

FUNDING AGREEMENT (2013)

between

REPUBLIC AIRLINE INC.,

and

AGÊNCIA ESPECIAL DE FINANCIAMENTO INDUSTRIAL - FINAME

Dated as of July 2, 2013

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FUNDING AGREEMENT (2013), dated as of July 2, 2013, between REPUBLIC AIRLINE INC., an Indiana corporation ("Republic"), and AGÊNCIA ESPECIAL DE FINANCIAMENTO INDUSTRIAL-FINAME, a Brazilian Federal public company with its main offices in the City of Rio de Janeiro, at Avenida República do Chile, No. 100, registered in the General Register of Taxpayers under the number 33.660.564/0001-00 (the "Lender"), a wholly owned subsidiary of Banco Nacional de Desenvolvimento Econômico e Social, a Brazilian Federal public company with its principal place of business in Brasilia, Distrito Federal, Federative Republic of Brazil, and main offices in the City of Rio de Janeiro, at Avenida República do Chile, No. 100, registered in the General Register of Taxpayers under the number 33.657.248/0001-89 ("BNDES").

WITNESSETH:

WHEREAS, Republic and Embraer S.A. (the "Manufacturer") have entered into the Purchase Agreement pursuant to which the Manufacturer has agreed to

manufacture and sell to Republic, and Republic has agreed to purchase and take delivery, from time to time, of Embraer manufactured aircraft, including of ERJ 175LR (certification designation and shown on the FAA records as ERJ 170-200LR) jet aircraft, each equipped with two General Electric CF34-8E5 engines (such ERJ 175LR aircraft (whether firm orders or options exercisable by Republic), the “Eligible Aircraft”);

WHEREAS, FINAME is a wholly-owned subsidiary of BNDES, the basic purpose of which is to promote the development and modernization of Brazil’s capital goods manufacturing industry;

WHEREAS, the Lender has approved the financing of the export of up to forty-seven of the Eligible Aircraft (the “Aircraft”) by the Manufacturer to Republic;

WHEREAS, FINAME upon the terms and conditions of this Agreement, undertakes to provide the Loans contemplated hereunder for the purpose of financing the export of the Aircraft;

WHEREAS, each Aircraft financed hereunder will be more fully described in a Relevant Security Agreement Supplement;

WHEREAS, the disbursement by the Lender under the Loan Agreement of the proceeds of the Relevant Advance with respect to an Aircraft in accordance with the terms and provisions hereof shall constitute the payment to the Manufacturer of the export transactions described above; and

WHEREAS, the Lender has agreed to make the Relevant Advance for each Aircraft available to the Borrower in an amount not to exceed the Loan A Commitment in the aggregate;

NOW, THEREFORE, in consideration of the premises and mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

SECTION 1. DEFINITIONS

1.1 Defined Terms. As used in this Agreement, unless otherwise defined herein, all capitalized terms shall have the respective meanings set forth below:

“Actual Knowledge”: with respect to a party, actual knowledge of a President, Vice President, Director, or more senior officer thereof, or any other officer of a party having responsibility for the transactions contemplated by the Loan Documents;

provided that each party shall be deemed to have “Actual Knowledge” of any matter as to which it has received notice in accordance with Section 8.2 of this Agreement.

“Administration Fee”: as defined in Section 2.2(c) hereof.

“Administration Fee Rate”: a rate per annum of 0.05%.

“Affiliate”: with respect to a specified Person, any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such Person. For the purpose of this definition, “control” when used with respect to any specified Person, means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, and the terms “controlling” and “controlled” have meanings correlative to the foregoing.

“After-tax Basis”: with respect to any payment to be received or accrued by any Person, the amount of such payment adjusted, if necessary, so that such payment, after taking into account all Taxes payable to any taxing authority as a result of the receipt or accrual of such payments and any savings in Taxes (other than in Indemnified Taxes) as a result of the payment or accrual of the Indemnified Tax, Expense or other liability in respect of which such payment is due, shall be equal to the payment to be received or accrued.

“Agreement”: this Funding Agreement (2013), as amended, restated, supplemented or otherwise modified from time to time.

“Air Operator’s Certificate”: means an air carrier operating certificate issued by the FAA in the name of the Borrower pursuant to Chapter 447 of Title 49 for aircraft capable of carrying 10 or more individuals or 6,000 pounds or more of cargo.

“Aircraft”: as defined in the recitals hereto, and including for any Aircraft, the Relevant Aircraft BFE.

“Airframe Warranty Agreement”: with respect to any Relevant Loan, the Manufacturer’s Acknowledgement with respect to the Aircraft financed with the proceeds of such Relevant Loan, substantially in the form of Exhibit F hereto.

“Applicable Percentage” means (a) 85%, if Guarantor’s ASU risk classification is B or higher or (b) 80% if Guarantor’s ASU risk classification is B- or lower.

“Assignment”: as defined in Section 9.5(b)(2) of the Loan Agreement.

“ASU”: the Sector Understanding on Export Credits for Civil Aircraft published by the OECD, effective 1 February 2011, as supplemented and/or amended from time to time.

“Bankruptcy Code”: the United States Bankruptcy Code, 11 U.S.C. § 101 et seq., as amended, modified, succeeded or replaced from time to time.

“Bankruptcy Event”: with respect to any Person, any of the following events:

(1) such Person shall consent to the appointment of or the taking of possession by the receiver, trustee or liquidator of itself or of substantially all of its property, or such Person shall admit in writing its inability to pay its debts generally as they come due, or does not pay its debts generally as they become due or shall authorize a general payment moratorium, except to the extent payments are made within applicable grace periods, or shall make a general assignment for the benefit of creditors; or

(2) such Person shall file a voluntary petition in bankruptcy or a voluntary petition or an answer seeking reorganization, liquidation or other relief in a proceeding under the Bankruptcy Code (as in effect at such time) or other bankruptcy or insolvency laws (as in effect at such time) or such Person shall seek relief by voluntary petition, answer, or consent under the provisions of any other bankruptcy, insolvency or other similar Law providing for the reorganization or winding-up of corporations (as in effect at such time) or such Person’s board of directors shall adopt a resolution authorizing any of the foregoing; or

(3) an order, judgment or decree shall be entered by any court of competent jurisdiction appointing, without the consent of such Person, a receiver, trustee or liquidator of such Person or of substantially all of its property, or sequestering substantially all of the property of such Person, and any such order, judgment or decree of appointment or sequestration shall remain in force undismissed, unstayed or unvacated for a period of 60 days after the date of entry thereof; or

(4) a petition against such Person in a proceeding under the Bankruptcy Code (as in effect at such time) or any other bankruptcy laws or other insolvency laws (as in effect at such time) shall be filed and shall not be withdrawn or dismissed within 60 days thereafter, or, under the provisions of any Law providing for reorganization or winding-up of corporations which may apply to such Person, any court of competent jurisdiction shall assume jurisdiction,

custody or control of such Person or of substantially all of its property and such jurisdiction, custody or control shall remain in force unrelinquished, unstayed or unterminated for a period of 60 days.

“BNDES”: as defined in the recitals hereto.

“Borrower”: Republic, as the Borrower under the Loan Agreement.

“Brazil”: the Federative Republic of Brazil.

“Brazilian Government Lender”: any of FINAME, BNDES or any other Lender which is the federal government (União Federal) of Brazil or which is controlled directly or indirectly by the federal government of Brazil.

“Break Amount”: in respect of any Loan:

(a) (in the case of a Relevant Loan bearing Floating Rate), the amount (if any) by which any interest which would be received by the Lender as a result of putting the relevant principal amount of such Relevant Loan on deposit with one of the Reference Banks for a period equal to the then remaining portion of the Interest Period in relation to such Relevant Loan is lower than the amount of interest which would have accrued pursuant to clause 2.2 of the Loan Agreement on such principal amount of such Relevant Loan during such remaining portion of such Interest Period had such principal not been prepaid; and

(b) (in the case of a Loan bearing interest at a Fixed Rate), on any day, the excess, if any, of (i) the present value, calculated as of the date of such prepayment utilizing as a discount rate the Fixed Rate that would be applied if a Loan with a Fixed Rate of interest was made to the Borrower on such date of prepayment, of all remaining principal and interest payments related to such Relevant Loan over (ii) one hundred per cent (100%) of the outstanding principal amount of such Relevant Loan and accrued interest as at such date of prepayment.

“Business Day”: any day other than a Saturday, Sunday or a day on which commercial banks are authorized or required by law, regulation or executive order to be closed in New York, New York, Indianapolis, Indiana, Rio de Janeiro, Brazil, or the city and state in which the Corporate Trust Department is located.

“Cape Town Treaty”: as defined in the Loan Agreement.

“Change in U.S. Tax Law”: (a) any change after the initial Relevant Borrowing Date to the Code, the Regulations, or administrative guidance or (b) any formal or informal change in any IRS position with respect to, or interpretation of, U.S. Tax Law, regardless of how and when such change is advanced, announced or articulated provided that for purposes of clarification, if any private letter ruling has been formally revoked as of initial Relevant Borrowing Date and notice of such revocation has been made readily available to the public as of such date, such revocation shall not constitute a Change in U.S. Tax Law.

“Citizen of the United States”: defined in Section 40102(a)(15) of the Federal Aviation Code and in the FAA Regulations.

“Code”: the United States Internal Revenue Code of 1986, as amended from time to time.

“Code-Share Agreement”: means an agreement of an RJET Airline pursuant to which it is entitled to fly jet aircraft under another carrier’s Designator Code.

“Collateral”: as specified in the Security Agreement.

“Commitment”: the obligation of the Lender to make Loans pursuant to Section 2.1 hereof.

“Commitment Fee”: as defined in Section 2.2(a).

“Commitment Period”: the period from and including the Document Closing Date and ending on the earlier of (i) December 28, 2016 and (ii) the date on which the Commitments shall terminate as provided in this Agreement.

“Commitment Termination Event”: as defined in Section 7 hereof.

“Contractual Currency”: as defined in Section 8.9 hereof.

“Corporate Trust Department”: the Corporate Trust Department of the Security Trustee located at the principal corporate trust office of the Security Trustee as specified in Section 11.7 of the Security Agreement, or such other department or office at which the Security Trustee’s corporate trust business shall be administered which the Security Trustee shall have specified by written notice to the Borrower, Republic and the Lender.

“Debt”: any liability for borrowed money, or any liability for the payment of money

in connection with any letter of credit transaction or any other liabilities evidenced or to be evidenced by bonds, debentures, notes or other similar instruments.

“Delivery Date” or “Date of Actual Delivery”: with respect to any Aircraft, the date on which such Aircraft was delivered by the Manufacturer to the Borrower.

“Designator Code”: the airline designations originally allotted and administered pursuant to Agreements CAB 24606 and 26056.

“Document Closing Date”: the date on which the conditions precedent set forth in Section 5.1 hereof shall have been satisfied or waived.

“Dollars” and “\$”: the lawful currency of the United States.

“Eligible Aircraft”: as defined in the recitals hereto.

“Engine Warranty Agreement”: with respect to any Relevant Loan, the Engine Manufacturer Consent and Agreement with respect to the Aircraft financed with the proceeds of such Relevant Loan, substantially in the form of Exhibit G hereto.

“Expense”: has the meaning specified in 9.16(h) of the Loan Agreement.

“Export Credit Guarantee”: the export credit guarantee to be granted by the Export Credit Guarantor for the benefit of the Lender.

