

UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

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

In re

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

Debtors.¹

NOTICE OF FILING OF DIP CREDIT AGREEMENT AND EXHIBITS THERETO

PLEASE TAKE NOTICE that on September 28, 2012, the above captioned debtors and debtors in possession (collectively, the “Debtors”) filed the **Motion of Debtors for an Order (I) Authorizing Postpetition Financing, (II) Granting Liens and Providing Superpriority Administrative Expense Priority, (III) Authorizing Use of Cash Collateral and Approving Adequate Protection, and (IV) Modifying the Automatic Stay Pursuant to Sections 105, 361, 362, 363, and 364 of the Bankruptcy Code and Bankruptcy Rule 4001 [D.I. 12]** (the “Motion”).

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.



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PLEASE TAKE FURTHER NOTICE that attached hereto as Exhibit A is the final DIP Credit Agreement (as that term is defined in the Motion) and the exhibits thereto.

Dated: September 28, 2012
Wilmington, Delaware

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*Proposed Attorneys for the
Debtors and Debtors in Possession*

EXHIBIT A

DIP Credit Agreement

SENIOR SECURED SUPER-PRIORITY DEBTOR-IN-POSSESSION
CREDIT AGREEMENT,

dated as of September 28, 2012,

among

CARGO 360, INC.,
as the Borrower, a Debtor and a Debtor-in-Possession,

VARIOUS FINANCIAL INSTITUTIONS AND OTHER PERSONS
FROM TIME TO TIME PARTIES HERETO,
as the Lenders, and

CANADIAN IMPERIAL BANK OF COMMERCE, NEW YORK AGENCY,
as the Administrative Agent.

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SENIOR SECURED SUPER-PRIORITY DEBTOR-IN-POSSESSION CREDIT AGREEMENT

THIS SENIOR SECURED SUPER-PRIORITY DEBTOR-IN-POSSESSION CREDIT AGREEMENT, dated as of September 28, 2012, is among CARGO 360, INC., a Delaware corporation, as Borrower, a Debtor and a debtor-in-possession, the various financial institutions and other Persons from time to time parties hereto (collectively, the “Lenders”) and CANADIAN IMPERIAL BANK OF COMMERCE, NEW YORK AGENCY (“CIBC”), as administrative agent for the Lenders (in such capacity, the “Administrative Agent”).

W I T N E S S E T H:

WHEREAS, on September 28, 2012 (the “Petition Date”), the Debtors commenced Chapter 11 cases (the “Chapter 11 Cases”) by filing separate voluntary petitions for reorganization under Chapter 11, 11 U.S.C. 101 et seq. (the “Bankruptcy Code”), with the United States Bankruptcy Court for the District of Delaware (the “Bankruptcy Court”). The Borrower and Guarantors continue to operate their businesses and manage their properties as Debtors and debtors-in-possession pursuant to Sections 1107(a) and 1108 of the Bankruptcy Code;

WHEREAS, prior to the Petition Date, each of the Lenders (or such Lenders’ designated affiliates) held interests in a loan (the “Pre-Petition Loan”) pursuant to that certain Credit Agreement (the “Pre-Petition Credit Agreement”) dated as of September 6, 2007, among the Borrower and Canadian Imperial Bank of Commerce, New York Agency, as agent (the “Pre-Petition Agent”) for the lenders (in such capacity the “Pre-Petition Lenders”) (as amended or otherwise modified prior to the Petition Date by the First Amendment to Credit Agreement, dated as of October 24, 2007, the Second Amendment and Waiver to Credit Agreement and First Amendment to Second Forbearance Agreement to Credit Agreement, dated as of August 12, 2009, the Third Amendment and Waiver to Credit Agreement and Second Amendment to Second Forbearance Agreement to Credit Agreement, dated as of October 15, 2009, the Fourth Amendment and Waiver to Credit Agreement, dated as of December 10, 2009, the Fifth Amendment to Credit Agreement, dated as of February 25, 2010 and the Sixth Amendment to Credit Agreement, dated as of September 30, 2011) (and as further amended, supplemented and otherwise modified from time to time), and related definitive documentation, in each case as further amended, supplemented or otherwise modified prior to the date hereof, and including all exhibits and other ancillary documentation in respect thereof;

WHEREAS, the Borrower has requested that the Lenders provide a senior secured, super-priority term loan facility to the Borrower of up to twenty-five million Dollars (\$25,000,000) in the aggregate to fund the working capital, general corporate needs and financing requirements of the Borrower and the other Obligors as Debtors and debtors-in-possession, during the pendency of the Chapter 11 Cases and for the other purposes specified herein;

WHEREAS, the Lenders are willing to make certain loans to the Borrower of up to such amount upon the terms and conditions set forth herein, and in consideration, in part, for the constitution of a portion of the Pre-Petition Loan as administrative priority claims and secured by super-priority priming liens pursuant to the Interim Order and the Final Order effectuated

through a deemed exchange of a portion of the Pre-Petition Loans for Roll-Up Loans as more fully described herein;

WHEREAS, to provide security for the repayment of the Obligations of the Obligors, the Obligors will provide and grant to the Administrative Agent, for the benefit of the Secured Parties, certain security interests, liens, and other rights and protections pursuant to the terms hereof, and, in the case of the Debtors, security interests and liens pursuant to Sections 364(c)(2), 364(c)(3) and 364(d)(1) of the Bankruptcy Code, and super-priority administrative expense claims pursuant to Section 364(c)(1) of the Bankruptcy Code, and other rights and protections, as more fully described herein;

WHEREAS, the business of the Borrower and the Obligors is a mutual and collective enterprise and the Borrower believes that the consolidation of all loans and other financial accommodations under this Agreement will enhance the aggregate borrowing powers of the Borrower and facilitate the administration of the Chapter 11 Cases and its loan relationship with the Lenders, all to the mutual advantage of the Borrower and its Subsidiaries;

WHEREAS, the Lenders' willingness to extend financial accommodations to the Borrower, is done solely as an accommodation to the Borrower and at the Borrower's request and in furtherance of the mutual and collective enterprise of the Obligors; and

WHEREAS, the Lenders are willing, on the terms and subject to the conditions hereinafter set forth, to extend the Commitments and make Loans to the Borrower;

NOW, THEREFORE, the parties hereto agree as follows.

ARTICLE I DEFINITIONS AND ACCOUNTING TERMS

SECTION 1.1 Defined Terms. The following terms (whether or not underscored) when used in this Agreement, including its preamble and recitals, shall, except where the context otherwise requires, have the following meanings (such meanings to be equally applicable to the singular and plural forms thereof):

“1110 Collateral” means all equipment, as such term is described in 11 U.S.C. §1110(a)(3), now operated by Southern Air, Inc. or any other Grantor in which another party is entitled to the benefits of Section 1110 of the Bankruptcy Code

“777 Aircraft” is defined in the Support Agreement.

“777 Leases” is defined in the Support Agreement.

“Acceptable Plan” means a plan of reorganization that (i) if no Plan Term Sheet Event has occurred, is (and all exhibits thereto, related documents (including any documentation of an exit facility), and plan supplements are) consistent in all respects with the Plan Term Sheet (as such term is defined in the Support Agreement) and is (and all exhibits thereto, related documents (including any documentation of an exit facility), and plan supplements are) otherwise in form and substance reasonably acceptable to the Administrative Agent and the

Required Lenders or (ii) provides for the payment in full in cash of all Obligations (other than the Secured OHAA Payment Obligations) on or before the effective date of such Plan.

“Account Withdrawal” is defined in Section 5.3.

“Act” means the Air Transportation Safety and System Stabilization Act, P.L. 107–42, as the same may be amended from time to time.

“Administrative Agent” is defined in the preamble and includes each other Person appointed as the successor Administrative Agent pursuant to Section 9.4.

“Administrative Questionnaire” means an Administrative Questionnaire substantially in the form of Exhibit J hereto.

“Affiliate” of any Person means any other Person which, directly or indirectly, controls, is controlled by or is under common control with such Person. “Control” of a Person means the power, directly or indirectly, to direct or cause the direction of the management or policies of such Person (whether by voting, contract or otherwise).

“Agreement” means, on any date, this Senior Secured Super-Priority Debtor-in-Possession Credit Agreement as originally in effect on the Closing Date and as thereafter from time to time amended, supplemented, amended and restated or otherwise modified from time to time and in effect on such date.

“Aircraft Security Agreement” means the Aircraft Security Agreement executed and delivered by Authorized Officers of the Borrower and each of its Subsidiaries, substantially in the form of Exhibit K hereto, as amended, supplemented, amended and restated or otherwise modified from time to time.

“Aircraft SPV” means a limited liability company or other special purpose vehicle that has been organized solely to own aircraft and assets directly related to the operation thereof (and is not engaged in any other business activity).

“Alternate Base Rate” means, on any date and with respect to all Base Rate Loans, a fluctuating rate of interest *per annum* equal to the highest of (a) the Base Rate in effect on such day, (b) the Federal Funds Rate in effect on such day plus ½ of 1% and (c) the sum of (x) the one-month LIBO Rate (Reserve Adjusted) (after giving effect to any LIBO Rate “floor”) plus (y) 1.0% *per annum*. Changes in the rate of interest on that portion of any Loans maintained as Base Rate Loans will take effect simultaneously with each change in the Alternate Base Rate. The Administrative Agent will give notice promptly to the Borrower and the Lenders of changes in the Alternate Base Rate; provided that the failure to give such notice shall not affect the Alternate Base Rate in effect after such change.

“Applicable Margin” means (i) with respect to the Loans (other than the Roll-Up Loans), 7.0% per annum with respect to Base Rate Loans and 8.0% per annum with respect to LIBO Rate Loans and (ii) with respect to the Roll-Up Loans, 4.00% per annum with respect to Base Rate Loans and 5.00% per annum with respect to LIBO Rate Loans.

“Approved Budget” means (i) initially, the thirteen-week cash flow forecast for the thirteen-week period beginning on the Closing Date substantially in the form of Exhibit M attached hereto, and (ii) thereafter, the most recent Supplemental Budget to become an “Approved Budget” pursuant to Section 7.1.15(a), in each case, as the same may be further amended, restated, amended and restated, supplemented or otherwise modified from time to time in accordance with this Agreement or with the written consent of the Required Lenders.

“Approved Fund” means any Person (other than a natural Person) that (a) is engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its business, and (b) is administered or managed by a Lender, an Affiliate of a Lender or a Person or an Affiliate of a Person that administers or manages a Lender.

“Asset Sale/Insurance Escrow Account” means a segregated escrow account maintained in the name of the Administrative Agent by the Escrow Agent, which escrow account shall be maintained in accordance with the Asset Sale/Insurance Escrow Agreement.

“Asset Sale/Insurance Escrow Agreement” means an escrow agreement pursuant to which the Asset Sale/Insurance Account is maintained to be established no later than October 15, 2012 pursuant to documentation to be agreed among Oak Hill, the Administrative Agent and the Borrower.

“Authorized Officer” means, relative to any Obligor, those of its officers, general partners or managing members (as applicable) whose signatures and incumbency shall have been certified to the Administrative Agent and the Lenders pursuant to Section 5.1.1.

“Avoidance Actions” means all claims and causes of action under section 502(d), 544, 545, 547, 548, 549, 550, 553 or 724(a) of the Bankruptcy Code, and any other avoidance or similar action under the Bankruptcy Code or similar federal or state law.

“Bankruptcy Code” is defined in the recitals hereto.

“Bankruptcy Court” is defined in the recitals hereto.

“Base Rate” means, at any time, the rate of interest then most recently established by the Administrative Agent in New York as its base rate for Dollars loaned in the United States. The Base Rate is not necessarily intended to be the lowest rate of interest determined by the Administrative Agent in connection with extensions of credit.

“Base Rate Loan” means a Loan bearing interest at a fluctuating rate determined by reference to the Alternate Base Rate.

“Borrower” means Cargo 360 Inc., a Delaware corporation, a Debtor and debtor-in-possession.

“Borrowing” means Loans of the same type and, in the case of LIBO Rate Loans, having the same Interest Period, made by all Lenders required to make such Loans on the same Business Day and pursuant to the same Borrowing Request in accordance with Section 2.2.

“Borrowing Request” means a Loan request and certificate duly executed by an Authorized Officer of the Borrower substantially in the form of Exhibit B hereto.

“Business Day” means (a) any day which is neither a Saturday or Sunday nor a legal holiday on which banks are authorized or required to be closed in New York, New York and (b) relative to the making, continuing, prepaying or repaying of any LIBO Rate Loans, any day which is a Business Day described in clause (a) and which is also a day on which dealings in Dollars are carried on in the London interbank eurodollar market.

“Capital Securities” means, with respect to any Person, all shares, interests, participations or other equivalents (however designated, whether voting or non-voting) of such Person’s capital, whether now outstanding or issued after the Closing Date.

“Capitalized Lease Liabilities” means, with respect to any Person, all monetary obligations of such Person and its Subsidiaries under any leasing or similar arrangement which have been (or, in accordance with GAAP, should be) classified as capitalized leases, and for purposes of each Loan Document, the amount of such obligations shall be the capitalized amount thereof, determined in accordance with GAAP, and the stated maturity thereof shall be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be terminated by the lessee without payment of a premium or a penalty.

“Carve-Out” shall have the meaning defined in the Interim Order or, when applicable, the Final Order.

“Carve-Out Account” is defined in Section 11.1(g).

“Carve-Out Cap” means \$750,000.

“Carve-Out Trigger Notice” is defined in Section 11.1(g).

“Cash Collateral” shall have the meaning ascribed to such term in Section 363 of the Bankruptcy Code.

“Cash Equivalent Investment” means, at any time

(a) any direct obligation of (or unconditionally guaranteed by) the United States or a State thereof (or any agency or political subdivision thereof, to the extent such obligations are supported by the full faith and credit of the United States or a State thereof) maturing not more than one year after such time;

(b) commercial paper maturing not more than 270 days from the date of issue, which is issued by a corporation (other than an Affiliate of any Obligor) organized under the laws of any State of the United States or of the District of Columbia and rated A-1 or the equivalent thereof or higher by S&P or P-1 or the equivalent thereof or higher by Moody’s;

(c) any certificate of deposit, time deposit or bankers acceptance, maturing not more than one year after its date of issuance, which is issued by any bank organized

under the laws of the United States (or any State thereof) and which has (x) a credit rating of A2 or higher from Moody's or A or higher from S&P and (y) a combined capital and surplus greater than \$500,000,000; and

(d) solely with respect to clause (b) of Section 7.2.5 and in the case of Investments by any Foreign Subsidiary, other customarily utilized high quality Investments of the type set forth in clauses (a) through (c) above in the country where such Foreign Subsidiary is located.

“Casualty Event” means the damage, destruction or condemnation, as the case may be, of property of any Person or any of its Subsidiaries.

“CERCLA” means the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended.

“CERCLIS” means the Comprehensive Environmental Response Compensation Liability Information System List.

“Change in Control” means:

(a) the failure of Holdings at any time to directly own, beneficially and of record on a fully diluted basis, 100% of the outstanding Capital Securities of the Borrower, such Capital Securities to be held free and clear of all Liens (other than Liens granted under a Loan Document); or

(b) the failure of the Investors to directly or indirectly own, beneficially and of record on a fully diluted basis, a sufficient number of the issued and outstanding Capital Securities of Holdings to have and exercise voting power for the election of at least a majority of the board of directors or other managing body of Holdings, and in any event, at least 51% of the outstanding Capital Securities of Holdings, such Capital Securities to be held free and clear of all Liens.

“Change in Law” means the occurrence, after the date of this Agreement, of any of the following: (a) the adoption or taking effect of any law, rule, regulation or treaty, (b) any change in any law, rule, regulation or treaty or in the administration, interpretation, implementation or application thereof by any Governmental Authority or (c) the making or issuance of any request, rule, guideline or directive (whether or not having the force of law) by any Governmental Authority; provided that, notwithstanding anything herein to the contrary, (i) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (ii) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case, pursuant to Basel III, shall in each case be deemed to be a “Change in Law,” regardless of the date enacted, adopted or issued.

“Chapter 11 Cases” is defined in the recitals.

“Chapter 11 Order” means any order entered in the Chapter 11 Cases.

“CIBC” is defined in the preamble.

“Closing Date” means the first date on which the conditions precedent set forth in Sections 5.1 and 5.2 shall have been satisfied or waived.

“Closing Date Certificate” means the closing date certificate executed and delivered by an Authorized Officer of the Borrower in form and substance satisfactory to the Administrative Agent.

“Closing Date Term Loan” is defined in Section 2.1.1(a).

“Closing Date Term Loan Commitment” means, as to any Lender, the obligation of such Lender, if any, to make a Closing Date Term Loan to the Borrower on the Closing Date in a principal amount not to exceed the percentage of the Closing Date Term Loan Commitment Amount set forth opposite such Lender’s name under the heading “Closing Date Term Loan Commitment” on Schedule 1 to its Lender Addendum, or, as the case may be, in the Lender Assignment Agreement pursuant to which such Lender became a party to this Agreement.

“Closing Date Term Loan Commitment Amount” means \$12,500,000.

“Code” means the Internal Revenue Code of 1986, and the regulations thereunder, in each case as amended, reformed or otherwise modified from time to time.

“Collateral” has the meaning given to such term in the Security Agreement.

“Commitment” means, with respect to each Lender, its Closing Date Term Loan Commitment and its Final Order Term Loan Commitment.

“Committee” means the official committee of unsecured creditors appointed in the Chapter 11 Cases.

“Committee Documents” is defined in Section 7.1.1(i).

“Committee Investigation Fund” is defined in Section 11.1(g).

“Committee’s Professionals” is defined in Section 11.1(g).

“Competitor” means any Person that is not a commercial bank, insurance company, fund or other financial institution and that is primarily engaged in the same line of business as the Borrower, namely, a cargo airline specializing in long haul, heavy-lift operations for ACMI and charter customers.

“Contingent Liability” means any agreement, undertaking or arrangement by which any Person guarantees, endorses or otherwise becomes or is contingently liable upon (by direct or indirect agreement, contingent or otherwise, to provide funds for payment, to supply funds to, or otherwise to invest in, a debtor, or otherwise to assure a creditor against loss) the Indebtedness or other obligation of any other Person (other than by endorsements of instruments in the course of collection), or guarantees the payment of dividends or other distributions upon the Capital

Securities of any other Person or is liable to maintain the solvency or any balance sheet item, level of income or financial condition of any other Person for the purpose of assuring a creditor against loss. The amount of any Person's obligation under any Contingent Liability shall (subject to any limitation set forth therein) be deemed to be the outstanding principal amount of the debt, obligation or other liability guaranteed thereby.

"Continuation/Conversion Notice" means a notice of continuation or conversion and certificate duly executed by an Authorized Officer of the Borrower, substantially in the form of Exhibit C hereto.

"Controlled Group" means all members of a controlled group of corporations and all members of a controlled group of trades or businesses (whether or not incorporated) under common control which, together with Holdings and/or the Borrower, are treated as a single employer under Section 414 of the Code or Section 4001 of ERISA.

"Court Documents" is defined in Section 7.1.1(g).

"Credit Extension" means the making of a Loan by a Lender.

"Debtor Relief Laws" means the Bankruptcy Code of the United States of America, and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief laws of the United States or other applicable jurisdictions from time to time in effect.

"Debtors" means the Borrower and the Guarantors.

"Debtors' Professionals" is defined in Section 11.1(g).

"Default" means any Event of Default or any condition, occurrence or event which, after notice or lapse of time or both, would constitute an Event of Default.

"Defaulting Lender" means, subject to Section 4.12.2, any Lender that (a) has failed to (i) fund all or any portion of its Loans within two Business Days of the date such Loans were required to be funded hereunder unless such Lender notifies the Administrative Agent and the Borrower in writing that such failure is the result of such Lender's determination that one or more conditions precedent to funding (each of which conditions precedent, together with any applicable default, shall be specifically identified in such writing) has not been satisfied, or (ii) pay to the Administrative Agent or any other Lender any other amount required to be paid by it hereunder within two Business Days of the date when due, (b) has notified the Borrower or the Administrative Agent or in writing that it does not intend to comply with its funding obligations hereunder, or has made a public statement to that effect (unless such writing or public statement relates to such Lender's obligation to fund a Loan hereunder and states that such position is based on such Lender's determination that a condition precedent to funding (which condition precedent, together with any applicable default, shall be specifically identified in such writing or public statement) cannot be satisfied), (c) has failed, within three Business Days after written request by the Administrative Agent or the Borrower, to confirm in writing to the Administrative Agent and the Borrower that it will comply with its prospective funding obligations hereunder (provided that such Lender shall cease to be a Defaulting Lender pursuant to this clause (c) upon

receipt of such written confirmation by the Administrative Agent and the Borrower), or (d) has, or has a direct or indirect parent company that has, (i) become the subject of a proceeding under any Debtor Relief Law, or (ii) had appointed for it a receiver, custodian, conservator, trustee, administrator, assignee for the benefit of creditors or similar Person charged with reorganization or liquidation of its business or assets, including the Federal Deposit Insurance Corporation or any other state or federal regulatory authority acting in such a capacity; provided that a Lender shall not be a Defaulting Lender solely by virtue of the ownership or acquisition of any equity interest in that Lender or any direct or indirect parent company thereof by a Governmental Authority so long as such ownership interest does not result in or provide such Lender with immunity from the jurisdiction of courts within the United States or from the enforcement of judgments or writs of attachment on its assets or permit such Lender (or such Governmental Authority) to reject, repudiate, disavow or disaffirm any contracts or agreements made with such Lender. Any determination by the Administrative Agent that a Lender is a Defaulting Lender under any one or more of clauses (a) through (d) above shall be conclusive and binding absent manifest error, and such Lender shall be deemed to be a Defaulting Lender (subject to Section 4.12.2) upon delivery of written notice of such determination to the Borrower and each Lender.

“DIP Facility” means the credit facility evidenced by this Agreement.

“Disclosure Schedule” means the Disclosure Schedule attached hereto as Schedule I, as it may be amended, supplemented, amended and restated or otherwise modified from time to time by the Borrower with the written consent of the Required Lenders.

“Disclosure Statement” is defined in Section 7.1.14(a).

“Disposition” (or similar words such as “Dispose”) means any sale, transfer, lease (other than a sublease), contribution or other conveyance (including by way of merger) of, or the granting of options, warrants or other rights to, any of the Borrower’s or its Subsidiaries’ assets (including accounts receivable and Capital Securities of Subsidiaries) to any other Person (other than to another Obligor) in a single transaction or series of transactions.

“Disqualified Capital Securities” means any Capital Securities of Holdings, the Borrower or any Subsidiary that, either by their terms or by the terms of any security into which they are convertible or for which they are exchangeable, or upon the happening of any event or condition (including the passage of time), (a) mature or are mandatorily redeemable (other than solely for Qualified Capital Securities) pursuant to a sinking fund obligation or otherwise (except as a result of a change of control or asset sale so long as any rights of the holders thereof upon the occurrence of a change of control or asset sale event shall be subject to the occurrence of the Termination Date), (b) are redeemable at the option of the holder thereof (other than solely for Qualified Capital Securities), in whole or in part, (c) provide for the scheduled payments of dividends in cash, or (d) are or become convertible into or exchangeable for Indebtedness, in each case, prior to the first anniversary of the Stated Maturity Date.

“Dollar” and the sign “§” mean lawful money of the United States.

“EBITDA” means, for any applicable period, the sum of (without duplication) (a) Net Income for such period, plus (b) to the extent deducted in determining Net Income, the sum of

(i) amounts attributable to amortization, (ii) income tax expense, (iii) interest expense, (iv) depreciation of assets, (v) any non-cash expenses, charges or losses (other than accruals or reserves for potential cash items in any future period), which are not expected to result in a cash charge or loss in such period or in a future period, (vi) any non-cash extraordinary losses, (vii) any non-cash non-recurring losses, (viii) any non-cash compensation charges or other non-cash expenses or charges arising from the grant of or issuance or repricing of stock, stock options or other equity-based awards to the directors, officers and employees of Holdings and its Subsidiaries, and (ix) any out-of-pocket litigation costs, expenses, judgments and settlements incurred by Holdings and its Subsidiaries with respect to any litigation in which Holdings and its Subsidiaries is the defendant (other than any workers compensation, EEO and other ordinary course disputes or controversies), minus (c) to the extent increasing Net Income, all non-cash non-recurring gains and other non-cash items, as determined in accordance with GAAP, minus (d) gains increasing Net Income attributable to any cancellation or extinguishment of Indebtedness, refinancing transaction or amendment or modification of any debt instrument (including any amendment or other modification of the Obligations and the Loans).

“Eligible Assignee” means (a) a Lender; (b) an Affiliate of a Lender; (c) an Approved Fund; or (d) any other Person (other than a natural Person, the Borrower, any Competitor or any other Person taking direction from, or working in concert with, the Borrower, any of the Borrower’s Affiliates or any Competitor); provided that neither a Defaulting Lender nor any of its Subsidiaries, or any Person who, upon becoming a Lender hereunder, would constitute a Defaulting Lender or its Subsidiary shall be a “Eligible Assignee”.

“Environmental Laws” means all applicable foreign, federal, state or local statutes, laws (including common law), ordinances, codes, rules and regulations (including consent decrees and administrative orders) relating to protection of the environment or public health and safety as it relates to environmental protection.

“Equity Payment” is defined in Section 3.3.3.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended, and any successor statute thereto of similar import, together with the regulations thereunder, in each case as in effect from time to time. References to Sections of ERISA also refer to any successor Sections thereto.

“ERISA Event” means (a) any “reportable event”, as defined in Section 4043 of ERISA or the regulations issued thereunder with respect to a Pension Plan (other than an event for which the thirty (30)-day notice period is waived), (b) the failure of any Pension Plan to meet the minimum funding standard applicable to the Pension Plan for a plan year under Section 412 of the Code or Section 302 of ERISA, whether or not waived, (c) the filing pursuant to Section 412(c) of the Code or Section 302(c) of ERISA of an application for a waiver of the minimum funding standard with respect to any Plan, (d) the incurrence by the Borrower or any member of a Controlled Group of any liability under Title IV of ERISA with respect to the termination of any Pension Plan, (e) the receipt by the Borrower or any member of a Controlled Group from the PBGC or a plan administrator of any notice relating to an intention to terminate any Pension Plan or Pension Plans or to appoint a trustee to administer any Pension Plan, (f) the incurrence by the Borrower or any member of a Controlled Group of any liability with respect to

the withdrawal or partial withdrawal from any Pension Plan or Multiemployer Plan, (g) the receipt by the Borrower or any member of a Controlled Group of any notice concerning the imposition of Withdrawal Liability or a determination that a Multiemployer Plan is, or is expected to be, insolvent or in reorganization, within the meaning of Title IV of ERISA or in critical or endangered status, within the meaning of Section 432 of the Code or Section 305 of ERISA, (h) the determination that any Pension Plan is in at-risk status, within the meaning of Section 430 of the Code or Section 303 of ERISA, (i) the incurrence by the Borrower or any member of a Controlled Group of any liability pursuant to Section 4063 or 4064 of ERISA or a cessation of operations with respect to a Pension Plan within the meaning of Section 4062(e) of ERISA, (j) the imposition of any liability under Title IV of ERISA, other than for PBGC premiums due but not delinquent under Section 4007 of ERISA, upon the Borrower or any member of a Controlled Group, (k) the engagement by the Borrower or any member of a Controlled Group in a transaction that could be subject to Section 4069 or Section 4212(c) of ERISA, (l) the imposition of a Lien with respect to a Pension Plan pursuant to Section 430(k) of the Code or Section 303(k) or 4068 of ERISA, or (m) making of an amendment to a Pension Plan that could result in the posting of a bond or security under Section 436(f)(1) of the Code.

“Escrow Accounts” means, collectively, the Loan Proceeds Escrow Account and the Asset Sale/Insurance Escrow Account.

“Escrow Agent” means Canadian Imperial Bank of Commerce, New York Agency or such other financial institution as the Administrative Agent shall approve in its sole discretion.

“Event of Default” is defined in Section 8.1.

“Exclusivity Periods” is defined in Section 7.2.17(e).

“Exemption Certificate” is defined in clause (e) of Section 4.6.

“Extraordinary Receipts” means (i) any gross cash proceeds received by the Holdings or any of its Subsidiaries not in the ordinary course of business (other than cash proceeds of Dispositions or Casualty Events), including, without limitation, (a) foreign, United States, state or local tax refunds, (b) pension plan reversions, (c) judgments, proceeds of settlements or arbitration or other consideration of any kind in connection with any cause of action, (d) indemnity payments, (e) any purchase price adjustment received in connection with any purchase agreement, (f) refunds from any Governmental Authority and (g) return of amounts otherwise held in escrow (other than in the Escrow Accounts) and maintenance reserves minus (ii) to the extent attributable to amounts accrued after the Closing Date, the sum of (x) all taxes actually paid or estimated by the Borrower or its Subsidiaries to be payable in cash within the next 12 months in connection therewith and (y) all reasonable and customary legal, investment banking, brokerage and accounting fees and expenses and recording and filing fees and other customary closing costs incurred in connection with such transaction.

“FATCA” means Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official

interpretations thereof and any agreements entered into pursuant to Section 1471(b)(1) of the Code.

“Federal Funds Rate” means, for any period, a fluctuating interest rate per annum equal for each day during such period to (a) the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers, as published for such day (or, if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of New York; or (b) if such rate is not so published for any day which is a Business Day, the average of the quotations for such day on such transactions received by the Administrative Agent from three federal funds brokers of recognized standing selected by it.

“Fee Letter” means the Fee Letter, dated September 28, 2012, from the Administrative Agent to the Borrower.

“Filing Statements” means all UCC financing statements or other similar financing statements and UCC (Form UCC-3) termination statements required pursuant to the Loan Documents.

“Final Order” means the order of the Bankruptcy Court entered in the Chapter 11 Cases after a final hearing under Bankruptcy Rule 4001(c)(2) or such other procedures as approved by the Bankruptcy Court, which order shall be substantially in the form of the Interim Order, provided that it shall specify that Roll-up Loans in an aggregate amount of \$37,500,000 are deemed to be an administrative expense claim pari passu with the Loans and secured by a super-priority senior secured Lien on and interest in the Collateral and it shall otherwise be reasonably satisfactory in form and substance to the Administrative Agent at the direction of the Required Lenders, together with all extensions, modifications, amendments or supplements thereto, in each case in form and substance reasonably satisfactory to the Administrative Agent at the direction of the Required Lenders, which, among other matters but not by way of limitation, authorizes (i) the Obligors to obtain credit, incur (or guaranty) Indebtedness and grant Liens under this Agreement and the other Loan Documents, as the case may be, provides for the super-priority of all of the Administrative Agent’s and the Lenders’ claims and provides for the super-priority of the Roll-Up Loans and (ii) the Lenders to make available the Final Order Term Loans in an aggregate amount of \$12,500,000 (in addition to the \$12,500,000 of Closing Date Term Loans made available pursuant to the Interim Order) in accordance with the terms and conditions of this Agreement.

“Final Order Date” means the date on which the Final Order is entered by the Bankruptcy Court.

“Final Order Term Loan” is defined in Section 2.1.2(a).

“Final Order Term Loan Commitment” means, as to any Lender, the obligation of such Lender, if any, to make a Final Order Term Loan to the Borrower on the Final Order Date in a principal amount not to exceed the percentage of the Final Order Term Loan Commitment Amount set forth opposite such Lender’s name under the heading “Final Order Term Loan

Commitment” on Schedule 1 to its Lender Addendum, or, as the case may be, in the Lender Assignment Agreement pursuant to which such Lender became a party to this Agreement.

“Final Order Term Loan Commitment Amount” means \$12,500,000.

“First Day Orders” means all orders entered by the Bankruptcy Court in the Chapter 11 Cases pursuant to motions and applications filed by the Debtors on or within two (2) days after the Petition Date, in each case in form and substance, reasonably satisfactory to the Administrative Agent at the direction of the Required Lenders.

“Fiscal Quarter” means a quarter ending on the last day of March, June, September or December.

“Fiscal Year” means any period of twelve consecutive calendar months ending on December 31; references to a Fiscal Year with a number corresponding to any calendar year (e.g., the “2012 Fiscal Year”) refer to the Fiscal Year ending on December 31 of such calendar year.

“Foreign Subsidiary” means any Subsidiary that is not a U.S. Subsidiary.

“F.R.S. Board” means the Board of Governors of the Federal Reserve System or any successor thereto.

“GAAP” is defined in Section 1.4.

“Governmental Authority” means the government of the United States, any other nation or any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other Person exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

“Guarantor” means, collectively, Holdings and each Subsidiary Guarantor.

“Hazardous Material” means

- (a) any “hazardous substance”, as defined by CERCLA;
- (b) any “hazardous waste”, as defined by RCRA; or
- (c) any material, substance, waste, form of energy or pathogen regulated, classified or characterized as a “pollutant”, “contaminant”, “hazardous material”, “hazardous chemical”, or material, substance or waste that is characterized, defined or regulated within the meaning of any applicable Environmental Law.

Without limiting the generality of the foregoing, Hazardous Material shall include any substance that contains any asbestos, polychlorinated biphenyls, or petroleum, or substances that are flammable, explosive, radioactive or corrosive.

“Hedging Agreements” means currency exchange agreements, interest rate swap agreements, interest rate cap agreements, interest rate collar agreements, commodity price protection agreements and all other agreements or arrangements designed to protect a Person against fluctuations in interest rates, currency exchange rates or commodity prices.

“Hedging Obligations” means, with respect to any Person, all liabilities of such Person under Hedging Agreements.

“herein”, “hereof”, “hereto”, “hereunder” and similar terms contained in any Loan Document refer to such Loan Document as a whole and not to any particular Section, paragraph or provision of such Loan Document.

“Holdings” means Southern Air Holdings, Inc., a Delaware corporation, a Debtor and a debtor-in-possession.

“Holdings Guaranty and Pledge Agreement” means the Holdings Guaranty and Pledge Agreement, dated as of the Closing Date, executed and delivered by an Authorized Officer of Holdings, substantially in the form of Exhibit H hereto, as amended, supplemented, amended and restated or otherwise modified from time to time.

“including” and “include” means including without limiting the generality of any description preceding such term, and, for purposes of each Loan Document, the parties hereto agree that the rule of ejusdem generis shall not be applicable to limit a general statement, which is followed by or referable to an enumeration of specific matters, to matters similar to the matters specifically mentioned.

“Indebtedness” of any Person means:

- (a) all obligations of such Person for borrowed money or advances and all obligations of such Person evidenced by bonds, debentures, notes or similar instruments;
- (b) all obligations, contingent or otherwise, relative to the face amount of all letters of credit (unless cash collateralized), whether or not drawn, and banker’s acceptances issued for the account of such Person;
- (c) all Capitalized Lease Liabilities of such Person;
- (d) net Hedging Obligations of such Person;
- (e) whether or not so included as liabilities in accordance with GAAP, all obligations of such Person to pay the deferred purchase price of property or services (excluding trade accounts payable in the ordinary course of business which are not overdue for a period of more than 90 days or, if overdue for more than 90 days, as to which collection is stayed by virtue of the Chapter 11 Cases or a dispute exists and adequate reserves in conformity with GAAP have been established on the books of such Person), and indebtedness secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) a Lien on property owned or being acquired by such Person (including indebtedness arising under conditional sales or

other title retention agreements), whether or not such indebtedness shall have been assumed by such Person or is limited in recourse;

- (f) obligations arising under Synthetic Leases;
- (g) the outstanding amount of Disqualified Capital Securities; and
- (h) all Contingent Liabilities of such Person in respect of any of the foregoing.

The Indebtedness of any Person shall include the Indebtedness of any other Person (including any partnership in which such Person is a general partner) to the extent such Person is liable therefor as a result of such Person's ownership interest in or other relationship with such Person, except to the extent the terms of such Indebtedness provide that such Person is not liable therefor.

"Indemnified Liabilities" is defined in Section 10.4.

"Indemnified Parties" is defined in Section 10.4.

"Interest Payment Date" means (a) with respect to any Base Rate Loan, each Monthly Payment Date to occur while such Loan is outstanding; (b) with respect to any LIBO Rate Loan having an Interest Period of three months or less, the last day of such Interest Period; (c) with respect to any LIBO Rate Loan having an Interest Period longer than three months, on each one month anniversary of the commencement of such Interest Period and on the last day of such Interest Period; (d) as to any Loan, the date of any repayment or prepayment made in respect thereof; and (e) with respect to all Loans, the Stated Maturity Date for such Loan.

"Interest Period" means, relative to any LIBO Rate Loan, the period beginning on (and including) the date on which such LIBO Rate Loan is made or continued as, or converted into, a LIBO Rate Loan pursuant to Sections 2.2 or 2.3 and shall end on (but exclude) the day which numerically corresponds to such date one or three months (or, if such month has no numerically corresponding day, on the last Business Day of such month), as the Borrower may select in its relevant notice pursuant to Section 2.2 or 2.3; provided that

(a) the Borrower shall not be permitted to select Interest Periods to be in effect at any one time which have expiration dates occurring on more than five different dates;

(b) if such Interest Period would otherwise end on a day which is not a Business Day, such Interest Period shall end on the next following Business Day (unless such next following Business Day is the first Business Day of a calendar month, in which case such Interest Period shall end on the Business Day next preceding such numerically corresponding day); and

(c) no Interest Period for any Loan may end later than the Stated Maturity Date for such Loan.

“Interim Order” means the order of the Bankruptcy Court entered in the Chapter 11 Cases after an interim hearing and pursuant to the standards prescribed in Section 364 of the Bankruptcy Code and Bankruptcy Rule 4001 and other applicable law, which shall be reasonably satisfactory in form and substance to the Administrative Agent at the direction of the Required Lenders, together with all extensions, modifications, amendments and supplements thereto, in form and substance reasonably satisfactory to the Administrative Agent at the direction of the Required Lenders, which, among other matters but not by way of limitation, authorizes the Lenders to make available Closing Date Term Loans in an aggregate principal amount of \$12,500,000 in accordance with the terms and conditions of this Agreement.

“Investment” means, relative to any Person,

- (a) any loan, advance or extension of credit made by such Person to any other Person, including the purchase by such Person of any bonds, notes, debentures or other debt securities of any other Person;
- (b) Contingent Liabilities in favor of any other Person; and
- (c) any Capital Securities held by such Person in any other Person.

The amount of any Investment shall be the original principal or capital amount thereof less all returns of principal or equity thereon and shall, if made by the transfer or exchange of property other than cash, be deemed to have been made in an original principal or capital amount equal to the fair market value of such property at the time of such Investment.

“Investors” means Oak Hill Cargo 360, LLC and its Affiliates.

“Lender Addendum” means, as to each Lender party hereto on the Closing Date, the Lender Addendum delivered on or before the Closing Date by such Lender to the Administrative Agent, in each case, in form and substance satisfactory to the Administrative Agent.

“Lender Assignment Agreement” means an assignment agreement substantially in the form of Exhibit D hereto.

“Lender’s Environmental Liability” means any and all losses, liabilities (including any strict liabilities), obligations, penalties, claims, litigation, demands, defenses, costs, judgments, suits, proceedings, damages (including consequential damages), disbursements or expenses of any kind or nature whatsoever (including reasonable attorneys’ fees at trial and appellate levels and experts’ fees and disbursements and expenses incurred in investigating, defending against or prosecuting any litigation, claim or proceeding) which may at any time be imposed upon, incurred by or asserted or awarded against the Administrative Agent, any Lender or any of such Person’s Affiliates, shareholders, directors, officers, employees, and agents in connection with or arising from:

- (a) any Hazardous Material alleged to be on, in, under or affecting all or any portion of any property of Holdings or any of its Subsidiaries, the groundwater thereunder, or, to the extent alleged to be caused by Releases from Holdings’ or any of its

Subsidiaries' or any of their respective predecessors' properties, any surrounding areas thereof;

(b) any misrepresentation, inaccuracy or breach of any warranty, contained or referred to in Section 6.12;

(c) any violation or claim of violation by Holdings or any of its Subsidiaries of any Environmental Laws; or

(d) the imposition of any lien for damages caused by or the recovery of any costs for the cleanup, release or threatened release of Hazardous Material by Holdings or any of its Subsidiaries, or in connection with any property owned or formerly owned by Holdings or any of its Subsidiaries.

“Lenders” is defined in the preamble.

“LIBO Rate” means, relative to any Interest Period for LIBO Rate Loans, the rate per annum determined on the basis of the rate for deposits in Dollars for a period equal to such Interest Period appearing on Reuters Screen LIBOR 01 as of 11:00 a.m., London time, two Business Days prior to the beginning of such Interest Period (as specified in the applicable Borrowing Request or Continuation/Conversion Notice); provided that, in the event that such rate does not appear on Reuters Screen LIBOR 01 (or otherwise on such screen), the “LIBO Rate” shall be determined by reference to such other comparable publicly available service for displaying eurodollar rates as may be selected by the Administrative Agent or, in the absence of such availability, by reference to the rate per annum at which the Administrative Agent is offering Dollar deposits of comparable amounts at or about 10:00 a.m., New York City time, two Business Days prior to the beginning of such Interest Period in the interbank eurodollar market where its eurodollar and foreign currency and exchange operations are then being conducted for delivery in immediately available funds on the first day of such Interest Period for the number of days comprised therein.

“LIBO Rate Loan” means a Loan bearing interest, at all times during an Interest Period applicable to such Loan, at a rate of interest determined by reference to the LIBO Rate (Reserve Adjusted).

“LIBO Rate (Reserve Adjusted)” means, relative to any Loan to be made, continued or maintained as, or converted into, a LIBO Rate Loan for any Interest Period, a rate per annum (rounded upwards, if necessary, to the nearest 1/100th of 1%) determined pursuant to the following formula:

$$\text{LIBO Rate (Reserve Adjusted)} = \frac{\text{LIBO Rate}}{1.00 - \text{LIBOR Reserve Percentage}}$$

The LIBO Rate (Reserve Adjusted) for any Interest Period for LIBO Rate Loans will be determined by the Administrative Agent on the basis of the LIBOR Reserve Percentage in effect two Business Days before the first day of such Interest Period. Notwithstanding the foregoing, the LIBO Rate (Reserve Adjusted) shall at no time be less than (i) with respect to the Loans

(other than the Roll-Up Loans), 2.5% per annum and (ii) with respect to the Roll-Up Loans, 1.0% per annum.

“LIBOR Office” means, with respect to each Lender, the office of such Lender designated as its “LIBOR Office” in its Administrative Questionnaire or such other office designated from time to time by notice from such Lender to the Borrower and the Administrative Agent, whether or not outside the United States, which shall be making or maintaining the LIBO Rate Loans of such Lender.

“LIBOR Reserve Percentage” means, relative to any Interest Period for LIBO Rate Loans, the reserve percentage (expressed as a decimal) equal to the maximum aggregate reserve requirements (including all basic, emergency, supplemental, marginal and other reserves and taking into account any transitional adjustments or other scheduled changes in reserve requirements) specified under regulations issued from time to time by the F.R.S. Board and then applicable to assets or liabilities consisting of or including “Eurocurrency Liabilities”, as currently defined in Regulation D of the F.R.S. Board, having a term approximately equal or comparable to such Interest Period.

“License” means any authorization, permit, consent, franchise, ordinance, registration, certificate, license, agreement or other right filed with, granted by, or entered into by a Governmental Authority with respect to Holdings or its Subsidiaries.

“Lien” means any security interest, mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or otherwise), charge against or interest in property, or other priority or preferential arrangement of any kind or nature whatsoever, to secure payment of a debt or performance of an obligation.

“Liquidity Amount” means, at any time, unrestricted cash on hand and unrestricted Cash Equivalent Investments of the Borrower and the Subsidiary Guarantors at such time that is free of all Liens (other than Liens securing the Obligations).

“Loan Documents” means, collectively, this Agreement, the Notes, the Security Agreement, the Holdings Guaranty and Pledge Agreement, the Aircraft Security Agreement, the Fee Letter, the Loan Proceeds Escrow Agreement, the Asset Sale/Insurance Escrow Agreement and each other agreement pursuant to which the Administrative Agent is granted a Lien to secure the Obligations, the Subsidiary Guaranty and each other agreement, certificate, document or instrument executed and/or delivered in connection with any Loan Document, whether or not specifically mentioned herein or therein.

“Loan Proceeds Escrow Account” means a segregated escrow account maintained in the name of the Administrative Agent by the Escrow Agent, which escrow account shall be maintained in accordance with the Loan Proceeds Escrow Agreement.

“Loan Proceeds Escrow Agreement” means an escrow agreement, substantially in the form of Exhibit L hereto, pursuant to which the Escrow Account is maintained.

“Loans” means the Closing Date Term Loans, the Final Order Term Loans and the Roll-Up Loans.

“Material Adverse Effect” means a material adverse effect on (i) the business, results of operations, financial condition, assets, liabilities or properties of Holdings and its Subsidiaries, taken as a whole, (ii) the rights and remedies of any Secured Party under any Loan Document or (iii) the ability of any material Obligor to perform its material Obligations, in each case, other than as customarily would occur as a result of the filing of the Chapter 11 Cases or the effect of bankruptcy or those circumstances and events leading up thereto.

“Material Contract” means, with respect to the Borrower or any Subsidiary, each contract (other than the Loan Documents) to which such Person is a party involving aggregate consideration payable to or by such Person of \$1,000,000 or more in any year or otherwise material to the business or operations of the Borrower and the Subsidiaries, taken as a whole.

“Material Customer Contracts” means, at any time, contracts between any of the Borrower and its Subsidiaries and customers of the Borrower and its Subsidiaries, so long as the customers for such contracts represent more than 20% of the revenues of the Borrower and its Subsidiaries, on a consolidated basis.

“Milestones” is defined in Section 7.1.14.

“Monthly Payment Date” means the last Business Day of each calendar month.

“Moody’s” means Moody’s Investors Service, Inc.

“Mortgage” means each mortgage, deed of trust or agreement executed and delivered by any Obligor in favor of the Administrative Agent for the benefit of the Secured Parties pursuant to the requirements of this Agreement, in each case in form and substance reasonably satisfactory to the Administrative Agent, under which a Lien is granted on the real property and fixtures described therein, in each case as amended, supplemented, amended and restated or otherwise modified from time to time.

“Multiemployer Plan” means a multiemployer plan, as such term is defined in Section 4001(a)(3) of ERISA.

“Net Casualty Proceeds” means, with respect to any Casualty Event, the amount of any insurance proceeds or condemnation awards received by the Borrower or any of its Subsidiaries in connection with such Casualty Event (net of all taxes, collection fees and expenses and, to the extent attributable to the period following the Closing Date, the cost of the repair or restoration of the affected property), but excluding any proceeds or awards required to be paid to (x) a creditor (other than the Lenders) which holds a first priority Lien permitted by clause (b) of Section 7.2.3 on the property which is the subject of such Casualty Event or (y) in the case of a leased property, to the lessor under the lease of such property.

“Net Debt Proceeds” means, with respect to the incurrence, sale or issuance by the Borrower or any of its Subsidiaries of any Indebtedness after the Closing Date which is not expressly permitted by Section 7.2.2, (a) the gross cash proceeds actually received by such Person from such incurrence, sale or issuance minus (b) all reasonable and customary arranging or underwriting fees and commissions, and all legal, investment banking, brokerage and accounting and other professional fees, sales commissions and disbursements and other

reasonable and customary closing costs and expenses, in each case actually incurred in connection with such incurrence, sale or issuance other than any such fees, commissions or disbursements paid to Affiliates of such Person in connection therewith.

“Net Disposition Proceeds” means, with respect to any Disposition by the Borrower or any of its Subsidiaries pursuant to clause (c) of Section 7.2.9, (a) the gross cash proceeds received by such Person from such Disposition and any cash payment received in respect of promissory notes or other non-cash consideration delivered to the Borrower or its Subsidiaries in respect thereof minus (b) the sum of (i) all reasonable and customary legal, investment banking, brokerage and accounting fees and expenses and recording and filing fees and other customary closing costs incurred in connection with such Disposition and (ii) payments made by the Borrower or its Subsidiaries to retire Indebtedness (other than the Credit Extensions) where payment of such Indebtedness is required in connection with such Disposition; provided that if the amount of any estimated taxes pursuant to clause (b)(ii) exceeds the amount of taxes actually required to be paid in cash in respect of such Disposition, the aggregate amount of such excess shall constitute Net Disposition Proceeds.

“Net Income” means, for any period, the aggregate of all amounts (including all amounts in respect of any extraordinary gains and extraordinary losses) which would be included as net income on the consolidated financial statements of Holdings and its Subsidiaries for such period.

“Net Liquidity” means the Liquidity Amount of the Borrower and its Subsidiaries plus the aggregate amount in the Loan Proceeds Escrow Account available for disbursement.

“Non-Defaulting Lender” means, at any time, each Lender that is not a Defaulting Lender at such time.

“Non-Excluded Taxes” means any Taxes other than (a) net income Taxes and franchise Taxes (imposed in lieu of net income Taxes) and backup withholding Taxes, in each case imposed on or with respect to any Secured Party by the U.S. or any Governmental Authority under the laws of which such Secured Party is organized or in which its principal office is located or in which it maintains its applicable lending office or in which it is engaged in a trade or business or has current or former presence for tax purposes (other than solely by reason of the transactions pursuant to this Agreement), (b) any branch profits Taxes imposed by the U.S. or any similar Tax imposed by any other jurisdiction described in clause (a) above, (c) any withholding Taxes imposed on amounts payable to a Secured Party at the time such Secured Party becomes a party to this Agreement (or designates a new lending office), except to the extent that such Secured Party’s assignor (if any) (or the Secured Party, in the case of the designation of a new lending office) was entitled, at the time of assignment (or designation of a new lending office), to receive additional amounts from the Borrower with respect to such Non-Excluded Taxes pursuant to clause (a) or (d) of Section 4.6, (d) any Taxes that are imposed as a result of any event occurring after the Secured Party becomes a Secured Party other than a change in law or regulation or the introduction of any law or regulation or a change in interpretation or administration of any law, or (e) any U.S. federal withholding Taxes imposed under FATCA.

“Non-U.S. Lender” means any Lender that is not a “United States person”, as defined under Section 7701(a)(30) of the Code.

“Note” means a promissory note of the Borrower payable to any Lender, in the form of Exhibit A hereto (as such promissory note may be amended, endorsed or otherwise modified from time to time), evidencing the aggregate Indebtedness of the Borrower to such Lender resulting from outstanding Loans, and also means all other promissory notes accepted from time to time in substitution therefor or renewal thereof.

“Oak Hill” means, collectively, OHAA, Oak Hill Cargo 360, LLC and Oak Hill Capital Partners II, L.P.

“Obligations” means all obligations (monetary or otherwise, whether absolute or contingent, matured or unmatured) of the Borrower and each other Obligor arising under or in connection with a Loan Document and the Orders, the Secured OHAA Payment Obligations, and the principal of and premium, if any, and interest (including interest accruing during the pendency of the Chapter 11 Cases) on the Loans. For the avoidance of doubt, Obligations shall include the principal of, interest on and other amounts owing with respect to the Roll-Up Loans pursuant to the Orders.

“Obligor” means, as the context may require, the Borrower, Holdings, each Subsidiary Guarantor and each other Person (other than a Secured Party) obligated under any Loan Document.

“OHAA” means OH Aircraft Acquisition, LLC.

“Orders” means the Interim Order and the Final Order.

“Organic Document” means, relative to any Obligor, as applicable, its certificate of incorporation, by-laws, certificate of partnership, partnership agreement, certificate of formation, limited liability agreement, operating agreement and all shareholder agreements, voting trusts and similar arrangements applicable to any of such Obligor’s Capital Securities.

“Other Taxes” means any and all stamp, documentary or similar Taxes, or any other excise or property Taxes or similar levies that arise on account of any payment made or required to be made under any Loan Document or from the execution, delivery, registration, recording or enforcement of any Loan Document.

“Participant” is defined in clause (e) of Section 10.11.

“Patriot Act” is defined in Section 10.17.

“PBGC” means the Pension Benefit Guaranty Corporation and any Person succeeding to any or all of its functions under ERISA.

“Pension Plan” means a pension plan subject to Title IV of ERISA (other than a Multiemployer Plan) and to which the Borrower or any corporation, trade or business that is, along with the Borrower, a member of a Controlled Group, may have liability.

“Percentage” means, relative to any Lender, the applicable percentage which such Lender’s undrawn Commitment and Loans then constitutes of the aggregate undrawn Commitments and Loans as such percentage may be adjusted from time to time pursuant to Lender Assignment Agreements executed by such Lender and its assignee Lender and delivered pursuant to Section 10.11.

“Permitted Deviation” is defined in Section 7.1.15(b).

“Permitted Refinancing” means, with respect to any Person, any modification, refinancing, refunding, renewal or extension of any Indebtedness of such Person; provided that (a) the principal amount (or accreted value, if applicable) thereof does not exceed the principal amount (or accreted value, if applicable) of the Indebtedness so modified, refinanced, refunded, renewed or extended except by an amount equal to a reasonable premium or other reasonable amount paid and reasonably satisfactory to the Administrative Agent, and fees and expenses reasonably incurred, in connection with such modification, refinancing, refunding, renewal or extension and by an amount equal to any existing commitments unutilized thereunder or as otherwise permitted pursuant to Section 7.2.2; (b) such modification, refinancing, refunding, renewal or extension has a final maturity date equal to or later than the final maturity date of the Indebtedness being modified, refinanced, refunded, renewed or extended; and (c) if the Indebtedness being modified, refinanced, refunded, renewed or extended is subordinated in right of payment to the Loans, such modification, refinancing, refunding, renewal or extension is subordinated in right of payment to the Loans on terms at least as favorable to the Lenders as those contained in the documentation governing the Indebtedness being modified, refinanced, refunded, renewed or extended.

“Person” means any natural person, corporation, limited liability company, partnership, joint venture, association, trust or unincorporated organization, Governmental Authority or any other legal entity, whether acting in an individual, fiduciary or other capacity.

“Petition Date” is defined in the recitals.

“Plan” is defined in Section 7.1.14(a).

“Plan Term Sheet Event” means that any of the following shall have occurred (unless waived by the Administrative Agent and the Required Lenders): (i) there shall be a breach or termination of any party’s (other than a Lender’s) obligations under the Support Agreement; (ii) any court of competent jurisdiction or other competent governmental or regulatory authority issues a ruling, determination, or order making illegal or otherwise restricting, enjoining, preventing or prohibiting the consummation of the restructuring substantially on the terms set forth in the Support Agreement, including, without limitation, an order of the Bankruptcy Court denying approval of the Support Agreement or confirmation of the Plan; or (iii) any law or order shall have been enacted, adopted or issued by any governmental entity that prohibits the implementation of the Plan or the transactions contemplated therein or by the other Plan supplements.

“Post-Petition” means the time period beginning immediately upon the filing of the Chapter 11 Cases.

“Pre-Petition” means the time period ending immediately prior to the Petition Date.

“Pre-Petition Agent” is defined in the recitals.

“Pre-Petition Credit Agreement” is defined in the recitals.

“Pre-Petition Indebtedness” means any and all Indebtedness of the Obligors incurred prior to and outstanding on the Petition Date.

“Pre-Petition Lenders” is defined in the recitals.

“Pre-Petition Liens” means any and all valid and perfected Liens granted pursuant to the Prepetition Credit Agreement in existence on the Petition Date.

“Pre-Petition Loan” is defined in the recitals.

“Pre-Petition Obligations” means the Obligations as defined in the Pre-Petition Credit Agreement.

“Pre-Petition Security Agreement” means the “Security Agreement” and the “Holdings Guaranty and Pledge Agreement” as defined in the Pre-Petition Credit Agreement.

“Prepayment Notice” means a voluntary prepayment notice and certificate duly executed by an Authorized Officer of the Borrower substantially in the form of Exhibit I hereto.

“Primed Liens” is defined in Section 11.1(e).

“Qualified Capital Securities” means any Capital Securities that are not Disqualified Capital Securities.

“Rationalization Strategy” means the aircraft and equipment rationalization strategy developed by the Debtors and reasonably acceptable to the Required Lenders.

“RCRA” means the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq., as amended.

“Register” is defined in clause (a) of Section 2.5.

“Regulations” means the regulations for Air Carrier Guarantee Loan Program issued pursuant to the Act, 14 C.F.R. Part 1300, as the same may be amended from time to time.

“Release” means a “release”, as such term is defined in CERCLA.

“Released Parties” is defined in Section 11.4.

“Removal Effective Date” is defined in Section 9.4(b).

“Replacement Lender” is defined in clause (c) of Section 10.12.

“Requested Account Withdrawal Date” is defined in Section 5.3.

“Required Lenders” means, at any time, Lenders holding more than 50% of the Total Exposure Amount. The outstanding principal amount of all Loans and the unfunded amount of the Commitments of any Defaulting Lender shall be disregarded in determining Required Lenders at any time.

“Resignation Effective Date” is defined in Section 9.4(a).

“Restricted Payment” means, with respect to any Person, (a) the declaration or payment of any dividend (other than dividends payable solely in Capital Securities of such Person) on, or the making of any payment or distribution on account of, or the repurchase, redemption or other acquisition of, or setting apart assets for a sinking or other analogous fund for the purchase, redemption, defeasance, retirement or other acquisition of, any class of Capital Securities of the such Person or any warrants, options or other right or obligation to purchase or acquire any such Capital Securities, whether now or hereafter outstanding, (b) the making of any other distribution in respect of such Capital Securities, in each case either directly or indirectly, whether in cash, property or obligations of such Person or otherwise or (c) the payment of any management or similar fees and any expenses payable to the Investors.

“Roll-Up Loan” means the portion of the Pre-Petition Loan held by the Lenders or their respective Affiliates which are constituted as administrative priority claims and granted super-priority priming liens pursuant to the Orders. The aggregate principal amount of the Roll-Up Loans shall be \$37,500,000. The principal amount of the Roll-Up Loans of each Lender shall be set forth opposite such Lender’s name under the heading “Roll-Up Loan” on Schedule 1 to its Lender Addendum, or, as the case may be, in the Lender Assignment Agreement pursuant to which such Lender became a party to this Agreement.

“Rollover Debt” is defined in clause (b) of Section 7.2.2.

“S&P” means Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies, Inc.

“Section 1110 Stipulation” means that certain Section 1110 Agreement and Order Under Sections 363 and 1110 of the Bankruptcy Code Regarding Section 1110 Compliance and Related Matters, filed with the Bankruptcy Court on September 28, 2012, among the Debtors, Wells Fargo Bank Northwest, N.A., in its capacity as Owner Trustee, and Oak Hill, as amended, supplemented, amended and restated or otherwise modified from time to time with the consent of the Required Lenders (such consent not to be unreasonably withheld).

“Secured OHAA Payment Obligations” means the obligations under the Section 1110 Stipulation to repay amounts actually received by the Debtors (or deemed received by the Debtors in the case of the Boeing Credit (as defined in the Section 1110 Stipulation)) from Oak Hill during the pendency of the Chapter 11 Cases pursuant to the terms of the Section 1110 Stipulation.

“Secured Parties” means, collectively, (i) the Lenders, the Administrative Agent and each of their respective successors, transferees and permitted assigns and (ii) solely, with respect to

the Secured OHAA Payment Obligations, Oak Hill. For purposes of any determination to be made for purposes of Section 4.1, 4.2, 4.3, 4.4, 4.5, 4.6, 4.7(a), 4.7(b) (other than to the extent relating to the proceeds arising from the sale, liquidation or other disposition of, or the exercise of remedies against, Collateral), 4.9 and 4.10, “Secured Parties” shall refer to the parties in clause (i) only.

“Security Agreement” means the Pledge and Security Agreement executed and delivered by Authorized Officers of the Borrower, each of its U.S. Subsidiaries and Holdings, substantially in the form of Exhibit G hereto, as amended, supplemented, amended and restated or otherwise modified from time to time.

“Senior Liens” is defined in Section 11.1(d).

“Southern Air” means Southern Air Inc., a Delaware corporation, a Debtor and debtor-in-possession.

“Stated Maturity Date” means the earliest to occur of (i) the date that is 180 days after the entry of the Interim Order, (ii) the date that is 45 days after the date of entry of the Interim Order if the Final Order has not been entered by such date, (iii) the date the Bankruptcy Court orders the conversion of any Chapter 11 Case of Holdings, the Borrower or Southern Air to a Chapter 7 liquidation or the dismissal of any Chapter 11 Case of Holdings, the Borrower or Southern Air, (iv) the acceleration of the Loans and the termination of the Commitments in accordance with the Loan Documents and (v) the effective date of any Chapter 11 plan of any Debtor that is confirmed pursuant to an order entered by the Bankruptcy Court.

“Subsidiary” means, with respect to any Person, any other Person of which more than 50% of the outstanding Voting Securities of such other Person (irrespective of whether at the time Capital Securities of any other class or classes of such other Person shall or might have voting power upon the occurrence of any contingency) is at the time directly or indirectly owned or controlled by such Person, by such Person and one or more other Subsidiaries of such Person, or by one or more other Subsidiaries of such Person. Unless the context otherwise specifically requires, the term “Subsidiary” shall be a reference to a Subsidiary of the Borrower.

“Subsidiary Guarantor” means each Subsidiary that has executed and delivered to the Administrative Agent the Subsidiary Guaranty (including by means of a delivery of a supplement thereto).

“Subsidiary Guaranty” means the Subsidiary Guaranty executed and delivered by an Authorized Officer of each U.S. Subsidiary pursuant to the terms of this Agreement, substantially in the form of Exhibit F hereto, as amended, supplemented, amended and restated or otherwise modified from time to time.

“Supplemental Budget” is defined in Section 7.1.15(a).

“Support Agreement” means the Support Agreement executed and delivered by Authorized Officers of each of the Debtors, Oak Hill and the consenting lenders party thereto as amended, supplemented, amended and restated or otherwise modified from time to time with the consent of the Required Lenders.

“Synthetic Lease” means, as applied to any Person, any lease (including leases that may be terminated by the lessee at any time) of any property (whether real, personal or mixed) (a) that is not a capital lease in accordance with GAAP and (b) in respect of which the lessee retains or obtains ownership of the property so leased for federal income tax purposes, other than any such lease under which that Person is the lessor.

“Taxes” means all income, franchise, stamp or other taxes, duties, levies, imposts, charges, assessments, fees, deductions or withholdings, now or hereafter imposed, levied, collected, withheld or assessed by any Governmental Authority, and all interest, penalties or similar liabilities with respect thereto.

“Termination Date” means the date on which all Obligations (other than contingent indemnity obligations not then due and payable) have been paid in full in cash (or, in the case of the Secured OHAA Payment Obligations, have been otherwise provided for in accordance with the terms of the Section 1110 Stipulation or on other terms satisfactory to Oak Hill in its sole discretion) and all Commitments shall have terminated.

“Total Exposure Amount” means, on any date of determination (and without duplication), the outstanding principal amount of all Loans and the unfunded amount of the Commitments.

“type” means, relative to any Loan, the portion thereof, if any, being maintained as a Base Rate Loan or a LIBO Rate Loan.

“U.S. Subsidiary” means any Subsidiary that is incorporated or organized under the laws of the United States, a state thereof or the District of Columbia, other than any such entity wholly owned by a Foreign Subsidiary.

“U.S. Trustee” means the representative of the Office of the United States Trustee from time to time participating in the Chapter 11 Cases.

“UCC” means the Uniform Commercial Code as in effect from time to time in the State of New York; provided that if, with respect to any Filing Statement or by reason of any provisions of law, the perfection or the effect of perfection or non-perfection of the security interests granted to the Administrative Agent pursuant to the applicable Loan Document is governed by the Uniform Commercial Code as in effect in a jurisdiction of the United States other than New York, then “UCC” means the Uniform Commercial Code as in effect from time to time in such other jurisdiction for purposes of the provisions of each Loan Document and any Filing Statement relating to such perfection or effect of perfection or non-perfection.

“United States” or “U.S.” means the United States of America, its fifty states and the District of Columbia.

“United States Citizen” is defined in Section 6.18(a).

“Variance Report” is defined in Section 7.1.15(a).

“Voting Securities” means, with respect to any Person, Capital Securities of any class or kind ordinarily having the power to vote for the election of directors, managers or other voting members of the governing body of such Person.

“wholly owned Subsidiary” means any Subsidiary all of the outstanding Capital Securities of which (other than any director’s qualifying shares or investments by foreign nationals mandated by applicable laws) is owned directly or indirectly by the Borrower.

“Withdrawal Certificate” means a certificate in the form attached to the Loan Proceeds Escrow Agreement or the Asset Sale/Insurance Escrow Agreement, as applicable.

“Withdrawal Liability” means liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Part I of Subtitle E of Title IV of ERISA.

SECTION 1.2 Use of Defined Terms. Unless otherwise defined or the context otherwise requires, terms for which meanings are provided in this Agreement shall have such meanings when used in each other Loan Document and the Disclosure Schedule.

SECTION 1.3 Cross-References. Unless otherwise specified, references in a Loan Document to any Article or Section are references to such Article or Section of such Loan Document, and references in any Article, Section or definition to any clause are references to such clause of such Article, Section or definition.

SECTION 1.4 Accounting and Financial Determinations. Unless otherwise specified, all accounting terms used in each Loan Document shall be interpreted, and all accounting determinations and computations thereunder shall be made, in accordance with those generally accepted accounting principles (“GAAP”) applied in the preparation of the financial statements delivered pursuant to the Pre-Petition Credit Agreement. Unless otherwise expressly provided, all financial covenants and defined financial terms shall be computed on a consolidated basis for Holdings and its Subsidiaries, in each case without duplication.

ARTICLE II COMMITMENTS, BORROWING PROCEDURES, AND NOTES

SECTION 2.1 Commitments. On the terms and subject to the conditions of this Agreement, the Lenders severally agree to make Credit Extensions as set forth below.

SECTION 2.1.1 Closing Date Term Loan Commitment.

(a) In one Borrowing occurring on the Closing Date, each Lender that has a Closing Date Term Loan Commitment agrees that it will make loans (relative to such Lender, its “Closing Date Term Loans”) to the Borrower equal to such Lender’s Percentage of the aggregate amount of the Borrowing of Closing Date Term Loans requested by the Borrower to be made on such day. Each Lender’s Closing Date Term Loan Commitment shall terminate immediately and without further action on the Closing Date after giving effect to the funding of such Lender’s

Closing Date Term Loan Commitment on such date. No amounts paid or prepaid with respect to Closing Date Term Loans may be reborrowed.

