

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE**

	X		
	:		
<i>In re</i>	:		Chapter 11
	:		
SOUTHERN AIR HOLDINGS, INC., et al.,	:		Case No. 12-12690 ()
	:		
Debtors.¹	:		Joint Administration Requested
	:		
	:		
	X		

**MOTION OF DEBTORS FOR ENTRY OF INTERIM AND FINAL
ORDERS (I) PROHIBITING ANY UTILITY COMPANY FROM ALTERING,
REFUSING, OR DISCONTINUING SERVICE, (II) APPROVING THE DEBTORS’
PROPOSED ADEQUATE ASSURANCE, AND (III) ESTABLISHING PROCEDURES
TO DETERMINE ADDITIONAL ADEQUATE ASSURANCE OF PAYMENT
PURSUANT TO SECTIONS 105(a) AND 366 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(b) 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.

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.



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 “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 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.

The Utility Companies

7. In connection with the operation of their businesses, the Debtors obtain electricity, natural gas, oil, water, refuse, telecommunications, and/or other similar utility services (collectively, the "Utility Services") from a number of utility companies or their brokers (collectively, the "Utility Companies") in the ordinary course of business. A nonexclusive list of Utility Companies that provide Utility Services to the Debtors as of the Petition Date (the "Utility Service List") is attached hereto as Exhibit A.² The relief requested herein is for all Utility Companies providing Utility Services to the Debtors and is not limited to those listed on the Utility Services List.

8. In the twelve month period before the Petition Date, the Debtors paid an average of approximately \$105,000 per month on account of Utility Services. Historically, the Debtors have had a good payment record with the Utility Companies. Moreover, to the best of their knowledge, there are few, if any, defaults or arrearages of any significance with respect to the Debtors' undisputed invoices for Utility Services. This does not include any payment interruptions that may have been caused by the commencement of these chapter 11 cases. The Debtors believe that, as of the Petition Date, no Utility Company holds a deposit. Based on their

² The inclusion of any entity on, as well as any omission of any entity from, the Utility Service List is not an admission by the Debtors that such entity is, or is not, a utility within the meaning of section 366 of the Bankruptcy Code, and the Debtors reserve all rights with respect thereto.

previous monthly average, the Debtors estimate that their cost for Utility Services during the next thirty (30) days will be approximately \$105,000.

The Debtors' Proposed Adequate Assurance

9. Pursuant to section 366(c)(2) of the Bankruptcy Code, a utility may alter, refuse, or discontinue a debtor's utility service if the utility does not receive "adequate assurance of payment" for postpetition utility services from the debtor within thirty (30) days of the commencement of the debtor's chapter 11 case. 11 U.S.C. § 366(c)(2). Section 366(c)(1) of the Bankruptcy Code defines "assurance of payment" of postpetition charges as "(i) a cash deposit; (ii) a letter of credit; (iii) a certificate of deposit; (iv) a surety bond; (v) a prepayment of utility consumption; or (iv) another form of security that is mutually agreed on between the utility and the debtor or the trustee." 11 U.S.C. § 366(c)(1)(A).

10. The Debtors intend to timely pay all postpetition obligations owed to the Utility Companies and expect that the cash flow from their operations and postpetition debtor-in-possession financing will be more than sufficient to pay all such obligations. Nevertheless, to provide adequate assurance of payment to the Utility Companies pursuant to sections 366(b) and 366(c), the Debtors propose to deposit cash in an amount equal to two (2) weeks' payment for Utility Services, calculated as half of the historical monthly average during the past twelve (12) months (the "Adequate Assurance Deposit")³ into a newly-created segregated account (the "Utility Deposit Account"). The Adequate Assurance Deposit will be placed into the Utility Deposit Account within three (3) business days after entry of an interim order granting the relief requested herein (the "Interim Order"). The Adequate Assurance Deposit will be held for the

