

UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE

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:
In re : Chapter 11
:
SOUTHERN AIR : Case No. 12-12690 ()
HOLDINGS, INC., et al., :
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Debtors.1 : Joint Administration Requested
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MOTION OF DEBTORS FOR AUTHORITY TO HONOR PREPETITION
OBLIGATIONS AND OTHERWISE CONTINUE PERFORMANCE UNDER
CIVIL RESERVE AIR FLEET AGREEMENTS AND PREPAID CONTRACTS
PURSUANT TO SECTIONS 105(a), 362, AND 363(b) OF THE BANKRUPTCY CODE

Southern Air Holdings, Inc. ("Holdings") and its affiliated debtors in the above-
referenced chapter 11 cases, as debtors and debtors in possession (collectively, the "Debtors"),
submit this motion (the "Motion") and, in support thereof, respectfully represent as follows:

Jurisdiction

1. This Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 1334
and 157, and the Amended Standing Order of Reference from the United States District Court for
the District of Delaware, dated as of February 29, 2012. This is a core proceeding pursuant to 28
U.S.C. § 157(b). Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

Background

2. On the date hereof (the "Petition Date"), each of the Debtors commenced
with this Court a voluntary case under chapter 11 of title 11 of the United States Code (the

1 The Debtors in these cases, along with the last four digits of each Debtor's federal tax identification number, are:
(i) Southern Air Holdings, Inc., 6605; (ii) Cargo 360, Inc., 4233; (iii) Southern Air Inc., 2187; (iv) Air Mobility Inc.,
3824; (v) 21110 LLC, 3761; (vi) 21111 LLC, 8100; (vii) 21221 LLC, 1567; (viii) 21550 LLC, 8103; (ix) 21576
LLC, 6341; (x) 21590 LLC, 8105; (xi) 21787 LLC, 0617; (xii) 21832 LLC, 7893; (xiii) 23138 LLC, 7192;
(xiv) 24067 LLC, 6360; (xv) 46914 LLC, 0322; (xvi) Aircraft 21255, LLC, 5500; (xvii) Aircraft 21380, LLC, 1753;
and (xviii) CF6-50, LLC, 9733. The address for all Debtors is 117 Glover Avenue, Norwalk, Connecticut 06850.



“Bankruptcy Code”). The Debtors continue to operate their businesses and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No trustee, examiner, or statutory committee of creditors (“Creditors’ Committee”) has been appointed in these chapter 11 cases.

3. Contemporaneously herewith, the Debtors have filed a motion requesting joint administration of the chapter 11 cases pursuant to Rule 1015(b) of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”).

The Debtors’ Businesses

4. Southern Air Inc. (“Southern Air”), the Federal Aviation Administration (“FAA”) certificated, indirect subsidiary of Holdings, is an experienced provider of long-haul, wide-body air cargo transportation services. Southern Air operates a fleet of eleven aircraft, including four Boeing 777s, four Boeing 747-400s, and three Boeing 747-200s. Southern Air’s staff and flight operations are positioned around the world to facilitate global operations for both governmental and commercial customers. Holdings is the direct or indirect parent company of the other Debtors.

5. As of the Petition Date, the Debtors employed approximately 611 full-time employees. For the twelve months ended July 31, 2012, the Debtors’ unaudited and consolidated financial statements reflected revenues of approximately \$428.2 million and a net loss of \$159.8 million. As of July 31, 2012, the Debtors’ unaudited and consolidated financial statements reflected assets totaling approximately \$206.9 million and liabilities totaling approximately \$486.5 million.

6. Additional information regarding the Debtors’ business, capital structure, and the circumstances leading to this chapter 11 filing is contained in the *Declaration of Daniel*

J. McHugh in Support of the Debtors' Chapter 11 Petitions and First Day Relief, filed contemporaneously herewith.

Governmental Industry Agreements

7. The Debtors provide air cargo transportation services to the United States government through their participation in the Civil Reserve Air Fleet (“CRAF”), a program in which commercial air carriers pledge aircraft to the Department of Defense for times of national emergency in exchange for government airlift contracts in times of peace. The government places CRAF participants into one or more “segments” based on the characteristics and capability of the participant’s fleet. CRAF participants typically form cooperative teams with other commercial air carriers to diversify fleet characteristics and capabilities and pool mobilization value (“MV”) points, which allows them to bid on government contracts more efficiently and effectively. The Debtors belong to the “Patriot Team.”