(b) The proceeds of the Closing Date Term Loans shall be applied by Borrower to (i) the amounts to be paid on the Closing Date pursuant to the Approved Budget and (ii) fund the Loan Proceeds Escrow Account on the Closing Date.

SECTION 2.1.2 Final Order Term Loan Commitment.

(a) In one Borrowing occurring on the Final Order Date, each Lender that has a Final Order Term Loan Commitment agrees that it will make loans (relative to such Lender, its "Final Order Term Loans") to the Borrower equal to such Lender's Percentage of the aggregate amount of the Borrowing of Final Order Term Loans requested by the Borrower to be made on such day. Each Lender's Final Order Term Loan Commitment shall terminate immediately and without further action on the Final Order Date after giving effect to the funding of such Lender's Final Order Term Loan Commitment on such date. No amounts paid or prepaid with respect to Final Order Term Loans may be reborrowed.

(b) The proceeds of the Final Order Term Loans shall be applied by Borrower on the Final Order Date to fund the Loan Proceeds Escrow Account.

(c) On the Final Order Date, such Final Order Term Loans shall be coordinated with all other Closing Date Term Loans (including, without limitation, through an increase to the amount of any LIBO Rate Loan in respect of any then-outstanding Interest Period) such that each LIBO Rate Loan and each Base Rate Loan is allocated ratably among the Lenders in accordance with their then-outstanding Closing Date Term Loans.

SECTION 2.1.3 Roll-Up Loans.

On the terms and subject to the conditions contained in this Agreement and in the Orders, Prepetition Loans held by each Lender hereunder shall be substituted and deemed exchanged for (and deemed prepaid by) the Roll-Up Loans of such Lender in the amounts set forth on Schedule 1 to its Lender Addendum.

SECTION 2.2 Borrowing Procedure. By delivering a Borrowing Request to the Administrative Agent on or before 12:00 noon New York City time on a Business Day, the Borrower may from time to time irrevocably request, on not less than one Business Day's notice in the case of Base Rate Loans, or three Business Days' notice in the case of LIBO Rate Loans, and in either case not more than five Business Days' notice, that a Borrowing be made, in the case of LIBO Rate Loans, in a minimum amount of \$500,000 and an integral multiple of \$100,000, in the case of Base Rate Loans, in a minimum amount of \$100,000 and an integral multiple of \$100,000 or, in either case, in the unused amount of the applicable Commitment; provided that all of the initial Loans shall be made either (x) as Base Rate Loans and may not be converted into LIBO Rate Loans until the date that is three Business Days following the Closing Date or (y) so long as the Borrower shall have delivered to the Administrative Agent notice thereof at least three Business Days in advance and a funding indemnity letter reasonably satisfactory to the Administrative Agent, LIBO Rate Loans having an Interest Period of one month. On the terms and subject to the conditions of this Agreement, each Borrowing shall be

comprised of the type of Loans, and shall be made on the Business Day, specified in such Borrowing Request. On or before 11:00 a.m. New York City time on such Business Day, each Lender that has a Commitment to make the Loans being requested shall deposit with the Administrative Agent same day funds in an amount equal to such Lender's Percentage of the requested Borrowing. Such deposit will be made to an account which the Administrative Agent shall specify from time to time by notice to the Lenders. To the extent funds are received from the Lenders, the Administrative Agent shall make such funds available to the Borrower by wire transfer to the accounts the Borrower shall have specified in its Borrowing Request. No Lender's obligation to make any Loan shall be affected by any other Lender's failure to make any Loan.

SECTION 2.3 Continuation and Conversion Elections. By delivering a Continuation/Conversion Notice to the Administrative Agent on or before 12:00 noon New York City time on a Business Day, the Borrower may from time to time irrevocably elect, (a) on not less than one Business Day's notice and not more than five Business Days' notice, that all or certain (in an aggregate minimum amount of \$100,000 and an integral multiple of \$100,000) of its outstanding LIBO Rate Loans be converted into Base Rate Loans or (b) on not less than three Business Day's notice and not more than five Business Days' notice, that all or certain (in an aggregate minimum amount of \$500,000 and an integral multiple of \$100,000) of its outstanding Base Rate Loans be converted into LIBO Rate Loans or any of its outstanding LIBO Rate Loans be continued as LIBO Rate Loans (in the absence of delivery of a Continuation/Conversion Notice with respect to any LIBO Rate Loan at least three Business Days (but not more than five Business Days) before the last day of the then current Interest Period with respect thereto, such LIBO Rate Loan shall, on such last day, automatically convert to a Base Rate Loan); provided that (x) each such conversion or continuation shall be pro rated among the applicable outstanding Loans of all Lenders that have made such Loans, and (y) upon the occurrence and during the continuation of any Event of Default or any Default no portion of the outstanding principal amount of any Loans may be continued as, or be converted into, LIBO Rate Loans when any Default or Event of Default has occurred and is continuing.

SECTION 2.4 Funding. Each Lender may, if it so elects, fulfill its obligation to make, continue or convert LIBO Rate Loans hereunder by causing one of its foreign branches or Affiliates (or an international banking facility created by such Lender) to make or maintain such LIBO Rate Loan; provided that such LIBO Rate Loan shall nonetheless be deemed to have been made and to be held by such Lender, and the obligation of the Borrower to repay such LIBO Rate Loan shall nevertheless be to such Lender for the account of such foreign branch, Affiliate or international banking facility. In addition, the Borrower hereby consents and agrees that, for purposes of any determination to be made for purposes of Section 4.1, 4.2, 4.3 or 4.4, it shall be conclusively assumed that each Lender elected to fund all LIBO Rate Loans by purchasing Dollar deposits in its LIBOR Office's interbank eurodollar market.

SECTION 2.5 Register; Notes. The Register shall be maintained on the following terms.

(a) The Borrower hereby designates the Administrative Agent to serve as the Borrower's agent, solely for the purpose of this clause, to maintain a register (the "Register") on which the Administrative Agent will record each Lender's Commitment, the Loans made by

each Lender and any interest thereon, and each repayment in respect of the principal amount of the Loans or any interest, annexed to which the Administrative Agent shall retain a copy of each Lender Assignment Agreement delivered to the Administrative Agent pursuant to Section 10.11. Failure to make any recordation, or any error in such recordation, shall not affect any Obligor's Obligations. The entries in the Register shall be conclusive, in the absence of manifest error, and the Borrower, the Administrative Agent and the Lenders shall treat each Person in whose name a Loan is registered (or, if applicable, to which a Note has been issued) as the owner thereof for the purposes of all Loan Documents, notwithstanding notice or any provision herein to the contrary. Any assignment or transfer of a Commitment or the Loans made pursuant hereto shall be registered in the Register only upon delivery to the Administrative Agent of a Lender Assignment Agreement that has been executed by the requisite parties pursuant to Section 10.11. No assignment or transfer of a Lender's Commitment or Loans shall be effective unless such assignment or transfer shall have been recorded in the Register by the Administrative Agent as provided in this Section. The Administrative Agent is authorized to provide a copy of the Register to the Bankruptcy Court for the purpose of allowing the Bankruptcy Court to determine the Lenders of record for the purpose of determining the amount and identity of the holders of the Roll-Up Loan in accordance with the Final Order.

(b) The Borrower agrees that, upon request to the Administrative Agent by any Lender, the Borrower will execute and deliver to such Lender a Note evidencing the Loans made by, and payable to the order of, such Lender in a maximum principal amount equal to such Lender's Loans, as the case may be. The Borrower hereby irrevocably authorizes each Lender to make (or cause to be made) appropriate notations on the grid attached to such Lender's Note (or on any continuation of such grid), which notations, if made, shall evidence, inter alia, the date of, the outstanding principal amount of, and the interest rate and Interest Period applicable to the Loans evidenced thereby. Such notations shall, to the extent not inconsistent with notations made by the Administrative Agent in the Register, be conclusive and binding on each Obligor absent manifest error; provided that the failure of any Lender to make any such notations shall not limit or otherwise affect any Obligations of any Obligor.

(c) The Administrative Agent shall maintain accounts in which it shall record (i) the amount of each Loan made hereunder, the type thereof and the Interest Period applicable thereto, (ii) the amount of any principal or interest due and payable or to become due and payable from the Borrower to each Lender hereunder and (iii) the amount of any sum received by the Administrative Agent hereunder for the account of the Lenders and each Lender's share thereof.

(d) The entries made in the accounts maintained pursuant to paragraph (c) of this Section shall be prima facie evidence of the existence and amounts of the obligations recorded therein, provided that the failure of any Lender or the Administrative Agent to maintain such accounts or any error therein shall not in any manner affect the obligation of the Borrower to repay the Loans in accordance with the terms of this Agreement and the Pre-Petition Loan pursuant to the Final Order.

SECTION 2.6 Loan Proceeds Escrow Account.

(a) On the Closing Date, the Administrative Agent, at the Borrower's express request and instruction (which request and instruction are evidenced by this Agreement) shall apply the

proceeds of the Closing Date Term Loans to the Loan Proceeds Escrow Account. On the Final Order Date, the Administrative Agent, at the Borrower's express request and instruction (which request and instruction are evidenced by this Agreement) shall apply the proceeds of the Final Order Term Loans to the Loan Proceeds Escrow Account.

(b) The proceeds in the Loan Proceeds Escrow Account shall be released and applied in accordance with Section 6.19 as specified by Borrower in writing from time to time pursuant to the Loan Proceeds Escrow Agreement.

(c) If the Stated Maturity Date occurs prior to the Final Order Date, all proceeds in the Loan Proceeds Escrow Account on the Stated Maturity Date shall be used to repay the Loans (other than the Roll-Up Loans) and, to the extent any amounts remain after application to the Loans, then to the Roll-Up Loans.

ARTICLE III REPAYMENTS, PREPAYMENTS, INTEREST AND FEES

SECTION 3.1 Repayments and Prepayments; Application. The Borrower agrees that the Loans shall be repaid and prepaid pursuant to the following terms.

SECTION 3.1.1 Repayments and Prepayments. The Borrower shall repay in full the unpaid principal amount of each Loan upon the Stated Maturity Date therefor. Prior thereto, payments and prepayments of the Loans shall or may be made as set forth below.

(a) From time to time on any Business Day, the Borrower may make a voluntary prepayment, in whole or in part, of the outstanding principal amount of any Loans, which shall be applied to the Loans (other than the Roll-Up Loans) and, to the extent the Loans (other than the Roll-Up Loans) have been paid in full, the Roll-Up Loans; provided that (A) any such prepayment shall be made pro rata among Loans of the same type and, if applicable, having the same Interest Period of all Lenders that have made such Loans and; (B) all such partial prepayments shall be, in the case of LIBO Rate Loans, in an aggregate minimum amount of \$500,000 and an integral multiple of \$100,000 and, in the case of Base Rate Loans, in an aggregate minimum amount of \$100,000 and an integral multiple of \$100,000; and (C) all such prepayments shall require delivery of a Prepayment Notice to the Administrative Agent on or before 12:00 noon New York City time, with respect to Base Rate Loans, one Business Day prior to such prepayment, and, with respect to LIBO Rate Loans, three Business Days prior to such prepayment.

(b) Promptly following the receipt by the Borrower or any of its Subsidiaries of any Net Debt Proceeds, the Borrower shall apply 100% of such Net Debt Proceeds as set forth in Section 3.1.2 below.

(c) Promptly following the receipt by the Borrower or any of its Subsidiaries of any Extraordinary Receipts, the Borrower shall apply 100% of such proceeds as set forth in Section 3.1.2 below.

(d) Promptly following the receipt by the Borrower or any of its Subsidiaries of any Net Disposition Proceeds and Net Casualty Proceeds (other than proceeds of 1110 Collateral),

the Borrower shall apply 100% of such Net Disposition Proceeds and Net Casualty Proceeds as set forth in Section 3.1.2(c) below.

(e) Immediately upon any acceleration of the Stated Maturity Date of any Loans pursuant to Section 8.2, the Borrower shall repay all the Loans, unless, pursuant to Section 8.2, only a portion of all the Loans is so accelerated (in which case the portion so accelerated shall be so repaid).

Each prepayment of any Loans made pursuant to this Section shall be without premium or penalty, except as may be required by Section 4.4.

SECTION 3.1.2 Application. Amounts prepaid pursuant to Section 3.1.1 shall be applied as set forth in this Section.

(a) Each prepayment or repayment of the principal of the Loans pursuant to clause (a) of Section 3.1.1 shall be applied, to the extent of such prepayment or repayment, first, to the principal amount thereof being maintained as Base Rate Loans, and second, subject to the terms of Section 4.4, to the principal amount thereof being maintained as LIBO Rate Loans.

(b) All proceeds received pursuant to clauses (b) through (c) of Section 3.1.1 shall be deposited into the Loan Proceeds Escrow Account. Such proceeds shall be released to the Borrower from the Loan Proceeds Escrow Account at the request of the Borrower in accordance with the Loan Proceeds Escrow Agreement, subject to the consent of the Required Lenders, in their sole discretion;

(c) All proceeds received pursuant to clause (d) of Section 3.1.1 shall be deposited into the Asset Sale/Insurance Escrow Account. Such proceeds shall be released to the Borrower from the Asset Sale/Insurance Escrow Account at the request of the Borrower in accordance with the Asset Sale/Insurance Escrow Agreement, subject to the consent of the Required Lenders (which shall include at least three Lenders), in their sole discretion. If the Stated Maturity Date occurs prior to the Final Order Date, all proceeds in the Asset Sale/Insurance Escrow Account on the Stated Maturity Date shall be used to repay the Loans (other than the Roll-Up Loans) and the Secured OHAA Payment Obligations on a pro rata basis to the extent any amounts remain after such application, then to the Roll-Up Loans.

SECTION 3.2 Interest Provisions. Interest on the outstanding principal amount of the Loans shall accrue and be payable in accordance with the terms set forth below.

SECTION 3.2.1 Rates. Subject to Section 2.2, pursuant to an appropriately delivered Borrowing Request or Continuation/Conversion Notice, the Borrower may elect that the Loans comprising a Borrowing accrue interest at a rate per annum:

(a) on that portion maintained from time to time as a Base Rate Loan, equal to the sum of (i) the Alternate Base Rate from time to time in effect plus (ii) the Applicable Margin; and

(b) on that portion maintained as a LIBO Rate Loan, during each Interest Period applicable thereto, equal to the sum of (i) the LIBO Rate (Reserve Adjusted) for such Interest Period plus (ii) the Applicable Margin.

All LIBO Rate Loans shall bear interest from and including the first day of the applicable Interest Period to (but not including) the last day of such Interest Period at the interest rate determined as applicable to such LIBO Rate Loan. Notwithstanding the foregoing, on any day that Base Rate Loans are outstanding, in no event shall the rate applicable to such Base Rate Loans be less than the rate applicable to LIBO Rate Loans borrowed on such day.

Unless expressly provided for herein, all payments required to be made under this Agreement shall be payable in cash.

SECTION 3.2.2 Default Rates. Upon the occurrence and during the continuation of any Event of Default, the Borrower shall pay, but only to the extent permitted by law, interest (after as well as before judgment) on all monetary Obligations owed to Lenders then outstanding at a rate per annum equal to the rate of interest that otherwise would be applicable to such Obligations plus 2% per annum or, if there is no applicable interest rate, with respect to Obligations owed to Lenders, the Alternate Base Rate from time to time in effect, plus the Applicable Margin accruing interest at the Base Rate, plus a margin of 2% per annum.

SECTION 3.2.3 Payment Dates. Interest accrued on each Loan shall be payable, without duplication, (a) on each Interest Payment Date, in arrears; and (b) on that portion of any Loans the Stated Maturity Date of which is accelerated pursuant to Section 8.2, immediately upon such acceleration. Interest accrued on Loans or other monetary Obligations owed to Lenders after the date such amount is due and payable (whether on the Stated Maturity Date, upon acceleration or otherwise) shall be payable upon demand.

SECTION 3.3 Other Payments.

SECTION 3.3.1 The Borrower agrees to pay the fees in the amounts and on the dates set forth in the Fee Letter.

SECTION 3.3.2 As consideration for the Lenders providing their Loans and Commitments hereunder, the Borrower agrees to pay to the Administrative Agent, for the account of each of the Lenders on a pro rata basis in accordance with their Total Exposure Amount, a payment as compensation for the funding of such Lender's Closing Date Term Loans and Final Order Term Loan Commitments in an amount equal to 1.5% of the stated principal amount of such Lender's Closing Date Term Loans and Final Order Term Loan Commitments, payable to such Lender out of the proceeds of its Closing Date Term Loans as and when funded on the Closing Date.

SECTION 3.3.3 A cash payment equal to five percent (5%) of the total equity value of the reorganized Debtors shall be payable pursuant to the Plan (the "Equity Payment"), which shall be earned upon entry of the Interim Order approving the DIP Facility (the "Interim Order") and payable to each initial DIP Lender pro rata based on the amount of such DIP Lenders' Lender's Closing Date Term Loans and Final Order Term Loan Commitments as a super-priority administrative expense claim at the earliest of (i) confirmation of any plan of reorganization, in

which case, the Equity Payment shall be deemed to be in an amount equal to the greater of (x) five percent (5%) of the total equity value of any confirmed Chapter 11 plan and (y) five percent (5%) of what the total equity value of the reorganized Debtors would have been under the Plan; (ii) sale of all or substantially all of the Debtors' assets, in which case, the Equity Payment shall be deemed to be equal to the greater of (x) five percent (5%) of the Loans (other than the Roll-Up Loans) and (y) five percent (5%) of the sale proceeds, and shall in each case be payable only from sale proceeds and senior to all other Obligations; and (iii) conversion of the Chapter 11 Case of Southern Air to a case under Chapter 7 of the Bankruptcy Code, in which case, the Equity Payment shall be deemed to be equal to 5% of the Loans (other than the Roll-Up Loans) and shall be senior to the Obligations; provided, however, that, notwithstanding the foregoing, in the case of confirmation of any plan of reorganization of the Debtors, at the election of the Debtors, and in their sole and absolute discretion, which election shall be announced prior to the commencement of the hearing to consider confirmation of such plan, such payment may be made in the form of reorganized common stock of Holdings equal to the Equity Payment.

ARTICLE IV CERTAIN LIBO RATE AND OTHER PROVISIONS

SECTION 4.1 LIBO Rate Lending Unlawful. If any Lender shall determine (which determination shall, upon notice thereof to the Borrower and the Administrative Agent, be conclusive and binding on the Borrower) that the introduction of or any change in or in the interpretation of any law makes it unlawful, or any Governmental Authority asserts that it is unlawful, for such Lender to make or continue any Loan as, or to convert any Loan into, a LIBO Rate Loan, the obligations of such Lender to make, continue or convert any such LIBO Rate Loan shall, upon such determination, forthwith be suspended until such Lender shall notify the Administrative Agent that the circumstances causing such suspension no longer exist, and all outstanding LIBO Rate Loans payable to such Lender shall automatically convert into Base Rate Loans at the end of the then current Interest Periods with respect thereto or sooner, if required by such law or assertion.

SECTION 4.2 Deposits Unavailable. If the Administrative Agent shall have determined that (a) Dollar deposits in the relevant amount and for the relevant Interest Period are not available to it in its relevant market; or (b) by reason of circumstances affecting its relevant market, adequate means do not exist for ascertaining the interest rate applicable hereunder to LIBO Rate Loans; then, upon notice from the Administrative Agent to the Borrower and the Lenders, the obligations of all Lenders under Section 2.2 and Section 2.3 to make or continue any Loans as, or to convert any Loans into, LIBO Rate Loans shall forthwith be suspended until the Administrative Agent shall notify the Borrower and the Lenders that the circumstances causing such suspension no longer exist.

SECTION 4.3 Increased LIBO Rate Loan Costs, etc. The Borrower agrees to reimburse each Secured Party for any increase in the cost to such Secured Party of, or any reduction in the amount of any sum receivable by such Secured Party in respect of, such Secured Party's Commitments and the making of Credit Extensions hereunder (including the making, continuing or maintaining (or of its obligation to make or continue) any Loans as, or of converting (or of its obligation to convert) any Loans into, LIBO Rate Loans) that arise in connection with any Change in Law (other than with respect to increased capital costs and Taxes

which are governed by Sections 4.5 and 4.6, respectively). Each affected Secured Party shall promptly notify the Administrative Agent and the Borrower in writing of the occurrence of any such event, stating the reasons therefor and the additional amount required fully to compensate such Secured Party for such increased cost or reduced amount. Such additional amounts shall be payable by the Borrower directly to such Secured Party within five days of its receipt of such notice, and such notice shall, in the absence of manifest error, be conclusive and binding on the Borrower; provided that the Borrower shall not be responsible for costs under this Section 4.3 arising more than 180 days prior to receipt by the Borrower of the demand from the affected Secured Party pursuant to this Section 4.3; provided further that if such change in or in the interpretation of any law or regulation giving rise to such increased cost is retroactive, then the 180-day period referred to in the previous proviso shall be extended to include the period of retroactive effect thereof.

SECTION 4.4 Funding Losses. In the event any Lender shall incur any loss or expense (including any loss or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by such Lender to make or continue any portion of the principal amount of any Loan as, or to convert any portion of the principal amount of any Loan into, a LIBO Rate Loan) as a result of

(a) any conversion or repayment or prepayment of the principal amount of any LIBO Rate Loan on a date other than the scheduled last day of the Interest Period applicable thereto, whether pursuant to Article III or otherwise;

(b) any Loans not being made as LIBO Rate Loans in accordance with the Borrowing Request therefor; or

(c) any Loans not being continued as, or converted into, LIBO Rate Loans in accordance with the Continuation/Conversion Notice therefor;

then, upon the written notice of such Lender to the Borrower (with a copy to the Administrative Agent), the Borrower shall, within five days of its receipt thereof, pay directly to such Lender such amount as will (in the reasonable determination of such Lender) reimburse such Lender for such loss or expense (but excluding any lost profit or margin). Such written notice shall, in the absence of manifest error, be conclusive and binding on the Borrower.

SECTION 4.5 Increased Capital Costs. If any Change in Law (other than with respect to Taxes which shall be governed solely by Section 4.6) affects or would affect the amount of capital required or expected to be maintained by any Secured Party or any Person controlling such Secured Party, and such Secured Party determines (in good faith but in its sole and absolute discretion) that the rate of return on its or such controlling Person's capital as a consequence of the Commitments or the Credit Extensions made, by such Secured Party is reduced to a level below that which such Secured Party or such controlling Person could have achieved but for the occurrence of any such circumstance, then upon notice from time to time by such Secured Party to the Borrower, the Borrower shall within five days following receipt of such notice pay directly to such Secured Party additional amounts sufficient to compensate such Secured Party or such controlling Person for such reduction in rate of return. A statement of such Secured Party as to any such additional amount or amounts shall, in the absence of manifest

error, be conclusive and binding on the Borrower. In determining such amount, such Secured Party may use any method of averaging and attribution that it (in its sole and absolute discretion) shall deem applicable; provided that the Borrower shall not be responsible for costs under this Section 4.5 arising more than 180 days prior to receipt by the Borrower of the demand from the affected Lender pursuant to this Section 4.5; provided further that if such change in or in the interpretation of any law or regulation giving rise to such increased cost is retroactive, then the 180-day period referred to in the previous proviso shall be extended to include the period of retroactive effect thereof.

SECTION 4.6 Taxes. The Borrower covenants and agrees as follows with respect to Taxes:

(a) Any and all payments by or on behalf of any Obligor under each Loan Document shall be made free and clear of, and without deduction or withholding for or on account of, any Non-Excluded Taxes. In the event that any Taxes are imposed and required to be deducted or withheld from any payment required to be made by or on behalf of any Obligor to or on behalf of any Secured Party under any Loan Document, then:

(i) subject to clause (f), if such Taxes are Non-Excluded Taxes, the amount of such payment shall be increased as may be necessary so that such payment is made, after withholding or deduction for or on account of such Non-Excluded Taxes, in an amount that is not less than the amount provided for in such Loan Document; and

(ii) the Borrower or applicable withholding agent shall withhold the full amount of such Taxes from such payment (as increased pursuant to clause (a)(i)) and shall pay such amount to the Governmental Authority imposing such Taxes in accordance with applicable law.

(b) In addition, the Borrower shall pay all Other Taxes imposed to the relevant Governmental Authority imposing such Other Taxes in accordance with applicable law.

(c) As promptly as practicable after the payment of any Taxes or Other Taxes, and in any event within 60 days of any such payment being due, the Borrower shall furnish to the Administrative Agent an official receipt (or a certified copy thereof or other evidence of such payment reasonably satisfactory to the Administrative Agent) evidencing the payment of such Taxes or Other Taxes. The Administrative Agent shall make copies thereof available to any Lender upon request therefor.

(d) Subject to clause (f), the Borrower shall indemnify each Secured Party for any Non-Excluded Taxes and Other Taxes levied, imposed or assessed on and paid by or with respect to such Secured Party on or with respect to any payment by the Borrower or any Guarantor under any Loan Document whether or not such Non-Excluded Taxes or Other Taxes are correctly or legally asserted by the relevant Governmental Authority. Promptly upon having received written notice, including a certificate as to the amount of the liability from any Secured Party that any such Non-Excluded Taxes or Other Taxes have been levied, imposed or assessed, the Borrower shall pay such Non-Excluded Taxes or Other Taxes directly to the relevant Governmental Authority. For the avoidance of doubt, the Borrower shall indemnify each Secured Party for any

incremental Taxes that may become payable by such Secured Party to the extent resulting from any failure of the Borrower to deliver to the Administrative Agent, pursuant to clause (c), documentation evidencing the payment of Non-Excluded Taxes or Other Taxes. With respect to indemnification for Non-Excluded Taxes and Other Taxes actually paid by any Secured Party or the indemnification provided in the immediately preceding sentence, such indemnification shall be made within 30 days after the date such Secured Party makes written demand therefor which demand shall include a certificate as to the amount of such payment or liability. The Borrower acknowledges that any payment made to any Secured Party or to any Governmental Authority in respect of the indemnification obligations of the Borrower provided in this clause shall constitute a payment in respect of which the provisions of clause (a) and this clause shall apply. The indemnity provided for herein and all of the obligations of the Secured Parties set forth in this Section 4.6 shall survive the payment of the Obligations and termination of this Agreement.

(e) (A) Each Non-U.S. Lender, on or prior to the date on which such Non-U.S. Lender becomes a Lender hereunder (and from time to time thereafter as is prescribed by applicable law or upon the request of the Borrower or the Administrative Agent, but only for so long as such Non-U.S. Lender is legally entitled to do so), shall deliver to the Borrower and the Administrative Agent either (i) two original duly completed copies of either (x) Internal Revenue Service Form W-8BEN claiming eligibility of the Non-U.S. Lender for benefits of an income tax treaty to which the United States is a party, (y) Internal Revenue Service Form W-8ECI claiming that the payments are effectively connected with the conduct of its U.S. trade or business, or (z) Internal Revenue Service Form W-8IMY of the Lender, accompanied by a Form W-8ECI, W-8BEN, Exemption Certificate, Form W-9 (or other successor forms) or any other required information from each beneficial owner, as applicable, in each case an applicable successor form; or (ii) in the case of a Non-U.S. Lender that is not legally entitled to deliver either form listed in clause (e)(i), (x) a certificate to the effect that such Non-U.S. Lender is not (I) a “bank” within the meaning of Section 881(c)(3)(A) of the Code, (II) a “10 percent shareholder” of the Borrower within the meaning of Section 881(c)(3)(B) of the Code, or (III) a controlled foreign corporation receiving interest from a related person within the meaning of Section 881(c)(3)(C) of the Code (referred to as an “Exemption Certificate”) and (y) two original duly completed copies of Internal Revenue Service Form W-8BEN or applicable successor form, and (iii) any other form prescribed by applicable law as a basis for claiming exemption from or a reduction in U.S. withholding tax duly completed together with such supplementary documentation as may be prescribed by applicable law to permit the Borrower to determine the withholding or deduction required to be made. Each Non-U.S. Lender shall promptly notify the Borrower at any time it determines that it is no longer in a position to provide any previously delivered form or forms and/or Exemption Certificate to the Borrower (or an applicable successor form).

(B) Any Lender that is a “United States person,” as defined in Section 7701(a)(30) of the Code shall deliver to the Borrower and the Administrative Agent on or prior to the date on which such Lender becomes a Lender under this Agreement (and from time to time thereafter upon the request of the Borrower or the Administrative Agent, but only if such Lender is legally entitled to do so) two duly completed original signed copies of Internal Revenue Service Form W-9, or any successor form that such

Lender is entitled to provide at such time in order to comply with United States backup withholding requirements.

(C) If a payment made to a Lender under any Loan Document would be subject to U.S. federal withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Lender shall deliver to the Borrower and the Administrative Agent at the time or times prescribed by law and at such time or times reasonably requested by the Borrower or the Administrative Agent such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Borrower or the Administrative Agent as may be necessary for the Borrower and the Administrative Agent to comply with their obligations under FATCA and to determine that such Lender has complied with such Lender's obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this clause (C), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

(f) The Borrower shall not be obligated to pay any additional amounts to any Lender pursuant to clause (a)(i), or to indemnify any Lender pursuant to clause (d), in respect of any U.S. federal withholding taxes or U.S. federal backup withholding taxes imposed as a result of (i) the failure of such Lender to deliver to the Borrower the form or forms and/or an Exemption Certificate, as applicable to such Lender, pursuant to clause (e), (ii) such form or forms and/or Exemption Certificate not establishing a complete exemption from U.S. federal withholding tax or U.S. federal backup withholding taxes or the information or certifications made therein by the Lender being untrue or inaccurate on the date delivered in any material respect, or (iii) the Lender designating a successor lending office at which it maintains its Loans which has the effect of causing such Lender to become obligated for Tax payments in excess of those in effect immediately prior to such designation; provided that the Borrower shall be obligated to pay additional amounts to any such Lender pursuant to clause (a)(i), and to indemnify any such Lender pursuant to clause (d), in respect of United States federal withholding taxes and U.S. federal backup withholding taxes if (A) any such failure to deliver a form or forms or an Exemption Certificate or the failure of such form or forms or Exemption Certificate to establish a complete exemption from U.S. federal withholding tax or U.S. federal backup withholding taxes or inaccuracy or untruth contained therein resulted from a change in any applicable statute, treaty, regulation or other applicable law or any interpretation of any of the foregoing occurring after the Closing Date (or, in the case of an assignment, after the date of the assignment), which change rendered such Lender (I) no longer legally entitled to deliver such form or forms or Exemption Certificate or (II) otherwise ineligible for a complete exemption from U.S. federal withholding tax U.S. federal backup withholding taxes, (B) the redesignation of the Lender's lending office was made at the request of the Borrower or (C) the obligation to pay any additional amounts to any such Lender pursuant to clause (a)(i) or to indemnify any such Lender pursuant to clause (d) is with respect to a Person that becomes a Lender as a result of an assignment made at the request of the Borrower.

(g) If a Secured Party shall become aware that it is entitled to claim a refund from a Governmental Authority in respect of Non-Excluded Taxes or Other Taxes as to which it has

been indemnified by the Borrower or with respect to which the Borrower has paid additional amounts pursuant to this Section 4.6, it promptly shall notify the Borrower of the availability of such refund claim and shall use reasonable efforts to make a timely claim to such Governmental Authority for such refund at the Borrower's expense; provided that such Secured Party shall have no obligation to use such reasonable efforts if either (i) it is in an excess foreign tax credit position or (ii) it believes in good faith, in its sole discretion, that claiming a refund would cause material adverse tax consequences to it. If a Secured Party receives a refund (including pursuant to a claim) of any Non-Excluded Taxes or Other Taxes as to which it has been indemnified by the Borrower or with respect to which the Borrower has paid additional amounts pursuant to this Section 4.6, it shall within 30 days from the date of such receipt pay over the amount of such refund to the Borrower, net of all reasonable out-of-pocket expenses of such Secured Party (including any Taxes imposed on such refund) and without interest (other than interest paid by the relevant Governmental Authority with respect to such refund); provided that the Borrower, upon the request of such Secured Party, agrees to repay the amount paid over to the Borrower (plus penalties, interest or other reasonable charges) to such Secured Party in the event such Secured Party is required to repay such refund to such Governmental Authority. Nothing contained in this clause (g) shall require a Secured Party to disclose or detail the basis of its calculation of the amount of any tax benefit or any other amount or the basis of its determination referred to in the proviso to the first sentence of this clause (g) or otherwise make its tax returns or other information it deems confidential available to the Borrower or any other party.

SECTION 4.7 Payments, Computations; Proceeds of Collateral, etc. (a) Unless otherwise expressly provided in a Loan Document, all payments by the Borrower pursuant to each Loan Document shall be made by the Borrower to the Administrative Agent for the pro rata account of the Secured Parties entitled to receive such payment. All payments shall be made without setoff, deduction or counterclaim not later than 12:00 noon New York City time on the date due in same day or immediately available funds to such account as the Administrative Agent shall specify from time to time by notice to the Borrower. Funds received after that time shall be deemed to have been received by the Administrative Agent on the next succeeding Business Day. The Administrative Agent shall promptly remit in same day funds to each Secured Party its share, if any, of such payments received by the Administrative Agent for the account of such Secured Party. All interest (including interest on LIBO Rate Loans) and fees shall be computed on the basis of the actual number of days (including the first day but excluding the last day) occurring during the period for which such interest or fee is payable over a year comprised of 360 days (except in the case of interest on a Base Rate Loan calculated at the Base Rate, which shall be payable over a year comprised of 365 days or, if appropriate, 366 days). Payments due on a day other than a Business Day shall (except as otherwise required by clause (c) of the definition of "Interest Period") be made on the next succeeding Business Day and such extension of time shall be included in computing interest and fees in connection with that payment.

(b) All amounts received as a result of the exercise of remedies under the Loan Documents (including from the proceeds of collateral securing the Obligations) or under applicable law, or any other realization of Collateral following the occurrence of any Event of Default, shall be applied upon receipt to the Obligations as follows: (i) first, to the payment of all Obligations owing to the Administrative Agent, in its capacity as the Administrative Agent (including the reasonable and documented fees and out-of-pocket expenses of counsel to the

Administrative Agent), (ii) second, after payment in full in cash of the amounts specified in clause (b)(i), to the ratable payment of all interest (including interest accruing after the commencement of a proceeding in bankruptcy, insolvency or similar law, whether or not permitted as a claim under such law) and fees owing under the Loan Documents, and all costs and expenses owing to the Secured Parties pursuant to the terms of the Loan Documents, until paid in full in cash, (iii) third, after payment in full in cash of the amounts specified in clauses (b)(i) and (b)(ii), to the ratable payment of the principal amount of the Loans then outstanding and amounts owing to Secured Parties under the Secured OHAA Payment Obligations, (iv) fourth, after payment in full in cash of the amounts specified in clauses (b)(i) through (b)(iii), to the ratable payment of all other Obligations, other than the Roll-Up Loans, owing to the Secured Parties, (v) fifth, after payment in full in cash of the amounts specified in clauses (b)(i) through (b)(iv), subject to the Final Order, to interest then due and payable on the Roll-Up Loans, (vi) sixth, after payment in full in cash of the amounts specified in clauses (b)(i) through (b)(v), subject to the Final Order, to repay the Roll-Up Loans until paid in full, and (vii) seventh, after payment in full in cash of the amounts specified in clauses (b)(i) through (b)(vi), to each applicable Obligor or any other Person lawfully entitled to receive such surplus; provided that notwithstanding the foregoing, any proceeds in the Loan Proceeds Escrow Account shall be applied solely to the payment of the Obligations (other than the Secured OHAA Payment Obligations).

SECTION 4.8 Sharing of Payments. If any Secured Party shall obtain any payment or other recovery (whether voluntary, involuntary, by application of setoff or otherwise) on account of any Credit Extension (other than pursuant to the terms of Section 4.3, 4.4, 4.5 or 4.6) in excess of its pro rata share of payments obtained by all Secured Parties, such Secured Party shall purchase from the other Secured Parties such participations in Credit Extensions made by them as shall be necessary to cause such purchasing Secured Party to share the excess payment or other recovery ratably (to the extent such other Secured Parties were entitled to receive a portion of such payment or recovery) with each of them; provided that if all or any portion of the excess payment or other recovery is thereafter recovered from such purchasing Secured Party, the purchase shall be rescinded and each Secured Party which has sold a participation to the purchasing Secured Party shall repay to the purchasing Secured Party the purchase price to the ratable extent of such recovery together with an amount equal to such selling Secured Party's ratable share (according to the proportion of (a) the amount of such selling Secured Party's required repayment to the purchasing Secured Party to (b) total amount so recovered from the purchasing Secured Party) of any interest or other amount paid or payable by the purchasing Secured Party in respect of the total amount so recovered. The Borrower agrees that any Secured Party purchasing a participation from another Secured Party pursuant to this Section may, to the fullest extent permitted by law, exercise all its rights of payment (including pursuant to Section 4.9) with respect to such participation as fully as if such Secured Party were the direct creditor of the Borrower in the amount of such participation. If under any applicable bankruptcy, insolvency or other similar law any Secured Party receives a secured claim in lieu of a setoff to which this Section applies, such Secured Party shall, to the extent practicable, exercise its rights in respect of such secured claim in a manner consistent with the rights of the Secured Parties entitled under this Section to share in the benefits of any recovery on such secured claim.

SECTION 4.9 Setoff. Each Secured Party shall, upon the occurrence and during the continuance of any Event of Default, have the right to appropriate and apply to the payment of

the Obligations owing to it (whether or not then due), and (as security for such Obligations) the Borrower hereby grants to each Secured Party a continuing security interest in, any and all balances, credits, deposits, accounts or moneys of the Borrower then or thereafter maintained with such Secured Party; provided that any such appropriation and application shall be subject to the provisions of Section 4.8. Each Secured Party agrees promptly to notify the Borrower and the Administrative Agent after any such appropriation and application made by such Secured Party; provided that the failure to give such notice shall not affect the validity of such setoff and application. In the event that any Defaulting Lender shall exercise any such right of setoff, (x) all amounts so set off shall be paid over immediately to the Administrative Agent for further application in accordance with the provisions of Section 4.12.2 and, pending such payment, shall be segregated by such Defaulting Lender from its other funds and deemed held in trust for the benefit of the Administrative Agent and the Lenders, and (y) the Defaulting Lender shall provide promptly to the Administrative Agent a statement describing in reasonable detail the Obligations owing to such Defaulting Lender as to which it exercised such right of setoff. The rights of each Secured Party under this Section are in addition to other rights and remedies (including other rights of setoff under applicable law or otherwise) which such Secured Party may have.

SECTION 4.10 Mitigation of Claims. Each Secured Party agrees that if it makes any demand for payment under Section 4.3, 4.5 or 4.6, or if any adoption or change of the type described in Section 4.1 shall occur with respect to it, such Secured Party will use reasonable efforts (consistent with its internal policy and legal and regulatory restrictions and so long as such efforts would not be disadvantageous to it, as determined in its sole discretion) to designate a different lending office if the making of such a designation would reduce or obviate the need for the Borrower to make payments under Section 4.3, 4.5, or 4.6, or would eliminate or reduce the effect of any adoption or change described in Section 4.1.

SECTION 4.11 [Reserved].

SECTION 4.12 Defaulting Lenders.

SECTION 4.12.1 Defaulting Lender Adjustments. Notwithstanding anything to the contrary contained in this Agreement, if any Lender becomes a Defaulting Lender, then, until such time as such Lender is no longer a Defaulting Lender, to the extent permitted by applicable law:

(a) Such Defaulting Lender's right to approve or disapprove any amendment, waiver or consent with respect to this Agreement shall be restricted as set forth in the definition of Required Lenders.

(b) Any payment of principal, interest, fees or other amounts received by the Administrative Agent for the account of such Defaulting Lender (whether voluntary or mandatory, at maturity, pursuant to Article VII or otherwise) or received by the Administrative Agent from a Defaulting Lender pursuant to Section 4.9 shall be applied at such time or times as may be determined by the Administrative Agent as follows: *first*, to the payment of any amounts owing by such Defaulting Lender to the Administrative Agent hereunder; *second*, as the Borrower may request (so long as no Default or Event of Default exists), to the funding of any Loan in respect of which such

Defaulting Lender has failed to fund its portion thereof as required by this Agreement, as determined by the Administrative Agent; *third*, if so determined by the Administrative Agent and the Borrower, to be held in a deposit account and released pro rata in order to satisfy such Defaulting Lender's potential future funding obligations with respect to Loans under this Agreement; *fourth*, to the payment of any amounts owing to the Lenders as a result of any judgment of a court of competent jurisdiction obtained by any Lender against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement; *fifth*, so long as no Default or Event of Default exists, to the payment of any amounts owing to the Borrower as a result of any judgment of a court of competent jurisdiction obtained by the Borrower against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement; and *sixth*, to such Defaulting Lender or as otherwise directed by a court of competent jurisdiction; provided that if (x) such payment is a payment of the principal amount of any Loans in respect of which such Defaulting Lender has not fully funded its appropriate share, and (y) such Loans were made at a time when the conditions set forth in Section 5.2 were satisfied or waived, such payment shall be applied solely to pay the Loans of all Non-Defaulting Lenders on a pro rata basis prior to being applied to the payment of any Loans of such Defaulting Lender until such time as all Loans are held by the Lenders pro rata in accordance with the Commitments. Any payments, prepayments or other amounts paid or payable to a Defaulting Lender that are applied (or held) to pay amounts owed by a Defaulting Lender pursuant to this Section 4.12.1(b) shall be deemed paid to and redirected by such Defaulting Lender, and each Lender irrevocably consents hereto.

SECTION 4.12.2 Defaulting Lender Cure. If the Borrower and the Administrative Agent agree in writing that a Lender is no longer a Defaulting Lender, the Administrative Agent will so notify the parties hereto, whereupon as of the effective date specified in such notice and subject to any conditions set forth therein, that Lender will, to the extent applicable, purchase at par that portion of outstanding Loans of the other Lenders or take such other actions as the Administrative Agent may determine to be necessary to cause the Loans to be held pro rata by the Lenders in accordance with the Commitments, whereupon such Lender will cease to be a Defaulting Lender; provided that no adjustments will be made retroactively with respect to fees accrued or payments made by or on behalf of the Borrower while that Lender was a Defaulting Lender; and provided, further, that except to the extent otherwise expressly agreed by the affected parties, no change hereunder from Defaulting Lender to Lender will constitute a waiver or release of any claim of any party hereunder arising from that Lender's having been a Defaulting Lender.

ARTICLE V CONDITIONS TO CREDIT EXTENSIONS

SECTION 5.1 Initial Credit Extension. The obligations of the Lenders to make the initial Credit Extension shall be subject to the prior or concurrent satisfaction of each of the conditions precedent set forth in this Article.

SECTION 5.1.1 Resolutions, etc. The Administrative Agent shall have received from each Obligor, as applicable, (i) a copy of a good standing certificate, dated a date reasonably

close to the Closing Date, for each such Person and (ii) a certificate, dated as of the Closing Date, duly executed and delivered by such Person's Secretary or Assistant Secretary, managing member or general partner, as applicable, as to

(a) resolutions of each such Person's Board of Directors (or other managing body, in the case of other than a corporation) then in full force and effect authorizing, to the extent relevant, the execution, delivery and performance of each Loan Document to be executed by such Person and the transactions contemplated hereby and thereby;

(b) the incumbency and signatures of those of its officers, managing member or general partner, as applicable, authorized to act with respect to each Loan Document to be executed by such Person; and

(c) the full force and validity of each Organic Document of such Person and certified copies thereof;

upon which certificates each Secured Party may conclusively rely until it shall have received a further certificate of the Secretary, Assistant Secretary, managing member or general partner, as applicable, of any such Person canceling or amending the prior certificate of such Person.

SECTION 5.1.2 Closing Date Certificate. The Administrative Agent shall have received the Closing Date Certificate, dated as of the Closing Date and duly executed and delivered by an Authorized Officer of the Borrower, in which certificate the Borrower shall agree and acknowledge that the statements made therein shall be deemed to be true and correct, in all material respects, representations and warranties of the Borrower as of such date, and, at the time such certificate is delivered, such statements shall in fact be true and correct in all material respects. All documents and agreements required to be appended to the Closing Date Certificate shall be in form and substance reasonably satisfactory to the Administrative Agent, shall have been executed and delivered by the requisite parties, and shall be in full force and effect.

SECTION 5.1.3 Delivery of Notes. The Administrative Agent shall have received, for the account of each Lender that has requested a Note, such Lender's Notes duly executed and delivered by an Authorized Officer of the Borrower.

SECTION 5.1.4 Guarantees and Security Agreement. The Administrative Agent shall have received executed counterparts of the Holdings Guaranty and Pledge Agreement, the Subsidiary Guaranty and the Security Agreement, each dated as of the date hereof, duly executed and delivered by an Authorized Officer of each Obligor party thereto, together with:

(a) in the case of Capital Securities that are securities (as defined in the UCC), certificates (to the extent such securities are certificated) evidencing all of the issued and outstanding Capital Securities owned by each Obligor in its Subsidiaries (subject to the limitations, if any, of the Voting Securities provided for in Section 7.1.9), which certificates shall be accompanied by undated instruments of transfer duly executed in blank;

(b) Filing Statements naming Holdings, the Borrower and each Subsidiary Guarantor as a debtor and the Administrative Agent as the secured party;

(c) copies of UCC searches, dated a date reasonably near to the Closing Date, listing all effective financing statements which name any Obligor (under its present name and any previous names during the last five years) as the debtor, together with copies of such financing statements (none of which shall, except with respect to Liens permitted by Section 7.2.3, evidence a Lien on any collateral described in any Loan Document).

SECTION 5.1.5 Insurance. The Administrative Agent shall have received certificates from one or more insurance companies reasonably satisfactory to the Administrative Agent, evidencing coverage required to be maintained pursuant to each Loan Document.

SECTION 5.1.6 Opinions of Counsel. The Administrative Agent shall have received opinions, each dated the Closing Date and addressed to the Administrative Agent and all Lenders, from Weil, Gotshal & Manges LLP, counsel to the Obligors, in form and substance reasonably satisfactory to the Administrative Agent.

SECTION 5.1.7 Funding Fees, Expenses, etc. The Administrative Agent shall have received, simultaneously with the initial funding of the Loans on the Closing Date, for its own account, or for the account of each Lender, as the case may be, all fees, costs and expenses due and payable pursuant to Section 3.3 and, if then invoiced, Section 10.3. All fees and expenses due and payable under the Fee Letter shall be paid to each Person due such fees and expenses thereunder in accordance with the terms thereof.

SECTION 5.1.8 Anti-Terrorism Laws. The Administrative Agent shall have received all documentation and other information required by bank regulatory authorities under applicable “know your customer” and anti-money laundering rules and regulations, including the Patriot Act, and requested from the Borrower prior to entry of the Interim Order.

SECTION 5.1.9 Governmental Approvals. Other than the Orders, there shall be no governmental or third party approvals necessary for the consummation of the facilities contemplated by this Agreement, the incurrence of debt and the granting of security interests contemplated thereby.

SECTION 5.1.10 Approved Budget. The Administrative Agent shall have received the Approved Budget.

SECTION 5.1.11 Chapter 11 Case Administration. (a) The Administrative Agent and Required Lenders shall have approved a motion in form and substance satisfactory to the Administrative Agent and the Required Lenders seeking approval of the Commitments and Loans made hereunder;

(b) The Interim Order shall have been previously reviewed by the Required Lenders and shall be in form and substance satisfactory to the Required Lenders and shall not (in whole or in part) have been reversed, modified, amended, stayed, vacated, appealed or subject to a stay pending appeal;

(c) The Interim Order shall have been entered by the Bankruptcy Court no later than October 1, 2012;

(d) The Obligors shall be in compliance in all respects with the Interim Order;

(e) No trustee, examiner or receiver with expanded powers pursuant to Section 1104(c) of the Bankruptcy Code, shall have been appointed or designated with respect to Borrower or any Debtor or their respective business, properties or assets, and no motion shall be pending seeking similar relief or any other relief, which, if granted, would result in a person other than the Debtors exercising control over the Debtors' assets;

(f) All of the First Day Orders entered by the Bankruptcy Court and all related motions submitted to the Bankruptcy Court for approval (as applicable) at or about the time of the commencement of the Chapter 11 Cases shall be in form and substance satisfactory to the Required Lenders;

(g) All orders entered by the Bankruptcy Court pertaining to cash management and adequate protection shall, and all other motions and documents filed or to be filed with, and submitted to, the Bankruptcy Court in connection therewith shall be in form and substance satisfactory to the Administrative Agent and the Required Lenders in their sole discretion; and

(h) All of the Liens described in Section 11.1 shall have been created and perfected upon entry of the Interim Order.

SECTION 5.1.12 Closing Date. The Closing Date shall be no later than two Business Days after entry of the Interim Order.

SECTION 5.1.13 The Section 1110 Stipulation. The Administrative Agent, the Required Lenders, the Pre-Petition Agent, and the Required Lenders (as defined in the Pre-Petition Credit Agreement), shall have received and approved of the Section 1110 Stipulation.

SECTION 5.1.14 Escrow Account. The Borrower shall have established the Loan Proceeds Escrow Account and entered into the Loan Proceeds Escrow Agreement.

SECTION 5.2 All Credit Extensions. The obligation of each Lender to make any Credit Extension shall be subject to the satisfaction of each of the conditions precedent set forth below.

SECTION 5.2.1 Compliance with Warranties, No Default, etc. Both before and after giving effect to any Credit Extension (but, if any Default of the nature referred to in Section 8.1.5 shall have occurred with respect to any other Indebtedness, without giving effect to the application, directly or indirectly, of the proceeds thereof) the following statements shall be true and correct:

(a) the representations and warranties set forth in each Loan Document shall, in each case, be true and correct (i) in the case of representations and warranties not qualified by references to "materiality" or a Material Adverse Effect, in all material

respects and (ii) otherwise, in all respects, in each case with the same effect as if then made (unless stated to relate solely to an earlier date, in which case such representations and warranties shall be true and correct in all material respects as of such earlier date); and

(b) no Default shall have then occurred and be continuing.

SECTION 5.2.2 Credit Extension Request, etc. Subject to Section 2.2, the Administrative Agent shall have received a Borrowing Request. The delivery of a Borrowing Request and the acceptance by the Borrower of the proceeds of such Credit Extension shall constitute a representation and warranty by the Borrower that on the date of such Credit Extension (both immediately before and after giving effect to such Credit Extension and the application of the proceeds thereof) the statements made in Section 5.2.1 are true and correct (unless stated to relate solely to an earlier date, in which case such representations and warranties shall be true and correct of such earlier date).

SECTION 5.2.3 Bankruptcy Matters. At the time of the making of any Loan:

(a) (i) with respect to any Loan made prior to the entry and effectiveness of the Final Order, the Interim Order shall be effective, shall not have terminated or expired and shall not have been stayed, reversed, vacated, amended, supplemented or otherwise modified without the prior written consent of the Administrative Agent and (ii) with respect to any Loan made after entry and effectiveness of the Final Order, the Final Order shall be effective, shall not have terminated or expired and shall not have been stayed, reversed, vacated, amended, supplemented or otherwise modified without the prior written consent of the Administrative Agent;

(b) the Obligors shall be in compliance with the Orders in all material respects;

(c) all First Day Orders and any “second day” orders shall be in form and substance satisfactory to the Administrative Agent;

(d) the Administrative Agent and the Lenders shall have received when due (and after giving effect to any applicable grace periods) all periodic updates required with respect to the Approved Budget, including any Variance Reports; and

(e) the Obligors shall be in compliance with Section 7.1.15 (including after giving effect to the proposed Borrowing and the use of proceeds thereof).

SECTION 5.3 Conditions to Withdrawals from the Loan Proceeds Escrow Account. The Borrower shall have the right to make withdrawals from the Loan Proceeds Escrow Account (an “Account Withdrawal”) for the purposes set out in Section 6.19 in the manner set forth in the Loan Proceeds Escrow Agreement (unless otherwise agreed to by Borrower and the Administrative Agent) and the Administrative Agent shall direct the Escrow Agent to make such Account Withdrawal, subject to the satisfaction of the following conditions precedent on or prior to the date of each such proposed withdrawal (such date, the “Requested Account Withdrawal Date”):

SECTION 5.3.1 Compliance with Warranties, No Default, etc. Both before and after giving effect to any Account Withdrawal (but, if any Default of the nature referred to in Section 8.1.5 shall have occurred with respect to any other Indebtedness, without giving effect to the application, directly or indirectly, of the proceeds thereof) the following statements shall be true and correct:

- (a) the representations and warranties set forth in each Loan Document shall, in each case, be true and correct (i) in the case of representations and warranties not qualified by references to “materiality” or a Material Adverse Effect, in all material respects and (ii) otherwise, in all respects, in each case with the same effect as if then made (unless stated to relate solely to an earlier date, in which case such representations and warranties shall be true and correct in all material respects as of such earlier date);
- (b) no Default shall have then occurred and be continuing;
- (c) after giving effect to such Account Withdrawal and the use of proceeds thereof the aggregate cash and Cash Equivalent Investments of the Borrower and its Guarantor Subsidiaries will not exceed \$5,000,000; and
- (d) the Account Withdrawal shall be in accordance with the Approved Budget.

SECTION 5.3.2 Withdrawal Certificate. The Administrative Agent shall have received a fully executed Withdrawal Certificate signed by an Authorized Officer of Borrower in accordance with the Loan Proceeds Escrow Agreement and the Borrower shall use commercially reasonable efforts to promptly confirm by telephone the Administrative Agent’s receipt of such Withdrawal Certificate. The delivery of a Withdrawal Certificate and the acceptance by the Borrower of the proceeds of such Account Withdrawal shall constitute a representation and warranty by the Borrower that on such account Withdrawal Date (both immediately before and after giving effect to such Account Withdrawal and the application of the proceeds thereof) the statement made in Section 5.3.1 are true and correct on such date (unless stated to relate solely to an earlier date, in which case such representations and warranties shall be true and correct of such earlier date).

ARTICLE VI REPRESENTATIONS AND WARRANTIES

In order to induce the Lenders to enter into this Agreement and to make Credit Extensions hereunder, the Borrower represents and warrants to each Lender as set forth in this Article.

SECTION 6.1 Organization, etc. Subject to the entry of the Interim Order (or the Final Order, when applicable) by the Bankruptcy Court, each Obligor is validly organized and existing and in good standing under the laws of the state or jurisdiction of its incorporation or organization, is duly qualified to do business and is in good standing as a foreign entity in each jurisdiction where the nature of its business requires such qualification, except where the failure to be so qualified could not reasonably be expected to have a Material Adverse Effect, and has full power and authority and holds all requisite governmental licenses, permits and other

approvals to enter into and perform its Obligations under each Loan Document to which it is a party, to own and hold under lease its property and to conduct its business substantially as currently conducted by it, except where the failure to obtain such licenses, permits or approvals could not reasonably be expected to have a Material Adverse Effect.

SECTION 6.2 Due Authorization, Non-Contravention, etc. Subject to the entry of the Interim Order (or the Final Order, when applicable) by the Bankruptcy Court, the execution, delivery and performance by each Obligor of each Loan Document executed or to be executed by it and each Obligor's participation in the transactions contemplated hereby are within such Person's powers, have been duly authorized by all necessary action, and do not (a) contravene any (i) Obligor's Organic Documents, (ii) material court decree or order binding on or affecting any Obligor or (iii) material law or governmental regulation binding on or affecting any Obligor; or (b) result in (i) or require the creation or imposition of, any Lien on any Obligor's properties (except as permitted by this Agreement) or (ii) a default under any material contractual restriction binding on or affecting any Obligor, except to the extent enforcement of such contractual restriction is stayed by virtue of the Chapter 11 Cases.

SECTION 6.3 Government Approval, Regulation, Compliance with Law, etc. Except for the approval of the Bankruptcy Court, no material authorization or approval or other action by, and no notice to or filing with, any Governmental Authority or other Person (other than those that have been, or on the Closing Date will be, duly obtained or made and which are, or on the Closing Date will be, in full force and effect) is required for the due execution, delivery or performance by any Obligor of any Loan Document to which it is a party, in each case by the parties thereto. Neither the Borrower nor any of its Subsidiaries is an "investment company" within the meaning of the Investment Company Act of 1940, as amended. Subject to the entry of the Interim Order (or the Final Order, when applicable) by the Bankruptcy Court, each of Holdings, the Borrower and their respective Subsidiaries is in compliance, in all material respects, with all laws, rules, regulations and orders applicable to the conduct of its businesses or the ownership of its properties, except as disclosed in Item 6.3 of the Disclosure Schedule.

SECTION 6.4 Validity, etc. Subject to the entry of the Interim Order (or the Final Order, when applicable) by the Bankruptcy Court, each Loan Document, in each case to which any Obligor is a party, constitutes the legal, valid and binding obligations of such Obligor, enforceable against such Obligor in accordance with their respective terms (except, in any case, as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization or similar laws affecting creditors' rights generally and by principles of equity).

SECTION 6.5 Financial Information. The financial statements of Holdings and its Subsidiaries furnished to the Administrative Agent and each Lender pursuant to the Pre-Petition Credit Agreement have been prepared in accordance with GAAP consistently applied, and present fairly the consolidated financial condition of the Persons covered thereby as at the dates thereof and the results of their operations for the periods then ended. All balance sheets, all statements of income and of cash flow and all other financial information of each of Holdings and its Subsidiaries furnished pursuant to Section 7.1.1 have been and will for periods following the Closing Date be prepared in accordance with GAAP consistently applied (other than the unaudited financial statements furnished pursuant to Section 7.1.1, which have been and will be prepared consistently with the financial statements delivered pursuant to the Pre-Petition Credit

Agreement), and do or will present fairly the consolidated financial condition of the Persons covered thereby as at the dates thereof and the results of their operations for the periods then ended.

SECTION 6.6 [Reserved].

SECTION 6.7 Litigation, Labor Controversies, etc. Other than the Chapter 11 Cases, there is no pending or, to the knowledge of the Borrower or any of its Subsidiaries, threatened litigation, action, proceeding or labor controversy affecting the Borrower, any of its Subsidiaries or any other Obligor, or any of their respective properties, businesses, assets or revenues, which (a) could reasonably be expected to have a Material Adverse Effect; or (b) purports to affect the legality, validity or enforceability of any Loan Document or the transactions contemplated hereby.

SECTION 6.8 Subsidiaries. The Borrower has no Subsidiaries, except those Subsidiaries which are identified in Item 6.8 of the Disclosure Schedule, or which are permitted to have been organized or acquired in accordance with Sections 7.2.5 or 7.2.8.

SECTION 6.9 Ownership of Properties. The Borrower and each of its Subsidiaries has (a) in the case of owned real property, good and indefeasible fee title to, (b) in the case of owned personal property, good and valid title to, or (c) in the case of leased real or personal property, valid and enforceable leasehold interests (as the case may be) in, all of its material properties and assets, tangible and intangible, of any nature whatsoever, free and clear in each case of all Liens or claims, except for Liens permitted pursuant to Section 7.2.3. The real property listed in Item 6.9 of the Disclosure Schedule constitutes, as of the Closing Date, all of the real property owned or leased by the Borrower and its Subsidiaries as of the Closing Date.

SECTION 6.10 Taxes. The Borrower and each of its Subsidiaries has filed or caused to be filed all material Tax returns and reports required by law to have been filed by it and has paid all material Taxes that it is required to pay to the extent due, except any such Taxes which are being diligently contested in good faith by appropriate proceedings and for which adequate reserves in accordance with GAAP shall have been set aside on its books.

SECTION 6.11 Pension and Multiemployer Plans.

(a) Neither the Borrower nor any of its Subsidiaries has maintained, contributed to, or has any liability with respect to, a Pension Plan.

(b) No ERISA Event has occurred, which could reasonably be expected to result in a Material Adverse Effect. No condition exists or event or transaction has occurred with respect to any Pension Plan or Multiemployer Plan which might result in an ERISA Event, which could reasonably be expected to result in a Material Adverse Effect.

(c) As of the most recent valuation date for each Multiemployer Plan, the potential Withdrawal Liability of the Borrower or any member of the Controlled Group for a complete or partial withdrawal from such Multiemployer Plan could not reasonably be expected to result in a Material Adverse Effect.

SECTION 6.12 Environmental Warranties. Except as set forth in Item 6.12 of the Disclosure Schedule.

(a) The Borrower and its Subsidiaries, and their operations, are in material compliance with all Environmental Laws and have been for the past five years except for noncompliance that would not reasonably be expected to result in the Borrower or its Subsidiaries incurring material liability;

(b) there are no material pending or to Borrower's knowledge threatened (i) claims, complaints, notices or requests for information received by the Borrower or any of its Subsidiaries with respect to any alleged violation of any Environmental Law, or (ii) written complaints, notices or inquiries to the Borrower or any of its Subsidiaries regarding potential material liability under any Environmental Law;

(c) there have been no Releases of Hazardous Materials at, on or under any property now or, to the extent related to any acts or omissions of the Borrower or any of its Subsidiaries, previously owned, operated or leased by the Borrower or any of its Subsidiaries that have, or could reasonably be expected to have, a Material Adverse Effect;

(d) the Borrower and its Subsidiaries have obtained and are in material compliance with all permits, certificates, approvals, licenses and other authorizations relating to environmental matters that are necessary for their businesses as currently conducted;

(e) no property now or, to the Borrower's knowledge, previously owned, operated or leased by the Borrower or any of its Subsidiaries is listed or proposed for listing (with respect to owned property only) on the National Priorities List pursuant to CERCLA, on the CERCLIS or on any similar state or foreign list of sites to be investigated or cleaned-up, that individually or in the aggregate, have, or could reasonably be expected to have, a Material Adverse Effect;

(f) neither Borrower nor any of its Subsidiaries has assumed by contract or operation of law any liabilities of any other person under Environmental Law, that individually or in the aggregate, have, or could reasonably be expected to have, a Material Adverse Effect;

(g) neither the Borrower nor any Subsidiary has disposed or arranged for the disposal of any Hazardous Material or waste at any location that is listed or proposed for listing on the National Priorities List pursuant to CERCLA, on the CERCLIS or on any similar state or foreign list, or that is the subject of governmental or private enforcement actions or other investigations which may lead to material claims against the Borrower or such Subsidiary under Environmental Law, including any claim for remedial work, damage to natural resources, personal injury, or cost recovery under CERCLA in each case that individually or in the aggregate could reasonably be expected to have a Material Adverse Effect;

(h) neither the Borrower nor any of its Subsidiaries has used any polychlorinated biphenyls or asbestos in a manner that, singly or in the aggregate, has or could reasonably be expected to have, a Material Adverse Effect and no such materials are present at any property owned, operated, or leased by Borrower or any of its Subsidiaries that, singly or in the aggregate, have or could reasonably be expected to have, a Material Adverse Effect; and

(i) to Borrower's knowledge no conditions exist at, on or under any property now or previously owned or leased by the Borrower which, with the passage of time, or the giving of notice or both, would give rise to material liability under any Environmental Law.

SECTION 6.13 Accuracy of Information. None of the factual information heretofore or contemporaneously furnished in writing to any Secured Party by or on behalf of any Obligor in connection with any Loan Document or any transaction contemplated hereby, when taken as a whole, contains any untrue statement of a material fact, or omits to state any material fact necessary to make any information not misleading, and no other factual information hereafter furnished in connection with any Loan Document by or on behalf of any Obligor to any Secured Party will contain any untrue statement of a material fact or will omit to state any material fact necessary to make any information, when taken as a whole with all information previously furnished, not misleading on the date as of which such information is dated or certified. The Approved Budget made available to the Administrative Agent and the Lenders by Holdings prior to the Closing Date with respect to the Borrower have been prepared in good faith based on assumptions believed by the Borrower and Holdings to be reasonable, it being understood that projections in the Approved Budget are not to be viewed as facts and are subject to significant uncertainties and contingencies, many of which are beyond the Borrower's control, that no assurance can be given that any particular financial projection will be realized, that actual results may differ and that such differences may be material.

SECTION 6.14 Regulations U and X. No Obligor is engaged in the business of extending credit for the purpose of buying or carrying margin stock, and no proceeds of any Credit Extensions will be used to purchase or carry margin stock or otherwise for a purpose which violates, or would be inconsistent with, F.R.S. Board Regulation U or Regulation X. Terms for which meanings are provided in F.R.S. Board Regulation U or Regulation X or any regulations substituted therefor, as from time to time in effect, are used in this Section with such meanings.

SECTION 6.15 Licenses, Patents, Copyrights, etc. Subject to the entry of the Interim Order (or the Final Order, when applicable) by the Bankruptcy Court, the Borrower and each Subsidiary, as applicable, owns, holds, possesses or has the right to use all Licenses and all intellectual property rights, necessary to own and operate its properties and to carry on its business as presently conducted or as presently planned to be conducted except to the extent that the failure to own or have the right to use the same could not reasonably be expected to have a Material Adverse Effect. Subject to the entry of the Interim Order (or the Final Order, when applicable) by the Bankruptcy Court, each of the foregoing Licenses and intellectual property licenses is in full force and effect and in good standing and the Borrower and each Subsidiary is in compliance in all material respects with all the terms and conditions of each thereof, with no

known conflict with the rights of others except to the extent that such conflict could not reasonably be expected to have a Material Adverse Effect.

SECTION 6.16 Material Contracts. Item 6.16 of the Disclosure Schedule (as it may be amended or supplemented from time to time) sets forth a complete and accurate list of all Material Contracts to which the Borrower or any of the Subsidiaries is a party showing the parties to such Material Contracts, the dates such Material Contracts were entered into, the subject matter of such Material Contracts and any other information useful to determine the materiality of such Material Contract to the business or operations of the Borrower or Subsidiary party thereto.

SECTION 6.17 Collateral. Upon entry of the Interim Order (and when applicable, the Final Order) by the Bankruptcy Court, the Interim Order (and when applicable, the Final Order) the Security Agreement will create in favor of the Administrative Agent, for the benefit of the Secured Parties, a legal, valid and enforceable security interest in the Collateral described therein and proceeds thereof enforceable against the Obligors in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general equitable principles (whether enforcement is sought by proceedings in equity or at law). Upon entry of the Interim Order (and when applicable, the Final Order) by the Bankruptcy Court, the Interim Order (and when applicable, the Final Order), the Liens created by the Orders shall constitute fully perfected Liens on, and security interest in, all right, title and interest of the Obligors in such Collateral and the proceeds thereof (other than to the extent otherwise permitted under the Loan Documents) in each case with the priority set forth in Section 11.1 and the Orders (except as otherwise expressly set forth in this Agreement), in each case prior and superior in right to any other Person (except Liens permitted under Section 7.2.3 and the Carve-Out).