“Export Credit Guarantee Fee”: means, with respect to any Aircraft, the Upfront Amount for such Aircraft.

“Export Credit Guarantee Loan Commitment”: the obligation of the Lender to make Relevant Export Credit Guarantee Loans pursuant to Section 2.1 hereof in an aggregate principal amount up to but not exceeding \$100,938,264.28.

“Export Credit Guarantor”: the Brazilian Federal Government – Secretaria de Assuntos Internacionais do Ministério da Fazenda (SAIN), through the Fundo de Garantia à Exportação – FGE.

“FAA”: the Federal Aviation Administration of the United States or any Government Entity succeeding to the functions of such Federal Aviation Administration.

“FAA Regulations”: the Federal Aviation Regulations issued or promulgated pursuant to the Federal Aviation Code from time to time.

“FATCA” means Sections 1471 through 1474 of the Code, as of the date of this

Agreement (or amended successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof, any agreements entered into pursuant to Section 1471(b)(1) of the Code and any intergovernmental agreement entered into pursuant or relating to Sections 1471 through 1474 of the Code.

“Federal Aviation Code”: the sections of title 49 of the United States Code relating to aviation, as amended from time to time, or any provisions enacted in substitution or replacement thereof.

“FINAME”: Agência Especial de Financiamento Industrial, a Brazilian Federal public company and wholly owned subsidiary of BNDES, with its main offices in the City of Rio de Janeiro, at Avenida República do Chile, No. 100, registered in the General Register of Taxpayers under the number 33.660.564/0001-00.

“FINAME Related Agreement”: the “Loan Documents”, “Operative Agreements”, “Operative Documents” or other equivalent term as used and defined in the documents governing any Debt now or hereafter and directly or indirectly owing by Guarantor or any of its direct or indirect Subsidiaries to FINAME or any security trustee acting for FINAME.

“Fixed Rate”: with respect to any Relevant Loan bearing interest at a fixed rate, either the Relevant CIR Rate or the Relevant Swap Rate (whichever is applicable) for such Relevant Loan.

“Floating Rate”: with respect to an Interest Period for any Relevant Loan bearing interest at a floating rate, LIBOR for such Interest Period for such Relevant Loan.

“Frontier”: Frontier Airlines Holdings, Inc., a Delaware corporation, and its subsidiaries.

“GAAP”: generally accepted accounting principles as set forth in the statements of financial accounting standards issued by the Financial Accounting Standards Board of the American Institute of Certified Public Accountants, as such principles may at any time or from time to time be varied by any applicable financial accounting rules or regulations issued by the SEC and, with respect to any Person, shall mean such principles applied on a basis consistent with prior periods except as may be disclosed in such Person’s financial statements.

“Government Entity”: (a) any national, federal, state, provincial or similar government, and any body, board, department, commission, court, tribunal, authority,

agency or other instrumentality of any such government or otherwise exercising any executive, legislative, judicial, administrative or regulatory functions of such government or (b) any other government entity having jurisdiction over any matter contemplated by the Loan Documents or relating to the observance or performance of the obligations of any of the parties to the Loan Documents.

“Guarantor”: Republic Airways Holdings Inc., a Delaware corporation.

“Guaranty”: the Guaranty (2013), dated as of the date of this Agreement, by Guarantor of the obligations of Republic under this Agreement.

“Indemnified Taxes”: means Taxes with respect to this Agreement other than:

1. Taxes imposed on the Lender in excess of Taxes that would have been imposed if such Lender had not engaged in any business in or had any presence or contact in the jurisdiction imposing such Taxes other than any business, presence or contact as a result of the operation, presence, registration or location of the Aircraft in such jurisdiction or as a result of the transactions contemplated by the Operative Agreements;

2. Taxes imposed on the Lender that arise out of or are caused by the gross negligence or willful misconduct of such Lender (unless such gross negligence or willful misconduct is imputed to such Lender by reason of the acts or omissions of the Borrower);

3. Taxes that would not have been imposed but for any failure of the Lender to (x) file proper and timely reports or returns or to pay any Taxes when due (except to the extent caused by a breach by Republic of its obligations pursuant to Section 2.5 of this Agreement), (y) with respect to a Lender other than a Brazilian Government Lender, comply with any certification, information, documentation, reporting or other similar requirements, concerning the nationality, residence, identity or connection with jurisdiction imposing such Taxes, if such compliance is required to obtain or establish relief or exemption from or reduction in such Taxes and such Lender was eligible to comply with such requirement but only if and to the extent that such Lender is entitled under applicable Law to furnish such forms and is eligible to claim such reduction or exemption and only to the extent that such forms may be filed by such Lender without adverse consequences to the Lender or any of its Affiliates, or risk thereof, as reasonably determined by such Lender in good faith (and only if in the

case of Taxes other than U.S. Withholding Taxes, the Borrower has given the Lender prior notice of such compliance requirements) or (z) with respect to a Brazilian Government Lender, failure to comply with such Lender's obligations in Section 2.5 hereof;

4. (A) With respect to a Brazilian Government Lender, Taxes imposed by any Government Entity of or in Brazil other than such Taxes resulting from the presence, activities or conduct of the Borrower (or any Affiliate of the Borrower or the presence of any Aircraft, Engine or Part subsequent to the Delivery Date) in Brazil, (B) with respect to a Lender that is not a Brazilian Government Lender, Taxes imposed by any Government Entity in a jurisdiction within which such Lender is incorporated or has its principal place of business (but excluding any such Taxes resulting from the presence, activities or conduct of the Borrower (or any Affiliate of the Borrower or the presence of any Aircraft, Engine or Part subsequent to the Delivery Date) in such jurisdiction);

5. With respect to a Brazilian Government Lender, U.S. Withholding Taxes imposed other than by reason of a Change in U.S. Tax Law; or

6. Taxes imposed pursuant to FATCA.

"Interest Period": with respect to any Relevant Loan, the period commencing on and including the Relevant Borrowing Date for such Relevant Loan and ending on but excluding the next succeeding Payment Date for such Relevant Loan; and thereafter, each successive period commencing on and including the last day of the next preceding Interest Period for such Relevant Loan and ending on but excluding the next succeeding Payment Date for such Relevant Loan; provided, that, if any Payment Date would otherwise be a day that is not a Business Day, such Interest Period shall end on the next succeeding Business Day; provided, further, that if such extension would cause payment of interest on or principal of such Relevant Loan bearing interest at the Floating Rate to be made in the next following calendar month, such Interest Period shall end on the next preceding Business Day.

"International Interest": has the meaning specified in the Cape Town Treaty.

"International Registry": has the meaning specified in the Cape Town Treaty.

"IRS": the Internal Revenue Service of the United States or any Government

Entity succeeding to the functions of such Internal Revenue Service.

“Law”: (a) any constitution, treaty, convention (including the Cape Town Treaty), statute, law, decree, regulation, order, rule or directive of any Government Entity, and (b) any judicial or administrative interpretation or application of, or decision under, any of the foregoing.

“Lender”: as defined in the recitals hereto.

“LIBOR”: means, with respect to an Interest Period or any other applicable period, the rate of interest for deposits in United States Dollars as indicated on Bloomberg page “BBAM” (or any successor or substitute therefor) or, if not so indicated, the average (rounded upwards to the nearest 1/16th of 1.00%) of such rates offered by the Reference Banks in the London interbank market, in each case at or about 11:00 a.m., London time, on the day two Business Days prior to the first day of such Interest Period or other applicable period for deposits of a duration comparable to such Interest Period or other applicable period, in an amount (if applicable) approximately equal to the amount on which such interest will accrue as of the first day of such Interest Period or other applicable period.

“Lien”: any mortgage, pledge, lien, charge, claim, encumbrance, International Interest, lease or security interest affecting title to or any interest in property.

“Loan Agreement”: means the Loan Agreement (2013) to be executed and delivered by the Lender and the Borrower pursuant to the terms of this Agreement, substantially in the form of Exhibit A hereto, pursuant to which each Relevant Loan is to be made.

“Loan A Commitment”: the obligation of the Lender to make Relevant Loans A pursuant to Section 2.1 hereof in an aggregate principal amount up to but not exceeding \$1,048,164,738.10.

“Loan Documents”: collectively, this Agreement, the Guaranty, the Loan Agreement, the Relevant Notes, the Security Agreement, each Relevant Security Agreement Supplement, the Relevant Bills of Sale, the Engine Warranty Agreements, the Airframe Warranty Agreements, and any other agreement or instrument which is specifically identified therein as a “Loan Document” for purposes hereof with the consent of the Borrower.

“Loan Maturity Date”: for any Relevant Loan, the date specified as the Relevant Loan Maturity Date for such Relevant Loan in the Loan Agreement, as such date may

be accelerated pursuant to Section 6.1(f) of the Funding Agreement.

“Loans”: means, collectively, all of the Relevant Loans.

“Manufacturer”: as defined in the recitals hereto.

“Margin”: a rate of 0.30% per annum; provided if the Commitment has not been fully utilized or terminated in accordance with the terms of this Agreement during the period ending on the date corresponding to the Document Closing Date the 18th month after the Document Closing Date, the “Margin” for any Loans advanced after such date shall be adjusted to the minimum rate required according to the ASU.

“Material Adverse Change”: as of any date, a material adverse change in the consolidated business, operations, results of operations, or financial condition of Guarantor and its consolidated subsidiaries, as of such date compared to December 31, 2012. Without limiting the generality of the foregoing, a Material Adverse Change shall include: (a) a material default by an RJET Airline under any loan, lease or other financing obligation to which an RJET Airline and the Lender are parties; (b) the occurrence of a Bankruptcy Event with respect to Republic or Guarantor; (c) the reduction of the number of Code-Share Agreements under which the RJET Airlines, collectively, are operating aircraft to less than two or the failure of American Airlines, Inc. to be one code-share partner; provided that any reduction due to the consolidation, merger or other combination of the operations of two or more code-share partners of the RJET Airlines where the consolidated, merged or combined airline continues as a code-share partner of an RJET Airline shall not be deemed to have occurred for purposes of this definition so long as, subject to Section 7.8 of the Loan Agreement, one such code-share partner is American Airlines, Inc.; or (d) any order or administrative action by the FAA or any other aviation authority which grounds all or a substantial portion of the combined fleet of the RJET Airlines or imposes operating restrictions on the RJET Airlines that may reasonably be expected to be material and adverse and that are not applicable to regional air carriers generally. The provisions of the preceding sentence shall not be deemed to influence the interpretation of the first sentence of this definitional paragraph, it being intended that the first sentence of this paragraph shall be interpreted in accordance with normal commercial practice. Notwithstanding anything in the foregoing, any disposition by Guarantor of some or all of Frontier or any Bankruptcy Event with respect to Frontier or any of its subsidiaries shall not be a Material Adverse Change in and as itself, but shall be a Material Adverse Change to the extent such disposition or Bankruptcy Event results in a material adverse change in the consolidated business, operations, results of operations or financial condition of Guarantor and its consolidated subsidiaries (excluding Frontier) compared to December 31, 2012,

provided that any non-cash write-offs or accounting adjustments relating to any such disposition or bankruptcy with respect to the Guarantor's consolidated financial statements shall not be a Material Adverse Change.

"Notice of Borrowing": a notice delivered to the Lender pursuant to Section 2.3 hereof, such Notice to be substantially in the form of Annex A hereto.

"OECD": the Organization for Economic Cooperation and Development.