8. The Debtors participate in the CRAF program pursuant to a set of agreements that are negotiated and entered into among the members of the Patriot Team, and between the Patriot Team and the United States Transportation Command (the “USTC”) – a unified command of the Department of Defense. Specifically, these agreements are: (a) a Contractor Team Arrangement and Operating Agreement (the “Patriot Team Arrangement Agreement”); (b) a Contractor Team Arrangement Allocation and Fee Agreement (the “Patriot Team Allocation Agreement”); and (c) an award/contract with the USTC (the “USTC Contract” and together with the Patriot Team Arrangement Agreement and the Patriot Team Allocation Agreement, the “CRAF Agreements”).

9. The Debtors currently perform governmental air cargo transportation services pursuant to a USTC Contract for the contract period ending September 30, 2012

(“FY12”), and Southern Air is party to a Patriot Team Arrangement Agreement and a Patriot Team Allocation Agreement for FY12. Southern Air is also party to a Patriot Team Arrangement Agreement and a Patriot Team Allocation Agreement for the fiscal year ending September 30, 2013 (“FY13”); however, the Patriot Team has not yet been awarded a USTC Contract for FY13. For the avoidance of doubt, the relief requested in this motion applies to all of the Debtors’ CRAF Agreements for FY12 and FY13.²

10. The Patriot Team Arrangement Agreement establishes the members of the Patriot Team and defines the team members’ obligations with respect to the solicitation of and, once awarded, performance under a contract with the USTC. The Debtors would jeopardize their participation in the CRAF program for FY13 if they do not honor their obligations under the Patriot Team Arrangement Agreement.

11. The Debtors generate revenue from government services through the fulfillment of missions. The number of missions awarded to the Patriot Team depends on the amount of MV points credited to the team under the USTC Contract, which directly corresponds to the total number and type of aircraft the Patriot Team has committed to the CRAF program. Missions awarded to the Patriot Team under the USTC Contract are allocated to individual team members in accordance with the Patriot Team Allocation Agreement. The CRAF Agreements designate one team member as the “lead” for the Patriot Team (the “Patriot Team Leader”), responsible for the performance of various administrative services under the agreements.

12. The CRAF Agreements are a critical component of the Debtors’ governmental air cargo business, which accounted for approximately 43.5% of the Debtors’

² The CRAF Agreements are subject to confidentiality provisions that restrict the Debtors’ disclosure of the terms and conditions thereof. Upon the Court’s request, the Debtors will provide the Court with copies of the relevant CRAF Agreements.

revenue for the twelve months ended July 31, 2012. Uninterrupted performance under the USTC Contract is essential to the Debtors' continued participation in the CRAF program and the preservation of the Debtors' beneficial relationship with USTC. Moreover, the USTC Contract is predicated on existence of the Patriot Team and the cooperation of its members, making the preservation of Debtors' relationship with the Patriot Team, as reflected in the Patriot Team Arrangement Agreement and the Patriot Team Allocation Agreement, equally important to the preservation of the Debtors' businesses.

Commercial Industry Agreements

13. The Debtors provide the bulk of their commercial services pursuant to aircraft, crew, maintenance, and insurance contracts ("ACMI Contracts"), in which the Debtors provide the customer with an aircraft and crew, and cover the cost of maintaining and insuring the aircraft, in exchange for a fee paid by the "block hour." The Debtors also provide commercial services under crew, maintenance, and insurance contracts ("CMI Contracts") and on-demand charter contracts ("Charter Contracts"). CMI Contracts operate in the same manner as ACMI contracts, except that the customer, not the Debtors, provides the aircraft. Under Charter Contracts, the Debtors provide the customer with an aircraft and crew, and cover not only the cost of maintenance and insurance, but also fuel, landing, ground handling, and all other necessary operating costs, in exchange for an increased fee. Customers often prepay the Debtors for services to be rendered under ACMI Contracts, CMI Contracts, and Charter Contracts.