SECTION 6.18 Regulatory Matters.

(a) Southern Air is an "air carrier" as defined in the U.S. Transportation Code (49 U.S.C. Section 40102(a)(2)) and holds a certificate or certificates issued under 49 U.S.C. Section 41102(a)(1) or 41103, or exemptions therefrom under 49 U.S.C. Section 40109. Southern Air is engaged in operations as an "air carrier" is a "citizen of the United States" as defined in 49 U.S.C. Section 40102(a)(15) (a "United States Citizen") and holds an air carrier operating certificate issued pursuant to Chapter 447 of Title 49 for aircraft capable of carrying 10 or more individuals or 6,000 pounds or more of cargo. Southern Air possess all necessary certificates, franchises, Licenses, permits, rights and concessions and consents which are material to the operation of the routes flown by it and the conduct of its business and operations as currently conducted.

(b) The Borrower is an "eligible borrower" within the meaning of the Regulations; the Borrower does not have any outstanding delinquent Federal debt (including tax liabilities); and the Loan Documents and the transactions contemplated hereby comply with the requirements of the Act and the Regulations.

SECTION 6.19 Use of Proceeds.

(a) The Borrower will use the proceeds of the Loans to pay related fees, commissions and expenses subject to and in a manner consistent with the Approved Budget, including to pay (i) all fees due to the Administrative Agent and the Lenders as provided under this Agreement or the other Loan Documents, (ii) all reasonable out-of-pocket professional fees and expenses (including legal, financial advisor, appraisal and valuation-related fees and expenses) incurred by the Administrative Agent, including, without limitation, those incurred in connection with the preparation, negotiation, documentation and court approval of this Agreement and any other Loan Documents; (iii) all reasonable out-of-pocket costs and expenses, including professional fees and expenses (including legal, financial advisor, appraisal and valuation-related fees and expenses), incurred by the Pre-Petition Agent, in each case, as provided for in the Orders, (iv) Post-Petition and approved (by the Bankruptcy Court, with the express consent of the Administrative Agent at the direction of the Required Lenders) Pre-Petition operating expenses and other working capital, general corporate needs and financing requirements of the Borrower and its Subsidiaries, (v) certain other costs and expenses related to the administration of the Chapter 11 Cases, and (vi) professional fees and expenses of the Debtors and any official creditors' committee (if any) appointed by the Bankruptcy Court. Notwithstanding anything to the contrary in this Agreement and subject to the limitations set forth in the Orders, no Loans, Cash Collateral, the Carve-Out proceeds or any other proceeds of any of the foregoing shall be used to: (A) , except to the extent permitted in the Approved Budget, pay interest and principal with respect to any Indebtedness (other than Indebtedness incurred under this Agreement); provided, however, for the avoidance of doubt, nothing in this Section 6.19 shall limit the Debtors' ability to make payments in respect of adequate protection to the Pre-Petition Agent and the Pre-Petition Lenders, pursuant to the Orders, (B) finance in any way any adversary action, investigation, suit, arbitration, proceeding, application, motion or other litigation of any type relating to or in connection with the Pre-Petition Credit Agreement or instruments entered into in connection therewith, including, without limitation, any challenges to the Pre-Petition Credit Agreement or any instruments entered into in connection therewith, including, without limitation, any challenges to the Pre-Petition Obligations or the validity, perfection, priority, or enforceability of any Lien securing such claims or any payment made thereunder, (C) finance in any way any investigation, action, suit, arbitration, proceeding, application, motion or other litigation of any type adverse to the interests of the Administrative Agent, or the Lenders or their rights and remedies under this Agreement, the other Loan Documents, the Interim Order or the Final Order, (D) seek authorization for any party to use any of the Cash Collateral of the Secured Parties except as set forth in the Orders or (E) except as otherwise permitted hereunder, obtain Liens that are senior to, or *pari passu* with, the Liens of the Administrative Agent, the Lenders and the other Secured Parties in the Collateral or any portion thereof.

(b) The Loans shall be used in compliance with the Orders.

ARTICLE VII COVENANTS

SECTION 7.1 Affirmative Covenants. The Borrower agrees with each Lender and the Administrative Agent that until the Termination Date (other than with respect to the Secured OHAA Payment Obligations) has occurred, the Borrower will, and will cause its Subsidiaries to, perform or cause to be performed the obligations set forth below.

SECTION 7.1.1 Financial Information, Reports, Notices, etc. The Borrower will furnish each Lender and the Administrative Agent copies of the following financial statements, reports, notices and information:

(a) as soon as available and in any event within 45 days after the end of each Fiscal Quarter of each Fiscal Year, an unaudited consolidated balance sheet of Holdings and its Subsidiaries as of the end of such Fiscal Quarter and consolidated statements of income and cash flow of Holdings and its Subsidiaries for such Fiscal Quarter and for the period commencing at the end of the previous Fiscal Year and ending with the end of such Fiscal Quarter, and including (in each case), (i) in comparative form the figures for the corresponding Fiscal Quarter in, and year to date portion of, the immediately preceding Fiscal Year and (ii) the references to hours flown, in each case, certified as complete and correct by the chief financial or accounting Authorized Officer of the Borrower;

(b) as soon as possible and in any event within three Business Days after an officer of the Borrower or any other Obligor obtains knowledge of the occurrence of a Default, a statement of an Authorized Officer of the Borrower setting forth details of such Default and the action which the Borrower or such Obligor has taken and proposes to take with respect thereto;

(c) as soon as possible and in any event within five Business Days after an officer of the Borrower or any other Obligor (i) obtains knowledge of the commencement of any Material Adverse Effect, any litigation, action, proceeding or labor controversy of the type and materiality described in Section 6.7, notice thereof and, to the extent the Administrative Agent requests, copies of all documentation relating thereto and (ii) receives written notice that a customer to a Material Customer Contract will not perform any material obligations or payment obligations under any Material Customer Contract (without regard to any grace period in such contract or any amendment or waiver thereto);

(d) promptly upon becoming aware of the occurrence of an ERISA Event, a statement of an Authorized Officer of the Borrower setting forth details of such ERISA Event and the action which the Borrower or such Obligor has taken and proposes to take with respect thereto;

(e) such other financial and other information as any Lender through the Administrative Agent may from time to time reasonably request;

(f) as soon as available, and in any event within 30 days after the end of each month of each Fiscal Year, commencing with the month in which the date hereof occurs, an unaudited consolidated balance sheet of Holdings and its Subsidiaries as of the end of such month and consolidated statements of income and cash flow of Holdings and its Subsidiaries for such month and for the period commencing at the end of the previous Fiscal Year and ending with the end of such month, and including (in each case), in comparative form the figures for the corresponding month in, and year to date portion of, the immediately preceding Fiscal Year and the corresponding figures from the consolidated budget prepared for the current Fiscal Year and (ii) a calculation of EBITDA as of the end of such month and a description of monthly hours flown by Holdings and its Subsidiaries as of the end of such month, in the case of each of clause (i) and (ii), certified as complete and correct by the chief financial or accounting Authorized Officer of the Borrower;

(g) concurrently with the delivery of the financial statements required to be delivered pursuant to clauses (a) and (f) of this Section 7.1.1, a narrative report by the chief financial or accounting Authorized Officer of the Borrower describing the operations of Holdings and its Subsidiaries for the applicable month, Fiscal Quarter or Fiscal Year and for the period from the beginning of the then current Fiscal Year to the end of such period to which such financial statements relate;

(h) as soon as practicable and in any event within two Business Days of the applicable filing, copies of all pleadings, motions, applications, judicial information, financial information and other documents filed by or on behalf of the Debtors with the Bankruptcy Court or the U.S. Trustee in any Chapter 11 Cases that are not otherwise made publicly available by filings on the Electronic Case Filing System for such Chapter 11 Cases (the “Court Documents”); provided, however, that any such Court Documents filed under seal and/or subject to confidentiality and other restrictions prohibiting disclosure to the Administrative Agent shall not be provided to Administrative Agent;

(i) as soon as practicable and in any event within two Business Days of the applicable filing, copies of any reports filed in any Chapter 11 Case and provided to any creditors’ or other committee or the U.S. Trustee (“Committee Documents”) that are not otherwise made publicly available by filings on the Electronic Case Filing System for such Chapter 11 Case; provided, however, that any such Committee Documents filed under seal and/or subject to confidentiality and other restrictions prohibiting disclosure to the Administrative Agent shall not be provided to Administrative Agent; and

(j) as soon as practicable and in any event within 10 Business Days of the Petition Date, a schedule of all liabilities on the Petition Date of the type that would be required to be set forth on a consolidated balance sheet prepared in accordance with GAAP, except (i) the liabilities reflected on the balance sheet most recently delivered by the Borrower pursuant to the Pre-Petition Credit Agreement and (ii) liabilities incurred in the ordinary course of business since the date of such balance sheet (none of which results from or arises out of any breach of or default under any contract, breach of warranty, tort, infringement or violation of law).

SECTION 7.1.2 Maintenance of Existence; Compliance with Contracts, Laws, etc. The Borrower will, and will cause each of its Subsidiaries to, (a) preserve and maintain its legal existence (except as otherwise permitted by Sections 7.2.7 and 7.2.8), (b) to the extent provided for in the Approved Budget (but subject to Section 7.1.15) and required under the Bankruptcy Code, perform in all material respects their obligations under material agreements to which the Borrower or a Subsidiary is a party, and (c) comply with all material applicable laws, rules, regulations and orders, including the payment (before the same become delinquent), to the extent provided for in the Approved Budget (but subject to Section 7.1.15) and permitted under the Bankruptcy Code, of all material Taxes, imposed upon the Borrower or its Subsidiaries or upon their property, except to the extent being diligently contested in good faith by appropriate proceedings and for which adequate reserves in accordance with GAAP have been set aside on the books of the Borrower or its Subsidiaries, as applicable.

SECTION 7.1.3 Maintenance of Properties and Licenses. The Borrower will, and will cause each of its Subsidiaries to, consistent with Section 7.1.15, maintain, preserve, protect and keep its and their respective tangible properties and Licenses (which are necessary or useful in the proper conduct of its business) in good repair, working order and condition (ordinary wear and tear and casualty and condemnation excepted), and, consistent with Section 7.1.15, make necessary repairs, renewals and replacements so that the business carried on by the Borrower and its Subsidiaries may be properly conducted at all times, unless the Borrower or such Subsidiary determines in good faith that the continued maintenance of such property is no longer economically desirable, necessary or useful to the business of the Borrower or any of its Subsidiaries or the Disposition of such property is otherwise permitted by Section 7.2.8 or 7.2.9.

SECTION 7.1.4 Insurance. The Borrower will, and will cause each of its Subsidiaries, to, consistent with Section 7.1.15, maintain (a) insurance on its property with financially sound and reputable insurance companies against loss and damage in at least the amounts (and with only those deductibles) customarily maintained, and against such risks as are typically insured against in the same general area, by Persons of comparable size engaged in the same or similar business as the Borrower and its Subsidiaries; and (b) all worker's compensation, employer's liability insurance or similar insurance as may be required under the laws of any state or jurisdiction in which it may be engaged in business.

Without limiting the foregoing, all insurance policies required pursuant to this Section shall name the Administrative Agent on behalf of the Secured Parties as loss payee (in the case of property insurance) or additional insured (in the case of liability insurance), as applicable, and provide that no cancellation of the policies will be made without thirty days' prior written notice to the Administrative Agent. If a Casualty Event shall occur, and if the Borrower notifies the Administrative Agent as provided in clause (e) of Section 3.1.1 that it intends to apply the Net Casualty Proceeds attributable to such Casualty Event to the acquisition of property or the repair or restoration of the affected property, the Administrative Agent shall, so long as no Default then exists, following receipt of such Net Casualty Proceeds, pay the same over to the Borrower.

SECTION 7.1.5 Books and Records; Visitation. The Borrower will, and will cause each of its Subsidiaries to, keep books and records in accordance with GAAP which accurately reflect all of its business affairs and transactions and permit the Lenders or any of their respective representatives, at reasonable times and intervals upon reasonable notice to the Borrower, to visit

each Obligor's offices, to discuss such Obligor's financial matters with its officers and employees, and its independent public accountants (and the Borrower hereby authorizes such independent public accountant to discuss each Obligor's financial matters with the Lenders or their representatives with the Borrower having the right to have a representative of such Obligor present) and to examine and make extracts from any of its books and records; provided that, unless an Event of Default has occurred or is occurring, the Lenders (other than the Administrative Agent) shall be limited to one such visit per Fiscal Year (for all Lenders and coordinated through the Administrative Agent), each such visit to be at a reasonable interval and upon reasonable notice as provided above. The Borrower shall pay any fees of such independent public accountant incurred in connection with any Lender's exercise of its rights pursuant to this Section.

SECTION 7.1.6 Financial Consultant. The Borrower shall continue to retain, on terms and conditions reasonably acceptable to the Lenders and at the sole cost and expense of the Borrower, Zolfo Cooper or such other business consultant as is reasonably acceptable to the Administrative Agent to, among other things, advise the Borrower in connection with the management and operation of its business and to assist the Borrower with preparation of the Approved Budget and the other financial and collateral reporting required to be delivered to the Administrative Agent pursuant to this Agreement (it being understood that the terms and conditions of the engagement of Zolfo Cooper that have been provided to the Administrative Agent are satisfactory to the Administrative Agent). In the event Zolfo Cooper ceases for any reason to act in that capacity, the Borrower shall engage a successor consultant acceptable to the Administrative Agent within thirty days (or such later date agreed to by the Administrative Agent) of such event.

SECTION 7.1.7 Environmental Law. The Borrower will, and will cause each of its Subsidiaries to, (a) use and operate all of its and their facilities and properties in material compliance with all Environmental Laws, keep all material permits, approvals, certificates, licenses and other authorizations relating to environmental matters in effect and remain in material compliance therewith, handle all Hazardous Materials in material compliance with all applicable Environmental Laws, and exercise due care by undertaking response activities as necessary to mitigate material unacceptable exposure to Hazardous Materials released at or from its or their facilities and properties; (b) promptly notify the Administrative Agent and provide copies upon receipt of all material written claims, complaints, notices or inquiries relating to the condition of its facilities and properties in respect of, or as to compliance with, Environmental Laws; (c) use commercially reasonable efforts to promptly resolve any material non-compliance with or material liability under Environmental Laws; and (d) keep its owned and their owned or leased property free of any Lien imposed by any Environmental Law.

SECTION 7.1.8 Use of Proceeds. The Borrower will use the proceeds of the Loans only for the purposes set forth in Section 6.19.

SECTION 7.1.9 Future Guarantors, Security, etc. The Borrower will, and will cause each U.S. Subsidiary to, execute any documents, Filing Statements, agreements and instruments, and take all further action (including filing Mortgages) that may be required under applicable law, or that the Administrative Agent may reasonably request, in order to effectuate the transactions contemplated by the Loan Documents and in order to grant, preserve, protect and

perfect the validity and first priority (subject to Liens permitted by Section 7.2.3) of the Liens created or intended to be created by the Loan Documents and the Orders. The Borrower will cause any subsequently acquired or organized U.S. Subsidiary to execute a supplement (in form and substance reasonably satisfactory to the Administrative Agent) to the Subsidiary Guaranty and each other applicable Loan Document in favor of the Secured Parties. In addition, from time to time, the Borrower will, at its cost and expense, promptly secure the Obligations by pledging or creating, or causing to be pledged or created, perfected Liens with respect to such of its assets and properties as the Administrative Agent shall designate, it being agreed that it is the intent of the parties that the Obligations shall be secured by, among other things, substantially all the assets of the Borrower and its U.S. Subsidiaries (including real and personal property acquired subsequent to the Closing Date); provided that neither the Borrower nor any of its Subsidiaries shall be required to pledge more than 65% of the Voting Securities of any Foreign Subsidiary. Such Liens will be created under the Loan Documents in form and substance reasonably satisfactory to the Administrative Agent, and the Borrower shall deliver or cause to be delivered to the Administrative Agent all such instruments and documents (including legal opinions, title insurance policies and lien searches) as the Administrative Agent shall reasonably request to evidence compliance with this Section.

SECTION 7.1.10 Material Contracts. The Borrower will, and will cause each of its Subsidiaries to, to the extent provided for in the Approved Budget (but subject to Section 7.1.15), perform and observe all the terms and provisions of each Material Contract to be performed or observed by it, maintain each Material Contract in full force and effect, enforce each Material Contract in accordance with its terms, take all such action to such end as may be from time to time requested by the Administrative Agent and, upon request of the Administrative Agent, make to each other party to each Material Contract such demands and requests for information and reports or for action as the Borrower or any of its Subsidiaries is entitled to make under such Material Contract, except, in any case, where the failure to do so, either individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect.

SECTION 7.1.11 Federal Aviation Administration Matters; Citizenship. Southern Air shall be an “air carrier” as defined in U.S. Transportation Code (49 U.S.C. Section 40102(a)(2)) and hold a certificate or certificates issued under 49 U.S.C. Section 41102(a)(1) or 49 U.S.C. Section 41103, or exemptions therefrom under 49 U.S.C. Section 40109, as currently in effect or as may be amended or recodified from time to time. The Borrower will cause Southern Air to be a United States Citizen holding an air carrier operating certificate issued pursuant to Chapter 447 of Title 49 for aircraft capable of carrying 10 or more individuals or 6,000 pounds or more of cargo. The Borrower will cause Southern Air to possess and maintain all necessary consents, franchises, licenses, permits, rights, authorities and concessions and consents which are material to the operation of the routes flown by it and the conduct of its business and operations from time to time.

SECTION 7.1.12 [RESERVED].

SECTION 7.1.13 Bankruptcy Related Matters. The Borrower shall provide the Administrative Agent and the Secured Parties with reasonable access to non-privileged information (including historical information) and relevant personnel regarding strategic

planning, cash and liquidity management, operational and restructuring activities, in each case subject to customary confidentiality restrictions.

SECTION 7.1.14 Compliance with Milestones. Unless otherwise waived by the Required Lenders in their sole discretion, each Obligor shall achieve the events as set forth below (the “Milestones”) by the dates specified therein (or such later date as may be agreed to by the Administrative Agent at the direction of the Required Lenders in their sole discretion):

(a) filing of a plan of reorganization (the “Plan”) and a disclosure statement with respect to such Plan satisfactory to the Administrative Agent and the Required Lenders in all respects (the “Disclosure Statement”), on or prior to the date that is fifteen (15) Business Days after the Petition Date;

(b) obtaining an order from the Bankruptcy Court approving the Disclosure Statement, which order is satisfactory to the Administrative Agent and the Required Lenders in all respects, on or prior to the date that is forty –five (45) days after filing of the Disclosure Statement;

(c) obtaining an order from the Bankruptcy Court confirming the Plan, which order is satisfactory to the Administrative Agent and the Required Lenders in all respects, on or prior to the date that is sixty (60) days after the date on which the Disclosure Statement is approved; provided that the Borrower shall use all commercially reasonable efforts to refinance the DIP Facility as promptly as practicable following the Petition Date;

(d) filing a motion on or prior to the date that is thirty (30) days after the Petition Date to reject certain non-residential real property leases relating to property located in Norwalk, Connecticut as soon as practicable;

(e) delivery of the Rationalization Strategy to the Administrative Agent on or prior to the date that is fourteen (14) calendar days after the Petition Date;

(f) entry of the Final Order approving this Agreement by 45 days after the date of entry of the Interim Order;

(g) delivery to the Administrative Agent, on or prior to December 15, 2012, of a business plan for the Borrower and its Subsidiaries in form and substance reasonably satisfactory to the Required Lenders, which shall (i) take into consideration the uncertainty related to the revised collective bargaining agreements and any remaining uncertainties relating to rationalization of the airplane fleet, (ii) demonstrate the basis on which the Borrower and its Subsidiaries are able to achieve such business plan and (iii) describe a strategy for the Debtors to conclude their Chapter 11 Cases, whether by sale, plan of reorganization or otherwise;

(h) the occurrence of the date that is one hundred twenty (120) days after the Petition Date, if the Plan has not been confirmed on or before such date; and

(i) entry of an order of the Bankruptcy Court confirming the Plan shall have occurred by the date that is 150 days after the Petition Date.

SECTION 7.1.15 Maximum Budget Variance.

(a) Attached hereto as Exhibit M is the Approved Budget as of the Closing Date. Beginning on Monday, October 8, 2012 (by 6:00 p.m. New York City time), and every Monday thereafter (by 6:00 p.m. New York City time), the Debtors shall deliver (i) an updated thirteen-week cash flow budget (each such updated budget, a "Supplemental Budget") and (ii) a narrative report by the chief financial or accounting Authorized Officer of the Borrower describing such Supplemental Budget. Beginning on Monday, October 8, 2012 and on the first Monday of each calendar month thereafter, if and only if the Required Lenders approve the Supplemental Budget delivered on such date, with such approval not to be unreasonably withheld where such Supplemental Budget is reasonably consistent with the then-existing Approved Budget (after taking into consideration the Debtors' actual performance relative to the then-existing Approved Budget and any reasonably expected improvements in such performance), then such Supplemental Budget shall automatically become the Approved Budget. On the Monday of each week (by 6:00 p.m. New York City time), the Borrower shall provide a variance report (a "Variance Report") with respect to the (a) immediately prior week setting forth actual cash receipts and disbursements for the prior week and setting forth any variances, on a line-item basis, from the amount set forth for such week in the Approved Budget and (b) from the Closing Date to the date of such Variance Report, and including explanations of all material variances. Each such report shall be certified by the Chief Financial Officer of the Borrower as being (i) prepared in good faith and fairly presenting in all material respects the information set forth therein and (ii) in compliance with Section 7.2.4 as of the last day of the relevant period.

(b) Commencing on Monday, October 8, 2012, and thereafter, tested by reference to the Variance Report each week, (i) the aggregate expenditures and disbursements by the Obligors for each line item in the Approved Budget for each rolling four-week period shall not exceed \$500,000 of the corresponding line item expenditures budgeted for such time period and (ii) the aggregate expenditures by the Obligors in the Approved Budget for each rolling four-week period shall not exceed 110% of the corresponding aggregate expenditures budgeted for such time period (after giving effect to a 2-week carryover with respect unused aggregate permitted amount) (such percentages, the "Permitted Deviation").

SECTION 7.1.16 Post-Petition Obligations. The Borrower shall pay, discharge or otherwise satisfy at or before maturity or before they become delinquent, as the case may be, all its Post-Petition obligations of whatever nature, except (a) where such payment, discharge or satisfaction is prohibited by the Bankruptcy Code or an order of the Bankruptcy Court or by this Agreement or would not be in compliance with the Approved Budget (subject to Section 7.1.15), or (b) where the amount or validity thereof is currently being contested in good faith by appropriate proceedings and reserves in conformity with GAAP with respect thereto have been provided on the books of the Borrower.

SECTION 7.2 Negative Covenants. The Borrower covenants and agrees with each Lender and the Administrative Agent that until the Termination Date (other than with respect to the Secured OHAA Payment Obligations) has occurred, the Borrower will, and will cause its Subsidiaries to, perform or cause to be performed the obligations set forth below.

SECTION 7.2.1 Business Activities. The Borrower will not, and will not permit any of its Subsidiaries to, engage in any business activity except those business activities engaged in on the date of this Agreement and activities reasonably incidental or related thereto.

SECTION 7.2.2 Indebtedness. The Borrower will not, and will not permit any of its Subsidiaries to, create, incur, assume or permit to exist any Indebtedness, other than

- (a) Indebtedness in respect of the Obligations;
- (b) Indebtedness existing as of the Closing Date (the “Rollover Debt”) which is identified in Item 7.2.2(b) of the Disclosure Schedule;
- (c) unsecured Indebtedness (i) constituting trade payables incurred in the ordinary course of business of the Borrower and its Subsidiaries (including open accounts extended by suppliers on normal trade terms in connection with purchases of goods and services which are not overdue for a period of more than 90 days or, if overdue for more than 90 days, as to which a dispute exists and adequate reserves in conformity with GAAP have been established on the books of the Borrower or such Subsidiary) and (ii) in respect of performance, surety or appeal bonds provided in the ordinary course of business, but excluding (in each case), Indebtedness incurred through the borrowing of money or Contingent Liabilities in respect thereof;
- (d) Indebtedness (i) in respect of industrial revenue bonds or other similar governmental or municipal bonds, (ii) evidencing the deferred purchase price of newly acquired property or incurred to finance the acquisition of assets of the Borrower and its Subsidiaries (pursuant to purchase money mortgages or otherwise, whether owed to the seller or a third party) used in the ordinary course of business of the Borrower and its Subsidiaries (provided that such Indebtedness is incurred within 180 days of the acquisition of such property) and (iii) in respect of Capitalized Lease Liabilities; provided that the aggregate amount of all Indebtedness outstanding pursuant to this clause shall not at any time exceed \$100,000 and shall be incurred in accordance with the Approved Budget;
- (e) Indebtedness of any Subsidiary owing to the Borrower or any other Subsidiary, which Indebtedness shall, if payable to the Borrower or a Subsidiary Guarantor and in a principal amount in excess of \$100,000, be evidenced by one or more promissory notes in form and substance reasonably satisfactory to the Administrative Agent, duly executed and delivered in pledge to the Administrative Agent pursuant to a Loan Document, and shall not be forgiven or otherwise discharged for any consideration other than payment in full or in part in cash (provided that only the amount repaid in part shall be discharged);
- (f) Permitted Refinancings of Indebtedness permitted by this Section 7.2.2;
- (g) Indebtedness incurred pursuant to the Pre-Petition Credit Agreement; and
- (h) Indebtedness contemplated by the Approved Budget or the Rationalization Strategy;

provided that (i) no Indebtedness otherwise permitted by clauses (d) and (i) shall be assumed, created or otherwise incurred if a Default has occurred and is then continuing or would result therefrom, (ii) the Indebtedness permitted under this Section shall be deemed to include Contingent Liabilities in respect thereof and (iii) no Indebtedness shall be permitted to be incurred by a Foreign Subsidiary.

Notwithstanding the foregoing, and except for the Carve-Out or as otherwise provided in Section 11.2 or the Orders, no Indebtedness under clauses (b) through (i) shall be permitted to have an administrative expense claim or super-priority status under the Bankruptcy Code senior to or *pari passu* with the super-priority administrative expense claims of the Administrative Agent and the Lenders (or the adequate protection claims of the Pre-Petition Agent) as set forth herein and in the Orders.

SECTION 7.2.3 Liens. The Borrower will not, and will not permit any of its Subsidiaries to, create, incur, assume or permit to exist (i) any administrative expense, unsecured claim, or other super-priority claim or Lien that is *pari passu* with or senior to the claims of the Lenders under the Loan Documents, or apply to the Bankruptcy Court for authority to do so, or (ii) any obligation to make adequate protection payments, or otherwise provide adequate protection, other than as provided in the Order, upon any of its property (including Capital Securities of any Person), revenues or assets, whether now owned or hereafter acquired, except

(a) Liens securing payment of the Obligations;

(b) (i) Liens existing as of the Closing Date and perfected on the Petition Date and disclosed in Item 7.2.3(b)-1 of the Disclosure Schedule and (ii) Liens existing as of the Closing Date and perfected subsequent to the Petition Date and disclosed in Item 7.2.3(b)-2 of the Disclosure Schedule, and modifications, renewals, extensions or refinancings of any Indebtedness secured by such Liens; provided that (i) no such Lien shall encumber any additional property (other than (x) after-acquired property affixed or incorporated into the property covered by such Lien or financed by Indebtedness permitted under Section 7.2.2 and (y) proceeds and products thereof), (ii) in the case of Liens that existed on the Closing Date, the principal amount of Indebtedness secured by such Lien is not increased from that existing on the Closing Date (as such Indebtedness may have been permanently reduced subsequent to the Closing Date) and (iii) in the case of each of the Liens on such schedule referred to collectively as the “Aircraft and Wet Lease Liens”, the amount of Indebtedness (if any) secured by such Lien is not increased from that reflected in the applicable Capitalized Lease Liability (as in effect on the effective date thereof) (as such Indebtedness may have been permanently reduced subsequent to such date);

(c) Liens securing Indebtedness of the type permitted under clause (d) of Section 7.2.2; provided that (i) such Lien is granted within 180 days after such Indebtedness is incurred and (ii) such Lien only covers the assets that are the subject of the Indebtedness referred to in such clause;

(d) Liens in favor of carriers, warehousemen, mechanics, materialmen and landlords granted in the ordinary course of business for amounts not more than 45 days

overdue or being diligently contested in good faith by appropriate proceedings and for which adequate reserves in accordance with GAAP shall have been set aside on its books;

(e) Liens incurred or deposits made in the ordinary course of business in connection with worker's compensation, unemployment insurance or other forms of governmental insurance or benefits, or to secure performance of tenders, statutory obligations, bids, leases or other similar obligations (other than for borrowed money) entered into in the ordinary course of business or to secure obligations on surety and appeal bonds or performance bonds;

(f) judgment Liens in existence for less than 45 days after the entry thereof or with respect to which execution has been stayed or nonpayment of the obligations secured thereby is permitted by the Bankruptcy Code or the payment of which is covered in full (subject to a customary deductible) by insurance maintained with responsible insurance companies and which do not otherwise result in an Event of Default under Section 8.1.6;

(g) easements, rights-of-way, zoning restrictions, restrictive covenants, conditions, encroachments, survey defects, minor defects or irregularities in title and other similar encumbrances not interfering in any material respect with the value or use of the property to which such Lien is attached;

(h) Liens for Taxes not at the time delinquent or thereafter payable without penalty or being diligently contested in good faith by appropriate proceedings and for which adequate reserves in accordance with GAAP shall have been set aside on its books;

(i) Liens granted pursuant to the Pre-Petition Credit Agreement;

(j) Liens granted pursuant to the Orders to secure the Obligations; and

(k) Liens contemplated by the Approved Budget or the Rationalization Strategy;

provided that no Liens shall be permitted to be incurred by a Foreign Subsidiary other than the Liens described in clauses (g) and (h) above.

SECTION 7.2.4 Net Liquidity. The Borrower will not permit actual Net Liquidity at any time during the most recently ended weekly period to be less than the Required Percentage of Net Liquidity as shown in the most recent Approved Budget for the corresponding weekly period and fails to maintain the required Net Liquidity shall be reported on 2 or more consecutively delivered Supplemental Budgets. The "Required Percentage" shall mean (i) from the Closing Date to and including the Final Order Date, 85.0% and (ii) after the Final Order Date, 80.0%.

SECTION 7.2.5 Investments. The Borrower will not, and will not permit any of its Subsidiaries to, purchase, make, incur, assume or permit to exist any Investment in any other Person, except:

(a) Investments existing on the Closing Date and identified in Item 7.2.5(a) of the Disclosure Schedule;

(b) Cash Equivalent Investments; provided that the Cash Equivalent Investments of any Subsidiary that is not a Guarantor Subsidiary shall not exceed \$100,000 at any time;

(c) Investments received in connection with the bankruptcy or reorganization of, or settlement of delinquent accounts and disputes with, customers and suppliers, in each case in the ordinary course of business;

(d) Investments by way of contributions to capital or purchases of Capital Securities (i) by the Borrower in any Subsidiaries or by any Subsidiary in other Subsidiaries; or (ii) by any Subsidiary in the Borrower;

(e) Investments constituting (i) accounts receivable arising, (ii) trade debt granted or (iii) deposits made in connection with the purchase price of goods or services, in each case in the ordinary course of business in accordance with the Approved Budget; and

(f) Investments that are consistent with the Approved Budget or the Rationalization Strategy;

provided that any Investment which when made complies with the requirements of the definition of the term “Cash Equivalent Investment” may continue to be held notwithstanding that such Investment if made thereafter would not comply with such requirements. In addition, to the extent that the Cash and Cash Equivalent Investments of any Subsidiary that is not a Guarantor Subsidiary exceeds \$100,000 at any time, such excess shall be promptly paid as a dividend or distribution on the Capital Stock of such Subsidiary that is not a Guarantor Subsidiary to the Borrower or a Guarantor Subsidiary.

SECTION 7.2.6 Restricted Payments, etc. The Borrower will not, and will not permit any of its Subsidiaries to, declare or make a Restricted Payment, or make any deposit for any Restricted Payment, other than (a) Restricted Payments to Holdings for the purpose of paying, so long as all proceeds are promptly used by Holdings to pay, (i) operating expenses incurred in the ordinary course of business (including reasonable fees for audit, legal and similar administrative services, but excluding management fees and other amounts covered by clause (iv) below), (ii) without duplication of amounts paid under clause (iv) below, any income tax liability of Holdings attributable to the income of the Borrower and its Subsidiaries (provided that payments pursuant to this clause (ii) in any Fiscal Year shall not be in excess of the amount that the Borrower and its consolidated subsidiaries would be required to pay in respect of income taxes for such Fiscal Year were the Borrower to pay such taxes as a stand-alone taxpayer), and (iii) franchise or similar taxes and other similar taxes, fees and expenses required to maintain

Holdings' corporate existence, and (b) Restricted Payments made by Subsidiaries to Holdings, the Borrower, Subsidiary Guarantors or Subsidiaries of the Borrower or Subsidiary Guarantors.

SECTION 7.2.7 Issuance of Capital Securities. The Borrower will not, and will not permit any of its Subsidiaries to, issue any Capital Securities (whether for value or otherwise) to any Person, in the case of Subsidiaries, other than to the Borrower or another wholly owned Subsidiary.

SECTION 7.2.8 Consolidation, Merger; etc. The Borrower will not, and will not permit any of its Subsidiaries to, except as contemplated by the Plan, liquidate or dissolve, consolidate with, or merge into or with, any other Person, or purchase or otherwise acquire all or a substantial portion of the assets of any Person (or any division thereof), except any Subsidiary may liquidate or dissolve voluntarily into, and may merge with and into, the Borrower or any other Subsidiary (provided that a Subsidiary Guarantor may only liquidate or dissolve into, or merge with and into, the Borrower or another Subsidiary Guarantor or a Person who becomes a Subsidiary Guarantor simultaneously therewith), and the assets or Capital Securities of any Subsidiary may be purchased or otherwise acquired by the Borrower or any other Subsidiary (provided that the assets or Capital Securities of any Subsidiary Guarantor may only be purchased or otherwise acquired by the Borrower or another Subsidiary Guarantor or a Person who becomes a Subsidiary Guarantor simultaneously therewith); provided further that in no event shall any Subsidiary consolidate with or merge with and into any other Subsidiary unless after giving effect thereto, the Administrative Agent shall have a perfected pledge of, and security interest in and to, which security interest shall be maintained or created in accordance with the provisions of Section 7.1.13, at least the same percentage of the issued and outstanding interests of Capital Securities (on a fully diluted basis) and other assets of the surviving Person as the Administrative Agent had immediately prior to such merger or consolidation in form and substance satisfactory to the Administrative Agent and its counsel, pursuant to such documentation and opinions as shall be necessary in the opinion of the Administrative Agent to create, perfect or maintain the collateral position of the Secured Parties therein.

SECTION 7.2.9 Permitted Dispositions. The Borrower will not, and will not permit any of its Subsidiaries to, except as contemplated by the Plan, the Approved Budget or the Rationalization Strategy, Dispose of any of the Borrower's or such Subsidiaries' assets (including accounts receivable and Capital Securities of Subsidiaries) to any Person in one transaction or series of transactions unless such Disposition is (a) inventory or obsolete, damaged, worn out or surplus property Disposed of in the ordinary course of its business, (b) permitted by Section 7.2.8, (c)(i) for fair market value and the consideration received consists solely of cash, (ii) the Net Disposition Proceeds received from such Disposition, together with the Net Disposition Proceeds of all other assets Disposed of pursuant to this clause during the consecutive twelve month period in which such Disposition was made, does not exceed (individually or in the aggregate) \$10,000,000 and (iii) the Net Disposition Proceeds from such Disposition are applied pursuant to Section 3.1.1, (d) Dispositions of accounts (as such term is defined in Section 9-102 of the UCC) for collection in the ordinary course of business, (e) Dispositions of assets caused by Casualty Events, or (f) Dispositions in the ordinary course of business of securities received in connection with work-outs of accounts (as such term is defined in Section 9-102 of the UCC) in the ordinary course of business, provided that in each case, the

Net Disposition Proceeds from such Disposition are for fair market value and the consideration received consists of cash and the Net Disposition Proceeds are applied pursuant to Section 3.1.1.

SECTION 7.2.10 No Prepayment of Debt. The Borrower will not, and will not permit any of its Subsidiaries to, except as otherwise permitted by this Agreement or the First Day Orders, make any payments or transfer, or agree to any setoff or recoupment, with respect to any Pre-Petition claim, Pre-Petition Lien or Pre-Petition Indebtedness of any Obligor, except (x) to the extent authorized by any First Day Orders or the Orders, or (y) as otherwise permitted by applicable law or order of the Bankruptcy Court.

Furthermore, neither the Borrower nor any Subsidiary will incur, create, assume, suffer to exist or permit any super-priority administrative claim which is *pari passu* with or senior to the super-priority claims under the Loan Documents, except as set forth in this Agreement or the other Loan Documents, the Orders or the First Day Orders.

SECTION 7.2.11 Modification of Certain Agreements. The Borrower will not, and will not permit any of its Subsidiaries to, except as contemplated by the Plan, consent to any amendment, supplement, waiver or other modification of, or enter into any forbearance from exercising any rights with respect to the terms or provisions contained in (a) any Organic Document of the Borrower or any of its Subsidiaries, if the result would have an adverse effect on the rights or remedies of any Secured Party; or (b) the Pre-Petition Credit Agreement, the Orders or the First Day Orders without the written consent of the Administrative Agent at the direction of the Required Lenders.

SECTION 7.2.12 Transactions with Affiliates. The Borrower will not, and will not permit any of its Subsidiaries to, except as contemplated by the Plan, enter into or cause or permit to exist any arrangement, transaction or contract (including for the purchase, lease or exchange of property or the rendering of services) with any of its other Affiliates, other than the Service Agreement, dated as of April 1, 2012, between Southern Air GmbH and Southern Air Inc. or unless such arrangement, transaction or contract (a) is on fair and reasonable terms no less favorable to the Borrower or such Subsidiary than it could obtain in an arm's-length transaction with a Person that is not an Affiliate and (b) is of the kind which would be entered into by a prudent Person in the position of the Borrower or such Subsidiary with a Person that is not one of its Affiliates.

SECTION 7.2.13 Restrictive Agreements, etc. The Borrower will not, and will not permit any of its Subsidiaries to, enter into any agreement prohibiting

(a) the creation or assumption of any Lien upon its properties, revenues or assets, whether now owned or hereafter acquired;

(b) the ability of any Obligor to amend or otherwise modify any Loan Document; or

(c) the ability of any Subsidiary to make any payments, directly or indirectly, to the Borrower, including by way of dividends, advances, repayments of loans, reimbursements of management and other intercompany charges, expenses and accruals or other returns on investments.

The foregoing prohibitions shall not apply to restrictions or conditions (i) contained in any Loan Document, (ii) in the case of clause (a), (A) contained in any agreement governing any Indebtedness permitted by clause (c) of Section 7.2.2 as to the assets financed with the proceeds of such Indebtedness, and (B) customary provisions in leases, licenses, subleases and sublicenses and other contracts restricting the assignment thereof to the extent such restrictions or conditions do not apply to Liens created or assumed under any Loan Documents or Liens permitted to be created or assumed under any Loan Documents, (iii) imposed by law and (iv) customarily contained in agreements relating to the sale of a Subsidiary or any assets of the Borrower or any Subsidiary pending such sale (provided such restrictions and conditions apply only to the Subsidiary or assets that are to be sold and such sale is permitted hereunder).

SECTION 7.2.14 Sale and Leaseback. The Borrower will not, and will not permit any of its Subsidiaries to, directly or indirectly enter into any agreement or arrangement providing for the sale or transfer by it of any property (now owned or hereafter acquired) to a Person and the subsequent lease or rental of such property or other similar property from such Person, unless such Disposition and any Indebtedness incurred thereby are permitted hereunder.

SECTION 7.2.15 Change to Fiscal Year. The Borrower will not change its Fiscal Year.

SECTION 7.2.16 Boeing 777F Lease Condition. Neither the Borrower nor any Subsidiary thereof may lease a B777F from OH Aircraft Acquisition, LLC (or its Affiliate that is a special purpose vehicle established for the purpose of leasing aircraft) unless it shall have executed a wet lease contract for such aircraft that the Borrower believes, acting in good faith, will provide the Borrower with cash earnings in excess of the incremental cash costs, including lease payments, crew costs, maintenance costs and insurance costs, of operating such aircraft for the twelve months following delivery of such aircraft.

SECTION 7.2.17 Certain Bankruptcy Matters. The Obligors shall not at any time:

(a) except as otherwise allowed herein or pursuant to the Orders, incur, create, assume, suffer to exist or permit any Lien or other super-priority administrative claim which is *pari passu* with or senior to the Liens or claims of the Administrative Agent and the Lenders against the Obligors, or the adequate protection Liens or claims of the Pre-Petition Agent against the Obligors, in each case, subject to the Carve-Out;

(b) make (i) any payments on account of any creditor's Pre-Petition unsecured claims, (ii) payments on account of claims or expenses arising under section 503(b)(9) of the Bankruptcy Code, or (iii) payments under any management incentive plan or on account of claims or expenses arising under Section 503(c) of the Bankruptcy Code, except in each case in amounts and on terms and conditions that (A) are approved by order of the Bankruptcy Court and (B) are in accordance with any Approved Budget satisfactory to the Required Lenders;

(c) make any adequate protection payments on account of any Pre-Petition Indebtedness, except as set forth herein or in the Interim Order (or, as applicable, the Final Order) in respect of the Obligations (as defined in the Pre-Petition Credit

Agreement) or in any other order of the Bankruptcy Court that is consented to by the Required Lenders;

(d) make or permit to be made any change, amendment or modification, or make an application or motion for any change, amendment or modification, to any Chapter 11 Order which could reasonably be expected to have a Material Adverse Effect in each case, without the prior written consent of the Required Lenders;

(e) except as otherwise permitted hereunder, contemplated by an Plan or consented to by the Required Lenders, consent to termination or reduction of the Debtors' exclusive plan filing and plan solicitation periods under section 1121 of the Bankruptcy Code (the "Exclusivity Periods") or fail to object to any motion by a party-in-interest (other than a Lender, the Administrative Agent or Pre-Petition Agent) seeking to terminate or reduce the Exclusivity Periods, in each case other than a motion filed by or with the consent of the Required Lenders;

(f) assert any right of subrogation or contribution against any other Obligor until all borrowings under this Agreement and the Loan Documents are paid in full and the Commitments hereunder are terminated; or

(g) challenge or fail to support, in either case directly or indirectly, the Liens in favor of the Lenders or the Administrative Agent.

SECTION 7.2.18 No Foreign Subsidiaries. No Obligor shall, nor shall it permit any of its Subsidiaries to, create, acquire or otherwise own directly or indirectly any Foreign Subsidiary, other than Southern Air GmbH.

ARTICLE VIII EVENTS OF DEFAULT

SECTION 8.1 Listing of Events of Default. Each of the following events or occurrences described in this Article shall constitute an "Event of Default".

SECTION 8.1.1 Non-Payment of Obligations. The Borrower shall default in the payment or prepayment when due of:

(a) any principal of any Loan; or

(b) any interest on any Loan or fee described in Article III or any other monetary Obligation owed to the Lenders, and such default shall continue unremedied for a period of three days after such amount was due.

SECTION 8.1.2 Breach of Warranty. Any representation or warranty of any Obligor made or deemed to be made in any Loan Document (including any certificates delivered pursuant to Article V) is or shall be incorrect in any material respect when made or deemed to have been made.

SECTION 8.1.3 Non-Performance of Certain Covenants and Obligations. The Borrower shall default in the due performance or observance of any of its obligations under Section 6.19, clauses (a) and (f) of Section 7.1.1, Section 7.1.8, Section 7.1.14, Section 7.1.15, or Section 7.2 or any Obligor shall default in the due performance or observance of its obligations under Article IV of the Subsidiary Guaranty (with respect to the covenants set forth in Section 7.2, as such covenants apply to each Subsidiary Guarantor), Section 4.1.4 of the Security Agreement, Section 5.3 or 5.12 of the Holdings Guaranty and Pledge Agreement or any corresponding provision contained in any Mortgage.

SECTION 8.1.4 Non-Performance of Other Covenants and Obligations. Any Obligor shall default in the due performance and observance of any other agreement contained in any Loan Document executed by it, and such default shall continue unremedied for a period of ten (10) days after the earlier to occur of (a) notice thereof given to the Borrower by the Administrative Agent or any Lender or (b) the date on which any Obligor has knowledge of such default.

SECTION 8.1.5 Default on Other Indebtedness. Other than a default by a Borrower or a Guarantor the enforcement of which is stayed by virtue of the filing of the Chapter 11 Cases, a default shall occur in the payment of any amount when due (subject to any applicable grace period), whether by acceleration or otherwise, of any principal or stated amount of, or interest or fees on, any Indebtedness (other than Indebtedness described in Section 8.1.1) of the Borrower or any of its Subsidiaries or any other Obligor having a principal or stated amount, individually or in the aggregate, in excess of \$200,000, or a default shall occur in the performance or observance of any obligation or condition with respect to such Indebtedness if the effect of such default is to accelerate the maturity of any such Indebtedness or such default shall continue unremedied for any applicable period of time sufficient to permit the holder or holders of such Indebtedness, or any trustee or agent for such holders, to cause or declare such Indebtedness to become due and payable or to require such Indebtedness to be prepaid, redeemed, purchased or defeased, or require an offer to purchase or defease such Indebtedness to be made, prior to its expressed maturity.

SECTION 8.1.6 Judgments. Other than a judgment by a Borrower or a Guarantor the enforcement of which is stayed by virtue of the filing of the Chapter 11 Cases, any judgment or order for the payment of money individually or in the aggregate in excess of \$200,000 (exclusive of any amounts fully covered by insurance (less any applicable deductible) and as to which the insurer has acknowledged its responsibility to cover such judgment or order) shall be rendered against the Borrower or any of its Subsidiaries or any other Obligor and such judgment shall not have been vacated, discharged, stayed, satisfied or bonded pending appeal within 30 days after the entry thereof or enforcement proceedings shall have been commenced by any creditor upon such judgment or order.

SECTION 8.1.7 Pension Plans. Other than an ERISA Event the enforcement of which is stayed by virtue of the filing of the Chapter 11 Cases, any ERISA Event shall have occurred that, when taken together with all other ERISA Events, could reasonably be expect to result in a liability or obligation in excess of \$200,000.

SECTION 8.1.8 Change in Control. Any Change in Control shall occur.

SECTION 8.1.9 Impairment of Security, etc. Any Loan Document or any Lien granted thereunder or under the Orders shall (except in accordance with its terms), in whole or in part, terminate, cease to be effective or cease to be the legally valid, binding and enforceable obligation of any Obligor party thereto; any Obligor or any other party shall, directly or indirectly, contest in any manner such effectiveness, validity, binding nature or enforceability; or, except as permitted under any Loan Document or the Orders any Lien securing any Obligation shall, in whole or in part, cease to be a perfected Lien with the priority described in Section 11.1.

SECTION 8.1.10 Loss of Licenses. Any loss, suspension or revocation of Southern Air's (a) certificate(s) issued under 49 U.S.C. Section 41102(a)(i) or 49 U.S.C. Section 41103, or exemptions therefrom under 49 U.S.C. Section 40109, or (b) air carrier operating certificate issued pursuant to Chapter 447 of Title 49 which is not reinstated within 5 days, unless such loss, suspension or revocation would not materially impair the ability of the Borrower, or any of its Subsidiaries, from conducting their operations as then conducted.

SECTION 8.1.11 The Chapter 11 Cases.

(a) The bringing of a motion, application or other pleading by any Obligor, or the entry of an order, pleading or ruling (which has not been withdrawn, dismissed or reversed): (A) to obtain additional financing under Section 364(c) or (d) of the Bankruptcy Code which is not otherwise permitted pursuant to this Agreement (unless such financing is proposed to refinance and pay in full in cash the Obligations with the termination of all related lending commitments thereunder); (B) to grant any Lien other than Liens permitted under Section 7.2.3 upon or affecting any Cash Collateral without the prior written consent of the Administrative Agent and the Required Lenders; or (C) except as provided in the Orders, to use Cash Collateral of the Administrative Agent or the Pre-Petition Agent under Section 363(c) of the Bankruptcy Code without the prior written consent of the Administrative Agent and the Required Lenders;

(b) (i) the filing by any Obligor of any plan of reorganization or disclosure statement attendant thereto that is not an Acceptable Plan, or any direct or indirect amendment to an Acceptable Plan or disclosure statement, that is not satisfactory to the Administrative Agent and the Required Lenders, and which is not withdrawn, dismissed or denied within 5 Business Days; or (ii) the entry of an order confirming a plan of reorganization that is not an Acceptable Plan;

(c) prior to the entry of the Final Order, the Interim Order shall (i) no longer be in full force and effect or (ii) be reversed, vacated, stayed, amended, supplemented or otherwise modified, in each case without the written consent of the Administrative Agent and the Required Lenders;

(d) the entry of an order in the Chapter 11 Cases amending, supplementing, staying, vacating, reversing or otherwise modifying the Final Order in a manner adverse to the Lenders without the written consent of the Administrative Agent and the Required Lenders;

(e) the entry of an order amending, supplementing, staying, vacating or otherwise modifying the Loan Documents without the written consent of the Administrative Agent and the Required Lenders;

(f) the entry of an order appointing an interim or permanent trustee, a receiver or an examiner in the Chapter 11 Cases with expanded powers to operate or manage the financial affairs, the business, or reorganization of such Obligor (or any Obligor seeks or acquiesces in such relief);

(g) the dismissal of the Chapter 11 Cases, or the conversion of the Chapter 11 Cases of Holdings, the Borrower or Southern Air from cases under Chapter 11 to cases under Chapter 7 of the Bankruptcy Code (except as consented to by the Administrative Agent and the Required Lenders) or any Obligor shall file a motion or other pleading seeking the dismissal of the Chapter 11 Cases of Holdings, the Borrower or Southern Air under Section 1112 of the Bankruptcy Code, conversion of such Chapter 11 Cases or otherwise;

(h) the entry of a final non-appealable order (other than the Orders and the First Day Orders with respect to Fuel Supply, Industry Agreements and Insurance) by the Bankruptcy Court granting relief from or modifying the automatic stay of Section 362 of the Bankruptcy Code to allow any creditor to proceed against any material asset or assets of any Obligor;

(i) other than the Carve-Out and except as otherwise provided by the Orders or this Agreement, the entry of an order in the Chapter 11 Cases granting any other super-priority administrative claim or Lien equal or superior to that granted to the Administrative Agent, on behalf of itself and/or the Secured Parties pursuant to this Agreement, the Loan Documents and the Orders and the Pre-Petition Agent, on behalf of itself and/or the Pre-Petition Lenders pursuant to the Pre-Petition Credit Agreement, the Pre-Petition Security Agreement and the Orders;

(j) any Obligor files a motion or does not oppose a motion filed by any party in interest seeking to achieve any of the action in clauses (e) through (j) above which is not withdrawn, dismissed or denied within 15 days after such filing;

(k) any Obligor shall pay any Pre-Petition Indebtedness other than (i) as permitted by the Orders, (ii) as otherwise permitted by this Agreement or the Approved Budget (subject to Section 7.1.15), (iii) as otherwise ordered by the Bankruptcy Court and agreed in writing by the Administrative Agent or (iv) as authorized by the Bankruptcy Court (A) in accordance with the First Day Orders or “second day” orders entered into on or prior to the Closing Date or other orders of the Bankruptcy Court entered with the consent of (or non-objection by) Administrative Agent, (B) in connection with the assumption of executory contracts and unexpired leases with the consent of (or non-objection by) Administrative Agent, or (C) in respect of accrued payroll and related expenses and employee benefits as of the date of the filing of the Chapter 11 Cases;

(l) any Debtor shall fail to comply with the terms and conditions of any Chapter 11 Order and such failure could reasonably be expected to have a Material Adverse Effect;

(m) any Obligor files a motion or does not oppose a motion filed by any party in interest seeking, or an order that is entered and permitting, the sale, without the Administrative Agent's and the Required Lenders' written consent, of all or substantially all of the assets of the Obligors pursuant to Section 363 of the Bankruptcy Code, through a confirmed plan of reorganization (other than an Acceptable Plan) in the Chapter 11 Cases, or otherwise that does not provide for payment in full in cash of the Obligations and termination of Lenders' Commitment;

(n) any Collateral becoming subject to surcharge or marshalling;

(o) subject to the Final Order, the allowance of any claim or claims under Section 506(c) of the Bankruptcy Code or otherwise against the Administrative Agent, any Lender or any of the Collateral, against the Pre-Petition Agent or any Collateral (as defined in the Pre-Petition Security Agreement), or against the rights and remedies of such parties under the Loan Documents or any Chapter 11 Order;

(p) the filing, public announcement or execution of any writing to another party-in-interest by any Obligor of its intention to file, or to support any other person's filing of any motion to disallow in whole or in part the Lenders' claim in respect of the Loan or to challenge the validity and enforceability of the liens in favor of the Administrative Agent or contest any material provision of any Loan Document;

(q) the violation of any term, provision or condition of the Orders;

(r) any default or event of default under the Section 1110 Stipulation shall have occurred and be continuing that is not waived by the parties thereto (other than the Lenders) after the expiration of any applicable grace period; or any other default or event of default under the Section 1110 Stipulation shall have occurred and be continuing that has been declared, is not waived by the parties thereto (other than the Lenders) after the expiration of any applicable grace period and the parties thereto (other than the Lenders) shall not have accelerated termination of the Section 1110 Stipulation within ten (10) days of the conclusion of any applicable grace period;

(s) termination by any party of the Support Agreement or the Section 1110 Stipulation;

(t) other than a default by a Borrower or a Guarantor the enforcement of which is stayed by virtue of the filing of the Chapter 11 Cases, (i) the occurrence of a continuing event of default under any Material Contract that shall have resulted in the right of the other parties to such Material Contract to terminate such Material Contract or exercise remedies against an Obligor, (ii) any Obligor has moved for, or the Bankruptcy Court shall have entered, an order authorizing or directing the assumption or rejection of any Material Contract or any Material Contract is rejected, terminated or materially modified, without the consent of the Required Lenders or (iii) any Obligor

has entered into any Material Contract or any material settlements, without the prior written consent of the Administrative Agent;

(u) failure to obtain any necessary regulatory or administrative approvals or consents with respect to the transactions contemplated in the Loan Documents, the Support Agreement or any related document;

(v) the loss of the 777 Leases or the loss or material limitation on the use or any ability or right to operate any of the 777 Aircraft;

(w) any holder of claims arising under the Prepetition Credit Agreement shall have foreclosed on any material assets of the Debtors or any non-Debtor Affiliates;

(x) entry by the Bankruptcy Court invalidating or disallowing, as applicable (i) the enforceability, priority, or validity of the liens securing the obligations owed under the Prepetition Credit Agreement, or (ii) the claims in respect of the Prepetition Credit Agreement;

(y) any Obligor files a motion or pleading or fails to object to any motion or pleading with the Bankruptcy Court that is not consistent in any material respect with the Support Agreement and such motion or pleading has not been withdrawn within two (2) Business Days;

(z) any court of competent jurisdiction or other competent governmental or regulatory authority issues a ruling, determination, or order making illegal or otherwise restricting, enjoining, preventing or prohibiting the consummation of the restructuring substantially on the terms set forth in the Support Agreement, including, without limitation, an order of the Bankruptcy Court denying approval of the Support Agreement or confirmation of the Plan, and such ruling, determination, or order shall not have been vacated, overturned or stayed within 30 days after the entry thereof; or

(aa) any law or order shall have been enacted, adopted or issued by any governmental entity that prohibits the implementation of the Plan or the transactions contemplated therein or by the other Plan supplements, and such law or order shall not have been vacated, overturned or stayed within 30 days after the entry thereof;

then, and in every such event, and at any time thereafter during the continuance of such event, the Administrative Agent may, and at the request of the Required Lenders shall, notwithstanding the provisions of Section 362 of the Bankruptcy Code, without any application, motion or notice to, hearing before, or order from, the Bankruptcy Court, by notice to Borrower and subject to the terms of the Orders, take any of the following actions, at the same or different times: (i) terminate forthwith the Commitment; (ii) declare the Loans then outstanding to be forthwith due and payable in whole or in part, whereupon the principal of the Loans so declared to be due and payable, together with accrued interest thereon and any unpaid accrued fees and all other Obligations of the Borrower accrued hereunder and under any other Loan Document, shall become forthwith due and payable, without presentment, demand, protest or any other notice of any kind, all of which are hereby expressly waived by the Borrower and the Guarantors, anything contained herein or in any other Loan Document to the contrary notwithstanding and in

any event, the Commitments shall automatically terminate and the principal of the Loans then outstanding, together with accrued interest thereon and any unpaid accrued fees and all other Obligations of the Borrower accrued hereunder and under any other Loan Document, shall automatically become due and payable, without presentment, demand, protest or any other notice of any kind, all of which are hereby expressly waived by the Borrower and the Guarantors, anything contained herein or in any other Loan Document to the contrary notwithstanding; (iii) enter onto the premises of any Obligor in connection with an orderly liquidation of the Collateral; or (iv) exercise any rights and remedies provided to the Administrative Agent under this Agreement, the other Loan Documents, the Orders or applicable law, including all remedies provided under the Bankruptcy Code and, pursuant to the Interim Order and the Final Order, the automatic stay of Section 362 of the Bankruptcy Code shall be modified and vacated to permit the Administrative Agent and the Lenders to exercise their remedies under this Agreement, the Loan Documents and the Orders without further notice, application or motion to, hearing before, or order from, the Bankruptcy Court.

SECTION 8.2 Remedies.

(a) At any time an Event of Default exists or has occurred and is continuing, the Administrative Agent and the Lenders shall have all rights and remedies provided in this Agreement, the other Loan Documents, the Orders, the Bankruptcy Code, the UCC and other applicable law, all of which rights and remedies may be exercised without notice to or consent by the Borrower and without further order of or application to the Bankruptcy Court, except as such notice or consent is expressly provided for hereunder, under the Orders or required by applicable law; provided, however, that prior to the first enforcement of any liens or other remedies with respect to the Collateral (but not any enforcement action taken thereafter), the Administrative Agent or the Lenders shall provide to the Borrower (with copies to the Committee) five (5) Business Days' prior written notice; provided further, however, that, upon receipt of any such notice, Borrower may only make distributions with respect to the Carve-Out or as consented to by the Required Lenders, but may not make any other disbursements; provided further, however, that, in any hearing after the giving of such notice, the only issue that may be raised by any party in opposition thereto shall be whether, in fact, an Event of Default has occurred and is continuing. All rights, remedies and powers granted to the Administrative Agent and the Lenders hereunder, under any of the other Loan Documents, the Orders, the Bankruptcy Code, the UCC or other applicable law, are cumulative, not exclusive and enforceable, in the Administrative Agent's discretion, alternatively, successively, or concurrently on any one or more occasions, and shall include, without limitation, the right to apply to a court of equity for an injunction to restrain a breach or threatened breach by the Borrower of this Agreement or any of the other Loan Documents. Subject to Article IX hereof and the notice provisions described in the proviso to the first sentence of this clause (a), the Administrative Agent may, and at the direction of the Required Lenders shall, at any time or times, proceed directly against the Borrower to collect the Obligations without prior recourse to the Collateral.

(b) For the purpose of enabling the Administrative Agent to exercise the rights and remedies hereunder, each Obligor hereby grants to the Administrative Agent, to the extent assignable, an irrevocable, non-exclusive license (exercisable at any time an Event of Default shall exist or have occurred and for so long as the same is continuing but subject to the notice provisions in clause (a) above) without payment of royalty or other compensation to such

Obligor, to use, assign, license or sublicense any of the trademarks, service-marks, trade names, business names, trade styles, designs, logos and other source of business identifiers and other intellectual property and general intangibles now owned or hereafter acquired by such Obligor, wherever the same may be located, including in such license reasonable access to all media in which any of the licensed items may be recorded or stored and to all computer programs used for the compilation or printout thereof.

(c) At any time an Event of Default exists or has occurred and is continuing, and without further authorization of the Bankruptcy Court, but subject to the notice provisions in clause (a) above, the Administrative Agent, after receiving instructions from Required Lenders, may apply the cash proceeds of Collateral actually received by the Administrative Agent from any sale, lease, foreclosure or other disposition of the Collateral to payment of the Obligations, in whole or in part and in accordance with the terms hereof, whether or not then due or may hold such proceeds as Cash Collateral for the Obligations. Each Obligor shall remain liable to the Administrative Agent and Lenders for the payment of any deficiency with interest at the highest rate provided for herein and all costs and expenses of collection or enforcement, including attorneys' fees and expenses.

(d) Without limiting the foregoing, upon the occurrence of an Event of Default, the Administrative Agent (at the direction of the Required Lenders) shall, without notice, (i) refuse to make a Loan and/or (ii) terminate any provision of this Agreement providing for any future Loans to be made by the Administrative Agent and Lenders to Borrower.

In addition, the automatic stay provided in section 362 of the Bankruptcy Code shall, as provided in the Interim Order or the Final Order, as the case may be, be deemed automatically vacated without further action or order of the Bankruptcy Court and the Administrative Agent and the Lenders shall be entitled to exercise all of their respective rights and remedies with respect to the Collateral (including all rights and remedies specified hereunder and under the UCC). In addition to the remedies set forth above, the Administrative Agent may exercise any other remedies provided for by the Loan Documents and the Orders in accordance with the terms hereof and thereof or any other remedies provided by applicable law.

ARTICLE IX THE ADMINISTRATIVE AGENT

SECTION 9.1 Actions. Each Lender hereby appoints CIBC as its Administrative Agent under and for purposes of each Loan Document. Each Lender authorizes the Administrative Agent to act on behalf of such Lender under each Loan Document and, in the absence of other written instructions from the Required Lenders received from time to time by the Administrative Agent (with respect to which the Administrative Agent agrees that it will comply, except as otherwise provided in this Section or as otherwise advised by counsel in order to avoid contravention of applicable law), to exercise such powers hereunder and thereunder as are specifically delegated to or required of the Administrative Agent by the terms hereof and thereof, together with such powers as may be incidental thereto (including the release of Liens on assets Disposed of in accordance with the terms of the Loan Documents). Each Lender hereby indemnifies (which indemnity shall survive any termination of this Agreement) the Administrative Agent, pro rata according to such Lender's proportionate Total Exposure

Amount, from and against any and all liabilities, obligations, losses, damages, claims, costs or expenses of any kind or nature whatsoever which may at any time be imposed on, incurred by, or asserted against, the Administrative Agent in any way relating to or arising out of any Loan Document (including attorneys' fees), and as to which the Administrative Agent is not reimbursed by the Borrower; provided that no Lender shall be liable for the payment of any portion of such liabilities, obligations, losses, damages, claims, costs or expenses which are determined by a court of competent jurisdiction in a final proceeding to have resulted from the Administrative Agent's gross negligence or willful misconduct; provided further that each Lender shall be severally liable for the entire portion of any indemnity to the Administrative Agent pursuant to this sentence that relates to (i) any Indemnified Taxes attributable to such Lender (ii) any Taxes attributable to such Lender's failure to comply with the provisions of clause (g) of Section 10.11 relating to the maintenance of a register of Participants and (iii) any Taxes other than Non-Excluded Taxes attributable to such Lender, in each case, that are payable or paid by the Administrative Agent in connection with any Loan Document, and any reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. The Administrative Agent shall not be required to take any action under any Loan Document, or to prosecute or defend any suit in respect of any Loan Document, unless it is indemnified hereunder to its satisfaction. If any indemnity in favor of the Administrative Agent shall be or become, in the Administrative Agent's determination, inadequate, the Administrative Agent may call for additional indemnification from the Lenders and cease to do the acts indemnified against hereunder until such additional indemnity is given. The Administrative Agent shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby or by the other Loan Documents that the Administrative Agent is required to exercise as directed in writing by the Required Lenders (or such other number or percentage of the Lenders as shall be expressly provided for herein or in the other Loan Documents); provided that the Administrative Agent shall not be required to take any action that, in its opinion or the opinion of its counsel, may expose the Administrative Agent to liability or that is contrary to any Loan Document or applicable law, including for the avoidance of doubt any action that may be in violation of the automatic stay under any Debtor Relief Law or that may effect a forfeiture, modification or termination of property of a Defaulting Lender in violation of any Debtor Relief Law. Without limiting the generality of the foregoing, each Lender hereby authorizes the Administrative Agent to consent, on behalf of each Lender, to the Interim Order and the Final Order.

SECTION 9.2 Funding Reliance, etc. Unless the Administrative Agent shall have been notified in writing by any Lender by 3:00 p.m. New York City time on the Business Day prior to a Borrowing that such Lender will not make available the amount which would constitute its Percentage of such Borrowing on the date specified therefor, the Administrative Agent may assume that such Lender has made such amount available to the Administrative Agent and, in reliance upon such assumption, make available to the Borrower a corresponding amount. If and to the extent that such Lender shall not have made such amount available to the Administrative Agent, such Lender and the Borrower severally agree to repay the Administrative Agent forthwith on demand such corresponding amount together with interest thereon, for each day from the date the Administrative Agent made such amount available to the Borrower to the date such amount is repaid to the Administrative Agent, at the interest rate applicable at the time to Loans comprising such Borrowing (in the case of the Borrower) and (in the case of a Lender),

at the Federal Funds Rate (for the first two Business Days after which such amount has not been repaid), and thereafter at the interest rate applicable to Loans comprising such Borrowing.