³ The Adequate Assurance Deposit may be adjusted by the Debtors if the Debtors terminate any of the Utility Services provided by a Utility Company, make other arrangements with certain Utility Companies with respect to adequate assurance of payment, determine that an entity listed on the Utility Service List is not a utility company within the scope of section 366 of the Bankruptcy Code, or supplement the Utility Service List to include additional Utility Companies.

benefit of the Utility Companies during the pendency of these chapter 11 cases. A Utility Company will be eligible to receive payment from the Adequate Assurance Deposit if (a) the Utility Company does not already hold a deposit equal to, or greater than, two (2) weeks of Utility Services and (b) such Utility Company is not currently paid in advance for its Utility Services. Based on the foregoing calculation, for those Utility Companies on the Utility List, the Debtors estimate that the total amount of the Adequate Assurance Deposit will be approximately \$53,000.

11. The Debtors further request that, all amounts in the Utility Deposit Account shall remain, at all times, property of the Debtors' estates, subject to the prepetition and postpetition liens of the agent under the Debtors' prepetition credit facility and the DIP Credit Agreement,⁴ and that upon confirmation of any plan of reorganization in these chapter 11 cases, and without further order of the Court, such amounts shall be immediately available for the Debtors' use in their sole discretion.

12. The Debtors submit that the Adequate Assurance Deposit, together with the Debtors' ability to pay for future Utility Services in the ordinary course of business (collectively, the "Proposed Adequate Assurance") constitute sufficient adequate assurance to the Utility Companies within the meaning of section 366 of the Bankruptcy Code. Accordingly, the Debtors request that, upon entry of a final order, the Court find that any Utility Company that has failed to comply with the Utility Procedures (as defined below), shall be deemed to have been provided with adequate assurance of payment within the meaning of section 366 of the Bankruptcy Code.

⁴ The DIP Credit Agreement shall mean that certain Senior Secured Super-Priority Debtor-in-Possession Credit Agreement, by and among Cargo 360, CIBC, and various financial institutions and other persons from time to time parties thereto, dated as of September 28, 2012.

**Objections to the Proposed
Adequate Assurance and the Final Order**

13. As noted above, pursuant to section 366(c)(2) of the Bankruptcy Code, a utility may alter, refuse, or discontinue a chapter 11 debtor's utility service "if during the 30-day period beginning on the date of the filing of the petition, the utility does not receive from the debtor or the trustee adequate assurance of payment for utility service that is satisfactory to the utility." 11 U.S.C. § 366(c)(2).

14. If any Utility Company believes additional assurance of payment is required, such company may request additional assurance pursuant to the procedures set forth below (the "Utility Procedures"). The Debtors propose the establishment of the following Utility Procedures:

- (a) Within two (2) business days after entry of the Interim Order, the Debtors will mail a copy of the Interim Order to the Utility Companies on the Utility Service List.
- (b) If a Utility Company is not satisfied with the assurance of future payment provided by the Debtors, the Utility Company must serve a written request (a "Request") so that it is received within thirty (30) days after entry of the Interim Order by proposed counsel to the Debtors: (i) Weil, Gotshal & Manges LLP, 767 Fifth Avenue, New York, New York 10156 (Attn: Brian S. Rosen, Esq.) and (ii) Young Conaway Stargatt & Taylor, LLP, Rodney Square, 1000 North King Street, Wilmington, Delaware 19801 (Attn: Jaime Luton Chapman, Esq.), and the Request must set forth the location(s) for which Utility Services are provided, the account number(s) for such location(s), the outstanding balance for each account, a summary of the Debtors' payment history on each account, and an explanation of why the Adequate Assurance Deposit is not adequate assurance of payment.
- (c) Without further order of the Court, the Debtors may enter into agreements granting additional adequate assurance to a Utility Company serving a Request, if the Debtors, in their sole discretion, determine that the request is reasonable or otherwise negotiate alternative consensual provisions for such additional adequate assurance.
- (d) If the Debtors believe that a Request is unreasonable, then they shall, within thirty (30) days after receipt of the Request, file a motion (the

“Determination Motion”) pursuant to section 366(c)(3) of the Bankruptcy Code seeking a determination from the Court that the Adequate Assurance Deposit, plus any additional consideration offered by the Debtors, constitutes adequate assurance of payment. Pending notice and a hearing on the Determination Motion, the Utility Company that is the subject of the unresolved Request may not alter, refuse, or discontinue services to the Debtors.