"Officer's Certificate": in respect of any Person, a certificate signed by the Chairman, the President, any Vice President (including those with varying ranks such as Executive, Senior, Assistant or Staff Vice President), a Director, the Treasurer or the Secretary of such Person.

"Operative Agreements": as defined in the Loan Agreement.

"Other Collateral": the "Collateral" (or equivalent term) as used and defined in the Other FINAME Transactions.

"Other FINAME Indebtedness": without duplication, all Debt now or hereafter and directly or indirectly owing by Guarantor or any of its direct or indirect Subsidiaries pursuant to the Other Operative Agreements.

"Other FINAME Transactions": any direct or indirect, past, present or future FINAME-supported financing which is now or hereafter guaranteed by the Export Credit Guarantor (whether by way of a loan, a lease or a guarantee) for or for the benefit of Guarantor or any of its direct or indirect Subsidiaries thereof under which any Other FINAME Indebtedness is outstanding, in each case only so long as the Export Credit Guarantor has outstanding guarantees of more than 50% of the principal amount of the Relevant Loans and more than 50% of the principal amount of such Other FINAME Indebtedness.

"Other Operative Agreements": the "Loan Documents", "Operative Agreements", "Operative Documents" or other equivalent term as used and defined in the Other FINAME Transactions.

"Other Security Agreement": the "Security Agreement" (or equivalent term) as used and defined in the Other FINAME Transactions.

"Other Security Trustee": the "Security Trustee" (or equivalent term) as used and defined in the Other FINAME Transactions.

"Other Taxes": all present or future stamp or documentary taxes or any other

excise or property taxes, charges or similar levies arising from any payment made hereunder or from the execution, delivery or enforcement of, or otherwise with respect to, this Agreement.

“Permitted Lease”: as defined in the Security Agreement.

“Permitted Lessee”: as defined in the Security Agreement.

“Person”: an individual, partnership, corporation, limited liability company, business trust, joint stock company, trust, unincorporated association, joint venture, government entity or other entity of whatever nature.

“Premium Rate”: shall mean 1.92 % per annum; provided, however, that, the Premium Rate may be adjusted by the Lender after the date corresponding to the Document Closing Date in the eighteenth (18th) month after Document Closing Date to the minimum premium rate then applicable under the ASU and by reference to the then current risk classification of the Guarantor and any applicable discount under the terms of the ASU.

“Premium Rate Conversion Model”: means the premium rate conversion model to which reference is made in the 2011 Aircraft Sector Understanding. For the avoidance of doubt, the calculation of the upfront amount of the Export Credit Guarantee Fee applicable to a Loan shall employ a discount rate equal to four point six percent (4.6%) per annum (or, if the applicable rate to be employed in accordance with the applicable Aircraft Sector Understanding for the purposes of the Premium Rate Conversion Model is revised at any time, such revised rate).

“PROEX Breakage Costs”: any and all Losses suffered or incurred by the Lender under the Program for Financing of Exports (“PROEX”) as established in connection with the interest rate support paid to the Lender under Brazilian law as a consequence of any prepayment or acceleration of the Loan.

“Pro Forma Amortization Schedule”: as defined in Section 2.4(d) hereof.

“Purchase Agreement”: the Amended and Restated Purchase Agreement COM 0190-10, dated as of January 23, 2013, between Manufacturer and Republic.

“Reference Banks”: means the principal London offices of Credit Agricole Commercial and Investment Bank, Barclays Bank PLC and Citibank, N.A. or such other banks as may be appointed by agreement of the Lender and the Borrower.

“Relevant Advance”: means, with respect to any Aircraft, the amount to be advanced by the Lender to the Borrower on the Relevant Borrowing Date with respect to such Aircraft pursuant to Section 2.1 and the Loan Agreement.

“Relevant Aircraft BFE”: means, with respect to any Aircraft, the buyer furnished equipment, if any, to be installed thereon on or after the Delivery Date, as scheduled in the Relevant BFE Bill of Sale.

“Relevant BFE Bill of Sale”: with respect to any Aircraft, the buyer furnished equipment, if any, to be installed thereon on or prior to the Delivery Date.

“Relevant Bills of Sale”: with respect to any Aircraft, the Relevant FAA Bill of Sale, the Relevant BFE Bill of Sale (if any) and the Relevant Warranty Bill of Sale covering such Aircraft.

“Relevant Borrowing Date”: with respect to any Aircraft, the date on which the Relevant Advance with respect to such Aircraft is made by the Lender to the Borrower under the Loan Agreement.

“Relevant CIRR Rate”: in respect of any Relevant Loan, the rate per annum which is the fixed interest rate equal to the Commercial Interest Reference Rate (“CIRR”) for civil aircraft under the ASU for Dollars based on the seven (7)-year US Treasury bond yields and for a repayment period of twelve (12) years published by the Secretariat of the OECD and effective as at the relevant date for such Relevant Loan, as noted on the internet in the week preceding the fifteenth (15th) calendar day of each month (effective on the fifteenth (15th) day of each such month) and available and prevailing on the website of the OECD at <http://www.oecd.org> on the relevant date for such Relevant Loan. The “CIRR” applicable to each Relevant Loan advanced within 180 days from the Document Closing Date shall be the rate prevailing at the Document Closing Date. After each successive period of 180 days elapsed from the Document Closing Date, if the “CIRR” is higher than the previous one, “CIRR” shall be reset to such higher rate for the next 180 days; if the “CIRR” applicable on the next day after such 180 day period is lower than or equal to the previous one, the previous one shall prevail for the next 180 days, in each case for Relevant Loan advances during such next 180 day period.

“Relevant Closing”: as defined in Section 2.1 of the Loan Agreement.

“Relevant Export Credit Guarantee Loan”: means, in the case of any Aircraft, that portion of the Relevant Loan in the principal amount initially equal to the Upfront Amount for such Aircraft.

“Relevant FAA Bill of Sale”: with respect to any Aircraft, the bill of sale for such Aircraft on AC Form 8050-2 (or such other form as may be approved by the FAA) executed by the Manufacturer in favor of the Borrower, dated the Delivery Date (as defined in the Loan Agreement) for such Aircraft.

“Relevant Guaranty”: means the Guaranty to be executed and delivered by the Guarantor contemporaneously with the execution and delivery of the Loan Agreement, substantially in the form of Exhibit E hereto.

“Relevant Interest Rate”: means, with respect to any Relevant Loan, the sum of (a) the Margin, plus (b) the Administration Fee Rate, plus (c) the Relevant CIRR Rate, the Relevant Swap Rate or LIBOR, whichever shall be applicable to such Relevant Loan as specified in the Notice of Borrowing for such Relevant Loan; provided, however, that the Borrower shall not elect any of the Loans to accrue interest at the Relevant CIRR Rate.

“Relevant Loan”: means, in the case of any Aircraft, the Relevant Loan A and Export Credit Guarantee Loan, collectively, made under the Loan Agreement to the Borrower with respect to such Aircraft.

“Relevant Loan A”: means, in the case of any Aircraft, that portion of the Relevant Loan in the principal amount initially equal to the Relevant Advance for such Aircraft.

“Relevant Manufacturer’s Invoice”: with respect to any Aircraft financed by a Relevant Loan, the invoice of the Manufacturer setting forth the purchase price of such Aircraft.

“Relevant Net Aircraft Cost”: with respect to any Aircraft, the purchase price under the Purchase Agreement of such Aircraft, net of all credit memoranda and adjustments, as set forth in the Relevant Manufacturer’s Invoice.

“Relevant Note A”: means, with respect to a Relevant Loan A, the promissory note substantially in the form of Annex B-1 to the Loan Agreement, dated the Relevant Borrowing Date for such Relevant Loan A and executed by the Borrower, and each promissory note issued in replacement thereof.

“Relevant Note B”: means, with respect to a Relevant Export Credit Guarantee Loan, the promissory note substantially in the form of Annex B-2 to the Loan Agreement, dated the Relevant Borrowing Date for such Relevant Export Credit Guarantee Loan and executed by the Borrower, and each promissory note issued in

replacement thereof.

“Relevant Notes”: means, with respect to a Relevant Loan, the Relevant Notes A and Relevant Notes B evidencing such Relevant Loan.

“Relevant Payment Date”: with respect to any Relevant Loan, (a) the Relevant Borrowing Date of such Relevant Loan, (b) October 15, January 15, April 15 and July 15 of each year prior to the Loan Maturity Date for such Relevant Loan, commencing with the first such date following the Relevant Borrowing Date and (c) the Loan Maturity Date for such Relevant Loan.

“Relevant Security Agreement Supplement”: means, with respect to any Relevant Loan, a “Security Agreement Supplement”, as defined in the Security Agreement, that identifies the Aircraft financed with the proceeds of such Relevant Loan.

“Relevant Specified Date” means October 15, January 15, April 15 and July 15 (and, in case any of the foregoing is not a Business Day, the next succeeding Business Day).

“Relevant Spread Rate”: with respect to any Relevant Loan, the Premium Rate applicable thereto.

“Relevant Swap Rate”: with respect to any Relevant Loan, the rate of interest shown on the Bloomberg service, page USSWAP7, “Trade Recap” screen with the “Composite (NY)” source as the fixed rate (calculated on the basis of a 360-day year of twelve 30-day months and payable on a quarterly basis) under a seven year U.S. dollar swap transaction for USD LIBOR – BBA (calculated on a 360-day year and an actual days payable on a quarterly basis), determined on the second Business Day prior to the Relevant Borrowing Date of such Relevant Loan at 11:00 a.m., New York time, or if no such rate is shown at such time, then the rate shown on such Bloomberg screen soonest thereafter.

“Relevant Warranty Bill of Sale”: with respect to any Relevant Loan, the full warranty bill of sale covering the Aircraft financed with the proceeds of such Relevant Loan, executed by the Manufacturer in favor of the Borrower, dated the Delivery Date (as defined in the Loan Agreement) for such Aircraft.

“Republic”: as defined in the recitals hereto.

“Republic Merger Transaction”: as defined in Section 8.8(a) hereof.

“Republic Successor”: as defined in Section 8.8(a)(i) hereof.

“Requirement of Law”: as to any Person, the certificate of incorporation and by-laws or other organizational or governing documents of such Person, and any Law, in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject.

“RJET Airline”: each Subsidiary of Guarantor that is a U.S. Certificated Air Carrier.

“SEC”: the Securities and Exchange Commission of the United States, or any Government Entity succeeding to the functions of such Securities and Exchange Commission.

“Section 1110”: Section 1110 of the United States Bankruptcy Code, or any successor section of the United States federal bankruptcy Law in effect from time to time.

“Section 1110 Air Carrier”: a Person holding an air carrier operating certificate issued pursuant to Chapter 447 of Title 49 of the United States Code for aircraft capable of carrying 10 or more individuals or 6,000 pounds or more of cargo.

“Security Agreement”: the Aircraft Security Agreement to be executed and delivered by Borrower and the Security Trustee pursuant to the terms of this Agreement, substantially in the form of Exhibit B hereto, contemporaneously with the execution and delivery of the Loan Agreement.

“Security Trustee”: with respect to a Relevant Loan, the institution identified as such in the introductory paragraph of the Security Agreement executed and delivered contemporaneously with the Loan Agreement under which such Relevant Loan was made, initially Wells Fargo Bank Northwest, National Association.