SECTION 9.3 Exculpation. Neither the Administrative Agent nor any of its directors, officers, employees or agents shall be liable to any Secured Party for any action taken or omitted to be taken by it under any Loan Document, or in connection therewith, except for its own willful misconduct or gross negligence, nor responsible for any recitals or warranties herein or therein, nor for the effectiveness, enforceability, validity or due execution of any Loan Document, nor for the creation, perfection or priority of any Liens purported to be created by any of the Loan Documents, or the validity, genuineness, enforceability, existence, value or sufficiency of any collateral security, nor to make any inquiry respecting the performance by any Obligor of its Obligations. Any such inquiry which may be made by the Administrative Agent shall not obligate it to make any further inquiry or to take any action. The Administrative Agent shall be entitled to rely upon advice of counsel concerning legal matters and upon any notice, consent, certificate, statement or writing which the Administrative Agent believes to be genuine and to have been presented by a proper Person.

SECTION 9.4 Successor.

(a) The Administrative Agent may resign upon prior notice to the Borrower and all Lenders at any time such resigning Administrative Agent determines such resignation necessary or advisable because of legal or regulatory restrictions or requirements. If the Administrative Agent at any time shall resign, the Required Lenders may appoint another Lender as a successor Administrative Agent which shall thereupon become the Administrative Agent hereunder. If no successor Administrative Agent shall have been so appointed by the Required Lenders, and shall have accepted such appointment, then the resigning Administrative Agent shall (x) use commercially reasonable efforts to appoint, on behalf of the Lenders, a successor Administrative Agent, which shall be one of the Lenders or a commercial banking institution organized under the laws of the United States (or any State thereof) or a United States branch or agency of a commercial banking institution, and having a combined capital and surplus of at least \$250,000,000 and (y) shall remain as Administrative Agent for a commercially reasonable period of time until such successor Administrative Agent replaces the Administrative Agent; provided that if such retiring Administrative Agent is unable to find a commercial banking institution or financial institution which is willing to accept such appointment and which meets the qualifications set forth above within such time period, the retiring Administrative Agent's resignation shall nevertheless thereupon become effective (such date, the "Resignation Effective Date").

(b) If the Person serving as Administrative Agent is a Defaulting Lender pursuant to clause (d) of the definition thereof, the Required Lenders may, to the extent permitted by applicable law, by notice in writing to the Borrower and such Person remove such Person as Administrative Agent and, in consultation with the Borrower, appoint a successor. If no such successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days (or such earlier day as shall be agreed by the Required Lenders) (the "Removal Effective Date"), then such removal shall nonetheless become effective in accordance with such notice on the Removal Effective Date.

(c) With effect from the Resignation Effective Date or the Removal Effective Date (as applicable), the Lenders shall assume and perform all of the duties of the Administrative Agent hereunder until such time, if any, as the Required Lenders appoint a successor as provided for above.

(d) Upon the acceptance of any appointment as Administrative Agent hereunder by a successor Administrative Agent, such successor Administrative Agent shall be entitled to receive from the retiring Administrative Agent such documents of transfer and assignment as such successor Administrative Agent may reasonably request, and shall thereupon succeed to and become vested with all rights, powers, privileges and duties of the retiring Administrative Agent, and the retiring Administrative Agent shall be discharged from its duties and obligations under the Loan Documents. After any retiring Administrative Agent's resignation or removal hereunder as the Administrative Agent, the provisions of this Article shall inure to its benefit as to any actions taken or omitted to be taken by it while it was the Administrative Agent under the Loan Documents, and Section 10.3 and Section 10.4 shall continue to inure to its benefit.

SECTION 9.5 Loans by CIBC. CIBC shall have the same rights and powers with respect to (x) the Credit Extensions made by it or any of its Affiliates, and (y) the Notes held by it or any of its Affiliates as any other Lender and may exercise the same as if it were not the Administrative Agent. CIBC and its Affiliates may accept deposits from, lend money to, and generally engage in any kind of business with the Borrower or any Subsidiary or Affiliate of the Borrower as if CIBC were not the Administrative Agent hereunder.

SECTION 9.6 Credit Decisions. Each Lender acknowledges that it has, independently of the Administrative Agent and each other Lender, and based on such Lender's review of the financial information of the Borrower, the Loan Documents (the terms and provisions of which being satisfactory to such Lender) and such other documents, information and investigations as such Lender has deemed appropriate, made its own credit decision to extend its Commitments. Each Lender also acknowledges that it will, independently of the Administrative Agent and each other Lender, and based on such other documents, information and investigations as it shall deem appropriate at any time, continue to make its own credit decisions as to exercising or not exercising from time to time any rights and privileges available to it under the Loan Documents.

SECTION 9.7 Copies, etc. The Administrative Agent shall give prompt notice to each Lender of each notice or request required or permitted to be given to the Administrative Agent by the Borrower pursuant to the terms of the Loan Documents (unless concurrently delivered to the Lenders by the Borrower). The Administrative Agent will distribute to each Lender each document or instrument received for its account and copies of all other communications received by the Administrative Agent from the Borrower for distribution to the Lenders by the Administrative Agent in accordance with the terms of the Loan Documents.

SECTION 9.8 Reliance by Administrative Agent. The Administrative Agent shall be entitled to rely upon any certification, notice or other communication (including any thereof by telephone, telecopy, telegram or cable) reasonably believed by it to be genuine and correct and to have been signed or sent by or on behalf of the proper Person, and upon advice and statements of legal counsel, independent accountants and other experts reasonably selected by the

Administrative Agent. As to any matters not expressly provided for by the Loan Documents, the Administrative Agent shall in all cases be fully protected in acting, or in refraining from acting, thereunder in accordance with instructions given by the Required Lenders or all of the Lenders as is required in such circumstance, and such instructions of such Lenders and any action taken or failure to act pursuant thereto shall be binding on all Secured Parties. For purposes of applying amounts in accordance with this Section, the Administrative Agent shall be entitled to rely upon Oak Hill for a determination (which such Secured Party agrees to provide or cause to be provided upon request of the Administrative Agent) of the outstanding Obligations owed to such Secured Party under the Secured OHAA Payment Obligations.

SECTION 9.9 Defaults. The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of a Default unless the Administrative Agent has received a written notice from a Lender or the Borrower specifying such Default and stating that such notice is a “Notice of Default”. In the event that the Administrative Agent receives such a notice of the occurrence of a Default, the Administrative Agent shall give prompt notice thereof to the Lenders. The Administrative Agent shall (subject to Section 10.1) take such action with respect to such Default as shall be directed by the Required Lenders; provided that unless and until the Administrative Agent shall have received such directions, the Administrative Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default as it shall deem advisable in the best interest of the Secured Parties except to the extent that this Agreement expressly requires that such action be taken, or not be taken, only with the consent or upon the authorization of the Required Lenders or all Lenders.

SECTION 9.10 Withholding Taxes. To the extent required by any applicable law, the Administrative Agent may withhold from any payment to any Lender an amount equivalent to any applicable withholding tax. If the Internal Revenue Service or any other Governmental Authority asserts a claim that the Administrative Agent did not properly withhold tax from amounts paid to or for the account of any Lender because the appropriate form was not delivered or was not properly executed or because such Lender failed to notify the Administrative Agent of a change in circumstance which rendered the exemption from, or reduction of, withholding tax ineffective or for any other reason, such Lender shall indemnify the Administrative Agent fully for all amounts paid, directly or indirectly, by the Administrative Agent as tax or otherwise, including any penalties or interest and together with all expenses (including legal expenses, allocated internal costs and out-of-pocket expenses) incurred.

ARTICLE X ADDITIONAL PROVISIONS

SECTION 10.1 Waivers, Amendments, etc. The provisions of each Loan Document may from time to time be amended, modified or waived, if such amendment, modification or waiver is in writing and consented to by the Borrower and the Required Lenders; provided that no other such amendment, modification or waiver shall:

- (a) modify clause (b) of Section 4.7, Section 4.8 (as it relates to sharing of payments) or this Section, in each case, without the consent of each Lender directly affected thereby;

(b) increase the aggregate amount of any Credit Extensions required to be made by a Lender pursuant to its Commitments (it being understood that a waiver of an Event of Default, the waiver of any condition precedent to the making of a Credit Extension, mandatory prepayments or mandatory reduction of the Commitments shall not constitute an increase of any Commitment of any Lender), extend the final Stated Maturity Date for any Lender's Loan, in each case without the consent of such Lender directly affected thereby (it being agreed, however, that any vote to rescind any acceleration made pursuant to Section 8.2 of amounts owing with respect to the Loans and other Obligations owed to the Lenders shall only require the vote of the Required Lenders);

(c) reduce (by way of forgiveness) the principal amount of or reduce the rate of interest on any Lender's Loan, reduce any fees described in Article III payable to any Lender, waive payment Defaults, or extend the scheduled date on which principal, interest or fees are payable in respect of such Lender's Loans, in each case without the consent of such Lender directly affected thereby; provided that the vote of Required Lenders shall be sufficient to waive the payment, or reduce the increased portion, of interest accruing under Section 3.2.2;

(d) reduce the percentage set forth in the definition of "Required Lenders" or modify any requirement hereunder that any particular action be taken by all Lenders without the consent of each Lender directly affected thereby;

(e) except as otherwise expressly provided in a Loan Document, release (i) the Borrower from its Obligations owed to the Lenders or any Guarantor from its obligations under a Subsidiary Guaranty or the Holdings Guaranty and Pledge Agreement, as applicable, or (ii) all or substantially all of the collateral under the Loan Documents, in each case without the consent of each Lender directly affected thereby;

(f) affect adversely the interests, rights or obligations of the Administrative Agent (in its capacity as the Administrative Agent), unless consented to by the Administrative Agent;

(g) modify clause (b) of Section 3.1.2, without the consent of each Lender directly affected thereby;

(h) waive an Event of Default under Section 8.1.1, without the consent of each Lender directly affected thereby; or

(i) (i) amend, modify or supplement (or have the effect of amending, modifying or supplementing) (A) the definitions of "Obligations", "OHAA", "Oak Hill", "Secured OHAA Payment Obligations", "Secured Parties", "Section 1110 Stipulation" or "Termination Date"; (B) Sections 3.1.1(d) (*Repayments and Prepayments*), 3.1.2(c) (*Application*), or 4.7(b) (*Payments, Computations; Proceeds of Collateral, etc.*) in each case to the extent relating to the Secured OHAA Payment Obligations; (C) any provisions of Section 7.2.9 (Permitted Dispositions), or any related definitions, in any manner if the effect of such amendment, modification or supplement

is to make such covenant less restrictive, (D) any provisions of Article XI (*Grant and Perfection of Security Interest; Priority of Liens*) or any related definitions, or any other provision of any Loan Document if the effect of such amendment, modification or supplement is to subordinate, prime or otherwise directly and adversely affect the priority, status or enforceability of the superpriority claims on account of, or the liens securing, the Secured OHAA Payment Obligations; or (E) this Section 10.01(i) (*Waivers, Amendments, etc.*); or (ii) except as expressly provided in a Loan Document as in effect on the date hereof, release (a) the Borrower from its Obligations owed to Oak Hill or any Guarantor from its obligations under a Subsidiary Guaranty or the Holdings Guaranty and Pledge Agreement, as applicable, or (b) all or substantially all of the Collateral under the Loan Documents, in each case without the prior written consent of Oak Hill;

provided further that Administrative Agent may, with the consent of the Borrower only, amend, modify or supplement this Agreement or any other Loan Document to cure any ambiguity, omission, defect or inconsistency (as reasonably determined by Administrative Agent), so long as such amendment, modification or supplement does not adversely affect the rights of any Lender or Oak Hill or the Lenders and Oak Hill shall have received at least five Business Days' prior written notice thereof and Administrative Agent shall not have received, within five Business Days of the date of such notice to the Lenders, a written notice from the Required Lenders stating that the Required Lenders object to such amendment.

No failure or delay on the part of any Secured Party in exercising any power or right under any Loan Document shall operate as a waiver thereof, nor shall any single or partial exercise of any such power or right preclude any other or further exercise thereof or the exercise of any other power or right. No notice to or demand on any Obligor in any case shall entitle it to any notice or demand in similar or other circumstances. No waiver or approval by any Secured Party under any Loan Document shall, except as may be otherwise stated in such waiver or approval, be applicable to subsequent transactions. No waiver or approval hereunder shall require any similar or dissimilar waiver or approval thereafter to be granted hereunder.

SECTION 10.2 Notices; Time. All notices and other communications provided under each Loan Document shall be in writing or by facsimile and addressed, delivered or transmitted, if to the Borrower or the Administrative Agent, to the applicable Person at its address or facsimile number set forth on Schedule II hereto, or, in the case of any Lender, as set forth in such Lender's Administrative Questionnaire, or in the case of Oak Hill in its capacity as a Secured Party, to the address set forth in the Section 1110 Stipulation, or at such other address or facsimile number as may be designated by such party in a notice to the other parties. Any notice, if mailed and properly addressed with postage prepaid or if properly addressed and sent by pre-paid courier service, shall be deemed given when received; any notice, if transmitted by facsimile, shall be deemed given when the confirmation of transmission thereof is received by the transmitter. Electronic mail and Internet and intranet websites may be used only to distribute routine communications by the Administrative Agent to the Lenders, such as financial statements and other information as provided in Section 7.1.1 and for the distribution and execution of Loan Documents for execution by the parties thereto, and the use thereof for any other purpose shall not constitute effective notice under this Agreement or the other Loan Documents. The parties hereto agree that delivery of an executed counterpart of a signature page to this Agreement and

each other Loan Document by facsimile (or electronic transmission) shall be effective as delivery of an original executed counterpart of this Agreement or such other Loan Document. Unless otherwise indicated, all references to the time of a day in a Loan Document shall refer to New York time.

SECTION 10.3 Payment of Costs and Expenses. The Borrower agrees to pay on demand all expenses of the Administrative Agent and each Lender (including the fees and out-of-pocket expenses of Milbank, Tweed, Hadley & McCloy LLP, counsel to the Administrative Agent, and of Department of Transportation counsel, Federal Aviation Administration counsel and local counsel, if any, who may be retained by or on behalf of the Administrative Agent in connection with any restructuring, including the Chapter 11 Cases) in connection with

(a) the negotiation, preparation, execution and delivery of each Loan Document, including schedules and exhibits, and any amendments, waivers, consents, supplements or other modifications to any Loan Document as may from time to time hereafter be required, whether or not the transactions contemplated hereby or thereby are consummated;

(b) the filing or recording of any Loan Document (including the Filing Statements) and all amendments, supplements, amendment and restatements and other modifications to any thereof, searches made following the Closing Date in jurisdictions where Filing Statements (or other documents evidencing Liens in favor of the Secured Parties) have been recorded and any and all other documents or instruments of further assurance required to be filed or recorded by the terms of any Loan Document; and

(c) the preparation and review of the form of any document or instrument relevant to any Loan Document.

The Borrower further agrees to pay, and to save each Secured Party harmless from all liability for, any stamp or Other Taxes or notarial fees which may be payable in connection with the execution or delivery of each Loan Document, the Credit Extensions or the issuance of the Notes. The Borrower also agrees to reimburse the Administrative Agent and the Lenders upon demand for all out-of-pocket expenses (including attorneys' fees and legal expenses of counsel to the Administrative Agent and the Lenders) incurred by the Administrative Agent and the Lenders in connection with (x) the negotiation of any restructuring or "work-out" with the Borrower, whether or not consummated, of any Obligations owed to the Lenders and (y) the enforcement of any Obligations owed to the Lenders.

SECTION 10.4 Indemnification. In consideration of the execution and delivery of this Agreement by each Lender, the Borrower hereby indemnifies, exonerates and holds each Lender and each of their respective officers, partners, trustees, members, shareholders, directors, employees, agents and Affiliates (collectively, the "Indemnified Parties") free and harmless from and against any and all actions, causes of action, suits, losses, claims, costs, liabilities and damages, and expenses incurred in connection therewith (irrespective of whether any such Indemnified Party is a party to the action for which indemnification hereunder is sought), including attorneys' fees and disbursements, whether incurred in connection with actions

between or among the parties hereto or the parties hereto and third parties (collectively, the “Indemnified Liabilities”), incurred by the Indemnified Parties or any of them as a result of, or arising out of, or relating to

(a) any transaction financed or to be financed in whole or in part, directly or indirectly, with the proceeds of any Credit Extension, including all Indemnified Liabilities arising in connection with the transactions contemplated hereby;

(b) the entering into and performance of any Loan Document by any of the Indemnified Parties (including any action brought by or on behalf of the Borrower as the result of any determination by the Required Lenders pursuant to Article V not to fund any Credit Extension; provided that any such action is resolved in favor of such Indemnified Party);

(c) any investigation, litigation or proceeding related to any acquisition or proposed acquisition by any Obligor or any Subsidiary thereof of all or any portion of the Capital Securities or assets of any Person, whether or not an Indemnified Party is party thereto;

(d) any investigation, litigation or proceeding related to any environmental cleanup, audit, compliance or other matter relating to the protection of the environment or the Release by any Obligor or any Subsidiary thereof of any Hazardous Material;

(e) the presence on or under, or the escape, seepage, leakage, spillage, discharge, emission, discharging or releases from, any real property owned or operated by any Obligor or any Subsidiary thereof of any Hazardous Material (including any losses, liabilities, damages, injuries, costs, expenses or claims asserted or arising under any Environmental Law), regardless of whether caused by, or within the control of, such Obligor or Subsidiary; or

(f) each Lender’s Environmental Liability (the indemnification herein shall survive repayment of the Obligations and any transfer of the property of any Obligor or its Subsidiaries by foreclosure or by a deed in lieu of foreclosure for any Lender’s Environmental Liability, regardless of whether caused by, or within the control of, such Obligor or such Subsidiary);

except for Indemnified Liabilities determined in a final judgment by a court of competent jurisdiction as (i) arising for the account of a particular Indemnified Party primarily by reason of the relevant Indemnified Party’s gross negligence or willful misconduct, or (ii) with respect to clauses (d), (e) and (f), having been caused solely by the affirmative action of a particular Indemnified Party, or a party to which such Indemnified Party has transferred or leased the property, as an owner or operator of property transferred through foreclosure or a deed in lieu of foreclosure. Each Obligor and its successors and assigns hereby waive, release and agree not to make any claim or bring any cost recovery action against, any Indemnified Party under CERCLA or any state equivalent, or any similar law now existing or hereafter enacted. It is expressly understood and agreed that except as otherwise provided herein, to the extent that any Indemnified Party is strictly liable under any Environmental Laws, each Obligor’s obligation to

such Indemnified Party under this indemnity shall likewise be without regard to fault on the part of any Obligor with respect to the violation or condition which results in liability of an Indemnified Party. If and to the extent that the foregoing undertaking may be unenforceable for any reason, each Obligor agrees to make the maximum contribution to the payment and satisfaction of each of the Indemnified Liabilities which is permissible under applicable law. This Section 10.4 shall not apply to Taxes, which shall be governed exclusively by Section 4.6.

To the extent permitted by applicable law, no Obligor shall assert, and each Obligor hereby waives, any claim against each Lender, the Administrative Agent and their respective Affiliates, directors, employees, attorneys, agents or sub-agents, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) (whether or not the claim therefor is based on contract, tort or duty imposed by any applicable legal requirement) arising out of, in connection with, as a result of, or in any way related to, this Agreement or any Loan Document or any agreement or instrument contemplated hereby or thereby or referred to herein or therein, the transactions contemplated hereby or thereby, any Loan or the use of the proceeds thereof or any act or omission or event occurring in connection therewith, and the Borrower hereby waives, releases and agrees not to sue upon any such claim or any such damages, whether or not accrued and whether or not known or suspected to exist in its favor

SECTION 10.5 Survival. The obligations of the Borrower under Sections 4.3, 4.4, 4.5, 4.6, 10.3 and 10.4, and the obligations of the Lenders under Sections 4.6, 9.1 and 10.16, shall in each case survive any assignment from one Lender to another (in the case of Sections 10.3 and 10.4) and the occurrence of the Termination Date. The representations and warranties made by each Obligor in each Loan Document shall survive the execution and delivery of such Loan Document.

SECTION 10.6 Severability. Any provision of any Loan Document which is prohibited or unenforceable in any jurisdiction shall, as to such provision and such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of such Loan Document or affecting the validity or enforceability of such provision in any other jurisdiction.

SECTION 10.7 Headings. The various headings of each Loan Document are inserted for convenience only and shall not affect the meaning or interpretation of such Loan Document or any provisions thereof.

SECTION 10.8 Execution in Counterparts, Lender Addendums, Effectiveness, etc.

This Agreement may be executed by the parties hereto in several counterparts, each of which shall be an original and all of which shall constitute together but one and the same agreement. By executing a Lender Addendum, a Person (other than the Administrative Agent and the Borrower) (a) becomes a “Lender” under this Agreement with the same force and effect as if it were an original signatory hereto, (b) shall be bound by and comply with all of the terms and provisions of this Agreement applicable to it as a “Lender”, (c) shall benefit from all of the rights and remedies of a “Lender” under this Agreement and the other Loan Documents and (d) shall have the Commitments as of the Closing Date set forth in Schedule 1 to such Lender Addendum. This Agreement shall become effective when counterparts hereof executed on behalf of the Borrower, the Administrative Agent and each Lender shall have been received by the Administrative Agent.

SECTION 10.9 Governing Law; Entire Agreement. EACH LOAN DOCUMENT WILL EACH BE DEEMED TO BE A CONTRACT MADE UNDER AND GOVERNED BY THE INTERNAL LAWS OF THE STATE OF NEW YORK (INCLUDING FOR SUCH PURPOSE SECTIONS 5-1401 AND 5-1402 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK) AND, TO THE EXTENT APPLICABLE, THE BANKRUPTCY CODE, EXCEPT TO THE EXTENT THAT THE PERFECTION, EFFECT OF PERFECTION OR NONPERFECTION, AND PRIORITY OF A SECURITY INTEREST UNDER ANY LOAN DOCUMENT, OR REMEDIES UNDER ANY LOAN DOCUMENT, IN RESPECT OF ANY PARTICULAR COLLATERAL ARE GOVERNED BY THE LAWS OF A JURISDICTION OTHER THAN THE STATE OF NEW YORK. The Loan Documents constitute the entire understanding among the parties hereto with respect to the subject matter thereof and supersede any prior agreements, written or oral, with respect thereto (other than any agreement referenced in Section 3.3).

SECTION 10.10 Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and permitted assigns; provided that the Borrower may not assign or transfer its rights or obligations hereunder without the consent of all Lenders.

SECTION 10.11 Sale and Transfer of Credit Extensions; Participations in Credit Extensions; Notes. Each Lender may assign, or sell participations in, its Loans and Commitments to one or more other Persons in accordance with the terms set forth below.

(a) Subject to clause (b), any Lender may assign to one or more Eligible Assignees all or a portion of its rights and obligations under the Loan Documents (including all or a portion of its Commitments and the Loans at the time owing to it); provided that

(i) except in the case of (A) an assignment of the entire remaining amount of the assigning Lender’s Commitments and the Loans at the time owing to it, or (B) an assignment to a Lender, an Affiliate of a Lender or an Approved Fund with respect to a Lender, the aggregate amount of the Commitments (which for this purpose includes Loans outstanding thereunder) or principal outstanding balance of the Loans of the assigning Lender subject to each such assignment (determined as of the date the Lender Assignment Agreement with respect to such assignment is delivered to the

Administrative Agent) shall not be less than \$1,000,000, unless the Administrative Agent otherwise consents (such consent not to be unreasonably withheld or delayed);

(ii) for the avoidance of doubt, each assignment shall cover the same percentage of such Lender's Closing Date Term Loans, Final Order Term Loans and Roll-Up Loans;

(iii) each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement with respect to the Loans and the Commitments assigned; and

(iv) the parties to each assignment shall execute and deliver to the Administrative Agent a Lender Assignment Agreement, together with a processing and recordation fee of \$3,500 (except in the case of an assignment to an Affiliate of the assigning Lender or an Approved Fund of an assigning Lender, the processing and recordation fee shall be \$500) and if the Eligible Assignee is not already a Lender, an Administrative Questionnaire and original applicable tax forms.

(b) Any assignment proposed pursuant to clause (a) to any Person (other than a Lender, an Affiliate of a Lender or an Approved Fund) shall be subject to the prior written approval of the Administrative Agent (not to be unreasonably withheld).

(c) Subject to acceptance and recording thereof by the Administrative Agent pursuant to clause (d), from and after the effective date specified in each Lender Assignment Agreement, (i) the Eligible Assignee thereunder shall (if not already a Lender) be a party hereto and, to the extent of the interest assigned under such Lender Assignment Agreement, have the rights and obligations of a Lender under the Loan Documents, and (ii) the assigning Lender thereunder shall (subject to Section 10.5) be released from its obligations under the Loan Documents, to the extent of the interest assigned under such Lender Assignment Agreement (and, in the case of a Lender Assignment Agreement covering all of the assigning Lender's rights and obligations under the Loan Documents, such Lender shall cease to be a party hereto, but shall (as to matters arising prior to the effectiveness of the Lender Assignment Agreement) continue to be entitled to the benefits of any provisions of the Loan Documents which by their terms survive the termination of this Agreement); provided, that except to the extent otherwise expressly agreed by the affected parties, no assignment by a Defaulting Lender will constitute a waiver or release of any claim of any party hereunder arising from that Lender's having been a Defaulting Lender. Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with the terms of this Section shall be treated for purposes of the Loan Documents as a sale by such Lender of a participation in such rights and obligations in accordance with clause (e).

(d) The Administrative Agent shall record each assignment made in accordance with this Section in the Register pursuant to clause (a) of Section 2.5. The Register shall be available for inspection by the Borrower, at any reasonable time upon reasonable prior notice to the Administrative Agent.

(e) Any Lender may, without the consent of, or notice to, any Person, sell participations to one or more Persons (other than individuals, the Borrower, any Competitor or any other Person taking direction from, or working in concert with, the Borrower, any of the Borrower's Affiliates or any Competitor) (a "Participant") in all or a portion of such Lender's rights or obligations under the Loan Documents (including all or a portion of its Commitments or the Loans owing to it); provided that (i) such Lender's obligations under the Loan Documents shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (iii) the Borrower, the Administrative Agent and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under the Loan Documents. Any agreement or instrument pursuant to which a Lender sells a participation shall provide that such Lender shall retain the sole right to enforce the rights and remedies of a Lender under the Loan Documents and to approve any amendment, modification or waiver of any provision of the Loan Documents; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, take any action of the type described in clauses (a) through (d) or clause (f) of Section 10.1 with respect to Obligations participated in by that Participant. Subject to clause (f), the Borrower agrees that each Participant shall be entitled to the benefits of Sections 4.3, 4.4, 4.5, 4.6, 7.1.1, 10.3 and 10.4 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to clause (c). To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 4.9 as though it were a Lender, but only if such Participant agrees to be subject to Section 4.8 as though it were a Lender.

(f) A Participant shall not be entitled to receive any greater payment under Section 4.3, 4.4, 4.5, 4.6, 10.3 or 10.4 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with the Borrower's prior written consent. A Participant that would be a Non-U.S. Lender if it were a Lender shall not be entitled to the benefits of Section 4.6 unless the Borrower is notified of the participation sold to such Participant and such Participant agrees, for the benefit of the Borrower, to comply with the requirements set forth in Section 4.6 as though it were a Lender. Any Lender that sells a participating interest in any Loan, Commitment or other interest to a Participant under this Section shall indemnify and hold harmless the Borrower and the Administrative Agent from and against any taxes, penalties, interest or other costs or losses (including reasonable attorneys' fees and expenses) incurred or payable by the Borrower or the Administrative Agent as a result of the failure of the Borrower or the Administrative Agent to comply with its obligations to deduct or withhold any Taxes from any payments made pursuant to this Agreement to such Lender or the Administrative Agent, as the case may be, which Taxes would not have been incurred or payable if such Participant had been a Non-U.S. Lender that was entitled to deliver to the Borrower, the Administrative Agent or such Lender, and did in fact so deliver, an original duly completed and valid Form W-8BEN or W-8ECI or Exemption Certificate (or applicable successor form), or if such Participant had been a U.S. Lender that was entitled to deliver to the Borrower, the Administrative Agent or such Lender, and did in fact so deliver, an original duly completed and valid Form W-9 (or applicable successor form) entitling such Participant to receive payments under this Agreement without deduction or withholding of any United States federal taxes.

(g) Each Lender having sold a participation of its rights and obligations to a Participant under this Agreement, acting solely for this purpose as agent for the Borrower, shall

maintain a register for the recordation of the names and addresses of each Participant (and each change thereto, whether by assignment or otherwise) and the rights, interests or obligation of such Participants in any right or obligation hereunder; provided that such Lender shall have no obligation to make such register or the information thereto available to the Borrower or its Affiliates, except to the extent that such disclosure is necessary to establish that such commitment, loan or other obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations.

(h) Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank; provided that no such pledge or assignment of a security interest shall release a Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

(i) In connection with any assignment of rights and obligations of any Defaulting Lender hereunder, no such assignment shall be effective unless and until, in addition to the other conditions thereto set forth herein, the parties to the assignment shall make such additional payments to the Administrative Agent in an aggregate amount sufficient, upon distribution thereof as appropriate (which may be outright payment, purchases by the assignee of participations or subparticipations, or other compensating actions, including funding, with the consent of the Borrower and the Administrative Agent, the applicable pro rata share of Loans previously requested but not funded by the Defaulting Lender, to each of which the applicable assignee and assignor hereby irrevocably consent), to (x) pay and satisfy in full all payment liabilities then owed by such Defaulting Lender to the Administrative Agent and each other Lender hereunder (and interest accrued thereon), and (y) acquire (and fund as appropriate) its full pro rata share of all Loans in accordance with its Percentage. Notwithstanding the foregoing, in the event that any assignment of rights and obligations of any Defaulting Lender hereunder shall become effective under applicable law without compliance with the provisions of this paragraph, then the assignee of such interest shall be deemed to be a Defaulting Lender for all purposes of this Agreement until such compliance occurs.

SECTION 10.12 Replacement of Lenders under Certain Circumstances. If at any time (a) the Borrower becomes obligated to pay additional amounts described in Section 4.3, 4.5 or 4.6 as a result of any condition described in such Sections or any Lender ceases to make LIBO Rate Loans, (b) any such Lender becomes a Defaulting Lender, or (c) any Lender becomes a “Non-Consenting Lender” (as defined below in this Section 10.12), Borrower may, on one Business Day’s prior written notice to the Administrative Agent and such Lender, replace such Lender by causing such Lender to (and such Lender shall be obligated to) assign pursuant to Section 10.11 all of its rights and obligations under this Agreement to a Lender or other entity (a “Replacement Lender”) selected by Borrower and reasonably acceptable to the Administrative Agent (such consent not to be unreasonably withheld or delayed; provided that no consent shall be required if the Replacement Lender is an existing Lender) for a purchase price equal to the outstanding principal amount of such Lender’s Commitments and all accrued interest and fees and other amounts payable hereunder; provided that (i) neither the Administrative Agent nor any Lender shall have any obligation to the Borrower to find a Replacement Lender or other such entity and (ii) in no event shall the Lender hereby replaced be required to pay or surrender to such Replacement Lender or other entity any of the fees received by such Lender hereby

replaced pursuant to this Agreement. In the case of a replacement of a Lender to which the Borrower becomes obligated to pay additional amounts to such Lender prior to such Lender being replaced, the payment of such additional amounts shall be a condition to the replacement of such Lender. Each Lender agrees that if it is replaced pursuant to this Section 10.12, it shall execute and deliver to the Administrative Agent a Lender Assignment Agreement to evidence such sale and purchase and shall deliver to the Administrative Agent any Note (if the assigning Lender's Loans are evidenced by Notes) subject to such Lender Assignment Agreement; provided that the failure of any Lender replaced pursuant to this Section 10.12 to execute a Lender Assignment Agreement shall not render such sale and purchase (and the corresponding assignment) invalid. In the event that (x) the Borrower or the Administrative Agent has requested the Lenders to consent to a departure from, modification of or waiver of any provisions of the Loan Documents or to agree to any amendment thereto, (y) the consent, waiver or amendment in question requires the agreement of all or all affected Lenders in accordance with the terms of Section 10.1, all the Lenders with respect to a certain class of the Loans or a super-majority of the Lenders in accordance with clause (d) of Section 10.1 and (z) Required Lenders have agreed to such consent, waiver or amendment, then any Lender who does not agree to such consent, waiver or amendment shall be deemed a "Non-Consenting Lender". The Borrower's right to replace a Defaulting Lender pursuant to this Section 10.12 is, and shall be, in addition to, and not in lieu of, all other rights and remedies available to the Borrower against such Defaulting Lender under this Agreement, at law, in equity, or by statute.

SECTION 10.13 Other Transactions. Nothing contained herein shall preclude the Administrative Agent or any Lender from engaging in any transaction, in addition to those contemplated by the Loan Documents, with the Borrower or any of its Affiliates in which the Borrower or such Affiliate is not restricted hereby from engaging with any other Person.

SECTION 10.14 Forum Selection and Consent to Jurisdiction. EACH OBLIGOR HEREBY IRREVOCABLY AND UNCONDITIONALLY SUBMITS, FOR ITSELF AND ITS PROPERTY, TO THE EXCLUSIVE JURISDICTION AND VENUE OF THE BANKRUPTCY COURT, OR IN THE EVENT THE BANKRUPTCY COURT DOES NOT HAVE OR DOES NOT EXERCISE JURISDICTION, THEN TO THE COURTS OF THE STATE OF NEW YORK OR IN THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK; PROVIDED THAT ANY SUIT SEEKING ENFORCEMENT AGAINST ANY COLLATERAL OR OTHER PROPERTY MAY BE BROUGHT, AT THE ADMINISTRATIVE AGENT'S OPTION, IN THE COURTS OF ANY JURISDICTION WHERE SUCH COLLATERAL OR OTHER PROPERTY MAY BE FOUND. THE BORROWER IRREVOCABLY CONSENTS TO THE SERVICE OF PROCESS BY REGISTERED MAIL, POSTAGE PREPAID, OR BY PERSONAL SERVICE WITHIN OR WITHOUT THE STATE OF NEW YORK AT THE ADDRESS FOR NOTICES SPECIFIED IN SECTION 10.2. THE BORROWER HEREBY EXPRESSLY AND IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION WHICH IT MAY HAVE OR HEREAFTER MAY HAVE TO THE LAYING OF VENUE OF ANY SUCH LITIGATION BROUGHT IN ANY SUCH COURT REFERRED TO ABOVE AND ANY CLAIM THAT ANY SUCH LITIGATION HAS BEEN BROUGHT IN AN INCONVENIENT FORUM. TO THE EXTENT THAT THE BORROWER HAS OR HEREAFTER MAY ACQUIRE ANY IMMUNITY FROM JURISDICTION OF ANY COURT OR FROM ANY LEGAL PROCESS (WHETHER THROUGH SERVICE OR NOTICE,

ATTACHMENT PRIOR TO JUDGMENT, ATTACHMENT IN AID OF EXECUTION OR OTHERWISE) WITH RESPECT TO ITSELF OR ITS PROPERTY, THE BORROWER HEREBY IRREVOCABLY WAIVES TO THE FULLEST EXTENT PERMITTED BY LAW SUCH IMMUNITY IN RESPECT OF ITS OBLIGATIONS UNDER THE LOAN DOCUMENTS.

SECTION 10.15 Waiver of Jury Trial. THE ADMINISTRATIVE AGENT, EACH LENDER, AND THE BORROWER HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHTS THEY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH, EACH LOAN DOCUMENT, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER ORAL OR WRITTEN) OR ACTIONS OF THE ADMINISTRATIVE AGENT, SUCH LENDER OR THE BORROWER IN CONNECTION THEREWITH. THE BORROWER ACKNOWLEDGES AND AGREES THAT IT HAS RECEIVED FULL AND SUFFICIENT CONSIDERATION FOR THIS PROVISION (AND EACH OTHER PROVISION OF EACH OTHER LOAN DOCUMENT TO WHICH IT IS A PARTY) AND THAT THIS PROVISION IS A MATERIAL INDUCEMENT FOR THE ADMINISTRATIVE AGENT AND EACH LENDER ENTERING INTO THE LOAN DOCUMENTS.

SECTION 10.16 Confidentiality. The Administrative Agent and each Lender shall ensure that financial statements or other information relating to the Borrower and its Subsidiaries which may be delivered to it pursuant to this Agreement and which are not publicly filed or otherwise made available to the public generally (other than through a breach of a confidentiality undertaking known to the Administrative Agent or the Lenders) will, except to the extent required by law to be disclosed, be treated confidentially by the Administrative Agent and each Lender (in accordance with its own procedures for keeping such information confidential) and will not, except with the consent of the Borrower, be distributed or otherwise made available by the Administrative Agent or any Lender to any Person other than its directors, officers, employees, authorized agents, counsel or other representatives (provided the other representatives have agreed or are under a duty to keep all information confidential) required, in the reasonable opinion of the Lender, to have such information for purposes of the Loan Documents. The Administrative Agent and each Lender is authorized to deliver a copy of any financial statement or any other information which may be delivered to it pursuant to this Agreement (a) to any actual or potential Participant or Eligible Assignee which has agreed in writing, in favor of such Lender and the Borrower, to maintain such information in confidence; (b) to any Governmental Authority having jurisdiction over the Lender in order to comply with any applicable laws (with a request for confidential treatment); (c) to any Affiliate of the Lender required, in the reasonable opinion of the Lender, to have such information, solely in connection with the Loans contemplated by the Loan Documents (provided that such Lender remains liable for the maintenance of confidentiality of such information); (d) to the Administrative Agent or any other Lender; and (e) to any nationally recognized rating agency that requires access to information about such Lender's investment portfolio in connection with ratings issued with respect to such Lender, and which has agreed in writing, in favor of such Lender and the Borrower, to maintain such information in confidence.

SECTION 10.17 USA Patriot Act Notice. Each Lender that is subject to the Patriot Act (as defined below) and the Administrative Agent (for itself and not on behalf of any Lender) hereby notifies the Borrower that pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "Patriot Act"), it is required to obtain, verify and record information that identifies the Borrower, which information includes the name and address of the Borrower and other information that will allow such Lender or the Administrative Agent, as applicable, to identify the Borrower in accordance with the Patriot Act.

SECTION 10.18 Parties Including Trustees; Bankruptcy Court Proceedings. Upon entry of the Interim Order (or when applicable, the Final Order), this Agreement, the other Loan Documents, and all Liens and other rights and privileges created hereby or pursuant hereto or to any other Loan Document shall be binding upon each Obligor, the bankruptcy estate of each Obligor, and any trustee, other bankruptcy estate representative or any successor in interest of any Obligor in the Chapter 11 Cases or any subsequent case commenced under Chapter 7 of the Bankruptcy Code, and shall not be subject to Section 365 of the Bankruptcy Code. This Agreement and the other Loan Documents shall be binding upon, and inure to the benefit of, the successors of the Administrative Agent and the Lenders and their respective assigns, transferees and endorsees. The Liens created by this Agreement and the other Loan Documents shall be and remain valid and perfected in the event of the substantive consolidation or conversion of any of the Chapter 11 Cases or any other bankruptcy case of any Obligor to a case under Chapter 7 of the Bankruptcy Code or in the event of dismissal of any of the Chapter 11 Cases or the release of any Collateral from the jurisdiction of the Bankruptcy Court for any reason, without the necessity that the Administrative Agent files financing statements or otherwise perfect its Liens under applicable law. No Obligor may assign, transfer, hypothecate or otherwise convey its rights, benefits, obligations or duties hereunder or under any of the other Loan Documents without the prior express written consent of the Administrative Agent and each Lender. Any such purported assignment, transfer, hypothecation or other conveyance by any Obligor without the prior express written consent of the Administrative Agent and each Lender shall be void. The terms and provisions of this Agreement are for the purpose of defining the relative rights and obligations of each Obligor, the Administrative Agent and each Lender with respect to the transactions contemplated hereby and no Person (other than Oak Hill to the extent relating to the Secured OHAA Payment Obligations) shall be a third party beneficiary of any of the terms and provisions of this Agreement or any of the other Loan Documents.

SECTION 10.19 No Fiduciary Duty. Each Agent, each Lender and their Affiliates (collectively, solely for purposes of this paragraph, the "Lenders"), may have economic interests that conflict with those of the Obligors, their stockholders and/or their affiliates. Each Obligor agrees that nothing in the Loan Documents or otherwise will be deemed to create an advisory, fiduciary or agency relationship or fiduciary or other implied duty between any Lender, on the one hand, and such Obligor, its stockholders or its affiliates, on the other. The Obligors acknowledge and agree that (i) the transactions contemplated by the Loan Documents (including the exercise of rights and remedies hereunder and thereunder) are arm's-length commercial transactions between the Lenders, on the one hand, and the Obligors, on the other, and (ii) in connection therewith and with the process leading thereto, (x) no Lender has assumed an advisory or fiduciary responsibility in favor of any Obligor, its stockholders or its affiliates with respect to the transactions contemplated hereby (or the exercise of rights or remedies with respect thereto) or the process leading thereto (irrespective of whether any Lender has advised, is

currently advising or will advise any Obligor, its stockholders or its Affiliates on other matters) or any other obligation to any Obligor except the obligations expressly set forth in the Loan Documents and (y) each Lender is acting solely as principal and not as the agent or fiduciary of any Obligor, its management, stockholders, creditors or any other Person. Each Obligor acknowledges and agrees that it has consulted its own legal and financial advisors to the extent it deemed appropriate and that it is responsible for making its own independent judgment with respect to such transactions and the process leading thereto. Each Obligor agrees that it will not claim that any Lender has rendered advisory services of any nature or respect, or owes a fiduciary or similar duty to such Obligor, in connection with such transaction or the process leading thereto.

ARTICLE XI GRANT AND PERFECTION OF SECURITY INTEREST; PRIORITY OF LIENS

SECTION 11.1 Super-Priority Nature of Obligations and Secured Parties' Liens. Each Obligor represents, warrants, covenants and agrees that:

(a) The priority of the Administrative Agent's and Secured Parties' Liens on the Collateral owned by the Borrower shall be set forth in the Interim Order (or, when applicable, the Final Order).

(b) Upon entry of the Interim Order (or, when applicable, the Final Order), subject only to the Carve-Out, pursuant to Section 364(c)(1) of the Bankruptcy Code, the Obligations shall at all times constitute allowed super-priority administrative expenses of each of the Obligors in the Chapter 11 Cases having priority over any and all administrative expenses, diminution claims and all other claims against each of the Obligors, now existing or hereafter arising, including, without limitation, of the kind specified in, or ordered pursuant to, Sections 105, 326, 328, 330, 331, 503(b), 506(c) (upon entry of the Final Order), 507(b), 546(c), 726, 1114 or any other section of the Bankruptcy Code, shall at all times be senior to the rights of the Obligors, the estates of the Obligors, and any successor trustee or estate representative in the Chapter 11 Cases or any subsequent proceeding or case under the Bankruptcy Code, and shall be payable in accordance with the terms of the Orders.

(c) Upon entry of the Interim Order (or, when applicable, the Final Order) and subject to the Carve-Out, pursuant to section 364(c)(2) of the Bankruptcy Code, the Obligations shall be secured by a valid, perfected, binding, continuing, enforceable, non-avoidable, first priority Lien on all unencumbered Collateral, including, without limitation, but subject to entry of the Final Order, the Debtors' Avoidance Actions and the proceeds thereof, whether received by judgment, settlement or otherwise.

(d) Upon entry of the Interim Order (or, when applicable, the Final Order) and subject to the Carve-Out, pursuant to section 364(c)(3) of the Bankruptcy Code, the Obligations shall be secured by a valid, perfected, binding, continuing, enforceable, non-avoidable, junior Lien upon all Collateral that is subject to (x) valid, enforceable, non-avoidable and perfected Liens in existence on the Petition Date and which are disclosed in Item 7.2.3(b)-1 of the Disclosure Schedule, and are senior to the Liens securing the obligations of the Obligors under the Pre-Petition Credit Agreement, after giving effect to any intercreditor or subordination

agreement, and (y) valid, enforceable and non-avoidable Liens in existence on the Petition Date that are perfected subsequent to the Petition Date as permitted by section 546(b) of the Bankruptcy Code and which are disclosed in Item 7.2.3(b)-2 of the Disclosure Schedule, and are senior to the Liens securing the obligations of the Obligors under the Pre-Petition Credit Agreement, after giving effect to any intercreditor or subordination agreement, in each case, other than Liens which are expressly stated to be primed by the Liens to be granted to the Administrative Agent and the Secured Parties described in clause (e) below (subject to such exception, the “Senior Liens”).

(e) Except as otherwise expressly permitted herein, upon entry of the Interim Order (or, when applicable, the Final Order) and subject to the Carve-Out, pursuant to section 364(d)(1) of the Bankruptcy Code, the Obligations shall be secured by a valid, perfected, binding, continuing, enforceable, non-avoidable senior priming Lien on all Collateral (including, without limitation, Cash Collateral), which Liens shall be senior to (x) the Liens securing the obligations of the Obligors under the Pre-Petition Credit Agreement, and (y) except for the Senior Liens, any other Liens in favor of any other Person, including, without limitation, all Liens junior to the Liens securing any or all of the obligations of the Obligors under the Pre-Petition Credit Agreement (the Liens referenced in clauses (x) and (y), collectively, the “Primed Liens”), which Primed Liens, together with any Liens granted on or after the Petition Date to provide adequate protection in respect of any Primed Liens, shall be primed by and made subject and subordinate to the first priority senior priming Liens securing the Obligations granted pursuant to this clause (e).

(f) Except as set forth herein or in the Interim Order (or, as applicable, the Final Order), no other claim or Lien having a priority superior or *pari passu* to that granted to the Administrative Agent and the Secured Parties by the Interim Order (or, as applicable, the Final Order) shall be granted or approved while any Obligations under this Agreement remain outstanding without the prior written consent of the Administrative Agent (acting at the direction of the Required Lenders). Except for the Carve-Out, no costs or expenses of administration shall be imposed against the Secured Parties or any of the Collateral or the secured parties pursuant to the Pre-Petition Credit Agreement or any of the Collateral (as defined in the Pre-Petition Security Agreement) under Sections 105, 506(c) or 552 of the Bankruptcy Code, or otherwise, and the Obligors hereby waive for themselves and on behalf of each of their estates in bankruptcy, any and all rights under sections 105, 506(c) (upon entry of the Final Order) or 552, or otherwise, to assert or impose or seek to assert or impose, any such costs or expenses of administration against the Secured Parties or the lenders holding Pre-Petition Loans.

(g) The Liens and claims granted in respect of the Obligations pursuant to this Section 11.1 shall be subject and subordinate to the Carve-Out. The term “Carve-Out Trigger Notice” means a written notice delivered by the Administrative Agent or its counsel to the Obligors’ lead counsel, the U.S. Trustee, counsel to the Pre-Petition Agent, counsel to OHAA and lead counsel to any statutory committee appointed in the Chapter 11 Cases, which notice may be delivered at any time following the occurrence and during the continuation of any Event of Default, expressly stating that the Carve-Out is invoked. Following delivery of the Carve-Out Trigger Notice or termination of the DIP Facility and the Obligors’ authority to use Cash Collateral (as defined in the Orders), but only if such termination occurs prior to the effective date of any plan of liquidation, the Obligors shall immediately fund into a segregated account

established by the Obligors (the “Carve-Out Account”) an amount equal to the aggregate amount accrued under the Carve-Out prior to the delivery of the Carve-Out Trigger Notice, plus the amount of the Carve-Out Cap. If there are insufficient funds on the date the Carve-Out Trigger Notice is delivered to fund the full amount of the Carve-Out, including the Carve-Out Cap, into the Carve-Out Account, any additional cash proceeds thereafter received by the Obligors, from whatever source, shall be transferred by the Obligors into the Carve-Out Account prior to making any distributions to creditors. All funds in the Carve-Out Account shall be used first to pay (i) all unpaid fees required to be paid in the Chapter 11 Cases under 28 U.S.C. § 1930 and 31 U.S.C. § 3717, whether arising prior to or after the delivery of the Carve-Out Trigger Notice and (ii) after the occurrence and during the continuance of an Event of Default (A) all reasonable and documented unpaid fees, costs, disbursements and expenses of professionals retained by the Obligors in the Chapter 11 Cases (collectively, the “Debtors’ Professionals”) that are incurred and earned prior to the first Business Day after the delivery by the Administrative Agent of a Carve-Out Trigger Notice, are allowed by the Bankruptcy Court under sections 105(a), 328, 330 or 331 of the Bankruptcy Code or otherwise (whether allowed by the Bankruptcy Court prior to or after delivery of a Carve-Out Trigger Notice) and remain unpaid after application of any retainers and any available funds remaining in the Obligors’ estates for such creditors and (B) all reasonable and documented unpaid fees and expenses of professionals retained by any statutory committee appointed in the Chapter 11 Cases (collectively, the “Committee’s Professionals”) that are incurred and earned prior to the first Business Day after the delivery by the Administrative Agent of a Carve-Out Trigger Notice, are allowed by the Bankruptcy Court under sections 105(a), 330 or 331 of the Bankruptcy Code or otherwise (whether allowed by the Bankruptcy Court prior to or after delivery of a Carve-Out Trigger Notice) and remain unpaid after application of any available funds remaining in the Obligors’ estates for such creditors, and then, to pay all reasonable and documented unpaid fees, costs, disbursements and expenses of the Debtors’ Professionals and Committee’s Professionals that are incurred and earned on or after the first Business Day after the delivery by the Lenders of a Carve-Out Trigger Notice, that are allowed by the Bankruptcy Court under sections 105(a), 328, 330 or 331 of the Bankruptcy Code or otherwise and remain unpaid after application of any retainers and any available funds remaining in the Obligors’ estates for such creditors and in an aggregate amount not to exceed the Carve-Out Cap (plus all unpaid fees, costs, disbursements and expenses of the Debtors’ Professionals and Committee’s Professionals allowed by the Bankruptcy Court at any time that were incurred on or prior to the first Business Day following the delivery of the Carve-Out Trigger Notice); provided that, nothing herein shall be construed to impair the ability of any party to object to the fees, expenses, reimbursement or compensation described in clauses (A) and (B) above. All amounts deposited in the Carve-Out Account shall continue to be subject to the Liens pursuant to the Loan Documents and the Liens pursuant to the Pre-Petition Credit Agreement such that, upon final payment of all allowed amounts due and owing under the Carve-Out, including the Carve-Out Cap, as determined by further order of the Bankruptcy Court, any funds remaining in the Carve-Out Account shall be remitted to the Debtors and governed by the terms of this Agreement. Notwithstanding anything to the contrary in this Agreement, all liens and claims granted pursuant to the Interim Order, as well as all liens and claims granted pursuant to any Obligations (as defined in the Pre-Petition Credit Agreement), shall be subject to the Carve-Out.

Notwithstanding the foregoing, so long as the Carve-Out Trigger Notice has not been delivered, the Borrower shall be permitted to pay, as the same may become due and payable, fees

and expenses allowed and payable under 11 U.S.C. § 330 and § 331, and the same shall not reduce the Carve-Out Cap.

No portion of the Carve-Out, any Collateral (including, without limitation, any Cash Collateral) proceeds or proceeds of the Loans may be used for the payment of the fees and expenses of any person incurred challenging, or in relation to the challenge of, (i) any of the Administrative Agent's or the Secured Parties' Liens or claims, or the initiation or prosecution of any claim or action against any of the Administrative Agent or Secured Parties; (ii) any claims or causes of actions (including any claims or causes of action under Chapter 5 of the Bankruptcy Code) against the Pre-Petition Agent or the Pre-Petition Lenders, their respective advisors, agents and sub-agents, including formal discovery proceedings in anticipation thereof, and/or challenging any Lien of the Pre-Petition Agent and the Pre-Petition Lenders; (iii) any claims, demands, liabilities, responsibilities, disputes, remedies, causes of action, indebtedness or obligations against Released Parties; or (iv) stipulations made by the Obligors with respect to the Pre-Petition Credit Agreement and approved by the Interim Order; provided, however, that the Carve-Out, Collateral (including, without limitation, any Cash Collateral), and proceeds of the Loans may be used only in an amount up to \$25,000 in the aggregate (the "Committee Investigation Fund") for the payment or reimbursement of any fees or disbursements of the Committee incurred in connection with making any such investigation (and such funds shall only be payable with respect to the payment or reimbursement of Committee fees or disbursements).

For the avoidance of doubt, any and all claims (i) incurred by the Committee in excess of the Committee Investigation Fund or (ii) incurred by any professional persons or any party on account of professional fees and expenses that exceed the applicable amounts set forth in the Approved Budget shall not constitute an allowed administrative expense claim for purposes of section 1129(a)(9)(A) of the Bankruptcy Code, and such claims shall not be satisfied by the Carve-Out, Collateral (including, without limitation, any Cash Collateral), or proceeds of the Loans and shall be satisfied solely from unencumbered assets reducing recoveries to the holders of unsecured claims (other than any deficiency claim held by the Pre-Petition Lenders).

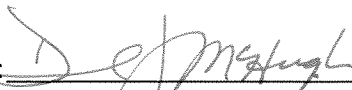
SECTION 11.2 Payment of Obligations. Subject to the Orders and Section 8.1 hereof, upon the Stated Maturity Date (whether by acceleration or otherwise) of any of the Obligations under this Agreement or any of the other Loan Documents or Pre-Petition Credit Agreement pursuant to the Final Order, the Administrative Agent and the Lenders shall be entitled to immediate payment in full in cash of such Obligations without further application to or order of the Bankruptcy Court.

SECTION 11.3 No Discharge; Survival of Claims. The Obligors agree that unless the Obligations have been indefeasibly paid in full in cash at such time (a) the Obligations hereunder shall not be discharged by the entry of an order confirming any plan of reorganization in any Chapter 11 Case (and the Obligors pursuant to Section 1141(d)(4) of the Bankruptcy Code, hereby waive any such discharge) and (b) the super-priority administrative expense claim granted to the Secured Parties pursuant to the Orders and described in Section 11.1 and the Liens granted to Secured Parties pursuant to the Orders and described in Section 11.1 shall not be affected in any manner by the entry of an order confirming any plan of reorganization in any Chapter 11 Case.

SECTION 11.4 Release. The Obligors hereby acknowledge effective upon entry of each Order, that the Obligors have no defense, counterclaim, offset, recoupment, cross-complaint, claim or demand of any kind or nature whatsoever that can be asserted to reduce or eliminate all of any part of the Obligors' liability to prepay or repay the Administrative Agent or any Lender as provided in this Agreement or other Loan Documents or the Pre-Petition Credit Agreement pursuant to the Final Order or to seek affirmative relief or damages of any kind or nature from the Administrative Agent or any Lender. The Obligors, in their own right, on behalf of each of their bankruptcy estates, hereby, effective upon entry of, and subject to, the Final Order, fully, finally and forever release and discharge the Administrative Agent and the Lenders and all of Administrative Agent's and Lenders' past and present officers, directors, agents, attorneys, assigns, heirs, parents, subsidiaries, and each person acting for or on behalf of any of them (collectively, the "Released Parties") of and from any and all past and present actions, causes of action, demands, suits, claims, liabilities, Liens, lawsuits, adverse consequences, amounts paid in settlement, costs, damages, debts, deficiencies, diminution in value, disbursements, expenses, losses and other obligations of any kind or nature whatsoever, whether in law, equity or otherwise (including, without limitation, those arising under Sections 541 through 550 of the Bankruptcy Code and interest or other carrying costs, penalties, legal, accounting and other professional fees and expenses, and incidental, consequential and punitive damages payable to third parties), whether known or unknown, fixed or contingent, direct, indirect, or derivative, asserted or unasserted, foreseen or unforeseen, suspected or unsuspected, now existing, heretofore existing or which may heretofore accrue against any of the Released Parties, whether held in a personal or representative capacity, and which are based solely on acts, facts, events or omissions or other matters, causes or things occurring at or from any time prior to and including the date hereof in any way, directly or indirectly arising out of, connected with or relating to this Agreement, the Loan Documents, the Orders and the transactions contemplated hereby, and all other agreements, certificates, instruments and other documents and statements (whether written or oral) related to any of the foregoing; provided, that nothing herein shall be deemed to be a release of any Released Party from its obligations under the Loan Documents, the Orders or any order of the Bankruptcy Court applicable to such Person, provided, further, that nothing contained herein shall be deemed to limit or modify the rights granted to third parties under the Orders.

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

CARGO 360, INC.

By:  _____
Name: Daniel McHugh
Title: President

CANADIAN IMPERIAL BANK OF
COMMERCE, NEW YORK AGENCY, as the
Administrative Agent

By:  _____
Name: Lindsay Gordon
Title: Executive Director

[Signature Page to the Credit Agreement]

Item 6.3
Compliance with Laws

1. Four proposed civil violations relating to normal course operations (manuals, records, training, drug and alcohol testing) for a total proposed (unmitigated) penalty amount of \$80,000 are under negotiation between Southern Air Inc. and FAA counsel (mitigation of 50% is expected)

Item 6.8
Subsidiaries

1. Southern Air Inc.
2. Air Mobility Inc.
3. 21110 LLC
4. 21111 LLC
5. 21221 LLC
6. 21550 LLC
7. 21576 LLC
8. 21590 LLC
9. 21787 LLC
10. 21832 LLC
11. 23138 LLC
12. 24067 LLC
13. 46914 LLC
14. Aircraft 21255, LLC
15. Aircraft 21380, LLC
16. CF6-50, LLC
17. Southern Air GmbH

Item 6.9
Real Property

Leased Real Property:

1. 79 Glover Avenue, Norwalk, Connecticut, pursuant to the Lease Agreement, dated August 1, 2001, as amended on September 6, 2007, by and between 79 Glover LLC and Southern Air Inc.
2. 87 Glover Avenue, Norwalk, Connecticut, pursuant to the Lease Agreement, dated January 1, 2005, as subsequently amended on September 6, 2007, by and between 87 Glover LLC and Southern Air Inc.
3. 109 Glover Avenue, Norwalk, Connecticut, pursuant to the Lease Agreement, dated January 1, 2007, as amended on September 6, 2007, by and between 109-111 Glover LLC and Southern Air Inc.
4. 111 Glover Avenue, Norwalk, Connecticut, pursuant to the Lease Agreement, dated January 1, 2007, as amended on September 6, 2007, by and between 109-111 Glover LLC and Southern Air Inc.
5. 117 Glover Avenue, Norwalk, Connecticut, pursuant to the Lease Agreement, dated July 28, 2004, as amended on September 6, 2007, by and between 117 Glover LLC and Southern Air Inc.
6. Suite #1, Lot 28-A, Block 5, Ted Stevens Anchorage International Airport, pursuant to the Lease Agreement dated November 7, 2007, by and between Southern Air Inc. and William E. Brooks.
7. Cargo Building 708 in the MAID Area of Miami International Airport, pursuant to the Space Sub-Lease Agreement dated September 4, 2007, by and between International Cargo Marketing Consultants, Inc. dba Alliance Air and Southern Air Inc. ,
8. Office and storage space pursuant to the Agreement dated July 13 2007 by and between Continental Airline, Los Angeles Maintenance and Southern Air Inc.
9. L015, Liege Airport pursuant to the Sub-Concession Agreement dated February 6, 2007, by and between Liege Airport and Southern Air Inc.
10. Bldg 79B, East Kern Airport, Mojave, pursuant to a Lease Agreement dated July 17, 2007, by and between East Kern Airport and Southern Air Inc.

11. 5214 North Shipland Avenue, Chicago, Illinois, pursuant to a Lease Agreement dated June 30, 2008, as amended by a First Amendment to Lease dated February 15, 2010, by and between AMB Partners II Local, L.P. and Southern Air Inc.
12. Port City Air's Hanger #212 at 58 Durham Street, Portsmouth, NH 03802 dated January 4, 2012 by and between Port City Air and Southern Air Inc.
13. Kilroy Airport Center/Seatac South Tower, 18000 Pacific Highway South Seattle Washington pursuant to a Lease Agreement dated October 31, 2006 as amended by a First Amendment to lease dated December 17, 2010 by and between Sea Tac Venture 2010 LLC and Southern Air Inc.
14. Continental/United Airlines, Los Angeles Maintenance pursuant to an Agreement dated August 1, 2011 by and between Continental/United Airlines and Southern Air Inc.
15. Office and storage space at Leipzig airport pursuant to a Lease Agreement dated May 9, 2012 by and between Flughafen Leipzig/Halle GmbH and Southern Air GmbH.

Item 6.12
Environmental Issues

None

Item 6.16
Material Contracts

Aircraft Leasing and related intercompany Agreements

1. Aircraft Operating Lease Agreement, dated July 2, 2012, by and between Wells Fargo Bank Northwest, NA as owner trustee under the Trust Agreement (“Lessor”) and Southern Air Inc. (“Lessee”) for Aircraft MSN 26562.
2. Aircraft Operating Lease Agreement, dated December 21, 2011, by and between Wells Fargo Bank Northwest, NA as owner trustee under the Trust Agreement (“Lessor”) and Southern Air Inc. (“Lessee”) for Aircraft MSN 27602.
3. Lease Agreement, dated October 7, 2011, by and between Wells Fargo Bank Northwest, NA as Owner Trustee (“Lessor”) and Southern Air Inc. (“Lessee”) for Aircraft MSN 27044.
4. Lease Agreement, dated October 17, 2011, by and between Wells Fargo Bank Northwest, NA as Owner Trustee (“Lessor”) and Southern Air Inc. (“Lessee”) for Aircraft MSN 27068.
5. Aircraft Operating Lease Agreement, dated February 5, 2010, by and between Wells Fargo Bank Northwest, NA as Owner Trustee under the Trust Agreement (“Lessor”) and Southern Air Inc. (“Lessee”) for Aircraft MSN 37986.
6. Aircraft Operating Lease Agreement, dated February 5, 2010, by and between Wells Fargo Bank Northwest, NA as Owner Trustee under the Trust Agreement (“Lessor”) and Southern Air Inc. (“Lessee”) for Aircraft MSN 37987.
7. Aircraft Operating Lease Agreement, dated August 5, 2011, by and between Wells Fargo Bank Northwest, N.A. as Owner Trustee under the Trust Agreement (“Lessor”) and Southern Air Inc. (“Lessee”) for Aircraft MSN 37988.
8. Aircraft Operating Lease Agreement, dated August 5, 2011, by and between Wells Fargo Bank Northwest, N.A. as Owner Trustee under the Trust Agreement (“Lessor”) and Southern Air Inc. (“Lessee”) for Aircraft MSN 37989.
9. Aircraft Lease Modification Agreement, dated December 31, 2009, by and between Southern Air Inc. and Air Mobility Inc..

10. Management Services Agreement, dated December 31, 2009, by and between Southern Air Inc. and Air Mobility Inc..

Government Contracts

1. Contract number HTC711-12-D-CC04 between USTRANSCOM/TCAQ-CP and Patriot Team effective January 1, 2012 pursuant to a Patriot Team Subcontracting Plan dated December 1, 2011 to be read in conjunction with the Contractor Team Arrangement Agreement dated May 24, 2012.

DHL Contracts

1. Flight Services Agreement No.1 dated August 15, 2011, by and between Southern Air Inc. and DHL Aviation Americas, Inc. with respect to one Boeing 777F aircraft.
2. Flight Services Agreement No.2 dated September 6, 2011, by and between Southern Air Inc. and DHL Aviation Americas, Inc. as amended January 10, 2011 and February 16, 2012 with respect to four aircraft.

Technical Operations Contracts

1. Engine Lease Agreement, dated June 9, 2011, by and between Southern Air Inc. and VX Capital for six General Electric CF6-50C2 Engines.
2. Engine Lease Agreement, dated April 23, 2012, by and between Southern Air Inc. and MTU Maintenance for GE90-115BL Propulsor Engine.

Vendor Contracts

Southern Air Inc. has ongoing contracts that have resulted in payments exceeding \$1,000,000 over the course of a year with the following vendors:

Boeing Commercial
CIBC
DSSN 3801 LI-CRAF
Eurocontrol
Hong Kong Charter Services Ltd
International Air Transport Association
KLM Engineering and Maintenance
MTU Maintenance Hanover GmbH
Nav Canada
Pratt and Whitney

Servisair LLC
World Fuel Services Inc.
DFAS-CO/FPS/F
Taikoo Aircraft Engineering Co. Ltd
Chapmanfreeborn Aviation Services fze
OH Aircraft Acquisition LLC / Oak Hill
AJ Walter Aviation Ltd
Aon Risk Services Southwest Inc.
V21A Dc-10 LLC c/o VX Holding Inc.
United Healthcare
Aircastle Advisor LLC
United Airline Pass Plus
TNT Transport International
KV Aviation
JLT Specialty Limited
Aquila Aircraft Leasing Ltd

Item 7.2.2(b)
Rollover Debt

1. Aircraft Operating Lease Agreement, dated July 2, 2012, by and between Wells Fargo Bank Northwest, NA as owner trustee under the Trust Agreement (“Lessor”) and Southern Air Inc. (“Lessee”) for Aircraft MSN 26562.
2. Aircraft Operating Lease Agreement, dated December 21, 2011, by and between Wells Fargo Bank Northwest, NA as owner trustee under the Trust Agreement (“Lessor”) and Southern Air Inc. (“Lessee”) for Aircraft MSN 27602.
3. Lease Agreement, dated October 7, 2011, by and between Wells Fargo Bank Northwest, NA as Owner Trustee (“Lessor”) and Southern Air Inc. (“Lessee”) for Aircraft MSN 27044.
4. Lease Agreement, dated October 17, 2011, by and between Wells Fargo Bank Northwest, NA as Owner Trustee (“Lessor”) and Southern Air Inc. (“Lessee”) for Aircraft MSN 27068.
5. Aircraft Operating Lease Agreement, dated February 5, 2010, by and between Wells Fargo Bank Northwest, NA as Owner Trustee under the Trust Agreement (“Lessor”) and Southern Air Inc. (“Lessee”) for Aircraft MSN 37986.
6. Aircraft Operating Lease Agreement, dated February 5, 2010, by and between Wells Fargo Bank Northwest, NA as Owner Trustee under the Trust Agreement (“Lessor”) and Southern Air Inc. (“Lessee”) for Aircraft MSN 37987.
7. Aircraft Operating Lease Agreement, dated August 5, 2011, by and between Wells Fargo Bank Northwest, N.A. as Owner Trustee under the Trust Agreement (“Lessor”) and Southern Air Inc. (“Lessee”) for Aircraft MSN 37988.
8. Aircraft Operating Lease Agreement, dated August 5, 2011, by and between Wells Fargo Bank Northwest, N.A. as Owner Trustee under the Trust Agreement (“Lessor”) and Southern Air Inc. (“Lessee”) for Aircraft MSN 37989.
9. All additional capital leases obligations for equipment leases set forth on Item 7.2.3(b)-1 hereto.