(e) The Adequate Assurance Deposit shall be deemed adequate assurance of payment for any Utility Company that fails to make a Request.

15. In addition to the foregoing, the Debtors request that a final hearing on this Motion be held within thirty (30) days of the Petition Date to ensure that, if a Utility Company argues it unilaterally can refuse service to the Debtors on the 31st day after the Petition Date, the Debtors will have the opportunity, to the extent necessary, to request that the Court make such modifications to the Utility Procedures in time to avoid any potential termination of utility service.

Subsequent Modifications of the Utility Service List

16. Although the Debtors have made extensive and good-faith efforts to identify all Utility Companies that provide Utility Services, certain companies that currently provide Utility Services to the Debtors may have been omitted inadvertently from the Utility Service List. To the extent that the Debtors identify additional Utility Companies, the Debtors will promptly file amendments to the Utility Service List and shall serve copies of the Motion and the interim order or final order, as applicable, on such newly identified Utility Companies.

17. The Debtors request that this Court make the interim order or final order, as applicable, binding on all Utility Companies, regardless of when each Utility Company was added to the Utility Service List; *provided, however*, that, any newly identified Utility Company shall have until the later of (a) fourteen (14) days from the date of service of the interim order or

final order, as applicable, and (b) thirty (30) days from the entry of the interim order to serve a Request in accordance with the Utility Procedures described above.

Relief Requested

18. By this Motion, the Debtors request, pursuant to sections 105(a) and 366 of the Bankruptcy Code, (a) entry of an interim order (i) prohibiting any Utility Company from altering, refusing, or discontinuing services on account of prepetition amounts outstanding, or on account of any perceived inadequacy of the Debtors' Proposed Adequate Assurance pending entry of a final order, (ii) approving the Debtors' Proposed Adequate Assurance, (iii) establishing procedures for determining additional adequate assurance of payment, and (iv) scheduling a hearing to consider the relief requested herein on a final basis (the "Final Hearing"); and after the Final Hearing (b) entry of a final order granting the relief requested herein on a final basis. Proposed interim and final orders are attached hereto as Exhibit B and Exhibit C, respectively (the "Proposed Orders").

Basis for Relief Requested

19. Section 366 of the Bankruptcy Code protects a debtor against the termination of utility services upon commencement of its case. Pursuant to section 366(c), a utility company may not, during the first thirty (30) days of a chapter 11 case, alter, refuse, or discontinue services to a debtor solely because of unpaid prepetition amounts. Utilities may, however, alter, refuse, or discontinue services after the thirty (30) day period following the Petition Date if the debtor does not provide "adequate assurance" of payment for postpetition services in a form "satisfactory" to the utility.

20. In determining whether an assurance of payment is adequate, a court may not consider (a) the absence of security before the petition date, (b) the debtor's history of timely payments, or (c) the availability of an administrative expense priority. 11 U.S.C. § 366(c)(3)(B).

While section 366(c) clarifies what does and does not constitute “assurance of payment” and what can be considered in determining whether such assurance is adequate, Congress, in enacting that section, did not divest this Court of its power to determine what amount, if any, is necessary to provide adequate assurance of payment to a Utility Company. *See* 11 U.S.C. § 366(c)(3)(A). Specifically, pursuant to section 366(c)(3)(A), “[o]n request of a party in interest and after notice and a hearing, the court may order modification of the amount of an assurance of payment” *Id.* Under section 366(c), there is nothing to prevent a court from deciding that, on the facts of the case before it, the amount required of the debtor to provide adequate assurance of payment to a utility company is nominal, or even zero. *See In re Pac-West Telecomm, Inc.*, Case No. 07-10562 (BLS) (Bankr. D. Del. May 2, 2007) (approving adequate assurance that was one-time supplemental prepayment to each utility company equal to pro-rated amount of one week’s charges). If a Utility Company does not believe the Proposed Adequate Assurance is “satisfactory,” such Utility Company may file a request for additional assurance pursuant to the Utilities Procedures described herein.