14. The Debtors have received payments under certain ACMI Contracts, CMI Contracts, and Charter Contracts before the Petition Date for services they had not yet provided as of the Petition Date (the "Prepaid Contracts"). The counterparties to the Prepaid Contracts fully expect the Debtors to render full performance on Prepaid Contracts, notwithstanding the

commencement of these chapter 11 cases. Any failure by the Debtors to fulfill the Prepaid Contracts will result in a significant loss of goodwill with certain key customers, which would jeopardize the Debtors' restructuring. As of the Petition Date, the Debtors estimate that they have received approximately \$3.23 million under Prepaid Contracts for which they have not yet provided services. The Debtors request the authority to honor their obligations under the Prepaid Contracts.

Relief Requested

15. By this Motion, the Debtors request, pursuant to sections 105(a) and 363(b) of the Bankruptcy Code, authority to honor prepetition obligations and otherwise continue performing under the CRAF Agreements and the Prepaid Contracts. In addition, to the extent that the Patriot Team Leader's administration of certain payment and commission provisions in accordance with the Patriot Team Allocation Agreements for FY12 and FY13 constitutes a violation of the automatic stay, the Debtors also seek authority to modify the automatic stay imposed by section 362 of the Bankruptcy Code (the "Automatic Stay") for this limited purpose. A proposed order is attached hereto as Exhibit A (the "Proposed Order").

Basis for Relief Requested

16. The Court has authority pursuant to sections 105(a) and 363(b) of the Bankruptcy Code to authorize the Debtors to honor prepetition obligations and otherwise continue performing under the CRAF Agreements and Prepaid Contracts.

17. Section 105(a) of the Bankruptcy Code provides that the "court may issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of this title." 11 U.S.C. § 105(a). Such orders are appropriate where, as here, they are essential to the debtor's reorganization efforts and do not impose a burden on the debtor's creditors. *See U.S. Lines, Inc. v. Am. S.S. Owners Mut. Prot. & Indem. Ass'n (In re U.S. Lines, Inc.)*, 197 F.3d 631,

640 (2d Cir. 1999); *Momentum Mfg. Corp. v. Employee Creditors Comm. (In re Momentum Mfg. Corp.)*, 25 F.3d 1132, 1136 (2d Cir. 1994) (“It is well settled that bankruptcy courts are courts of equity, empowered to invoke equitable principles to achieve fairness and justice in the reorganization process.”). A bankruptcy court’s use of its equitable powers to “authorize the payment of pre-petition debt when such payment is needed to facilitate the rehabilitation of the debtor is not a novel concept.” *In re Ionosphere Clubs, Inc.*, 98 B.R. 174, 175 (Bankr. S.D.N.Y. 1989). “Under 11 U.S.C. § 105 the court can permit pre-plan payment of a pre-petition obligation when essential to the continued operation of the debtor.” *In re NVR L.P.*, 147 B.R. 126, 127 (Bankr. E.D. Va. 1992) (citing *Ionosphere Clubs*, 98 B.R. at 177).

18. Pursuant to a bankruptcy court’s general equitable powers, as codified in section 105(a), courts have authorized the satisfaction of prepetition obligations when necessary to help preserve a debtor’s operations and important business relationships. *See, e.g.*, *Miltenberger v. Logansport, C. & Sw. Ry. Co.*, 106 U.S. 286, 312 (1882) (payment of pre-receivership claim prior to reorganization permitted to prevent “stoppage of . . . [indispensable] business relations”); *Ionosphere Clubs*, 98 B.R. at 174 (authorizing payment of prepetition wage, salary, medical benefit, and business expense claims pursuant to section 105(a)); *Mich. Bureau of Workers’ Disability Comp. v. Chateaugay Corp. (In re Chateaugay Corp.)*, 80 B.R. 279 (S.D.N.Y. 1987) (authorizing payment of prepetition wages, salaries, expenses and benefits).

19. The Court may also authorize the Debtors to honor prepetition obligations and otherwise continue performing under the CRAF Agreements and the Prepaid Contracts pursuant to section 363(b) of the Bankruptcy Code. Section 363(b)(1) authorizes courts, after notice and hearing, to permit a debtor to “use, sell, or lease, other than in the ordinary course of business, property of the estate.” 11 U.S.C. § 363(b)(1); *see also Ionosphere Clubs*, 98 B.R. at

175 (“Section 363(b) gives the court broad flexibility in tailoring its orders to meet a wide variety of circumstances.”). For a court to apply section 363(b), the debtor must “articulate some business justification, other than mere appeasement of major creditors” *Id.* (finding that the debtor’s payment of prepetition claims was necessary to protect its business and to ensure a successful reorganization).