Item 7.2.3(b) - 1 -
Liens existing as of the Closing Date and perfected on the Petition Date

<u>Debtor</u>	<u>Secured Party</u>	<u>Filing Date</u>	<u>Filing Number</u>	<u>Jurisdiction</u>
21832 LLC	Canadian Imperial Bank of Commerce, New York Agency, as Administrative Agent	09-07-07 (continuation filed 03-12-12)	73404620 (continuation filing number: 20940587)	Delaware Secretary of State
24067 LLC	Canadian Imperial Bank of Commerce, New York Agency, as Administrative Agent	09-07-07 (continuation filed 03-12-12)	73404679 (continuation filing number: 20940652)	Delaware Secretary of State
23138 LLC	Canadian Imperial Bank of Commerce, New York Agency, as Administrative Agent	09-07-07 (continuation filed 03-12-12)	73405148 (continuation filing number: 20940629)	Delaware Secretary of State
46914 LLC	Canadian Imperial Bank of Commerce, New York Agency, as Administrative Agent	09-07-07 (continuation filed 03-12-12)	73405338 (continuation filing number: 20940702)	Delaware Secretary of State
21110 LLC	Canadian Imperial Bank of Commerce, New York Agency, as Administrative Agent	09-07-07 (continuation filed 03-12-12)	73404596 (continuation filing number: 20940066)	Delaware Secretary of State
21111 LLC	Canadian Imperial Bank of Commerce, New York Agency, as Administrative Agent	09-07-07 (continuation filed 03-12-12)	73404810 (continuation filing number: 20940199)	Delaware Secretary of State
21221 LLC	Canadian Imperial Bank of Commerce, New York Agency, as Administrative Agent	09-07-07 (continuation filed 03-12-12)	73404877 (continuation filing number: 20940231)	Delaware Secretary of State
21550 LLC	Canadian Imperial Bank of Commerce, New York Agency, as Administrative Agent	09-07-07 (continuation filed 03-12-12)	73405361 (continuation filing number: 20940306)	Delaware Secretary of State

21576 LLC	Canadian Imperial Bank of Commerce, New York Agency, as Administrative Agent	09-07-07 (continuation filed 03-12-12)	73405007 (continuation filing number: 20940330)	Delaware Secretary of State
21590 LLC	Canadian Imperial Bank of Commerce, New York Agency, as Administrative Agent	09-07-07 (continuation filed 03-12-12)	73405395 (continuation filing number: 20940363)	Delaware Secretary of State
21787 LLC	Canadian Imperial Bank of Commerce, New York Agency, as Administrative Agent	09-07-07 (continuation filed 03-12-12)	73405064 (continuation filing number: 20940405)	Delaware Secretary of State
Aircraft 21255, LLC	Canadian Imperial Bank of Commerce, New York Agency, as Administrative Agent	09-07-07 (continuation filed 03-12-12)	73404901 (continuation filing number: 20940736)	Delaware Secretary of State
Aircraft 21380, LLC	Canadian Imperial Bank of Commerce, New York Agency, as Administrative Agent	09-07-07 (continuation filed 03-12-12)	73404950 (continuation filing number: 20940777)	Delaware Secretary of State
CF6-50, LLC	Canadian Imperial Bank of Commerce, New York Agency, as Administrative Agent	09-07-07 (continuation filed 03-12-12)	73405304 (continuation filing number: 20940868)	Delaware Secretary of State
Air Mobility Inc.	Canadian Imperial Bank of Commerce, New York Agency, as Administrative Agent	09-07-07 (continuation filed 03-12-12)	73404547 (continuation filing number: 20940710)	Delaware Secretary of State
Cargo 360, Inc.	Canadian Imperial Bank of Commerce, New York Agency, as Administrative Agent	09-07-07 (continuation filed 03-12-12)	73403705 (continuation filing number: 20940801)	Delaware Secretary of State
Cargo 360, Inc.	Wells Fargo Bank Northwest, N.A.	10-19-09	93369038	Delaware Secretary of State

Cargo 360, Inc.	Wells Fargo Bank Northwest, N.A.	10-19-09	93359178	Delaware Secretary of State
Cargo 360, Inc.	Wells Fargo Bank Northwest, N.A.	10-20-09	93369391	Delaware Secretary of State
Southern Air Holdings, Inc.	Canadian Imperial Bank of Commerce, New York Agency, as Administrative Agent	09-07-07 (continuation filed 03-12-12)	73404083 (continuation filing number: 20941130)	Delaware Secretary of State
Southern Air Inc.	Canadian Imperial Bank of Commerce, New York Agency, as Administrative Agent	09-07-07 (continuation filed 03-12-12)	73404380 (continuation filing number: 20941007)	Delaware Secretary of State
Southern Air Inc.	Bank of America Leasing & Capital, LLC	05-01-08	81519899	Delaware Secretary of State
Southern Air Inc.	Wells Fargo Bank Northwest, N.A.	10-19-09	93359236	Delaware Secretary of State
Southern Air Inc.	Wells Fargo Bank Northwest, N.A.	10-19-09	93359269	Delaware Secretary of State
Southern Air Inc.	Wells Fargo Bank Northwest, N.A.	10-20-09	93369466	Delaware Secretary of State
Southern Air Inc.	DVB Bank SE	02-05-10	00407191	Delaware Secretary of State
Southern Air Inc.	DVB Bank SE	02-05-10	00407308	Delaware Secretary of State
Southern Air Inc.*	DVB Bank SE	02-05-10	00407373	Delaware Secretary of State
Southern Air Inc.*	DVB Bank SE	02-05-10	00411946	Delaware Secretary of State
Southern Air Inc.	Dell Financial Services L.L.C.	08-09-10	02768988	Delaware Secretary of State

Southern Air Inc.*	Wells Fargo Bank Northwest, N.A. as owner trustee	01-13-12	20301137	Delaware Secretary of State
Southern Air Inc.	Wells Fargo Bank Northwest, N.A. as owner trustee	03-21-12	21085432	Delaware Secretary of State
Southern Air Inc.	Wells Fargo Bank Northwest, N.A. as owner trustee	04-18-12	21626359	Delaware Secretary of State
Southern Air Inc.	DVB Bank SE	06-22-12	22423822	Delaware Secretary of State
Southern Air Inc.	DVB Bank SE	06-22-12	22423921	Delaware Secretary of State
Southern Air Inc.*	DVB Bank SE	07-30-12	23142157	Delaware Secretary of State

*Aircraft and Wet Lease Lien

Item 7.2.3(b) - 2 -

None

Item 7.2.5(a)
Investments

None

SCHEDULE II
to the Credit Agreement

If to the Borrower:

Cargo 360, Inc.
117 Glover Avenue,
Norwalk, Connecticut 06850
Attention: Jon E. Olin
Facsimile No.: (203) 847-9612

With copies to:

Oak Hill Capital Management LLC
One Stamford Plaza
263 Tresser Boulevard
Stamford, Connecticut 06901
Attention: Rowan G.P. Taylor
Facsimile No.: (203) 328-1651

Southern Air Holdings, Inc.
117 Glover Avenue
Norwalk, Connecticut 06850
Attention: Jon E. Olin
Facsimile No.: (203) 847-9612

Weil, Gotshal & Manges LLP
767 Fifth Avenue
New York, New York 10153
Attention: Andrew Colao
Facsimile No.: (212) 310-8007

If to the Administrative Agent:

Canadian Imperial Bank of Commerce,
New York Agency
425 Lexington Avenue,
New York, New York 10017.
Attention: Agency Services
Facsimile No.: 1 (866) 580 0016

EXHIBIT A
To Senior Secured Super-Priority
Debtor-in-Possession Credit Agreement

[FORM OF] TERM NOTE

\$ _____, 20__

FOR VALUE RECEIVED, CARGO 360, INC., a Delaware corporation (the “Borrower”), promises to pay to the order of [NAME OF LENDER] (the “Lender”) on the Stated Maturity Date the principal sum of [_____ DOLLARS (\$_____)] or, if less, the aggregate unpaid principal amount of all Term Loans made (or continued) by the Lender pursuant to that certain Senior Secured Super-Priority Debtor-in-Possession Credit Agreement, dated as of [], 2012 (as amended, supplemented, amended and restated or otherwise modified from time to time, the “Credit Agreement”), among the Borrower, the various financial institutions and other Persons from time to time parties thereto and Canadian Imperial Bank of Commerce, New York Agency, as the Administrative Agent. Terms used in this Note, unless otherwise defined herein, have the meanings provided in the Credit Agreement.

The Borrower also promises to pay interest on the unpaid principal amount hereof from time to time outstanding from the date hereof until maturity (whether by acceleration or otherwise) and, after maturity, until paid, at the rates per annum and on the dates specified in the Credit Agreement.

Payments of both principal and interest are to be made in Dollars in same day or immediately available funds to the account designated by the Administrative Agent pursuant to the Credit Agreement.

This Note is one of the Term Notes referred to in, and evidences Indebtedness incurred under, the Credit Agreement, to which reference is made for a description of the security for this Note and for a statement of the terms and conditions on which the Borrower is permitted and required to make prepayments and repayments of principal of the Indebtedness evidenced by this Note and on which such Indebtedness may be declared to be immediately due and payable.

All parties hereto, whether as makers, endorsers, or otherwise, severally waive presentment for payment, demand, protest and notice of dishonor.

THIS NOTE HAS BEEN DELIVERED IN NEW YORK, NEW YORK AND SHALL BE DEEMED TO BE A CONTRACT MADE UNDER AND GOVERNED BY THE INTERNAL LAWS OF THE STATE OF NEW YORK (INCLUDING FOR SUCH PURPOSE SECTIONS 5-1401 AND 5-1402 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK).

CARGO 360, INC.

By: _____

Name: _____

Title: _____

EXHIBIT B
To Senior Secured Super-Priority
Debtor-in-Possession Credit Agreement

[FORM OF] BORROWING REQUEST

CANADIAN IMPERIAL BANK
OF COMMERCE, NEW YORK AGENCY
as Administrative Agent
425 Lexington Avenue
New York, NY 10017
Attention: Agency Services

CARGO 360, INC.

Ladies and Gentlemen:

This Borrowing Request is delivered to you pursuant to Section 2.2 of the Senior Secured Super-Priority Debtor-in-Possession Credit Agreement, dated as of [], 2012 (as amended, supplemented, amended and restated or otherwise modified from time to time, the “Credit Agreement”), among Cargo 360, Inc., a Delaware corporation (the “Borrower”), the various financial institutions and other Persons from time to time parties thereto and Canadian Imperial Bank of Commerce, New York Agency, as the Administrative Agent. Terms used herein, unless otherwise defined herein, have the meanings provided in the Credit Agreement.

The Borrower hereby requests that a Term Loan be made in the aggregate principal amount of \$_____ on _____, _____ as a [Base Rate Loan] [LIBO Rate Loan having an Interest Period of _____ months].

The Borrower hereby acknowledges that, pursuant to Section 5.2.2 of the Credit Agreement, each of the delivery of this Borrowing Request and the acceptance by the Borrower of the proceeds of the Loans requested hereby constitutes a representation and warranty by the Borrower that, on the date of the making of such Loans, and both before and after giving effect thereto and to the application of the proceeds therefrom, all statements set forth in Section 5.2.1 of the Credit Agreement are true and correct in all respects.

Please wire transfer the proceeds of the Borrowing to the accounts of the following persons at the financial institutions indicated respectively:

<u>Amount to be Transferred</u>	<u>Person to be Paid</u>		<u>Name, Address, etc. Of Transferee Lender</u>
	<u>Name</u>	<u>Account No</u>	
\$ _____	_____	_____	_____ _____ Attention: _____
\$ _____	_____	_____	_____ _____ Attention: _____
\$ _____	_____	_____	_____ _____ Attention: _____
Balance of such proceeds	The Borrower		_____ _____ Attention: _____

IN WITNESS WHEREOF, the Borrower has caused this Borrowing Request to be executed and delivered, and the certifications and warranties contained herein to be made, by its duly Authorized Officer this ____ day of _____, _____.

CARGO 360, INC.

By: _____
Name: _____
Title: _____

EXHIBIT C
To Senior Secured Super-Priority
Debtor-in-Possession Credit Agreement

[FORM OF] CONTINUATION/CONVERSION NOTICE

CANADIAN IMPERIAL BANK
OF COMMERCE, NEW YORK AGENCY
as Administrative Agent
425 Lexington Avenue
New York, NY 10017
Attention: Agency Services

CARGO 360, INC.

Ladies and Gentlemen:

This Continuation/Conversion Notice is delivered to you pursuant to Section 2.3 of the Senior Secured Super-Priority Debtor-in-Possession Credit Agreement, dated as of [], 2012 (as amended, supplemented, amended and restated or otherwise modified from time to time, the “Credit Agreement”), among Cargo 360, Inc., a Delaware corporation (the “Borrower”), the various financial institutions and other Persons from time to time parties thereto and Canadian Imperial Bank of Commerce, New York Agency, as the Administrative Agent. Terms used herein, unless otherwise defined herein, have the meanings provided in the Credit Agreement.

The Borrower hereby requests that on _____, _____:

(1) \$_____ of the presently outstanding principal amount of the Term Loans originally made on _____, _____, presently being maintained as [Base Rate Loans] [LIBO Rate Loans],

(2) be [converted into] [continued as],

(3) ¹[LIBO Rate Loans having an Interest Period of _____ months] [Base Rate Loans].

The Borrower hereby:

(a) certifies and warrants that no [Event of Default]² has occurred and is continuing;
and

¹ Insert appropriate interest rate option and, if applicable, the number of months with respect to LIBO Rate Loans.

² Upon the occurrence and during the continuation of any Event of Default or any Default no portion of the outstanding principal amount of any Loans may be continued as, or be converted into, LIBO Rate Loans when any Default or Event of Default has occurred and is continuing.

(b) agrees that if prior to the time of the [continuation] [conversion] requested hereby any matter certified to herein by it will not be true and correct at such time as if then made, it will immediately so notify the Administrative Agent.

Except to the extent, if any, that prior to the time of the [continuation] [conversion] requested hereby the Administrative Agent shall receive written notice to the contrary from the Borrower, each matter certified to herein shall be deemed once again to be certified as true and correct in all respects at the date of such [continuation] [conversion] as if then made.

IN WITNESS WHEREOF, the Borrower has caused this Continuation/Conversion Notice to be executed and delivered, and the certifications and warranties contained herein to be made, by its duly Authorized Officer this ____ day of _____, ____.

CARGO 360, INC.

By: _____
Name: _____
Title: _____

EXHIBIT D
To Senior Secured Super-Priority
Debtor-in-Possession Credit Agreement

LENDER ASSIGNMENT AND ASSUMPTION AGREEMENT

This Assignment and Assumption Agreement (the “Assignment”) is dated as of the Effective Date set forth below and is entered into by and between [**Assignor**] (the “Assignor”) and [**Assignee**] (the “Assignee”). Capitalized terms used but not defined herein shall have the meanings given to them in the Credit Agreement identified below (the “Credit Agreement”), receipt of a copy of which is hereby acknowledged by the Assignee. The Standard Terms and Conditions set forth in Annex 1 attached hereto are hereby agreed to and incorporated herein by reference and made a part of this Assignment as if set forth herein in full.

For an agreed consideration, the Assignor hereby irrevocably sells and assigns to the Assignee, and the Assignee hereby irrevocably purchases and assumes from the Assignor, subject to and in accordance with the Standard Terms and Conditions and the Credit Agreement, as of the Effective Date inserted by the Administrative Agent as contemplated below, the interest in and to all of the Assignor’s rights and obligations under the Credit Agreement and any other documents or instruments delivered pursuant thereto that represents the amount and the percentage interest identified below of all of the Assignor’s outstanding rights and obligations under the respective facilities identified below (the “Assigned Interest”). Such sale and assignment is without recourse to the Assignor and, except as expressly provided in this Assignment, without representation or warranty by the Assignor.

1. Assignor: [**Assignor**]
2. Assignee: [**Assignee**] [, an Eligible Assignee]
3. Borrower: Cargo 360, Inc., a Delaware corporation
4. Administrative Agent: Canadian Imperial Bank of Commerce, New York Agency, as the administrative agent under the Credit Agreement
5. Credit Agreement: The Senior Secured Super-Priority Debtor-in-Possession Credit Agreement, dated as of [], 2012 (together with all amendments and other modifications, if any, from time to time thereafter made thereto), among the Borrower, the Lenders parties thereto and the Administrative Agent.

6. Assigned Interest:

<u>Facility</u> <u>Assigned</u> Term Loan	Aggregate Amount of Commitments/ Loans <u>for all Lenders</u> [global commit]	Amount of Commitments/Loans <u>Assigned</u> [quantity]	Percentage Assigned of <u>Commitments/Loans</u> [percent]
---	---	--	--

Loans

The portion
of Loans
constituting
Roll-Up
Loans

7. Effective Date: _____, 20 ____

The terms set forth in this Assignment are hereby agreed to:

ASSIGNEE

[Assignee signature]

By: _____

Name:

Title:

ASSIGNOR

[Assignor signature]

By: _____

Name:

Title:

Accepted and Acknowledged:

**CANADIAN IMPERIAL BANK OF COMMERCE,
NEW YORK AGENCY,**
as Administrative Agent

By: _____

Name:

Title:

ANNEX 1 TO ASSIGNMENT AND ASSUMPTION
STANDARD TERMS AND CONDITIONS FOR
ASSIGNMENT AND ASSUMPTION

1. Representations and Warranties.

1.1. Assignor. The Assignor (a) represents and warrants that (i) it is the legal and beneficial owner of the Assigned Interest, (ii) the Assigned Interest is free and clear of any lien, encumbrance or other adverse claim, (iii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby and (iv) it is not a Defaulting Lender; and (b) assumes no responsibility with respect to (i) any statements, warranties or representations made in or in connection with the Credit Agreement or . any other Loan Document, (ii) the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Loan Documents or any collateral thereunder, (iii) the financial condition of Holdings, the Borrower, any of its Subsidiaries or Affiliates or any other Person obligated in respect of any Loan Document or (iv) the performance or observance by the Holdings, Borrower, any of its Subsidiaries or Affiliates or any other Person of any of their respective obligations under any Loan Document.

1.2. Assignee. The Assignee (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby and to become a Lender under the Credit Agreement, (ii) it meets all requirements of an Eligible Assignee under the Credit Agreement (subject to receipt of such consents as may be required under the Credit Agreement), (iii) from and after the Effective Date, it shall be bound by the provisions of the Credit Agreement as a Lender thereunder and, to the extent of the Assigned Interest, shall have the obligations of a Lender thereunder, (iv) it has received a copy of the Credit Agreement, together with copies of the most recent financial statements delivered pursuant to Section 5.1.4 and Section 7.1.1 thereof, as applicable, and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Assumption and to purchase the Assigned Interest on the basis of which it has made such analysis and decision independently and without reliance on the Administrative Agent or any other Lender, and (v) if it is a Non-U.S. Lender, attached hereto is any documentation required to be delivered by it pursuant to the terms of the Credit Agreement, duly completed and executed by the Assignee; and (b) agrees that (i) it will, independently and without reliance on the Administrative Agent, the Assignor or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Loan Documents, and (ii) it will perform in accordance with their terms all of the obligations which by the terms of the Loan Documents are required to be performed by it as a Lender.

2. Payments. From and after the Effective Date, the Administrative Agent shall make all payments in respect of the Assigned Interest (including payments of principal, interest, fees and other amounts) to the Assignor for amounts which have accrued to but

excluding the Effective Date and to the Assignee for amounts which have accrued from and after the Effective Date.

3. General Provisions. This Assignment and Assumption shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. This Assignment and Assumption may be executed in any number of counterparts, which together shall constitute one instrument. Delivery of an executed counterpart of a signature page of this Assignment and Assumption by telecopy shall be effective as delivery of a manually executed counterpart of this Assignment and Assumption. This Assignment and Assumption shall be governed by, and construed in accordance with, the law of the State of New York, including for such purposes Sections 5-1401 and 5-1402 of the General Obligations Law of the State of New York.

EXHIBIT E
To Senior Secured Super-Priority
Debtor-in-Possession Credit Agreement

[RESERVED]

EXHIBIT F
To Senior Secured Super-Priority
Debtor-in-Possession Credit Agreement

[FORM OF] SUBSIDIARY GUARANTY

This SUBSIDIARY GUARANTY, dated as of [_____], 2012 (as amended, supplemented, amended and restated or otherwise modified from time to time, this “Guaranty”), is made by each Subsidiary of CARGO 360, INC., a Delaware corporation (the “Borrower”), from time to time party hereto (each individually, a “Guarantor” and, collectively, the “Guarantors”), in favor of CANADIAN IMPERIAL BANK OF COMMERCE, NEW YORK AGENCY, as administrative agent (together with its successor(s) thereto in such capacity, the “Administrative Agent”) for each of the Secured Parties (capitalized terms used herein have the meanings set forth in or incorporated by reference in Article I).

W I T N E S S E T H:

WHEREAS, pursuant to the Senior Secured Super-Priority Debtor-in-Possession Credit Agreement, dated as of September [___], 2012 (as amended, supplemented, amended and restated or otherwise modified from time to time, the “Credit Agreement”), among the Borrower, the various financial institutions and other Persons from time to time parties thereto, the Administrative Agent and the Lenders have extended Commitments to make Credit Extensions to the Borrower; and

WHEREAS, as a condition precedent to the Lenders making the Credit Extensions and otherwise pursuant to the Credit Agreement and to Oak Hill making certain financial accommodations under the Section 1110 Stipulation, each Guarantor is required to execute and deliver this Guaranty;

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each Guarantor agrees, for the benefit of each Secured Party, as follows:

ARTICLE I
DEFINITIONS

SECTION 1.1. Certain Terms. The following terms (whether or not underscored) when used in this Guaranty, including its preamble and recitals, shall have the following meanings (such definitions to be equally applicable to the singular and plural forms thereof):

“Administrative Agent” is defined in the preamble.

“Borrower” is defined in the preamble.

“Credit Agreement” is defined in the recitals.

“Guarantor” is defined in the preamble.

“Guaranty” is defined in the preamble.

SECTION 1.2. Credit Agreement Definitions. Unless otherwise defined herein or the context otherwise requires, terms used in this Guaranty, including its preamble and recitals, have the meanings provided in the Credit Agreement.

ARTICLE II GUARANTY PROVISIONS

SECTION 2.1. Guaranty.

(a) Each Guarantor hereby jointly and severally absolutely, unconditionally and irrevocably guarantees the full and punctual payment when due, whether at stated maturity, by required prepayment, declaration, acceleration, demand or otherwise, of all Obligations of each Obligor now or hereafter existing, whether for principal, interest (including interest accruing at the then applicable rate provided in the Credit Agreement after the occurrence of any Event of Default, whether or not a claim for post-filing or post-petition interest is allowed under applicable law following the institution of a proceeding under bankruptcy, insolvency or similar laws), fees, expenses or otherwise (including all such amounts which would become due but for the operation of the automatic stay under Section 362(a) of the Bankruptcy Code, 11 U.S.C. §362(a), and the operation of Sections 502(b) and 506(b) of the Bankruptcy Code, 11 U.S.C. §502(b) and §506(b)); and

(b) indemnifies and holds harmless each Secured Party for any and all costs and expenses (including reasonable attorneys’ fees and expenses) incurred by such Secured Party in enforcing any rights under this Guaranty;

provided that each Guarantor shall only be liable under this Guaranty for the maximum amount of such liability that can be hereby incurred without rendering this Guaranty, as it relates to such Guarantor, voidable under applicable law relating to fraudulent conveyance or fraudulent transfer, and not for any greater amount. This Guaranty constitutes a guaranty of payment when due and not of collection, and each Guarantor specifically agrees that it shall not be necessary or required that any Secured Party exercise any right, assert any claim or demand or enforce any remedy whatsoever against any Obligor or any other Person before or as a condition to the obligations of such Guarantor hereunder.

SECTION 2.2. Reinstatement, etc. Each Guarantor hereby jointly and severally agrees that this Guaranty shall continue to be effective or be reinstated, as the case may be, if at any time any payment (in whole or in part) of any of the Obligations is invalidated, declared to be fraudulent or preferential, set aside, rescinded or must otherwise be restored by any Secured Party, all as though such payment had not been made.

SECTION 2.3. Guaranty Absolute, etc. This Guaranty shall in all respects be a continuing, absolute, unconditional and irrevocable guaranty of payment, and shall remain in full force and effect until the Termination Date has occurred. Each Guarantor jointly and severally guarantees that the Obligations will be paid strictly in accordance with the terms of each Loan Document under which they arise, regardless of any law, regulation or order now or hereafter in

effect in any jurisdiction affecting any of such terms or the rights of any Secured Party with respect thereto. The liability of each Guarantor under this Guaranty shall be joint and several, absolute, unconditional and irrevocable irrespective of:

- (a) any lack of validity, legality or enforceability of any Loan Document;
- (b) the failure of any Secured Party
 - (i) to assert any claim or demand or to enforce any right or remedy against any Obligor or any other Person (including any other guarantor) under the provisions of any Loan Document or otherwise, or
 - (ii) to exercise any right or remedy against any other guarantor (including any Guarantor) of, or collateral securing, any Obligations;
- (c) any change in the time, manner or place of payment of, or in any other term of, all or any part of the Obligations, or any other extension, compromise or renewal of any Obligation;
- (d) any reduction, limitation, impairment or termination of any Obligations for any reason, including any claim of waiver, release, surrender, alteration or compromise, and shall not be subject to (and each Guarantor hereby waives any right to or claim of) any defense or setoff, counterclaim, recoupment or termination whatsoever by reason of the invalidity, illegality, nongenuineness, irregularity, compromise, unenforceability of, or any other event or occurrence affecting, any Obligations or otherwise;
- (e) any amendment to, rescission, waiver, or other modification of, or any consent to or departure from, any of the terms of any Loan Document;
- (f) any addition, exchange or release of any collateral or of any Person that is (or will become) a guarantor (including any other Guarantor) of the Obligations, or any surrender or non-perfection of any collateral, or any amendment to or waiver or release or addition to, or consent to or departure from, any other guaranty held by any Secured Party securing any of the Obligations; or
- (g) any other circumstance which might otherwise constitute a defense available to, or a legal or equitable discharge of, any Obligor, any surety or any guarantor.

SECTION 2.4. Setoff. Each Guarantor hereby irrevocably authorizes the Administrative Agent and each Secured Party, without the requirement that any notice be given to such Guarantor (such notice being expressly waived by each Guarantor), upon the occurrence and during the continuance of any Event of Default, to set-off and appropriate and apply to the payment of the Obligations then owing to such Secured Party (whether or not then due, and whether or not any Secured Party has made any demand for payment of the Obligations), any and all balances, claims, credits, deposits (general or special, time or demand, provisional or final), accounts or money of such Guarantor then or thereafter maintained with such Secured

Party; provided that any such appropriation and application shall be subject to the provisions of Section 4.8 of the Credit Agreement. Each Secured Party agrees to promptly notify the applicable Guarantor and the Administrative Agent after any such setoff and application made by such Secured Party; provided that the failure to give such notice shall not affect the validity of such setoff and application. The rights of each Secured Party under this Section are in addition to other rights and remedies (including other rights of setoff under applicable law or otherwise) which such Secured Party may have.

SECTION 2.5. Waiver, etc. Each Guarantor hereby waives promptness, diligence, notice of acceptance and any other notice with respect to any of the Obligations and this Guaranty and any requirement that any Secured Party protect, secure, perfect or insure any Lien, or any property subject thereto, or exhaust any right or take any action against any Obligor or any other Person (including any other guarantor) or entity or any collateral securing the Obligations, as the case may be.

SECTION 2.6. Postponement of Subrogation, etc. Each Guarantor agrees that it will not exercise any rights which it may acquire by way of rights of subrogation under this Guaranty or any other Loan Document to which it is a party, nor shall any Guarantor seek or be entitled to seek any contribution or reimbursement from any Obligor, in respect of any payment made hereunder, under any other Loan Document or otherwise, until following the Termination Date. Any amount paid to any Guarantor on account of any such subrogation rights prior to the Termination Date shall be held in trust for the benefit of the Secured Parties and shall immediately be paid and turned over to the Administrative Agent for the benefit of the Secured Parties in the exact form received by such Guarantor (duly endorsed in favor of the Administrative Agent, if required), to be credited and applied against the Obligations, whether matured or unmatured, in accordance with Section 2.7; provided that if any Guarantor has made payment to the Secured Parties of all or any part of the Obligations and the Termination Date has occurred, then at such Guarantor's request, the Administrative Agent (on behalf of the Secured Parties) will, at the expense of such Guarantor, execute and deliver to such Guarantor appropriate documents (without recourse and without representation or warranty) necessary to evidence the transfer by subrogation to such Guarantor of an interest in the Obligations resulting from such payment. In furtherance of the foregoing, at all times prior to the Termination Date, each Guarantor shall refrain from taking any action or commencing any proceeding against any Obligor (or its successors or assigns, whether in connection with a bankruptcy proceeding or otherwise) to recover any amounts in respect of payments made under this Guaranty to any Secured Party.

SECTION 2.7. Payments; Application. Each Guarantor hereby agrees with each Secured Party as follows:

(a) Each Guarantor agrees that all payments made by such Guarantor hereunder will be made in Dollars to the Administrative Agent, without set-off, counterclaim or other defense and in accordance with Sections 4.6 and 4.7 of the Credit Agreement, free and clear of and without deduction for any Non-Excluded Taxes, each Guarantor hereby agreeing to comply with and be bound by the provisions of Sections 4.6 and 4.7 of the Credit Agreement in respect of all payments made by it hereunder and the provisions of which Sections are hereby incorporated into and made a

part of this Guaranty by this reference as if set forth herein; provided, that references to the “Borrower” in such Sections shall be deemed to be references to each Guarantor, and references to “this Agreement” in such Sections shall be deemed to be references to this Guaranty.

(b) All payments made hereunder shall be applied upon receipt as set forth in Section 4.7 of the Credit Agreement.

ARTICLE III REPRESENTATIONS AND WARRANTIES

In order to induce the Secured Parties to enter into the Credit Agreement and make Credit Extensions thereunder, and to induce Oak Hill to make certain financial accommodations under the Section 1110 Stipulation, each Guarantor represents and warrants to each Secured Party as set forth below.

SECTION 3.1. Credit Agreement Representations and Warranties. (a) The representations and warranties contained in Article VI of the Credit Agreement, insofar as the representations and warranties contained therein are applicable to any Guarantor and its properties, are true and correct in all material respects, each such representation and warranty set forth in such Article (insofar as applicable as aforesaid) and all other terms of the Credit Agreement to which reference is made therein, together with all related definitions and ancillary provisions, being hereby incorporated into this Guaranty by this reference as though specifically set forth in this Article.

SECTION 3.2. Financial Condition, etc. Each Guarantor has knowledge of the Borrower’s and each other Obligor’s financial condition and affairs and has adequate means to obtain from the Borrower and each other Obligor on an ongoing basis information relating thereto and to the Borrower’s and such Obligor’s ability to pay and perform the Obligations, and agrees to assume the responsibility for keeping, and to keep, so informed for so long as this Guaranty is in effect. Each Guarantor acknowledges and agrees that the Secured Parties shall have no obligation to investigate the financial condition or affairs of any Obligor for the benefit of such Guarantor nor to advise such Guarantor of any fact respecting, or any change in, the financial condition or affairs of any other Obligor that might become known to any Secured Party at any time, whether or not such Secured Party knows or believes or has reason to know or believe that any such fact or change is unknown to such Guarantor, or might (or does) materially increase the risk of such Guarantor as guarantor, or might (or would) affect the willingness of such Guarantor to continue as a guarantor of the Obligations.

SECTION 3.3. Best Interests. It is in the best interests of each Guarantor to execute this Guaranty inasmuch as such Guarantor will, as a result of being a Subsidiary of the Borrower, derive substantial direct and indirect benefits from the Credit Extensions made from time to time to the Borrower by the Lenders pursuant to the Credit Agreement, and from the financial accommodations made by Oak Hill pursuant to the Section 1110 Stipulation, and each Guarantor agrees that the Secured Parties are relying on this representation in agreeing to make Credit Extensions to the Borrower.

ARTICLE IV
COVENANTS, ETC.

Each Guarantor covenants and agrees that, at all times prior to the Termination Date, it will perform, comply with and be bound by all of the agreements, covenants and obligations contained in the Credit Agreement (including Article VII and Sections 10.3 and 10.4 of the Credit Agreement) which are applicable to such Guarantor or its properties, each such agreement, covenant and obligation contained in the Credit Agreement and all other terms of the Credit Agreement to which reference is made in this Article, together with all related definitions and ancillary provisions, being hereby incorporated into this Guaranty by this reference as though specifically set forth in this Article.

ARTICLE V
MISCELLANEOUS PROVISIONS

SECTION 5.1. Loan Document. This Guaranty is a Loan Document executed pursuant to the Credit Agreement and shall (unless otherwise expressly indicated herein) be construed, administered and applied in accordance with the terms and provisions thereof, including Article X thereof. To the extent that a conflict shall exist between this Guaranty and the Credit Agreement, the Credit Agreement shall control.

SECTION 5.2. Binding on Successors, Transferees and Assigns; Assignment. This Guaranty shall be jointly and severally binding upon each Guarantor and its successors, transferees and assigns and shall inure to the benefit of and be enforceable by each Secured Party and its successors and permitted assigns; provided that no Guarantor may (unless otherwise permitted under the terms of the Credit Agreement) assign any of its obligations hereunder without the prior written consent of all Lenders.

SECTION 5.3. Amendments, etc. No amendment to or waiver of any provision of this Guaranty, nor consent to any departure by any Guarantor from its obligations under this Guaranty, shall in any event be effective unless the same shall be in writing and signed by the Administrative Agent (on behalf of the Lenders or the Required Lenders (or, to the extent required by Section 10.1 of the Credit Agreement, Oak Hill), as the case may be, pursuant to Section 10.1 of the Credit Agreement) and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

SECTION 5.4. Notices. All notices and other communications provided for hereunder shall be in writing or by facsimile and addressed, delivered or transmitted to the appropriate party at the address or facsimile number of such party (in the case of any Guarantor, in care of the Borrower) set forth on Schedule III to the Credit Agreement or at such other address or facsimile number as may be designated by such party in a notice to the other party. Any notice, if mailed and properly addressed with postage prepaid or if properly addressed and sent by pre-paid courier service, shall be deemed given when received; any such notice, if transmitted by facsimile, shall be deemed given when the confirmation of transmission thereof is received by the transmitter.

SECTION 5.5. Additional Guarantors. Upon the execution and delivery by any other Person of a supplement in the form of Annex I hereto, such Person shall become a “Guarantor” hereunder with the same force and effect as if it were originally a party to this Guaranty and named as a “Guarantor” hereunder. The execution and delivery of such supplement shall not require the consent of any other Guarantor hereunder, and the rights and obligations of each Guarantor hereunder shall remain in full force and effect notwithstanding the addition of any new Guarantor as a party to this Guaranty.

SECTION 5.6. Termination of Agreement; Release of Guarantor. Upon the occurrence of the Termination Date, this Guaranty and all obligations of each Guarantor hereunder shall terminate automatically, without delivery of any instrument or performance of any act by any party. A Guarantor shall automatically be released from its obligations hereunder upon the consummation of any transaction permitted by the Credit Agreement as a result of which such Guarantor ceases to be a Subsidiary of any of Holdings and any of its Subsidiaries.

SECTION 5.7. No Waiver; Remedies. In addition to, and not in limitation of, Sections 2.3 and 2.5, no failure on the part of any Secured Party to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

SECTION 5.8. Headings. The various headings of this Guaranty are inserted for convenience only and shall not affect the meaning or interpretation of this Guaranty or any provisions hereof.

SECTION 5.9. Severability. Wherever possible each provision of this Guaranty shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Guaranty shall be prohibited by or invalid under such law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Guaranty.

SECTION 5.10. Governing Law, Entire Agreement, etc. THIS GUARANTY WILL BE DEEMED TO BE A CONTRACT MADE UNDER AND GOVERNED BY THE INTERNAL LAWS OF THE STATE OF NEW YORK (INCLUDING FOR SUCH PURPOSE SECTIONS 5-1401 AND 5-1402 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK) AND, TO THE EXTENT APPLICABLE, THE BANKRUPTCY CODE. This Guaranty and the other Loan Documents constitute the entire understanding among the parties hereto with respect to the subject matter thereof and supersede any prior agreements, written or oral, with respect thereto.

SECTION 5.11. Forum Selection and Consent to Jurisdiction. EACH GUARANTOR HEREBY IRREVOCABLY AND UNCONDITIONALLY SUBMITS, FOR ITSELF AND ITS PROPERTY, TO THE EXCLUSIVE JURISDICTION AND VENUE OF THE BANKRUPTCY COURT, OR IN THE EVENT THE BANKRUPTCY COURT DOES NOT HAVE OR DOES NOT EXERCISE JURISDICTION, THEN TO THE COURTS OF THE STATE OF NEW YORK OR IN THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT

OF NEW YORK; PROVIDED, HOWEVER THAT ANY SUIT SEEKING ENFORCEMENT AGAINST ANY PROPERTY MAY BE BROUGHT, AT THE ADMINISTRATIVE AGENT'S OPTION, IN THE COURTS OF ANY JURISDICTION WHERE SUCH PROPERTY MAY BE FOUND. EACH GUARANTOR HEREBY EXPRESSLY AND IRREVOCABLY SUBMITS TO THE JURISDICTION OF THE COURTS OF THE STATE OF NEW YORK, NEW YORK COUNTY AND OF THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK FOR THE PURPOSE OF ANY SUCH LITIGATION AS SET FORTH ABOVE AND IRREVOCABLY AGREES TO BE BOUND BY ANY JUDGMENT RENDERED THEREBY IN CONNECTION WITH SUCH LITIGATION. EACH GUARANTOR IRREVOCABLY CONSENTS TO THE SERVICE OF PROCESS BY REGISTERED MAIL, POSTAGE PREPAID, OR BY PERSONAL SERVICE WITHIN OR WITHOUT THE STATE OF NEW YORK AT THE ADDRESS FOR NOTICES SPECIFIED FOR THE BORROWER IN SECTION 10.2 OF THE CREDIT AGREEMENT. EACH GUARANTOR HEREBY EXPRESSLY AND IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION WHICH IT MAY HAVE OR HEREAFTER MAY HAVE TO THE LAYING OF VENUE OF ANY SUCH LITIGATION BROUGHT IN ANY SUCH COURT REFERRED TO ABOVE AND ANY CLAIM THAT ANY SUCH LITIGATION HAS BEEN BROUGHT IN AN INCONVENIENT FORUM. TO THE EXTENT THAT ANY GUARANTOR HAS OR HEREAFTER MAY ACQUIRE ANY IMMUNITY FROM JURISDICTION OF ANY COURT OR FROM ANY LEGAL PROCESS (WHETHER THROUGH SERVICE OR NOTICE, ATTACHMENT PRIOR TO JUDGMENT, ATTACHMENT IN AID OF EXECUTION OR OTHERWISE) WITH RESPECT TO ITSELF OR ITS PROPERTY, SUCH GUARANTOR HEREBY IRREVOCABLY WAIVES TO THE FULLEST EXTENT PERMITTED BY LAW SUCH IMMUNITY IN RESPECT OF ITS OBLIGATIONS UNDER THE LOAN DOCUMENTS.

SECTION 5.12. Waiver of Jury Trial. THE ADMINISTRATIVE AGENT (ON BEHALF OF ITSELF AND EACH OTHER SECURED PARTY) AND EACH GUARANTOR HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHTS THEY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH, EACH LOAN DOCUMENT, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER ORAL OR WRITTEN) OR ACTIONS OF THE ADMINISTRATIVE AGENT, A LENDER, OR SUCH GUARANTOR IN CONNECTION THEREWITH. EACH GUARANTOR ACKNOWLEDGES AND AGREES THAT IT HAS RECEIVED FULL AND SUFFICIENT CONSIDERATION FOR THIS PROVISION (AND EACH OTHER PROVISION OF EACH OTHER LOAN DOCUMENT TO WHICH IT IS A PARTY) AND THAT THIS PROVISION IS A MATERIAL INDUCEMENT FOR THE ADMINISTRATIVE AGENT AND EACH LENDER ENTERING INTO THE LOAN DOCUMENTS.

SECTION 5.13. Counterparts. This Guaranty may be executed by the parties hereto in several counterparts, each of which shall be deemed to be an original and all of which shall constitute together but one and the same agreement. Delivery of an executed counterpart of a signature page to this Guaranty by facsimile or via other electronic means shall be effective as delivery of a manually executed counterpart of this Guaranty.

IN WITNESS WHEREOF, each Guarantor has caused this Guaranty to be duly executed and delivered by its Authorized Officer as of the date first above written.

AIR MOBILITY INC.
SOUTHERN AIR INC.

By: _____

Name:

Title:

21110 LLC
21832 LLC
24067 LLC
21111 LLC
21221 LLC
AIRCRAFT 21255 LLC
AIRCRAFT 21380 LLC
21576 LLC
21787 LLC
23138 LLC
CF6-50 LLC
46914 LLC
21550 LLC
21590 LLC

By: CARGO 360, INC., their sole member

By: _____

Name:

Title:

ACCEPTED AND AGREED FOR ITSELF
AND ON BEHALF OF THE SECURED PARTIES:

CANADIAN IMPERIAL BANK
OF COMMERCE, NEW YORK AGENCY,
as Administrative Agent

By: _____
Name:
Title:

ANNEX I to
the Subsidiary Guaranty

THIS SUPPLEMENT, dated as of [_____], 2012 (this “Supplement”) is to the Subsidiary Guaranty, dated as of September [___], 2012 (as amended, amended and restated, supplemented or otherwise modified from time to time, the “Guaranty”) among the Guarantors (such capitalized term, and other terms used in this Supplement, to have the meanings set forth in Article I of the Guaranty) from time to time party thereto, in favor of the Administrative Agent for each of the Secured Parties.

W I T N E S S E T H:

WHEREAS, pursuant to the provisions of Section 5.5 of the Guaranty, each of the undersigned is becoming a Guarantor under the Guaranty; and

WHEREAS, each of the undersigned desires to become a “Guarantor” under the Guaranty in order to induce the Secured Parties to continue to extend Credit Extensions under the Credit Agreement;

NOW, THEREFORE, in consideration of the premises, and for other consideration (the receipt and sufficiency of which is hereby acknowledged), each of the undersigned agrees, for the benefit of each Secured Party, as follows.

SECTION 1. Party to Guaranty, etc. In accordance with the terms of the Guaranty, by its signature below, each of the undersigned hereby irrevocably agrees to become a Guarantor under the Guaranty with the same force and effect as if it were an original signatory thereto and each of the undersigned hereby (a) jointly and severally with the other Guarantors, unconditionally and irrevocably guarantees the prompt and complete payment and performance when due (whether at the stated maturity by acceleration or otherwise) of all Obligations of each Obligor, (b) agrees to be bound by and comply with all of the terms and provisions of the Guaranty applicable to it as a Guarantor and (c) represents and warrants that the representations and warranties made by it as a Guarantor thereunder are true and correct in all material respects as of the date hereof (except to the extent such representation or warranty applies to an earlier date). In furtherance of the foregoing, each reference to a “Guarantor” and/or “Guarantors” in the Guaranty shall be deemed to include each of the undersigned.

SECTION 2. Representations. Each of the undersigned hereby represents and warrants that this Supplement has been duly authorized, executed and delivered by it and that this Supplement and the Guaranty constitute the legal, valid and binding obligation of each of the undersigned, enforceable against it in accordance with its terms.

SECTION 3. Full Force of Guaranty. Except as expressly supplemented hereby, the Guaranty shall remain in full force and effect in accordance with its terms.

SECTION 4. Severability. Wherever possible each provision of this Supplement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Supplement shall be prohibited by or invalid under such law, such provision

shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Supplement or the Guaranty.

SECTION 5. Governing Law, Entire Agreement, etc. THIS SUPPLEMENT WILL BE DEEMED TO BE A CONTRACT MADE UNDER AND GOVERNED BY THE INTERNAL LAWS OF THE STATE OF NEW YORK (INCLUDING FOR SUCH PURPOSE SECTIONS 5-1401 AND 5-1402 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK) AND, TO THE EXTENT APPLICABLE, THE BANKRUPTCY CODE. This Supplement and the other Loan Documents constitute the entire understanding among the parties hereto with respect to the subject matter thereof and supersede any prior agreements, written or oral, with respect thereto (other than any agreement referenced in Section 3.3 of the Credit Agreement).

SECTION 6. Counterparts. This Supplement may be executed by the parties hereto in several counterparts, each of which shall be deemed to be an original and all of which shall constitute together but one and the same agreement. Delivery of an executed counterpart of a signature page to this Guaranty by facsimile or via other electronic means shall be effective as delivery of a manually executed counterpart of this Guaranty.

IN WITNESS WHEREOF, each of the undersigned has caused this Supplement to be duly executed and delivered by its Authorized Officer as of the date first above written.

[NAME OF ADDITIONAL SUBSIDIARY]

By _____
Title:

ACCEPTED AND AGREED FOR ITSELF
AND ON BEHALF OF THE SECURED PARTIES:

CANADIAN IMPERIAL BANK
OF COMMERCE, NEW YORK AGENCY,
as Administrative Agent

By _____
Title:

EXHIBIT G
To Senior Secured Super-Priority
Debtor-in-Possession Credit Agreement

[FORM OF] PLEDGE AND SECURITY AGREEMENT

This PLEDGE AND SECURITY AGREEMENT, dated as of [____], 2012 (as amended, supplemented, amended and restated or otherwise modified from time to time, this “Security Agreement”), is made by CARGO 360, INC., a Delaware corporation (the “Borrower”), SOUTHERN AIR HOLDINGS, INC., a Delaware corporation (“Holdings”) and each Subsidiary of the Borrower from time to time a party to this Security Agreement (each individually, a “Grantor” and collectively, the “Grantors”), in favor of CANADIAN IMPERIAL BANK OF COMMERCE, NEW YORK AGENCY, as administrative agent (together with its successor(s) thereto in such capacity, the “Administrative Agent”) for each of the Secured Parties.

W I T N E S S E T H :

WHEREAS, pursuant to the Senior Secured Super-Priority Debtor-in-Possession Credit Agreement, dated as of [____], 2012 (as amended, supplemented, amended and restated or otherwise modified from time to time, the “Credit Agreement”), among the Borrower, the various financial institutions and other Persons from time to time parties thereto, the Administrative Agent and the Lenders have extended Commitments to make Credit Extensions to the Borrower;

WHEREAS, as a condition precedent to the Lenders making the Credit Extensions under the Credit Agreement and to Oak Hill making certain financial accommodations under the Section 1110 Stipulation, each Grantor is required to execute and deliver this Security Agreement;

WHEREAS, the parties acknowledge that Southern Air is an air carrier certificated by the U.S. Department of Transportation and Federal Aviation Administration and, accordingly, that Southern Air must be and remain a citizen of the United States, as defined in 49 U.S.C. §40102(a) (15), at all times;

WHEREAS, the execution, delivery and performance of this Security Agreement and the grant of a security interest, pledge and Lien on all of the Collateral (as hereinafter defined) of the Grantors and the proceeds thereof to secure the Obligations have been authorized pursuant to Sections 364(c)(2), 364(c)(3) and 364(d)(1) of the Bankruptcy Code by the Interim Order and, after the entry thereof by the Bankruptcy Court, will have been so authorized by the Final Order;

WHEREAS, from and after the entry of the Interim Order, and pursuant to and to the extent permitted in the Interim Order and the Final Order, the Obligations will constitute allowed administrative expense claims in the Chapter 11 Cases having priority over all administrative expense claims and unsecured claims against the Grantors now existing or hereafter arising, of any kind whatsoever, including, without limitation, all administrative expense claims of the kind specified in sections 105, 326, 330, 331, 503(b), 506(c), 507(a), 507(b), 546(c), 726, 1114, or any other provision of the Bankruptcy Code or otherwise, as provided under section 364(c)(1) of the Bankruptcy Code, subject, as to priority only, to the Carve-Out; and

WHEREAS, to supplement the Orders without in any way diminishing or limiting the effect of the Orders or the security interest, pledge and Lien granted thereunder, the parties hereto desire to more fully set forth their respective rights in connection with such security interest, pledge and Lien as set forth herein;

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each Grantor agrees, for the benefit of each Secured Party, as follows:

ARTICLE I DEFINITIONS

Section 1.1 Certain Terms. The following terms (whether or not underscored) when used in this Security Agreement, including its preamble and recitals, shall have the following meanings (such definitions to be equally applicable to the singular and plural forms thereof):

“1110 Collateral” means all equipment, as such term is described in 11 U.S.C. §1110(a)(3), now operated by Southern Air, Inc. or any other Grantor in which another party is entitled to the benefits of Section 1110 of the Bankruptcy Code.

“Administrative Agent” is defined in the preamble.

“Aircraft Security Agreement” means a security agreement, in form and substance reasonably acceptable to the Grantors and the Administrative Agent, pursuant to the filing of which with the FAA, security interests in Collateral constituting aircraft and related assets may be perfected.

“Borrower” is defined in the preamble.

“Collateral” is defined in Section 2.1.

“Collateral Account” is defined in clause (b) of Section 4.3.

“Computer Hardware and Software Collateral” means all of the Grantors’ right, title and interest throughout the world in and to:

(a) all computer and other electronic data processing hardware, integrated computer systems, central processing units, memory units, display terminals, printers, features, computer elements, card readers, tape drives, hard and soft disk drives, cables, electrical supply hardware, generators, power equalizers, accessories and all peripheral devices and other related computer hardware, including all operating system software, utilities and application programs in whatever form;

(b) all software programs (including both source code, object code and all related applications and data files), designed for use on the computers and electronic data processing hardware described in clause (a) above;

(c) all firmware associated therewith;

(d) all documentation (including flow charts, logic diagrams, manuals, guides, specifications, training materials, charts and pseudo codes) with respect to such hardware, software and firmware described in the preceding clauses (a) through (c); and

(e) all rights with respect to all of the foregoing, including copyrights, licenses, options, warranties, service contracts, program services, test rights, maintenance rights, support rights, improvement rights, renewal rights and indemnifications and any substitutions, replacements, improvements, error corrections, updates, additions or model conversions of any of the foregoing.

“Control Agreement” means an authenticated record in form and substance reasonably satisfactory to the Administrative Agent, that provides for the Administrative Agent to have “control” (as defined in the UCC) over certain Collateral.

“Copyright Collateral” means all of the Grantors’ right, title and interest throughout the world in and to:

(a) all copyrights, registered or unregistered and whether published or unpublished, now or hereafter in force including copyrights registered in the United States Copyright Office, and registrations and recordings thereof and all applications for registration thereof, whether pending or in preparation and all extensions and renewals of the foregoing (“Copyrights”), including the Copyrights which are the subject of a registration or application referred to in Item A of Schedule V;

(b) the right to sue for past, present and future infringements of any of the Copyrights owned by such Grantor; and

(c) all proceeds of, and rights associated with, the foregoing (including Proceeds, licenses, royalties, income, payments, claims, damages and proceeds of infringement suits).

“Credit Agreement” is defined in the first recital.

“Distributions” means all dividends paid on Capital Securities, liquidating dividends paid on Capital Securities, shares (or other designations) of Capital Securities resulting from (or in connection with the exercise of) stock splits, reclassifications, warrants, options, non-cash dividends, mergers, consolidations, and all other distributions (whether similar or dissimilar to the foregoing) on or with respect to any Capital Securities constituting Collateral.

“General Intangibles” means all “general intangibles” and all “payment intangibles”, each as defined in the UCC, and shall include all interest rate or currency protection or hedging arrangements, all tax refunds, all licenses, permits, concessions and authorizations and all Intellectual Property Collateral (in each case, regardless of whether characterized as general intangibles under the UCC).

“Grantor” and “Grantors” are defined in the preamble.

“Intellectual Property” means Trademarks, Patents, Copyrights, Trade Secrets and all other similar types of intellectual property under any law, statutory provision or common law doctrine in the United States or anywhere else in the world.

“Intellectual Property Collateral” means, collectively, the Copyright Collateral, the Patent Collateral, the Trademark Collateral and the Trade Secrets Collateral.

“Intellectual Property Licenses” means licenses to Intellectual Property granted to or by a Grantor.

“Owned Intellectual Property Collateral” means all Intellectual Property that is necessary for or used in the business of each Grantor that is owned by a Grantor.

“Patent Collateral” means all of the Grantors’ right, title and interest throughout the world in and to:

(a) all letters patent and applications for letters patent throughout the world, including all patent applications in preparation for filing, including all reissues, divisions, continuations, continuations-in-part, extensions, renewals and reexaminations of any of the foregoing (“Patents”), including each Patent and Patent application referred to in Item A of Schedule III;

(b) the right to sue third parties for past, present and future infringements of any Patent or Patent application; and

(c) all proceeds of, and rights associated with, the foregoing (including Proceeds, licenses, royalties, income, payments, claims, damages and proceeds of infringement suits).

“Permitted Liens” means all Liens permitted by Section 7.2.3 of the Credit Agreement or any other Loan Document.

“Security Agreement” is defined in the preamble.

“Trademark Collateral” means all of the Grantors’ right, title and interest throughout the world in and to:

(a) (i) all trademarks, trade names, corporate names, company names, business names, fictitious business names, trade styles, service marks, certification marks, collective marks, logos and other source or business identifiers, and all goodwill of the business associated therewith, now existing or hereafter adopted or acquired, whether currently in use or not, all registrations and recordings thereof and all applications in connection therewith, whether pending or in preparation for filing, including registrations, recordings and applications in the United States Patent and Trademark Office and corresponding offices in other countries of the world, and all common-law rights relating to the foregoing, and (ii) the right to obtain all reissues, extensions or renewals of the foregoing (collectively referred to as “Trademarks”), including those Trademarks referred to in Item A of Schedule IV;

(b) all of the goodwill of the business connected with the use of, and symbolized by the Trademarks described in clause (a);

(c) the right to sue third parties for past, present and future infringements or dilution of the Trademarks described in clause (a) or for any injury to the goodwill associated with the use of any such Trademark; and

(d) all proceeds of, and rights associated with, the foregoing (including Proceeds, licenses, royalties, income, payments, claims, damages and proceeds of infringement suits).

“Trade Secrets Collateral” means all of the Grantors’ right, title and interest throughout the world in and to (a) all common law and statutory trade secrets and all other confidential, proprietary or useful information and all know-how used in the business of a Grantor (collectively referred to as “Trade Secrets”), whether or not such Trade Secret has been reduced to a writing or other tangible form, including all documents and things embodying, incorporating or referring in any way to such Trade Secret, (b) the right to sue for and to enjoin and to collect damages for the actual or threatened misappropriation of any Trade Secret, and (c) all proceeds of, and rights associated with, the foregoing (including Proceeds, licenses, royalties, income, payments, claims, damages and proceeds of infringement suits).

Section 1.2 Credit Agreement Definitions. Unless otherwise defined herein or the context otherwise requires, terms used in this Security Agreement, including its preamble and recitals, have the meanings provided in the Credit Agreement.

Section 1.3 UCC Definitions. When used herein the terms Account, Certificated Securities, Chattel Paper, Commercial Tort Claim, Commodity Account, Commodity Contract, Deposit Account, Document, Electronic Chattel Paper, Equipment, Goods, Instrument, Inventory, Investment Property, Letter-of-Credit Rights, Proceeds, Promissory Notes, Securities Account, Security Entitlement, Supporting Obligations and Uncertificated Securities have the meaning provided in Article 8 or Article 9, as applicable, of the UCC. Letters of Credit has the meaning provided in Section 5-102 of the UCC.

ARTICLE II SECURITY INTEREST

Section 2.1 Grant of Security Interest. Each Grantor hereby grants to the Administrative Agent, for its benefit and the ratable benefit of each other Secured Party, a continuing security interest in all of such Grantor’s following property, whether now or hereafter existing, owned or acquired by such Grantor, and wherever located, (collectively, the “Collateral”) in accordance with Section 364(c)(2) and (3) and 364(d)(1) of the Bankruptcy Code during the pendency of the Chapter 11 Cases and thereafter in accordance with the Plan, the Final Order, the Loan Documents and applicable law; provided that to the extent that Holdings has pledged the Capital Securities of one of its subsidiaries (including the Capital Securities of the Borrower) pursuant to the Holdings Guaranty and Pledge Agreement, and the terms of the Holdings Guaranty and Pledge Agreement conflict with the terms herein, the Holdings Guaranty and Pledge Agreement shall govern the pledge of the Capital Securities described therein:

- (a) Accounts;
- (b) Chattel Paper;
- (c) Commercial Tort Claims listed on Item I of Schedule II (as such schedule may be amended or supplemented from time to time);
- (d) Deposit Accounts;
- (e) Documents;
- (f) General Intangibles;
- (g) Goods;
- (h) Instruments;
- (i) Investment Property;
- (j) Letter-of-Credit Rights and Letters of Credit;
- (k) Supporting Obligations;
- (l) all books, records, writings, databases, information and other property relating to, used or useful in connection with, evidencing, embodying, incorporating or referring to, any of the foregoing in this Section;
- (m) all Proceeds of the foregoing and, to the extent not otherwise included, (A) all payments under insurance (whether or not the Administrative Agent is the loss payee thereof) and (B) all tort claims;
- (n) Intellectual Property Licenses;
- (o) all Computer Hardware and Software Collateral; and
- (p) all other property and rights of every kind and description and interests therein.

For the avoidance of doubt, “Collateral” shall also include, subject to the entry of the Interim Order (with respect to the period prior to the entry of the Final Order) or the Final Order (with respect to the period on and after entry of the Final Order), the assets of the same kind, category, type or nature as the Collateral that were subject to any security interest hereunder that is avoided and preserved for the benefit of any Obligor and its estate under Section 555 of the Bankruptcy Code.

At all times prior to the Termination Date, notwithstanding any failure on the part of any Grantor to take any action required by this Security Agreement, or perform or fulfill any of the Obligations of such Grantor under or pursuant to this Security Agreement, the Liens and security interests granted herein shall be deemed valid, enforceable and perfected by entry of the Interim

Order and the Final Order, as then in effect. At all times prior to the Termination Date, no financing statement, notice of Lien, mortgage, deed of trust or similar instrument in any jurisdiction of filing office need be filed or any other action taken in order to validate and perfect the Liens and security interest granted by or pursuant to this Security Agreement, the Interim Order or the Final Order.

Notwithstanding the foregoing, the term “Collateral” shall not include:

- (i) such Grantor’s real property interests (other than fixtures);
- (ii) any General Intangibles or other rights arising under any contracts, instruments, leases, licenses or other documents to the extent the grant of a security interest would (A) constitute a violation of a valid and enforceable restriction in favor of a third party on such grant, unless and until any required consents shall have been obtained, or (B) give any other party to such contract, instrument, license or other document a valid and enforceable right to terminate its obligations thereunder;
- (iii) Investment Property consisting of Capital Securities of a Foreign Subsidiary of such Grantor, in excess of 65% of the total combined voting power of all Capital Securities of each such Foreign Subsidiary, except that such 65% limitation shall not apply to a Foreign Subsidiary that (x) is treated as a partnership under the Code or (y) is not treated as an entity that is separate from (A) such Grantor; (B) any person that is treated as a partnership under the Code or (C) any “United States person” (as defined in Section 7701(a)(30) of the Code);
- (iv) any asset, the granting of a security interest in which would be void or illegal under any applicable governmental law, rule or regulation, or pursuant thereto would result in, or permit the termination of, such asset;
- (v) any asset subject to a Permitted Lien (other than Liens in favor of the Administrative Agent) to the extent that the grant of other Liens on such asset (A) would result in a breach or violation of, or constitute a default under, the agreement or instrument governing such Permitted Lien, (B) would result in the loss of use of such asset or (C) would permit the holder of such Permitted Lien to terminate the Grantor’s use of such asset;
- (vi) the 1110 Collateral; or
- (vii) Investment Property consisting of the escrow accounts established pursuant to Exhibit C to the Section 1110 Stipulation, the OHAA Payments (as defined Exhibit C to the Section 1110 Stipulation) funded into such escrow accounts and any Proceeds thereof.

Section 2.2 Security for Obligations. This Security Agreement and the Collateral in which the Administrative Agent for the benefit of the Secured Parties is granted a security interest hereunder by the Grantors secure the payment and performance (including the payment of amounts that would become due but for the operation of the automatic stay under Section

362(a) of the Bankruptcy Code, 11 U.S.C. §362(a) (and any successor provision thereof)) of all of the Obligations.

Section 2.3 Grantors Remain Liable. Anything herein to the contrary notwithstanding, subject during the pendency of the Chapter 11 Cases to each Obligor's rights and duties under the Bankruptcy Code (including Section 365 of the Bankruptcy Code):

(a) the Grantors will remain liable under the contracts and agreements included in the Collateral to the extent set forth therein, and will perform all of their duties and obligations under such contracts and agreements to the same extent as if this Security Agreement had not been executed;

(b) the exercise by the Administrative Agent of any of its rights hereunder will not release any Grantor from any of its duties or obligations under any such contracts or agreements included in the Collateral; and

(c) no Secured Party will have any obligation or liability under any contracts or agreements included in the Collateral by reason of this Security Agreement, nor will any Secured Party be obligated to perform any of the obligations or duties of any Grantor thereunder or to take any action to collect or enforce any claim for payment assigned hereunder.

Section 2.4 Distributions on Pledged Shares. In the event that any Distribution with respect to any Capital Securities pledged hereunder is permitted to be paid (in accordance with Section 7.2.6 of the Credit Agreement), such Distribution or payment may be paid directly to the applicable Grantor. If any Distribution is made in contravention of Section 7.2.6 of the Credit Agreement, such Grantor shall hold the same segregated and in trust for the Administrative Agent until paid to the Administrative Agent in accordance with Section 4.1.5.

Section 2.5 Security Interest Absolute, etc. This Security Agreement shall in all respects be a continuing, absolute, unconditional and irrevocable grant of security interest, and shall remain in full force and effect until the Termination Date. All rights of the Secured Parties and the security interests granted to the Administrative Agent (for its benefit and the ratable benefit of each other Secured Party) hereunder, and all obligations of the Grantors hereunder, shall, in each case, be absolute, unconditional and irrevocable irrespective of:

(a) any lack of validity, legality or enforceability of any Loan Document;

(b) the failure of any Secured Party (i) to assert any claim or demand or to enforce any right or remedy against any Obligor or any other Person (including any other Grantor) under the provisions of any Loan Document or otherwise, or (ii) to exercise any right or remedy against any other guarantor (including any other Grantor) of, or collateral securing, any Obligations;

(c) any change in the time, manner or place of payment of, or in any other term of, all or any part of the Obligations, or any other extension, compromise or renewal of any Obligations;

(d) any reduction, limitation, impairment or termination of any Obligations for any reason, including any claim of waiver, release, surrender, alteration or compromise, and shall not be subject to (and each Grantor hereby waives any right to or claim of) any defense or setoff, counterclaim, recoupment or termination whatsoever by reason of the invalidity, illegality, nongenuineness, irregularity, compromise, unenforceability of, or any other event or occurrence affecting, any Obligations or otherwise;

(e) any amendment to, rescission, waiver, or other modification of, or any consent to or departure from, any of the terms of any Loan Document;

(f) any addition, exchange or release of any collateral or of any Person that is (or will become) a Grantor (including the other Grantors hereunder) of the Obligations, or any surrender or non-perfection of any collateral, or any amendment to or waiver or release or addition to, or consent to or departure from, any other guaranty held by any Secured Party securing any of the Obligations; or

(g) any other circumstance which might otherwise constitute a defense available to, or a legal or equitable discharge of, any Obligor, any surety or any guarantor.

Section 2.6 Postponement of Subrogation. Each Grantor agrees that it will not exercise any rights against another Grantor which it may acquire by way of rights of subrogation under any Loan Document to which it is a party until the Termination Date. No Grantor shall seek or be entitled to seek any contribution or reimbursement from any Obligor, in respect of any payment made under any Loan Document or otherwise, until following the Termination Date. Any amount paid to such Grantor on account of any such subrogation rights prior to the Termination Date shall be held in trust for the benefit of the Secured Parties and shall immediately be paid and turned over to the Administrative Agent for the benefit of the Secured Parties in the exact form received by such Grantor (duly endorsed in favor of the Administrative Agent, if required), to be credited and applied against the Obligations, whether matured or unmatured, in accordance with clause (b) of Section 6.1; provided that if such Grantor has made payment to the Secured Parties of all or any part of the Obligations and the Termination Date has occurred, then at such Grantor's request, the Administrative Agent (on behalf of the Secured Parties) will, at the expense of such Grantor, execute and deliver to such Grantor appropriate documents (without recourse and without representation or warranty) necessary to evidence the transfer by subrogation to such Grantor of an interest in the Obligations resulting from such payment. In furtherance of the foregoing, at all times prior to the Termination Date, such Grantor shall refrain from taking any action or commencing any proceeding against any Obligor (or its successors or assigns, whether in connection with a bankruptcy proceeding or otherwise) to recover any amounts in respect of payments made under this Security Agreement to any Secured Party.

ARTICLE III REPRESENTATIONS AND WARRANTIES

In order to induce the Secured Parties to enter into the Credit Agreement and make Credit Extensions thereunder, and to induce Oak Hill to make certain financial accommodations under the Section 1110 Stipulation, the Grantors represent and warrant to each Secured Party as set forth below. The parties hereto agree that, for each date other than the Closing Date on which any representation and warranty in this Article III is deemed to be made pursuant to the Credit Agreement, each representation and warranty that is based on or makes reference to a Schedule attached hereto shall be deemed satisfied, to the extent it is based on or makes reference to such Schedule, if such representation and warranty was true and accurate as of the Closing Date.

Section 3.1 As to Capital Securities of the Subsidiaries, Investment Property.