21. The Debtors believe that their Proposed Adequate Assurance is reasonable and satisfies the requirements of section 366 of the Bankruptcy Code. The Debtors’ Proposed Adequate Assurance includes a deposit equivalent to the estimated amount of two (2) weeks’ worth of Utility Services. Courts within this district construing section 366 have concluded that a deposit of two (2) weeks’ worth of utility services constitutes adequate assurance of future payment. *See, e.g., In re Dallas Stars, L.P.*, Case No. 11-12935 (PJW) (Bankr. Del. Oct. 17, 2011) [Docket No. 116] (final order approving adequate assurance where Debtors tendered a deposit check equal to two weeks of electricity); *In re Böwe Systec, Inc.*, Case No. 11-11187 (PJW) (Bankr. D. Del. May 11, 2011) [Docket No. 111] (final order approving adequate

assurance equal to half of debtors' monthly utility services); *In re CB Holding Corp.*, Case No. 10-13683 (MFW) (Bankr. D. Del. Dec. 13, 2010) [Docket No. 175] (final order approving adequate assurance equal to the approximate aggregate cost of two weeks of utility services, calculated as a historical average); *In re Urban Brands, Inc.*, Case No. 10-13005 (KJC) (Bankr. D. Del. Oct. 13, 2010) [Docket No. 186] (same); *In re Elec. Components Int'l, Inc.*, Case No. 10-11054 (KJC) (Bankr. D. Del. Mar. 30, 2010) (same) [Docket No. 42]; *In re NTK Holdings, Inc.*, Case No. 09-13611 (KJC) (Bankr. D. Del. Nov. 19, 2009) [Docket No. 137] (same).⁵

22. Further, the Court possesses the power, under section 105(a) of the Bankruptcy Code, to “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).

23. The Debtors submit that the relief requested is necessary to avoid interruptions in Utility Services, which may jeopardize the Debtors' ongoing businesses, operations, and the success of these chapter 11 cases. The relief requested herein will ensure that the Debtors' operations will not be disrupted by the termination of vital Utility Services or the requests by the Utility Companies of unnecessarily large deposits that could endanger the Debtors' liquidity. If a disruption occurs, the impact on the Debtors' business operations and revenues would be extremely harmful to the Debtors' estates and all other parties in interest. Without the requested relief, any interruption in services by the Utility Companies could bring the Debtors' businesses grinding to a halt. Even if the Utility Companies did not suspend or interrupt services, without the requested relief the Debtors could be forced to address numerous requests by Utility Companies in a disorganized manner during a critical period in these chapter

⁵ Because of the voluminous nature of the unreported orders cited in this Motion, they are not attached hereto; however, copies of these orders are available upon request of the Debtors' counsel.

11 cases and during a time when their efforts could be more productively focused on a speedy emergence from bankruptcy.

Reservation of Rights

24. Nothing contained herein is intended to be or shall be construed as (a) an admission as to the validity of any claim against the Debtors, (b) a waiver of the Debtors' or any party in interest's rights to dispute any claim, or (c) an approval or assumption of any agreement, contract, program, policy or lease under section 365 of the Bankruptcy Code. Likewise, if this Court grants the relief sought herein, any payment made pursuant to the Court's order is not intended to be and should not be construed as an admission to the validity of any claim or a waiver of the Debtors' rights to dispute such claim subsequently. The relief requested herein shall not oblige the Debtors to accept any services, accept the shipment of goods, or prevent the Debtors from returning or rejecting goods.