“Solvent”: with respect to any Person on any date of determination, that on such date (i) the present fair salable value of the assets of such Person is not less than the amount that will be required to pay the probable liability of such Person on its debts as they become absolute and matured, (ii) such Person does not intend to, and does not believe that it will, incur debts or liabilities beyond such Person’s ability to pay such debts and liabilities as they mature and (iii) such Person is not engaged in business or a transaction, and is not about to engage in business or a transaction, for which such Person’s property would constitute an unreasonably small capital (it being understood that the amount of contingent liabilities at any time shall be computed as the amount that, in the light of all the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability).

“Structuring Fee”: as defined in Section 2.2(b) hereof.

“Subsidiary”: as to any Person, a corporation, partnership or other entity of which shares of stock or other ownership interests having ordinary voting power (other than stock or such other ownership interests having such power only by reason of the happening of a contingency) to elect a majority of the board of directors or other managers of such corporation, partnership or other entity are at the time owned, or the management of which is otherwise controlled, directly or indirectly through one or more intermediaries, or both, by such Person.

“Tax” and “Taxes”: all governmental or quasi-governmental fees (including, without limitation, license, filing and registration fees) and all taxes (including, without limitation, franchise, excise, stamp, value added, income, gross receipts, sales, use, property, personal and real, tangible and intangible taxes and mandatory contributions), withholdings, assessments, levies, imposts, duties or charges, of any nature whatsoever, together with any penalties, fines, additions to tax or interest thereon or other additions thereto imposed, withheld, levied or assessed by any country, taxing authority or governmental subdivision thereof or therein or by any international authority, including any taxes imposed on any Person as a result of such Person being required to collect and pay over withholding taxes.

“Total Commitment”: the aggregate of the Loan A Commitment and the Export Credit Guarantee Loan Commitment.

“UCC”: the Uniform Commercial Code as in effect in any applicable jurisdiction.

“United States” and “U.S.”: the United States of America.

“Upfront Amount”: means, with respect to any Aircraft, the amount determined by the Lender to convert the Premium Rate for the Relevant Loan into an up-front payment of the Export Credit Guarantee Fee utilizing the Premium Rate Conversion Model.

“U.S. Certificated Air Carrier”: any United States air carrier that is a Citizen of the United States holding a certificate of public convenience and necessity issued pursuant to 49 U.S.C. §41102 and an air carrier operating certificate issued pursuant to chapter 447 of title 49 of the United States Code for aircraft capable of carrying 10 or more individuals or 6,000 pounds or more of cargo, and as to which there is in force an air carrier operating certificate issued pursuant to Part 121 of the FAA Regulations, or which may operate as an air carrier by certification or otherwise under any successor or substitute provisions therefor or in the absence thereof.

“U.S. Tax Law”: includes the Code, any regulations promulgated or proposed thereunder (the “Regulations”) and any private letter rulings issued, in each case, as of the initial Relevant Borrowing Date (as though such rulings have the force of law).

“U.S. Withholding Tax”: any Tax imposed by way of deduction or withholding by the United States federal government, including the federal income tax imposed under Sections 881(a) and 1442 of the Code, on payments to a Person who is not a United States Person within the meaning of Section 7701(a)(30) of the Code.

1.2 Other Definitional Provisions. As used herein and in any certificate or other document made or delivered pursuant hereto or thereto, accounting terms, to the extent not otherwise defined, shall have the respective meanings given to them under GAAP.

(a) The words “hereof”, “herein” and “hereunder” and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, and Section, subsection, Appendix, Annex, Schedule and Exhibit references are to this Agreement unless otherwise specified.

(b) The meanings given to terms defined herein shall be equally applicable to both the singular and plural forms of such terms.

(c) References to any Person shall include such Person’s successors and assigns subject to any limitations provided for herein or in the other Loan Documents.

(d) References to any agreement shall be to such agreement as amended, modified or supplemented.

SECTION 2. AMOUNT AND TERMS OF COMMITMENTS

2.1 Commitment(a) . Subject to the terms and conditions hereof, the Lender agrees to make the Relevant Advance for each Aircraft to the Borrower from time to time during the Commitment Period in accordance with Section 2.3, each Relevant Advance to be in an amount equal to the Applicable Percentage of (i) the Relevant Net Aircraft Cost of the Aircraft plus (ii) [*]. In connection with each Relevant Loan, the Borrower shall issue to the Lender (i) a Relevant Note A in an original principal amount equal to the amount of the Relevant Advance with respect to such Relevant Loan and (ii) a Relevant Note B in an original principal amount equal to the Relevant Export Credit Guarantee Loan with respect to such Aircraft. The aggregate amount of all Loans made under this Agreement and the Loan Agreement shall not exceed the Total Commitment. Republic may terminate the Loan A Commitment (and any corresponding Export Credit Guarantee Loan Commitment), in whole or in part, at any time by written notice to the

Lender; provided that if the Commitment is terminated in full any amounts due hereunder shall be paid in full.

2.2 Commitment, Structuring, and Administration Fees(a) . (a) Republic shall pay the Lender a commitment fee (the "Commitment Fee") pursuant to this Agreement in an amount equal to [*], to the extent not terminated. The Commitment Fee shall accrue from the Document Closing Date and shall be paid in arrears quarterly on the 15th day of the month in each of October, January, April, and July, commencing on October 15, 2013. The Commitment Fee shall be calculated on the basis of the number of days elapsed and a year of 360 days.

(b) Republic shall pay the Lender a structuring fee (the "Structuring Fee") for each Relevant Loan A and Relevant Export Credit Guarantee Loan in an amount equal to [*] of such Relevant Loan A and Relevant Export Credit Guarantee Loan not later than the second Business Day prior to the Relevant Borrowing Date of the Relevant Aircraft as a condition to the obligation of the Lender to advance such Relevant Loan A, provided that Lender shall promptly refund to Republic the Structuring Fee paid with respect to a Relevant Loan if such Relevant Loan is not advanced to Republic on the Relevant Borrowing Date or any date to which such Relevant Borrowing Date has been delayed pursuant to Section 2.3(b).

(c) Republic shall pay to the Lender an administration fee equal to [*] per annum (the "Administration Fee") with respect to each Relevant Loan on each date when interest accrued at the Relevant Interest Rate is payable on such Relevant Loan, such Administration Fee to be paid as part of the Relevant Interest Rate as specified in the definition thereof.

2.3 Procedure for Borrowing(a) . (a) Republic may give notice of a borrowing at any time during the Commitment Period on any Business Day by delivering to the Lender and to the Security Trustee a Notice of Borrowing by 12:00 Noon, New York City time, at least five Business Days prior to the requested Relevant Borrowing Date, specifying (i) the requested Relevant Borrowing Date, which shall be a Business Day which is not the last or penultimate day of a calendar month (unless, in the case of a requested funding on the penultimate day of a calendar month only, that is the day scheduled by the Manufacturer for delivery of the relevant Aircraft); (ii) whether the Relevant Interest Rate applicable to such Relevant Loan shall be based upon the Relevant CIRR Rate, the Relevant Swap Rate or LIBOR; and (iii) the principal amount of the Relevant Loan A.

(b) On or prior to a requested Relevant Borrowing Date initially set forth in a

Notice of Borrowing, or any later requested Relevant Borrowing Date to which such requested Relevant Borrowing Date has been delayed as provided herein, Republic may, by notice to the Lender, delay such requested Relevant Borrowing Date; provided that if Republic desires to delay the requested Relevant Borrowing Date more than five Business Days after the requested Relevant Borrowing Date initially set forth in the Notice of Borrowing, Republic must deliver to the Lender a new Notice of Borrowing specifying a requested Relevant Borrowing Date which is two or more Business Days after delivery of such new Notice of Borrowing. In the event that Republic delays the requested Relevant Borrowing Date initially set forth in the Notice of Borrowing by the delivery of a new Notice of Borrowing as aforesaid, Republic agrees to pay to the Lender a fee for the period beginning on the third day following the date initially set forth in the Notice of Borrowing (or, if such delay is due to a delay in delivery caused by the Manufacturer, the fifth day following the date initially set forth in the Notice of Borrowing) to the actual Relevant Borrowing Date, computed at a daily rate of [*] of the principal amount of the Relevant Loan A to be borrowed, as set forth in the initial Notice of Borrowing, with respect to such Aircraft, such fee to be payable on the Relevant Borrowing Date; provided that no such fee shall be payable if such delay was attributable to the Government of Brazil, BNDES or Lender.

(c) Amounts borrowed by the Borrower shall be disbursed as provided in the Loan Agreement.

(d) Republic may, at any time, by notice to the Lender, cancel a Notice of Borrowing without prejudice to its right to deliver a new Notice of Borrowing at a later date with respect to the same or any other Aircraft. If Republic cancels a Notice of Borrowing in accordance with this Section 2.3(d) after the date initially set forth as the requested Relevant Borrowing Date or if Republic fails to borrow on a requested Relevant Borrowing Date set forth in a Notice of Borrowing and such requested Relevant Borrowing Date has not been delayed as provided in Section 2.3(b) Republic shall pay to the Lender a fee for the period beginning on the third day following the date initially set forth as the requested Relevant Borrowing Date in the Notice of Borrowing (or if such cancellation is due to a delay in delivery caused by the Manufacturer, the fifth day following the date initially set forth in the Notice of Borrowing) to the date of such cancellation or failure to borrow, computed at a daily rate of [*] of the amount to be borrowed, as set forth in the initial Notice of Borrowing with respect to such Aircraft, such fee to be payable within five Business Days after the date of cancellation or failure to borrow, as the case may be; provided that no such fee shall be payable if such delay was attributable to the Government of Brazil, BNDES or Lender.

(e) All proposed loan documentation shall be delivered to the Lender at its main

office in Rio de Janeiro at least seven Business Days prior to a Relevant Borrowing Date.

2.4 Terms of Loans; Evidence of Debt(a) . (a) The principal amount of and interest on each Relevant Loan shall be paid by the Borrower in installments consisting of principal and interest as provided in the Loan Agreement.

(b) Each Relevant Loan shall bear interest at a rate per annum equal to its Relevant Interest Rate. The Lender shall as soon as practicable, but in any event no later than 11:00 A.M., New York time, on the date one Business Day prior to the Relevant Borrowing Date, notify the Borrower of the determination of the Relevant Interest Rate for such Relevant Loan.

(c) The amounts of the installments on each Relevant Loan A and Export Credit Guarantee Loan comprising a Relevant Loan shall be determined as follows: for each Relevant Loan A and Relevant Export Credit Guarantee Loan for which a Relevant Borrowing Date is a Relevant Specified Date there will be 48 equal payments over a 11 year and 9 month period consisting of (i) an amount of principal payable equal to 1/48th of the original principal amount of the Relevant Loan (the "Standard Payment") and (ii) payment of the first installment of principal on the Relevant Loan on the Relevant Borrowing Date of such Relevant Loan (the "Initial Principal Amount"), provided, however, that (x) if the Relevant Borrowing Date is not a Relevant Specified Date the payment to be made on the Relevant Payment Date immediately succeeding such Relevant Borrowing Date will be equal to the Standard Payment multiplied by a fraction, the numerator of which is the number of days from and including the Relevant Borrowing Date to but excluding the next Relevant Payment Date and the denominator of which is 90, and (y) there shall be a 49th payment for each such Relevant Loan A and Relevant Export Credit Guarantee Loan payable on the Loan Maturity Date for such Relevant Loan in an amount equal to the sum of the outstanding principal balance of such Relevant Loan A or Relevant Export Credit Guarantee Loan. Each payment (other than the payment of principal made on the Relevant Borrowing Date) shall include interest at the Relevant Interest Rate that has accrued and is unpaid on the Relevant Loan. The Lender shall as soon as practicable, but in no event later than 11:00 A.M., New York time, on the date at least one Business Day prior to the Relevant Borrowing Date, notify the Borrower of the determination of the respective amounts of such installments of principal and interest on such Relevant Loan A and relevant Export Credit Guarantee Loan, and provide to the Borrower Schedule 1 for the Relevant Notes setting forth for each Relevant Payment Date separately for principal and (if the Relevant Interest Rate is a Fixed Rate) for interest and in the aggregate for both principal and (if the Relevant Interest Rate is a Fixed Rate) interest and the unpaid

principal balance after giving effect to the scheduled principal payment.