(a) With respect to any direct Subsidiary of any Grantor that is:

(i) a corporation, business trust, joint stock company or similar Person, all Capital Securities issued by such Subsidiary are duly authorized and validly issued, fully paid and non-assessable, and represented by a certificate; and

(ii) a partnership or limited liability company, no Capital Securities issued by such Subsidiary (A) are dealt in or traded on securities exchanges or in securities markets, or (B) are held in a Securities Account.

(b) Each Grantor has delivered all Certificated Securities constituting Collateral held by such Grantor on the Closing Date to the Administrative Agent, together with duly executed undated blank stock powers, or other equivalent instruments of transfer reasonably acceptable to the Administrative Agent.

(c) Subject to the Orders, with respect to Uncertificated Securities issued by a Subsidiary of Holdings constituting Collateral owned by any Grantor, such Grantor has caused the issuer thereof either to (i) register the Administrative Agent as the registered owner of such security or (ii) agree in an authenticated record with such Grantor and the Administrative Agent that such issuer will comply with instructions with respect to such security originated by the Administrative Agent without further consent of such Grantor.

(d) The percentage of the issued and outstanding Capital Securities of each Subsidiary pledged by each Grantor hereunder is as set forth on Schedule I.

(e) With respect to any direct Subsidiary of any Grantor that is a partnership or limited liability company, no Capital Securities issued by such Subsidiary that are not Certificated Securities or Uncertificated Securities on the Closing Date shall opt-into Article 8 without the prior consent of the Administrative Agent.

Section 3.2 Grantor Name, Location, etc.

(a) The jurisdiction in which each Grantor is located for purposes of Sections 9-301 and 9-307 of the UCC is set forth in Item A of Schedule II.

(b) Each location a secured party would have filed a UCC financing statement in the five years prior to the date hereof to perfect a security interest in Equipment, Inventory and General Intangibles owned by such Grantor is set forth in Item B of Schedule II.

(c) The Grantors do not have any trade names other than those set forth in Item C of Schedule II hereto.

(d) During the four months preceding the date hereof, no Grantor has been known by any legal name different from the one set forth on the signature page hereto, nor has such Grantor been the subject of any merger or other corporate reorganization, except as set forth in Item D of Schedule II hereto.

(e) Each Grantor's federal taxpayer identification number is (and, during the four months preceding the date hereof, such Grantor has not had a federal taxpayer identification number different from that) set forth in Item E of Schedule II hereto.

(f) No Grantor is a party to any federal, state or local government Material Contract except as set forth in Item F of Schedule II hereto.

(g) No Grantor maintains any Deposit Accounts, Securities Accounts or Commodity Accounts with any Person, in each case, except as set forth on Item G of Schedule II.

(h) No Grantor is the beneficiary of any Letters of Credit, except as set forth on Item H of Schedule II.

(i) No Grantor has Commercial Tort Claims (x) in which a suit has been filed by such Grantor and (y) where the amount of damages reasonably expected to be claimed exceeds \$200,000, except as set forth on Item I of Schedule II.

(j) The name set forth on the signature page attached hereto is the true and correct legal name (as defined in the UCC) of each Grantor.

(k) As of the date hereof, each Grantor has obtained a legal, valid and enforceable consent of each issuer of any Letter of Credit to the assignment of the Proceeds of such Letter of Credit to the Administrative Agent.

No Grantor has consented to, and is otherwise aware of, any Person (other than the Administrative Agent pursuant hereto and the Escrow Agent pursuant to the Loan Documents) having control (within the meaning of Section 9-107 of the UCC) over, or any other interest in any of such Grantor's rights in respect of Proceeds of Letters of Credit of which such Grantor is a beneficiary.

Section 3.3 Ownership, No Liens, etc. Upon entry of the Interim Order, each Grantor owns its Collateral free and clear of any Lien, except for any security interest in Collateral (other than the Capital Securities of each Subsidiary pledged hereunder) that is a Permitted Lien. No effective financing statement or other filing similar in effect covering all or any part of the Collateral is on file in any recording office, except those filed in favor of the Administrative Agent relating to this Security Agreement, Permitted Liens or as to which a duly authorized

termination statement relating to such financing statement or other instrument has been delivered to the Administrative Agent on the Closing Date.

Section 3.4 Possession of Inventory, Control; etc.

(a) Subject to the Orders, each Grantor has, and agrees that it will maintain, exclusive possession of its Documents, Instruments, Promissory Notes, Goods, Equipment and Inventory, other than (i) Equipment and Inventory in transit in the ordinary course of business, (ii) Equipment and Inventory that is in the possession or control of a warehouseman, bailee agent or other Person and (iii) Instruments or Promissory Notes that have been delivered to the Administrative Agent pursuant to Section 3.5.

(b) Subject to the Orders, each Grantor is the sole entitlement holder of its Accounts and no other Person (other than the Administrative Agent pursuant to this Security Agreement or any other Person with respect to Permitted Liens) has control or possession of, or any other interest in, any of its Accounts or any other securities or property credited thereto.

Section 3.5 Negotiable Documents, Instruments and Chattel Paper. Subject to the Orders, each Grantor has delivered to the Administrative Agent possession of all originals of all Documents, Instruments, Promissory Notes, and tangible Chattel Paper having a value, individually or in the aggregate, in excess of \$200,000 owned or held by such Grantor on the Closing Date duly endorsed and accompanied by duly executed instruments of transfer or assignment, all in form and substance reasonably satisfactory to the Administrative Agent.

Section 3.6 Intellectual Property Collateral.

(a) In respect of the Intellectual Property Collateral:

(i) set forth in Item A of Schedule III hereto is a complete and accurate list of all issued and applied-for Patents owned by each Grantor, including those that have been issued by or are on file with the United States Patent and Trademark Office or corresponding offices in other countries of the world;

(ii) set forth in Item A of Schedule IV hereto is a complete and accurate list all registered and applied-for Trademarks owned by each Grantor, including those that are registered, or for which an application for registration has been made, with the United States Patent and Trademark Office or corresponding offices in other countries of the world;

(iii) set forth in Item A of Schedule V hereto is a complete and accurate list of all registered and applied-for Copyrights owned by each Grantor, including those that are registered, or for which an application for registration has been made, with the United States Copyright Office or corresponding offices in other countries of the world; and

(iv) set forth on Schedule VI hereto is a complete and accurate list of all material Intellectual Property Licenses.

(b) Except as disclosed on Schedules III through V, in respect of each Grantor:

(i) the registered Owned Intellectual Property Collateral is valid, subsisting, unexpired and enforceable and has not been abandoned or adjudged invalid or unenforceable, in whole or in part;

(ii) such Grantor is the sole and exclusive owner of the entire and unencumbered right, title and interest in and to the Owned Intellectual Property Collateral (except for the Permitted Liens), and no claim has been made that such Grantor is or may be, in conflict with, infringing, misappropriating, diluting, misusing or otherwise violating any of the rights of any third party or that challenges the ownership, use, protectability, registerability, validity, enforceability of any Owned Intellectual Property Collateral and to Grantor's knowledge, there is no valid basis for any such claims;

(iii) such Grantor has made all necessary filings and recordations to protect its interest in any applied for or registered Owned Intellectual Property Collateral used in or necessary for the conduct of such Grantor's business, including recordations of all of its ownership interests in such Owned Intellectual Property Collateral in the United States Patent and Trademark Office, the United States Copyright Office and corresponding offices in other countries of the world, as appropriate, and has used proper statutory notice, as applicable, in connection with its use of any Grantor- owned Patent, Trademark or Copyright;

(iv) such Grantor has taken reasonable steps to safeguard Trade Secrets and to its knowledge (A) none of the material Trade Secrets of such Grantor has been used, divulged, disclosed or appropriated for the benefit of any other Person other than such Grantor; (B) no employee, independent contractor or agent of such Grantor has misappropriated any Trade Secrets of any other Person in the course of the performance of his or her duties as an employee, independent contractor or agent of such Grantor; and (C) no employee, independent contractor or agent of such Grantor is in default or breach of any term of any employment agreement, non-disclosure agreement, assignment of inventions agreement or similar agreement or contract relating in any way to the protection, ownership, development, use or transfer of such Grantor's Intellectual Property Collateral;

(v) no action by such Grantor is currently pending or threatened in writing which asserts that any third party is infringing, misappropriating, diluting, misusing or voiding any Owned Intellectual Property Collateral and, to such Grantor's knowledge, no third party is infringing upon, misappropriating, diluting, misusing or voiding any Intellectual Property owned or used by such Grantor in any material respect, or any of its respective licensees;

(vi) no settlement or consents, covenants not to sue, nonassertion assurances, or releases have been entered into by such Grantor or to which such Grantor is bound that adversely affects its rights to own or use any Intellectual Property Collateral;

(vii) except for the Permitted Liens, such Grantor has not made a previous assignment, sale, transfer or agreement constituting a present or future assignment, sale

or transfer of any Intellectual Property Collateral for purposes of granting a security interest or as collateral that has not been terminated or released;

(viii) reasonably promptly after the Administrative Agent's written request, such Grantor will execute and deliver to the Administrative Agent, Intellectual Property Collateral security agreements for all Copyrights, Patents and Trademarks owned by such Grantor, including all Copyrights, Patents and Trademarks on Schedules III, IV or V (as such schedules may be amended or supplemented from time to time);

(ix) the consummation of the transactions contemplated by the Credit Agreement and this Security Agreement will not result in the termination or material impairment of any of the Intellectual Property Collateral; and

(x) except for Intellectual Property that is individually immaterial, such Grantor owns or is entitled to use by license or otherwise, all Intellectual Property used in or necessary for the conduct of such Grantor's business.

Section 3.7 Validity, etc.

(a) Subject to entry by the Bankruptcy Court of the Interim Order (or the Final Order, when applicable), this Security Agreement creates a valid security interest in the Collateral securing the payment of the Obligations.

(b) Each Grantor has filed or caused to be filed all UCC-1 financing statements in the filing office for each Grantor's jurisdiction of organization listed in Item A of Schedule II (collectively, the "Filing Statements") (or has authenticated and delivered to the Administrative Agent the Filing Statements suitable for filing in such offices).

(c) Upon entry of the Interim Order and the filing of the Filing Statements with the appropriate agencies therefor the security interests created under this Security Agreement shall constitute a perfected security interest in the Collateral in favor of the Administrative Agent on behalf of the Secured Parties to the extent that a security interest therein may be perfected by filing pursuant to the relevant UCC, prior to all other Liens, except for Permitted Liens.

Section 3.8 Authorization, Approval, etc. Upon entry of the Interim Order, except as have been obtained or made and are in full force and effect, no authorization, approval or other action by, and no notice to or filing with, any Governmental Authority (other than the Bankruptcy Court) or any other third party is required either:

(a) for the grant by the Grantors of the security interest granted hereby or for the execution, delivery and performance of this Security Agreement by the Grantors;

(b) for the perfection or maintenance of the security interests hereunder with the priority described in Section 11.1 of the Credit Agreement; or

(c) for the exercise by the Administrative Agent of the voting or other rights provided for in this Security Agreement, or, except (i) as may be required in connection with a disposition of such securities by laws affecting the offering and sale of securities

generally, the remedies in respect of the Collateral pursuant to this Security Agreement and (ii) any “change of control” or similar filings required by state licensing agencies.

Section 3.9 Best Interests. It is in the best interests of Holdings and such Grantor that is a Subsidiary of the Borrower to execute this Security Agreement inasmuch as Holdings and such Grantor will, as a result of being an Affiliate of the Borrower, derive substantial direct and indirect benefits from the Credit Extensions made from time to time to the Borrower by the Lenders pursuant to the Credit Agreement, and from the financial accommodations made by Oak Hill pursuant to the Section 1110 Stipulation, and each Grantor agrees that the Secured Parties are relying on this representation in agreeing to make such Credit Extensions or financial accommodations, as applicable, to the Borrower.

Section 3.10 Super Priority Obligations. Upon entry of the Interim Order, the provisions of this Security Agreement and the Orders are effective to create in favor of the Administrative Agent, for the benefit of the Secured Parties, legal, valid and perfected Liens on and security interests (having the priority provided for herein and in the Orders) in all right, title and interest in the Collateral, enforceable against each Grantor. During the pendency of the Chapter 11 Cases, pursuant to clause (c) of Section 364 of the Bankruptcy Code and the Orders, all Obligations of Grantors under this Security Agreement and the Credit Agreement and each other Loan Document at all times shall constitute allowed super-priority administrative expense claims in each of the Chapter 11 Cases having priority over all administrative expenses of the kinds specified in, or ordered pursuant to, Sections 105, 326, 328, 330, 331, 503(b), 506(c), 507(a), 507(b), 546(c), 726, 1114 or any other provision of the Bankruptcy Code or otherwise, and shall at all times be senior to the rights of Obligors, the estates of Obligors, and any successor U.S. Trustee or estate representative in the Chapter 11 Cases or any subsequent proceeding or case under the Bankruptcy Code, subject only to amounts then outstanding pursuant to the Carve-Out.

ARTICLE IV COVENANTS

Each Grantor covenants and agrees that, until the Termination Date, such Grantor will perform, comply with and be bound by the obligations set forth below.

Section 4.1 As to Investment Property, etc.

Section 4.1.1 Capital Securities of Subsidiaries. No Grantor will allow any of its Subsidiaries:

- (a) that is a corporation, business trust, joint stock company or similar Person, to issue Uncertificated Securities;
- (b) that is a partnership or limited liability company, to (i) issue Capital Securities that are to be dealt in or traded on securities exchanges or in securities markets, or (ii) place such Subsidiary’s Capital Securities in a Securities Account; and
- (c) to issue Capital Securities in addition to or in substitution for the Capital Securities pledged hereunder, except to any Grantor (and such Capital Securities are

immediately pledged and delivered to the Administrative Agent pursuant to the terms of this Security Agreement).

Section 4.1.2 Investment Property (other than Certificated Securities). Subject to the Orders, with respect to any Uncertificated Securities (other than Uncertificated Securities credited to a Securities Account) constituting Investment Property owned or held by any Grantor, such Grantor will cause the issuer of such securities to either (i) register the Administrative Agent as the registered owner thereof on the books and records of the issuer or (ii) execute a Control Agreement relating to such Investment Property pursuant to which the issuer agrees to comply with the Administrative Agent's instructions with respect to such Uncertificated Securities without further consent by such Grantor.

Section 4.1.3 Certificated Securities (Stock Powers). Subject to the Orders, each Grantor agrees that all Certificated Securities that constitute Collateral will be delivered to the Administrative Agent and that all such Certificated Securities will be accompanied by duly executed undated blank stock powers, or other equivalent instruments of transfer reasonably acceptable to the Administrative Agent.

Section 4.1.4 Continuous Pledge. Each Grantor will (subject to the terms of the Credit Agreement) deliver to the Administrative Agent and at all times keep pledged to the Administrative Agent pursuant hereto, on a perfected basis all Investment Property, all Distributions with respect thereto, all Payment Intangibles to the extent they are evidenced by a Document, Instrument, Promissory Note or Chattel Paper, in each case, to the extent they have a value, individually or in the aggregate, in excess of \$200,000, and all interest and principal with respect to such Payment Intangibles, and all Proceeds and rights from time to time received by or distributable to such Grantor in respect of any of the foregoing Collateral. Each Grantor agrees that it will, promptly following receipt thereof, deliver to the Administrative Agent possession of all originals of negotiable Documents, Instruments, Promissory Notes and Chattel Paper in each case, to the extent they have a value, individually or in the aggregate, in excess of \$200,000, that it acquires following the Closing Date, duly endorsed and accompanied by duly executed instruments of transfer or assignment, all in form and substance reasonably satisfactory to the Administrative Agent.

Section 4.1.5 Voting Rights; Distributions, etc. Each Grantor agrees promptly upon receipt of notice of the occurrence of an Event of Default from the Administrative Agent and without request therefor by the Administrative Agent, so long as such Event of Default shall continue, to

(a) deliver (properly endorsed where required hereby or requested by the Administrative Agent) to the Administrative Agent all Distributions with respect to Investment Property, all interest, principal, other cash payments on Payment Intangibles, and all Proceeds of the Collateral, in each case thereafter received by such Grantor, all of which shall be held by the Administrative Agent as additional Collateral; and

(b) with respect to Collateral consisting of general partner interests or limited liability company interests,

(i) to promptly modify its Organic Documents to admit the Administrative Agent as a general partner or member, as applicable;

(ii) that the Administrative Agent may exercise (to the exclusion of such Grantor) the voting power and all other incidental rights of ownership with respect to any Investment Property constituting Collateral and such Grantor hereby grants the Administrative Agent an irrevocable proxy, exercisable under such circumstances, to vote such Investment Property; and

(iii) to promptly deliver to the Administrative Agent such additional proxies and other documents as may be necessary to allow the Administrative Agent to exercise such voting power.

All dividends, Distributions, interest, principal, cash payments, Payment Intangibles and Proceeds that may at any time and from time to time be held by such Grantor, but which such Grantor is then obligated to deliver to the Administrative Agent, shall, until delivery to the Administrative Agent, be held by such Grantor separate and apart from its other property in trust for the Administrative Agent. The Administrative Agent agrees that unless an Event of Default shall have occurred and be continuing, such Grantor will have the exclusive voting power with respect to any Investment Property constituting Collateral and the Administrative Agent will, upon the written request of such Grantor, promptly deliver such proxies and other documents, if any, as shall be reasonably requested by such Grantor which are necessary to allow such Grantor to exercise that voting power; provided that no vote shall be cast, or consent, waiver, or ratification given, or action taken by such Grantor that would impair any such Collateral or be inconsistent with or violate any provision of any Loan Document.

Section 4.1.6 Aircraft Collateral. Each Grantor agrees that it shall cooperate with the Administrative Agent to perfect all security interests in aircraft by filing an Aircraft Security Agreement with the FAA not more than ten (10) Business Days (or such longer period as may be agreed by the Administrative Agent in its sole discretion) following the Closing Date, and by supplement thereto within fifteen (15) Business Days after aircraft are added to or removed from each such Grantor's fleet; provided that for the avoidance of doubt, this shall not include any 1110 Collateral and any aircraft that are considered "attrited aircraft" or "utility aircraft" as determined in good faith by such Grantor in a manner consistent with past practices shall be excluded from the foregoing requirement. The parties hereto agree that the terms of Aircraft Mortgage shall govern with respect to the Collateral described therein.

Section 4.2 Change of Name, etc. No Grantor will change its name or place of incorporation or organization or federal taxpayer identification number except upon 15 days' prior written notice to the Administrative Agent.

Section 4.3 As to Accounts.

(a) Each Grantor shall have the right to collect all Accounts so long as no Event of Default shall have occurred and be continuing.

(b) Upon the occurrence and during the continuance of an Event of Default, at the request of the Administrative Agent, all Proceeds of Collateral received by such Grantor shall be

delivered in kind to the Administrative Agent for deposit in the Escrow Accounts or a Deposit Account of such Grantor maintained with, or under the control of, the Administrative Agent (together with any other Accounts (other than the Escrow Accounts) pursuant to which any portion of the Collateral is deposited with the Administrative Agent, the “Collateral Accounts”), and such Grantor shall not commingle any such Proceeds, and shall hold separate and apart from all other property, all such Proceeds in express trust for the benefit of the Administrative Agent until delivery thereof is made to the Administrative Agent.

(c) The Administrative Agent shall have the right to apply any amount in the Collateral Account to the payment of any Obligations which are due and payable.

(d) With respect to each of the Collateral Accounts, it is hereby confirmed and agreed that (i) deposits in such Collateral Account are subject to a security interest as contemplated hereby, (ii) such Collateral Account shall be under the control of the Administrative Agent and (iii) the Administrative Agent shall have the sole right of withdrawal over such Collateral Account.

(e) The Administrative Agent will make available to the applicable Grantor all amounts in any Collateral Account upon the request of such Grantor, so long as no Event of Default has occurred and is then continuing.

Section 4.4 As to Grantors’ Use of Collateral.

(a) Subject to the Orders and subject to clause (b), each Grantor (i) may, at its own expense, sell, lease or furnish under the contracts of service any of the Inventory normally held by such Grantor for such purpose, and use and consume, any raw materials, work in process or materials normally held by such Grantor for such purpose, (ii) will, at its own expense, endeavor to collect, as and when due, all amounts due with respect to any of the Collateral, including the taking of such action with respect to such collection as the Administrative Agent may request following the occurrence and during the continuance of an Event of Default or, in the absence of such request, as such Grantor may deem advisable, and (iii) may grant, in the ordinary course of business, to any party obligated on any of the Collateral, any rebate, refund or allowance to which such party may be lawfully entitled, and may accept, in connection therewith, the return of Goods, the sale or lease of which shall have given rise to such Collateral.

(b) At any time following the occurrence and during the continuance of an Event of Default, whether before or after the maturity of any of the Obligations, the Administrative Agent may (i) revoke any or all of the rights of each Grantor set forth in clause (a), (ii) notify any parties obligated on any of the Collateral to make payment to the Administrative Agent of any amounts due or to become due thereunder and (iii) enforce collection of any of the Collateral by suit or otherwise and surrender, release, or exchange all or any part thereof, or compromise or extend or renew for any period (whether or not longer than the original period) any indebtedness thereunder or evidenced thereby.

(c) Upon request of the Administrative Agent following the occurrence and during the continuance of an Event of Default, each Grantor will, at its own expense, notify any parties

obligated on any of the Collateral to make payment to the Administrative Agent of any amounts due or to become due thereunder.

(d) At any time following the occurrence and during the continuation of an Event of Default, the Administrative Agent may endorse, in the name of such Grantor, any item, howsoever received by the Administrative Agent, representing any payment on or other Proceeds of any of the Collateral.

Section 4.5 As to Intellectual Property Collateral. Each Grantor covenants and agrees to comply with the following provisions as such provisions relate to any Intellectual Property Collateral material to the operations or business of such Grantor:

(a) such Grantor shall not (i) do or fail to perform any act whereby any of the Patent Collateral may lapse or become abandoned or dedicated to the public or unenforceable, (ii) itself or permit any of its licensees to (A) fail to continue to use any of the Trademark Collateral in order to maintain the Trademark Collateral in full force free from any claim of abandonment for non-use, (B) fail to maintain as in the past the quality of products and services offered under the Trademark Collateral, (C) fail to employ the Trademark Collateral registered with any federal or state or foreign authority with an appropriate notice of such registration, (D) adopt or use any other Trademark which is confusingly similar or a colorable imitation of any of the Trademark Collateral, unless rights in such Trademark Collateral inure solely to Grantor or (E) commit or permit any act or knowingly omit to commit any act whereby any of the Trademark Collateral may lapse or become invalid or unenforceable, or (iii) commit or permit any act or knowingly omit to commit any act whereby any of the Copyright Collateral or any of the Trade Secrets Collateral may lapse or become invalid or unenforceable or placed in the public domain except upon expiration of the end of an unrenovable term of a registration thereof, unless, in the case of any of the foregoing requirements in clauses (i), (ii) and (iii) such Grantor shall reasonably and in good faith determine that any of such Intellectual Property Collateral is not of material economic value to such Grantor, and the loss of such Intellectual Property Collateral would not have a Material Adverse Effect on the business;

(b) such Grantor shall promptly notify the Administrative Agent if it knows, or reasonably suspects, that any application or registration relating to any material item of the Intellectual Property Collateral may become abandoned or dedicated to the public or placed in the public domain or invalid or unenforceable, or of any adverse determination or development (including the institution of, or any such determination or development in, any proceeding in the United States Patent and Trademark Office, the United States Copyright Office or any foreign counterpart thereof or any court, but excluding any ordinary course office actions that do not pertain to any such adverse determination or development) regarding such Grantor's ownership of any Intellectual Property Collateral, its right to register the same or to keep and maintain and enforce the same;

(c) such Grantor shall (i) within ten (10) Business Days of such Grantor filing or any of its agents, employees, designees or licensees filing in the name of or for the benefit of Grantor, an application for the registration of any Patent or Trademark with the

United States Patent and Trademark Office or corresponding offices in other countries of the world or (ii) within five (5) Business Days of such Grantor receiving, as owner or exclusive licensee, a Copyright registration with the United States Copyright Office or corresponding offices in other countries of the world, inform the Administrative Agent, and upon request of the Administrative Agent, promptly execute and deliver an Intellectual Property Security Agreement substantially in the form set forth as Exhibits A, B and C hereto and other documents as the Administrative Agent may reasonably request to evidence the Administrative Agent's security interest in such Intellectual Property Collateral;

(d) such Grantor shall take all necessary steps, including in any proceeding before the United States Patent and Trademark Office, the United States Copyright Office and corresponding offices in other countries of the world, to maintain and pursue any application (and to obtain the relevant registration) filed with respect to, and to maintain any registration of, the Intellectual Property Collateral, including the filing of applications for renewal, affidavits of use, affidavits of incontestability and opposition, interference and cancellation proceedings and the payment of fees and taxes (except to the extent that dedication, abandonment or invalidation is permitted under the foregoing clause (a) or (b)); and

(e) such Grantor shall promptly, but within ten (10) Business Days, after it obtains an ownership interest in any registered, issued, or applied for, as applicable, Patent or Trademark, execute and deliver to the Administrative Agent a Patent Security Agreement or a Trademark Security Agreement in the form of Exhibit A and Exhibit B, as applicable, and Grantor shall promptly, but within five (5) Business Days, after it obtains an ownership interest or an exclusive license in any Copyright, execute and deliver to the Administrative Agent a Copyright Security Agreement in the form of Exhibit C and in each case such Grantor shall execute and deliver to the Administrative Agent any other document reasonably required to acknowledge or register, record or perfect the Administrative Agent's interest in any part of such item of Intellectual Property unless such Grantor shall determine in good faith using its commercially reasonable business judgment (with the consent of the Administrative Agent) that any such Intellectual Property is not material to such Grantor.

Section 4.6 As to Letter-of-Credit Rights.

(a) Each Grantor, by granting a security interest in its Letter-of-Credit Rights to the Administrative Agent, intends to (and hereby does) collaterally assign to the Administrative Agent its rights (including its contingent rights) to the Proceeds of all Letter-of-Credit Rights of which it is or hereafter becomes a beneficiary or assignee.

(b) Upon the occurrence and during the continuance of an Event of Default, such Grantor will, promptly upon request by the Administrative Agent, (i) notify (and such Grantor hereby authorizes the Administrative Agent to notify) the issuer and each nominated person with respect to each of the Letters of Credit that the Proceeds thereof have been assigned to the Administrative Agent hereunder and any payments due or to become due in respect thereof are to

be made directly to the Administrative Agent and (ii) arrange for the Administrative Agent to become the transferee beneficiary Letter of Credit.

Section 4.7 As to Commercial Tort Claims. Each Grantor covenants and agrees that, until the Termination Date, with respect to any Commercial Tort Claim in excess of \$200,000 individually or in the aggregate hereafter arising, it shall deliver to the Administrative Agent a supplement in form and substance reasonably satisfactory to the Administrative Agent, together with all supplements to schedules thereto identifying such new Commercial Tort Claims.

Section 4.8 Electronic Chattel Paper and Transferable Records. If any Grantor at any time holds or acquires an interest in any electronic chattel paper or any “transferable record,” as that term is defined in Section 201 of the U.S. Federal Electronic Signatures in Global and National Commerce Act, or in Section 16 of the U.S. Uniform Electronic Transactions Act as in effect in any relevant jurisdiction, with a value in excess of \$200,000, such Grantor shall promptly notify the Administrative Agent thereof and, at the request of the Administrative Agent, shall take such action as the Administrative Agent may request to vest in the Administrative Agent control under Section 9-105 of the U.C.C. of such electronic chattel paper or control under Section 201 of the Federal Electronic Signatures in Global and National Commerce Act or, as the case may be, Section 16 of the Uniform Electronic Transactions Act, as so in effect in such jurisdiction, of such transferable record. The Administrative Agent agrees with such Grantor that the Administrative Agent will arrange, pursuant to procedures satisfactory to the Administrative Agent and so long as such procedures will not result in the Administrative Agent’s loss of control, for the Grantor to make alterations to the electronic chattel paper or transferable record permitted under Section 9-105 of the U.C.C. or, as the case may be, Section 201 of the U.S. Federal Electronic Signatures in Global and National Commerce Act or Section 16 of the U.S. Uniform Electronic Transactions Act for a party in control to allow without loss of control, unless an Event of Default has occurred and is continuing or would occur after taking into account any action by such Grantor with respect to such electronic chattel paper or transferable record.

Section 4.9 Further Assurances, etc. Each Grantor agrees that, from time to time at its own expense, it will promptly execute and deliver all further instruments and documents, and take all further action, that may be necessary or that the Administrative Agent may reasonably request, in order to perfect, preserve and protect any security interest granted or purported to be granted hereby or to enable the Administrative Agent to exercise and enforce its rights and remedies hereunder with respect to any Collateral. Without limiting the generality of the foregoing, such Grantor will, without further order of the Bankruptcy Court:

- (a) from time to time upon the reasonable request of the Administrative Agent, promptly deliver to the Administrative Agent such stock powers, instruments and similar documents, reasonably satisfactory in form and substance to the Administrative Agent, with respect to such Collateral as the Administrative Agent may reasonably request and will, from time to time upon the request of the Administrative Agent, after the occurrence and during the continuance of any Event of Default, promptly transfer any securities constituting Collateral into the name of any nominee designated by the Administrative Agent;

(b) file (and hereby authorize the Administrative Agent to file) such Filing Statements or continuation statements, or amendments thereto, and such other instruments or notices (including any assignment of claim form under or pursuant to the federal assignment of claims statute, 31 U.S.C. § 3726, any successor or amended version thereof or any regulation promulgated under or pursuant to any version thereof), as may be necessary or that the Administrative Agent may reasonably request in order to perfect and preserve the security interests and other rights granted or purported to be granted to the Administrative Agent hereby;

(c) at all times keep pledged to the Administrative Agent pursuant hereto, on a perfected basis, at the request of the Administrative Agent, all Investment Property constituting Collateral, all Distributions with respect thereto, and all interest and principal with respect to Promissory Notes, and all Proceeds and rights from time to time received by or distributable to such Grantor in respect of any of the foregoing Collateral;

(d) not take or omit to take any action the taking or the omission of which would result in any impairment or alteration of any obligation of the maker of any Payment Intangible or other Instrument constituting Collateral, except as provided in Section 4.4;

(e) not create any tangible Chattel Paper without placing a legend on such tangible Chattel Paper reasonably acceptable to the Administrative Agent indicating that the Administrative Agent has a security interest in such Chattel Paper;

(f) furnish to the Administrative Agent, from time to time at the Administrative Agent's reasonable request, statements and schedules further identifying and describing the Collateral and such other reports in connection with the Collateral as the Administrative Agent may reasonably request, all in reasonable detail; and

(g) do all things reasonably requested by the Administrative Agent in accordance with this Security Agreement in order to enable the Administrative Agent to have and maintain control over the Collateral consisting of Investment Property, Deposit Accounts (other than Exempt Accounts), Letter-of-Credit-Rights and Electronic Chattel Paper; provided that in no event shall any Obligor be required to deliver Control Agreements with respect to any Deposit Accounts or Securities Accounts.

With respect to the foregoing and the grant of the security interest hereunder, each Grantor hereby authorizes the Administrative Agent to file one or more financing or continuation statements, and amendments thereto, relative to all or any part of the Collateral; and to make all relevant filings with the United States Patent and Trademark Office, the United States Copyright Office and corresponding offices in other countries of the world in respect of the Intellectual Property Collateral. Each Grantor agrees that a carbon, photographic or other reproduction of this Security Agreement or any UCC financing statement covering the Collateral or any part thereof shall be sufficient as a UCC financing statement where permitted by law. Each Grantor hereby authorizes the Administrative Agent to file financing statements describing as the collateral covered thereby "all of the debtor's personal property or assets" or words to that effect,

notwithstanding that such wording may be broader in scope than the Collateral described in this Security Agreement.

Section 4.10 Ownership of Collateral and Absence of Other Liens.

(a) At all times during the pendency of the Chapter 11 Cases from and after entry of the Interim Order, the Obligations shall be allowed super-priority administrative expense claims in each of the Chapter 11 Cases having priority over all administrative expenses of the kinds specified in, or ordered pursuant to, Sections 105, 326, 328, 330, 331, 503(b), 506(c), 507(a), 507(b), 546(c), 726, 1114 or any other provision of the Bankruptcy Code or otherwise, and shall at all times be senior to the rights of Obligors, the estates of the Obligors, and any successor U.S. Trustee or estate representative in the Chapter 11 Cases or any subsequent proceeding or case under the Bankruptcy Code, subject only to the Carve-Out, and except for the security interest created by the Loan Documents and the Orders, it shall not create or suffer to exist any Lien upon or with respect to any of the Collateral, other than Permitted Liens, and such Grantor shall defend the Collateral against all Persons at any time claiming any interest therein;

(b) upon such Grantor or any officer of such Grantor obtaining knowledge thereof, it shall promptly notify the Administrative Agent in writing of any event that may have a Material Adverse Effect on the value of the Collateral or any portion thereof, the ability of any Grantor or the Administrative Agent to dispose of the Collateral or any portion thereof, or the rights and remedies of the Administrative Agent in relation thereto, including, without limitation, the levy of any legal process against the Collateral or any material portion thereof; and

(c) it shall not sell, transfer or assign (by operation of law or otherwise) or exclusively license to another Person any Collateral except as otherwise permitted by the Credit Agreement.

**ARTICLE V
THE ADMINISTRATIVE AGENT**

Section 5.1 Administrative Agent Appointed Attorney-in-Fact. Each Grantor hereby irrevocably appoints the Administrative Agent its attorney-in-fact, with full authority in the place and stead of such Grantor and in the name of such Grantor or otherwise, from time to time in the Administrative Agent's discretion, following the occurrence and during the continuance of an Event of Default, to take any action and to execute any instrument which the Administrative Agent may deem necessary or advisable to accomplish the purposes of this Security Agreement, including:

(a) to ask, demand, collect, sue for, recover, compromise, receive and give acquittance and receipts for moneys due and to become due under or in respect of any of the Collateral;

(b) to receive, endorse, and collect any drafts or other Instruments,

(c) Documents and Chattel Paper, in connection with clause (a) above; to file any claims or take any action or institute any proceedings which the Administrative Agent may deem necessary or desirable for the collection of any of the Collateral or

otherwise to enforce the rights of the Administrative Agent with respect to any of the Collateral; and

- (d) to perform the affirmative obligations of such Grantor hereunder.

Each Grantor hereby acknowledges, consents and agrees that the power of attorney granted pursuant to this Section is irrevocable and coupled with an interest.

Section 5.2 Administrative Agent May Perform. If, following the occurrence and during the continuance of an Event of Default, any Grantor fails to perform any agreement contained herein, the Administrative Agent may itself perform, or cause performance of, such agreement, and the expenses of the Administrative Agent incurred in connection therewith shall be payable by such Grantor pursuant to Section 10.3 of the Credit Agreement.

Section 5.3 Administrative Agent Has No Duty. Upon entry of the Interim Order, the powers conferred on the Administrative Agent hereunder are solely to protect its interest (on behalf of the Secured Parties) in the Collateral and shall not impose any duty on it to exercise any such powers. Except for reasonable care of any Collateral in its possession and the accounting for moneys actually received by it hereunder, the Administrative Agent shall have no duty as to any Collateral or responsibility for:

- (a) ascertaining or taking action with respect to calls, conversions, exchanges, maturities, tenders or other matters relative to any Investment Property, whether or not the Administrative Agent has or is deemed to have knowledge of such matters, or
- (b) taking any necessary steps to preserve rights against prior parties or any other rights pertaining to any Collateral.

Exercise by the Administrative Agent of the powers granted hereunder is not for the purpose of the Chapter 11 Cases a violation of the automatic stay provided by Section 362 of the Bankruptcy Code and each Grantor waives the applicability thereof.

Section 5.4 Reasonable Care. The Administrative Agent is required to exercise reasonable care in the custody and preservation of any of the Collateral in its possession; provided that the Administrative Agent shall be deemed to have exercised reasonable care in the custody and preservation of any of the Collateral, if it takes such action for that purpose as each Grantor reasonably requests in writing at times other than upon the occurrence and during the continuance of any Event of Default, but failure of the Administrative Agent to comply with any such request at any time shall not in itself be deemed a failure to exercise reasonable care. If any Grantor fails to perform any agreement contained herein, the Administrative Agent may itself perform, or cause performance of, such agreement, and the expenses of the Administrative Agent incurred in connection therewith shall be payable by each Grantor under Section 10.3 of the Credit Agreement. Upon entry of the Interim Order, performance of such Grantor's Obligations as permitted under this Section 5.4 shall in no way constitute for the purpose of the Chapter 11 Cases a violation of the automatic stay provided by Section 362 of the Bankruptcy Code and each Grantor hereby waives applicability thereof. Moreover, the Administrative Agent shall in no way be responsible for the payment of any costs incurred in connection with preserving or

disposing of Collateral pursuant to Section 506(c) of the Bankruptcy Code and the Collateral may not be charged for the incurrence of any such cost.

ARTICLE VI REMEDIES

Section 6.1 Certain Remedies. If any Event of Default shall have occurred and be continuing, subject to the Orders and clause (e) below and without further order from the Bankruptcy Court:

(a) The Administrative Agent may exercise in respect of the Collateral, in addition to other rights and remedies provided for herein or otherwise available to it, all the rights and remedies of a Secured Party on default under the UCC (whether or not the UCC applies to the affected Collateral) and also may

(i) take possession of any Collateral not already in its possession without demand and without legal process;

(ii) require each Grantor to, and each Grantor hereby agrees that it will, at its expense and upon request of the Administrative Agent forthwith, assemble all or part of the Collateral as directed by the Administrative Agent and make it available to the Administrative Agent at a place to be designated by the Administrative Agent that is reasonably convenient to both parties;

(iii) enter onto the property where any Collateral is located and take possession thereof without demand and without legal process;

(iv) without notice except as specified below, lease, license, sell or otherwise dispose of the Collateral or any part thereof in one or more parcels at public or private sale, at any of the Administrative Agent's offices or elsewhere, for cash, on credit or for future delivery, and upon such other terms as the Administrative Agent may deem commercially reasonable. Each Grantor agrees that, to the extent notice of sale shall be required by law, at least ten days' prior notice to such Grantor of the time and place of any public sale or the time after which any private sale is to be made shall constitute reasonable notification. The Administrative Agent shall not be obligated to make any sale of Collateral regardless of notice of sale having been given. The Administrative Agent may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned.

(b) Subject to the Orders, all cash Proceeds received by the Administrative Agent in respect of any sale of, collection from, or other realization upon, all or any part of the Collateral shall be applied by the Administrative Agent against, all or any part of the Obligations as set forth in Section 4.7(b) of the Credit Agreement.

(c) The Administrative Agent may:

(i) transfer all or any part of the Collateral into the name of the Administrative Agent or its nominee, with or without disclosing that such Collateral is subject to the Lien hereunder;

(ii) notify the parties obligated on any of the Collateral to make payment to the Administrative Agent of any amount due or to become due thereunder;

(iii) withdraw, or cause or direct the withdrawal, of all funds with respect to the Collateral Account;

(iv) enforce collection of any of the Collateral by suit or otherwise, and surrender, release or exchange all or any part thereof, or compromise or extend or renew for any period (whether or not longer than the original period) any obligations of any nature of any party with respect thereto;

(v) endorse any checks, drafts, or other writings in any Grantor's name to allow collection of the Collateral;

(vi) take control of any Proceeds of the Collateral; and

(vii) execute (in the name, place and stead of any Grantor) endorsements, assignments, stock powers and other instruments of conveyance or transfer with respect to all or any of the Collateral.

(d) Without limiting the foregoing, in respect of the Intellectual Property Collateral:

(i) upon the request of the Administrative Agent, each Grantor shall execute and deliver to the Administrative Agent an assignment or assignments of the Intellectual Property Collateral, subject (in the case of any licenses thereunder) to any valid and enforceable requirements to obtain consents from any third parties, and such other documents as are necessary or appropriate to carry out the intent and purposes hereof;

(ii) each Grantor agrees that the Administrative Agent may file applications and maintain registrations for the protection of the Intellectual Property Collateral and/or bring suit in the name of such Grantor, the Administrative Agent or any Secured Party to enforce the Intellectual Property Collateral and any licenses thereunder and, upon the request of the Administrative Agent, each Grantor shall use all commercially reasonable efforts to assist with such filing or enforcement (including the execution of relevant documents); and

(iii) in the event that the Administrative Agent elects not to make any filing or bring any suit as set forth in clause (ii), each Grantor shall, upon the request of Administrative Agent, use all commercially reasonable efforts, whether through making appropriate filings or bringing suit or otherwise, to protect,

enforce and prevent the infringement, misappropriation, dilution, unauthorized use or other violation of the Intellectual Property Collateral.

(e) In addition to the foregoing, the Administrative Agent may also exercise the remedies set forth in the Interim Order (with respect to the period prior to the entry of the Final Order) and the analogous section of the Final Order (with respect to the period on and after the entry of the Final Order), as the case may be, with respect to any Cash Collateral or cash deposit in the Escrow Accounts.

Notwithstanding the foregoing provisions of this Section 6.1, for the purposes of this Section 6.1, “Collateral” and “Intellectual Property Collateral” shall include any “intent to use” trademark application only to the extent (i) that the business of such Grantor, or portion thereof, to which that mark pertains is also included in the Collateral and (ii) that such business is ongoing and existing.

For purposes of this Section 6.1, to the extent that applicable law imposes duties on the Administrative Agent to exercise remedies in a commercially reasonable manner (which duties cannot be waived under such law), each Grantor acknowledges and agrees that it is not commercially unreasonable for the Administrative Agent (i) to incur expenses reasonably deemed necessary by the Administrative Agent to prepare Collateral for disposition or otherwise to complete raw material or work in process into finished goods or other finished products for disposition, (ii) to fail to obtain third party consents for access to Collateral to be disposed of, or to obtain or, if not required by other law, to fail to obtain consents of any Governmental Authority or other third party for the collection or disposition of Collateral to be collected or disposed of, (iii) to fail to exercise collection remedies against account debtors, secondary obligors or other persons obligated on Collateral or to remove liens or encumbrances on or any adverse claims against Collateral, (iv) to exercise collection remedies against account debtors and other persons obligated on Collateral directly or through the use of collection agencies and other collection specialists, (v) to advertise dispositions of Collateral through publications or media of general circulation, whether or not the Collateral is of a specialized nature, (vi) to contact other persons, whether or not in the same business as such Grantor, for expressions of interest in acquiring all or any portion of the Collateral, (vii) to hire one or more professional auctioneers to assist in the disposition of Collateral, whether or not the collateral is of a specialized nature, (viii) to dispose of Collateral by utilizing Internet sites that provide for the auction of assets of the types included in the Collateral or that have the reasonable capability of doing so, or that match buyers and sellers of assets, (ix) to dispose of assets in wholesale rather than retail markets, (x) to disclaim disposition warranties, (xi) to purchase insurance or credit enhancements to insure the Administrative Agent against risks of loss, collection or disposition of Collateral or to provide to the Administrative Agent a guaranteed return from the collection or disposition of Collateral, or (xii) to the extent deemed appropriate by the Administrative Agent, to obtain the services of other brokers, investment bankers, consultants and other professionals to assist the Administrative Agent in the collection or disposition of any of the Collateral. Each Grantor acknowledges that the purpose of this paragraph is to provide non-exhaustive indications of what actions or omissions by the Administrative Agent would not be commercially unreasonable in the exercise by the Administrative Agent of remedies against the Collateral and that other actions or omissions by the Administrative Agent shall not be deemed commercially unreasonable solely on account of not being indicated in this paragraph. Without limitation of

the foregoing, nothing contained in this paragraph shall be construed to grant any rights to any Grantor or to impose any duties on the Administrative Agent that would not have been granted or imposed by this Security Agreement or by applicable law in the absence of this paragraph.

Section 6.2 Securities Laws. If the Administrative Agent shall determine to exercise its right to sell all or any of the Collateral that are Capital Securities pursuant to Section 6.1, each Grantor agrees that, upon request of the Administrative Agent, each Grantor will, at its own expense do or cause to be done all such acts and things as may be necessary to make such sale of the Collateral or any part thereof valid and binding and in compliance with applicable law. Each Grantor acknowledges the impossibility of ascertaining the amount of damages that would be suffered by the Administrative Agent or the Secured Parties by reason of the failure by such Grantor to perform any of the covenants contained in this Section and consequently agrees that, if such Grantor shall fail to perform any of such covenants, it shall pay, as liquidated damages and not as a penalty, an amount equal to the value (as determined by the Administrative Agent) of such Collateral on the date the Administrative Agent shall demand compliance with this Section.

Section 6.3 Compliance with Restrictions. Each Grantor agrees that in any sale of any of the Collateral whenever an Event of Default shall have occurred and be continuing, the Administrative Agent is hereby authorized to comply with any limitation or restriction in connection with such sale as it may be advised by counsel is necessary in order to avoid any violation of applicable law (including compliance with such procedures as may restrict the number of prospective bidders and purchasers, require that such prospective bidders and purchasers have certain qualifications, and restrict such prospective bidders and purchasers to Persons who will represent and agree that they are purchasing for their own account for investment and not with a view to the distribution or resale of such Collateral), or in order to obtain any required approval of the sale or of the purchaser by any Governmental Authority or official, and such Grantor further agrees that such compliance shall not result in such sale being considered or deemed not to have been made in a commercially reasonable manner, nor shall the Administrative Agent be liable nor accountable to such Grantor for any discount allowed by the reason of the fact that such Collateral is sold in compliance with any such limitation or restriction.

ARTICLE VII MISCELLANEOUS PROVISIONS

Section 7.1 Loan Document. This Security Agreement is a Loan Document executed pursuant to the Credit Agreement and shall (unless otherwise expressly indicated herein) be construed, administered and applied in accordance with the terms and provisions thereof, including Article X thereof.

Section 7.2 Binding on Successors, Transferees and Assigns; Assignment. This Security Agreement shall be binding upon the Grantors and their successors, transferees and assigns and shall inure to the benefit of and be enforceable by each Secured Party and its successors, transferees and assigns; provided that no Grantor may (unless otherwise permitted under the terms of the Credit Agreement or this Security Agreement) assign any of its obligations hereunder without the prior written consent of all Lenders.

Section 7.3 Amendments, etc. No amendment to or waiver of any provision of this Security Agreement, nor consent to any departure by any Grantor from its obligations under this Security Agreement, shall in any event be effective unless the same shall be in writing and signed by the Administrative Agent (on behalf of the Lenders or the Required Lenders (or, to the extent required by Section 10.1 of the Credit Agreement, Oak Hill), as the case may be, pursuant to Section 10.1 of the Credit Agreement) and the Grantors and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

Section 7.4 Notices. All notices and other communications provided for hereunder shall be in writing or by facsimile and addressed, delivered or transmitted to the appropriate party at the address or facsimile number of such party specified in the Credit Agreement (in the case of any Grantor (other than the Borrower), in care of the Borrower) or at such other address or facsimile number as may be designated by such party in a notice to the other party. Any notice or other communication, if mailed and properly addressed with postage prepaid or if properly addressed and sent by pre-paid courier service, shall be deemed given when received; any such notice or other communication, if transmitted by facsimile, shall be deemed given when transmitted and electronically confirmed.

Section 7.5 Release of Liens; Termination of Agreement. Upon (a) the Disposition of Collateral in accordance with the Credit Agreement or (b) the occurrence of the Termination Date, the security interests granted herein shall automatically terminate with respect to (i) such Collateral (in the case of clause (a)) or (ii) all Collateral (in the case of clause (b)), without delivery of any instrument or performance of any act by any party. Upon the occurrence of the Termination Date, this Security Agreement and all obligations of each Grantor hereunder shall automatically terminate without delivery of any instrument or performance of any act by any party. A Grantor that is a Subsidiary of any of Holdings and any of its Subsidiaries shall automatically be released from its obligations hereunder upon the consummation of any transaction permitted by the Credit Agreement as a result of which such Grantor ceases to be a Subsidiary of any of Holdings and any of its Subsidiaries. Upon any such Disposition, other permitted transaction or termination, the Administrative Agent will, at the Grantors' sole expense, deliver to the Grantors, without any representations, warranties or recourse of any kind whatsoever, all Collateral held by the Administrative Agent hereunder, and execute and deliver to the Grantors such documents as the Grantors shall reasonably request to evidence such termination.

Section 7.6 Additional Grantors. Upon the execution and delivery by any other Person of a supplement in the form of Annex I hereto, such Person shall become a "Grantor" hereunder with the same force and effect as if it were originally a party to this Security Agreement and named as a "Grantor" hereunder. The execution and delivery of such supplement shall not require the consent of any other Grantor hereunder, and the rights and obligations of each Grantor hereunder shall remain in full force and effect notwithstanding the addition of any new Grantor as a party to this Security Agreement.

Section 7.7 No Waiver; Remedies. In addition to, and not in limitation of Section 2.5, no failure on the part of any Secured Party to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right

hereunder preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

Section 7.8 Headings. The various headings of this Security Agreement are inserted for convenience only and shall not affect the meaning or interpretation of this Security Agreement or any provisions thereof.

Section 7.9 Severability. Any provision of this Security Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such provision and such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of this Security Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

Section 7.10 Governing Law, Entire Agreement, etc. THIS SECURITY AGREEMENT WILL BE DEEMED TO BE A CONTRACT MADE UNDER AND GOVERNED BY THE INTERNAL LAWS OF THE STATE OF NEW YORK (INCLUDING FOR SUCH PURPOSE SECTIONS 5-1401 AND 5-1402 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK) AND, TO THE EXTENT APPLICABLE, THE BANKRUPTCY CODE, EXCEPT TO THE EXTENT THAT THE PERFECTION, EFFECT OF PERFECTION OR NONPERFECTION, AND PRIORITY OF THE SECURITY INTEREST HEREUNDER, OR REMEDIES HEREUNDER, IN RESPECT OF ANY PARTICULAR COLLATERAL ARE GOVERNED BY THE LAWS OF A JURISDICTION OTHER THAN THE STATE OF NEW YORK. This Security Agreement and the other Loan Documents constitute the entire understanding among the parties hereto with respect to the subject matter hereof and thereof and supersede any prior agreements, written or oral, with respect thereto.

Section 7.11 Forum Selection and Consent to Jurisdiction. EACH OBLIGOR HEREBY IRREVOCABLY AND UNCONDITIONALLY SUBMITS, FOR ITSELF AND ITS PROPERTY, TO THE EXCLUSIVE JURISDICTION AND VENUE OF THE BANKRUPTCY COURT, OR IN THE EVENT THE BANKRUPTCY COURT DOES NOT HAVE OR DOES NOT EXERCISE JURISDICTION, THEN TO THE COURTS OF THE STATE OF NEW YORK OR IN THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK; PROVIDED THAT ANY SUIT SEEKING ENFORCEMENT AGAINST ANY PROPERTY MAY BE BROUGHT, AT THE ADMINISTRATIVE AGENT'S OPTION, IN THE COURTS OF ANY JURISDICTION WHERE SUCH PROPERTY MAY BE FOUND. EACH GRANTOR HEREBY EXPRESSLY AND IRREVOCABLY SUBMITS TO THE JURISDICTION OF THE COURTS OF THE STATE OF NEW YORK, NEW YORK COUNTY AND OF THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK FOR THE PURPOSE OF ANY SUCH LITIGATION AS SET FORTH ABOVE AND IRREVOCABLY AGREES TO BE BOUND BY ANY JUDGMENT RENDERED THEREBY IN CONNECTION WITH SUCH LITIGATION. EACH GRANTOR IRREVOCABLY CONSENTS TO THE SERVICE OF PROCESS BY REGISTERED MAIL, POSTAGE PREPAID, OR BY PERSONAL SERVICE WITHIN OR WITHOUT THE STATE OF NEW YORK AT THE ADDRESS FOR NOTICES SPECIFIED FOR THE BORROWER IN SECTION 10.2 OF THE CREDIT AGREEMENT. EACH GRANTOR HEREBY EXPRESSLY AND IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION WHICH IT MAY HAVE OR HEREAFTER MAY HAVE TO THE

LAYING OF VENUE OF ANY SUCH LITIGATION BROUGHT IN ANY SUCH COURT REFERRED TO ABOVE AND ANY CLAIM THAT ANY SUCH LITIGATION HAS BEEN BROUGHT IN AN INCONVENIENT FORUM. TO THE EXTENT THAT ANY GRANTOR HAS OR HEREAFTER MAY ACQUIRE ANY IMMUNITY FROM JURISDICTION OF ANY COURT OR FROM ANY LEGAL PROCESS (WHETHER THROUGH SERVICE OR NOTICE, ATTACHMENT PRIOR TO JUDGMENT, ATTACHMENT IN AID OF EXECUTION OR OTHERWISE) WITH RESPECT TO ITSELF OR ITS PROPERTY, SUCH GRANTOR HEREBY IRREVOCABLY WAIVES TO THE FULLEST EXTENT PERMITTED BY LAW SUCH IMMUNITY IN RESPECT OF ITS OBLIGATIONS UNDER THE LOAN DOCUMENTS.

Section 7.12 Waiver of Jury Trial. THE ADMINISTRATIVE AGENT (ON BEHALF OF ITSELF AND EACH OTHER SECURED PARTY) AND EACH GRANTOR HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHTS THEY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH, EACH LOAN DOCUMENT, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER ORAL OR WRITTEN) OR ACTIONS OF THE ADMINISTRATIVE AGENT, A LENDER OR SUCH GRANTOR IN CONNECTION THEREWITH. EACH GRANTOR ACKNOWLEDGES AND AGREES THAT IT HAS RECEIVED FULL AND SUFFICIENT CONSIDERATION FOR THIS PROVISION (AND EACH OTHER PROVISION OF EACH OTHER LOAN DOCUMENT TO WHICH IT IS A PARTY) AND THAT THIS PROVISION IS A MATERIAL INDUCEMENT FOR THE ADMINISTRATIVE AGENT, AND EACH LENDER ENTERING INTO THE LOAN DOCUMENTS.

Section 7.13 Counterparts. This Security Agreement may be executed by the parties hereto in several counterparts, each of which shall be deemed to be an original and all of which shall constitute together but one and the same agreement. Delivery of an executed counterpart of a signature page to this Security Agreement by facsimile or via other electronic means shall be effective as delivery of a manually executed counterpart of this Security Agreement.

Section 7.14 U.S. Citizenship. The parties hereto acknowledge that Southern Air is an air carrier certificated by the United States Department of Transportation (“DOT”) and Federal Aviation Administration (“FAA”) pursuant to the United States Code, Title 49 (Transportation), Subtitle VII, and applicable DOT and FAA regulations. Notwithstanding any other provision of this Security Agreement, the Administrative Agent, on behalf of the Secured Parties, agrees to exercise rights under this Security Agreement in a manner that comply at all times, and that causes each of the Borrower and Southern Air to comply at all times, with the United States citizenship requirements of the above-mentioned laws and regulations and any successor provisions thereto (the “Citizenship Requirements”). Any exercise by the Administrative Agent and the Secured Parties of such rights shall be void ab initio and unenforceable to the extent that such exercise would result in Southern Air’s contravention of or failure to meet the Citizenship Requirements. The Administrative Agent, on behalf of the Secured Parties, represents and warrants that it understands fully the provisions and effect of the Citizenship Requirements.

Section 7.15 Agreement Subject to Orders. In the event of any conflict between this Security Agreement (or any portion thereof) and the Orders, the terms of the Orders shall govern. Nothing contained in this Security Agreement shall allow Administrative Agent (or any other Secured Party) to require any Grantor to take any action that would violate the Orders.

IN WITNESS WHEREOF, each of the parties hereto has caused this Security Agreement to be duly executed and delivered by its Responsible Officer as of the date first above written.

CARGO 360, INC.

By: _____
Name:
Title:

AIR MOBILITY INC.
SOUTHERN AIR INC.
SOUTHERN AIR HOLDINGS, INC.

By: _____
Name:
Title:

21110 LLC
21832 LLC
24067 LLC
21111 LLC
21221 LLC
AIRCRAFT 21255, LLC
AIRCRAFT 21380, LLC
21576 LLC
21787 LLC
23138 LLC
CF6-50, LLC
46914 LLC
21550 LLC
21590 LLC

By: CARGO 360, INC., their sole member

By: _____
Name:
Title:

CANADIAN IMPERIAL BANK OF
COMMERCE, NEW YORK AGENCY, as
Administrative Agent

By: _____

Name:

Title:

SCHEDULE I
to Pledge and Security Agreement

Name of Grantor:

			<u>Common Stock</u>		
<u>Issuer (corporate)</u>	<u>Certificate Number(s)</u>	<u># of Shares</u>	<u>Authorized Shares</u>	<u>Outstanding Shares</u>	<u>% of Shares Pledged</u>

<u>Limited Liability Company Interests</u>		
<u>Issuer (limited liability company)</u>	<u>% of Limited Liability Company Interests Pledged</u>	<u>Type of Limited Liability Company Interests Pledged</u>

SCHEDULE II
to Pledge and Security Agreement

Item A. Location of each Grantor.

<u>Name of Grantor:</u>	<u>Location for purposes of UCC:</u>

Item B. Filing locations last five years.

<u>Name of Grantor:</u>	<u>Filing locations last five years:</u>

Item C. Trade names.

Item D. Merger or other corporate reorganization.

<u>Name of Grantor:</u>	<u>Merger or other corporate reorganization:</u>

Item E. Taxpayer ID numbers.

<u>Name of Grantor:</u>	<u>Taxpayer ID Numbers:</u>

Item F. Government Contracts.

<u>Name of Grantor:</u>	<u>Description of Contract:</u>

Item G. Deposit Accounts and Securities Accounts.

<u>Name of Grantor:</u>	<u>Description of Deposit Accounts and Securities Accounts:</u>

Item H. Letter of Credit Rights.

Item I. Commercial Tort Claims.

SCHEDULE III
to Pledge and Security Agreement

Item A. Patents

SCHEDULE IV
to Pledge Security Agreement

Item A. Trademarks

OWNER	TRADEMARK	COUNTRY	APPLN/REG NO.	FILING DATE/ REGISTRATION DATE

SCHEDULE V
to Pledge and Security Agreement

Item A. Copyrights/Mask Works

SCHEDULE VI
to Pledge and Security Agreement

Material Intellectual Property Licenses

FORM OF SECURITY AGREEMENT SUPPLEMENT

[Date of Security Agreement Supplement]

Canadian Imperial Bank of Commerce, New York Agency,
as the Administrative Agent for the
Secured Parties referred to in the
Credit Agreement referred to below

Attn: _____

Ladies and Gentlemen:

Reference is made to (i) the Senior Secured Super-Priority Debtor-in-Possession Credit Agreement, dated as of September [___], 2012 (as amended, amended and restated, supplemented or otherwise modified from time to time, the “Credit Agreement”), among CARGO 360, INC., a Delaware corporation, as the Borrower, the various financial institutions and other Persons from time to time parties thereto and CANADIAN IMPERIAL BANK OF COMMERCE, NEW YORK AGENCY, as administrative agent (together with its successor(s) thereto in such capacity, the “Administrative Agent”) for each of the Secured Parties, and (ii) the Pledge and Security Agreement dated September [___], 2012 (as amended, amended and restated, supplemented or otherwise modified from time to time, the “Security Agreement”) made by the Grantors from time to time party thereto in favor of the Administrative Agent for each of the Secured Parties. Terms defined in the Credit Agreement or the Security Agreement and not otherwise defined herein are used herein as defined in the Credit Agreement or the Security Agreement.

The undersigned hereby grants to the Administrative Agent, for the ratable benefit of the Secured Parties, a security interest in, all of its right, title and interest in and to all of the Collateral of the undersigned, whether now owned or hereafter acquired by the undersigned, wherever located and whether now or hereafter existing or arising, including, without limitation, the property and assets of the undersigned set forth on the attached supplemental schedules to the Schedules to the Security Agreement.

The grant of a security interest in, the Collateral by the undersigned under this Security Agreement Supplement and the Security Agreement secures the payment of all Obligations of the undersigned now or hereafter existing under or in respect of the Loan Documents, whether direct or indirect, absolute or contingent, and whether for principal, reimbursement obligations, interest, premiums, penalties, fees, indemnifications, contract causes of action, costs, expenses or otherwise.

The undersigned has attached hereto supplemental Schedules I through VI to Schedules I through VI, respectively, to the Security Agreement, and the undersigned hereby certifies, as of

Pledge and Security Agreement

the date first above written, that such supplemental schedules have been prepared by the undersigned in substantially the form of the equivalent Schedules to the Security Agreement and are complete and correct in all material respects.

The undersigned hereby makes each representation and warranty (except to the extent such representations and warranties expressly relate to an earlier date, in which case such representations and warranties are true and correct as of such earlier date) set forth in Article III of the Security Agreement (as supplemented by the attached supplemental schedules) to the same extent as each other Grantor.

The undersigned hereby agrees, as of the date first above written, to be bound as a Grantor by all of the terms and provisions of the Security Agreement to the same extent as each of the other Grantors. The undersigned further agrees, as of the date first above written, that each reference in the Security Agreement to a "Grantor" shall also mean and be a reference to the undersigned.

THIS SECURITY AGREEMENT SUPPLEMENT SHALL BE DEEMED TO BE A CONTRACT MADE UNDER AND GOVERNED BY THE INTERNAL LAWS OF THE STATE OF NEW YORK (INCLUDING FOR SUCH PURPOSE SECTIONS 5-1401 AND 5-1402 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK), AND, TO THE EXTENT APPLICABLE, THE BANKRUPTCY CODE, EXCEPT TO THE EXTENT THAT THE PERFECTION, EFFECT OF PERFECTION OR NONPERFECTION, AND PRIORITY OF THE SECURITY INTEREST HEREUNDER, OR REMEDIES HEREUNDER, IN RESPECT OF ANY PARTICULAR COLLATERAL ARE GOVERNED BY THE LAWS OF A JURISDICTION OTHER THAN THE STATE OF NEW YORK.

Very truly yours,

[NAME OF ADDITIONAL GRANTOR]

By
Title:
Address for notices:

PATENT SECURITY AGREEMENT

This PATENT SECURITY AGREEMENT (this "Agreement"), dated as of [____], 200[____] is entered into by [____], a [____] (the "Grantor") and certain of its affiliates (collectively, the "Grantors") and Canadian Imperial Bank of Commerce, New York Agency, as Administrative Agent for the Secured Parties (the "Secured Party").

Capitalized terms not otherwise defined herein have the meanings set forth in the Pledge and Security Agreement dated as of [____], 2012 among the Grantor, certain of its affiliates and the Secured Party (the "Security Agreement").

WHEREAS, pursuant to the Security Agreement, the Grantor is granting a security interest to the Secured Parties in certain Patents whether now owned or existing or hereafter acquired or arising and wherever located, including the Patents listed on Schedule A ("Secured Patents").

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Grantor and the Secured Party hereby agree as follows:

The Grantor hereby grants to the Secured Party, a security interest in and continuing lien on all of the Grantor's right, title and interest in, to and under the Secured Patents, subject to the terms and conditions of the Security Agreement.

The security interest granted hereby is granted in conjunction with the security interest granted to the Secured Party under the Security Agreement. In the event of any conflict between the terms of this Security Agreement and the terms of the Security Agreement, the terms of the Security Agreement shall control.

This Agreement or any provision hereof may not be changed, waived, or terminated except in accordance with the amendment provisions of the Agreement pursuant to which the Secured Party may modify this Agreement, after obtaining the Grantor's approval of or signature to such modification, by amending Schedule A to include reference to any right, title or interest in any existing Patents or any Patents acquired or developed by the Grantor after the execution hereof or to delete any reference to any right, title or interest in any Patents in which the Grantor no longer has or claims any right, title or interest.

THIS AGREEMENT SHALL BE DEEMED TO BE A CONTRACT MADE UNDER AND GOVERNED BY THE INTERNAL LAWS OF THE STATE OF NEW YORK (INCLUDING FOR SUCH PURPOSE SECTIONS 5-1401 AND 5-1402 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK), AND, TO THE EXTENT APPLICABLE, THE BANKRUPTCY CODE, EXCEPT TO THE EXTENT THAT THE PERFECTION, EFFECT OF PERFECTION OR NONPERFECTION, AND PRIORITY OF THE SECURITY INTEREST HEREUNDER, OR REMEDIES HEREUNDER, IN RESPECT

OF ANY PARTICULAR COLLATERAL ARE GOVERNED BY THE LAWS OF A JURISDICTION OTHER THAN THE STATE OF NEW YORK.

This Agreement shall be binding upon and inure to the benefit of the Secured Party and the Grantor and their respective successors and assigns. The Grantor shall not, without the prior written consent of the Secured Party given in accordance with the Credit Agreement, assign any right, duty or obligation hereunder.

This Agreement may be executed in any number of counterparts and by the parties hereto on separate counterparts, each of which when so executed, shall be deemed to be an original and all of which taken together shall constitute one and the same instrument.

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Grantor and the Secured Party have caused this Agreement to be duly executed and delivered as of the date first above written.

[GRANTOR]

By: _____
Name:
Title:

CANADIAN IMPERIAL BANK OF COMMERCE, NEW YORK AGENCY, as the
Administrative Agent

By: _____
Name:
Title:

SCHEDULE A to
PATENT SECURITY
AGREEMENT

U.S. REGISTERED PATENTS

Patent (App. No.)	Reg. Date (App. Date)	Country	Record Owner/Liens	Reg. No.	Status/Comment

TRADEMARK SECURITY AGREEMENT

This TRADEMARK SECURITY AGREEMENT (this "Agreement"), dated as of [____], 200[] is entered into by [____], a [____] (the "Grantor") and certain of its affiliates (collectively, the "Grantors") and Canadian Imperial Bank of Commerce, New York Agency, as Administrative Agent for the Secured Parties (the "Secured Party").

Capitalized terms not otherwise defined herein have the meanings set forth in the Pledge and Security Agreement dated as of [____], 200[] among the Grantor, certain of its affiliates and the Secured Party (the "Security Agreement").

WHEREAS, pursuant to the Security Agreement, the Grantor is granting a security interest to the Secured Parties in certain Trademarks whether now owned or existing or hereafter acquired or arising and wherever located, including the Trademarks listed on Schedule A ("Secured Trademarks").