25. Moreover, nothing contained herein is intended to be or shall be construed as an admission or concession that such entities are a utility within the meaning of section 366 of the Bankruptcy Code, and the Debtors reserve all rights and defenses with respect thereto.

Notice

26. 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 of the District of Delaware; (f) the United States Transportation Command; (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

27. No previous request for the relief sought herein has been made to this or any other Court.

WHEREFORE the Debtors respectfully request entry of the Proposed Orders 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)
YOUNG CONAWAY
STARGATT & TAYLOR, LLP
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-and-

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767 Fifth Avenue
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Facsimile: (212) 310-8007

*Proposed Attorneys for the
Debtors and Debtors in Possession*

Exhibit A

Nonexclusive Utility Service List

Utility Provider	Account Number	Address	Description	Average Monthly Expense
Alaska Communication System	1470790	P O Box 196666, Anchorage, AK 99519	Telephone and Internet in Alaska	\$312.25
Alaska Pacific Environmental Services	534208	6301 Rosewood Street, Anchorage, AK 99518	Refuse	\$165.83
All-star Carting Company, LLC.	154095-001	PO Box 17250, Stamford, CT 06907	Refuse	\$1,084.33
AT&T	057 730 1142 001	PO Box 105068, Atlanta, GA 30348	Calling card	\$6.67
AT&T	78-626593210020448	PO Box 105068, Atlanta, GA 30348	Telephone & Internet - Miami	\$297.17
AT&T	30-560482700430446	PO Box 105068, Atlanta, GA 30348	Telephone lines in Miami	\$394.00
AT&T	2037509512226	PO Box 105068, Atlanta, GA 30348	Telephone	\$57.00
AT&T	2038457943780	PO Box 105068, Atlanta, GA 30348	Telephone - Connecticut	\$55.00
AT&T	2032290767225	PO Box 105068, Atlanta, GA 30348	Calling card	\$496.00
AT&T	77399220900841	PO Box 105068, Atlanta, GA 30348	Telephone - Chicago	\$145.00
AT&T	2032290167652	PO Box 105068, Atlanta, GA 30348	Phone	\$188.92
AT&T	31064290427888	PO Box 105068, Atlanta, GA 30348	LAX phones	\$94.00
AT&T	78-627628490010447	PO Box 105068, Atlanta, GA 30348	Telephone - Miami	\$65.42
AT&T	66182451339409	PO Box 105068, Atlanta, GA 30348	Telephone - Mojave	\$249.00
AT&T	2038409189726	PO Box 105068, Atlanta, GA 30348	Telephone - Connecticut	\$778.00
AT&T	2038470712231	PO Box 105068, Atlanta, GA 30348	Telephone - Connecticut	\$247.58