(d) The payment dates and amounts to be included in Schedule 2 to each Relevant Note B for each Relevant Loan shall be determined as follows: the Lender shall prepare an amortization schedule for the Relevant Loan A included in such Relevant Loan specifying the amount of principal payable on each Relevant Payment Date and using an interest rate per annum equal to the sum of the Relevant Interest Rate (in the case the Relevant Loan shall bear interest at the Floating Rate, the amortization schedule for the Relevant Loan A shall use the Floating Rate for the initial Interest Period) plus the Relevant Spread Rate in substantially the form of Schedule 1 to the Relevant Notes prepared pursuant to Section 2.4(c) (the “Pro Forma Amortization Schedule”); provided that two columns shall be added to such Pro Forma Amortization Schedule, the first captioned “Actual Loan A Balance” showing the scheduled unpaid principal balance for such Relevant Loan A (with interest accrued at the applicable Relevant Interest Rate) as of each Relevant Payment Date, and the second captioned “Net Amount” showing for each Relevant Payment Date the excess of (i) the amount shown as the unpaid principal balance pursuant to the Pro Forma Amortization Schedule as of such Relevant Payment Date over (ii) the amount shown in the “Actual Loan A Balance” column for such Relevant Payment Date. No later than 11:00 A.M., New York time, on the date at least one Business Day prior to the Relevant Borrowing Date, Lender shall submit such Pro Forma Amortization Schedule to Republic. The amounts listed in the column “Net Amount” of such Pro Forma Amortization Schedule and the corresponding Relevant Payment Dates shall be inserted on Schedule 2 to such Relevant Note B, absent manifest error.

(e) Each Relevant Loan shall be evidenced by Relevant Notes (each to be executed and delivered by the parties thereto on the Relevant Borrowing Date of such Relevant Loan). Such Relevant Notes shall specify the Relevant Interest Rate and the amount of each installment (including the amounts of principal and, if the Relevant Interest Rate is a Fixed Rate, interest comprising such installment) for the Relevant Loan A or Relevant Export Credit Guarantee Loan evidenced thereby. The Airframe Warranty Agreement and the Engine Warranty Agreement with respect to the Aircraft financed with the proceeds of such Relevant Loan shall be executed and delivered by the parties thereto on the Relevant Borrowing Date of such Relevant Loan, unless the Lender and Republic shall otherwise agree.

(f) In the event that ASU shall be amended such that FINAME shall be precluded from lending on the terms contemplated herein with respect to any subsequent Aircraft, the Lender, at the Borrower’s request, shall negotiate in good faith with the Borrower amendments hereto such that the requirements of ASU with respect

to the financing of such subsequent Aircraft shall be complied with, in the Lender's reasonable opinion, and until such amendments are entered into FINAME shall have no obligation to provide Relevant Loans with respect to any subsequent Aircraft.

2.5 Taxes.

(a) All payments made by Republic to or on behalf of the Lender under this Agreement shall be made without deduction or withholding for or on account of any present or future Taxes unless such deduction or withholding is required by law. If any Indemnified Taxes are required to be deducted or withheld from any amounts payable to the Lender or BNDES hereunder (whether by Republic or by the Security Trustee), the amounts so payable to the Lender or BNDES shall be increased by Republic to the extent necessary so that the net amount actually received (whether directly or through the Security Trustee) by the Lender or BNDES (after deduction or withholding of all such Indemnified Taxes) will be equal to the full amount the Lender or BNDES would have received under this Agreement had no such deduction or withholding been required. In addition, Republic shall pay any Taxes that are deducted or withheld to the relevant Government Entity in accordance with applicable Law.

(b) Republic shall indemnify the Lender and BNDES, within 10 days after written demand therefor, for the full amount of any Indemnified Taxes and Other Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section) paid by the Lender or BNDES, as the case may be, with respect to payments made under this Agreement and any penalties, interest and reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Government Entity. A certificate as to the amount of such payment or liability delivered to Republic by the Lender or BNDES shall be conclusive absent manifest error.

(c) Whenever any Indemnified Taxes are payable by Republic pursuant to this Section 2.5, or any Taxes are deducted and withheld pursuant to Section 2.5(a), as promptly as practicable thereafter Republic shall send to the Lender or BNDES a certified copy of an original official receipt, if such receipt is received by Republic, or other evidence available to Republic, showing payment thereof. If Republic fails to pay any Indemnified Taxes when due to the appropriate taxing authority, Republic shall indemnify the Lender or BNDES for such Indemnified Taxes and any interest or penalties that may become payable by the Lender or BNDES as a result of any such failure.

(d) FINAME and any other relevant Brazilian Government Lender shall provide

prior to the initial Relevant Borrowing Date (and at such times thereafter as reasonably requested in writing by the Borrower and necessary to establish exemption so long as such Brazilian Government Lender remains legally entitled to do so) a properly completed IRS form W8 EXP (or successor form). In addition, if as a result of a change to the Code or regulations thereunder, the withholding tax exemption under Section 892 of the Code and regulations thereunder is no longer available, the Brazilian Government Lender shall provide a properly completed IRS form W 8BEN (or successor form) but only if and to the extent that such Brazilian Government Lender is entitled under applicable Law to furnish such form and eligible to claim a reduction or exemption from withholding in connection therewith, and only to the extent such form may be filed by such Brazilian Government Lender without adverse consequences to the Brazilian Government Lender or any of its Affiliates, or risk thereof, as reasonably determined by such Brazilian Government Lender in good faith.

(e) With respect to a Brazilian Government Lender, such Lender shall bear, and shall reimburse Republic for any liability attributable to any U.S. Withholding Taxes with respect to payments by Republic under this Agreement other than by reason of a Change in U.S. Tax Law. Such Lender will make any reimbursement payment under this Section 2.5(e) promptly upon the approval of the Central Bank of Brazil if such approval is required (which approval such Lender and BNDES will use reasonable efforts to obtain). For purposes of clarification, notwithstanding anything herein to the contrary, Borrower, subject to Lender's compliance with Section 2.5(d) hereof, shall indemnify and hold harmless Lender on an After-tax Basis from and against all U.S. Withholding Taxes with respect to payments by Republic under this Agreement resulting from a Change in U.S. Tax Law.

(f) In the event that withholding Taxes are imposed by a Government Entity of or within the United States (or the IRS asserts that the Lender or BNDES is subject to withholding Taxes on interest payments) with respect to any Loan pursuant to the Funding Agreement or any similar transaction at any time during the term of the Funding Agreement, Republic and the Lender shall, each acting reasonably and in good faith, endeavor to restructure future loans in such a manner as to reduce or eliminate the withholding Tax, which restructuring may involve a defeasance, cash out of benefits or transfer of the debt to an institution in the U.S. or otherwise; provided that such restructuring shall not put the party that would not be responsible for such withholding Tax in a worse economic position than it would have been in if no withholding Tax had been imposed and no restructuring had been undertaken. The cost of any such restructuring shall be borne by the party that would be responsible for such withholding Tax.

(g) If, following the imposition of withholding Taxes by a Government Entity of or within the United States or an IRS assertion that the Lender is subject to withholding Taxes by a Government Entity of or within the United States with respect to any Loan pursuant to the Funding Agreement or any similar transaction, notwithstanding the good faith efforts of the parties to restructure, the parties are unable to agree upon a satisfactory restructuring which would eliminate such withholding Taxes within 60 days of learning of the possible imposition of withholding Taxes, then, the Lender will not be required to provide financing for any loans to be closed after the imposition of withholding taxes under the Funding Agreement between the Lender and Republic, unless Republic agrees to be responsible for such U.S. Withholding Taxes with due regard for applicable law.

(h) The agreements in this Section 2.5 shall survive the termination of this Agreement and the payment of the Loans and all other amounts payable hereunder.

(i) Without limiting the provisions of paragraph (a) above, Republic shall timely pay any Other Taxes to the relevant Governmental Authority in accordance with applicable law

(j) Any payment which Republic shall be required to make to or for the account of any Lender or BNDES with respect to any Tax which is subject to indemnification under this Section 2.5 shall be made on an After-tax Basis (without regard to the exclusions therein).

SECTION 3. REPRESENTATIONS AND WARRANTIES OF REPUBLIC

To induce the Lender to enter into this Agreement and to make the Loans, Republic hereby represents and warrants to the Lender that as of the date hereof and as of each Relevant Borrowing Date:

3.1 Financial Condition. The audited consolidated balance sheet of Guarantor as of December 31, 2012, and the related consolidated statements of operations and cash flows for the period then ended included in the Guarantor's Annual Report on Form 10-K for 2012, as amended, have been prepared in accordance with GAAP and fairly present in all material respects the consolidated financial condition of Guarantor as of such date and the consolidated results of its operations and cash flows for such period. The unaudited balance sheet of Guarantor as of March 31, 2013, and the related unaudited consolidated statements of operations and cash flows for the quarter then ended included in Guarantor's Quarterly Report on Form 10-Q for the quarter ended

March 31, 2013 have been prepared in accordance with GAAP (subject to normal year-end adjustments and the absence of footnotes) and present fairly in all material respects the consolidated financial condition of Guarantor as of such date and the consolidated results of operations and cash flows for such period (subject, as aforesaid), and since December 31, 2012, there has been no Material Adverse Change.

3.3 Corporate Authorization. Republic has taken all necessary corporate action to authorize the execution and delivery of each of the Loan Documents to which it is to become a party and the performance of its obligations thereunder.

3.4 No Violation. The execution and delivery by Republic of this Agreement and the Loan Documents to which it is to become a party, the performance by Republic of its obligations thereunder and the consummation by Republic of the transactions contemplated thereby, do not and will not (a) violate any provision of the Articles of Incorporation or By-Laws of Republic, (b) violate any Law applicable to or binding on Republic or (c) violate or constitute any default under, or result in the creation of any Lien (other than as permitted under the Security Agreement) upon the Aircraft or the other Collateral under, any indenture, mortgage, chattel mortgage, deed of trust, conditional sales contract, lease, loan or other material agreement, instrument or document to which Republic is a party or by which Republic or any of its properties is bound.

3.5 Approvals. The execution and delivery by Republic of this Agreement and the Loan Documents to which it is to become a party, the performance by Republic of its obligations hereunder and thereunder and the consummation by Republic of the transactions contemplated hereby and thereby do not and will not require the consent or approval of, or the giving of notice to, or the registration with, or the recording or filing of any documents with, or the taking of any other action in respect of (a) any trustee or other holder of any Debt of Republic and (b) any Government Entity, other than filings, registrations, recordings, notices or other ministerial actions pursuant to any routine recording, contractual or regulatory requirements applicable to it or as contemplated by the Loan Documents.