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Grantor and the Secured Party hereby agree as follows:

The Grantor hereby grants to the Secured Party, a security interest in and continuing lien on all of the Grantor's right, title and interest in, to and under all the Secured Trademarks, subject to the terms and conditions of the Security Agreement.

The security interest granted hereby is granted in conjunction with the security interest granted to the Secured Party under the Security Agreement. The rights and remedies of the Secured Parties with respect to the security interest granted hereby are in addition to those set forth in the Security Agreement. In the event of any conflict between the terms of this Agreement and the terms of the Security Agreement, the terms of the Security Agreement shall control.

This Agreement or any provision hereof may not be changed, waived, or terminated except in accordance with the amendment provisions of the Security Agreement pursuant to which the Administrative Agent may modify this Agreement, after obtaining the Grantor's approval of or signature to such modification, by amending Schedule A to include reference to any right, title or interest in any existing Trademarks or any Trademarks acquired or developed by the Grantor after the execution hereof or to delete any reference to any right, title or interest in any Trademarks in which the Grantor no longer has or claims any right, title or interest.

THIS AGREEMENT SHALL BE DEEMED TO BE A CONTRACT MADE UNDER AND GOVERNED BY THE INTERNAL LAWS OF THE STATE OF NEW YORK (INCLUDING FOR SUCH PURPOSE SECTIONS 5-1401 AND 5-1402 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK), AND, TO THE EXTENT APPLICABLE, THE BANKRUPTCY CODE, EXCEPT TO THE EXTENT THAT THE PERFECTION, EFFECT OF PERFECTION OR NONPERFECTION, AND PRIORITY OF

THE SECURITY INTEREST HEREUNDER, OR REMEDIES HEREUNDER, IN RESPECT OF ANY PARTICULAR COLLATERAL ARE GOVERNED BY THE LAWS OF A JURISDICTION OTHER THAN THE STATE OF NEW YORK.

This Agreement shall be binding upon and inure to the benefit of the Secured Party and the Grantor and their respective successors and assigns. The Grantor shall not, without the prior written consent of the Secured Party given in accordance with the Credit Agreement, assign any right, duty or obligation hereunder.

This Agreement may be executed in any number of counterparts and by the parties hereto on separate counterparts, each of which when so executed, shall be deemed to be an original and all of which taken together shall constitute one and the same instrument.

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Grantor and the Secured Party have caused this Agreement to be duly executed and delivered as of the date first above written.

[GRANTOR]

By: _____
Name:
Title:

CANADIAN IMPERIAL BANK OF COMMERCE, NEW YORK AGENCY, as the
Administrative Agent

By: _____
Name:
Title:

SCHEDULE A to
TRADEMARK SECURITY
AGREEMENT

I. U.S. REGISTERED TRADEMARKS

Trademark (App. No.)	Country	Reg. Date (App. Date)	Record Owner/Liens	Reg. No.	Status/Comment

II. U.S. TRADEMARK APPLICATIONS

COPYRIGHT SECURITY AGREEMENT

This COPYRIGHT SECURITY AGREEMENT (this "Agreement"), dated as of [____], 200[____] is entered into by [____], a [____] (the "Grantor") and certain of its affiliates (collectively, the "Grantors") and Canadian Imperial Bank of Commerce, New York Agency, as Administrative Agent for the Secured Parties (the "Secured Party").

Capitalized terms not otherwise defined herein have the meanings set forth in the Pledge and Security Agreement dated as of [_____] among the Grantors and the Secured Party (the "Security Agreement").

WHEREAS, pursuant to the Security Agreement, the Grantor is granting a security interest to the Secured Parties in certain Copyrights whether now owned or existing or hereafter acquired or arising and wherever located, including the Copyrights listed on Schedule A ("Secured Copyrights").

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Grantor, certain of its affiliates and the Secured Party hereby agree as follows:

The Grantor hereby grants to the Secured Party, a security interest in and continuing lien on all of the Grantor's right, title and interest in, to and under all the Secured Copyrights, subject to the terms and conditions of the Security Agreement.

The security interest granted hereby is granted in conjunction with the security interest granted to the Secured Party under the Security Agreement. In the event of any conflict between the terms of this Agreement and the terms of the Security Agreement, the terms of the Security Agreement shall control.

This Agreement or any provision hereof may not be changed, waived, or terminated except in accordance with the amendment provisions of the Security Agreement pursuant to which the Secured Party may modify this Agreement, after obtaining the Grantor's approval of or signature to such modification, by amending Schedule A to include reference to any right, title or interest in any existing Copyrights or any Copyrights acquired or developed by the Grantor after the execution hereof or to delete any reference to any right, title or interest in any Copyrights in which the Grantor no longer has or claims any right, title or interest.

THIS AGREEMENT SHALL BE DEEMED TO BE A CONTRACT MADE UNDER AND GOVERNED BY THE INTERNAL LAWS OF THE STATE OF NEW YORK (INCLUDING FOR SUCH PURPOSE SECTIONS 5-1401 AND 5-1402 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK), AND, TO THE EXTENT APPLICABLE, THE BANKRUPTCY CODE, EXCEPT TO THE EXTENT THAT THE PERFECTION, EFFECT OF PERFECTION OR NONPERFECTION, AND PRIORITY OF THE SECURITY INTEREST HEREUNDER, OR REMEDIES HEREUNDER, IN RESPECT

OF ANY PARTICULAR COLLATERAL ARE GOVERNED BY THE LAWS OF A JURISDICTION OTHER THAN THE STATE OF NEW YORK.

This Agreement shall be binding upon and inure to the benefit of the Secured Party and the Grantor and their respective successors and assigns. The Grantor shall not, without the prior written consent of the Secured Party given in accordance with the Credit Agreement, assign any right, duty or obligation hereunder.

This Agreement may be executed in any number of counterparts and by the parties hereto on separate counterparts, each of which when so executed, shall be deemed to be an original and all of which taken together shall constitute one and the same instrument.

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Grantor and the Secured Party have caused this Agreement to be duly executed and delivered as of the date first above written.

[GRANTOR]

By: _____
Name:
Title:

CANADIAN IMPERIAL BANK OF COMMERCE, NEW YORK AGENCY, as the
Administrative Agent

By: _____
Name:
Title:

SCHEDULE A to
COPYRIGHT SECURITY
AGREEMENT

I. U.S. REGISTERED COPYRIGHTS

Copyright (App. No.)	Country	Reg. Date (App. Date)	Reg. No.	Record Owner/Liens	Status/Comment

II. U.S. COPYRIGHT APPLICATIONS

EXHIBIT H
To Senior Secured Super-Priority
Debtor-in-Possession Credit Agreement

[FORM OF] HOLDINGS GUARANTY AND PLEDGE AGREEMENT

This HOLDINGS GUARANTY AND PLEDGE AGREEMENT, dated as of [____], 2012 (as amended, supplemented, amended and restated or otherwise modified from time to time, this “Agreement”), is made by SOUTHERN AIR HOLDINGS, INC., a Delaware corporation (“Holdings”), in favor of CANADIAN IMPERIAL BANK OF COMMERCE, NEW YORK AGENCY, as administrative agent (together with its successor(s) thereto in such capacity, the “Administrative Agent”) for each of the Secured Parties (capitalized terms used herein have the meanings set forth in or incorporated by reference in Article I).

W I T N E S S E T H:

WHEREAS, pursuant to the Senior Secured Super-Priority Debtor-in-Possession Credit Agreement, dated as of [____], 2012 (as amended, supplemented, amended and restated or otherwise modified from time to time, the “Credit Agreement”), among Cargo 360, Inc., a Delaware corporation (the “Borrower”), the various financial institutions and other Persons from time to time parties thereto, the Administrative Agent and the Lenders have extended Commitments to make Credit Extensions to the Borrower;

WHEREAS, as a condition precedent to the Lenders making the Credit Extensions and otherwise pursuant to the Credit Agreement and to Oak Hill making certain financial accommodations under the Section 1110 Stipulation, Holdings is required to execute and deliver this Agreement;

WHEREAS, the parties acknowledge that Southern Air is an air carrier certificated by the U.S. Department of Transportation and Federal Aviation Administration and, accordingly, that Southern Air must be and remain a citizen of the United States, as defined in 49 U.S.C. §40102(a) (15), at all times;

WHEREAS, the execution, delivery and performance of this Agreement and the grant of a security interest, pledge and Lien on all of the Collateral (as hereinafter defined) of Holdings and the proceeds thereof to secure the Obligations have been authorized pursuant to Sections 364(c)(2), 364(c)(3) and 364(d)(1) of the Bankruptcy Code by the Interim Order and, after the entry thereof by the Bankruptcy Court, will have been so authorized by the Final Order;

WHEREAS, from and after the entry of the Interim Order, and pursuant to and to the extent permitted in the Interim Order and the Final Order, the Obligations will constitute allowed administrative expense claims in the Chapter 11 Cases having priority over all administrative expense claims and unsecured claims against Holdings now existing or hereafter arising, of any kind whatsoever, including, without limitation, all administrative expense claims of the kind specified in sections 105, 326, 330, 331, 503(b), 506(c), 507(a), 507(b), 546(c), 726, 1114, or any other provision of the Bankruptcy Code or otherwise, as provided under section 364(c)(1) of the Bankruptcy Code, subject, as to priority only, to the Carve-Out; and

WHEREAS, to supplement the Orders without in any way diminishing or limiting the effect of the Orders or the security interest, pledge and Lien granted thereunder, the parties hereto desire to more fully set forth their respective rights in connection with such security interest, pledge and Lien as set forth herein;

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and in order to induce the Lenders to make Loans to the Borrower pursuant to the Credit Agreement, Holdings agrees, for the benefit of each Secured Party, as follows:

ARTICLE VIII DEFINITIONS

Section 8.1 Certain Terms. The following terms (whether or not underscored) when used in this Agreement, including its preamble and recitals, shall have the following meanings (such definitions to be equally applicable to the singular and plural forms thereof):

“Administrative Agent” is defined in the preamble.

“Agreement” is defined in the preamble.

“Borrower” is defined in the first recital.

“Collateral” is defined in Section 2.1.

“Credit Agreement” is defined in the first recital.

“Distributions” means all dividends paid on Capital Securities, liquidating dividends paid on Capital Securities, shares (or other designations) of Capital Securities resulting from (or in connection with the exercise of) stock splits, reclassifications, warrants, options, non-cash dividends, mergers, consolidations, and all other distributions (whether similar or dissimilar to the foregoing) on or with respect to any Capital Securities constituting Collateral.

“Holdings” is defined in the preamble.

Section 8.2 Credit Agreement Definitions. Unless otherwise defined herein or the context otherwise requires, terms used in this Agreement, including its preamble and recitals, have the meanings provided in the Credit Agreement.

Section 8.3 UCC Definitions. Unless otherwise defined herein or in the Credit Agreement or the context otherwise requires, terms for which meanings are provided in the UCC are used in this Agreement (whether or not capitalized herein), including its preamble and recitals, with such meanings.

ARTICLE IX

SECURITY INTEREST

Section 9.1 Grant of Security Interest. Holdings grants to the Administrative Agent, for its benefit and the ratable benefit of each other Secured Party, a continuing security interest in all of the following property, whether now or hereafter existing, owned or acquired by Holdings, and wherever located (collectively, the “Collateral”) in accordance with Section 364(c)(2) and (3) and 364(d)(1) of the Bankruptcy Code during the pendency of the Chapter 11 Cases and thereafter in accordance with the Plan, the Final Order, the Loan Documents and applicable law:

(a) all Capital Securities in which Holdings has an interest that constitute Capital Securities of a Subsidiary of Holdings, including the Capital Securities of each Subsidiary of Holdings described in Schedule I in each case together with all Distributions payable in respect of the Collateral;

(b) all books, records, writings, databases, information and other property relating to, used or useful in connection with, evidencing, embodying, incorporating or referring to, any of the foregoing in this Section; and

(c) all Distributions, products, offspring, rents, issues, profits, returns, income and proceeds of and from any and all of the foregoing Collateral (including proceeds which constitute property of the types described in this Section).

For the avoidance of doubt, “Collateral” shall also include, subject to the entry of the Interim Order (with respect to the period prior to the entry of the Final Order) or the Final Order (with respect to the period on and after entry of the Final Order), the assets of the same kind, category, type or nature as the Collateral that were subject to any security interest hereunder that is avoided and preserved for the benefit of any Obligor and its estate under Section 555 of the Bankruptcy Code.

At all times prior to the Termination Date, notwithstanding any failure on the part of Holdings to take any action required by this Agreement, or perform or fulfill any of the Obligations of Holdings under or pursuant to this Agreement, the Liens and security interests granted herein shall be deemed valid, enforceable and perfected by entry of the Interim Order and the Final Order, as then in effect. At all times prior to the Termination Date, no financing statement, notice of Lien, mortgage, deed of trust or similar instrument in any jurisdiction of filing office need be filed or any other action taken in order to validate and perfect the Liens and security interest granted by or pursuant to this Agreement, the Interim Order or the Final Order.

Section 9.2 Security for Obligations. This Agreement and the Collateral in which the Administrative Agent for the benefit of the Secured Parties is granted a security interest hereunder secures the payment and performance (including the payment of amounts that would become due but for the operation of the automatic stay under Section 362(a) of the Bankruptcy Code, 11 U.S.C. §362(a) (and any successor provision thereof)) of all of the Obligations.

Section 9.3 Distributions on Pledged Shares. In the event that any Distribution with respect to any Capital Securities pledged hereunder is permitted to be paid (in accordance

with Section 7.2.6 of the Credit Agreement), such Distribution may be made directly to Holdings. If any Distribution is made in contravention of Section 7.2.6 of the Credit Agreement, Holdings shall hold the same segregated and in trust for the Administrative Agent until paid to the Administrative Agent in accordance with Section 5.4 hereof.

ARTICLE X

GUARANTY PROVISIONS

Section 10.1 Guaranty. Holdings hereby absolutely, unconditionally and irrevocably

(a) guarantees the full and punctual payment when due, whether at stated maturity, by required prepayment, declaration, acceleration, demand or otherwise, of all Obligations of each Obligor now or hereafter existing, whether for principal, interest (including interest accruing at the then applicable rate provided in the Credit Agreement after the occurrence of any Default or Event of Default, whether or not a claim for post-filing or post-petition interest is allowed under applicable law following the institution of a proceeding under bankruptcy, insolvency or similar laws), fees, expenses or otherwise (including all such amounts which would become due but for the operation of the automatic stay under Section 362(a) of the Bankruptcy Code, 11 U.S.C. §362(a), and the operation of Sections 502(b) and 506(b) of the Bankruptcy Code, 11 U.S.C. §502(b) and §506(b)); and

(b) indemnifies and holds harmless each Secured Party for any and all costs and expenses (including reasonable attorneys' fees and expenses) incurred by such Secured Party in enforcing any rights under this Agreement.

provided that Holdings shall only be liable under this Agreement for the maximum amount of such liability that can be hereby incurred without rendering this Agreement, as it relates to Holdings, voidable under applicable law relating to fraudulent conveyance or fraudulent transfer, and not for any greater amount. This Agreement constitutes a guaranty of payment when due and not of collection, and Holdings specifically agrees that it shall not be necessary or required that any Secured Party exercise any right, assert any claim or demand or enforce any remedy whatsoever against any Obligor or any other Person before or as a condition to the obligations of Holdings hereunder.

Section 10.2 Reinstatement, etc. Holdings hereby agrees that this Agreement shall continue to be effective or be reinstated, as the case may be, if at any time any payment (in whole or in part) of any of the Obligations is invalidated, declared to be fraudulent or preferential, set aside, rescinded or must otherwise be restored by any Secured Party, all as though such payment had not been made.

Section 10.3 Guaranty and Security Interest Absolute, etc. This Agreement shall in all respects be a continuing, absolute, unconditional and irrevocable grant of security interest and agreement of payment, and shall remain in full force and effect until the Termination Date has occurred. Holdings guarantees that the Obligations will be paid strictly in accordance with the terms of each Loan Document under which they arise, regardless of any law, regulation or order

now or hereafter in effect in any jurisdiction affecting any of such terms or the rights of any Secured Party with respect thereto. The liability of Holdings under this Agreement shall, and all rights of the Secured Parties and the security interests granted to the Administrative Agent (for its benefit and the ratable benefit of each other Secured Party) hereunder and all other obligations of Holdings hereunder, shall, in each case, be absolute, unconditional and irrevocable irrespective of:

- (a) any lack of validity, legality or enforceability of any Loan Document;
- (b) the failure of any Secured Party:
 - (i) to assert any claim or demand or to enforce any right or remedy against any Obligor or any other Person under the provisions of any Loan Document or otherwise, or
 - (ii) to exercise any right or remedy against any other Person, or collateral securing, any Obligations;
- (c) any change in the time, manner or place of payment of, or in any other term of, all or any part of the Obligations, or any other extension, compromise or renewal of any Obligation;
- (d) any reduction, limitation, impairment or termination of any Obligations for any reason, including any claim of waiver, release, surrender, alteration or compromise, and shall not be subject to (and Holdings hereby waives any right to or claim of) any defense or setoff, counterclaim, recoupment or termination whatsoever by reason of the invalidity, illegality, nongenuineness, irregularity, compromise, unenforceability of, or any other event or occurrence affecting, any Obligations or otherwise;
- (e) any amendment to, rescission, waiver, or other modification of, or any consent to or departure from, any of the terms of any Loan Document;
- (f) any addition, exchange or release of any collateral or of any Person that is (or will become) a guarantor of the Obligations, or any surrender or non-perfection of any collateral, or any amendment to or waiver or release or addition to, or consent to or departure from, any other guaranty held by any Secured Party securing any of the Obligations; or
- (g) any other circumstance which might otherwise constitute a defense available to, or a legal or equitable discharge of, any Obligor, any surety or any guarantor.

Section 10.4 Setoff. Holdings hereby irrevocably authorizes the Administrative Agent and each Secured Party, without the requirement that any notice be given to Holdings (such notice being expressly waived by Holdings), upon the occurrence and during the continuance of any Event of Default, to setoff and appropriate and apply to the payment of the Obligations then owing to such Secured Party (whether or not then due, and whether or not any

Secured Party has made any demand for payment of the Obligations), any and all balances, claims, credits, deposits (general or special, time or demand, provisional or final), accounts or money of Holdings then or thereafter maintained with such Secured Party; provided that any such appropriation and application shall be subject to the provisions of Section 4.8 of the Credit Agreement. Each Secured Party agrees to promptly notify Holdings and the Administrative Agent after any such setoff and application made by such Secured Party; provided, that the failure to give such notice shall not affect the validity of such setoff and application. The rights of each Secured Party under this Section are in addition to other rights and remedies (including other rights of setoff under applicable law or otherwise) which such Secured Party may have.

Section 10.5 Waiver, etc. Holdings hereby waives promptness, diligence, notice of acceptance and any other notice with respect to any of the Obligations and this Agreement and any requirement that any Secured Party protect, secure, perfect or insure any Lien, or any property subject thereto, or exhaust any right or take any action against any Obligor or any other Person (including any other guarantor) or entity or any collateral securing the Obligations, as the case may be.

Section 10.6 Postponement of Subrogation, etc. Holdings agrees that it will not exercise any rights against another Obligor which it may acquire by way of rights of subrogation under this Agreement or any other Loan Document to which it is a party, nor shall Holdings seek or be entitled to seek any contribution or reimbursement from any Obligor, in respect of any payment made hereunder, under any other Loan Document or otherwise, until following the Termination Date. Any amount paid to Holdings on account of any such subrogation rights prior to the Termination Date shall be held in trust for the benefit of the Secured Parties and shall immediately be paid and turned over to the Administrative Agent for the benefit of the Secured Parties in the exact form received by Holdings (duly endorsed in favor of the Administrative Agent, if required), to be credited and applied against the Obligations, whether matured or unmatured, in accordance with Section 3.7; provided that if Holdings has made payment to the Secured Parties of all or any part of the Obligations and the Termination Date has occurred, then at Holdings' request, the Administrative Agent (on behalf of the Secured Parties) will, at Holdings' expense, execute and deliver to Holdings appropriate documents (without recourse and without representation or warranty) necessary to evidence the transfer by subrogation to Holdings of an interest in the Obligations resulting from such payment. In furtherance of the foregoing, at all times prior to the Termination Date, Holdings shall refrain from taking any action or commencing any proceeding against any Obligor (or its successors or assigns, whether in connection with a bankruptcy proceeding or otherwise) to recover any amounts in respect of payments made under this Agreement to any Secured Party.

Section 10.7 Payments; Application. Holdings hereby agrees with each Secured Party as follows:

- (a) Holdings agrees that all payments made by it under this Article will be made in Dollars to the Administrative Agent, without set-off, counterclaim or other defense and in accordance with Sections 4.6 and 4.7 of the Credit Agreement, free and clear of and without deduction for any Non-Excluded Taxes, Holdings hereby agreeing to comply with and be bound by the provisions of Sections 4.6 and 4.7 of the Credit Agreement in respect of all payments made by it hereunder and the provisions of which

Sections are hereby incorporated into and made a part of this Guaranty by this reference as if set forth herein; provided, that references to the “Borrower” in such Sections shall be deemed to be references to Holdings, and references to “this Agreement” in such Sections shall be deemed to be references to this Article.

(b) All payments made hereunder shall be applied upon receipt as set forth in Section 4.7 of the Credit Agreement.

ARTICLE XI **REPRESENTATIONS AND WARRANTIES**

In order to induce the Secured Parties to enter into the Credit Agreement and make Credit Extensions thereunder, and to induce Oak Hill to make certain financial accommodations under the Section 1110 Stipulation, Holdings represents and warrants to each Secured Party as set forth below.

Section 11.1 As to Capital Securities of Holdings’ Subsidiaries.

(a) With respect to any Subsidiary of Holdings that is

(i) a corporation, business trust, joint stock company or similar Person, all Capital Securities issued by such Subsidiary are duly authorized and validly issued, fully paid and non-assessable, and represented by a certificate; and

(ii) a partnership or a limited liability company, no Capital Securities issued by such Subsidiary (i) are dealt in or traded on securities exchanges or in securities markets, or (ii) are held in a securities account.

(b) Holdings has delivered all Certificated Securities constituting Collateral to the Administrative Agent, together with duly executed undated blank stock powers, or other equivalent instruments of transfer reasonably acceptable to the Administrative Agent.

(c) With respect to uncertificated securities issued by a Subsidiary of Holdings constituting Collateral owned by Holdings, Holdings has caused the issuer thereof either to (i) register the Administrative Agent as the registered owner of such security or (ii) agree in an authenticated record with Holdings and the Administrative Agent that such issuer will comply with instructions with respect to such security originated by the Administrative Agent without further consent of Holdings.

(d) The percentage of the issued and outstanding Capital Securities as of the date hereof pledged by Holdings hereunder is as set forth on Schedule I hereto.

Section 11.2 Location of Holdings, etc. As of the date hereof, the jurisdiction in which Holdings is located for purposes of Sections 9-301 and 9-307 of the UCC is set forth in Item A of Schedule II hereto. As of the date hereof, set forth in Item B of Schedule II is each location a secured party would have filed a UCC financing statement in the past five years to perfect a security interest in equipment, inventory and general intangibles owned by Holdings.

As of the date hereof, Holdings does not have any trade names other than those set forth in Item C of Schedule II hereto. During the four months preceding the date hereof, Holdings has not been known by any legal name different from the one set forth on the signature page hereto, nor has Holdings been the subject of any merger or other corporate reorganization, except as set forth in Item D of Schedule II hereto. As of the date hereof, the name set forth on the signature page is the true and correct name of Holdings. As of the date hereof, Holdings' federal taxpayer identification number is (and, during the four months preceding the date hereof, Holdings has not had a federal taxpayer identification number different from that) set forth in Item E of Schedule II hereto.

Section 11.3 Ownership, No Liens, etc. Holdings owns the Collateral free and clear of any Lien, except for Liens created by this Agreement and the Orders.

Section 11.4 Validity, etc. Upon entry of the Interim Order, this Agreement creates a valid security interest in the Collateral securing the payment of the Obligations. Holdings has filed or caused to be filed all Filing Statements in the appropriate offices therefor (or has authenticated and delivered to the Administrative Agent Filing Statements suitable for filing in such offices) and has taken all of the actions necessary to create perfected and first-priority security interests in the Collateral.

Section 11.5 Authorization, Approval, etc. Upon entry of the Interim Order, except as have been obtained or made and are in full force and effect, no authorization, approval or other action by, and no notice to or filing with, any Governmental Authority (other than the Bankruptcy Court) or any other third party is required either

(a) for the grant by Holdings of the security interest granted hereby, the pledge by Holdings of any Collateral pursuant hereto or for the execution, delivery and performance of this Agreement by Holdings;

(b) for the perfection or maintenance of the security interests hereunder including the priority of such security interest as described in Section 11 of the Credit Agreement, or the exercise by the Administrative Agent of its rights and remedies hereunder; or

(c) for the exercise by the Administrative Agent of the voting or other rights provided for in this Agreement, or, except (i) as may be required in connection with a disposition of such securities by laws affecting the offering and sale of securities generally, the remedies in respect of the Collateral pursuant to this Agreement and (ii) any "change of control" or similar filings required by state licensing agencies.

Section 11.6 Compliance with Laws. Holdings is in compliance with the requirements of all applicable laws (including the provisions of the Fair Labor Standards Act), rules and regulations, the non-compliance with any of which could reasonably be expected to materially adversely affect the value of the Collateral.

Section 11.7 Credit Agreement Representations and Warranties. The representations and warranties contained in Article VI of the Credit Agreement, insofar as the representations and warranties contained therein are applicable to Holdings and its properties, are

true and correct in all material respects, each such representation and warranty set forth in such Article (insofar as applicable as aforesaid) and all other terms of the Credit Agreement to which reference is made therein, together with all related definitions and ancillary provisions, being hereby incorporated into this Guaranty by reference as though specifically set forth in this Article.

Section 11.8 Subsidiaries. Holdings has no direct Subsidiaries other than the Borrower.

Section 11.9 Shell Status. At all times prior to the date hereof, Holdings has not engaged in any business or activity, or incurred any Indebtedness or other obligations of any type, except in connection with (a) the ownership of the outstanding Capital Securities of the Borrower, (b) its Obligations and (c) activities in furtherance of the consummation of the Transactions.

Section 11.10 Super Priority Obligations. Upon entry of the Interim Order, the provisions of this Agreement and the Orders are effective to create in favor of the Administrative Agent, for the benefit of the Secured Parties, legal, valid and perfected Liens on and security interests (having the priority provided for herein and in the Orders) in all right, title and interest in the Collateral, enforceable against Holdings. During the pendency of the Chapter 11 Cases, pursuant to clause (c) of Section 364 of the Bankruptcy Code and the Orders, all Obligations of Holdings under this Agreement and the Credit Agreement and each other Loan Document at all times shall constitute allowed super-priority administrative expense claims in each of the Chapter 11 Cases having priority over all administrative expenses of the kinds specified in, or ordered pursuant to, Sections 105, 326, 328, 330, 331, 503(b), 506(c), 507(a), 507(b), 546(c), 726, 1114 or any other provision of the Bankruptcy Code or otherwise, and shall at all times be senior to the rights of Obligors, the estates of Obligors, and any successor U.S. Trustee or estate representative in the Chapter 11 Cases or any subsequent proceeding or case under the Bankruptcy Code, subject only to amounts then outstanding pursuant to the Carve-Out.

ARTICLE XII **COVENANTS**

Holdings covenants and agrees that, until the Termination Date has occurred, Holdings will perform, comply with and be bound by the obligations set forth below.

Section 12.1 Capital Securities of Subsidiaries of Holdings. Holdings will not allow any of its Subsidiaries

- (a) that is a corporation, business trust, joint stock company or similar Person, to issue uncertificated securities;
- (b) that is a partnership or limited liability company, to (i) issue Capital Securities that are to be dealt in or traded on securities exchanges or in securities markets, or (ii) place such Subsidiary's Capital Securities in a securities account; and
- (c) to issue Capital Securities in addition to or in substitution for the Capital Securities pledged hereunder, except to Holdings (and such Capital Securities are

immediately pledged and delivered to the Administrative Agent pursuant to the terms of this Agreement).

Section 12.2 Securities, Uncertificated Securities, etc. (a) Holdings agrees that all certificated securities that constitute Collateral will be delivered to the Administrative Agent and that all such certificated securities will be accompanied by duly executed undated blank stock powers, or other equivalent instruments of transfer reasonably acceptable to the Administrative Agent.

(b) Holdings will cause the issuer of any and all uncertificated securities constituting Collateral to either (i) register the Administrative Agent as the registered owner thereof on the books and records of the issuer or (ii) execute a control agreement relating to such Collateral pursuant to which the issuer agrees to comply with the Administrative Agent's instructions with respect to such uncertificated securities without further consent by Holdings (and otherwise in form and substance satisfactory to the Administrative Agent).

Section 12.3 Continuous Pledge. Holdings will deliver to the Administrative Agent and at all times keep pledged to the Administrative Agent pursuant hereto, on a perfected basis all Collateral, and all proceeds and rights from time to time received by or distributable to Holdings in respect of any of the Collateral.

Section 12.4 Voting Rights; Distributions, etc. Holdings agrees, upon receipt of notice of the occurrence of an Event of Default from the Administrative Agent and request therefor by the Administrative Agent, so long as such Event of Default shall continue, (a) to promptly deliver (properly endorsed where required hereby or requested by the Administrative Agent) to the Administrative Agent all Distributions with respect to the Collateral, and all other proceeds of the Collateral, in each case thereafter received by Holdings, all of which shall be held by the Administrative Agent as additional Collateral; and

(b) with respect to any Collateral consisting of general partner interests or limited liability company interests,

(i) to promptly modify its Organic Documents to admit the Administrative Agent as a general partner or member, as applicable;

(ii) that the Administrative Agent may exercise (to the exclusion of Holdings) the voting power and all other incidental rights of ownership with respect to any Collateral and Holdings hereby grants the Administrative Agent an irrevocable proxy, exercisable under such circumstances, to vote such Collateral; and

(iii) to promptly deliver to the Administrative Agent such additional proxies and other documents as may be necessary to allow the Administrative Agent to exercise such voting power.

All Distributions and proceeds which may at any time and from time to time be held by Holdings but which Holdings is then obligated to deliver to the Administrative Agent, shall, until delivery

to the Administrative Agent, be held by Holdings separate and apart from its other property in trust for the Administrative Agent. The Administrative Agent agrees that unless an Event of Default shall have occurred and be continuing, Holdings will have the exclusive voting power with respect to any investment property constituting Collateral and the Administrative Agent will, upon the written request of Holdings, promptly deliver such proxies and other documents, if any, as shall be reasonably requested by Holdings which are necessary to allow Holdings to exercise that voting power; provided that no vote shall be cast, or consent, waiver, or ratification given, or action taken by Holdings that would impair any such Collateral or be inconsistent with or violate any provision of any Loan Document.

Section 12.5 Name of Holdings. Holdings will not change its name or place of incorporation or organization or federal taxpayer identification number except upon 15 days' prior written notice to the Administrative Agent.

Section 12.6 Organic Documents. Holdings will not amend, supplement or otherwise modify, or permit, consent to or suffer to occur any amendment, supplement or modification of, any terms or provisions contained in, or applicable to, any Organic Document of any of its Subsidiaries pledged hereunder if the effect thereof is to impair, or is in any manner adverse to, the rights or interests of any Secured Party.

Section 12.7 Further Assurances, etc. Holdings agrees that, from time to time at its own expense, it will promptly execute and deliver all further instruments and documents, and take all further action, that may be necessary or that the Administrative Agent may reasonably request, in order to perfect, preserve and protect any security interest granted or purported to be granted hereby or to enable the Administrative Agent to exercise and enforce its rights and remedies hereunder with respect to any Collateral. Without limiting the generality of the foregoing, Holdings will, without further order of the Bankruptcy Court:

- (a) from time to time upon the request of the Administrative Agent, promptly deliver to the Administrative Agent such stock powers, instruments and similar documents, reasonably satisfactory in form and substance to the Administrative Agent, with respect to such Collateral as the Administrative Agent may reasonably request and will, from time to time upon the request of the Administrative Agent after the occurrence and during the continuance of any Event of Default promptly transfer any securities constituting Collateral into the name of any nominee designated by the Administrative Agent;
- (b) file (or cause to be filed) such Filing Statements or continuation statements, or amendments thereto, and such other instruments or notices as may be necessary or that the Administrative Agent may reasonably request in order to perfect and preserve the security interests and other rights granted or purported to be granted to the Administrative Agent hereby; and
- (c) at all times keep pledged to the Administrative Agent pursuant hereto, on a perfected basis, at the reasonable request of the Administrative Agent, all Capital Securities of each Subsidiary of Holdings constituting Collateral, all Distributions with

respect thereto, and all proceeds and rights from time to time received by or distributable to Holdings in respect of any of the foregoing Collateral.

With respect to the foregoing and the grant of the security interest hereunder, Holdings hereby authorizes the Administrative Agent to file one or more financing or continuation statements, and amendments thereto, relative to all or any part of the Collateral without the signature of Holdings where permitted by law. Holdings agrees that a carbon, photographic or other reproduction of this Agreement or any financing statement covering the Collateral or any part thereof shall be sufficient as a financing statement where permitted by law. Holdings hereby authorizes the Administrative Agent to file financing statements describing as the collateral covered thereby “all of the debtor’s personal property or assets” or words to that effect, notwithstanding that such wording may be broader in scope than the Collateral described in this Agreement.

Section 12.8 [Intentionally omitted].

Section 12.9 No Defaults. Holdings will not, and will not permit the Borrower or any of its other Subsidiaries to, take any action or fail to take any action if such action or failure to act would result in a Default under the Credit Agreement.

Section 12.10 [Intentionally omitted]

Section 12.11 Compliance with Laws, etc. Holdings will comply in all material respects with all applicable laws, rules, regulations and orders, such compliance to include (without limitation):

(a) the maintenance and preservation of its corporate existence and qualification as a foreign corporation, except where the failure to so qualify could not reasonably be expected to have a Material Adverse Effect; and

(b) the payment, before the same become delinquent, of all material taxes, assessments and governmental charges imposed upon it or upon its property except to the extent being contested in good faith by appropriate proceedings or stayed under the Bankruptcy Code and for which adequate reserves in accordance with GAAP shall have been set aside on its books.

Section 12.12 Activities of Holdings. Without limiting the effect of any provision contained in this Article V, Holdings will not:

(a) create, assume, or suffer to exist any Lien upon, or grant any options or other rights with respect to, any of its revenues, property or other assets, whether now owned or hereafter acquired (other than pursuant to the Loan Documents and the Orders);

(b) purchase, make, incur, assume or suffer to exist any Investment in any other Person other than an Investment in the Borrower on the date hereof;

(c) sell, transfer, lease or otherwise dispose of, or grant to any Person options, warrants or other rights with respect to any of its assets;

(d) incur any Indebtedness or otherwise become or be liable in respect of any Indebtedness, in each case after the Petition Date, other than in respect of the Obligations;

(e) declare or make any Restricted Payment, or make any deposit for any Restricted Payment, other than as set forth in clause (b) of Section 7.2.6 of the Credit Agreement;

(f) sell or issue to any Person any of its own Capital Securities, warrants or options on such Capital Securities (other than the sale or issuance by Holdings of Qualified Capital Securities or such other sale or issuance that is on terms and conditions satisfactory to the Administrative Agent) and the proceeds of such sale or issuance are used to purchase Capital Securities in the Borrower (or are used in connection with a Restricted Payment by Holdings permitted under the Credit Agreement) and Holdings agrees to cause the Borrower to repay the Lenders with such Net Equity Proceeds to the extent required under the Credit Agreement; or

(g) engage in any business activity other than (i) its continuing ownership of all of the Capital Securities of the Borrower (including after giving effect to the Contemplated Transaction) and activities incidental or reasonably related thereto, and its compliance with the obligations applicable to it under each Loan Document to which it is a party, (ii) its payments of any dividends or other distributions in respect of, or its repurchase or redemption of, any of its Capital Securities not otherwise prohibited hereunder, (iii) its issuance of Capital Securities or Indebtedness not otherwise prohibited hereunder, (iv) its payment of principal and interest on any Indebtedness not otherwise prohibited hereunder, and (v) its payment of overhead expenses and taxes; provided that Holdings shall not engage in any business activity set forth in clauses (i) through (v) above, to the extent such activities are otherwise prohibited by this Section.

Section 12.13 Ownership of Collateral and Absence of Other Liens.

(a) At all times during the pendency of the Chapter 11 Cases from and after entry of the Interim Order, the Obligations shall be allowed super-priority administrative expense claims in each of the Chapter 11 Cases having priority over all administrative expenses of the kinds specified in, or ordered pursuant to, Sections 105, 326, 328, 330, 331, 503(b), 506(c), 507(a), 507(b), 546(c), 726, 1114 or any other provision of the Bankruptcy Code or otherwise, and shall at all times be senior to the rights of Obligors, the estates of the Obligors, and any successor U.S. Trustee or estate representative in the Chapter 11 Cases or any subsequent proceeding or case under the Bankruptcy Code, subject only to the Carve-Out, and except for the security interest created by the Loan Documents and the Orders, it shall not create or suffer to exist any Lien upon or with respect to any of the Collateral, other than Permitted Liens;

(b) upon Holdings or any officer of Holdings obtaining knowledge thereof, it shall promptly notify the Administrative Agent in writing of any event that may have a Material Adverse Effect on the value of the Collateral or any portion thereof, the ability of Holdings or the Administrative Agent to dispose of the Collateral or any portion thereof, or the rights and remedies of the Administrative Agent in relation thereto, including, without limitation, the levy of any legal process against the Collateral or any material portion thereof; and

(c) it shall not sell, transfer or assign (by operation of law or otherwise) or exclusively license to another Person any Collateral except as otherwise permitted by the Credit Agreement.

ARTICLE XIII THE ADMINISTRATIVE AGENT

Section 13.1 Administrative Agent Appointed Attorney-in-Fact. Holdings hereby irrevocably appoints the Administrative Agent its attorney-in-fact, with full authority in the place and stead of Holdings and in the name of Holdings or otherwise, from time to time in the Administrative Agent's discretion, following the occurrence and during the continuance of an Event of Default, to take any action and to execute any instrument which the Administrative Agent may deem necessary or advisable to accomplish the purposes of this Agreement, including:

(a) to ask, demand, collect, sue for, recover, compromise, receive and give acquittance and receipts for moneys due and to become due under or in respect of any of the Collateral;

(b) to receive, endorse, and collect any drafts or other instruments, documents and chattel paper, in connection with clause (a) above;

(c) to file any claims or take any action or institute any proceedings which the Administrative Agent may deem necessary or desirable for the collection of any of the Collateral or otherwise to enforce the rights of the Administrative Agent with respect to any of the Collateral; and

(d) to perform the affirmative obligations of Holdings hereunder.

Holdings hereby acknowledges, consents and agrees that the power of attorney granted pursuant to this Section is irrevocable and coupled with an interest.

Section 13.2 Administrative Agent May Perform. If, following the occurrence and during the continuance of an Event of Default, Holdings fails to perform any agreement contained herein, the Administrative Agent may itself perform, or cause performance of, such agreement, and the expenses of the Administrative Agent incurred in connection therewith shall be payable by Holdings pursuant to Section 10.3 of the Credit Agreement.

Section 13.3 Administrative Agent Has No Duty. The powers conferred on the Administrative Agent hereunder are solely to protect its interest (on behalf of the Secured Parties) in the Collateral and shall not impose any duty on it to exercise any such powers. Except for reasonable care of any Collateral in its possession and the accounting for moneys actually received by it hereunder, the Administrative Agent shall have no duty as to any Collateral or responsibility for

(a) ascertaining or taking action with respect to calls, conversions, exchanges, tenders or other matters relative to any investment property, whether or not the Administrative Agent has or is deemed to have knowledge of such matters, or

(b) taking any necessary steps to preserve rights against prior parties or any other rights pertaining to any Collateral.

Upon entry of the Interim Order, exercise by the Administrative Agent of the powers granted hereunder is not for the purpose of the Chapter 11 Cases a violation of the automatic stay provided by Section 362 of the Bankruptcy Code and Holdings waives the applicability thereof.

Section 13.4 Reasonable Care. The Administrative Agent is required to exercise reasonable care in the custody and preservation of any of the Collateral in its possession; provided that the Administrative Agent shall be deemed to have exercised reasonable care in the custody and preservation of any of the Collateral, if it takes such action for that purpose as Holdings reasonably requests in writing at times other than upon the occurrence and during the continuance of any Event of Default, but failure of the Administrative Agent to comply with any such request at any time shall not in itself be deemed a failure to exercise reasonable care. If Holdings fails to perform any agreement contained herein, the Administrative Agent may itself perform, or cause performance of, such agreement, and the expenses of the Administrative Agent incurred in connection therewith shall be payable by Holdings under Section 10.3 of the Credit Agreement. Upon entry of the Interim Order, performance of such Holdings's Obligations as permitted under this Section 6.4 shall in no way constitute for the purpose of the Chapter 11 Cases a violation of the automatic stay provided by Section 362 of the Bankruptcy Code and Holdings hereby waives applicability thereof. Moreover, the Administrative Agent shall in no way be responsible for the payment of any costs incurred in connection with preserving or disposing of Collateral pursuant to Section 506(c) of the Bankruptcy Code and the Collateral may not be charged for the incurrence of any such cost.

ARTICLE XIV REMEDIES

Section 14.1 Certain Remedies. If any Event of Default shall have occurred and be continuing, subject to the Orders and without further order from the Bankruptcy Court:

(a) The Administrative Agent may exercise in respect of the Collateral, in addition to other rights and remedies provided for herein or available to it at law or otherwise, all the rights and remedies of a secured party on default under the UCC (whether or not the UCC applies to the affected Collateral) and also may

(i) take possession of any Collateral not already in its possession without demand and without legal process;

(ii) require Holdings to, and Holdings hereby agrees that it will, at its expense and upon request of the Administrative Agent forthwith, assemble all or part of the Collateral as directed by the Administrative Agent and make it available to the Administrative Agent at a place to be designated by the Administrative Agent which is reasonably convenient to both parties;

(iii) enter onto the property where any Collateral is located and take possession thereof without demand and without legal process; and

(iv) without notice except as specified below, sell the Collateral or any part thereof in one or more parcels at public or private sale, at any of the Administrative Agent's offices or elsewhere, for cash, on credit or for future delivery, and upon such other terms as the Administrative Agent may deem commercially reasonable. Holdings agrees that, to the extent notice of sale shall be required by law, at least ten days prior notice to Holdings of the time and place of any public sale or the time after which any private sale is to be made shall constitute reasonable notification. The Administrative Agent shall not be obligated to make any sale of Collateral regardless of notice of sale having been given. The Administrative Agent may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned.

(b) Subject to the Orders, all cash proceeds received by the Administrative Agent in respect of any sale of, collection from, or other realization upon, all or any part of the Collateral shall be applied by the Administrative Agent against all or any part of the Obligations as set forth in Section 4.7 of the Credit Agreement.

(c) The Administrative Agent may (i) transfer all or any part of the Collateral into the name of the Administrative Agent or its nominee, with or without disclosing that such Collateral is subject to the Lien hereunder, (ii) notify the parties obligated on any of the Collateral to make payment to the Administrative Agent of any amount due or to become due thereunder, (iii) enforce collection of any of the Collateral by suit or otherwise, and surrender, release or exchange all or any part thereof, or compromise or extend or renew for any period (whether or not longer than the original period) any obligations of any nature of any party with respect thereto, (iv) endorse any checks, drafts, or other writings in Holdings' name to allow collection of the Collateral, (v) take control of any proceeds of the Collateral, and (vi) execute (in the name, place and stead of Holdings) endorsements, assignments, stock powers and other instruments of conveyance or transfer with respect to all or any of the Collateral.

For purposes of this Section 7.1, to the extent that applicable law imposes duties on the Administrative Agent to exercise remedies in a commercially reasonable manner (which duties cannot be waived under such law), Holdings acknowledges and agrees that it is not commercially unreasonable for the Administrative Agent (i) to incur expenses reasonably deemed necessary by the Administrative Agent to prepare Collateral for disposition or otherwise to complete raw material or work in process into finished goods or other finished products for disposition, (ii) to fail to obtain third party consents for access to Collateral to be disposed of, or to obtain or, if not required by other law, to fail to obtain consents of any Governmental Authority or other third party for the collection or disposition of Collateral to be collected or disposed of, (iii) to fail to exercise collection remedies against account debtors, secondary obligors or other persons obligated on Collateral or to remove liens or encumbrances on or any adverse claims against Collateral, (iv) to exercise collection remedies against account debtors and other persons obligated on Collateral directly or through the use of collection agencies and other collection specialists, (v) to advertise dispositions of Collateral through publications or media of general circulation, whether or not the Collateral is of a specialized nature, (vi) to contact other persons,

whether or not in the same business as Holdings, for expressions of interest in acquiring all or any portion of the Collateral, (vii) to hire one or more professional auctioneers to assist in the disposition of Collateral, whether or not the collateral is of a specialized nature, (viii) to dispose of Collateral by utilizing Internet sites that provide for the auction of assets of the types included in the Collateral or that have the reasonable capability of doing so, or that match buyers and sellers of assets, (ix) to dispose of assets in wholesale rather than retail markets, (x) to disclaim disposition warranties, (xi) to purchase insurance or credit enhancements to insure the Administrative Agent against risks of loss, collection or disposition of Collateral or to provide to the Administrative Agent a guaranteed return from the collection or disposition of Collateral, or (xii) to the extent deemed appropriate by the Administrative Agent, to obtain the services of other brokers, investment bankers, consultants and other professionals to assist the Administrative Agent in the collection or disposition of any of the Collateral. Holdings acknowledges that the purpose of this paragraph is to provide non-exhaustive indications of what actions or omissions by the Administrative Agent would not be commercially unreasonable in the exercise by the Administrative Agent of remedies against the Collateral and that other actions or omissions by the Administrative Agent shall not be deemed commercially unreasonable solely on account of not being indicated in this paragraph. Without limitation of the foregoing, nothing contained in this paragraph shall be construed to grant any rights to Holdings or to impose any duties on the Administrative Agent that would not have been granted or imposed by this Agreement or by applicable law in the absence of this paragraph.

Section 14.2 Securities Laws. If the Administrative Agent shall determine to exercise its right to sell all or any of the Collateral pursuant to Section 6.1. Holdings agrees that, upon request of the Administrative Agent, Holdings will, at its own expense do or cause to be done all such acts and things as may be necessary to make such sale of the Collateral or any part thereof valid and binding and in compliance with applicable law. Holdings further acknowledges the impossibility of ascertaining the amount of damages that would be suffered by any of the Secured Parties by reason of the failure of Holdings to perform any of the covenants contained in this Section and, consequently, agrees that, if Holdings shall fail to perform any of such covenants, it shall pay, as liquidated damages and not as a penalty, an amount equal to the value (as determined by the Administrative Agent) of the Collateral on the date the Administrative Agent shall demand compliance with this Section.

Section 14.3 Compliance with Restrictions. Holdings agrees that

(a) in any sale of any of the Collateral whenever an Event of Default shall have occurred and be continuing, the Administrative Agent is hereby authorized to comply with any limitation or restriction in connection with such sale as it may be advised by counsel is necessary in order to (i) avoid any violation of applicable law (including compliance with such procedures as may restrict the number of prospective bidders and purchasers, require that such prospective bidders and purchasers have certain qualifications, and restrict such prospective bidders and purchasers to Persons who will represent and agree that they are purchasing for their own account for investment and not with a view to the distribution or resale of such Collateral), or (ii) obtain any required approval of the sale or of the purchaser by any Governmental Authority or official; and

(b) such compliance shall not result in such sale being considered or deemed not to have been made in a commercially reasonable manner, nor shall the Administrative Agent be liable nor accountable to Holdings for any discount allowed by the reason of the fact that such Collateral is sold in compliance with any such limitation or restriction.

Section 14.4 Indemnity and Expenses.

(a) Holdings agrees to indemnify the Administrative Agent from and against any and all claims, losses and liabilities arising out of or resulting from this Agreement (including enforcement of this Agreement), except claims, losses or liabilities resulting from the Administrative Agent's gross negligence or willful misconduct.

(b) Holdings will, upon demand, pay to the Administrative Agent the amount of any and all reasonable expenses, including the reasonable fees and disbursements of its outside counsel and of any experts and agents, which the Administrative Agent may incur in connection with (i) the administration of each Loan Document, (ii) the custody, preservation, use or operation of, or the sale of, collection from, or other realization upon, any of the Collateral, (iii) the exercise or enforcement of any of the rights of the Administrative Agent or the Secured Parties hereunder, and (iv) the failure by Holdings to perform or observe any of the provisions hereof.

**ARTICLE XV
MISCELLANEOUS PROVISIONS**

Section 15.1 Loan Document. This Agreement is a Loan Document executed pursuant to the Credit Agreement and shall (unless otherwise expressly indicated herein) be construed, administered and applied in accordance with the terms and provisions thereof, including Article X thereof. To the extent any conflict exists between this Agreement and the Credit Agreement, the Credit Agreement shall control.

Section 15.2 Binding on Successors, Transferees and Assigns; Assignment. This Agreement shall be binding upon Holdings and its successors and permitted assigns and shall inure to the benefit of and be enforceable by each Secured Party and its successors, transferees and assigns; provided that Holdings may not assign any of its obligations hereunder without the prior written consent of all Lenders.

Section 15.3 Amendments, etc. No amendment to or waiver of any provision of this Agreement, nor consent to any departure by Holdings from its obligations under this Agreement, shall in any event be effective unless the same shall be in writing and signed by the Administrative Agent (on behalf of the Lenders or the Required Lenders (or, to the extent required by Section 10.1 of the Credit Agreement, Oak Hill), as the case may be, pursuant to Section 10.1 of the Credit Agreement) and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

Section 15.4 Notices. All notices and other communications provided for hereunder shall be in writing or by facsimile and addressed, delivered or transmitted to the appropriate party at the address or facsimile number of such party (in the case of Holdings, in care of the Borrower) set forth on Schedule III to the Credit Agreement or at such other address or facsimile

number as may be designated by such party in a notice to the other party. Any notice or other communication, if mailed and properly addressed with postage prepaid or if properly addressed and sent by pre-paid courier service, shall be deemed given when received; any such notice or other communication, if transmitted by facsimile, shall be deemed given when transmitted and electronically confirmed.

Section 15.5 Release of Liens; Termination of this Agreement. Upon the occurrence of the Termination Date, the security interests granted hereby, this Agreement and all obligations of Holdings hereunder shall automatically terminate, and all liens shall automatically be released, without delivery of any instrument or performance of any act by any party. Upon any such termination, the Administrative Agent will, at Holdings' sole expense, deliver to Holdings, without any representations, warranties or recourse of any kind whatsoever, all Collateral held by the Administrative Agent hereunder, and execute and deliver to Holdings such documents as Holdings shall reasonably request to evidence such termination.

Section 15.6 No Waiver; Remedies. In addition to, and not in limitation of, Sections 3.3 and 3.5, no failure on the part of any Secured Party to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

Section 15.7 Headings. The various headings of this Agreement are inserted for convenience only and shall not affect the meaning or interpretation of this Agreement or any provisions thereof.

Section 15.8 Severability. Wherever possible each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be prohibited by or invalid under such law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.

Section 15.9 Governing Law. Entire Agreement, etc. THIS AGREEMENT WILL BE DEEMED TO BE A CONTRACT MADE UNDER AND GOVERNED BY THE INTERNAL LAWS OF THE STATE OF NEW YORK (INCLUDING FOR SUCH PURPOSE SECTIONS 5-1401 AND 5-1402 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK) AND, TO THE EXTENT APPLICABLE, THE BANKRUPTCY CODE, EXCEPT TO THE EXTENT THAT THE PERFECTION, EFFECT OF PERFECTION OR NONPERFECTION, AND PRIORITY OF THE SECURITY INTEREST HEREUNDER, OR REMEDIES HEREUNDER, IN RESPECT OF ANY PARTICULAR COLLATERAL ARE GOVERNED BY THE LAWS OF A JURISDICTION OTHER THAN THE STATE OF NEW YORK. This Agreement and the other Loan Documents constitute the entire understanding among the parties hereto with respect to the subject matter hereof and thereof and supersede any prior agreements, written or oral, with respect thereto.

Section 15.10 Forum Selection and Consent to Jurisdiction. HOLDINGS HEREBY IRREVOCABLY AND UNCONDITIONALLY SUBMITS, FOR ITSELF AND ITS

PROPERTY, TO THE EXCLUSIVE JURISDICTION AND VENUE OF THE BANKRUPTCY COURT, OR IN THE EVENT THE BANKRUPTCY COURT DOES NOT HAVE OR DOES NOT EXERCISE JURISDICTION, THEN TO THE COURTS OF THE STATE OF NEW YORK OR IN THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK; PROVIDED THAT ANY SUIT SEEKING ENFORCEMENT AGAINST ANY PROPERTY MAY BE BROUGHT, AT THE ADMINISTRATIVE AGENT'S OPTION, IN THE COURTS OF ANY JURISDICTION WHERE SUCH PROPERTY MAY BE FOUND. HOLDINGS HEREBY EXPRESSLY AND IRREVOCABLY SUBMITS TO THE JURISDICTION OF THE COURTS OF THE STATE OF NEW YORK, NEW YORK COUNTY AND OF THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK FOR THE PURPOSE OF ANY SUCH LITIGATION AS SET FORTH ABOVE AND IRREVOCABLY AGREES TO BE BOUND BY ANY JUDGMENT RENDERED THEREBY IN CONNECTION WITH SUCH LITIGATION. HOLDINGS IRREVOCABLY CONSENTS TO THE SERVICE OF PROCESS BY REGISTERED MAIL, POSTAGE PREPAID, OR BY PERSONAL SERVICE WITHIN OR WITHOUT THE STATE OF NEW YORK AT THE ADDRESS FOR NOTICES SPECIFIED FOR THE BORROWER IN SECTION 10.2 OF THE CREDIT AGREEMENT. HOLDINGS HEREBY EXPRESSLY AND IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION WHICH IT MAY HAVE OR HEREAFTER MAY HAVE TO THE LAYING OF VENUE OF ANY SUCH LITIGATION BROUGHT IN ANY SUCH COURT REFERRED TO ABOVE AND ANY CLAIM THAT ANY SUCH LITIGATION HAS BEEN BROUGHT IN AN INCONVENIENT FORUM. TO THE EXTENT THAT HOLDINGS HAS OR HEREAFTER MAY ACQUIRE ANY IMMUNITY FROM JURISDICTION OF ANY COURT OR FROM ANY LEGAL PROCESS (WHETHER THROUGH SERVICE OR NOTICE, ATTACHMENT PRIOR TO JUDGMENT, ATTACHMENT IN AID OF EXECUTION OR OTHERWISE) WITH RESPECT TO ITSELF OR ITS PROPERTY, HOLDINGS HEREBY IRREVOCABLY WAIVES TO THE FULLEST EXTENT PERMITTED BY LAW SUCH IMMUNITY IN RESPECT OF ITS OBLIGATIONS UNDER THE LOAN DOCUMENTS.

Section 15.11 Waiver of Jury Trial. THE ADMINISTRATIVE AGENT (ON BEHALF OF ITSELF AND EACH OTHER SECURED PARTY) AND HOLDINGS HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHTS THEY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH, EACH LOAN DOCUMENT, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER ORAL OR WRITTEN) OR ACTIONS OF THE ADMINISTRATIVE AGENT, A LENDER, OR HOLDINGS IN CONNECTION THEREWITH. HOLDINGS ACKNOWLEDGES AND AGREES THAT IT HAS RECEIVED FULL AND SUFFICIENT CONSIDERATION FOR THIS PROVISION (AND EACH OTHER PROVISION OF EACH OTHER LOAN DOCUMENT TO WHICH IT IS A PARTY) AND THAT THIS PROVISION IS A MATERIAL INDUCEMENT FOR THE ADMINISTRATIVE AGENT AND EACH LENDER ENTERING INTO THE LOAN DOCUMENTS.

Section 15.12 Counterparts. This Agreement may be executed by the parties hereto in several counterparts, each of which shall be deemed to be an original and all of which shall constitute together but one and the same agreement. Delivery of an executed counterpart of a

signature page to this Agreement by facsimile or via other electronic means shall be effective as delivery of a manually executed counterpart of this Agreement.

Section 15.13 U.S. Citizenship. The parties hereto acknowledge that Southern Air is an air carrier certificated by the United States Department of Transportation (“DOT”) and Federal Aviation Administration (“FAA”) pursuant to the United States Code, Title 49 (Transportation), Subtitle VII, and applicable DOT and FAA regulations. Notwithstanding any other provision of this Agreement, the Administrative Agent, on behalf of the Secured Parties, agrees to exercise rights under this Agreement in a manner that comply at all times, and that causes Southern Air to comply at all times, with the United States citizenship requirements of the above-mentioned laws and regulations and any successor provisions thereto (the “Citizenship Requirements”). Any exercise by the Administrative Agent and the Secured Parties of such rights shall be void ab initio and unenforceable to the extent that such exercise would result in the Borrower’s or Southern Air’s contravention of or failure to meet the Citizenship Requirements. The Administrative Agent, on behalf of the Secured Parties, represents and warrants that it understands fully the provisions and effect of the Citizenship Requirements.

Section 15.14 Agreement Subject to Orders. In the event of any conflict between this Agreement (or any portion thereof) and the Orders, the terms of the Orders shall govern. Nothing contained in this Agreement shall allow Administrative Agent (or any other Secured Party) to require Holdings to take any action that would violate the Orders.

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be duly executed and delivered by its Authorized Officer as of the date first above written.

SOUTHERN AIR HOLDINGS, INC.

By: _____
Name:
Title:

CANADIAN IMPERIAL BANK OF
COMMERCE, NEW YORK AGENCY, as
Administrative Agent

By: _____
Name:
Title:

SCHEDULE I
to Holdings Guaranty and Pledge Agreement

Item A. Capital Securities

	Common Stock		
<u>Issuer</u>	<u>Authorized Shares</u>	<u>Outstanding Shares</u>	<u>% of Shares Pledged</u>

SCHEDULE II
to Holdings Guaranty and Pledge Agreement

Item A. Holdings' Location:

Item B. Filing location last five years:

Item C. Trade Names:

Item D. Merger or other corporate reorganization:

Item E. Provisional Taxpayer ID number:

EXHIBIT I
To Senior Secured Super-Priority
Debtor-in-Possession Credit Agreement

[FORM OF] PREPAYMENT NOTICE

CANADIAN IMPERIAL BANK OF COMMERCE
as Administrative Agent
425 Lexington Avenue
New York, NY 10017
Attention: Agency Services
Director, CIBC World Markets

CARGO 360, INC.

Ladies and Gentlemen:

This Prepayment Notice is delivered to you pursuant to Section 3.1.1 (a) of the Senior Secured Super-Priority Debtor-in-Possession Credit Agreement, dated as of [], 2012 (as amended, supplemented, amended and restated or otherwise modified from time to time, the “Credit Agreement”), among Cargo 360, Inc., a Delaware corporation (the “Borrower”), the various financial institutions and other Persons from time to time parties thereto and Canadian Imperial Bank of Commerce, New York Agency, as the Administrative Agent. Terms used herein, unless otherwise defined herein, have the meanings provided in the Credit Agreement.

The Borrower hereby notifies you that it will make prepayments of its outstanding Term Loans in the aggregate principal amount of \$_____ ³ on _____, _____ ⁴.

The Borrower hereby acknowledges that such prepayments will be applied in the manner set forth in Section 3.1.1 of the Credit Agreement and that this Prepayment Notice is not revocable; provided that if this Prepayment Notice is being given in connection with a proposed refinancing or replacement of the Credit Agreement, and such refinancing or replacement does not close, the Borrower may revoke this Prepayment Notice.

³ Prepayments with respect to LIBO Rate Loans shall be made in an aggregate minimum amount of \$500,000 and in an integral multiple of \$100,000. Prepayments with respect to Base Rate Loans shall be made in an aggregate minimum amount of \$100,000 and in an integral multiple of \$ 100,000.

⁴ Such date shall not be earlier than, with respect to Base Rate Loans, one Business Day, and with respect to LIBOR Rate Loans, three Business Days prior to the date of this Prepayment Notice.

IN WITNESS WHEREOF, the Borrower has caused this Prepayment Notice to be executed and delivered by its duly Authorized Officer this ____ day of _____, ____.

CARGO 360, INC.

By: _____

Name:

Title:

Administrative Questionnaire

Please accurately complete the following information and return via fax to the attention of [] at CIBC World Markets at fax number [].

LEGAL NAME OF YOUR INSTITUTION TO APPEAR IN DOCUMENTATION:

LENDING OFFICE:

Institution Name : _____

Street Address: _____

City, State, Zip Code: _____

CONTACTS/NOTIFICATION METHODS:

CREDIT CONTACTS:

Primary Contact: _____

Street Address: _____

City, State, Zip Code: _____

Phone Number: _____

FAX Number: _____

E-mail Address: _____

Backup Contact: _____

Street Address: _____

City, State, Zip Code: _____

Phone Number: _____

FAX Number: _____

E-mail Address: _____

ADMINISTRATIVE CONTACTS - BORROWINGS, PAYDOWNS, INTEREST, FEES, ETC.:

Contact: _____

Street Address: _____

City, State, Zip Code: _____

Phone Number: _____

FAX Number: _____

E-mail Address: _____

PAYMENT INSTRUCTIONS:

Bank Name: _____

Address (City, State): _____

ABA# / CHIPS #
(Specify one): _____

Account Name: _____

Account Number: _____

Reference/Additional _____

Information: _____

MAILINGS:

Please specify who should receive financial information:

Name: _____

Street Address: _____

City, State, Zip Code: _____

IT IS VERY IMPORTANT THAT ALL OF THE ABOVE INFORMATION IS ACCURATELY FILLED IN AND RETURNED PROMPTLY. IF YOU HAVE ANY QUESTIONS, PLEASE CONTACT [] AT [] OR VIA E-MAIL AT [].

EXHIBIT K
To Senior Secured Super-Priority
Debtor-in-Possession Credit Agreement

[FORM OF] AIRCRAFT SECURITY AGREEMENT

THIS AIRCRAFT SECURITY AGREEMENT (as it may be amended or modified from time to time, this “Agreement”) is entered into as of [__], 2012 by and among each of the entities listed on the signature pages hereto as Debtors (each, a “Debtor”), a Delaware corporation, and CANADIAN IMPERIAL BANK OF COMMERCE, NEW YORK AGENCY, in its capacity as administrative agent for the Secured Parties (in such capacity, the “Agent”).

1. Preliminary Statements and Interpretation.

(a) Reference is hereby made to (i) the Pledge and Security Agreement dated [__], 2012 (“Security Agreement”) between Grantors (as defined therein) from time to time party thereunder, and the Agent; and (ii) the Senior Secured Super-Priority Debtor-in-Possession Credit Agreement, dated as of [__], 2012 (“Credit Agreement”) between Cargo 360, Inc., the Lenders (as defined therein) and the Agent. The Security Agreement and the Credit Agreement are hereinafter referred to as the “Primary Agreements”. This Agreement and the Primary Agreements are hereinafter referred to, together, as the “Debt Documents”.

(b) Pursuant to the Security Agreement, the Grantors (as defined therein) have agreed to perfect the security interests in certain Collateral (as defined therein) by entering into a separate security agreement (therein defined as the “Aircraft Security Agreement”) governing the grant of a security interest in certain of the Debtors’ aircraft. This Agreement implements that requirement and constitutes an Aircraft Security Agreement under the Security Agreement.

(c) Capitalized terms used herein and not defined herein shall have the meanings provided in the Primary Agreements.

(d) Additional Defined Terms:

“FAA” means the United States Federal Aviation Administration.

“International Interest” has the meaning provided in the Convention on International Interests in Mobile Equipment (the “Convention”) and Protocol thereto on Matters Specific to Aircraft Equipment (the “Protocol”) concluded in Cape Town in November 2001 (the Convention and the Protocol, each, in the official English language text thereof, are collectively referred to herein as the “Cape Town Convention”).

“Mortgaged Aircraft” means all aircraft identified in Schedule 1, together with all (i) airframes, engines and spare parts, (ii) appurtenances, accessions, instruments, avionics, accessories, equipment or parts, and (iii) logs, manuals and other documents reflecting use or maintenance, in each case, relating to such Mortgaged Aircraft, the subject of a security interest and an International Interest granted pursuant to Section 2 hereof.

2. **Grant of Security Interest.** To secure the prompt and complete payment of the Obligations, each Debtor grants to Agent, on behalf of and for the benefit of the Secured Parties, a security interest and an International Interest in each of its respective Mortgaged Aircraft, as amended from time to time in accordance with Section 4 hereof in accordance with Section 364(c)(2) and (3) and 364(d)(1) of the Bankruptcy Code during the pendency of the Chapter 11 Cases and thereafter in accordance with the Plan, the Final Order, the Loan Documents and applicable law. Each Mortgaged Aircraft shall hereinafter be deemed a part of the Collateral in the Security Agreement.

For the avoidance of doubt, "Mortgaged Aircraft" shall also include, subject to the entry of the Interim Order (with respect to the period prior to the entry of the Final Order) or the Final Order (with respect to the period on and after entry of the Final Order), the assets of the same kind, category, type or nature as the Mortgaged Aircraft that were subject to any security interest hereunder that is avoided and preserved for the benefit of any Obligor and its estate under Section 555 of the Bankruptcy Code.

At all times prior to the Termination Date, notwithstanding any failure on the part of any Debtor to take any action required by this Agreement, or perform or fulfill any of the Obligations of such Debtor under or pursuant to this Agreement, the Liens and security interests granted herein shall be deemed valid, enforceable and perfected by entry of the Interim Order and the Final Order, as then in effect. At all times prior to the Termination Date, no financing statement, notice of Lien, mortgage, deed of trust or similar instrument in any jurisdiction of filing office need be filed or any other action taken in order to validate and perfect the Liens and security interest granted by or pursuant to this Agreement, the Interim Order or the Final Order.

3. **Representations, Warranties and Covenants of Debtors.** As of the date hereof, each Debtor represents, warrants and covenants that, subject to the Orders:

(a) it is situated in the "contracting state" (as defined in the Cape Town Convention) of the United States of America.

(b) it has good and valid rights in, or the power to transfer each Mortgaged Aircraft and title to, each Mortgaged Aircraft.