Utility Provider	Account Number	Address	Description	Average Monthly Expense
AT&T	2038479351228	PO Box 105068, Atlanta, GA 30348	Telephone - Connecticut	\$134.00
AT&T	577309981001	PO Box 105068, Atlanta, GA 30348	Calling card	\$83.33
AT&T	8310000710846	PO Box 105068, Atlanta, GA 30348	T-1 Internet - 117 Glover Ave	\$718.25
AT&T	2038409189726	PO Box 105068, Atlanta, GA 30348	Telephone Lines - Connecticut	\$526.25
AT&T	78-633139950010443	PO Box 105068, Atlanta, GA 30348	Telephone	\$192.58
AT&T Mobility	999082570	PO Box 6463, Carol Stream, IL 60197- 6463	Mobile Telephone- Master Bill	\$48,680.67
Bayring Communications	BUSHN 10732	359 Corporate Dr., Portsmouth, NH 03801	Telephone -New Hampshire	\$215.50
Cablevision Lightpath Inc.	48699	PO Box 360111, Pittsburgh, PA 15251	CT phone provider	\$21,900.00
CL & P Northeast Utilities	51004923090, 51028143030, 51135053015, 51247923048, 51585033004, 51743153074, 51451033039	PO Box 15043, Hartford, CT 06115	Electricity - various Connecticut properties	\$11,819.92
Comcast	8495 60 0280110976	PO Box 530099, Atlanta, GA 30353	Miami internet provider	\$115.25
ComED	3411622068	PO Box 6111 Carol Stream, IL 60197	Electricity - Chicago	\$747.08
Direct Energy	122300015713083, 122300015712950, 122300015712951, 122300015712949, 122300015712952, 122300015713082	P O Box 70220, Philadelphia, PA 09176-0220	Electricity and natural gas - various Connecticut properties	\$4,410.56
First Taxing District Water Dept.	51104-110401, 51107-110401, 51105-110401, 509363-109398, 511103-110401	12 New Canaan Ave, PO Box 27, Norwalk, CT 06852	Water	\$1,476.00
Florida Power & Light Company	27216-41039	General Mail Facility Miami, FL 33188- 0001	Electricity - Miami	\$140.17
Groot Industries Inc.	498981-002	P O Box 92317, Elk Grove Village, IL 60009-2317	Refuse	\$134.08
Mojave Sanitation	966876500	P O Box 1750, Tehachapi, CA 93581	Refuse	\$199.25

Utility Provider	Account Number	Address	Description	Average Monthly Expense
Santa Buckley Energy, Inc.	897652, 897645, 898064	PO Box 1141, Bridgeport, CT 06601	Oil	\$5,154.00
Stratos Mobile Networks	sus6453	PO Box 416629, Boston, MA 02241	Telephone - Aircraft	\$171.50
T-Mobile	584437854	P O Box 742596, Cincinnati OH 45274	Mobile Telephone - Mojave	\$382.00
Verizon wireless	718-917-0436	PO Box 15124, Albany NY 12212	Telephone and Internet New York	\$184.00
Verizon wireless	881527641-00001	PO Box 15062, Albany NY 12212	Mobile data cards	\$443.00
Yankee gas	57637030016	P O Box 150492, Hartford, CT 06115-0492	Gas - Connecticut	\$1,500.25
Yankee gas	57484030010	P O Box 150492, Hartford, CT 06115-0492	Gas - Connecticut	\$547.17

Exhibit B
Proposed Interim Order

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE**

-----X
: **Chapter 11**
: **Case No. 12-12690 ()**
: **Jointly Administered**
: **Re: Docket No.**
-----X

**INTERIM ORDER (I) PROHIBITING
ANY UTILITY COMPANY FROM ALTERING, REFUSING, OR
DISCONTINUING SERVICE, (II) APPROVING THE DEBTORS' PROPOSED
ADEQUATE ASSURANCE, AND (III) ESTABLISHING PROCEDURES TO
DETERMINE ADDITIONAL ADEQUATE ASSURANCE OF PAYMENT
PURSUANT TO SECTIONS 105(a) AND 366 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 (a) entry of an interim order (i) prohibiting any Utility Company from altering, refusing, or discontinuing services on account of prepetition amounts outstanding, or on account of any perceived inadequacy of the Debtors' Proposed Adequate Assurance pending entry of a final order, (ii) approving the Debtors' Proposed Adequate Assurance, (iii) establishing procedures for determining additional adequate assurance of payment, and (iv) scheduling a hearing to consider the relief requested herein on a final basis (the "Final Hearing"), and after the Final Hearing (b) entry of a final order granting the relief requested therein on a final basis

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 All capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Motion.

pursuant to sections 366 and 105(a) of the Bankruptcy Code, all 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. §§ 157 and 1334, and the *Amended Standing Order of Reference from the United States District Court for 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 on an interim basis, as set forth herein.
2. Until such time as a final order is entered by the Court, all Utility Companies, including, without limitation, those Utility Companies listed on the Utility Service List, are prohibited from altering, refusing, or discontinuing services on account of prepetition amounts outstanding, or on account of any perceived inadequacy of the Debtors' proposed adequate assurance.
3. Within three (3) business days after entry of this Interim Order, the Debtors shall deposit cash in an amount equal to \$53,000, which represents two (2) weeks of