3.6 Valid and Binding Agreement. This Agreement has been duly authorized, executed and delivered by Republic, the other Loan Documents to which Republic is to become a party have been duly authorized by Republic and, assuming the due authorization, execution and delivery thereof by the other party or parties thereto, this Agreement constitutes, and the other Loan Documents to which Republic is to become a party, upon execution and delivery thereof by Republic will constitute, the legal, valid and binding obligations of Republic and are, or, upon execution and delivery thereof by

Republic, will be enforceable against Republic in accordance with the respective terms thereof, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, receivership, moratorium and other similar laws affecting the rights of creditors generally and general principles of equity, whether considered in a proceeding at law or in equity.

3.7 Litigation. Except as disclosed in the financial statements referred to in Section 3.1, no action, claim or proceeding is now pending or, to the Actual Knowledge of Republic, threatened, against Republic or its properties, before any court, governmental body, arbitration board, tribunal or administrative agency, which is reasonably likely to be determined adversely to Republic and if determined adversely to Republic would result in a Material Adverse Change.

3.8 Commitment Termination Event. No Commitment Termination Event has occurred and is continuing.

3.9 Purpose of the Loans. Republic intends that the proceeds of each Relevant Loan A will be paid by or on behalf of the Borrower directly to the Manufacturer.

3.10 Location. Republic is located (as such term is used in Section 9-307 of the UCC) in the State of Indiana.

3.11 Compliance with Laws(a) . (a) Republic is a Citizen of the United States, a U.S. Certificated Air Carrier and a Section 1110 Air Carrier.

(b) Republic holds all licenses, permits and franchises from the appropriate Government Entities necessary to authorize Republic to lawfully engage in air transportation and to carry on scheduled commercial passenger service as currently conducted, except where the failure to so hold any such license, permit or franchise would not give rise to a Material Adverse Change.

(c) Republic is not an “investment company” or a company controlled by an “investment company” required to be registered under the Investment Company Act of 1940, as amended.

3.12 Securities Act. Neither the Borrower nor anyone acting on behalf of the Borrower has directly or indirectly offered any interest in the Relevant Notes for sale to, or solicited any offer to acquire any of the same from, anyone in violation of the U.S. Securities Act of 1933, as amended.

3.13 No Withholding. Absent a Change in U.S. Tax Law, and subject to the

receipt of IRS form W-8EXP, Republic has no present intention to withhold (or cause to be withheld) Taxes on any payments to the Lender pursuant to the Loan Documents.

3.14 Code-Share Agreements. As of the date of this Agreement, (i) the Code-Share Agreements of the RJET Airlines which are currently in effect are listed on Schedule I and (ii) [*].

3.15 No Financial Covenants. Republic is not a party to any agreement currently in effect relating to a loan or conditional sale to Republic secured by an aircraft or a lease to Republic of an aircraft which contains any covenant by Republic that it must satisfy, after closing thereunder, requirements relating to Republic's financial condition or results of operations.

3.16 Solvency. Republic is Solvent and has not entered into any negotiation with any of its creditors or lessors in contemplation of a general restructuring of its debt service and/or aircraft rental obligations.

3.17 Pari Passu Ranking. The obligations of Republic under the Loan Documents to which it is, or will be, a party are (or will be when entered into) its direct and general obligations and rank (or will rank when entered into) at least pari passu with all its other present and future, unsecured and unsubordinated obligations (including contingent obligations) with the exception of obligations mandatorily preferred by applicable law and not by contract.

3.18 Title to the Aircraft. On the Delivery Date in respect of each Aircraft, Republic shall have such title to such Aircraft as the Manufacturer shall have conveyed to Republic in accordance with the Purchase Agreement free from Liens created by or arising through acts or omissions of Republic (other than the Liens constituted by the Security Agreement).

3.19 Security Interests. The Lien over the Collateral (including, without limitation, the Lien over each Aircraft) granted by Republic to the Security Trustee pursuant to the terms of the Security Agreement will constitute a legal, valid and binding security interest over all of Republic's rights, title and interests in and to such Collateral, and shall have priority over the claims of Republic or any creditor of Republic as provided in the Security Agreement. The Lien over the Other Collateral granted by Republic to the Other Security Trustee pursuant to the terms of each Other Security Agreement constitutes a legal, valid and binding security interest over all of Republic's rights, title and interests in and to such Other Collateral, and shall have priority over the claims of Republic or any creditor of Republic as provided in such Other Security Agreement.

SECTION 4. [Reserved]

SECTION 5. CONDITIONS PRECEDENT

5.1 Lender Conditions to Document Closing. The obligations of the Lender pursuant to this Agreement are subject to the satisfaction (or waiver by the Lender), prior to or concurrently with the Document Closing Date, of the following conditions precedent (such satisfaction or waiver to be evidenced by a certificate of Lender in the form of Exhibit D hereto to be delivered upon such satisfaction or waiver):

(a) Delivery of Documents. The Lender shall, except as noted below, have received executed counterparts of the following agreements, instruments, certificates or documents, and such counterparts (i) shall have been duly authorized, executed and delivered by the respective party or parties thereto, (ii) shall be reasonably satisfactory in form and substance to the Lender and (iii) shall be in full force and effect:

(1) this Agreement, with all exhibits, annexes, appendices and schedules hereto;

(2) the Guaranty;

(3) a copy of the Purchase Agreement certified by the Manufacturer, with all attachments, schedules, letter agreements and all other agreements, except for any such other provisions, terms and agreements which are not requested by the Lender after being informed of their substance, executed and delivered as part of the Purchase Agreement;

(4) an Officer's Certificate of Republic, dated as of the Document Closing Date stating that: (i) its representations and warranties contained in Section 3 are true and accurate on and as of the Document Closing Date (unless such representation and warranty shall have been made with reference to a specified date, in which case such representation and warranty shall be true and accurate as of such specified date); (ii) all covenants and conditions required to be performed or fulfilled by it under this Agreement prior to or on the Document Closing Date have been performed or fulfilled; (iii) as of the Document Closing Date, both before and after giving effect to the transactions contemplated by this Agreement, no Commitment Termination Event shall have occurred and be continuing; (iv) absent a Change in U.S. Tax Law and subject to the receipt of an IRS form W8-EXP, it has no present intention to (and will not) withhold taxes on

payments to the Lender pursuant to the Loan Documents; and (v) no event has occurred and is continuing that constitutes a Material Adverse Change;

(5) a certificate of the Secretary or an Assistant Secretary of Republic, dated as of the Document Closing Date (A) stating that the copy of the resolutions of the Board of Directors of Republic (attached to the certificate) authorizing the execution, delivery and performance of this Agreement and the other Loan Documents to which Republic will be a party as contemplated by this Agreement is true and accurate, and that the resolutions thereby certified have not been amended, modified, revoked or rescinded; (B) stating that the copies of the articles of incorporation and by-laws of Republic (which are attached to the certificate), are true and complete copies thereof and (C) certifying to the incumbency and signature of the officers of Republic executing this Agreement;

(6) an Officer's Certificate of Guarantor, dated as of the Document Closing Date stating that: (i) its representations and warranties contained in Section 2 of the Guaranty are true and accurate on and as of the Document Closing Date (unless such representation and warranty shall have been made with reference to a specified date, in which case such representation and warranty shall be true and accurate as of such specified date); (ii) absent a Change in U.S. Tax Law and subject to the receipt of an IRS form W8-EXP, it has no present intention to (and will not) withhold taxes on payments to the Lender pursuant to the Guaranty; and (iii) no event has occurred and is continuing that constitutes a Material Adverse Change;

(7) a certificate of the Secretary or an Assistant Secretary of Guarantor, dated as of the Document Closing Date (A) stating that the copy of the resolutions of the Board of Directors of Guarantor (attached to the certificate) authorizing the execution, delivery and performance of the Guaranty and the Relevant Guaranty is true and accurate, and that the resolutions thereby certified have not been amended, modified, revoked or rescinded; (B) stating that the copies of the articles of incorporation and by-laws of Guarantor (which are attached to the certificate), are true and complete copies thereof and (C) certifying to the incumbency and signature of the officers of Guarantor executing the Guaranty;

(8) the following executed legal opinions:

(A)	an opinion of Hughes Hubbard & Reed LLP, special counsel to Republic, in form and substance satisfactory to FINAME;

(B)	an opinion of Shearman & Sterling LLP, special New York counsel to the Lender, in form and substance satisfactory to FINAME; and

(9) a copy of each Code-Share Agreement [*] currently in effect, as redacted and filed by Guarantor with the SEC.

(b) Violation of Law. No change shall have occurred after the date of this Agreement in any applicable Law that makes it a violation of Law for any party to this Agreement to execute, deliver and perform this Agreement and any other Loan Documents to which any of them is a party.

(c) Representations, Warranties and Covenants. The representations and warranties of Republic and Guarantor made, in each case, in this Agreement and in any other Loan Document to which it is a party, shall be true and accurate in all material respects (except with respect to any representation and warranty or covenant that is qualified by materiality, in which case such representation and warranty shall be true and accurate in all respects) as of the Document Closing Date (unless such representation and warranty shall have been made with reference to a specified date, in which case such representation and warranty shall be true and accurate as of such specified date) and each of Republic and the Guarantor shall have performed and observed, in all material respects, all of its covenants, obligations and agreements in this Agreement and in any other Loan Documents to which it is a party to be observed or performed by it as of the Document Closing Date.

(d) No Commitment Termination Event. On the Document Closing Date, both before and after giving effect to the transactions contemplated by this Agreement, no Commitment Termination Event shall have occurred and be continuing.

(e) No Material Adverse Change. On the Document Closing Date, no event shall have occurred and be continuing that constitutes a Material Adverse Change.

(f) No Proceedings. No action or proceeding shall have been instituted, nor shall any action be threatened in writing, before any Government Entity, nor shall any order, judgment or decree have been issued or proposed to be issued by any Government Entity, to set aside, restrain, enjoin or prevent the completion and consummation of this Agreement or any other Loan Document or the transactions contemplated hereby or thereby.

(g) Governmental Action. All appropriate action required to have been taken prior to the Document Closing Date by the FAA or any other Government Entity of the United States or Brazil, in connection with the transactions contemplated by this Agreement, including without limitation under any applicable export benefit program of the Brazilian government, shall have been taken, and all orders, permits, waivers, authorizations, exemptions and approvals of such entities required to be in effect on the Document Closing Date in connection with the transactions contemplated by this Agreement shall have been issued.

(h) No Sales Tax. The Lender shall be satisfied that no sales, use, value added, goods, services or like tax, and no stamp duty, is payable with respect to the delivery of any Aircraft on the Relevant Borrowing Date with respect to such Aircraft.

(i) Lender Approval. The Lender shall have received bank approval for the execution and delivery of each of the Loan Documents to which it is to become a party and the performance of its obligations thereunder.

(j) Expenses and Fees. Republic shall have paid (x) all accrued expenses of the Lender (including the accrued expenses of counsel to the Lender), (y) all accrued expenses of the Export Credit Guarantor (including the accrued expenses of counsel to the Export Credit Guarantor) and (z) all fees of the Security Trustee (including the accrued expenses of counsel to the Security Trustee), in each case invoiced to Borrower two (2) Business Days' prior to the Document Closing Date.

(k) Air Operator's Certificate. Republic shall have a valid Air Operator's Certificate granted by the FAA.

(l) [*].

5.2 Conditions to Each Relevant Loan. The agreement of the Lender to make any Relevant Loan are subject to the satisfaction of the conditions precedent specified in the Loan Agreement with respect to such Relevant Loan.