20. Honoring prepetition obligations and otherwise continuing performance under the CRAF Agreements and the Prepaid Contracts is necessary and appropriate, and may be authorized under sections 105(a) and 363(b) of the Bankruptcy Code pursuant to the “doctrine of necessity.” The “doctrine of necessity” functions in a chapter 11 case as a mechanism by which the bankruptcy court can exercise its equitable power to allow satisfaction of prepetition claims not explicitly authorized by the Bankruptcy Code. *See In re Lehigh & New Eng. Ry. Co.*, 657 F.2d 570, 581 (3d Cir. 1981) (holding that a court may authorize payment of prepetition claims if such payment is essential to continued operation of the debtor); *see also In re Just for Feet, Inc.*, 242 B.R. 821, 824–25 (D. Del. 1999) (holding that section 105(a) of the Bankruptcy Code “provides a statutory basis for the payment of pre-petition claims” under the doctrine of necessity and noting that the Supreme Court, the United States Court of Appeals for the Third Circuit, and the District Court of Delaware all accept the authority of the bankruptcy court “to authorize payment of pre-petition claims when such payment is necessary for the debtor’s survival during chapter 11”); *In re Columbia Gas Sys., Inc.*, 171 B.R. 189, 191–92 (Bankr. D. Del. 1994) (explaining that the doctrine of necessity is the standard in the Third Circuit for enabling a court to authorize the payment of prepetition claims prior to confirmation of a reorganization plan). The rationale for the “doctrine of necessity” is consistent with the paramount goal of chapter 11: “facilitating the continued operation and rehabilitation of the debtor” *Ionosphere Clubs*, 98

B.R. at 176. Accordingly, pursuant to sections 105(a) and 363(b) of the Bankruptcy Code, this Court is empowered to grant the relief requested herein.

21. The prepetition obligations of the Debtors under the CRAF Agreements and the Prepaid Contracts qualify for postpetition performance because, if the Debtors do not honor their obligations, the Debtors' goodwill and going concern value will be severely and irreparably harmed. *See In re CoServ, L.L.C.*, 273 B.R. 487, 497 (Bankr. N.D. Tex. 2002) (noting that one example where the debtor in possession can only fulfill its fiduciary duty by preplan satisfaction of a prepetition claim is "prepetition warranty or refund claims of consumer customer which, if not honored, could so harm the debtor's good will as to destroy its going concern value"); *In re Equalnet Commc'ns Corp.*, 258 B.R. 368, 370 (Bankr. S.D. Tex. 2000) (holding that "such a failure to pay [billing credits to customers for prepetition services] and its consequent loss of customer base would impair value of the business on either a going concern or liquidation basis").

22. The satisfaction of prepetition obligations under the CRAF Agreements and the Prepaid Contracts is critical to the preservation and protection of the Debtors' estates, and ultimately, to maximizing value. If the Debtors fail to satisfy their obligations under these agreements, the interests of all creditors will suffer immeasurably as the value of the Debtors' estates is likely to suffer significant diminution in value. Furthermore, the Debtors' failure to perform under the CRAF Agreements and the Prepaid Contracts will result in irreparable harm to the Debtors' reputation in the industry, reducing the probability of a successful reorganization. Accordingly, the Debtors submit that the relief requested herein is necessary and appropriate, is in the best interests of their estates and creditors, and should be granted in all respects.

23. Any order, however, shall not be construed to limit, or in any way affect, the Debtors' ability to contest any invoice or other charge or claim of any counterparty to any of the CRAF Agreements and the Prepaid Contracts on any grounds.

24. Nothing contained in this Motion shall constitute a rejection or assumption by the Debtors, as debtors in possession, of any CRAF Agreement, Prepaid Contract, or any executory contract or unexpired lease. As such, the Debtors reserve all of their rights to assume or reject any agreements in accordance with the applicable provisions of the Bankruptcy Code.

Debtors Seek a Waiver of the Automatic Stay as It Applies to the Deduction of Commissions Under the CRAF Agreements

25. Out of an abundance of caution, the Debtors seek authority to modify the Automatic Stay to the extent it would prohibit the operation of certain payment and commission provisions under the Patriot Team Allocation Agreements for FY12 and FY13.

