order or have or incur any liability for noncompliance with the Interim Trading Order to the extent such Trustee follows its standard practices or acts in accordance with its respective prepetition governing documents with respect to (i) any transfer of Debt Securities or ownership interests in assets leased to Republic, (ii) any payments relating thereto, or (iii) any actions taken in accordance with the instructions of holders of Debt Securities or ownership interests for which such Trustee acts.

j. Definitions.

For purposes of this Motion:

“**382(l)(5) Plan**” means a plan of reorganization for Republic under chapter 11 of the Bankruptcy Code pursuant to which there is a reasonable possibility that section 382(l)(5) will be utilized and which provides that transfers of Tax Ownership of the reorganized Debtors’ equity will be subject to reasonable restrictions for not less than two years after the reorganization.

“**Agent**” means a broker, account manager, agent, custodian, nominee, prime broker, clearinghouse or trustee (including a Trustee but not including a trustee qualified under section 401(a) of the Tax Code).

“**Applicable Percentage**” means, if only one class of common equity of the reorganized Debtors is to be issued pursuant to the terms of a 382(l)(5) Plan, 4.75 percent of the number of such shares that Republic reasonably estimates will be issued at the effective time of such 382(l)(5) Plan. If more than one class of equity of the reorganized Debtors is to be distributed pursuant to the terms of a 382(l)(5) Plan, the Applicable Percentage shall be determined by Republic in its reasonable judgment in a manner consistent with the estimated range of values for the equity to be distributed reflected in the valuation analysis set forth in the Disclosure Statement, and shall be expressed in a manner that makes clear how many shares of common equity would constitute the Applicable Percentage.

“**Covered Claims**” means any claims within the meaning of section 101(5) of the Bankruptcy Code against one or more Debtors that is not a secured claim, *provided that*

(i) in the case of a secured claim, that portion of the claim (including such portion attributable to accrued and unpaid interest) that exceeds the fair market value of the security shall be considered a Covered Claim;

(ii) all debt instruments issued by an obligor (other than any of the Debtors) in a leveraged lease transaction involving the lease or sublease of aircraft to any of the Debtors (such transaction, a “Leveraged Lease Structure”), and all ETCs, PTCs and/or EETCs issued solely in respect of a Leveraged Lease Structure (collectively, “Leveraged Lease Obligations”) shall not be treated as Covered Claims against Republic; *provided, however*, that holders of Leveraged Lease Obligations shall be treated as acquiring underlying Covered Claims against Republic if and when the holder or the Trustee or other Agent acting on behalf of the holder of such Leveraged Lease Obligations, as the case may be, has acquired underlying Covered Claims from the equity participant or lessor pursuant to a foreclosure, a voluntary or involuntary transfer or any other acquisition of collateral. After the occurrence of any such event, any holder of Covered Claims who becomes a Substantial Claimholder shall comply with the requirements of Section (c)(3) of this Paragraph 18; *provided, however*, that the

initial grant (or subsequent transfer) of a security interest in Covered Claims shall not be treated as a foreclosure, a voluntary or involuntary transfer or any other acquisition for the above purpose;

(iii) if a holder of a claim is uncertain as to the extent to which such claim is unsecured, such holder may serve upon Republic and Republic's counsel, written notice of the requesting holder's uncertainty along with a description of the underlying claim; and within 10 calendar days after actual receipt of such notice, Republic shall, in consultation with the requesting holder, reasonably determine, solely for purposes of the Interim Trading Order, the unsecured portion of the applicable claim at such time;

(iv) if a holder of claims is uncertain as to whether it is a holder of ETCs, PTCs and/or EETCs issued solely in a Leveraged Lease Structure or issued in a non-Leveraged Lease Structure, such holder may serve upon Republic and Republic's counsel, written notice of the requesting holder's uncertainty along with a description of the underlying claim; and within 10 calendar days after actual receipt of such notice, Republic shall inform the applicable holder as to whether the ETCs, PTCs and/or EETCs were issued in a Leveraged Lease Structure or in a non-Leveraged Lease Structure; and

(v) if a holder of claims is uncertain as to the extent to which the Interim Trading Order applies to it, it can consult counsel to the Creditors' Committee (when appointed).

For purposes of clauses (iii) and (iv), Republic's determination is not binding on the holders and shall not preclude a holder from seeking a determination from the Court.

"Effective Time" means the time of effectiveness of the Interim Trading Order.

"Newly Traded Covered Claims" means Covered Claims (i) of which a Person acquired Tax Ownership after the date that was 18 months before the Commencement Date; and (ii) that are not "ordinary course" claims, within the meaning of Treasury regulations section 1.382-9(d)(2)(iv), of which the same Person has always had Tax Ownership. For the avoidance of doubt, a transferee will be deemed to have owned such Covered Claims for the period that such Covered Claims were owned by the transferor if such Covered Claims were transferred in a "qualified transfer" within the meaning of Treasury regulations section 1.382-9(d)(5).

"Person" means a person or Entity (as such term is defined in Treasury regulations section 1.382-3(a)).

"Protected Amount" means the amount of Covered Claims of which a Person has Tax Ownership at the Effective Time,

(i) increased by (A) the amount of Covered Claims of which such Person acquires Tax Ownership pursuant to contracts entered into before the Effective Time and (B) the amount of Covered Claims of which such Person acquires Tax Ownership after the Effective Time pursuant to the exercise of rights under a secured debt instrument (including a voluntary foreclosure) of which such Person has Tax Ownership before the Effective Time, minus the amount of Covered Claims of which such Person disposes pursuant to contracts entered into before the Effective Time;

(ii) increased by the amount of Covered Claims of which such Person acquires Tax Ownership from another Person that are Newly Traded Covered Claims in the hands of the transferor, if either (x) both the transferor and the transferee are Substantial Claimholders immediately before the transfer; or (y) the transferor is a Substantial Claimholder immediately before the transfer and the transferee becomes a Substantial Claimholder as a result of the transfer, but the transferor ceases to be a Substantial Claimholder as a result of the transfer, and the transferor has complied and continues to comply with the Participation Restriction; *provided* that the transferee's Protected Amount shall only be increased to the extent that the aggregate amount of Newly Traded Covered Claims of which the transferor has Tax Ownership immediately before the transfer exceeds the aggregate amount of Newly Traded Covered Claims of which the transferee has Tax Ownership immediately before the transfer, and the transferor has complied and continues to comply with the Participation Restriction; *and provided* that, in the case of (x) and (y), the transferee's Protected Amount shall only be increased to the extent that (i) the amount transferred to the transferee does not exceed the transferor's Protected Amount immediately before the transfer and (ii) the transferee can demonstrate that the transferor is bound by a written agreement to reduce its Protected Amount by a corresponding amount; and

(iii) decreased by the amount of Covered Claims held by such Person as of the Effective Time that are not Newly Traded Covered Claims in the hands of such Person and that are subsequently disposed of by such Person.

"Sell Down Notice" means a notice to a Potentially Substantial New Equityholder requiring the Potentially Substantial New Equityholder to transfer Covered Claims in accordance with Sections (c) and (d) of this Paragraph 18.

"Substantial Claimholder" means a Person that has Tax Ownership of an aggregate amount of Covered Claims, measured where applicable by principal and accrued interest as of the Commencement Date, that equals or exceeds the Threshold Amount (as determined from time to time).

"Tax Ownership" means beneficial ownership of a Covered Claim or of Stock as determined in accordance with applicable rules under section 382 and, to the extent provided in those rules shall include, but not be limited to, direct and indirect ownership (*e.g.*, a holding company would be considered to have Tax Ownership of all shares owned or acquired by its 100 percent owned

subsidiaries), ownership by members of a person's family and persons acting in concert and, in certain cases, the creation or issuance of an option (in any form). Any variation of the term Tax Ownership shall have the same meaning and an "option" to acquire stock or claims shall include any contingent purchase, warrant, convertible debt, put, stock subject to risk of forfeiture, contract to acquire stock or similar interest, regardless of whether it is contingent or otherwise not currently exercisable. Tax Ownership of Covered Claims shall be determined as if such Covered Claims were stock of Republic.

"Threshold Amount" means, as an initial matter, \$4.94 million. Republic will periodically review the definition of the Threshold Amount, in consultation with the Creditors' Committee (when appointed), with a view to ensuring the reasonableness thereof, but in no event shall the Threshold Amount be decreased with retroactive effect. Any changes to the definition of the term Threshold Amount will be filed with the Court and served and published in the manner described in Section (h) of this Paragraph 18. For the avoidance of doubt, the Creditors' Committee may, at any time, submit updated amounts for the Court's consideration and entry by way of an amendment to this order.

**Ample Support Exists for the Proposed
Restrictions and Notification Requirements**

19. The Tax Attributes are valuable property of Republic's estate, and thus protected from actions that would diminish or eliminate their value, including transfers that would affect an Ownership Change. *See* 11 U.S.C. § 362(a)(3) (staying "any act to obtain possession of property of the estate or of property from the estate or to exercise control over property of the estate"); *see also Official Committee of Unsecured Creditors v. PSS Steamship Co. (In re Prudential Lines Inc.)*, 928 F.2d 565 (2d Cir. 1991), *cert. denied*, 502 U.S. 821 (1991) ("[W]here a non-debtor's action with respect to an interest that is intertwined with that of a bankrupt debtor would have the legal effect of diminishing or eliminating property of the bankrupt estate, such action is barred by the automatic stay.").

20. It is well established that a debtor's NOLs are property of the debtor's estate protected by the automatic stay. *See Nisselson v. Drew Indus., Inc. (In re White Metal Rolling & Stamping Corp.)*, 222 B.R. 417, 424 (Bankr. S.D.N.Y. 1998) ("It is beyond peradventure that NOL carrybacks and carryovers are property of the estate of the loss

corporation that generated them.”). The United States Court of Appeals for the Second Circuit, in its seminal *Prudential Lines* decision, affirmed the application of the stay and upheld a permanent injunction prohibiting a parent corporation from taking a worthless stock deduction that would have adversely affected the subsidiary’s ability to use its NOLs under the special relief provisions of section 382 of the Tax Code. *Official Comm. of Unsecured Creditors v. PSS Steamship Co. (In re Prudential Lines Inc.)*, 928 F.2d 565 (2d Cir. 1991). As the Second Circuit stated:

Including NOL carryforwards as property of a corporate debtor’s estate is consistent with Congress’ intention to “bring anything of value that the debtors have into the estate.” Moreover, . . . [i]ncluding the right to a NOL carryforward as property of [the debtor’s] bankruptcy estate furthers the purpose of facilitating the reorganization of [the debtor].

Id. at 573 (internal citations omitted); *see also In re Fruehauf Trailer Corp.*, 444 F.3d 203 (3d Cir. 2006) (“Property of the estate ‘includes all interests, such as . . . contingent interests and future interests, whether or not transferable by the debtor.’”) (quoting *Prudential Lines*, 928 F.2d at 572); *Gibson v. United States (In re Russell)*, 927 F.2d 413, 417 (8th Cir. 1991) (concluding the “right to carry forward the [debtor’s] NOLs” was a “property interest” of the estate).

21. In *Prudential Lines*, the Second Circuit determined that, if the parent were permitted to take a worthless stock deduction, it would have an adverse impact on the debtor subsidiary’s ability to carry forward its NOLs. Therefore, the Second Circuit noted that, “despite the fact that the [parent corporation’s] action is not directed specifically at [the debtor subsidiary], it is barred by the automatic stay as an attempt to exercise control over property of the estate.” *Prudential Lines*, 928 F.2d at 573-574.

22. In addition to finding that a debtor’s NOLs were protected by the stay, the Second Circuit also held that, pursuant to its equitable powers under section 105(a) of the

Bankruptcy Code, the bankruptcy court could issue a permanent injunction to protect such NOLs. Because the NOLs were valuable assets of the debtor, the Second Circuit refused to disturb the bankruptcy court's decision preserving the debtor's right to apply its NOLs to offset income on future tax returns. *Id.* at 574.

23. In *In re Phar-Mor, Inc.*, 152 B.R. 924 (Bankr. N.D. Ohio 1993), the court applied similar reasoning and granted the debtors' motion to prohibit transfers of their stock that could have an adverse effect on their ability to use NOLs, even though the stockholders did not state any intent to sell their stock and the debtors did not show that there was a pending sale that would trigger the prescribed ownership change under section 382 of the Tax Code. *See id.* at 927. Despite the "ethereal" nature of the situation, the court observed that "[w]hat is certain is that the *NOL has a potential value, as yet undetermined*, which will be of benefit to creditors and will assist debtors in their reorganization process. This asset is entitled to protection while debtors move forward toward reorganization." *Id.* (emphasis added).

24. The *Phar-Mor* court also concluded that, because the debtors were seeking to enforce the stay, they did not have to meet the more stringent requirements for preliminary injunctive relief:

The requirements for enforcing an automatic stay under 11 U.S.C. § 362(a)(3) do not involve such factors as lack of an adequate remedy at law, or irreparable injury, or loss and a likelihood of success on the merits. The key elements for a stay . . . are the existence of property of the estate and the enjoining of all efforts by others to obtain possession or control of property of the estate.

Id. at 926 (quoting *In re Golden Distributions, Inc.*, 122 B.R. 15, 19 (Bankr. S.D.N.Y. 1990)).

25. Numerous courts in this and other districts have either prohibited or otherwise restricted claims and/or equity trading to protect a debtor against the possible loss of its NOL carryovers. *See, e.g., In re AMR Corp.*, Ch. 11 Case No. 11-15463 (SHL) (Bankr.

S.D.N.Y. 2013) (approving notification procedures and restrictions on certain transfers of equity interests in the debtors); *In re Pinnacle Corp.*, Ch. 11 Case No. 12-11343 (REG) (Bankr. S.D.N.Y. 2012) (approving notification procedures and restrictions on certain transfers of claims against and equity interests in debtors); *In re Frontier Airlines Holdings, Inc.*, Ch. 11 Case No. 08-11298 (RDD) (Bankr. S.D.N.Y. 2008) (approving notification and hearing procedures for trading in claims and equity interests); *In re Northwest Airlines Corp.*, Ch. 11 Case No. 05-17930 (ALG) (Bankr. S.D.N.Y. 2005) (approving notification procedures and restrictions on certain transfers of claims against and equity interests in the debtors); *In re Delta Air Lines, Inc.*, Ch. 11 Case No. 05-17923 (PCB) (Bankr. S.D.N.Y. 2005) (approving notification procedures and restrictions on certain transfers of equity interests in the debtors); *In re US Airways, Inc.*, Ch. 11 Case No. 04-13819 (SSM) (Bankr. E.D. Va. 2005) (approving notification procedures and restrictions on certain transfers of claims against and equity interests in debtors); *In re WorldCom, Inc.*, Ch. 11 Case No. 02-13533 (AJG) (Bankr. S.D.N.Y. 2003) (restricting acquisitions of stock above a certain threshold); *In re Metrocall, Inc.*, Ch. 11 Case No. 02-11579 (Bankr. D. Del. 2002) (approving procedures where debtor would provide 5 business days' notice to object to proposed transfers of stock that would result in a transferee holding 5-percent or more of the debtor's stock or a reduction in the ownership interest of an existing 5-percent or greater shareholder); *In re Reliance Acceptance Group Inc.*, Ch. 11 Case No. 98-288 (PJW) (Bankr. D. Del. 1998) (providing debtor with 30-days' notice to object to proposed transfers that would result in a transferee holding 5 percent or more of debtor's common stock).