SECTION 6. COVENANTS

6.1 Republic's Covenants. Republic hereby agrees that, so long as the Commitment remains in effect:

(a) Financial Statements. Republic shall furnish to the Lender the financial statements if and to the extent required to be delivered to the Lender by the terms of

Sections 7.1(a) and 7.1(b) of the form of Loan Agreement attached hereto as Exhibit A.

(b) Operation Report. Together with each set of annual financial statements provided by Republic pursuant to Section 6.1(a), Republic shall provide a report of its operational statistics for the corresponding year, which report shall include information on yield, ASM, RPM, RASM, CASM and average stage length, and such other Republic operational statistics as the Lender shall have reasonably requested.

(c) Commitment Termination Event. Republic shall promptly give notice to Lender and the Security Trustee of the occurrence of any Commitment Termination Event. The Lender shall promptly give notice of the occurrence of any Commitment Termination Event under Section 7(c).

(d) Consolidation and Merger. Republic shall not undergo a Republic Merger Transaction except in compliance with the requirements of Sections 8.8 hereof. Upon any Republic Merger Transaction in compliance with this Section 6.1(d), the successor corporation of such Republic Merger Transaction shall succeed to, and be substituted for and may exercise every right and power of, and be subject to every obligation of, Republic under this Agreement with the same effect as if such successor corporation had been named herein.

(e) Air Operator's Certificate. Republic shall maintain a valid Air Operator's Certificate granted by the FAA at all times.

(f) [*]

SECTION 7. COMMITMENT TERMINATION EVENT

If any of the following events (each, a "Commitment Termination Event") shall occur and be continuing:

(a) The Purchase Agreement shall have been irrevocably and finally terminated; or

(b) A Bankruptcy Event shall have occurred and be continuing with respect to Republic or the Guarantor; or

(c) The Commitment shall have been terminated pursuant to Section 8.1 of the Loan Agreement;

then, the Commitment and the Commitment Period shall immediately terminate. For the

avoidance of doubt, the Commitment that shall terminate under this Section 7 shall not include any Loans then outstanding. With respect to any termination of the Commitments and Commitment Period pursuant to this Section 7, presentment, demand, protest and all other notices of any kind are hereby expressly waived.

SECTION 8. MISCELLANEOUS

8.1 Amendments and Waivers. This Agreement and the terms hereof may only be amended, supplemented or modified upon the prior written consent of Lender and Republic. The Lender and Republic may, from time to time, waive, on such terms and conditions as the Lender and Republic, as applicable, may specify in such instrument, any of the requirements of this Agreement. No such waiver shall extend to any other requirement or impair any right consequent on such other or subsequent requirement.

8.2 Notices(a) . (a) Any notice or communication of any kind in respect of this Agreement shall be deemed to have been received:

(1) if made by airmail letter, ten days after the relevant letter has been dispatched by registered airmail (postage prepaid) or on the date shown in the relevant receipt, whichever is earlier;

(2) if made by fax, upon receipt by the sender of transmission confirmation; or

(3) if made by overnight delivery service, courier or in person (and a signed acknowledgment of receipt is obtained), when delivered;

and shall in addition be delivered by email (but delivery by email shall not determine the time when such notice or communication shall be deemed "delivered" hereunder),

(b) Any such notice or communication to a party hereto shall be made in English, in writing, and shall be given as follows:

Republic: Republic Airline Inc.

8909 Purdue Road
Suite 300
Indianapolis, IN 46268
Attention: President
Tel: (317) 484-6000
Fax: (317) 484-6040

Email: larnell@rjet.com

FINAME: Agência Especial de Financiamento Industrial - FINAME
c/o Área de Exportação
Av. República do Chile, 330-22° Torre
Oeste
Rio de Janeiro - RJ
CEP 20031-917 Brasil
Attention.: Superintendência da Area de
Exportação
Tel: (011) 55 21 2172-8327/2172-8566
Fax: (011) 55 21 2172-6215

Email: airfinance@bndes.gov.br

(c) Any party listed above may change its address and transmission numbers for notices by notice in the manner provided in this Section 8.2.

8.3 No Waiver; Cumulative Remedies. No failure to exercise and no delay in exercising, on the part of any party, any right, remedy, power or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law.

8.4 Survival of Representations and Warranties. All representations and warranties made hereunder and in any document or certificate delivered pursuant hereto or in connection herewith shall survive the execution and delivery of this Agreement and the making of any of the Loans.

8.5 Payment of Expenses and Costs. Republic agrees (a) to pay or reimburse each of the Lender, the Export Credit Guarantor and the Security Trustee for all its reasonable and documented out-of-pocket costs and expenses incurred in connection with the preparation, negotiation, execution and delivery of this Agreement, including, without limitation, the reasonable fees and disbursements of counsel to the Lender and counsel to the Export Credit Guarantor, any Brazilian Taxes that may be imposed on or calculated by reference to such cost and expense amounts, and any translation and registration fees, and (b) to pay or reimburse each of the Lender and the Export Credit Guarantor on demand for all its reasonable costs and expenses incurred in connection

with the enforcement of any rights under this Agreement or with any amendment, supplement or modification of, or any waiver or consent under or in respect of, this Agreement, including, without limitation, any translation and registration costs necessary for the enforcement of this Agreement, any Brazilian taxes that may be imposed on or calculated by reference to such cost and expense amounts, and the reasonable fees and disbursements of counsel to the Lender and counsel to the Export Credit Guarantor, and (c) to pay, indemnify, and hold each of the Lender and the Export Credit Guarantor harmless from any and all United States and International Registry recording, registration and filing fees and any and all liabilities with respect to, or resulting from any delay in paying, such United States and International Registry recording, registration and filing fees, if any, which may be payable or determined to be payable in connection with the execution and delivery of, or consummation of any of the transactions contemplated by, or any amendment, supplement or modification of, or any waiver or consent under or in respect of, this Agreement.

8.6 Successors and Assigns. (a) This Agreement shall be binding upon and inure to the benefit of Republic, the Lender and their respective successors and permitted assigns.

(b) Neither Republic nor the Lender may assign or transfer any of its rights or obligations under this Agreement (including a loan under a Relevant Loan Agreement).

(c) Notwithstanding paragraph (b) of this Section 8.6, the Lender may assign all or a portion of its rights and obligations under this Agreement if all of the following conditions are met: (i) such assignment is to (x) the federal government (União Federal) of Brazil or (y) another entity of, or owned or controlled, either directly or indirectly, by, the federal government of Brazil in connection with a reorganization initiated by the federal government of Brazil or by the board of executive directors of BNDES pursuant to which the material functions of the Lender which include this transaction are transferred to such entity, (ii) Republic will not be obligated to pay any amount under any Loan Document in excess of the amount that would have been payable to the Lender had such assignment not occurred; provided, that such determination shall only be made on the date of such assignment, (iii) the assignee enters into an assumption agreement, in form and substance reasonably satisfactory to Republic, for the benefit of Republic, such assumption agreement to contain provisions whereby the assignee confirms that it shall be deemed a party to this Agreement and agrees to be bound by all of the terms of, and to undertake all of the obligations of the Lender contained in this Agreement and in which the assignee makes representations and warranties as to immunity substantially equivalent to those of the Lender contained herein, (iv) unless an "Event of Default" under the Loan Agreement has occurred and is continuing, Republic

is given 30 days' written notice in advance of such transfer (or such lesser period of notice as is reasonably practicable under the circumstances), (v) the Lender delivers to Republic on or prior to the date of such assignment the certificate of a duly authorized Director or the President of the Lender to the effect that each of the conditions set forth in clauses (i), (ii), (iii), and (iv) of this paragraph (c) has been complied with as of the date of such assignment, and (vi) unless an "Event of Default" under any Relevant Loan Agreement has occurred and is continuing, the Lender agrees to reimburse Republic for all reasonable and documented out-of-pocket costs and expenses incurred by it in connection with such assignment or transfer by the Lender.

(d) Notwithstanding paragraph (b) of this Section 8.6, Republic may assign or transfer (as aforesaid) all (but not less than all) of its rights and obligations under this Agreement in connection with a transaction of merger, consolidation or transfer of all or substantially all its assets made in compliance with all of the conditions set forth in Section 8.8(a).

8.7 [Intentionally Omitted]

8.8 Mergers.

(a) Republic agrees that it will not consolidate or merge with or into any other Person or sell, convey, transfer, lease or otherwise dispose of substantially all of its assets in one or a series of transactions to any Person (a "Republic Merger Transaction"), except as follows:

(i) After giving effect to any such Republic Merger Transaction Republic, it (or its successor or the Person who acquires substantially all of Republic's assets (the "Republic Successor", if any) (1) is a Citizen of the United States, (2) is a U.S. Certificated Air Carrier and a Section 1110 Air Carrier, (3) is not the subject of a Bankruptcy Event or of bankruptcy or insolvency proceedings in any jurisdiction, and (4) is not an airframe manufacturer or an Affiliate thereof;

(ii) The Security Trustee shall be entitled to the benefits of Section 1110 with respect to each Aircraft to the same extent that the benefits of Section 1110 were available immediately preceding such Republic Merger Transaction;

(iii) The Republic Successor, if any, shall execute and deliver to Lender a duly authorized, valid, binding and enforceable agreement in form and substance reasonably satisfactory to Lender containing an assumption by such Person of this Agreement;

(iv) Immediately after giving effect to such Republic Merger Transaction the tangible net worth of Republic (or Republic Successor, if any) shall be equal to or greater than 100% of the tangible net worth of Republic immediately prior to the Republic Merger Transaction;

(v) Immediately after giving effect to such Republic Merger Transaction, no Material Adverse Change shall occur as a result of such Republic Merger Transaction and no "Event of Default", "Bankruptcy Default" or "Payment Default" (as such terms are defined in Annex A to Exhibit A hereto) shall have occurred and be continuing under any Relevant Loan Agreement;

(vi) Republic shall (1) at least 30 days prior to such Republic Merger Transaction have given written notice of such Republic Merger Transaction to Lender and

(2) have delivered to Lender (A) a certificate signed by the President or any Vice President of Republic stating that such Republic Merger Transaction and the assumption agreement mentioned in clause (iii) above (if any) comply with this Section and that all conditions precedent herein provided for relating to such transaction have been complied with and (B) an opinion of counsel (which shall be reasonably satisfactory to Lender) that the assumption agreement mentioned in clause (iii) above is, subject to reasonable assumptions, qualifications and exceptions, the duly authorized, valid and binding agreement of the Republic Successor; and

(vii) the Guaranty shall remain in full force and effect with respect to the obligations of any Republic Successor under this Agreement and the Guarantor shall have reaffirmed its obligations under the Guaranty in writing.

(b) Upon the closing of a Republic Merger Transaction made in accordance with Section 8.8(a), the Republic Successor (if any) shall succeed to, and be substituted for, and may exercise every right and power of, Republic under this Agreement with the same effect as if such Republic Successor had been named as Republic originally. No Republic Merger Transaction shall have the effect of releasing Republic or any Republic Successor from liability in respect of this Agreement.

8.9 Contractual Currency(a) . (a) This is an international transaction in which the specification of the currency of payments is of the essence. Each payment under this Agreement will be made in Dollars (the "Contractual Currency"). Any obligation to make payments under this Agreement in the Contractual Currency will not be, to the

extent permitted by applicable law, discharged or satisfied by any tender in any currency other than the Contractual Currency.