26. Section 362(a) of the Bankruptcy Code, commonly known as the "automatic stay," operates to stay "any act to obtain possession of property of the estate or of property from the estate or to exercise control over property of the estate. 11 U.S.C. § 362(a)(3). Section 362, however, permits a debtor or other parties in interest, to request a modification or termination of the automatic stay for "cause." 11 U.S.C. § 362(d)(1).

27. To the extent the payment and commission provisions under the Patriot Team Allocation Agreements for FY12 and FY13 call for an act to obtain possession of or to exercise control over property of the Debtors' estates, the Debtors seek authority, under section 362(d) of the Bankruptcy Code, to permit the Patriot Team Leader to perform its duties in accordance with the Patriot Team Allocation Agreements. The Debtors believe cause exists to modify the Automatic Stay because staying the operation of the payment and commission provisions in accordance with the Patriot Team Allocation Agreements could have a detrimental

effect on the Debtors' relationship with the Patriot Team. As discussed above, the USTC Contract is predicated on the existence of the Patriot Team and the cooperation of its members, making the preservation of Debtors' relationship with the Patriot Team critical to the preservation of the Debtors' governmental air cargo business.

Waiver of Bankruptcy Rule 4001(a)(3) and Local Rule 4001-1

28. To implement the foregoing successfully, the Debtors request a waiver of any stay of the effectiveness of the order approving this Motion under Bankruptcy Rule 4001(a)(3). Debtors also request a waiver of the procedures required pursuant to Rule 4001-1 of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware (the "Local Rules"). Pursuant to Bankruptcy Rule 4001(a)(3), "[a]n order granting a motion for relief from an automatic stay made in accordance with Rule 4001(a)(1) is stayed until the expiration of 14 days after entry of the order, unless the court orders otherwise." FED. R. BANKR. P. 4001(a)(3). Local Rule 4001-1 sets forth certain procedures for movants seeking to modify the Automatic Stay. As set forth above, modifying the Automatic Stay to permit the Patriot Team Leader to administer the payment and commission provisions in accordance with the Patriot Team Allocation Agreements is necessary to preserve the Debtors' relationship with the Patriot Team and, by extension, to preserve the Debtors' governmental air cargo business. Accordingly, the Debtors submit that ample cause exists to justify the waiver of the fourteen (14) day stay imposed by Bankruptcy Rule 4001(a)(3), to the extent such stay applies, and of the procedures set forth in Local Rule 4001-1, to the extent such procedures apply.

The Debtors Satisfy Bankruptcy Rule 6003(b)

29. Bankruptcy Rule 6003(b) provides that, to the extent relief is necessary to avoid immediate and irreparable harm, a bankruptcy court may approve a motion to "pay all or

part of a claim that arose before the filing of the petition” prior to twenty-one (21) days after the Petition Date. FED. R. BANKR. P. 6003(b). As described above, continued performance under the CRAF Agreements and the Prepaid Contracts is critical to maintaining the going concern value of the Debtors’ businesses. The Debtors submit that the relief requested in this Motion is necessary to avoid immediate and irreparable harm to the Debtors, as described herein, and that Bankruptcy Rule 6003(b) has been satisfied.

Waiver of Bankruptcy Rules 6004(a) and (h)

30. To implement the foregoing successfully, the Debtors seek a waiver of the notice requirements under Bankruptcy Rule 6004(a) and the fourteen (14) day stay of an order authorizing the use, sale, or lease of property under Bankruptcy Rule 6004(h).

Notice

31. No trustee, examiner, or Creditors’ Committee has been appointed in these chapter 11 cases. Notice of this Motion has been provided to (a) the Office of the United States Trustee for the District of Delaware; (b) the Debtors’ thirty (30) largest unsecured creditors on a consolidated basis; (c) the Securities and Exchange Commission; (d) the Internal Revenue Service; (e) the United States Attorney’s Office for the District of Delaware; (f) USTC; (g) the Defense Logistics Agency – Energy; (h) Canadian Imperial Bank of Commerce, New York Agency (“CIBC”); (i) counsel to CIBC; (j) Oak Hill Capital Management (“Oak Hill”); (k) counsel to Oak Hill; (l) all lessors under aircraft operating leases with Southern Air; and (m) any other party directly affected by this Motion. The Debtors respectfully submit that such notice is sufficient under the circumstances.

No Previous Request

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

WHEREFORE the Debtors respectfully request entry of the Proposed Order granting the relief requested herein and such other and further relief as the Court may deem just and appropriate.