**The Proposed Procedures Are
Necessary and in the Best Interests of the Debtors, Their Estates, and Creditors**

26. The proposed procedures and restrictions are necessary to protect Republic's NOL carryforwards, which are valuable assets of Republic's estates, while providing

appropriate latitude for trading in Stock below specified levels and trading in Covered Claims. Republic's ability to meet the requirements of the tax laws to protect their NOL carryforwards may be seriously jeopardized unless procedures are established to ensure that certain trading in Stock is either precluded or closely monitored and made subject to Court approval and that Republic has the ability to reestablish the status quo with respect to Covered Claims. However, Republic recognizes that the trading in Stock below specified levels (with contemporaneous notice of the transfers) and free trading of Covered Claims does not, at this time, pose a serious risk to the NOL carryforwards. Given the significant potential value of the Tax Attributes and the tailored approach of the Procedures, the Procedures are a necessary and appropriate exercise of this Court's equitable powers under section 105(a) of the Bankruptcy Code and should be approved.

Interim Trading Order

27. Republic seeks the relief requested in this Motion in the form of the Interim Trading Order attached hereto. Within three business days of the entry of the Interim Trading Order, Republic shall publish and serve a notice in the manner specified in Section (h) of Paragraph 18.

28. Republic requests that the deadline to file an objection ("Objection") to the Motion shall be 4:00 p.m. (prevailing Eastern Time) on a date established by the Court that is at least seven calendar days prior to any hearing scheduled by the Court with respect to the relief sought herein on a final basis (the "Objection Deadline"). An Objection shall be considered timely only if, on or prior to the Objection Deadline, it is (a) filed with the Court and (b) served upon and actually received by (i) the United States Trustee, 33 Whitehall Street, 21st Floor, New York, New York 10004; (ii) proposed counsel to Republic, Zirinsky Law Partners PLLC, 375 Park Avenue, Suite 2607, New York, New York (Attn: Bruce R. Zirinsky, Esq.

(bzirinsky@zirinskylaw.com), Sharon J. Richardson, Esq. (srichardson@zirinskylaw.com), and Gary D. Ticoll, Esq. (gticoll@zirinskylaw.com)) and Hughes Hubbard & Reed LLP, One Battery Park Plaza, New York, New York 10004 (Attn: Christopher K. Kiplok, Esq. (chris.kiplok@hugheshubbard.com) and Ramsey Chamie, Esq. (ramsey.chamie@hugheshubbard.com)); and (iii) attorneys for the official committee of unsecured creditors, if then appointed in these cases, on or before the Objection Deadline.

29. Unless otherwise ordered by the Court, a reply to an Objection may be filed with the Court and served on or before 12:00 p.m. (prevailing Eastern Time) on the day that is at least two days before the date of the applicable hearing.

30. If no Objections are timely filed and served as set forth herein, Republic shall, on or after the Objection Deadline, submit to the Court a final order granting the relief requested herein, which order shall be submitted and may be entered with no hearing and no further notice or opportunity to be heard afforded to any party, and the Motion shall be approved *nunc pro tunc* to the date of the commencement of these chapter 11 cases. If an Objection is timely filed, a hearing will be held at a date and time to be established by the Court.

31. Until the Court enters a final order, any acquisition or disposition of Tax Ownership of Stock or Covered Claims after the Commencement Date in violation of the Procedures set forth above shall be null and void *ab initio* as an act in violation of the automatic stay prescribed by section 362 of the Bankruptcy Code and pursuant to this Court's equitable power prescribed in section 105(a) of the Bankruptcy Code.

32. The foregoing notice procedures satisfy due process and the strictures of Bankruptcy Rule 9014 by providing the counterparties with a notice and an opportunity to object and be heard at a hearing. *See, e.g., Harada v. DBL Liquidating Trust (In re Drexel Burnham*

Lambert Group, Inc.), 160 B.R. 729, 733 (S.D.N.Y. 1993) (indicating that opportunity to present objections satisfies due process); *Flynn v. Eley (In re Colo. Mountain Cellars, Inc.)*, 226 B.R. 244, 246 (D. Colo. 1998) (noting that a hearing is not required to satisfy Bankruptcy Rule 9014). Furthermore, the proposed notice procedures protect the due process rights of the parties in interest without unnecessarily exposing Republic's estates to unwarranted administrative expenses.

33. Republic believes that the above measures constitute a sufficient and cost-effective way of providing notice of the Procedures described above.

Notice

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

No Previous Request

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

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

Dated: New York, New York
February 25, 2016

/s/ Bruce R. Zirinsky

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*Proposed Attorneys for the Debtors and
Debtors in Possession*

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

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

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**INTERIM TRADING ORDER ESTABLISHING NOTIFICATION PROCEDURES
AND APPROVING RESTRICTIONS ON CERTAIN TRANSFERS OF CLAIMS
AGAINST AND INTERESTS IN THE DEBTORS' ESTATES**

A hearing having been held on _____, 2016 (the "Hearing"), to consider the motion, dated February 25, 2016 (the "Motion"),² of Republic Airways Holdings Inc. ("RAH"), and certain of its wholly-owned direct and indirect subsidiaries, as debtors and debtors in possession in the above-captioned chapter 11 cases (collectively with RAH, "Republic" or the "Debtors"), pursuant to sections 105(a) and 362 of title 11 of the United States Code (the "Bankruptcy Code"), for an order to approve notification procedures and restrictions on certain transfers of claims against and interests in Republic's estates as more fully described in the Motion; the Court having jurisdiction to consider the Motion and the relief requested therein in accordance with 28. U.S.C. §§ 157 and 1334 and the Amended Standing Order of Reference M-431, dated January 31, 2012 (Preska, C.J.); and consideration of the Motion and the relief requested therein being a core proceeding pursuant to 28 U.S.C. § 157(b); and venue being proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; and due and proper notice of

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

the Motion having been given to the Notice Parties as provided in the Motion, and such notice having been adequate and appropriate under the circumstances; and it appearing that no other or further notice need be provided other than as provided herein; and the Court having found and determined that Republic's net operating loss carryforwards ("NOLs") and certain other tax attributes (together with the NOLs, the "Tax Attributes") are property of Republic's estates and are protected by section 362(a) of the Bankruptcy Code; and the Court having found and determined that unrestricted trading in claims against and equity interests in Republic before Republic's emergence from chapter 11 could severely limit Republic's ability to use the Tax Attributes for purposes of the Internal Revenue Code of 1986, as amended (the "Tax Code"), as set forth in the Motion; and the Court having found and determined that the Procedures (as hereinafter defined) are necessary and proper to preserve the Tax Attributes and are therefore in the best interests of Republic, its estates, and its creditors; and the Court having found and determined that the relief requested in the Motion is authorized under sections 105(a) and 362 of the Bankruptcy Code; and this Court having determined that the relief sought in the Motion is in the best interests of Republic, its creditors, and all parties in interest; and this Court having determined that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and upon all of the proceedings had before this Court and after due deliberation and sufficient cause appearing therefor, it is

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

ORDERED that effective as of the Commencement Date the following procedures and restrictions are imposed and approved:

1. Notice of Substantial Equityholder Status. Any Person who is or becomes a Tax Owner of at least 2,420,048 shares of Stock, which represent approximately 4.75 percent of the issued and outstanding Stock as of the Commencement Date (a “Substantial Equityholder”), must, on or before the later of: (a) 15 days after the Court’s entry of an order approving these Procedures or (b) 10 days after that Person becomes a Substantial Equityholder, serve on Republic, the attorneys for Republic and the attorneys for the Creditors’ Committee (when appointed) a notice (the “Substantial Equityholder Notice”) containing the Tax Ownership information substantially in the form of **Exhibit 1** annexed to **Exhibit A** to the Motion.

2. Restrictions and Procedures for Trading in Stock. Any Person that, after the Commencement Date,

- i. is not a Substantial Equityholder and wishes to purchase or otherwise acquire Tax Ownership of an amount of Stock that would cause the Person to become a Substantial Equityholder;
- ii. is a Substantial Equityholder and wishes to purchase or otherwise acquire Tax Ownership of any additional Stock; or
- iii. is a Substantial Equityholder and wishes to sell or otherwise dispose of Tax Ownership of any Stock,

must, prior to the consummation of any such transaction, file with the Court (at the holder’s election, in a redacted form that does not include such holder’s taxpayer identification number and the aggregate principal amount of Stock that such holder beneficially owns), and serve on Republic, the attorneys for Republic and the attorneys for the Creditors’ Committee (when appointed) an unredacted notice in the form attached as **Exhibit 2** to **Exhibit A** to the Motion, in the case of a proposed acquisition of Stock, or **Exhibit 3** to **Exhibit A** to the motion, in the case of a proposed disposition of Stock, including the case of a 50 percent shareholder who intends to claim a worthlessness deduction with respect to such Stock (either such notice, a “Proposed

Stock Transaction Notice”). Republic shall consult with counsel to the Creditors’ Committee (when appointed) prior to responding to any Proposed Stock Transaction Notice. If written approval of the proposed transaction is filed with the Court by Republic within 15 calendar days following the receipt of a Proposed Stock Transaction Notice, then the transaction may proceed. If written approval of the proposed transaction is not filed by Republic with the Court within such period, then the transaction may not be consummated unless approved by a final and nonappealable order of the Court. Further transactions within the scope of this Section 2 must be the subject of additional notices as set forth herein with additional waiting periods.

3. Restrictions and Procedures for Trading in Covered Claims.

- a. Any Person that, after the Commencement Date,
 - i. is not a Substantial Claimholder and purchases or otherwise acquires Tax Ownership of an amount of Covered Claims that causes the Person to become a Substantial Claimholder; or
 - ii. is a Substantial Claimholder and purchases or otherwise acquires Tax Ownership of any additional Covered Claims,

will have an obligation, in the event that the Court issues a Sell Down Order at the request of Republic pursuant to Section 4, to sell or otherwise transfer Tax Ownership of an aggregate amount of Covered Claims sufficient to prevent such Person from having Tax Ownership of an amount of the reorganized Republic’s stock as a result of the implementation of the 382(l)(5) Plan that exceeds the greater of (a) the Applicable Percentage or (b) the percentage specified in the Sell Down Notice applicable to such Person pursuant to Section 4; *provided, however*, that such Person shall not be required to make any sale or other transfer of Tax Ownership of Covered Claims that would result in such Person having Tax Ownership of an aggregate amount of Covered Claims that is less than either (x) the Threshold Amount, as revised from time to time, or (y) such Person’s Protected Amount.

b. Any Person that participates in formulating any chapter 11 plan of reorganization of or on behalf of Republic (which shall include, without limitation, making any suggestions or proposals to Republic or their advisers with regard to such a plan) shall not do so in a manner that makes evident to Republic that any Covered Claims of which such Person has Tax Ownership are Newly Traded Covered Claims (the "Participation Restriction"). For this purpose, Republic acknowledges and agree that the following activities alone shall not constitute a violation of the Participation Restriction: filing an objection to a proposed disclosure statement or to confirmation of a proposed plan of reorganization, voting to accept or reject a proposed plan of reorganization, reviewing or commenting on a proposed business plan, membership on a Creditors' Committee (when appointed) or an *ad hoc* Committee, providing information to Republic's counsel on a confidential basis, or taking any action required by the Interim Trading Order. Any Person found by the Court to have violated the Participation Restriction willfully shall be required to dispose of Newly Traded Covered Claims of which such Person has Tax Ownership (subject to the Equity Forfeiture Provision described in Section 6) to the extent necessary to protect Republic's ability to effect successful implementation of the 382(l)(5) Plan. For the avoidance of doubt, (i) such Person shall not be permitted to retain Tax Ownership of any Newly Traded Covered Claims if a Sell Down Order has been or is subsequently issued pursuant to Section 4, and (ii) if a Claims Trading Notice Order has been issued pursuant to Section 4(e), such Person shall only be permitted to retain Tax Ownership of Newly Traded Covered Claims to the extent that such retention would not impair the reasonable "cushions" referred to in Section 4(c). Prior to taking any action to enforce the foregoing two sentences, Republic shall consult with counsel to the Creditors' Committee (when appointed).

4. Sell Down Procedures.

a. *Reporting of Substantial Claimholder Status.* In order to assess the feasibility of implementing a 382(l)(5) Plan and the need for petitioning the Court for a Sell Down Order, Republic, after consultation with and provision of such information as is reasonably requested by counsel to the Creditors' Committee (when appointed), may file with the Court and further publish and serve in the manner specified in Section 8 a notice (the "Reporting Notice") requiring each Substantial Claimholder, within 30 calendar days of Republic's filing of the Reporting Notice with the Court, to serve on Republic, its counsel and counsel to the Creditors' Committee (when appointed), a notice in the form attached as **Exhibit 4** to **Exhibit A** to the Motion (a "Substantial Claimholder Notice"). A Person that is uncertain whether it is a Substantial Claimholder may serve a Substantial Claimholder Notice in the manner described above in order to preserve its rights under the Interim Trading Order. A Person serving a Substantial Claimholder Notice in the manner described above shall not be required to file the Substantial Claimholder Notice with the Court. For the avoidance of doubt, Republic will not be precluded from filing more than one Reporting Notice pursuant to this subsection (a).

b. *Petition for Sell Down Order and Notification Procedures.* After filing a 382(l)(5) Plan and Disclosure Statement with respect thereto with the Court, but no later than the expiration of the 75-day period beginning with the date on which Republic files a Reporting Notice with the Court, Republic may, in consultation with counsel to the Creditors' Committee (when appointed), file a motion with the Court for the issuance of an order (the "Sell Down Order") that (i) authorizes Republic to issue Sell Down Notices to each Person that has timely filed a Substantial Claimholder Notice showing Tax Ownership of Covered Claims that, pursuant

to the terms of the 382(l)(5) Plan (and prior to giving effect to the Sell Down Order), would entitle such Person to acquire Tax Ownership of more than the Applicable Percentage of the equity of the reorganized Debtors (a "Potentially Substantial New Equityholder") and (ii) provides that any Person other than a Potentially Substantial New Equityholder shall not be entitled to acquire Tax Ownership of more than the Applicable Percentage of the equity of the reorganized Debtors (or consideration in lieu thereof) if the 382(l)(5) Plan is consummated. The motion for a Sell Down Order shall be published and served in the manner described in Section 8. Each Potentially Substantial New Equityholder shall be served with a copy of the motion and the Sell Down Notice applicable to such Person. Counsel to the Creditors' Committee (when appointed) shall be served with a copy of the motion and all Sell Down Notices. For the avoidance of doubt, Republic will not be precluded from filing more than one motion for the issuance of a Sell Down Order pursuant to this subsection (b).