Utility Services, calculated as half of the historical monthly average over the past twelve (12) months, into the Utility Deposit Account for the benefit of the Utility Companies, which amount may be adjusted by the Debtors if the Debtors terminate any of the Utility Services provided by a Utility Company, make other arrangements with certain Utility Companies with respect to adequate assurance of payment, determine that an entity listed on the Utility Service List is not a utility company within the scope of section 366 of the Bankruptcy Code, or supplement the Utility Service List to include additional Utility Companies.

4. All amounts in the Utility Deposit Account shall remain, at all times, property of the Debtors' estates, subject to the prepetition and postpetition liens of the agent under the Debtors' prepetition credit facility and the DIP Credit Agreement.³ Upon confirmation of any plan of reorganization in these chapter 11 cases, and without further order of the Court, all amounts in the Utility Deposit Account shall be immediately available for the Debtors' use, in their sole discretion.

5. The relief granted herein is for all Utility Companies providing Utility Services to the Debtors and is not limited to those listed on the Utility Service List attached as Exhibit A to the Motion. The Debtors are authorized to supplement, as necessary, the Utility Service List and this Interim Order shall apply to any such Utility Company that is subsequently added to the Utility Service List.

6. The Debtors shall serve a copy of the Motion and this Interim Order, via first class mail on each Utility Company listed on the Utility Service List, and all other parties required to receive service under rule 2002-1(b) of the Local Rules of Bankruptcy Practice and

³ The DIP Credit Agreement shall mean that certain Senior Secured Super-Priority Debtor-in-Possession Credit Agreement, by and among Cargo 360, CIBC, and various financial institutions and other persons from time to time parties thereto, dated as of September 28, 2012.

Procedure of the United States Bankruptcy Court for the District of Delaware (the “Local Rules”), within three (3) business days of the date of this Interim Order.

7. Nothing contained in this Interim Order or the Motion is intended to be or shall be construed as (a) an admission as to the validity of any claim against the Debtors, (b) a waiver of the Debtors’ or any party in interest’s rights to dispute any claim, or (c) an approval or assumption of any agreement, contract, program, policy or lease under section 365 of the Bankruptcy Code. Likewise any payment made pursuant to this Interim Order is not intended to be and should not be construed as an admission to the validity of any claim or a waiver of the Debtors’ rights to dispute such claim subsequently. The relief requested herein shall not oblige the Debtors to accept any services, accept the shipment of goods, or prevent the Debtors from returning or rejecting goods.

8. The Debtors’ service of the Motion or this Interim Order upon the Utility Companies shall not constitute an admission or concession that such entities are a utility within the meaning of section 366 of the Bankruptcy Code, and the Debtors reserve all rights and defenses with respect thereto.

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.

11. A final hearing to consider the relief requested in the Motion shall be held on _____, at _____ (Eastern Time) and any objections or responses to the Motion shall be filed on or before seven (7) days before the final hearing date set forth herein and served on the parties as required by Local Rule 9006-1(c)(ii).

Dated: _____, 2012
Wilmington, Delaware

UNITED STATES BANKRUPTCY JUDGE

Exhibit C
Proposed Final Order

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE**

-----X
: **Chapter 11**
: **Case No. 12-12690 ()**
: **Jointly Administered**
: **Re: Docket Nos.**
-----X