Dated: September 28, 2012
Wilmington, Delaware

/s/ M. Blake Cleary
M. Blake Cleary (No. 3614)
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*Proposed Attorneys for the
Debtors and Debtors in Possession*

Exhibit A
Proposed Order

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE**

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: **Chapter 11**
: **Case No. 12-12690 ()**
: **Jointly Administered**
: **Re: Docket No.**
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**ORDER AUTHORIZING DEBTORS TO HONOR
PREPETITION OBLIGATIONS AND OTHERWISE CONTINUE PERFORMING
UNDER CIVIL RESERVE AIR FLEET AGREEMENTS AND PREPAID CONTRACTS
PURSUANT TO SECTIONS 105(a), 362, AND 363(b) OF THE BANKRUPTCY CODE**

Upon the motion, dated September 28, 2012 (the “Motion”),² of Southern Air Holdings, Inc. and its affiliated debtors, as debtors and debtors in possession (collectively, the “Debtors”), for authority to honor prepetition obligations and otherwise continue performing under the CRAF Agreements and the Prepaid Contracts, and, to the extent necessary, to modify the Automatic Stay for the limited purpose of permitting certain actions under the CRAF Agreements, pursuant to sections 105(a), 362, and 363(b) of the Bankruptcy Code, as more fully set forth in the Motion; and upon consideration of the *Declaration of Daniel J. McHugh in Support of the Debtors’ Chapter 11 Petitions and First Day Relief*; and the Court having jurisdiction to consider the Motion and the relief requested therein pursuant to 28 U.S.C. §§ 1334 and 157, and the *Amended Standing Order of Reference from the United States District Court for*

¹ The Debtors in these cases, along with the last four digits of each Debtor’s federal tax identification number, are: (i) Southern Air Holdings, Inc., 6605; (ii) Cargo 360, Inc., 4233; (iii) Southern Air Inc., 2187; (iv) Air Mobility Inc., 3824; (v) 21110 LLC, 3761; (vi) 21111 LLC, 8100; (vii) 21221 LLC, 1567; (viii) 21550 LLC, 8103; (ix) 21576 LLC, 6341; (x) 21590 LLC, 8105; (xi) 21787 LLC, 0617; (xii) 21832 LLC, 7893; (xiii) 23138 LLC, 7192; (xiv) 24067 LLC, 6360; (xv) 46914 LLC, 0322; (xvi) Aircraft 21255, LLC, 5500; (xvii) Aircraft 21380, LLC, 1753; and (xviii) CF6-50, LLC, 9733. The address for all Debtors is 117 Glover Avenue, Norwalk, Connecticut 06850.

² Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Motion.

the District of Delaware, dated as of February 29, 2012; and consideration of the Motion and the requested relief being a core proceeding pursuant to 28 U.S.C. § 157(b); and venue being proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; and due and proper notice of the Motion having been provided to the parties listed therein, and it appearing that no other or further notice need be provided; and the Court having reviewed the Motion; and the Court having determined that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and it appearing that the relief requested in the Motion is in the best interests of the Debtors and their respective estates and creditors; and upon all of the proceedings had before the Court and after due deliberation and sufficient cause appearing therefor,

IT IS HEREBY ORDERED THAT:

1. The Motion is GRANTED.
2. The Debtors are authorized, but not directed, pursuant to sections 105(a) and 363(b) of the Bankruptcy Code, to honor prepetition obligations and otherwise continue performing under the CRAF Agreements and the Prepaid Contracts.
3. Pursuant to section 362(d) of the Bankruptcy Code, the Automatic Stay is modified solely to permit the Patriot Team Leader to administer the payment and commission provisions contained in the Patriot Team Allocation Agreements.
4. The requirements of Bankruptcy Rule 4001(a)(3) are waived.
5. The requirements of Local Rule 4001-1 are waived.
6. The requirements of Bankruptcy Rule 6003(b) have been satisfied.
7. The requirements of Bankruptcy Rule 6004(a) are waived.
8. Notwithstanding any applicability of Bankruptcy Rule 6004(h), the terms and conditions of this Order shall be immediately effective and enforceable upon its entry.

9. The Debtors are authorized to take all steps necessary to carry out this Order.

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

Dated: _____, 2012
Wilmington, Delaware

UNITED STATES BANKRUPTCY JUDGE