Each Sell Down Notice shall indicate (i) Republic's calculation of the percentage of the equity of the reorganized Debtors of which the Potentially Substantial New Equityholder would otherwise acquire Tax Ownership under the terms of the 382(l)(5) Plan, based on the Substantial Claimholder Notice filed by such person (such person's "Preliminary Percentage"), and (ii) the percentage of equity of the reorganized Debtors of which such person will be permitted to acquire Tax Ownership under the 382(l)(5) Plan, based on a proportionate reduction to the Preliminary Percentage of each Potentially Substantial New Equityholder (except to the extent that Republic determines that such a reduction would result in the requirement that a Potentially Substantial New Equityholder sell or otherwise transfer Covered Claims that are not Newly Traded Covered Claims). For instance, if Potentially Substantial New Equityholders are required to reduce their Preliminary Percentage by 20 percent, a Potentially Substantial New

Equityholder whose Preliminary Percentage was 15 percent generally would be required to sell Covered Claims such that it would be entitled to receive no more than 12 percent of the equity of the reorganized Debtors under the 382(l)(5) Plan. If a Potentially Substantial New Equityholder holds more than one category of Covered Claims, the category or categories of Covered Claims to be sold in order to comply with the Sell Down Notice will be left to the discretion of the Potentially Substantial New Equityholder.

c. *Procedures for Objection to a Sell Down Notice.* A Potentially Substantial New Equityholder in receipt of a Sell Down Notice will be permitted to object on any one or more of the following grounds: (i) the Sell Down Notice applicable to it contains a mathematical error, (ii) compliance with the Sell Down Notice applicable to it would require the Potentially Substantial New Equityholder to reduce its Tax Ownership of Covered Claims below the Threshold Amount (so long as it has complied and continues to comply with the Participation Restriction) or below its Protected Amount or would require it to transfer Tax Ownership of Covered Claims that are not Newly Traded Covered Claims, and (iii) Republic's decision to protect the ability to implement a plan utilizing section 382(l)(5) through the issuance of the Sell Down Notices is not a reasonable exercise of Republic's business judgment. If an objection described in clause (i) or (ii) is filed, Republic will be permitted to serve new Sell Down Notices in their discretion. If an objection described in clause (iii) is raised by a Potentially Substantial New Equityholder or by the Creditors' Committee (when appointed), Republic will be required to present to the Court evidence regarding:

- i. the reasonably expected range of tax attributes available to be carried over under the 382(l)(5) Plan to reduce the future U.S. federal income tax liabilities of Republic, taking into account, among other things, anticipated reductions in tax attributes under section 108(b) of the Internal Revenue Code that will occur as a result of the implementation of the 382(l)(5) Plan

and anticipated deductions arising from payments made under the 382(l)(5) Plan;

- ii. the basis for Republic's belief that the reduction in holdings required by the Sell Down Order (and implemented by the Sell Down Notices) are reasonably necessary and appropriate to ensure that the ownership requirements of section 382(l)(5) will be satisfied in connection with the 382(l)(5) Plan; and
- iii. the basis for Republic's belief that there is a reasonable possibility that utilization of section 382(l)(5) will be more beneficial to Republic and its estates than utilizing section 382(l)(6).

In evaluating the evidence presented by Republic with respect to the appropriateness of the reductions in holdings required by the Sell Down Order, substantial deference will be given to Republic's determination that reasonable "cushions" are appropriate in making determinations regarding satisfaction of the ownership requirements of section 382(l)(5). For instance, in order reasonably to ensure that a particular Substantial Claimholder will acquire Tax Ownership of less than 5 percent of the equity of the reorganized Debtors under the terms of the 382(l)(5) Plan, an Applicable Percentage of 4.75 percent will be presumed reasonable if the 382(l)(5) Plan provides for the issuance of only one class of equity of the reorganized Debtors, and substantial deference will be given to Republic's determinations regarding the Applicable Percentage if the 382(l)(5) Plan contemplates the issuance of more than one class of equity of the reorganized Debtors. In addition, in order reasonably to ensure that more than 50 percent of the equity of the reorganized Debtors will be held by holders of "pre-change" equity interests or "qualified creditors" in respect of their holdings of "pre-change" equity interests or "qualified indebtedness" (within the meaning of Treasury regulations section 1.382-9(d)), the reduction of holdings required by the Sell Down Notice will be presumed reasonable if it is intended to ensure that 55 percent of the equity of the reorganized Debtors would be expected to be held by a combination of (i) holders with Tax Ownership of less than the Applicable Percentage of such

equity and (ii) holders whose receipt of such equity is clearly in respect of “qualified indebtedness” or “pre-change” equity interests.

In evaluating the evidence presented by Republic with respect to the relative benefits of utilization of section 382(l)(5), Republic’s determination will be upheld unless the objecting Potentially Substantial New Equityholder or the Creditors’ Committee (when appointed) establishes that there is not a reasonable possibility that utilization of section 382(l)(5) will be more beneficial than utilization of the benefits of section 382(l)(6).

Unless the Court determines otherwise for good cause shown, a Sell Down Order and the related Sell Down Notices will remain effective notwithstanding amendments to the 382(l)(5) Plan; provided, however, that if Republic withdraw the 382(l)(5) Plan, the Sell Down Notices will have no further effect.

d. *Procedures for Implementing a Sell Down Order.* Each transfer of Covered Claims required by a final Sell Down Notice shall occur prior to the later of (i) the date that is 10 calendar days after the date of confirmation of the 382(l)(5) Plan, (ii) the date that is 30 calendar days after receipt of the Sell Down Notice and (iii) the date specified in all of the Sell Down Notices.

Once a Potentially Substantial New Equityholder has transferred its Covered Claims in accordance with the preceding paragraph, such Person (i) shall, no later than one business day following the latest date for completing such transfer in accordance with the preceding paragraph, serve on the Debtors, their counsel and counsel to the Creditors’ Committee (when appointed) a notice in the form attached as **Exhibit 5** to **Exhibit A** to the Motion (a “Notice of Completed Sell Down”) and (ii) under no circumstances shall acquire additional Covered Claims in a manner that would increase the amount of the reorganized

Debtors' equity to which such Person would be entitled pursuant the implementation of the 382(l)(5) Plan above the percentage specified in the Sell Down Notice applicable to such Person.

A Person that would otherwise be prohibited by the Sell Down Order from acquiring a Covered Claim but is permitted to do so pursuant to the fourth and fifth decretal paragraphs of the Interim Trading Order (relating to property described in Section 1110 of the Bankruptcy Code) shall, within the later of (i) the date for complying with a Sell Down Notice, (ii) the date 15 days prior to the scheduled effective date of the 382(l)(5) Plan and (iii) the date such acquisition is completed, divest itself of Tax Ownership of an amount of Covered Claims such that, following the divestiture, the Person would not be entitled to acquire Tax Ownership of an amount of equity of the reorganized Debtors pursuant to the implementation of the 382(l)(5) Plan in excess of the amount specified on the Sell Down Notice applicable to such Person (or, if there is none, the Applicable Percentage). A Person may object to the requirement of the preceding sentence on the grounds that compliance would result in such Person's having Tax Ownership of an amount of Covered Claims that is less than the Threshold Amount (so long as it has complied and continues to comply with the Participation Restriction) or its Protected Amount. Notice of such an objection must be served on the Debtors, their counsel and counsel to the Creditors' Committee (when appointed) no later than the second business day following the date on which such Person becomes aware of the grounds for such objection, and in any event no later than the date on which the divestiture would be required. Upon receipt of such an objection, Republic may, following consultation with counsel to the Creditors' Committee (when appointed), issue revised Sell Down Notices if they consider it advisable to do so.

e. *Procedure if no Sell Down Notices are Required.* If Republic determine, based on the Substantial Claimholder Notices filed in response to the Reporting Notice, that no

Sell Down Notices appear necessary in order to implement the 382(l)(5) Plan, Republic may move the Court for an order requiring advance notice of certain acquisitions of Covered Claims (the “Claims Trading Notice Order”). Under the Claims Trading Notice Order,

- i. any Potentially Substantial New Equityholder proposing to acquire Covered Claims in a transaction following which such Person would have Tax Ownership of Covered Claims that, pursuant to the terms of the 382(l)(5) Plan, would entitle such Person to receive equity of the reorganized Debtors in excess of the amount of equity to which such Person would have been entitled based on the holdings reported on such Person’s Substantial Claimholder Notice, and
- ii. any Person that would become a Potentially Substantial New Equityholder by virtue of a proposed acquisition of Covered Claims

will be required, prior to the consummation of any such transaction, to serve on the Debtors, their counsel and counsel to the Creditors’ Committee (when appointed), a notice in the form attached as **Exhibit 6 to Exhibit A** to the Motion (a “Proposed Covered Claim Transaction Notice”). The same procedures applicable to a Proposed Stock Transaction Notice (described in Section 2) will apply with respect to a Proposed Covered Claim Transaction Notice. If Republic does not give written consent to the proposed transaction and the Person that has delivered the Proposed Covered Claim Transaction Notice requests a hearing, the procedures and standards of proof described in Section 4(c) will apply.

In addition, the Claims Trading Notice Order will require any Person that has acquired Tax Ownership of Covered Claims for which it did not file a Substantial Claimholder Notice and as to which a motion would have been required under the preceding paragraph, but for the fact that such acquisition occurred prior to the entry of the Claims Trading Notice Order, to serve notice of such fact on the Debtors, their counsel and counsel to the Creditors’ Committee (when appointed) within 15 calendar days of the entry of the Claims Trading Notice Order. If Republic determines that the retention by such Person of such Covered Claims could

jeopardize the implementation of the 382(l)(5) Plan, they will serve a Sell Down Notice on such Person, in which case the procedures and standards of proof described in this Section 4(c) will apply. The provisions of this paragraph will also apply to a Person that is exempted by the fourth and fifth decretal paragraphs of the Interim Trading Order (relating to property described in Section 1110 of the Bankruptcy Code) from giving the advance notice otherwise required by the preceding paragraph with respect to an acquisition of Covered Claims. In such a case, notice of the acquisition must be served on the Debtors, their counsel and counsel to the Creditors' Committee (when appointed) within the earlier of (i) the date that is 15 calendar days after the date of such acquisition and (ii) the later of the date of such acquisition and the date that is 15 calendar days prior to the scheduled effective date of such 382(l)(5) Plan.

5. Confidentiality.

The Debtors, their counsel and counsel to the Creditors' Committee (when appointed) shall keep all information provided in all notices delivered pursuant to the Interim Trading Order strictly confidential and shall not disclose the contents thereof to any person (including any member of any Creditors' Committee (when appointed)), except (i) to the extent necessary to respond to a petition or objection filed with the Court, (ii) to the extent otherwise required by law or (iii) to the extent that the information contained therein is already public; *provided, however,* that Republic may disclose the contents thereof to their professional financial advisers, who shall keep all such notices strictly confidential and shall not disclose the contents thereof to any other person subject to further Court order. To the extent confidential information is necessary to respond to a petition or objection filed with the Court, such confidential information shall be filed under seal or in redacted form. For the avoidance of doubt, the foregoing provisions shall not preclude Republic from including in its unredacted, unsealed

filings with the Court summary information regarding the amount of equity of the reorganized Debtors that Potentially Substantial New Equityholders (not identified by name or otherwise) would be expected to receive under the terms of the 382(l)(5) Plan before and after the implementation of the Sell Down Order.

6. Sanctions for Noncompliance.

a. *Noncompliance Relating to Stock.* Acquisitions and dispositions of Tax Ownership of Stock in violation of the restrictions and procedures set forth in Section 2 shall be void *ab initio*, and the sanction for violating Section 2 shall be reversal of the noncompliant transaction or such other (or additional) measures as the Court may consider appropriate.

b. *Noncompliance Relating to a Sell Down Notice or a Claims Trading Notice Order.* In the event that any Person fails to comply with a final Sell Down Notice applicable to it, such Person shall not be entitled to acquire Tax Ownership of any equity of the reorganized Debtors (or consideration in lieu thereof) in connection with the implementation of the 382(l)(5) Plan in excess of the greater of (i) the Applicable Percentage (which, only with respect to such Person, shall be deemed to be zero unless such Person has complied and continues to comply with the Participation Restriction) or (ii) the percent specified on such Sell Down Notice. Any Person that did not file a Substantial Claimholder Notice shall not be entitled to acquire Tax Ownership of any equity of the reorganized Debtors (or consideration in lieu thereof) in excess of the Applicable Percentage in connection with the implementation of the 382(l)(5) Plan. Any Person that acquires Covered Claims in violation of a Sell Down Order or a Claims Trading Notice Order shall not be entitled to acquire Tax Ownership of any equity of the reorganized Debtors (or consideration in lieu thereof) in connection with the implementation of the 382(l)(5) Plan in excess of the percentage of equity to which such Person would have been

entitled had it not acquired such Covered Claims. The foregoing sanctions (the “Equity Forfeiture Provisions”) shall be effective without any further order of the Court. Any purported acquisition of Tax Ownership of stock of the reorganized Debtors pursuant to the implementation of the 382(l)(5) Plan that is precluded by the Equity Forfeiture Provisions (such stock the “Forfeited Equity”) shall be void *ab initio*. Any Person that receives Forfeited Equity shall, immediately upon becoming aware of such fact, return such Forfeited Equity to Republic or, if all of the shares properly issued to such Person and all or any portion of such Forfeited Equity have been sold prior to the time such Person becomes aware of such fact, such Person shall return to Republic (i) any Forfeited Equity still held by such Person and (ii) the proceeds attributable to the sale of Forfeited Equity, calculated by treating the most recently sold shares as Forfeited Equity. Any Person that receives Forfeited Equity and deliberately fails to comply with the preceding sentence shall be subject to such additional sanctions as the Court may determine. In no event, however, shall an acquisition or disposition of Tax Ownership of Covered Claims be rendered void or unenforceable by reason of the Interim Trading Order.

7. Discretionary Waiver by Debtors. The Debtors, with the consent of the Creditors’ Committee (when appointed) or pursuant to an order of the Court, may waive any sanctions, remedies or notification procedures imposed by the Interim Trading Order; *provided, however,* that any such waiver shall be filed with the Court.