(b) To the extent permitted by applicable law, rule or regulation, if any judgment or order expressed in a currency other than the Contractual Currency is rendered for the payment of any amount owing in respect of this Agreement or the other Loan Documents or in respect of a judgment or order of another court for the payment of any amount owing in respect of this Agreement or the other Loan Documents, the party to which such payment is owed, after recovery in full of the aggregate amount to which such party is entitled pursuant to the judgment or order, will be entitled to receive immediately from the other party the amount of any shortfall of the Contractual Currency received by such party as a consequence of sums paid in such other currency (and will refund promptly to the other party any excess of the Contractual Currency received by such party) if such shortfall (or such excess) arises or results from any variation between (i) the rate of exchange at which the currency of the judgment or order is converted into the Contractual Currency on the date of entry of such judgment or order and (ii) the rate of exchange at which such party is able to purchase the Contractual Currency with the amount of the currency of the judgment or order actually received by such party. The term "rate of exchange" includes any premiums and costs of exchange payable in connection with the purchase of or conversion into the Contractual Currency.

8.10 Severability. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction, in each case to the fullest extent permitted by Law.

8.11 Integration. This Agreement and the other Loan Documents represent the agreement of Republic and the Lender with respect to the subject matter hereof, and there are no promises, undertakings, representations or warranties by Republic or the Lender relative to the subject matter hereof not expressly set forth or referred to herein or in the other Loan Documents.

8.12 **GOVERNING LAW**. THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

8.13 Submission To Jurisdiction; Waivers.

(a) Each party hereto hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of any New York State court or Federal court of the United States of America sitting in New York City, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement or any of the other Operative Agreement and Loan Documents to which it is a party, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims arising thereunder in respect of any such action or proceeding may be heard and determined in any such New York State court or, to the fullest extent permitted by law, in such Federal court. Each party hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement shall affect any right that any party may otherwise have to bring any action or proceeding relating to this Agreement or any of the other Operative Agreements and Loan Documents in the courts of any jurisdiction.

(b) Each party hereto irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection that it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement or any of the other Operative Agreement and Loan Documents to which it is a party in any New York State or Federal court. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(c) Republic hereby irrevocably and unconditionally agrees that service of process upon it in any such action or proceeding may be effected by mailing a copy thereof by registered or certified mail (or any substantially similar form of mail), postage prepaid, to Republic at its address set forth in Section 8.2 hereof or at such other address of which the Lender shall have been notified pursuant thereto.

8.14 Waiver of Immunities. The Lender agrees that, to the extent that it or any of its property is or becomes entitled at any time to any immunity on the grounds of sovereignty or otherwise from (a) any legal action, suit, arbitration proceeding or other proceeding, (b) set-off or counterclaim, (c) the jurisdiction of any court of competent jurisdiction, (d) service of process, (e) relief by way of injunction, order for specific performance or for recovery of property, (f) attachment of its assets prior to judgment or after judgment, (g) attachment in aid of execution or levy, (h) execution or enforcement of any decree or judgment or (i) judgment or jurisdiction or from any other legal process in any jurisdiction, the Lender, for itself and its property, does, to the full extent permitted by applicable law, rule or regulation, hereby irrevocably and unconditionally

waive all rights to, and agrees not to plead or claim, any such immunity with respect to its obligations, liabilities or any other matter under or arising out of or in connection with this Agreement or the other Loan Documents, or the subject matter hereof or thereof. Such agreement shall be irrevocable and not subject to withdrawal in any and all jurisdictions or under any statute, including the Foreign Sovereign Immunities Act of 1976 of the United States of America. The foregoing waiver shall constitute a present waiver of immunity at any time any action is initiated against the Lender with respect to this Agreement.

8.15 WAIVERS OF JURY TRIAL. REPUBLIC AND THE LENDER HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVE TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT AND FOR ANY COUNTERCLAIM THEREIN TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW.

8.16 Confidentiality. Each of Republic and the Lender agrees to keep confidential all non-public information provided to it pursuant to or in connection with this Agreement, the other Loan Documents and the transactions contemplated hereby or thereby; provided that nothing herein shall prevent any party hereto from disclosing any such information (i) to its employees, directors, agents, attorneys, accountants and other professional advisors, in which case such persons will be advised of the confidential nature of the information so disclosed and will be required to keep such information confidential, (ii) upon the demand of any Government Entity having jurisdiction over such party, or in response to any order of any court or other Government Entity or as may otherwise be required pursuant to any Requirement of Law, after providing the other party with prompt notice of such request, demand, order or other requirement so that such party may seek an appropriate protective order and after making reasonable efforts to resist disclosure, (iii) in connection with an assignment pursuant to Section 8.6(c) to the applicable assignee, (iv) in the situations foreseen in Complementary Law No. 105 of January 10, 2001 of Brazil or at the request of the Federal Public Administration or the Accounting Court of Brazil (*Tribunal de Contas da União*), in which case the requesting entities will be advised of the confidential nature of the information so disclosed, (v) as permitted in, or in connection with the exercise of any remedy hereunder or under the other Loan Documents, (vi) to SBCE – Seguradora Brasileira de Crédito à Exportação S.A., COFIG and any other entity of the Brazilian federal government in connection with obtaining approval of the Export Credit Guarantee or (vii) if the other party gives its prior written consent, which consent shall not be unreasonably withheld or delayed.

8.17 Counterparts. This Agreement and any amendments, waivers, consents or

supplements hereto may be executed in any number of counterparts (or upon separate signature pages bound together into one or more counterparts), each of which when so executed shall be deemed to be an original, and all of which counterparts, taken together, shall constitute one and the same instrument; provided that, without limiting the effectiveness of any counterpart provided for above, the parties agree that one non-counterpart original shall be fully executed and delivered to the Lender.

8.18 Bank Force Majeure. In case of strike, natural disaster or other acts of God, or other similar causes not within the reasonable control of the Lender, that prevent or delay the performance by the Lender of its obligations hereunder, such performance shall be delayed at its request, without penalty, for the period such causes are in effect up to a maximum of five Business Days.

8.19 Export Credit Guarantor. Without prejudice to the Lender's obligations under the Loan Documents (including, without limitation, any requirement for the Lender to act promptly and/or to act reasonably and/or in good faith when withholding any requested consent), the Borrower hereby acknowledges and accepts that the Export Credit Guarantor has provided or will, prior to each Relevant Advance, have provided, the Export Credit Guarantee for the benefit of the Lender, and that as a result of the terms of issuance of such Export Credit Guarantee the Lender may be required to obtain the consent of the Export Credit Guarantor prior to the Lender's giving any requested consent under the Loan Documents.

SECTION 9. SPECIAL LENDER PROVISIONS

With respect to (x) each Relevant Loan, notwithstanding any contrary provision contained in this or any other Loan Document, the provisions of Section 9.2 below shall apply but only for as long as FINAME has not assigned or transferred the Relevant Loan A relating to such Relevant Loan to a Lender that is not a Brazilian Lender pursuant to an Assignment and only so long as such Relevant Loan A has not been paid in full, and upon such assignment or transfer of such Relevant Loan A or payment in full, the provisions of Section 9.2 below shall no longer be effective with respect to such Relevant Loan and (y) the Loan Agreement and the Security Agreement, notwithstanding any contrary provision contained in this or any other Loan Document, the following provisions (excluding Section 9.2) shall apply but only for as long as FINAME has not assigned or transferred all Relevant Loans A outstanding under the Loan Agreement pursuant to an Assignment and only so long as such Relevant Loans A have not been paid in full, and upon such assignment or transfer of such Relevant Loans A or payment in full, the following provisions (excluding Section 9.2) shall no

longer be effective:

9.1 [Reserved].

9.2 Prepayment.

With reference to Section 2.4 of the Loan Agreement, Borrower shall reimburse Lender for any reasonable out-of-pocket costs and expenses (including reasonable legal fees) of the Lender incurred in connection with such prepayment.

9.3 Configuration of Aircraft.

Borrower shall not change or cause the configuration of any Aircraft financed under a Related Loan Agreement to be changed from a commercial passenger jet.

9.4 [Reserved].

9.5 Leasing.

With respect to Section 3.2(g) of the Security Agreement and the definition of "Permitted Lessee" and notwithstanding the provisions thereof:

(a) No Permitted Lessee shall be in material financial or non-financial default under any loan, note or other agreement with FINAME at the time a Permitted Lease is entered into;

(b) The consent of the Lender (who shall not be entitled to provide such consent without the consent of the Export Credit Guarantor) shall be required as a condition to the entering into of any lease of an Aircraft to any party that is incorporated in a Permitted Country or where the Aircraft will not be registered in a Permitted Country unless, in any such case, the relevant lessee meets one of the other criteria set forth in clauses (b), (c) or (d) of the definition of Permitted Lessee; provided that the Permitted Country list may be revised to eliminate any country requested to be eliminated by FINAME at the direction of Export Credit Guarantor or may be updated to include additional countries at the request of the Borrower but subject to the consent of FINAME and the Export Credit Guarantor;

(c) Borrower shall provide written notice of its intent to enter into a Permitted Lease, such notice to be accompanied by the proposed documentation, as early as practicable but in no event less than 20 days before entering into such lease;

(d) Any Permitted Lease shall be assigned as collateral security pursuant to a

Lease Assignment, substantially in the form of Exhibit C to the Security Agreement;

(e) Any lease (unless to a Permitted Lessee that is not a U.S. Certificated Air Carrier (as defined in the Security Agreement) entered into pursuant to Section 3.2(g) of the Security Agreement shall be entitled to the protections of Section 1110 (assuming no change in U.S. Law which would make such benefits unavailable to mortgaged or leased aircraft (as the case may be) generally under U.S. Law) and the Security Trustee and the Lender shall have received a legal opinion of outside counsel to Borrower to such effect (said opinion and such counsel to be reasonably satisfactory to Lender);

(f) [Intentionally Omitted]

(g) With respect to any Aircraft, no Permitted Lease thereof may have a term (including renewals) which extends beyond the Loan Maturity Date for the Relevant Loan used to finance such Aircraft; and

(h) Any Officer's Certificate delivered pursuant to Section 3.2(g)(viii) of the Security Agreement shall also confirm that all conditions precedent set forth in this subsection to any lease that is the subject of such Officer's Certificate have been complied with.

9.6 [Reserved].

9.7 Insurance.

(a) Notwithstanding the provisions of Section G of Annex C to the Security Agreement, the self-insurance referred to in the first sentence of such Section shall not exceed, on a per occurrence or on a fleet-wide basis during any policy year, an amount equal to [*] of the Borrower's tangible net worth, calculated as at the end of the Borrower's immediately preceding fiscal year (but in no event to exceed [*]). Notwithstanding the definition of "Threshold Amount" contained in the Loan Agreement, the Threshold Amount shall be [*].

(b) Notwithstanding the provisions of Section A2 of Annex C to the Security Agreement, Borrower shall not reduce the amount of public liability insurance amount while an Aircraft is grounded, not in operation or stored below [*] without the consent of the Lender (who shall not be entitled to provide such consent without the consent of the Export Credit Guarantor).

9.8 Maintenance.

Notwithstanding the provisions of Section 3.3(j) of the Security Agreement, the

amount specified for removal of parts specified in the second sentence thereof shall not exceed [*].

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their proper and duly authorized officers as of the day and year first above written.

LEGAL ADDRESSES AND BANKING DETAILS OF THE PARTIES

_____	_____
_____	_____
_____	_____
_____	_____