In re

**SOUTHERN AIR
HOLDINGS, INC., et al.,**

Debtors.¹

**FINAL ORDER (I) PROHIBITING
ANY UTILITY COMPANY FROM ALTERING, REFUSING,
OR DISCONTINUING SERVICE, (II) APPROVING THE DEBTORS'
PROPOSED ADEQUATE ASSURANCE, AND (III) ESTABLISHING
PROCEDURES TO DETERMINE ADEQUATE ASSURANCE OF PAYMENT
PURSUANT TO SECTIONS 105(a) AND 366 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 (a) entry of an interim order (i) prohibiting any Utility Company from altering, refusing, or discontinuing services on account of prepetition amounts outstanding, or on account of any perceived inadequacy of the Debtors' Proposed Adequate Assurance pending entry of a final order, (ii) approving the Debtors' Proposed Adequate Assurance, (iii) establishing procedures for determining additional adequate assurance of payment, and (iv) scheduling a hearing to consider the relief requested herein on a final basis (the "Final Hearing"), and after the Final Hearing (b) entry of a final order granting the relief requested therein on a final basis

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 All capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Motion.

pursuant to sections 366 and 105(a) of the Bankruptcy Code, all 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 Requests for First Day Relief*; and the Court having jurisdiction to consider the Motion and the relief requested therein pursuant to 28 U.S.C. §§ 157 and 1334, and the *Amended Standing Order of Reference from the United States District Court for 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 entered an interim order granting the relief requested in the Motion on September [___], 2012; 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. All objections, if any, to the Motion or the relief requested therein that have not been withdrawn, waived, or settled, and all reservations of rights included in any such objections are denied and overruled on the merits with prejudice.
3. The Debtors' Proposed Adequate Assurance, as set forth in the Motion, satisfies the requirements under section 366 of the Bankruptcy Code.

4. Any Utility Company that fails to comply with the Utility Procedures set forth in the Motion is deemed to have been provided with adequate assurance of payment that is satisfactory to such Utility Company within the meaning of section 366 of the Bankruptcy Code and shall be forbidden from altering, refusing, or discontinuing service to the Debtors on account of any prepetition charges.

5. All amounts in the Utility Deposit Account shall remain, at all times, property of the Debtors' estates, subject to the prepetition and postpetition liens of the agent under the Debtors' prepetition credit facility and the DIP Credit Agreement.³ Upon confirmation of any plan of reorganization in these chapter 11 cases, and without further order of the Court, all amounts in the Utility Deposit Account shall be immediately available for the Debtors' use, in their sole discretion.

6. The relief granted herein is for all Utility Companies providing Utility Services to the Debtors and is not limited to those listed on the Utility Service List attached as Exhibit A to the Motion. The Debtors are authorized to supplement, as necessary, the Utility Service List and this Final Order shall apply to any such Utility Company that is subsequently added to the Utility Service List.

7. The Debtors shall serve a copy of this Final Order, via first class mail on each Utility Company listed on the Utility Service List, and all other parties required to receive service under rule 2002-1(b) of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware (the "Local Rules"), within three (3) business days of the date of this Final Order.

³ The DIP Credit Agreement shall mean that certain Senior Secured Super-Priority Debtor-in-Possession Credit Agreement, by and among Cargo 360, CIBC, and various financial institutions and other persons from time to time parties thereto, dated as of September 28, 2012.

8. Nothing contained in this Final Order or the Motion is intended to be or shall be construed as (a) an admission as to the validity of any claim against the Debtors, (b) a waiver of the Debtors' or any party in interest's rights to dispute any claim, or (c) an approval or assumption of any agreement, contract, program, policy or lease under section 365 of the Bankruptcy Code. Likewise any payment made pursuant to this Final Order is not intended to be and should not be construed as an admission to the validity of any claim or a waiver of the Debtors' rights to dispute such claim subsequently. The relief requested herein shall not oblige the Debtors to accept any services, accept the shipment of goods, or prevent the Debtors from returning or rejecting goods.

9. The Debtors' service of this Final Order upon the Utility Companies shall not constitute an admission or concession that such entities are a utility within the meaning of section 366 of the Bankruptcy Code, and the Debtors reserve all rights and defenses with respect thereto.

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

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

Dated: _____ 2012
Wilmington, Delaware

UNITED STATES BANKRUPTCY JUDGE