8. Notice Procedures. Within three business days of the entry of the Interim Trading Order, Republic shall (i) submit a publication notice of the entry of the Interim Trading Order (substantially in the form attached as **Exhibit B** to the Motion) for posting on the Bloomberg newswire service and the Depository Trust Company Legal Notice System (also known as LENS); (ii) post such notice together with a copy of the Interim Trading Order on

Republic's case information website (www.primeclerk.com/RJET); and (iii) serve a notice of the entry of the Interim Trading Order (substantially in the form attached as **Exhibit A** to the Motion) on (1) the Office of the United States Trustee for the Southern District of New York; (2) all indenture trustees, owner trustees or transfer agents for the Covered Claims or Stock, as applicable; (3) those creditors holding the ten (10) largest secured claims against Republic's estates on a consolidated basis; (4) those creditors holding the forty (40) largest unsecured claims against Republic's estates on a consolidated basis; (5) the attorneys for the agents under Republic's prepetition revolving credit facilities; (6) the attorneys for the International Brotherhood of Teamsters; (7) the attorneys for Republic's Codeshare Partners; (8) counsel to the Creditors' Committee (when appointed); (9) any identified Substantial Equityholders and Substantial Claimholders; (10) the Internal Revenue Service; (11) the Securities and Exchange Commission; and (12) the United States Attorney's Office for the Southern District of New York. Upon receipt of such notice and at least once every three months during the pendency of these chapter 11 cases, all indenture trustees, owner trustees and transfer agents shall send the notice to all holders of Covered Claims of more than \$4.94 million or at least 2,420,048 shares of Stock, as applicable, registered with the indenture trustee, owner trustee or transfer agent. Any registered holder shall, in turn, provide the notice to any holder for whose account the registered holder holds Covered Claims of more than \$4.94 million or at least 2,420,048 shares of Stock, as applicable. Any such holder shall, in turn, provide the notice to any Person for whom the holder holds Covered Claims of more than \$4.94 million or at least 2,420,048 shares of Stock, as applicable. Any Person, or broker or agent acting on such Person's behalf, that sells Covered Claims in the aggregate amount of \$4.94 million or sells an aggregate amount of at least 2,420,048 shares of Stock (or an option with respect thereto) to another Person (other than

pursuant to a transaction consummated on the NASDAQ) shall provide a copy of the notice to such purchaser or to any broker or agent acting on such purchaser's behalf. Similar procedures shall apply if Republic files a Reporting Notice, a motion for a Sell Down Order or a change to the definition of the Threshold Amount with the Court.

Upon receipt of such notice of Interim Trading Order, any broker, bank, dealer or other agent or nominee of a beneficial holder (each a "Nominee") of Equity Securities will be required, within five (5) business days of receipt of such notice and on at least a quarterly basis thereafter, to send the notice of Interim Trading Order to all beneficial holders of Equity Securities on whose behalf such Nominee holds Equity Securities. To the extent such beneficial holder is also a Nominee, such Nominee must, in turn, promptly provide the notice of Interim Trading Order to any holder for whose account such holder holds Equity Securities, and so on down the chain of ownership.

9. Special Rules. A Person acquiring or disposing of Tax Ownership of Stock or Covered Claims in the capacity of Agent of another Person shall not be treated as a Substantial Equityholder or Substantial Claimholder solely to the extent acting in the capacity of Agent, and shall not have an affirmative duty to inquire whether the account, customer, investment fund, principal, trust, or beneficiary is subject to any restrictions or requirements under the Interim Trading Order; *provided, however*, that the account, customer, fund, principal, trust, or beneficiary shall not be excluded from the Interim Trading Order by reason of this subsection. Specifically and for the avoidance of doubt, the trustee of any trust, any indenture trustee, owner trustee, pass-through trustee, subordination agent, registrar, paying agent or transfer agent, in each case for any ownership interests, bonds, debentures, pass-through certificates (whether offered publicly or privately, "PTCs"), equipment trust certificates (whether

offered publicly or privately, “ETCs”), enhanced equipment trust certificates (whether offered publicly or privately, “EETCs”), enhanced pass-through trust certificates, property or other debt securities (collectively, “Debt Securities”) (i) issued by any of the Debtors, (ii) issued by any governmental or quasi-governmental authority for the benefit of any of the Debtors, (iii) secured by assets of any of the Debtors or agreements with respect to such assets or (iv) secured by assets leased to any of the Debtors (any such person, a “Trustee”), shall not be treated as a “Substantial Claimholder” solely to the extent acting in the capacity described above; *provided, however*, that neither any transferee of Covered Claims nor any Person who has Tax Ownership of a Covered Claim held by a Trustee shall be excluded solely by reason of this provision. No Trustee shall be subject to the Interim Trading Order or have or incur any liability for noncompliance with the Interim Trading Order to the extent such Trustee follows its standard practices or acts in accordance with its respective prepetition governing documents with respect to (i) any transfer of Debt Securities or ownership interests in assets leased to the Debtors, (ii) any payments relating thereto or (iii) any actions taken in accordance with the instructions of holders of Debt Securities or ownership interests for which such Trustee acts.

10. Continued Compliance with Other Applicable Laws and Rules. The requirements set forth in this Order are in addition to the requirements of Bankruptcy Rule 3001(e) and applicable securities, corporate, and other laws, and do not excuse compliance therewith.

11. Definitions.

For purposes of this Motion:

“**382(l)(5) Plan**” means a plan of reorganization for Republic under chapter 11 of the Bankruptcy Code pursuant to which there is a reasonable possibility that section 382(l)(5) will be utilized and which provides that transfers

of Tax Ownership of the reorganized Debtors' equity will be subject to reasonable restrictions for not less than two years after the reorganization.

“**Agent**” means a broker, account manager, agent, custodian, nominee, prime broker, clearinghouse or trustee (including a Trustee but not including a trustee qualified under section 401(a) of the Internal Revenue Code).

“**Applicable Percentage**” means, if only one class of common equity of the reorganized Debtors is to be issued pursuant to the terms of a 382(l)(5) Plan, 4.75 percent of the number of such shares that Republic reasonably estimates will be issued at the effective time of such 382(l)(5) Plan. If more than one class of equity of the reorganized Debtors is to be distributed pursuant to the terms of a 382(l)(5) Plan, the Applicable Percentage shall be determined by Republic in its reasonable judgment in a manner consistent with the estimated range of values for the equity to be distributed reflected in the valuation analysis set forth in the Disclosure Statement, and shall be expressed in a manner that makes clear how many shares of common equity would constitute the Applicable Percentage.

“**Covered Claims**” means any claims within the meaning of section 101(5) of the Bankruptcy Code against one or more Debtors that is not a secured claim, *provided that*

(i) in the case of a secured claim, that portion of the claim (including such portion attributable to accrued and unpaid interest) that exceeds the fair market value of the security shall be considered a Covered Claim;

(ii) all debt instruments issued by an obligor (other than any of the Debtors) in a leveraged lease transaction involving the lease or sublease of aircraft to any of the Debtors (such transaction, a “Leveraged Lease Structure”), and all ETCs, PTCs and/or EETCs issued solely in respect of a Leveraged Lease Structure (collectively, “Leveraged Lease Obligations”) shall not be treated as Covered Claims against the Debtors; *provided, however*, that holders of Leveraged Lease Obligations shall be treated as acquiring underlying Covered Claims against Republic if and when the holder or the Trustee or other Agent acting on behalf of the holder of such Leveraged Lease Obligations, as the case may be, has acquired underlying Covered Claims from the equity participant or lessor pursuant to a foreclosure, a voluntary or involuntary transfer or any other acquisition of collateral. After the occurrence of any such event, any holder of Covered Claims who becomes a Substantial Claimholder shall comply with the requirements of Section 3(c); *provided, however*, that the initial grant (or subsequent transfer) of a security interest in Covered Claims shall not be treated as a foreclosure, a voluntary or involuntary transfer or any other acquisition for the above purpose;

(iii) if a holder of a claim is uncertain as to the extent to which such claim is unsecured, such holder may serve upon Republic and Republic's counsel,

written notice of the requesting holder's uncertainty along with a description of the underlying claim; and within 10 calendar days after actual receipt of such notice, Republic shall, in consultation with the requesting holder, reasonably determine, solely for purposes of the Interim Trading Order, the unsecured portion of the applicable claim at such time;

(iv) if a holder of claims is uncertain as to whether it is a holder of ETCs, PTCs and/or EETCs issued solely in a Leveraged Lease Structure or issued in a non-Leveraged Lease Structure, such holder may serve upon Republic and Republic's counsel, written notice of the requesting holder's uncertainty along with a description of the underlying claim; and within 10 calendar days after actual receipt of such notice, Republic shall inform the applicable holder as to whether the ETCs, PTCs and/or EETCs were issued in a Leveraged Lease Structure or in a non-Leveraged Lease Structure; and

(v) if a holder of claims is uncertain as to the extent to which the Interim Trading Order applies to it, it can consult counsel to the Creditors' Committee (when appointed).

For purposes of clauses (iii) and (iv), Republic's determination is not binding on the holders and shall not preclude a holder from seeking a determination from the Court.

"Effective Time" means the time of effectiveness of the Interim Trading Order.

"Newly Traded Covered Claims" means Covered Claims (i) of which a Person acquired Tax Ownership after the date that was 18 months before the Commencement Date; and (ii) that are not "ordinary course" claims, within the meaning of Treasury regulations section 1.382-9(d)(2)(iv), of which the same Person has always had Tax Ownership. For the avoidance of doubt, a transferee will be deemed to have owned such Covered Claims for the period that such Covered Claims were owned by the transferor if such Covered Claims were transferred in a "qualified transfer" within the meaning of Treasury regulations section 1.382-9(d)(5).

"Person" means a person or Entity (as such term is defined in Treasury regulations section 1.382-3(a)).

"Protected Amount" means the amount of Covered Claims of which a Person has Tax Ownership at the Effective Time,

(i) increased by (A) the amount of Covered Claims of which such Person acquires Tax Ownership pursuant to contracts entered into before the Effective Time and (B) the amount of Covered Claims of which such Person acquires Tax Ownership after the Effective Time pursuant to the exercise of rights under a

secured debt instrument (including a voluntary foreclosure) of which such Person has Tax Ownership before the Effective Time, minus the amount of Covered Claims of which such Person disposes pursuant to contracts entered into before the Effective Time;

(ii) increased by the amount of Covered Claims of which such Person acquires Tax Ownership from another Person that are Newly Traded Covered Claims in the hands of the transferor, if either (x) both the transferor and the transferee are Substantial Claimholders immediately before the transfer; or (y) the transferor is a Substantial Claimholder immediately before the transfer and the transferee becomes a Substantial Claimholder as a result of the transfer, but the transferor ceases to be a Substantial Claimholder as a result of the transfer, and the transferor has complied and continues to comply with the Participation Restriction; *provided* that the transferee's Protected Amount shall only be increased to the extent that the aggregate amount of Newly Traded Covered Claims of which the transferor has Tax Ownership immediately before the transfer exceeds the aggregate amount of Newly Traded Covered Claims of which the transferee has Tax Ownership immediately before the transfer, and the transferor has complied and continues to comply with the Participation Restriction; and *provided* that, in the case of (x) and (y), the transferee's Protected Amount shall only be increased to the extent that (i) the amount transferred to the transferee does not exceed the transferor's Protected Amount immediately before the transfer and (ii) the transferee can demonstrate that the transferor is bound by a written agreement to reduce its Protected Amount by a corresponding amount; and

(iii) decreased by the amount of Covered Claims held by such Person as of the Effective Time that are not Newly Traded Covered Claims in the hands of such Person and that are subsequently disposed of by such Person.

“Sell Down Notice” means a notice to a Potentially Substantial New Equityholder requiring the Potentially Substantial New Equityholder to transfer Covered Claims in accordance with Sections 3 and 4.

“Substantial Claimholder” means a Person that has Tax Ownership of an aggregate amount of Covered Claims, measured where applicable by principal and accrued interest as of the Commencement Date, that equals or exceeds the Threshold Amount (as determined from time to time).

“Tax Ownership” means beneficial ownership of a Covered Claim or of Stock as determined in accordance with applicable rules under section 382 and, to the extent provided in those rules shall include, but not be limited to, direct and indirect ownership (e.g., a holding company would be considered to have Tax Ownership of all shares owned or acquired by its 100% owned subsidiaries), ownership by members of a person's family and persons acting in concert and, in certain cases, the creation or issuance of an option (in any form). Any variation of the term Tax Ownership shall have the same meaning and an “option” to

acquire stock or claims shall include any contingent purchase, warrant, convertible debt, put, stock subject to risk of forfeiture, contract to acquire stock or similar interest, regardless of whether it is contingent or otherwise not currently exercisable. Tax Ownership of Covered Claims shall be determined as if such Covered Claims were stock of the Debtors.

“Threshold Amount” means, as an initial matter, \$4.94 million. Republic will periodically review the definition of the Threshold Amount, in consultation with the Creditors’ Committee (when appointed), with a view to ensuring the reasonableness thereof, but in no event shall the Threshold Amount be decreased with retroactive effect. Any changes to the definition of the term Threshold Amount will be filed with the Court and served and published in the manner described in Section 8. For the avoidance of doubt, the Creditors’ Committee may, at any time, submit updated amounts for the Court’s consideration and entry by way of an amendment to this order.

ORDERED that nothing contained in this Order shall prohibit or in any manner limit a collateral assignee of a claim against Republic or a holder of a security interest or lien on a claim against Republic arising in respect of property covered by Section 1110 of the Bankruptcy Code from enforcing its rights as such collateral assignee or holder of a security interest or lien or foreclosing such security interest or lien; and it is further

ORDERED that, with respect to equipment described in Section 1110 of the Bankruptcy Code, except as provided in such section, nothing contained in this Order shall prohibit or in any manner limit or otherwise affect the rights of a secured party or a lessor or a conditional vendor under the Bankruptcy Code, including, but not limited to Section 1110; and it is further

ORDERED that any objection to the relief requested in the Motion on a permanent basis must, by 4:00 p.m. (prevailing Eastern Time) on _____ (the “Objection Deadline”), be: (a) filed with the Court and (b) actually received by (i) the U.S. Trustee, 33 Whitehall Street, 21st Floor, New York, New York 10004, (ii) the proposed attorneys for the Debtors, Zirinsky Law Partners PLLC, 375 Park Avenue, Suite 2607, New

York, New York 10152 (Attn: Bruce R. Zirinsky, Esq. (bzirinsky@zirinskylaw.com), Sharon J. Richardson, Esq. (srichardson@zirinskylaw.com), and Gary D. Ticoll, Esq. (gticoll@zirinskylaw.com)) and Hughes Hubbard & Reed LLP, One Battery Park Plaza, New York, New York 10004 (Attn: Christopher K. Kiplok, Esq. (chris.kiplok@hugheshubbard.com) and Ramsey Chamie, Esq. (ramsey.chamie@hugheshubbard.com)), and (iii) attorneys for any official committee then appointed in these cases; and it is further

ORDERED that a reply to an Objection may be filed with the Court and served on or before 12:00 p.m. (prevailing Eastern Time) on the day that is at least two days before the date of the applicable hearing; and it is further

ORDERED that if timely objections are received there shall be a hearing held on _____, 2016, at _____ (prevailing Eastern Time) to consider the timely objections to the Motion; and it is further

ORDERED that notwithstanding the applicability of Bankruptcy Rule 6003 and the possible applicability of Bankruptcy Rule 6004(h), the terms and conditions of this Order shall be immediately effective and enforceable upon its entry; and it is further

ORDERED that, the relief provided in this Order is in addition to, and not in lieu of, any and all other rights and remedies available to the Debtors.

Dated: _____, 2016
New York, New York

UNITED STATES BANKRUPTCY JUDGE

Exhibit A

Proposed Notice

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

-----x

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

-----x

**NOTICE OF INTERIM TRADING ORDER ESTABLISHING NOTIFICATION
PROCEDURES AND APPROVING RESTRICTIONS ON CERTAIN TRANSFERS
OF CLAIMS AGAINST AND INTERESTS IN DEBTORS' ESTATES**

TO ALL PERSONS OR ENTITIES WITH CLAIMS AGAINST OR EQUITY INTERESTS IN
THE DEBTORS:²

On February 25, 2016 (the "Commencement Date"), Republic Airways Services, Inc. ("Republic Services"), Republic Airways Holdings Inc. ("Holdings"), and certain of their subsidiaries and affiliates, as debtors and debtors in possession in the above-captioned chapter 11 cases (collectively, including Republic Services and Holdings, the "Debtors") commenced a case under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code"). Upon commencement of a chapter 11 case, section 362(a) of the Bankruptcy Code operates as a stay of any act to obtain possession of property of Republic's estates or of property from Republic's estates or to exercise control over property of Republic's estates.

On _____, 2016, the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court"), having jurisdiction over this chapter

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

11 case, upon motion of the Debtors (the "Motion"), entered an order (with all exhibits thereto, the "Order") (i) finding that Republic's net operating loss carryforwards and certain other tax attributes (the "Tax Attributes") are property of Republic's estates and are protected by section 362(a) of the Bankruptcy Code (which operates as a stay of any act to obtain possession of property of Republic's estates or of property from Republic's estates or to exercise control over property of Republic's estates); (ii) finding that unrestricted trading of the common stock of Republic Airways Holdings Inc. (the "Stock") and Covered Claims (as defined herein) could severely limit Republic's ability to use the Tax Attributes for purposes of the Internal Revenue Code of 1986, as amended (the "Tax Code"), and (iii) approving the procedures contained herein (these "Procedures") to preserve the Tax Attributes pursuant to sections 362(a) and 105(a) of the Bankruptcy Code (the "Order").

Any sale or other transfer in violation of the Procedures set forth below shall be null and void *ab initio* as an act in violation of the automatic stay under sections 105(a) and 362 of the Bankruptcy Code.

PLEASE TAKE NOTICE that the following procedures and restrictions have been approved by the Court:

1. Notice of Substantial Equityholder Status. Any Person who is or becomes a Tax Owner of at least 2,420,048 shares, which represent approximately 4.75% of the issued and outstanding Stock as of the Commencement Date (a "Substantial Equityholder"), must, on or before the later of: (a) 15 days after the Court's entry of an order approving these Procedures or (b) 10 days after that Person becomes a Substantial Equityholder, serve on the Debtors, the attorneys for Republic and the attorneys for the Creditors' Committee (when appointed) a notice

(the “Substantial Equityholder Notice”) containing the Tax Ownership information substantially in the form of **Exhibit 1** attached hereto.

2. Restrictions and Procedures for Trading in Stock. Any Person that, after

the Commencement Date,

- (i) is not a Substantial Equityholder and wishes to purchase or otherwise acquire Tax Ownership of an amount of Stock that would cause the Person to become a Substantial Equityholder;
- (ii) is a Substantial Equityholder and wishes to purchase or otherwise acquire Tax Ownership of any additional Stock; or
- (iii) is a Substantial Equityholder and wishes to sell or otherwise dispose of Tax Ownership of any Stock,

must, prior to the consummation of any such transaction, file with the Court (at the holder’s election, in a redacted form that does not include such holder’s taxpayer identification number and the aggregate principal amount of Stock that such holder beneficially owns), and serve on the Debtors, the attorneys for Republic and the attorneys for the Creditors’ Committee (when appointed) an unredacted notice in the form attached hereto as **Exhibit 2**, in the case of a proposed acquisition of Stock, or **Exhibit 3** hereto, in the case of a proposed disposition of Stock, including the case of a 50 percent shareholder who intends to claim a worthlessness deduction with respect to such Stock (either such notice, a “Proposed Stock Transaction Notice”). The Debtors shall consult with counsel to the Creditors’ Committee (when appointed) prior to responding to any Proposed Stock Transaction Notice. If written approval of the proposed transaction is filed with the Court by Republic within 15 calendar days following the receipt of a Proposed Stock Transaction Notice, then the transaction may proceed. If written approval of the proposed transaction is not filed by Republic with the Court within such period, then the transaction may not be consummated unless approved by a final and nonappealable

order of the Court. Further transactions within the scope of this Section 2 must be the subject of additional notices as set forth herein with additional waiting periods.

3. Restrictions and Procedures for Trading in Covered Claims.
 - a. Any Person that, after the Commencement Date,
 - i. is not a Substantial Claimholder and purchases or otherwise acquires Tax Ownership of an amount of Covered Claims that causes the Person to become a Substantial Claimholder; or
 - ii. is a Substantial Claimholder and purchases or otherwise acquires Tax Ownership of any additional Covered Claims,

will have an obligation, in the event that the Court issues a Sell Down Order at the request of Republic pursuant to Section 4, to sell or otherwise transfer Tax Ownership of an aggregate amount of Covered Claims sufficient to prevent such Person from having Tax Ownership of an amount of the reorganized Debtors' stock as a result of the implementation of the 382(l)(5) Plan that exceeds the greater of (a) the Applicable Percentage or (b) the percentage specified in the Sell Down Notice applicable to such Person pursuant to Section 4; *provided, however*, that such Person shall not be required to make any sale or other transfer of Tax Ownership of Covered Claims that would result in such Person having Tax Ownership of an aggregate amount of Covered Claims that is less than either (x) the Threshold Amount, as revised from time to time, or (y) such Person's Protected Amount.

- b. Any Person that participates in formulating any chapter 11 plan of reorganization of or on behalf of Republic (which shall include, without limitation, making any suggestions or proposals to Republic or its advisers with regard to such a plan) shall not do so in a manner that makes evident to Republic that any Covered Claims of which such Person has Tax Ownership are Newly Traded Covered Claims (the "Participation Restriction"). For this purpose, Republic acknowledges and agrees that the following activities alone shall not

constitute a violation of the Participation Restriction: filing an objection to a proposed disclosure statement or to confirmation of a proposed plan of reorganization, voting to accept or reject a proposed plan of reorganization, reviewing or commenting on a proposed business plan, membership on a Creditors' Committee (when appointed) or an *ad hoc* Committee, providing information to Republic's counsel on a confidential basis, or taking any action required by the Interim Trading Order. Any Person found by the Court to have violated the Participation Restriction willfully shall be required to dispose of Newly Traded Covered Claims of which such Person has Tax Ownership (subject to the Equity Forfeiture Provision described in Section 6) to the extent necessary to protect Republic's ability to effect successful implementation of the 382(l)(5) Plan. For the avoidance of doubt, (i) such Person shall not be permitted to retain Tax Ownership of any Newly Traded Covered Claims if a Sell Down Order has been or is subsequently issued pursuant to Section 4, and (ii) if a Claims Trading Notice Order has been issued pursuant to Section 4(e), such Person shall only be permitted to retain Tax Ownership of Newly Traded Covered Claims to the extent that such retention would not impair the reasonable "cushions" referred to in Section 4(c). Prior to taking any action to enforce the foregoing two sentences, Republic shall consult with counsel to the Creditors' Committee (when appointed).

4. Sell Down Procedures.

a. *Reporting of Substantial Claimholder Status.* In order to assess the feasibility of implementing a 382(l)(5) Plan and the need for petitioning the Court for a Sell Down Order, the Debtors, after consultation with and provision of such information as is reasonably requested by counsel to the Creditors' Committee (when appointed), may file with the Court and further publish and serve in the manner specified in Section 8 a notice (the "Reporting Notice") requiring each Substantial Claimholder, within 30 calendar days of

Republic's filing of the Reporting Notice with the Court, to serve on the Debtors, their counsel and counsel to the Creditors' Committee (when appointed), a notice in the form attached hereto as **Exhibit 4** (a "Substantial Claimholder Notice"). A Person that is uncertain whether it is a Substantial Claimholder may serve a Substantial Claimholder Notice in the manner described above in order to preserve its rights under the Interim Trading Order. A Person serving a Substantial Claimholder Notice in the manner described above shall not be required to file the Substantial Claimholder Notice with the Court. For the avoidance of doubt, Republic will not be precluded from filing more than one Reporting Notice pursuant to this subsection (a).

b. *Petition for Sell Down Order and Notification Procedures.* After filing a 382(l)(5) Plan and Disclosure Statement with respect thereto with the Court, but no later than the expiration of the 75-day period beginning with the date on which Republic files a Reporting Notice with the Court, Republic may, in consultation with counsel to the Creditors' Committee (when appointed), file a motion with the Court for the issuance of an order (the "Sell Down Order") that (i) authorizes Republic to issue Sell Down Notices to each Person that has timely filed a Substantial Claimholder Notice showing Tax Ownership of Covered Claims that, pursuant to the terms of the 382(l)(5) Plan (and prior to giving effect to the Sell Down Order), would entitle such Person to acquire Tax Ownership of more than the Applicable Percentage of the equity of the reorganized Debtors (a "Potentially Substantial New Equityholder") and (ii) provides that any Person other than a Potentially Substantial New Equityholder shall not be entitled to acquire Tax Ownership of more than the Applicable Percentage of the equity of the reorganized Debtors (or consideration in lieu thereof) if the 382(l)(5) Plan is consummated. The motion for a Sell Down Order shall be published and served in the manner described in Section 8. Each Potentially Substantial New Equityholder shall be served with a copy of the motion and

the Sell Down Notice applicable to such Person. Counsel to the Creditors' Committee (when appointed) shall be served with a copy of the motion and all Sell Down Notices. For the avoidance of doubt, Republic will not be precluded from filing more than one motion for the issuance of a Sell Down Order pursuant to this subsection (b).

Each Sell Down Notice shall indicate (i) Republic's calculation of the percentage of the equity of the reorganized Debtors of which the Potentially Substantial New Equityholder would otherwise acquire Tax Ownership under the terms of the 382(l)(5) Plan, based on the Substantial Claimholder Notice filed by such person (such person's "Preliminary Percentage"), and (ii) the percentage of equity of the reorganized Debtors of which such person will be permitted to acquire Tax Ownership under the 382(l)(5) Plan, based on a proportionate reduction to the Preliminary Percentage of each Potentially Substantial New Equityholder (except to the extent that Republic determines that such a reduction would result in the requirement that a Potentially Substantial New Equityholder sell or otherwise transfer Covered Claims that are not Newly Traded Covered Claims). For instance, if Potentially Substantial New Equityholders are required to reduce their Preliminary Percentage by 20 percent, a Potentially Substantial New Equityholder whose Preliminary Percentage was 15 percent generally would be required to sell Covered Claims such that it would be entitled to receive no more than 12 percent of the equity of the reorganized Debtors under the 382(l)(5) Plan. If a Potentially Substantial New Equityholder holds more than one category of Covered Claims, the category or categories of Covered Claims to be sold in order to comply with the Sell Down Notice will be left to the discretion of the Potentially Substantial New Equityholder.

c. *Procedures for Objection to a Sell Down Notice.* A Potentially Substantial New Equityholder in receipt of a Sell Down Notice will be permitted to object on any one or

more of the following grounds: (i) the Sell Down Notice applicable to it contains a mathematical error, (ii) compliance with the Sell Down Notice applicable to it would require the Potentially Substantial New Equityholder to reduce its Tax Ownership of Covered Claims below the Threshold Amount (so long as it has complied and continues to comply with the Participation Restriction) or below its Protected Amount or would require it to transfer Tax Ownership of Covered Claims that are not Newly Traded Covered Claims and (iii) Republic's decision to protect the ability to implement a plan utilizing section 382(l)(5) through the issuance of the Sell Down Notices is not a reasonable exercise of Republic's business judgment. If an objection described in clause (i) or (ii) is filed, Republic will be permitted to serve new Sell Down Notices in their discretion. If an objection described in clause (iii) is raised by a Potentially Substantial New Equityholder or by the Creditors' Committee (when appointed), Republic will be required to present to the Court evidence regarding:

- i. the reasonably expected range of tax attributes available to be carried over under the 382(l)(5) Plan to reduce the future U.S. federal income tax liabilities of the Debtors, taking into account, among other things, anticipated reductions in tax attributes under section 108(b) of the Internal Revenue Code that will occur as a result of the implementation of the 382(l)(5) Plan and anticipated deductions arising from payments made under the 382(l)(5) Plan;
- ii. the basis for Debtors' belief that the reduction in holdings required by the Sell Down Order (and implemented by the Sell Down Notices) are reasonably necessary and appropriate to ensure that the ownership requirements of section 382(l)(5) will be satisfied in connection with the 382(l)(5) Plan; and
- iii. the basis for Republic's belief that there is a reasonable possibility that utilization of section 382(l)(5) will be more beneficial to Republic and its estates than utilizing section 382(l)(6).

In evaluating the evidence presented by Republic with respect to the appropriateness of the reductions in holdings required by the Sell Down Order, substantial

deference will be given to Republic's determination that reasonable "cushions" are appropriate in making determinations regarding satisfaction of the ownership requirements of section 382(l)(5). For instance, in order reasonably to ensure that a particular Substantial Claimholder will acquire Tax Ownership of less than 5 percent of the equity of the reorganized Debtors under the terms of the 382(l)(5) Plan, an Applicable Percentage of 4.75 percent will be presumed reasonable if the 382(l)(5) Plan provides for the issuance of only one class of equity of the reorganized Debtors, and substantial deference will be given to Republic's determinations regarding the Applicable Percentage if the 382(l)(5) Plan contemplates the issuance of more than one class of equity of the reorganized Debtors. In addition, in order reasonably to ensure that more than 50 percent of the equity of the reorganized Debtors will be held by holders of "pre-change" equity interests or "qualified creditors" in respect of their holdings of "pre-change" equity interests or "qualified indebtedness" (within the meaning of Treasury regulations section 1.382-9(d)), the reduction of holdings required by the Sell Down Notice will be presumed reasonable if it is intended to ensure that 55 percent of the equity of the reorganized Debtors would be expected to be held by a combination of (i) holders with Tax Ownership of less than the Applicable Percentage of such equity and (ii) holders whose receipt of such equity is clearly in respect of "qualified indebtedness" or "pre-change" equity interests.

In evaluating the evidence presented by Republic with respect to the relative benefits of utilization of section 382(l)(5), Republic's determination will be upheld unless the objecting Potentially Substantial New Equityholder or the Creditors' Committee (when appointed) establishes that there is not a reasonable possibility that utilization of section 382(l)(5) will be more beneficial than utilization of the benefits of section 382(l)(6).

Unless the Court determines otherwise for good cause shown, a Sell Down Order and the related Sell Down Notices will remain effective notwithstanding amendments to the 382(l)(5) Plan; provided, however, that if Republic withdraws the 382(l)(5) Plan, the Sell Down Notices will have no further effect.

d. *Procedures for Implementing a Sell Down Order.* Each transfer of Covered Claims required by a final Sell Down Notice shall occur prior to the later of (i) the date that is 10 calendar days after the date of confirmation of the 382(l)(5) Plan, (ii) the date that is 30 calendar days after receipt of the Sell Down Notice and (iii) the date specified in all of the Sell Down Notices.

Once a Potentially Substantial New Equityholder has transferred its Covered Claims in accordance with the preceding paragraph, such Person (i) shall, no later than one business day following the latest date for completing such transfer in accordance with the preceding paragraph, serve on the Debtors, their counsel and counsel to the Creditors' Committee (when appointed) a notice in the form attached hereto as **Exhibit 5** (a "Notice of Completed Sell Down") and (ii) under no circumstances shall acquire additional Covered Claims in a manner that would increase the amount of the reorganized Debtors' equity to which such Person would be entitled pursuant the implementation of the 382(l)(5) Plan above the percentage specified in the Sell Down Notice applicable to such Person.

A Person that would otherwise be prohibited by the Sell Down Order from acquiring a Covered Claim but is permitted to do so pursuant to the fourth and fifth decretal paragraphs of the Interim Trading Order (relating to property described in Section 1110 of the Bankruptcy Code) shall, within the later of (i) the date for complying with a Sell Down Notice, (ii) the date 15 days prior to the scheduled effective date of the 382(l)(5) Plan and (iii) the date

such acquisition is completed, divest itself of Tax Ownership of an amount of Covered Claims such that, following the divestiture, the Person would not be entitled to acquire Tax Ownership of an amount of equity of the reorganized Debtors pursuant to the implementation of the 382(l)(5) Plan in excess of the amount specified on the Sell Down Notice applicable to such Person (or, if there is none, the Applicable Percentage). A Person may object to the requirement of the preceding sentence on the grounds that compliance would result in such Person's having Tax Ownership of an amount of Covered Claims that is less than the Threshold Amount (so long as it has complied and continues to comply with the Participation Restriction) or its Protected Amount. Notice of such an objection must be served on the Debtors, their counsel and counsel to the Creditors' Committee (when appointed) no later than the second business day following the date on which such Person becomes aware of the grounds for such objection, and in any event no later than the date on which the divestiture would be required. Upon receipt of such an objection, Republic may, following consultation with counsel to the Creditors' Committee (when appointed), issue revised Sell Down Notices if they consider it advisable to do so.

e. *Procedure if no Sell Down Notices are Required.* If Republic determines, based on the Substantial Claimholder Notices filed in response to the Reporting Notice, that no Sell Down Notices appear necessary in order to implement the 382(l)(5) Plan, Republic may move the Court for an order requiring advance notice of certain acquisitions of Covered Claims (the "Claims Trading Notice Order"). Under the Claims Trading Notice Order,

- i. any Potentially Substantial New Equityholder proposing to acquire Covered Claims in a transaction following which such Person would have Tax Ownership of Covered Claims that, pursuant to the terms of the 382(l)(5) Plan, would entitle such Person to receive equity of the reorganized Debtors in excess of the amount of equity to which such Person would have been entitled based on the holdings reported on such Person's Substantial Claimholder Notice, and

- ii. any Person that would become a Potentially Substantial New Equityholder by virtue of a proposed acquisition of Covered Claims

will be required, prior to the consummation of any such transaction, to serve on the Debtors, their counsel and counsel to the Creditors' Committee (when appointed), a notice in the form attached hereto as **Exhibit 6** (a "Proposed Covered Claim Transaction Notice"). The same procedures applicable to a Proposed Stock Transaction Notice (described in Section 2) will apply with respect to a Proposed Covered Claim Transaction Notice. If Republic does not give written consent to the proposed transaction and the Person that has delivered the Proposed Covered Claim Transaction Notice requests a hearing, the procedures and standards of proof described in Section 4(c) will apply.

In addition, the Claims Trading Notice Order will require any Person that has acquired Tax Ownership of Covered Claims for which it did not file a Substantial Claimholder Notice and as to which a motion would have been required under the preceding paragraph, but for the fact that such acquisition occurred prior to the entry of the Claims Trading Notice Order, to serve notice of such fact on the Debtors, their counsel and counsel to the Creditors' Committee (when appointed) within 15 calendar days of the entry of the Claims Trading Notice Order. If Republic determines that the retention by such Person of such Covered Claims could jeopardize the implementation of the 382(l)(5) Plan, they will serve a Sell Down Notice on such Person, in which case the procedures and standards of proof described in this Section 4 will apply. The provisions of this paragraph will also apply to a Person that is exempted by the fourth and fifth decretal paragraphs of the Interim Trading Order (relating to property described in Section 1110 of the Bankruptcy Code) from giving the advance notice otherwise required by the preceding paragraph with respect to an acquisition of Covered Claims. In such a case, notice of the acquisition must be served on the Debtors, their counsel and counsel to the Creditors'

Committee (when appointed) within the earlier of (i) the date that is 15 calendar days after the date of such acquisition and (ii) the later of the date of such acquisition and the date that is 15 calendar day.

5. Confidentiality. The Debtors, their counsel and counsel to the Creditors' Committee (when appointed) shall keep all information provided in all notices delivered pursuant to the Interim Trading Order strictly confidential and shall not disclose the contents thereof to any person (including any member of any Creditors' Committee (when appointed)), except (i) to the extent necessary to respond to a petition or objection filed with the Court, (ii) to the extent otherwise required by law or (iii) to the extent that the information contained therein is already public; *provided, however*, that Republic may disclose the contents thereof to their professional financial advisers, who shall keep all such notices strictly confidential and shall not disclose the contents thereof to any other person subject to further Court order. To the extent confidential information is necessary to respond to a petition or objection filed with the Court, such confidential information shall be filed under seal or in redacted form. For the avoidance of doubt, the foregoing provisions shall not preclude Republic from including in its unredacted, unsealed filings with the Court summary information regarding the amount of equity of the reorganized Debtors that Potentially Substantial New Equityholders (not identified by name or otherwise) would be expected to receive under the terms of the 382(l)(5) Plan before and after the implementation of the Sell Down Order.

6. Sanctions for Noncompliance.

a. *Noncompliance Relating to Stock.* Acquisitions and dispositions of Tax Ownership of Stock in violation of the restrictions and procedures set forth in Section 2 shall be

void *ab initio*, and the sanction for violating Section 2 shall be reversal of the noncompliant transaction or such other (or additional) measures as the Court may consider appropriate.

b. *Noncompliance Relating to a Sell Down Notice or a Claims Trading Notice Order.* In the event that any Person fails to comply with a final Sell Down Notice applicable to it, such Person shall not be entitled to acquire Tax Ownership of any equity of the reorganized Debtors (or consideration in lieu thereof) in connection with the implementation of the 382(l)(5) Plan in excess of the greater of (i) the Applicable Percentage (which, only with respect to such Person, shall be deemed to be zero unless such Person has complied and continues to comply with the Participation Restriction) or (ii) the percent specified on such Sell Down Notice. Any Person that did not file a Substantial Claimholder Notice shall not be entitled to acquire Tax Ownership of any equity of the reorganized Debtors (or consideration in lieu thereof) in excess of the Applicable Percentage in connection with the implementation of the 382(l)(5) Plan. Any Person that acquires Covered Claims in violation of a Sell Down Order or a Claims Trading Notice Order shall not be entitled to acquire Tax Ownership of any equity of the reorganized Debtors (or consideration in lieu thereof) in connection with the implementation of the 382(l)(5) Plan in excess of the percentage of equity to which such Person would have been entitled had it not acquired such Covered Claims. The foregoing sanctions (the “Equity Forfeiture Provisions”) shall be effective without any further order of the Court. Any purported acquisition of Tax Ownership of stock of the reorganized Debtors pursuant to the implementation of the 382(l)(5) Plan that is precluded by the Equity Forfeiture Provisions (such stock the “Forfeited Equity”) shall be void *ab initio*. Any Person that receives Forfeited Equity shall, immediately upon becoming aware of such fact, return such Forfeited Equity to Republic or, if all of the shares properly issued to such Person and all or any portion of such Forfeited

Equity have been sold prior to the time such Person becomes aware of such fact, such Person shall return to Republic (i) any Forfeited Equity still held by such Person and (ii) the proceeds attributable to the sale of Forfeited Equity, calculated by treating the most recently sold shares as Forfeited Equity. Any Person that receives Forfeited Equity and deliberately fails to comply with the preceding sentence shall be subject to such additional sanctions as the Court may determine. In no event, however, shall an acquisition or disposition of Tax Ownership of Covered Claims be rendered void or unenforceable by reason of the Interim Trading Order.

7. Discretionary Waiver by Debtors. The Debtors, with the consent of the Creditors' Committee (when appointed) or pursuant to an order of the Court, may waive any sanctions, remedies or notification procedures imposed by the Interim Trading Order; *provided, however,* that any such waiver shall be filed with the Court.

8. Notice Procedures. Within three business days of the entry of the Interim Trading Order, Republic shall (i) submit a publication notice of the entry of the Interim Trading Order (substantially in the form attached as **Exhibit B** to the Motion) for posting on the Bloomberg newswire service and the Depository Trust Company Legal Notice System (also known as LENS); (ii) post such notice together with a copy of the Interim Trading Order on Republic's case information website (www.primeclerk.com/RJET); and (iii) serve this notice of the entry of the Interim Trading Order on (1) the Office of the United States Trustee for the Southern District of New York; (2) all indenture trustees, owner trustees or transfer agents for the Covered Claims or Stock, as applicable; (3) those creditors holding the ten (10) largest secured claims against Republic's estates on a consolidated basis; (4) those creditors holding the forty (40) largest unsecured claims against Republic's estates on a consolidated basis; (5) the attorneys for the agents under Republic's prepetition revolving credit facilities; (6) the attorneys

for the International Brotherhood of Teamsters; (7) the attorneys for Republic's Codeshare Partners; (8) counsel to the Creditors' Committee (when appointed); (9) any identified Substantial Equityholders and Substantial Claimholders; (10) the Internal Revenue Service; (11) the Securities and Exchange Commission; and (12) the United States Attorney's Office for the Southern District of New York. Upon receipt of such notice, counsel to the Creditors' Committee (when appointed) shall send such notice to their respective committee members. Upon receipt of such notice and at least once every three months during the pendency of these chapter 11 cases, all indenture trustees, owner trustees and transfer agents shall send the notice to all holders of Covered Claims of more than \$4.94 million or at least 2,420,048 shares of Stock, as applicable, registered with the indenture trustee, owner trustee or transfer agent. Any registered holder shall, in turn, provide the notice to any holder for whose account the registered holder holds Covered Claims of more than \$4.94 million or at least 2,420,048 shares of Stock, as applicable. Any such holder shall, in turn, provide the notice to any Person for whom the holder holds Covered Claims of more than \$4.94 million or at least 2,420,048 shares of Stock, as applicable. Any Person, or broker or agent acting on such Person's behalf, that sells Covered Claims in the aggregate amount of \$4.94 million or sells an aggregate amount of at least 2,420,048 shares of Stock (or an option with respect thereto) to another Person (other than pursuant to a transaction consummated on the NASDAQ) shall provide a copy of the notice to such purchaser or to any broker or agent acting on such purchaser's behalf. Similar procedures shall apply if Republic files a Reporting Notice, a motion for a Sell Down Order or a change to the definition of the Threshold Amount with the Court.

Upon receipt of such notice of Interim Trading Order, any broker, bank, dealer or other agent or nominee of a beneficial holder (each a "Nominee") of Equity Securities will be

required, within five (5) business days of receipt of such notice and on at least a quarterly basis thereafter, to send the notice of Interim Trading Order to all beneficial holders of Equity Securities on whose behalf such Nominee holds Equity Securities. To the extent such beneficial holder is also a Nominee, such Nominee must, in turn, promptly provide the notice of Interim Trading Order to any holder for whose account such holder holds Equity Securities, and so on down the chain of ownership.

9. Special Rules. A Person acquiring or disposing of Tax Ownership of Stock or Covered Claims in the capacity of Agent of another Person shall not be treated as a Substantial Equityholder or Substantial Claimholder solely to the extent acting in the capacity of Agent, and shall not have an affirmative duty to inquire whether the account, customer, investment fund, principal, trust, or beneficiary is subject to any restrictions or requirements under the Interim Trading Order; *provided, however*, that the account, customer, fund, principal, trust, or beneficiary shall not be excluded from the Interim Trading Order by reason of this subsection. Specifically and for the avoidance of doubt, the trustee of any trust, any indenture trustee, owner trustee, pass-through trustee, subordination agent, registrar, paying agent or transfer agent, in each case for any ownership interests, bonds, debentures, pass-through certificates (whether offered publicly or privately, "PTCs"), equipment trust certificates (whether offered publicly or privately, "ETCs"), enhanced equipment trust certificates (whether offered publicly or privately, "EETCs"), enhanced pass-through trust certificates, property or other debt securities (collectively, "Debt Securities") (i) issued by any of the Debtors, (ii) issued by any governmental or quasi-governmental authority for the benefit of any of the Debtors, (iii) secured by assets of any of the Debtors or agreements with respect to such assets or (iv) secured by assets leased to any of the Debtors (any such person, a "Trustee"), shall not be treated as a "Substantial

Claimholder” solely to the extent acting in the capacity described above; *provided, however*, that neither any transferee of Covered Claims nor any Person who has Tax Ownership of a Covered Claim held by a Trustee shall be excluded solely by reason of this provision. No Trustee shall be subject to the Interim Trading Order or have or incur any liability for noncompliance with the Interim Trading Order to the extent such Trustee follows its standard practices or acts in accordance with its respective prepetition governing documents with respect to (i) any transfer of Debt Securities or ownership interests in assets leased to Republic, (ii) any payments relating thereto or (iii) any actions taken in accordance with the instructions of holders of Debt Securities or ownership interests for which such Trustee acts.

10. Continued Compliance with Other Applicable Laws and Rules. The requirements set forth in this Order are in addition to the requirements of Bankruptcy Rule 3001(e) and applicable securities, corporate, and other laws, and do not excuse compliance therewith.

11. Definitions. For purposes of this Motion:

“**382(l)(5) Plan**” means a plan of reorganization for Republic under chapter 11 of the Bankruptcy Code pursuant to which there is a reasonable possibility that section 382(l)(5) will be utilized and which provides that transfers of Tax Ownership of the reorganized Debtors’ equity will be subject to reasonable restrictions for not less than two years after the reorganization.

“**Agent**” means a broker, account manager, agent, custodian, nominee, prime broker, clearinghouse or trustee (including a Trustee but not including a trustee qualified under section 401(a) of the Internal Revenue Code).

“**Applicable Percentage**” means, if only one class of common equity of the reorganized Debtors is to be issued pursuant to the terms of a 382(l)(5) Plan, 4.75 percent of the number of such shares that Republic reasonably estimates will be issued at the effective time of such 382(l)(5) Plan. If more than one class of equity of the reorganized Debtors is to be distributed pursuant to the terms of a 382(l)(5) Plan, the Applicable Percentage shall be determined by Republic in its reasonable judgment in a manner consistent with the estimated range of values for the equity to be distributed reflected in the valuation analysis set forth in the

Disclosure Statement, and shall be expressed in a manner that makes clear how many shares of common equity would constitute the Applicable Percentage.

“**Covered Claims**” means any claims within the meaning of section 101(5) of the Bankruptcy Code against one or more Debtors that is not a secured claim, *provided that*

(i) in the case of a secured claim, that portion of the claim (including such portion attributable to accrued and unpaid interest) that exceeds the fair market value of the security shall be considered a Covered Claim;

(ii) all debt instruments issued by an obligor (other than any of the Debtors) in a leveraged lease transaction involving the lease or sublease of aircraft to any of the Debtors (such transaction, a “Leveraged Lease Structure”), and all ETCs, PTCs and/or EETCs issued solely in respect of a Leveraged Lease Structure (collectively, “Leveraged Lease Obligations”) shall not be treated as Covered Claims against Republic ; *provided, however*, that holders of Leveraged Lease Obligations shall be treated as acquiring underlying Covered Claims against Republic if and when the holder or the Trustee or other Agent acting on behalf of the holder of such Leveraged Lease Obligations, as the case may be, has acquired underlying Covered Claims from the equity participant or lessor pursuant to a foreclosure, a voluntary or involuntary transfer or any other acquisition of collateral. After the occurrence of any such event, any holder of Covered Claims who becomes a Substantial Claimholder shall comply with the requirements of Section 3(c); provided, however, that the initial grant (or subsequent transfer) of a security interest in Covered Claims shall not be treated as a foreclosure, a voluntary or involuntary transfer or any other acquisition for the above purpose;

(iii) if a holder of a claim is uncertain as to the extent to which such claim is unsecured, such holder may serve upon Republic and Republic’s counsel, written notice of the requesting holder’s uncertainty along with a description of the underlying claim; and within 10 calendar days after actual receipt of such notice, Republic shall, in consultation with the requesting holder, reasonably determine, solely for purposes of the Interim Trading Order, the unsecured portion of the applicable claim at such time;

(iv) if a holder of claims is uncertain as to whether it is a holder of ETCs, PTCs and/or EETCs issued solely in a Leveraged Lease Structure or issued in a non-Leveraged Lease Structure, such holder may serve upon t Republic and Republic’s counsel, written notice of the requesting holder’s uncertainty along with a description of the underlying claim; and within 10 calendar days after actual receipt of such notice, Republic shall inform the applicable holder as to whether the ETCs, PTCs and/or EETCs were issued in a Leveraged Lease Structure or in a non-Leveraged Lease Structure; and

(v) if a holder of claims is uncertain as to the extent to which the Interim Trading Order applies to it, it can consult counsel to the Creditors' Committee (when appointed).

For purposes of clauses (iii) and (iv), Republic's determination is not binding on the holders and shall not preclude a holder from seeking a determination from the Court.

"Effective Time" means the time of effectiveness of the Interim Trading Order.

"Newly Traded Covered Claims" means Covered Claims (i) of which a Person acquired Tax Ownership after the date that was 18 months before the Commencement Date; and (ii) that are not "ordinary course" claims, within the meaning of Treasury regulations section 1.382-9(d)(2)(iv), of which the same Person has always had Tax Ownership. For the avoidance of doubt, a transferee will be deemed to have owned such Covered Claims for the period that such Covered Claims were owned by the transferor if such Covered Claims were transferred in a "qualified transfer" within the meaning of Treasury regulations section 1.382-9(d)(5).

"Person" means a person or Entity (as such term is defined in Treasury regulations section 1.382-3(a)).

"Protected Amount" means the amount of Covered Claims of which a Person has Tax Ownership at the Effective Time,

(i) increased by (A) the amount of Covered Claims of which such Person acquires Tax Ownership pursuant to contracts entered into before the Effective Time and (B) the amount of Covered Claims of which such Person acquires Tax Ownership after the Effective Time pursuant to the exercise of rights under a secured debt instrument (including a voluntary foreclosure) of which such Person has Tax Ownership before the Effective Time, minus the amount of Covered Claims of which such Person disposes pursuant to contracts entered into before the Effective Time;

(ii) increased by the amount of Covered Claims of which such Person acquires Tax Ownership from another Person that are Newly Traded Covered Claims in the hands of the transferor, if either (x) both the transferor and the transferee are Substantial Claimholders immediately before the transfer; or (y) the transferor is a Substantial Claimholder immediately before the transfer and the transferee becomes a Substantial Claimholder as a result of the transfer, but the transferor ceases to be a Substantial Claimholder as a result of the transfer, and the transferor has complied and continues to comply with the Participation Restriction; *provided* that the transferee's Protected Amount shall only be increased to the extent that the aggregate amount of Newly Traded Covered

Claims of which the transferor has Tax Ownership immediately before the transfer exceeds the aggregate amount of Newly Traded Covered Claims of which the transferee has Tax Ownership immediately before the transfer, and the transferor has complied and continues to comply with the Participation Restriction; and *provided* that, in the case of (x) and (y), the transferee's Protected Amount shall only be increased to the extent that (i) the amount transferred to the transferee does not exceed the transferor's Protected Amount immediately before the transfer and (ii) the transferee can demonstrate that the transferor is bound by a written agreement to reduce its Protected Amount by a corresponding amount; and

(iii) decreased by the amount of Covered Claims held by such Person as of the Effective Time that are not Newly Traded Covered Claims in the hands of such Person and that are subsequently disposed of by such Person.

“Sell Down Notice” means a notice to a Potentially Substantial New Equityholder requiring the Potentially Substantial New Equityholder to transfer Covered Claims in accordance with Sections 3 and 4.

“Substantial Claimholder” means a Person that has Tax Ownership of an aggregate amount of Covered Claims, measured where applicable by principal and accrued interest as of the Commencement Date, that equals or exceeds the Threshold Amount (as determined from time to time).

“Tax Ownership” means beneficial ownership of a Covered Claim or of Stock as determined in accordance with applicable rules under section 382 and, to the extent provided in those rules shall include, but not be limited to, direct and indirect ownership (e.g., a holding company would be considered to have Tax Ownership of all shares owned or acquired by its 100% owned subsidiaries), ownership by members of a person's family and persons acting in concert and, in certain cases, the creation or issuance of an option (in any form). Any variation of the term Tax Ownership shall have the same meaning and an “option” to acquire stock or claims shall include any contingent purchase, warrant, convertible debt, put, stock subject to risk of forfeiture, contract to acquire stock or similar interest, regardless of whether it is contingent or otherwise not currently exercisable. Tax Ownership of Covered Claims shall be determined as if such Covered Claims were stock of Republic .

“Threshold Amount” means, as an initial matter, \$4.94 million. The Debtors will periodically review the definition of the Threshold Amount, in consultation with the Creditors' Committee (when appointed), with a view to ensuring the reasonableness thereof, but in no event shall the Threshold Amount be decreased with retroactive effect. Any changes to the definition of the term Threshold Amount will be filed with the Court and served and published in the manner described in Section 8. For the avoidance of doubt, the Creditors' Committee may, at any time, submit updated amounts for the Court's consideration and entry by way of an amendment to this order.

FAILURE TO FOLLOW THE PROCEDURES SET FORTH IN THIS NOTICE WILL CONSTITUTE A VIOLATION OF THE AUTOMATIC STAY PRESCRIBED BY SECTION 362 OF THE BANKRUPTCY CODE.

ANY PROHIBITED SALE, TRADE OR OTHER TRANSFER OF THE STOCK OR COVERED CLAIMS IN VIOLATION OF THE INTERIM TRADING ORDER WILL BE NULL AND VOID *AB INITIO* AND MAY LEAD TO CONTEMPT, COMPENSATORY DAMAGES, PUNITIVE DAMAGES OR SANCTIONS BEING IMPOSED BY THE COURT.

PLEASE TAKE FURTHER NOTICE that the deadline to file an objection (“Objection”) to the Motion shall be 4:00 p.m. (prevailing Eastern Time) on the date set forth in the Order (the “Objection Deadline”). An Objection shall be considered timely if it is (i) filed with the Court, One Bowling Green, New York, New York 10004-1408 and (ii) actually received on or before the Objection Deadline by (a) the Office of the United States Trustee, 33 Whitehall Street, 21st Floor, New York, New York 10004, (b) the proposed attorneys for the Debtors, Zirinsky Law Partners PLLC, 375 Park Avenue, Suite 2607, New York, New York 10152 (Attn: Bruce R. Zirinsky, Esq. (bzirinsky@zirinskylaw.com), Sharon J. Richardson, Esq. (srichardson@zirinskylaw.com), and Gary D. Ticoll (gticoll@zirinskylaw.com)) and Hughes Hubbard & Reed LLP, One Battery Park Plaza, New York, New York 10004 (Attn: Christopher K. Kiplok, Esq. (chris.kiplok@hugheshubbard.com) and Ramsey Chamie, Esq. (ramsey.chamie@hugheshubbard.com)), and (c) attorneys for any official committee then-appointed in these cases.

PLEASE TAKE FURTHER NOTICE that if timely objections are received there shall be a hearing held to consider the timely Objections to the Motion.

PLEASE TAKE FURTHER NOTICE that if no Objections are timely filed and served, as set forth herein, the Debtors shall, on or after the Objection Deadline, submit to the Court a final order granting the relief requested herein, which order shall be submitted and may

be entered with no further notice or opportunity to be heard afforded to any party, and the Motion shall be approved *nunc pro tunc* to the date of the commencement.

Exhibit 1

Substantial Equityholder Notice

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

-----x

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

-----x

SUBSTANTIAL EQUITYHOLDER NOTICE

PLEASE TAKE NOTICE that as of _____, 2016,
_____ has Tax Ownership² of _____ shares of the common stock of
Republic Airways Holdings Inc. (the "Stock").

PLEASE TAKE FURTHER NOTICE that pursuant to the Order, this Notice is
being served upon (i) Republic Airways Holdings Inc., 8909 Purdue Road, Suite 300,
Indianapolis, Indiana 46268, and (ii) the proposed attorney for Republic, Zirinsky Law Partners
PLLC, 375 Park Avenue, Suite 2607, New York, New York 10152 (Attn: Bruce R. Zirinsky,
Esq. (bzirinsky@zirinskylaw.com), Sharon J. Richardson, Esq. (srichardson@zirinskylaw.com),
and Gary D. Ticoll, Esq. (gticoll@zirinskylaw.com)) and Hughes Hubbard & Reed LLP, One
Battery Park Plaza, New York, New York 10004 (Attn: Christopher K. Kiplok, Esq.
(chris.kiplok@hugheshubbard.com) and Ramsey Chamie, Esq.
(ramsey.chamie@hugheshubbard.com)).

This notice is given in addition to, and not as a substitute for, any requisite notice
under Rule 3001(e) of the Federal Rules of Bankruptcy Procedure.

Respectfully submitted,

[Name of Stockholder]

- _____
1. The Debtors in these chapter 11 cases are the following entities: Republic Airways Services, Inc.; Shuttle
America Corporation; Republic Airline Inc.; Republic Airways Holdings Inc.; Midwest Air Group, Inc.;
Midwest Airlines, Inc.; and Skyway Airlines, Inc. The Debtors' employer tax identification numbers and
addresses are set forth in their respective chapter 11 petitions.
2. Unless otherwise defined herein, each capitalized term shall have the meaning ascribed to it in the Interim
Trading Order Establishing Notification Procedures and Approving Restrictions on Certain Transfers of Claims
Against and Interests in the Debtors' Estates dated _____, 2016 (the "**Order**").

By: _____

Name: _____

Address: _____

Telephone: _____

Facsimile: _____

Date: _____

Exhibit 2

Notice of Intent to Purchase, Acquire or Otherwise Obtain Tax Ownership of Stock

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

-----x

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

-----x

**NOTICE OF INTENT TO PURCHASE, ACQUIRE
OR OTHERWISE OBTAIN TAX OWNERSHIP OF STOCK**

PLEASE TAKE NOTICE that _____ intends to purchase, acquire or otherwise obtain Tax Ownership of _____ shares of the common stock of Republic Airways Holdings, Inc. (the "Proposed Transaction" and the "Stock").²

PLEASE TAKE FURTHER NOTICE that that, prior to giving effect to the Proposed Transaction, _____ has Tax Ownership of _____ shares of the Stock.

PLEASE TAKE FURTHER NOTICE that, after giving effect to the Proposed Transaction, _____ would have Tax Ownership of _____ shares of the Stock.

PLEASE TAKE FURTHER NOTICE that pursuant to the Order, this Notice is being served upon (i) Republic Airways Holdings Inc., 8909 Purdue Road, Indianapolis, IN 46268, (ii) the proposed attorneys for the Debtors, Zirinsky Law Partners PLLC, 375 Park Avenue, Suite 2607, New York, New York 10152 (Attn: Bruce R. Zirinsky, Esq. (bzirinsky@zirinskylaw.com), Sharon J. Richardson, Esq. (srichardson@zirinskylaw.com), and Gary D. Ticoll, Esq. (gticoll@zirinskylaw.com)) and Hughes Hubbard & Reed LLP, One Battery Park Plaza, New York, New York 10004 (Attn: Christopher K. Kiplok, Esq. (chris.kiplok@hugheshubbard.com) and Ramsey Chamie, Esq. (ramsey.chamie@hugheshubbard.com)), and (iii) counsel to the Creditors' Committee (when appointed), pursuant to the Order.

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1. The Debtors in these chapter 11 cases are the following entities: Republic Airways Services, Inc.; Shuttle America Corporation; Republic Airline Inc.; Republic Airways Holdings Inc.; Midwest Air Group, Inc.; Midwest Airlines, Inc.; and Skyway Airlines, Inc. The Debtors' employer tax identification numbers and addresses are set forth in their respective chapter 11 petitions.
 2. Unless otherwise defined herein, each capitalized term shall have the meaning ascribed to it in the Interim Trading Order Establishing Notification Procedures and Approving Restrictions on Certain Transfers of Claims Against and Interests in the Debtors' Estates dated _____, 2016 (the "**Order**").

[_____] further acknowledges and agrees that (i) if the Debtors do not provide written approval of the Proposed Transaction within 15 calendar days of the date of this notice, the Proposed Transaction may not be consummated unless approved by a final and nonappealable order of the Bankruptcy Court, (ii) any transaction purportedly consummated in violation of the Order will be void ab initio and will result in the imposition of sanctions as provided in the Order and (iii) any further transactions contemplated by [_____] that may result in [_____] purchasing, acquiring or otherwise obtaining Tax Ownership of additional Stock will each require an additional notice be filed with the Bankruptcy Court and served in the same manner as this notice.

This notice is given in addition to, and not as a substitute for, any requisite notice under Rule 3001(e) of the Federal Rules of Bankruptcy Procedure.

Respectfully submitted,

[Name of Acquirer]

By: _____

Name: _____

Address: _____

Telephone: _____

Facsimile: _____

Date: _____

Exhibit 3

**Notice of Intent to Sell, Trade or Otherwise Dispose of Tax Ownership of Stock or to Claim
a Worthlessness Deduction under Section 382(g)(4)(D)**

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

-----x

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

-----x

**NOTICE OF INTENT TO SELL, TRADE OR
OTHERWISE DISPOSE OF TAX OWNERSHIP OF STOCK OR TO CLAIM A
WORTHLESSNESS DEDUCTION UNDER SECTION 382(g)(4)(D)**

PLEASE TAKE NOTICE that [_____] intends to (i) sell, exchange or otherwise dispose of Tax Ownership of _____ shares of the common stock of Republic Airways Holdings Inc. and/or (ii) intends to claim a worthlessness deductions with respect to any shares of the common stock of Republic Airways Holdings Inc. (the “Proposed Transaction” and the “Stock”).^{2, 3}

PLEASE TAKE FURTHER NOTICE that, before giving effect to the Proposed Transaction, [_____] has Tax Ownership of _____ shares of the Stock.

PLEASE TAKE FURTHER NOTICE that, after giving effect to the Proposed Transaction, [_____] would have Tax Ownership of _____ shares of the Stock.

PLEASE TAKE FURTHER NOTICE that if the Proposed Transfer involves the claiming of a worthlessness deduction with respect to Stock, [_____] intends to claim a worthlessness deduction with respect to _____ share of the Stock.

PLEASE TAKE FURTHER NOTICE that pursuant to the Order, this Notice is being served upon (i) Republic Airways Holdings Inc., 8909 Purdue Road, Indianapolis, Indiana 46268, (ii) proposed counsel to Republic, Zirinsky Law Partners PLLC, 375 Park Avenue, Suite

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1. The Debtors in these chapter 11 cases are the following entities: Republic Airways Services, Inc.; Shuttle America Corporation; Republic Airline Inc.; Republic Airways Holdings Inc.; Midwest Air Group, Inc.; Midwest Airlines, Inc.; and Skyway Airlines, Inc. The Debtors’ employer tax identification numbers and addresses are set forth in their respective chapter 11 petitions.
 2. Unless otherwise defined herein, each capitalized term shall have the meaning ascribed to it in the Interim Trading Order Establishing Notification Procedures and Approving Restrictions on Certain Transfers of Claims Against and Interests in the Debtors’ Estates dated _____, 2016 (the “Order”).
 3. Clause (ii) only applies to any person or entity (as such term is defined in Section 1.382-3(a) of the Treasury Regulations) as a “50-percent shareholder” within the meaning of section 382(g)(4)(D) of the Tax Code.

2607, New York, New York (Attn: Bruce R. Zirinsky, Esq. (bzirinsky@zirinskylaw.com), Sharon J. Richardson, Esq. (srichardson@zirinskylaw.com), and Gary D. Ticoll, Esq. (gticoll@zirinskylaw.com)) and Hughes Hubbard & Reed LLP, One Battery Park Plaza, New York, New York 10004 (Attn: Christopher K. Kiplok, Esq. (chris.kiplok@hugheshubbard.com) and Ramsey Chamie, Esq. (ramsey.chamie@hugheshubbard.com)), and (iii) counsel to the Creditors' Committee (when appointed), pursuant to the Order.

[_____] further acknowledges and agrees that (i) if the Debtors do not provide written approval of the Proposed Transaction within 15 calendar days of the date of this notice, the Proposed Transaction may not be consummated unless approved by a final and nonappealable order of the Bankruptcy Court, (ii) any transaction purportedly consummated in violation of the Order will be void ab initio and will result in the imposition of sanctions as provided in the Order and (iii) any further transactions contemplated by [_____] that may result in [_____] purchasing, acquiring or otherwise obtaining Tax Ownership of additional Stock will each require an additional notice be filed with the Bankruptcy Court and served in the same manner as this notice.

This notice is given in addition to, and not as a substitute for, any requisite notice under Rule 3001(e) of the Federal Rules of Bankruptcy Procedure.

Respectfully submitted,

[Name of Stockholder]

By: _____

Name: _____

Address: _____

Telephone: _____

Facsimile: _____

Date: _____

Exhibit 4

Substantial Claimholder Notice

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

-----x

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

-----x

SUBSTANTIAL CLAIMHOLDER NOTICE

PLEASE TAKE NOTICE that [_____] has Tax Ownership² of an aggregate amount of Covered Claims that equals or exceeds the Threshold Amount, measured, where appropriate, by principal and accrued interest as of the Commencement Date. As of _____, 2016 [_____] has Tax Ownership of the following Covered Claims:

| <u>Debtor</u> | <u>Description of Covered Claim</u> | <u>Amount of Covered Claim</u> | <u>Directly Owned (Y/N)</u> |
|----------------------|--|---------------------------------------|------------------------------------|
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| | | | |
| | | | |

1. The Debtors in these chapter 11 cases are the following entities: Republic Airways Services, Inc.; Shuttle America Corporation; Republic Airline Inc.; Republic Airways Holdings Inc.; Midwest Air Group, Inc.; Midwest Airlines, Inc.; and Skyway Airlines, Inc. The Debtors’ employer tax identification numbers and addresses are set forth in their respective chapter 11 petitions.
2. Unless otherwise defined herein, each capitalized term shall have the meaning ascribed to it in the Interim Trading Order Establishing Notification Procedures and Approving Restrictions on Certain Transfers of Claims Against and Interests in the Debtors’ Estates dated _____, 2016 (the “**Order**”).

PLEASE TAKE FURTHER NOTICE that [_____] has Tax Ownership of the following Debt Securities described in Section 10 of the Order that are not, as of the date hereof, treated as Covered Claims:

| <u>Debtor</u> | <u>Description of Covered Claim</u> | <u>Amount of Covered Claim</u> | <u>Directly Owned (Y/N)</u> |
|---------------|-------------------------------------|--------------------------------|-----------------------------|
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| | | | |

PLEASE TAKE FURTHER NOTICE that pursuant to the Order, this Notice is being served upon (i) Republic Airways Holdings Inc., 8909 Purdue Road, Indianapolis, IN 46268, (ii) proposed counsel to Republic, Zirinsky Law Partners PLLC, 375 Park Avenue, Suite 2607, New York, New York (Attn: Bruce R. Zirinsky, Esq. (bzirinsky@zirinskylaw.com), Sharon J. Richardson, Esq. (srichardson@zirinskylaw.com), and Gary D. Ticoll, Esq. (gticoll@zirinskylaw.com)) and Hughes Hubbard & Reed LLP, One Battery Park Plaza, New York, New York 10004 (Attn: Christopher K. Kiplok, Esq. (chris.kiplok@hugheshubbard.com) and Ramsey Chamie, Esq. (ramsey.chamie@hugheshubbard.com)), and (iii) counsel to the Creditors' Committee (when appointed), pursuant to the Order.

This notice is given in addition to, and not as a substitute for, any requisite notice under Rule 3001(e) of the Federal Rules of Bankruptcy Procedure.

Respectfully submitted,

[Name of Claimholder]

By: _____
Name: _____

Address: _____

Telephone: _____

Facsimile: _____

Date: _____

Exhibit 5

Notice of Completed Sell Down

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

-----x

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

-----x

NOTICE OF COMPLETED SELL DOWN

PLEASE TAKE NOTICE that [_____] has transferred Tax Ownership² of Covered Claims as required by the final Sell Down Notice applicable to it (the “Sell Down”).

PLEASE TAKE FURTHER NOTICE that, after giving effect to the Sell Down, [_____] has Tax Ownership of Covered Claims, as set forth below:

| <u>Debtor</u> | <u>Description of Covered Claim</u> | <u>Amount of Covered Claim</u> | <u>Directly Owned (Y/N)</u> |
|----------------------|--|---------------------------------------|------------------------------------|
| | | | |
| | | | |
| | | | |

PLEASE TAKE FURTHER NOTICE that pursuant to the Order, this Notice is being served upon (i) Republic Airways Holdings Inc., 8909 Purdue Road, Indianapolis, IN 46268, (ii) the proposed attorneys for the Debtors, Zirinsky Law Partners PLLC, 375 Park Avenue, Suite 2607, New York, New York 10152 (Attn: Bruce R. Zirinsky, Esq. (bzirinsky@zirinskylaw.com), Sharon J. Richardson, Esq. (srichardson@zirinskylaw.com), and Gary D. Ticoll, Esq. (gticoll@zirinskylaw.com)) and Hughes Hubbard & Reed LLP, One Battery Park Plaza, New York, New York 10004 (Attn: Christopher K. Kiplok, Esq.

-
1. The Debtors in these chapter 11 cases are the following entities: Republic Airways Services, Inc.; Shuttle America Corporation; Republic Airline Inc.; Republic Airways Holdings Inc.; Midwest Air Group, Inc.; Midwest Airlines, Inc.; and Skyway Airlines, Inc. The Debtors’ employer tax identification numbers and addresses are set forth in their respective chapter 11 petitions.
 2. Unless otherwise defined herein, each capitalized term shall have the meaning ascribed to it in the Interim Trading Order Establishing Notification Procedures and Approving Restrictions on Certain Transfers of Claims Against and Interests in the Debtors’ Estates dated _____, 2016 (the “Order”).

(chris.kiplok@hugheshubbard.com) and Ramsey Chamie, Esq.
(ramsey.chamie@hugheshubbard.com)), and (iii) counsel to the Creditors' Committee (when appointed), pursuant to the Order.

PLEASE TAKE FURTHER NOTICE that [_____] acknowledges and agrees that, pursuant to the Order, (i) any further transactions contemplated by [_____] that result in [_____] purchasing, acquiring or otherwise obtaining Tax Ownership of additional Covered Claims may be prohibited, and (ii) failure to comply with the obligations and procedures set out in Section 4 of the Order could subject [_____] to the Equity Forfeiture Provisions.

This notice is given in addition to, and not as a substitute for, any requisite notice under Rule 3001(e) of the Federal Rules of Bankruptcy Procedure.

Respectfully submitted,

[Name of Claimholder]

By: _____

Name: _____

Address: _____

Telephone: _____

Facsimile: _____

Date: _____

Exhibit 6

Proposed Covered Claim Transaction Notice

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

-----x

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

-----x

PROPOSED COVERED CLAIM TRANSACTION NOTICE

PLEASE TAKE NOTICE that [_____] intends to purchase, acquire or otherwise obtain Tax Ownership² of \$_____ of Covered Claims (the “Proposed Transaction”), as set forth below:

| <u>Debtor</u> | <u>Description of Covered Claim</u> | <u>Amount of Covered Claim</u> | <u>Directly Owned (Y/N)</u> |
|---------------|-------------------------------------|--------------------------------|-----------------------------|
| | | | |
| | | | |
| | | | |

1. The Debtors in these chapter 11 cases are the following entities: Republic Airways Services, Inc.; Shuttle America Corporation; Republic Airline Inc.; Republic Airways Holdings Inc.; Midwest Air Group, Inc.; Midwest Airlines, Inc.; and Skyway Airlines, Inc. The Debtors’ employer tax identification numbers and addresses are set forth in their respective chapter 11 petitions.
2. Unless otherwise defined herein, each capitalized term shall have the meaning ascribed to it in the Interim Trading Order Establishing Notification Procedures and Approving Restrictions on Certain Transfers of Claims Against and Interests in the Debtors’ Estates dated _____, 2016 (the “**Order**”).

PLEASE TAKE FURTHER NOTICE that, before giving effect to the Proposed Transaction, [_____] has Tax Ownership of \$_____ of Covered Claims, as set forth below:

| <u>Debtor</u> | <u>Description of Covered Claim</u> | <u>Amount of Covered Claim</u> | <u>Directly Owned (Y/N)</u> |
|---------------|-------------------------------------|--------------------------------|-----------------------------|
| | | | |
| | | | |
| | | | |

PLEASE TAKE FURTHER NOTICE that, after giving effect to the Proposed Transaction, [_____] would have Tax Ownership of \$_____ of Covered Claims.

PLEASE TAKE FURTHER NOTICE that pursuant to the Order, this Notice is being served upon (i) Republic Airways Holdings Inc., 8909 Purdue Road, Indianapolis, IN 46268, (ii) Zirinsky Law Partners PLLC, 375 Park Avenue, Suite 2607, New York, New York 10152 (Attn: Bruce R. Zirinsky, Esq. (bzirinsky@zirinskylaw.com), Sharon J. Richardson, Esq. (srichardson@zirinskylaw.com), and Gary D. Ticoll, Esq. (gticoll@zirinskylaw.com)) and Hughes Hubbard & Reed LLP, One Battery Park Plaza, New York, New York 10004 (Attn: Christopher K. Kiplok, Esq. (chris.kiplok@hugheshubbard.com) and Ramsey Chamie, Esq. (ramsey.chamie@hugheshubbard.com)), and (iii) counsel to the Creditors' Committee (when appointed), pursuant to the Order.

[_____] further acknowledges and agrees that (i) if the Debtors do not provide written approval of the Proposed Transaction within 15 calendar days of the date of this notice, the Proposed Transaction may not be consummated unless approved by a final and nonappealable order of the Court, (ii) that any unapproved acquisition of Covered Claims may result in [_____] being subject to the Equity Forfeiture Provisions and (iii) any further transactions contemplated by [_____] that may result in [_____] purchasing, acquiring or otherwise obtaining Tax Ownership of additional Covered Claims will require an additional notice to be served in the same manner as this notice.

This notice is given in addition to, and not as a substitute for, any requisite notice under Rule 3001(e) of the Federal Rules of Bankruptcy Procedure.

Respectfully submitted,

[Name of Claimholder]

By: _____

Name: _____

Address: _____

Telephone: _____

Facsimile: _____

Date: _____

Exhibit B

Proposed Publication Notice

**ATTENTION DIRECT AND INDIRECT HOLDERS OF SECURITIES ISSUED BY
REPUBLIC AIRWAYS HOLDINGS INC.:**

The United States Bankruptcy Court for the Southern District of New York has entered an order that imposes substantial restrictions on trading in equity interests in and debt claims against Republic Airways Holdings Inc. and affiliates. A copy of the order may be found at the following internet address: _____; questions regarding the order may be directed to representatives of the debtors at the following telephone number: _____. The case number for the bankruptcy action is 16-_____.

Dated: New York, New York
_____, 2016

BY ORDER OF THE COURT