(c) it is (or, to the extent that any Mortgaged Aircraft is to be acquired hereafter, will be) and will remain the sole lawful owner, in sole, open and notorious possession of each Mortgaged Aircraft, which will all be and remain under U.S. civil registration.

(d) it owns all Mortgaged Aircraft free of any Liens, other than Permitted Liens.

(e) The description of each Mortgaged Aircraft (including the make, model, serial number and registration number) set forth in Schedule 1 is true correct and complete, subject to the periodic addition and removal of Mortgaged Aircraft pursuant to Section 4 hereof.

(f) Upon the entry of the Orders, the obligations under this Agreement and the other Loan Documents shall constitute allowed super-priority administrative expense claims in each of the Chapter 11 Cases in each Mortgaged Aircraft having priority over all

administrative expenses of the kinds specified in, or ordered pursuant to, Sections 105, 326, 328, 330, 331, 503(b), 506(c), 507(a), 507(b), 546(c), 726, 1114 or any other provision of the Bankruptcy Code or otherwise, and shall at all times be senior to the rights of Obligors, the estates of Obligors, and any successor U.S. Trustee or estate representative in the Chapter 11 Cases or any subsequent proceeding or case under the Bankruptcy Code, subject only to amounts then outstanding pursuant to the Carve-Out. Each Debtor further represents and warrants that, except for the registration of each Mortgaged Aircraft pursuant to Title 49 of the United States Code, entitled "Transportation," and except for the filing of record pursuant to Part 49 or other applicable Part of the Regulations of the FAA, as amended, of this Agreement and the filing of a UCC-1 financing statement in the State of Delaware and a filing with the International Registry, with respect to each Mortgaged Aircraft, no further action is necessary in order to perfect in favor of Agent a security interest in each Mortgaged Aircraft against any third party, subject only to any Permitted Liens.

4. Addition and Removal of Mortgaged Aircraft from Collateral.

(a) Without limiting Section 7.3 of the Security Agreement, the parties agree that, upon written notice by the Debtors to Agent, Schedule 1 will be supplemented, amended or replaced so that it accurately represents each Mortgaged Aircraft, the subject of the security interests granted hereunder, if there is any change in the identity of aircraft listed thereon not more than fifteen (15) Business Days following the date of such change; and (ii) Provided that no Default or Event of Default under the Debt Documents shall have occurred and be continuing, revisions to any Mortgaged Aircraft, the subject of the security interests granted hereunder, shall be made promptly to permit (x) the applicable Debtor to convey free and clear unencumbered title in such Mortgaged Aircraft to any purchaser that is not an Affiliate of the Debtors; or (y) any Disposition permitted under Section 7.2.10 of the Credit Agreement or otherwise under the Debt Documents (in each case the Administrative Agent further agrees to promptly deregister its International Interest in such Mortgaged Aircraft).

(b) The parties agree that upon any addition of aircraft to Schedule 1 pursuant to Section 4(a) hereof, each Debtor will reasonably co-operate with the Administrative Agent and its FAA counsel to ensure the prompt recordation of supplemental mortgages with the FAA and with the International Registry, at such Debtor's sole cost and expense. The parties acknowledge that this clause is in addition to, and does not derogate from, any rights and obligations of the parties set forth under Section 4.10 of the Security Agreement.

(c) Any amendment to Schedule 1 contemplated under Section 4(a) hereof shall be by supplement hereto and in such form as Agent shall reasonably require. Each Debtor irrevocably authorizes Agent and appoints Agent as its attorney to execute on behalf of such Debtor any amendment to Schedule 1 contemplated under Section 4(a) hereof. All authorized acts of said attorney are hereby ratified and approved by each Debtor. The powers conferred on Agent shall not impose any duty upon Agent or any Secured Party to exercise any such powers.

5. Further Assurances. Each Debtor will promptly, upon Agent's written request and without further order of the Bankruptcy Court, and at each Debtor's sole cost and expense, execute, or otherwise authenticate, any document, record or instrument necessary or reasonably advisable for filing, recording, protecting or perfecting the interest of Agent in each Mortgaged

Aircraft, and to establish and protect Agent's rights and remedies under this Agreement, the other Debt Documents, or otherwise with respect to each Mortgaged Aircraft including the registration of the International Interest. Other than as expressly provided herein, each Debtor shall not make any filing (including any corrective, amendment or termination filings) relating to any Mortgaged Aircraft or the interests created hereby, without Agent's prior written consent.

6. **Use, Operation, Maintenance, Repair, Storage and Registration.** Each Debtor shall use, operate, maintain, store and repair all Mortgaged Aircraft and retain actual and operational control and possession thereof in compliance with the following provisions, but in the case of paragraphs (a) and (b) below only to the extent that a failure to do so would reasonably be expected to result in a Material Adverse Effect:

(a) Each Debtor shall use, operate, maintain and store all Mortgaged Aircraft, and every part thereof, properly, carefully and in compliance with all applicable statutes, ordinances and regulations of all jurisdictions in which such Mortgaged Aircraft is operated or used, as well as all applicable insurance policies, manufacturer's recommendations and operating and maintenance manuals. Each Debtor shall not use, attempt to use, or suffer any Mortgaged Aircraft to be used in any manner which may or does contravene any applicable law, rule or regulation governing such Mortgaged Aircraft, including without limitation those relating to intoxicating liquors, narcotics, firearms or similar products.

(b) Each Mortgaged Aircraft will be operated at all times by a currently certificated pilot having the minimum total pilot hours and minimum pilot-in-command hours required by FAA rules or regulations or as required by applicable insurance policies, whichever requirements are stricter. Each Debtor shall ensure timely compliance with all applicable mandatory service bulletins, service letters, manufacturer's directives and airworthiness directives delivered to such Debtor by the manufacturer in respect of any Mortgaged Aircraft that is otherwise airworthy. Each Debtor shall submit written evidence of such maintenance and condition to Agent upon its written request from time to time. Each Debtor shall use reasonable care to prevent any airworthy Mortgaged Aircraft from being damaged or injured, and shall promptly replace any part or component of any airworthy Mortgaged Aircraft which may be damaged, worn out, lost, destroyed, confiscated or otherwise rendered unsatisfactory or unavailable for use in or upon such Mortgaged Aircraft.

(c) The International Interest created by this Agreement in each Mortgaged Aircraft pursuant to the provision of the Cape Town Convention shall be registered with the International Registry, and each Debtor hereby consents to such registration and authorizes Agent to effect all such registrations with the International Registry. Subject to Section 4(a) hereof, no International Interest created in favor of Agent shall be discharged without the prior written consent of Agent.

Notwithstanding anything to the contrary in this Agreement, to the extent permitted in the Primary Agreements, each Debtor shall have the right to (i) sublease or wet lease any Mortgaged Aircraft, (ii) subject any engine, part, appliance or other equipment of any Mortgaged Aircraft to each Debtor's pooling arrangements and (iii) deliver possession of any Mortgaged Aircraft to the manufacturer thereof or to any other organization for testing, service, repair, maintenance or overhaul work.

7. **Indemnification and Insurance.**

(a) Each Debtor hereby agrees to indemnify Agent, and its respective successors, assigns, agents and employees (each an “Indemnatee”) from and against any and all losses, claims, damages, penalties, liabilities, and related expenses imposed on, incurred by or asserted against Agent, or its respective successors, assigns, agents and employees, in any way relating to or arising out of this Agreement, or the ownership, delivery, lease, possession, use, operation, condition, sale, return or other disposition of any Mortgaged Aircraft in accordance with this Agreement, except to the extent that such losses, claims, damages, penalties, liabilities or related expenses are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnatee.

(b) Each Debtor shall at all times bear all risk of loss, damage, destruction or confiscation of or to all Mortgaged Aircraft. Each Debtor shall secure and maintain in effect, at its own expense and at all times, insurance with financially sound and reputable insurance companies in such amounts and against such risks, as are customarily maintained by similarly situated companies engaged in the same or similar businesses operating in the same or similar locations (after giving effect to any self-insurance reasonable and customary for similarly situated companies). Without limiting the generality of the foregoing, each Debtor shall secure and maintain: (i) all-risk aircraft hull and engine insurance (including, without limitation, with respect to engine or part thereof while removed from any Mortgaged Aircraft and foreign object damage insurance); and (ii) confiscation, appropriation and war risk and allied perils (including, without limitation, terrorism) insurance and hijacking insurance. All such policies shall name Agent (for the benefit of the Secured Parties) as an additional named insured and shall be in form and substance satisfactory to Agent, which provide that no such insurance shall be affected by any act or neglect of the insured or owner of such Mortgaged Aircraft described in such policy; and (iii) such policy may be canceled, amended, or terminated only upon at least thirty (30) days prior written notice given to Agent.

8. **Debtor’s Possession.** Until the exercise of Agent’s power of sale or foreclosure upon any Mortgaged Aircraft pursuant to Section 10 hereof, each Debtor may possess each Mortgaged Aircraft and use it in any lawful manner not inconsistent with this Agreement. Agent or its agents may examine and inspect any Mortgaged Aircraft, wherever located, at any reasonable time upon prior written notice to each Debtor, on land and in flight.

9. **Default.** Each Debtor shall be in default under this Agreement upon the occurrence and during the continuance of any of the following:

(a) an Event of Default;

(b) Such Debtor fails to maintain at all times insurance coverage as required by Section 7(b) hereof. In case Agent is permitted to and changes the insurance requirements, it will give written notice to such Debtor of the new requirements and will grant such Debtor thirty (30) days after written notice, to comply with those requirements.

10. **Remedies of Agent:**

(a) Upon the occurrence and during the continuance of an Event of Default, subject to the Orders, the Agent shall have all of the rights and remedies of a secured party under the Primary Agreements, applicable Uniform Commercial Code, the Cape Town Convention and under any other applicable law, including the Bankruptcy Code.

(b) Subject to the Orders, the Agent shall apply the proceeds of any collection, sale, foreclosure or other realization upon any Mortgaged Aircraft pursuant to this Section 10 in accordance with Section 4.7 of the Credit Agreement and Section 6.1 of the Security Agreement.

11. **Waivers.** Except as otherwise specifically provided herein, each Debtor hereby waives presentment, demand, protest or any notice (to the maximum extent permitted by applicable law) of any kind in connection with this Agreement or any Mortgaged Aircraft. No waiver by Agent of any Event of Default shall operate as a waiver of any other Event of Default or of the same Event of Default on a future occasion.

12. **Reports.** Each Debtor shall promptly notify Agent (i) at least thirty (30) days' prior to any change in its "contracting state" (for purposes of the Cape Town Convention), (ii) at least thirty (30) days prior to any permanent or indefinite relocation of any Mortgaged Aircraft or its home airport, (iii) immediately upon any Mortgaged Aircraft being lost, stolen, missing, confiscated, appropriated, seized, sequestered, destroyed or materially damaged, (iv) immediately upon any material accident involving any Mortgaged Aircraft, or (v) immediately upon such Debtor becoming aware of any Lien attaching or being made against any Mortgaged Aircraft (other than any Permitted Lien). Such notice shall contain all reasonable details of the event being reported, and shall be supplemented promptly upon Agent's reasonable request.

13. **Miscellaneous:**

(a) This Agreement may or may not be assigned, in whole or in part, by the parties in accordance with the assignment provisions set forth in the Primary Agreements.

(b) All notices to be given in connection with this Agreement shall be delivered as set forth in the Primary Agreements.

(c) No waiver, amendment or other variation of the terms, conditions or provisions of this Agreement whatsoever shall be valid unless in writing signed by Agent with the concurrence or at the direction of the Lenders required under Section 10.1 of the Credit Agreement (or, to the extent required by Section 10.1 of the Credit Agreement, Oak Hill) and then only to the extent in such writing specifically set forth. However, notwithstanding the foregoing, this Agreement and Schedule 1 may be supplemented, amended or replaced from time to time in accordance with Section 4 hereof.

(d) This Agreement shall be binding upon and inure to the benefit of each party hereto and their respective heirs, executors, representatives, successors and permitted assigns.

(e) Any provision in any part of this Agreement that is held to be inoperative, unenforceable, or invalid in any jurisdiction shall, as to that jurisdiction, be inoperative,

unenforceable, or invalid without affecting the remaining provisions in that jurisdiction or the operation, enforceability, or validity of that provision in any other jurisdiction, and to this end the provisions of this Agreement are declared to be severable.

(f) This Agreement, together with the other Debt Documents, embodies the entire agreement and understanding between each Debtor and Agent relating to each Mortgaged Aircraft and supersedes all prior agreements and understandings between each Debtor and Agent relating to each Mortgaged Aircraft. Section headings in this Agreement are for convenience only, and shall not affect the construction or interpretation hereof.

(g) THE AGENT (ON BEHALF OF ITSELF AND EACH OTHER SECURED PARTY) AND EACH DEBTOR HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHTS THEY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH, EACH LOAN DOCUMENT, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER ORAL OR WRITTEN) OR ACTIONS OF THE AGENT, A LENDER OR SUCH DEBTOR IN CONNECTION THEREWITH. EACH DEBTOR ACKNOWLEDGES AND AGREES THAT IT HAS RECEIVED FULL AND SUFFICIENT CONSIDERATION FOR THIS PROVISION (AND EACH OTHER PROVISION OF EACH OTHER LOAN DOCUMENT TO WHICH IT IS A PARTY) AND THAT THIS PROVISION IS A MATERIAL INDUCEMENT FOR THE AGENT, AND EACH LENDER ENTERING INTO THE LOAN DOCUMENTS.

(h) This Agreement shall continue in full force and effect until all of the Secured Obligations have been paid in full. This Agreement shall continue to be effective or reinstated, as the case may be, in the event that payment and performance of the Secured Obligations, or any part thereof, is rescinded, reduced, restored or returned, in which case such part of the Secured Obligations shall be reinstated and deemed reduced only by such amount paid and not so rescinded, reduced, restored or returned.

(i) THIS AGREEMENT WILL BE DEEMED TO BE A CONTRACT MADE UNDER AND GOVERNED BY THE INTERNAL LAWS OF THE STATE OF NEW YORK (INCLUDING FOR SUCH PURPOSE SECTIONS 5-1401 AND 5-1402 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK) AND, TO THE EXTENT APPLICABLE, THE BANKRUPTCY CODE, EXCEPT TO THE EXTENT THAT THE PERFECTION, EFFECT OF PERFECTION OR NONPERFECTION, AND PRIORITY OF THE SECURITY INTEREST HEREUNDER, OR REMEDIES HEREUNDER, IN RESPECT OF ANY PARTICULAR COLLATERAL ARE GOVERNED BY THE LAWS OF A JURISDICTION OTHER THAN THE STATE OF NEW YORK. This Agreement and the other Loan Documents constitute the entire understanding among the parties hereto with respect to the subject matter hereof and thereof and supersede any prior agreements, written or oral, with respect thereto.

(j) EACH DEBTOR HEREBY IRREVOCABLY AND UNCONDITIONALLY SUBMITS, FOR ITSELF AND ITS PROPERTY, TO THE EXCLUSIVE JURISDICTION AND VENUE OF THE BANKRUPTCY COURT, OR IN THE

EVENT THE BANKRUPTCY COURT DOES NOT HAVE OR DOES NOT EXERCISE JURISDICTION, THEN TO THE COURTS OF THE STATE OF NEW YORK OR IN THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK; PROVIDED THAT ANY SUIT SEEKING ENFORCEMENT AGAINST ANY PROPERTY MAY BE BROUGHT, AT THE AGENT'S OPTION, IN THE COURTS OF ANY JURISDICTION WHERE SUCH PROPERTY MAY BE FOUND. EACH DEBTOR HEREBY EXPRESSLY AND IRREVOCABLY SUBMITS TO THE JURISDICTION OF THE COURTS OF THE STATE OF NEW YORK, NEW YORK COUNTY AND OF THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK FOR THE PURPOSE OF ANY SUCH LITIGATION AS SET FORTH ABOVE AND IRREVOCABLY AGREES TO BE BOUND BY ANY JUDGMENT RENDERED THEREBY IN CONNECTION WITH SUCH LITIGATION. EACH DEBTOR IRREVOCABLY CONSENTS TO THE SERVICE OF PROCESS BY REGISTERED MAIL, POSTAGE PREPAID, OR BY PERSONAL SERVICE WITHIN OR WITHOUT THE STATE OF NEW YORK AT THE ADDRESS FOR NOTICES SPECIFIED FOR THE BORROWER IN SECTION 10.2 OF THE CREDIT AGREEMENT. EACH DEBTOR HEREBY EXPRESSLY AND IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION WHICH IT MAY HAVE OR HEREAFTER MAY HAVE TO THE LAYING OF VENUE OF ANY SUCH LITIGATION BROUGHT IN ANY SUCH COURT REFERRED TO ABOVE AND ANY CLAIM THAT ANY SUCH LITIGATION HAS BEEN BROUGHT IN AN INCONVENIENT FORUM. TO THE EXTENT THAT ANY DEBTOR HAS OR HEREAFTER MAY ACQUIRE ANY IMMUNITY FROM JURISDICTION OF ANY COURT OR FROM ANY LEGAL PROCESS (WHETHER THROUGH SERVICE OR NOTICE, ATTACHMENT PRIOR TO JUDGMENT, ATTACHMENT IN AID OF EXECUTION OR OTHERWISE) WITH RESPECT TO ITSELF OR ITS PROPERTY, SUCH DEBTOR HEREBY IRREVOCABLY WAIVES TO THE FULLEST EXTENT PERMITTED BY LAW SUCH IMMUNITY IN RESPECT OF ITS OBLIGATIONS UNDER THE LOAN DOCUMENTS.

(k) This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument, and either of the parties hereto may execute this Agreement by signing any such counterpart.

(l) Each Debtor hereby expressly waives the provisions of Articles 11(2) and 13(2) of the Convention and Article IX(6) of the Protocol.

(m) In the case of a conflict between this Agreement and the Primary Agreements, the Primary Agreements shall govern to the extent of such conflict.

(n) In the event of any conflict between this Agreement (or any portion thereof) and the Orders, the terms of the Orders shall govern. Nothing contained in this Agreement shall allow Administrative Agent (or any other Secured Party) to require any Debtor to take any action that would violate the Orders.

[Remainder of page intentionally left blank]

DEBTORS:

CARGO 360, INC.

By: _____

Name:

Title:

AIR MOBILITY INC.

SOUTHERN AIR INC.

SOUTHERN AIR HOLDINGS, INC.

By: _____

Name:

Title:

21110 LLC

21832 LLC

24067 LLC

21111 LLC

21221 LLC

AIRCRAFT 21255, LLC

AIRCRAFT 21380, LLC

21576 LLC

21787 LLC

23138 LLC

CF6-50, LLC

46914 LLC

21550 LLC

21590 LLC

By: CARGO 360, INC., their sole member

By: _____

Name:

Title:

IN WITNESS WHEREOF, each Debtor and the Agent have executed this Agreement as of the date first above written.

ADMINISTRATIVE AGENT:

Canadian Imperial Bank of Commerce, New
York Agency

By: _____

Name:

Title:

Schedule 1

AIRCRAFT PARTICULARS	DETAILS
AIRCRAFT DESCRIPTION	
FAA N-Number:	
Serial Number:	
Manufacturer Name:	
Certificate Issue Date:	
Model:	
Type of Engine:	
Year of Manufacture:	
REGISTERED OWNER	
Registered Owner:	
AIRWORTHINESS	
Engine Manufacturer:	
Engine Model:	
Engine Number 1	
Engine Number 2	
Engine Number 3	
Engine Number 4	

EXHIBIT L
To Senior Secured Super-Priority
Debtor-in-Possession Credit Agreement

[FORM OF] ESCROW AND SECURITY AGREEMENT

THIS ESCROW AND SECURITY AGREEMENT is entered into on [___], 2012 (this “Agreement”), by and among CANADIAN IMPERIAL BANK OF COMMERCE, NEW YORK AGENCY, in its capacity as escrow agent, depository bank and securities intermediary (collectively in such capacities, the “Escrow Agent”), CANADIAN IMPERIAL BANK OF COMMERCE, NEW YORK AGENCY, in its capacity as Administrative Agent under the Credit Agreement described below (the “Administrative Agent”), and CARGO 360, INC., a Delaware corporation, debtor-in-possession (the “Grantor”).

RECITALS

Pursuant to that Senior Secured Super-Priority Debtor-in-Possession Credit Agreement, dated as of [___], 2012 (as amended, supplemented, amended and restated or otherwise modified from time to time, the “Credit Agreement”), among the Grantor, the various financial institutions and other Persons from time to time parties thereto and Canadian Imperial Bank of Commerce, New York Agency, as the Administrative Agent, the Lenders will advance to the Grantor (i) a \$12.5 million senior secured super-priority debtor-in-possession term loan (the “Closing Date Term Loan”) and (ii) a \$12.5 million senior secured super-priority debtor-in-possession term loan (the “Final Order Term Loan”, and together with the Closing Date Term Loan, the “Term Loans”). In accordance with Section 3.3(e) hereof, capitalized terms that are used but not defined herein have the meanings assigned to them in the Credit Agreement.

Pursuant to the terms of the Credit Agreement the Grantor is required to deposit the proceeds of the Closing Date Term Loan and the Final Order Term Loan into the Escrow Account established pursuant to this Agreement and, subject to the terms and conditions set forth in the Credit Agreement is entitled to request certain withdrawals from such Escrow Account.

The Grantor and the Escrow Agent are entering into this Agreement to (i) provide for the opening of such Escrow Account with the Escrow Agent and (ii) in connection therewith, the Grantor, the Administrative Agent and the Escrow Agent hereby agree that, in consideration of the mutual promises and covenants contained herein, the Escrow Agent will hold in escrow and will distribute Escrow Property (as defined below) in accordance with and subject to the following:

1. INSTRUCTIONS

1.1. Escrow Property. Funds to be deposited with the Escrow Agent will be as follows:

(a) Concurrently with the execution and delivery hereof and the advance of the Closing Date Term Loans provided in the Credit Agreement, a portion of the proceeds of the Closing Date Term Loan will be deposited with the Escrow Agent in cash or by wire transfer in immediately available funds (the “Closing Date Term Loan Deposit”);

(b) Concurrently with the execution and delivery hereof and the advance of the Final Order Term Loans provided in the Credit Agreement, the entire \$12,500,000 (Twelve Million Five-Hundred Thousand Dollars) proceeds of the Final Order Term Loan will be deposited with the Escrow Agent in cash or by wire transfer in immediately available funds (the “Final Order Term Loan Deposit” and, together with the Closing Date Term Loan Deposit, the “Initial Deposits”);

(c) Subject to Section 1.1(e) hereof, from time to time thereafter, additional deposits (“Additional Deposits” and, together with the Initial Deposits, “Deposits”) may be made with the Escrow Agent, upon written notice from either the Grantor or the Administrative Agent to the Escrow Agent (which notice may be provided by copying the Escrow Agent on any certificate or notice delivered under the Credit Agreement specifying that such Additional Deposit is required or will be made) by transferring such amounts to the Escrow Agent pursuant to the wiring instructions set forth in Section 1.6 hereof.

(d) The Escrow Agent will accept the Deposits and will hold such funds, all investments thereof, any Distributions (as hereinafter defined) and the proceeds of the foregoing in the account specified in 1.6(c) below maintained by the Escrow Agent in the name of the Administrative Agent (such account, together with any other account maintained by the Escrow Agent hereunder, the “Escrow Account”) for disbursement in accordance with the provisions hereof. The Administrative Agent will be the entitlement holder and customer of the Escrow Agent with respect to the Escrow Account. The Grantor will not have any access to the Escrow Account or funds, investments or other assets credited thereto, other than the limited contractual right to request disbursements of and receive the Escrow Property under the circumstances specified in Section 1.4(i) hereof. The Deposits, the Escrow Account and all funds, securities or other property now or hereafter credited to the Escrow Account, all investments of any of the foregoing, plus all interest, dividends and other distributions and payments on any of the foregoing (collectively the “Distributions”) received or receivable by the Escrow Agent, less any property and/or funds distributed or paid in accordance with this Agreement, together with all proceeds of any of the foregoing are collectively referred to herein as “Escrow Property.”

(e) Subject to the terms and conditions set forth in this Agreement, the Grantor may make an Additional Deposit or request a distribution of Escrow Property on any Business Day, provided that (i) on any one day the Grantor may not both make an Additional Deposit and request a distribution and (ii) unless otherwise agreed to by the Escrow Agent, in no event may the total requests for distributions exceed, in the aggregate, five (5) in any calendar week (exclusive of any deposits the proceeds of which are used to make any mandatory prepayments required under Section 3.1.1 of the Credit Agreement and any distributions made in connection with the termination of this Agreement).

(f) As used herein, “Business Day” means any day excluding Saturday, Sunday and any day which is a legal holiday under the laws of the State of New York or is a day on which banking institutions located in such state are authorized or required by law or other governmental action to close.

1.2. Grantor’s Limited Rights in Escrow Property; Security Interest.

(a) It is the intention of the parties hereto that this Agreement create a true escrow and the Grantor have no ownership of, or rights in, the Escrow Account or the Escrow Property other than the limited contractual right to request disbursements of and receive the Escrow Property under the circumstances specified in Section 1.4(i) hereof.

(b) As security for the due and punctual payment when due of all “Obligations” whether now existing or hereafter arising, the Grantor hereby pledges, assigns and grants to the Administrative Agent, for the benefit of the Secured Parties, a continuing security interest in, and a lien on, all of the Grantor’s rights under this Agreement. If, notwithstanding the intention of the parties set forth in Section 1.2(a) hereof, the Grantor is determined to have any interest in any of the Escrow Property, then as security for the due and punctual payment when due of all Obligations whether now existing or hereafter arising, the Grantor hereby pledges, assigns and grants to the Administrative Agent, for the benefit of the Secured Parties, a continuing security interest in, and a lien on, the Escrow Property. The Grantor represents and warrants that the security interest of the Administrative Agent in this Agreement and, to the extent that the Grantor has rights therein, the Escrow Property, will at all times be valid, perfected and enforceable as a first priority security interest by the Administrative Agent against the Grantor and all third parties in accordance with the terms of this Agreement.

(c) The parties hereto acknowledge and agree that: (i) the Escrow Account will be treated as a “Securities Account,” (ii) the Escrow Property will be treated as “Financial Assets,” (iii) this Agreement governs the Escrow Account and provides rules governing the priority among possible “Entitlement Orders” received by the Escrow Agent as “Securities Intermediary” from the Grantor, the Administrative Agent and any other persons entitled to give “Entitlement Orders” with respect to such Financial Assets and (iv) the “Securities Intermediary’s Jurisdiction” is the State of New York. The Escrow Agent represents and warrants that the Escrow Agent is a “Securities Intermediary” with respect to the Escrow Account and the “Financial Assets” credited to the Escrow Account. Except as specifically provided herein, the terms of the New York Uniform Commercial Code, as amended, or any successor provision (the “Code”), will apply to this Agreement, and all terms quoted in this clause (c) and clause (e) will have the meanings assigned to them by Article 8 of the Code.

(d) The Escrow Agent hereby agrees that all property delivered to the Escrow Agent for crediting to the Escrow Account will be promptly credited to the Escrow Account by the Escrow Agent. The Escrow Agent represents and warrants that it has not entered into, and agrees that it will not enter into, any control agreement or any other agreement relating to the Escrow Account with any other third party without the prior written consent of the Grantor and the Administrative Agent.

(e) Each of the parties hereto acknowledge and agree that the Escrow Account will be under the control (within the meanings of Sections 8-106, 9-106 and 9-104 of the Code) of the Administrative Agent and, notwithstanding any other provision of this Agreement, the Escrow Agent will comply with all “Entitlement Orders” and instructions given by the Administrative Agent with respect to the Escrow Account or Escrow Property without further consent of the Grantor or any other person. Except as set forth in Section 1.4(i) hereof, the Grantor shall have no right to give any Entitlement Orders or instructions.

(f) The Grantor agrees to take all steps reasonably requested by the Administrative Agent in connection with the perfection of the Administrative Agent's security interest in this Agreement and the Escrow Property and, without limiting the generality of the foregoing, the Grantor hereby authorizes the Administrative Agent to file one or more UCC financing statements in such jurisdictions and filing offices and containing such description of collateral as the Administrative Agent may determine is necessary or advisable in order to perfect the security interest granted herein. The Grantor represents and warrants that it is duly formed and validly existing as a corporation under the laws of the state of Delaware and is not organized under the laws of any other jurisdiction, and the Grantor hereby agrees that, prior to the termination of this Agreement, it will not change its name or place of incorporation or organization except upon 15 days' prior written notice to the Administrative Agent. Notwithstanding anything to the contrary contained herein, the Escrow Agent shall have no responsibility for the preparing, recording, filing, re-recording, or re-filing of any financing statements, continuation statement or other instrument in any public office.

1.3. Investment of Escrow Property.

(a) Upon written directions from the Grantor, the Escrow Agent will invest or reinvest the Escrow Property, without distinction between principal and income in any cash or Cash Equivalent Investments designated from time to time by the Grantor (each a "Permitted Investment"); provided, however, upon the occurrence and during the continuance of an Event of Default and notice to the Escrow Agent from the Administrative Agent (until such notice is revoked or rescinded by the Administrative Agent, which revocation or rescission the Administrative Agent hereby agrees to give when no Event of Default shall be continuing), the Escrow Agent shall invest or reinvest the Escrow Property upon the sole direction of the Administrative Agent in cash. To the extent of any Permitted Investment, (A) the Escrow Agent and its Affiliates are authorized to act as counterparty, principal, agent, broker or dealer while purchasing or selling investments as specified herein, and (B) the Escrow Agent and its Affiliates are authorized to receive, directly or indirectly, fees or other profits or benefits (for the avoidance of doubt, no such fees or other profits or benefits are to be borne by the Borrower) for each service, task or function performed, in addition to the Escrow Agent's fees, specified in Section 2.11 hereof, without any requirement for special accounting related thereto. The Escrow Agent will credit all such investments to the Escrow Account and hereby agrees to treat any such investment as a "Financial Asset" within the meaning of Section 8-102(a)(9) of the Code.

(b) The Escrow Agent will have no liability for any investment losses, fees, taxes or other charges arising from or related to any such investment, reinvestment or liquidation of an investment other than in accordance with Section 2 hereof.

(c) The Escrow Agent will have no obligation to invest or reinvest the Escrow Property if deposited with the Escrow Agent after 12:00 noon New York City time on such day of deposit. Instructions received after 12:00 noon New York City time will be treated as if received on the following Business Day. Any interest or other income received on such investment and reinvestment of the Escrow Property will become part of the Escrow Property and any losses incurred on such investment and reinvestment of the Escrow Property will be debited against the Escrow Property in accordance with the terms hereof. The Escrow Property will remain uninvested with no liability for interest therein if written directions are not given to

the Escrow Agent. Notwithstanding the foregoing, the Escrow Agent will have the power to sell or liquidate the foregoing investments whenever the Escrow Agent is required to release all or any portion of the Escrow Property pursuant to Section 1.4 hereof (it being agreed by the Escrow Agent that it shall endeavor to sell or liquidate the investments only after applying any cash to the required release). In no event will the Escrow Agent be deemed an investment manager or adviser in respect of any selection of investments hereunder. It is understood and agreed that the Escrow Agent or its affiliates are permitted to receive additional compensation (for the avoidance of doubt, no such compensation is to be paid by the Borrower) that could be deemed to be in the Escrow Agent's economic self-interest for (1) serving as investment adviser, administrator, shareholder servicing agent, custodian or sub-custodian with respect to certain of the investments, (2) using affiliates to effect transactions in certain investments or (3) effecting transactions in investments.

1.4. Distribution of Escrow Property. Subject to Sections 1.1(c) and 1.2(e) hereof, the Escrow Agent is directed to hold and distribute the Escrow Property in the following manner:

- (i) Upon the delivery by the Grantor of an Officer's Certificate, substantially in the form attached as Exhibit A hereto, signed by an Authorized Person (as defined in Section 3.1 hereof) of the Grantor and consented to in writing by the Administrative Agent (which consent shall be promptly provided if the conditions in Section 5.3 of the Credit Agreement have been satisfied), the Escrow Agent shall (if such Officer's Certificate is received prior to 12:00 noon New York City time, on any Business Day and if received after 12:00 noon New York City time, then on the following Business Day) distribute to the Grantor by wire transfer of immediately available funds in accordance with the wire instructions set forth in Section 1.6(a) hereof and in the amount set forth in the Officer's Certificate.
- (ii) Upon the delivery by the Administrative Agent of a certificate, substantially in the form attached as Exhibit B hereto, and signed by the Administrative Agent, the Escrow Agent shall (if such Officer's Certificate is received prior to 12:00 noon New York City time on any Business Day and if received after 12:00 noon New York City time, then on the following Business Day) distribute to the Administrative Agent by wire transfer of immediately available funds in accordance with the wire instructions set forth in Section 1.6(b) hereof.

1.5. Addresses. Notices, instructions and other communications will be sent as follows:

- (a) to Escrow Agent: CANADIAN IMPERIAL BANK OF
COMMERCE, NEW YORK AGENCY
425 Lexington Avenue
New York, New York 10017
Attention: Agency Services
Facsimile No.: (866) 580-0016
- (b) to Administrative Agent:

CANADIAN IMPERIAL BANK OF
COMMERCE, NEW YORK AGENCY
425 Lexington Avenue
New York, New York 10017
Attention: Agency Services
Facsimile No.: (866) 580-0016

(c) to Grantor:

Cargo 360, Inc.
c/o Oak Hill Cargo 360, LLC
201 Main Street, Suite 1620
Fort Worth, Texas 76102
Attention: Controller
Facsimile No.: (817) 339-7350

with copies to:

Southern Air Holdings, Inc.
117 Glover Avenue
Norwalk, Connecticut 06850
Attention: Tom Philholski
Facsimile No.: (203) 847-9612

Weil, Gotshal & Manges LLP
767 Fifth Avenue
New York, New York 10153
Attention: Andrew Colao
Facsimile No.: (212) 310-8007

1.6. Wire Transfer Instructions.

(a) Unless otherwise indicated in the Officer's Certificate delivered by Grantor, all cash (including the cash proceeds from liquidation of any Escrow Property) distributed from the Escrow Account to the Grantor will be transferred by wire transfer of immediately available funds in accordance with the following wire transfer instructions:

Bank:	[]
ABA No.:	[]
Account Name:	[]
SWIFT:	[]
Account No.:	[]

(b) Unless otherwise indicated in the applicable certificate delivered by the Administrative Agent, all cash distributed from the Escrow Account to the Administrative Agent will be transferred by wire transfer of immediately available funds in accordance with the following wire transfer instructions:

Bank:	Bank of New York Mellon New York, New York
ABA No.	021-000-018
Credit to:	Canadian Imperial Bank of Commerce
Account No.	890-0331-046
For further credit to:	Agented Loans
Account No:	07-09611
Attention:	Agency Services
Reference:	Cargo

(c) Unless otherwise specified by the Escrow Agent in a notice delivered to the Grantor and the Administrative Agent, additional Deposits to the Escrow Account will be made by wire transferring immediately available funds in accordance with the following wire transfer instructions:

Bank:	Bank of New York Mellon New York, New York
ABA No.	021-000-018
Credit to:	Canadian Imperial Bank of Commerce
Account Name:	Cargo 360, Inc.

1.7. Monthly Statements. The Escrow Agent shall provide each of the Grantor and the Administrative Agent monthly statements with respect to the Escrow Account identifying deposits, holdings and transactions therein and transfers therefrom and thereto, and each such statement shall be deemed to be correct and final upon receipt thereof by the Grantor and the Administrative Agent unless the Escrow Agent is notified in writing to the contrary within ten (10) Business Days of the date of such statement. In the event that either the Grantor or the Administrative Agent notifies the other of any mistake in any payment made by the Escrow Agent, the party receiving such notice shall in good faith determine whether it agrees in whole or in part that such mistake asserted in such notice has occurred. In the event that the party receiving such notice has so determined that it agrees in whole or in part with the mistake asserted in such notice, then the Grantor and the Administrative Agent shall promptly (but in any event not later than the tenth Business Day following the date of the relevant monthly statement) jointly notify the Escrow Agent of such agreed-upon error and, as applicable, the Grantor or the Administrative Agent, as applicable, shall return to the Escrow Agent any wrongful distribution made to it, and, upon a joint written direction from the Administrative Agent, the Escrow Agent shall promptly make any necessary additional distribution as set forth in such direction to correct the error.

2. TERMS AND CONDITIONS

2.1. Duties of the Escrow Agent.

(a) The Escrow Agent undertakes to perform only such duties as are expressly set forth herein (or as may be required by applicable law), which the parties agree are ministerial in nature and which rely solely on a determination by the Escrow Agent of the terms on the face of certificates delivered to it pursuant hereto. In the event of any ambiguity or uncertainty hereunder or in any notice, direction, instruction or other communication received by the Escrow Agent hereunder, the Escrow Agent may, in its sole discretion, refrain from taking any action other than to retain possession of the Escrow Property until the Escrow Agent receives written instructions from the Administrative Agent or a copy of a judgment or order of a governmental entity of competent jurisdiction (a "Final Determination") directing the Escrow Agent to act.

(b) This Agreement sets forth all of the obligations of the Escrow Agent, and no additional obligations shall be inferred or implied from the terms of this Agreement or any other agreement, instrument or document (including those referred to herein or which relate to any transaction among the parties hereto other than the Escrow Agent), other than instructions delivered in accordance with this Agreement. The Escrow Agent shall not be responsible for or under, chargeable with knowledge of, or for determining or compelling compliance with the terms and conditions of any other agreement, instrument or document executed among any of the other parties hereto, even though reference thereto may be made herein, and shall not otherwise be bound thereby and may act in good faith solely upon information contained on the face of any certificate delivered to it hereunder without regard to the substantive accuracy of any statement or assertion made thereon.

2.2. Degree of Care.

(a) The Escrow Agent shall not be under any duty to give the Escrow Property, the Escrow Account and the property therein any greater degree of care than it gives its own similar property. The Escrow Agent shall not be bound by the provisions of any other agreement between the Grantor and the Administrative Agent and shall not be responsible for or be under a duty to examine or pass upon the validity, binding effect, execution or sufficiency of this Agreement or of any amendment hereto. The Escrow Agent shall not be responsible in any respect for the form, execution, validity, value or genuineness of documents or securities deposited hereunder, or for any description therein, or for the identity, authority or rights of persons executing or delivering or purporting to execute or deliver any such document, security or endorsement.

(b) The Escrow Agent shall not be required to invest any portion of the Escrow Property except as set forth in Section 1.3 hereof. The Escrow Agent shall not be called upon to advise the Grantor or the Administrative Agent as to the wisdom of selling or retaining any securities or other property deposited hereunder or taking or refraining from any action with respect to the Escrow Account. Any portion of the Escrow Property remaining uninvested as of the end of any day shall constitute a demand deposit with the Escrow Agent and shall not earn or accrue any interest or other income.

2.3. Limitation of Liability.

(a) The Escrow Agent shall not be required to expend any of its own funds or otherwise incur any financial liability in the performance of its duties under this Agreement and shall have no liability of any kind whatsoever for its performance of any duties imposed upon the Escrow Agent under this Agreement or for any action taken or omitted by it, or any action suffered by it to be taken or omitted, except to the extent that the Escrow Agent is determined in a Final Determination to have acted with (or the Escrow Agent's omission to act is determined to be with) gross negligence or willful misconduct.

(b) At any time when the Escrow Agent reasonably acts on any information, direction, instruction or communication (including communications with respect to the delivery of securities or the wire transfer of funds) sent hereunder, the Escrow Agent, absent gross negligence or willful misconduct as determined by a Final Determination, shall not be responsible or liable in the event such communication is not an authorized or authentic communication of the Grantor or the Administrative Agent or is not in the form that the Grantor or the Administrative Agent sent or intended to send (whether due to fraud, distortion or otherwise).

(c) The Escrow Agent shall not incur any liability for not performing any act or fulfilling any duty, obligation or responsibility hereunder by reason of any occurrence beyond the control of the Escrow Agent (including any act or provision of any present or future law or government entity, any act of God or war, civil unrest, local or national disturbance or disaster, any act of terrorism, the unavailability of the Federal Reserve Bank wire services, facsimile or other electronic communication facility or for the acts or omissions of its nominees, correspondents, designees, subagents or sub-custodians).

(d) Without limiting the foregoing, in no event shall the Escrow Agent be liable for (i) any indirect, consequential, punitive or special damages, regardless of the form of action and whether or not any such damages were foreseeable or contemplated, or (ii) the investment or reinvestment of any funds or property held by it hereunder, in each case in good faith, in accordance with the terms hereof, including any liability for the performance of any such investment or reinvestment, any delays (not resulting from its gross negligence or willful misconduct as determined by a Final Determination) in the investment or reinvestment of the Escrow Property, or any loss incident to any such delays

2.4. Indemnification. The Grantor, and its respective successors and assigns, agrees to indemnify and hold harmless the Escrow Agent and its Affiliates and their respective successors, assigns, agents, officers, partners and employees (each, an “Indemnified Party”) from, against and with respect to, and to reimburse such Indemnified Party upon demand for, any and all loss, liability, damage, claim, penalty, fine, forfeiture, action, fee or expense (including fees, costs and disbursements of legal counsel) (collectively, “Losses”) incurred or suffered by such Indemnified Party in connection with any action, suit or other proceeding involving any claim, or in connection with any claim or demand, which in any way, directly or indirectly, arises out of this Agreement or the performance by the Escrow Agent of its duties hereunder, except to the extent such Losses have been determined in a Final Determination to have resulted from the gross negligence or willful misconduct of such Indemnified Party.

2.5. Reliance. The Escrow Agent shall be entitled to rely in good faith upon any order, judgment, certification, demand, notice, instrument or other writing delivered to it hereunder without being required to determine the authenticity, effectiveness or correctness thereof or of any fact stated therein or the propriety or validity of the service thereof, or the jurisdiction of any court issuing any judgment or order. The Escrow Agent may act in reliance upon any instrument or signature believed by it to be genuine and may assume that the Person purporting to give receipt or advice or make any statement or execute any document in connection with the provisions hereof has been duly authorized to do so.

2.6. Rights of the Escrow Agent upon Adverse Claim or Doubt. Subject to Section 1.2(e) hereof, in the event of any disagreement among any of the parties to this Agreement, or among any of them and any other person, resulting in adverse claims or demands being made in connection with the subject matter of the Escrow Property or the Escrow Account, or in the event that the Escrow Agent, in good faith, is in doubt as to what action it should take hereunder, the Escrow Agent may, at its option, refuse to comply with any claims or demands on it, or refuse to take any other action hereunder, so long as such disagreement continues or such doubt exists, and in any such event, the Escrow Agent shall not become liable in any way or to any person for its failure or refusal to act. Subject to Section 1.2(e) hereof, the Escrow Agent shall be entitled to continue so to refrain from acting until the Escrow Agent shall have received (i) a Final Determination directing delivery of all or a specified portion of the Escrow Property to the prevailing party, (ii) a joint certificate executed by both the Administrative Agent and the Grantor or (iii) a certificate executed solely by the Administrative Agent, in which event the Escrow Agent shall disburse the Escrow Property in accordance with such Final Determination or applicable certificate. The Escrow Agent shall have the option, after 30 calendar days’ notice to the other parties of its intention to do so, to file an action in interpleader requiring the parties to answer and litigate any claims and rights among themselves; *provided* that the costs and

expenses (including attorneys' fees and expenses) incurred in connection with such proceeding shall be paid by, and shall be deemed an obligation of the Grantor. The rights of the Escrow Agent under this Section 2.6 are cumulative of all other rights which it may have by law or otherwise, but subject to Section 1.2(e) hereof.

2.7. Compliance with Judgments or Orders. If at any time the Escrow Agent is served with any judicial or administrative order, judgment, decree, writ or other form of judicial or administrative process which in any way affects the Escrow Property (including orders of attachment or garnishment or other forms of levies or injunctions or stays relating to the transfer of the Escrow Property), the Escrow Agent is authorized to comply therewith in any manner it or legal counsel of its own choosing deems appropriate. If the Escrow Agent complies with any such judicial or administrative order, judgment, decree, writ or other form of judicial or administrative process, the Escrow Agent shall not be liable to any of the parties hereto or to any other Person even though such order, judgment, decree, writ or process may be subsequently modified or vacated or otherwise determined to have been without legal force or effect.

2.8. Advice of Counsel. The Escrow Agent may act pursuant to the advice of legal counsel of its own choosing with respect to any matter relating to this Agreement and shall not be liable for any action taken or omitted by it in good faith in accordance with such advice. The Grantor agrees to reimburse the Escrow Agent on demand for fees, disbursements and expenses incurred in connection with such advice. The Escrow Agent shall have the right to reimburse itself for such fees, disbursements and expenses from the Escrow Property, *provided* that the Escrow Agent provides advance written notice thereof to the Grantor and the Administrative Agent.

2.9. No Interest; No Representations.

(a) The Escrow Agent does not have any interest in the Escrow Account other than as Escrow Agent.

(b) The Escrow Agent makes no representation as to the validity, value, genuineness or collectability of any security or other investment held by or delivered to it.

2.10. Removal; Resignation. The Grantor and the Administrative Agent on a joint basis may, or the Administrative Agent at any time when an Event of Default shall have occurred and be continuing may, in their or its sole discretion, remove the Escrow Agent by giving 30 days' prior written notice signed by each of the Grantor and/or the Administrative Agent, as applicable, and delivered to the Escrow Agent, specifying a date on which such removal shall take effect, and the Escrow Agent may, at any time in its sole discretion, resign and be discharged from its duties or obligations hereunder by giving 30 days' prior written notice signed by the Escrow Agent and delivered to each of the Grantor and the Administrative Agent, specifying a date under which such resignation shall take effect; *provided* that no such removal or resignation shall be effective until a successor escrow agent shall have been appointed and the Escrow Agent shall have delivered to such successor escrow agent the Escrow Property and all relevant books and records (including any certificates) relating thereto, less the Escrow Agent's fees, costs and expenses owed to the Escrow Agent. In the event of the Escrow Agent's removal or resignation, so long as no Event of Default shall have occurred and be continuing, the Grantor and the Administrative Agent shall jointly designate a new escrow agent, or if an Event of Default shall have occurred

and be continuing, the Administrative Agent shall designate a new escrow agent. Notwithstanding anything to the contrary in this Section 2.10, if at any time when no Event of Default shall have occurred and be continuing the Administrative Agent and the Grantor are unable to agree upon a successor escrow agent within 30 days after receipt of a resignation notice, the Administrative Agent may, in its sole discretion, direct the Escrow Agent to (and the Escrow Agent shall) deliver the Escrow Property to the Administrative Agent (or an escrow agent specified by the Administrative Agent) at the address provided herein, or may apply to a court of competent jurisdiction for the appointment of a successor escrow agent or for other appropriate relief; *provided* that the costs and expenses (including attorney's fees and expenses) incurred by the Escrow Agent in connection with such proceeding shall be paid by, the Grantor. Any such successor to the Escrow Agent shall agree to be bound by the terms of this Agreement and shall, upon receipt of the Escrow Property and all relevant books and records (including any certificates), become the Escrow Agent hereunder.

2.11. Compensation.

(a) The Grantor agrees to (i) pay to the Escrow Agent all costs relating to the compensation (as payment in full) of the Escrow Agent for its services hereunder, upon acceptance and annually in advance in accordance with the fee schedule attached hereto as Schedule 2.11, (ii) pay or reimburse the Escrow Agent for all reasonable and documented out-of-pocket expenses, disbursements and advances incurred or made by Escrow Agent in performance of its duties hereunder (including fees, disbursements and expenses of its legal counsel in accordance with the review and negotiation of this Agreement and in accordance with Section 2.8 hereof) and (iii) pay all deposit account and money market fund fees, charges and expenses as set forth in any applicable deposit agreement or fund prospectus, as applicable, associated with any investment of the Escrow Property.

(b) The Escrow Agent is expressly authorized and directed (but shall not be obligated), upon written notice to each of the Grantor and the Administrative Agent to charge against and withdraw from the Escrow Account for its own account (and may sell, convey or otherwise dispose of any Escrow Property for such purpose) any costs, expenses, disbursements and advances due to the Escrow Agent under Section 2.11(a) hereof.

3. MISCELLANEOUS

3.1. Notices. All notices and other communications under this Agreement will be in writing in English and will be deemed given (i) on the date of delivery when delivered personally, or (ii) on the next Business Day after delivery to a recognized overnight courier or mailed first class (postage prepaid) or when sent by facsimile or electronic mail to the parties (which facsimile copy or electronic mail will be followed by delivery of an original by other method of delivery) at the addresses set forth in Section 1.5 hereof (or to such other address as a party may have specified by notice given to the other parties pursuant to this provision); provided that notices to the Escrow Agent shall be deemed to be given when actually received by the Escrow Agent's Credit Processing Services, Global Operations & INTRIA group. Whenever under the terms hereof the time for giving a notice or performing an act falls upon a day that is not a Business Day, such time will be extended to the next Business Day. Attached as Schedule 3.1 hereto and made a part hereof is a list of those persons initially entitled to give notices,

instructions and other communications to the Escrow Agent on behalf of the Grantor hereunder (each such representative, and “Authorized Person”). Schedule 3.1 may be amended from time to time by written notice from the Grantor to the Escrow Agent and the Administrative Agent.

3.2. Representations and Warranties. The Grantor hereby represents and warrants (a) that this Agreement has been duly authorized, executed and delivered on its behalf and constitutes its legal, valid and binding obligation and (b) that the execution, delivery and performance of this Agreement by the Grantor do not and will not violate any applicable law or regulation.

3.3. Governing Law; Consent to Jurisdiction; Construction.

(a) THIS AGREEMENT WILL BE DEEMED TO BE A CONTRACT MADE UNDER AND GOVERNED BY THE INTERNAL LAWS OF THE STATE OF NEW YORK (INCLUDING FOR SUCH PURPOSE SECTIONS 5-1401 AND 5-1402 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK) AND, TO THE EXTENT APPLICABLE, THE BANKRUPTCY CODE, EXCEPT TO THE EXTENT THAT THE PERFECTION, EFFECT OF PERFECTION OR NONPERFECTION, AND PRIORITY OF THE SECURITY INTEREST HEREUNDER, OR REMEDIES HEREUNDER, IN RESPECT OF ANY PARTICULAR COLLATERAL ARE GOVERNED BY THE LAWS OF A JURISDICTION OTHER THAN THE STATE OF NEW YORK. This Agreement and the other Loan Documents constitute the entire understanding among the parties hereto with respect to the subject matter hereof and thereof and supersede any prior agreements, written or oral, with respect thereto.

(b) The Escrow Agent’s jurisdiction for purposes of Sections 8-110 and 9-304 of the Code will be the State of New York.

(c) THE GRANTOR HEREBY IRREVOCABLY AND UNCONDITIONALLY SUBMITS, FOR ITSELF AND ITS PROPERTY, TO THE EXCLUSIVE JURISDICTION AND VENUE OF THE BANKRUPTCY COURT, OR IN THE EVENT THE BANKRUPTCY COURT DOES NOT HAVE OR DOES NOT EXERCISE JURISDICTION, THEN TO THE COURTS OF THE STATE OF NEW YORK OR IN THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK. THE GRANTOR HEREBY EXPRESSLY AND IRREVOCABLY SUBMITS TO THE JURISDICTION OF THE COURTS OF THE STATE OF NEW YORK, NEW YORK COUNTY AND OF THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK FOR THE PURPOSE OF ANY SUCH LITIGATION AS SET FORTH ABOVE AND IRREVOCABLY AGREES TO BE BOUND BY ANY JUDGMENT RENDERED THEREBY IN CONNECTION WITH SUCH LITIGATION. EACH GRANTOR IRREVOCABLY CONSENTS TO THE SERVICE OF PROCESS BY REGISTERED MAIL, POSTAGE PREPAID, OR BY PERSONAL SERVICE WITHIN OR WITHOUT THE STATE OF NEW YORK AT THE ADDRESS FOR NOTICES SPECIFIED FOR THE BORROWER IN SECTION 10.2 OF THE CREDIT AGREEMENT. THE GRANTOR HEREBY EXPRESSLY AND IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION WHICH IT MAY HAVE OR HEREAFTER MAY HAVE TO THE LAYING OF VENUE OF ANY SUCH LITIGATION BROUGHT IN ANY SUCH COURT REFERRED TO ABOVE AND ANY CLAIM THAT ANY SUCH LITIGATION HAS BEEN BROUGHT IN AN

INCONVENIENT FORUM. TO THE EXTENT THAT THE GRANTOR HAS OR HEREAFTER MAY ACQUIRE ANY IMMUNITY FROM JURISDICTION OF ANY COURT OR FROM ANY LEGAL PROCESS (WHETHER THROUGH SERVICE OR NOTICE, ATTACHMENT PRIOR TO JUDGMENT, ATTACHMENT IN AID OF EXECUTION OR OTHERWISE) WITH RESPECT TO ITSELF OR ITS PROPERTY, SUCH GRANTOR HEREBY IRREVOCABLY WAIVES TO THE FULLEST EXTENT PERMITTED BY LAW SUCH IMMUNITY IN RESPECT OF ITS OBLIGATIONS UNDER THE LOAN DOCUMENTS.

(d) THE ESCROW AGENT, THE ADMINISTRATIVE AGENT AND THE GRANTOR HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHTS THEY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH, EACH LOAN DOCUMENT, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER ORAL OR WRITTEN) OR ACTIONS OF THE ESCROW AGENT, THE ADMINISTRATIVE AGENT, A LENDER, OR THE GRANTOR IN CONNECTION THEREWITH. THE GRANTOR ACKNOWLEDGES AND AGREES THAT IT HAS RECEIVED FULL AND SUFFICIENT CONSIDERATION FOR THIS PROVISION (AND EACH OTHER PROVISION OF EACH OTHER LOAN DOCUMENT TO WHICH IT IS A PARTY) AND THAT THIS PROVISION IS A MATERIAL INDUCEMENT FOR THE ESCROW AGENT AND THE ADMINISTRATIVE AGENT ENTERING INTO THIS AGREEMENT.

(e) Time is of the essence in this Agreement.

(f) Except as set forth in Section 1.2(c) hereof, capitalized terms that are used but not defined in this Agreement have the meanings assigned to them in the Credit Agreement. The term “will” as used in this Agreement shall be interpreted to express a command. The term “or” is not exclusive. Words in the singular include the plural and words in the plural include the singular.

3.4. Rights and Remedies. The rights and remedies conferred upon the parties hereto will be cumulative, and the exercise or waiver of any such right or remedy will not preclude or inhibit the exercise of any additional rights or remedies. The waiver of any right or remedy hereunder will not preclude the subsequent exercise of such right or remedy.

3.5. Benefit of the Parties; Assignment. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors, legal representatives and permitted assigns. No party to this Agreement may assign any of its rights or transfer or delegate any of its obligations under this Agreement, by operation of law or otherwise, without the prior written consent of the other parties hereto. Nothing in this Agreement, express or implied, is intended to confer upon any Person other than the Grantor, the Administrative Agent, the Escrow Agent and their respective successors, legal representatives and permitted assigns, any rights or remedies under or by reason of this Agreement.

3.6. Merger. This Agreement and the certificates, documents and instruments delivered pursuant hereto, constitute the entire agreement among the parties hereto with respect to the

subject matter hereof and supersedes all prior agreements and understandings, oral or written, with respect to such matters among the parties hereto.

3.7. Amendment. Any provision of this Agreement may be amended or waived if, and only if, such amendment or waiver is in writing and signed, in the case of an amendment, by the Escrow Agent, the Grantor and the Administrative Agent, or in the case of a waiver, by the party against whom the waiver is to be effective. No failure or delay by any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

3.8. Severability. The provisions of this Agreement shall be deemed severable and the invalidity or unenforceability of any provision shall not affect the validity or enforceability of the other provisions hereof. If any provision of this Agreement, or the application thereof to any Person or any circumstance, is invalid or unenforceable, (i) a suitable and equitable provision shall be substituted therefore in order to carry out, so far as may be valid and enforceable, the intent and purpose of such invalid or unenforceable provision and (ii) the remainder of this Agreement and the application of such provision to other Persons or circumstances shall not be affected by such invalidity or unenforceability, nor shall such invalidity or unenforceability affect the validity or enforceability of such provision, or the application thereof, in any other jurisdiction.

3.9. Headings and Captions. The headings and captions included in this Agreement are included solely for convenience of reference and will have no effect on the interpretation or operation of this Agreement.

3.10. Instructions. For purposes of sending and receiving instructions or directions hereunder, all such instructions or directions shall be, and the Escrow Agent may conclusively rely upon such instructions or directions, delivered and executed by an Authorized Person of the Grantor designated and/or the Administrative Agent, as applicable.

3.11. Taxes. The Escrow Agent does not have any interest in the Escrow Property deposited hereunder but is serving as escrow holder only and has only possession or control thereof. The Grantor shall pay or reimburse the Escrow Agent upon request for any transfer taxes or other taxes relating to the Escrow Property incurred in connection herewith and shall indemnify and hold harmless the Escrow Agent for any amounts that it is obligated to pay in respect of such taxes. Grantor shall include in its income and report for tax purposes, all income and losses realized with respect to the Escrow Property in the taxable year or years in which such income is properly includable or reportable. As soon as practicable after December 31 of each calendar year, the Escrow Agent shall report to Grantor (with a copy to the Administrative Agent) the amount of all income and losses realized during such calendar year with respect to the Escrow Property. It is understood that the Escrow Agent shall be responsible for income reporting only with respect to income earned on investment of funds which are part of the Escrow Property and is not responsible hereunder for any other tax reporting.

3.12. PATRIOT Act Disclosure. Section 326 of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (“USA

PATRIOT Act”) requires the Escrow Agent to implement reasonable procedures to verify the identity of any person that opens a new account with it. Accordingly, the parties hereto acknowledge that Section 326 of the USA PATRIOT Act and the Escrow Agent’s identity verification procedures require the Escrow Agent to obtain information which may be used to confirm the identity of the parties hereto, including name, address and organizational documents (“identifying information”). The parties agree to provide the Escrow Agent with and consent to the Escrow Agent obtaining from third parties any such identifying information required as a condition of opening an account with or using any service provided by the Escrow Agent.

3.13. No Set-Off. The Escrow Account is intended for the purposes set forth herein. Other than the security interest in favor of the Administrative Agent granted pursuant to this Agreement, no party hereto or any of its assignees or their respective Affiliates shall have any right of set off with respect to any portion of the Escrow Account with respect to any claims other than those claims against the Escrow Account expressly permitted by this Agreement and the Orders.

3.14. Public Disclosure. No printed or other material in any language, including prospectuses, notices, reports and promotional material which mentions “Canadian Imperial Bank of Commerce, New York Agency” by name or the rights, powers or duties of the Escrow Agent under this Agreement shall be issued by any other parties hereto, or on such party’s behalf, without the prior written consent of the Escrow Agent.

3.15. Termination. This Agreement shall terminate upon the disbursement of all amounts remaining in the Escrow Account after the earlier of (i) Stated Maturity Date and (ii) the Termination Date. The provisions of Section 2 hereof shall survive the termination of this Agreement or, as to the Escrow Agent, the earlier removal of the Escrow Agent.

3.16. Counterparts. This Agreement may be executed in one or more counterparts, each of which counterpart, when so executed and delivered, will be deemed to be an original and all such counterparts together will constitute one and the same instrument.

IN WITNESS WHEREOF, each of the parties has caused this Agreement to be executed by a duly authorized officer as of the day and year first written above.

**CARGO 360, INC.,
debtor-in-possession, as Grantor**

BY: _____

Name:

Title:

**CANADIAN IMPERIAL BANK OF
COMMERCE, NEW YORK AGENCY
as Escrow Agent**

BY: _____

Name:

Title:

**CANADIAN IMPERIAL BANK OF
COMMERCE, NEW YORK AGENCY,
as Administrative Agent**

BY: _____

Name:

Title:

SCHEDULE 2.11
ESCROW AGENT COMPENSATION

ESCROW FEE

The Grantor shall pay the Escrow Agent a one-time acceptance fee of \$15,000 upon the execution of the Escrow Agreement.

OTHER FEES

1. Money Market Fund Fees. In connection with any money market fund sweep feature that may be selected under the Escrow Agreement, the Grantor shall pay all applicable money market fund fees, charges and expenses set forth in the applicable fund prospectus.

The Grantor understands and acknowledges that the Escrow Agent and its affiliates are authorized to receive, directly or indirectly, fees from the money market funds that are offered as part of the cash sweep feature, and that such fees impact the performance of such funds. Additional information shall be set forth in the Escrow Agreement and the applicable money market fund prospectus.

2. Additional Fees. In the event the Escrow Agent is requested and agrees to perform additional services not contemplated by the Escrow Agreement, additional fees may be payable as may be agreed between such parties. Payment of such fees may be a condition to the Escrow Agent's performance of such additional services.

SCHEDULE 3.1*
AUTHORIZED PERSONS

The following persons are entitled to give notices, instructions and other communications to the Escrow Agent on behalf of the Grantor:

<u>Name</u>	<u>Title</u>	<u>Specimen Signature</u>
[]	[]	_____
[]	[]	_____
[]	[]	_____

* This Schedule 3.1 may be amended from time to time by written notice from the Grantor to the Escrow Agent and the Administrative Agent.

FORM OF OFFICER'S CERTIFICATE

of

CARGO 360, INC.

This certificate is being delivered to the Administrative Agent and the Escrow Agent pursuant to Section 1.4(i) of the Escrow and Security Agreement dated as of [___], 2012 (the "Escrow and Security Agreement"), among CARGO 360, INC., debtor-in-possession, a Delaware corporation (the "Grantor"), CANADIAN IMPERIAL BANK OF COMMERCE, NEW YORK AGENCY, as escrow agent (the "Escrow Agent"), and CANADIAN IMPERIAL BANK OF COMMERCE, NEW YORK AGENCY, as Administrative Agent (the "Administrative Agent"). Capitalized terms used but not defined herein have the respective meanings specified in the Escrow and Security Agreement. The Grantor hereby certifies through the undersigned officers that:

1. The delivery of this Certificate is authorized by the Credit Agreement and all conditions set forth therein to the delivery hereof have been satisfied or waived.
2. The Grantor requests the disbursement to it of \$_____ of Escrow Property and requests that such amount be wired to the account specified in Section 1.6(a).
3. As of the date of this Certificate, the Grantor certifies that no event shall have occurred and be continuing or would result from the consummation of this requested disbursement (and the use of proceeds thereof) that would constitute an Event of Default or a Default.
4. The Grantor hereby acknowledges that each of the delivery of this Certificate and the acceptance by the Grantor of the proceeds of the Loans requested hereby constitutes a representation and warranty by the Grantor that, on the date of the making of such Loans, and both before and after giving effect thereto and to the application of the proceeds therefrom, all statements set forth in Section 5.3.1 of the Credit Agreement are true and correct in all respects.
5. The Grantor acknowledges and agrees that such requested disbursement shall not be made without the written consent of the Administrative Agent.

IN WITNESS WHEREOF, the Grantor, through the undersigned officer, has signed this Certificate this [] day of [_____], 20[_____].

CARGO 360, INC.,
debtor-in-possession

By: _____
Name:
Title:

CONSENTED TO:

CANADIAN IMPERIAL BANK OF COMMERCE, NEW YORK AGENCY,
as Administrative Agent

By: _____
Name:
Title:

FORM OF ADMINISTRATIVE AGENT'S CERTIFICATE

with regards to

DISBURSEMENT OF ESCROW PROPERTY

This certificate is being delivered to the Escrow Agent pursuant to Section 1.4(ii) of the Escrow and Security Agreement dated as of [___], 2012 (the "Escrow and Security Agreement"), among CARGO 360, INC., debtor-in-possession, a Delaware corporation (the "Grantor"), CANADIAN IMPERIAL BANK OF COMMERCE, NEW YORK AGENCY, as escrow agent (the "Escrow Agent"), and CANADIAN IMPERIAL BANK OF COMMERCE, NEW YORK AGENCY, as Administrative Agent (the "Administrative Agent"). Capitalized terms used but not defined herein have the respective meanings specified in the Escrow and Security Agreement.

The Administrative Agent hereby (i) confirms that an Event of Default has occurred and is continuing and that the Administrative Agent is permitted to accelerate the Loans and/or other Obligations (or such Loans and/or Obligations have been so accelerated) and (ii) directs the Escrow Agent to disburse [\$_____ of Escrow Property] [all of the Escrow Property] and requests that such amount be wired to the Administrative Agent at the account specified in Section 1.6(b) of the Escrow and Security Agreement.

IN WITNESS WHEREOF, the Administrative Agent, through the undersigned officer, has signed this Certificate this [___] day of [_____], 20[___].

CANADIAN IMPERIAL BANK OF
COMMERCE, NEW YORK AGENCY

By: _____

Name:

Title:

EXHIBIT M
To Senior Secured Super-Priority
Debtor-in-Possession Credit Agreement

[FORM OF] APPROVED BUDGET

See Attached.

Approved Budget

Southern Air Projected Cash Flow by Week																												
	10/22/2012	10/29/2012	10/16/2012	10/23/2012	10/30/2012	11/6/2012	11/13/2012	11/20/2012	11/27/2012	12/4/2012	12/11/2012	12/18/2012	12/25/2012	1/1/2013	1/8/2013	1/15/2013	1/22/2013	1/29/2013	2/5/2013	2/12/2013	2/19/2013	2/26/2013	3/5/2013	3/12/2013	3/19/2013	3/26/2013	4/2/2013	Total
Receipts	\$ 6,740	\$ 7,707	\$ 5,586	\$ 4,482	\$ 7,124	\$ 5,211	\$ 4,482	\$ 5,295	\$ 4,482	\$ 10,120	\$ 5,222	\$ 6,230	\$ 5,222	\$ 6,912	\$ 8,837	\$ 6,230	\$ 5,222	\$ 6,912	\$ 8,837	\$ 5,222	\$ 5,675	\$ 4,567	\$ 10,528	\$ 5,222	\$ 6,230	\$ 4,567	\$ 6,258	\$ 169,024
Expenditures:																												
Total aircraft rent	(5,548)	(2,060)		(3,934)		(3,674)	(1,650)		(3,934)	(2,739)	(2,060)		(3,934)	(1,125)	(3,224)	(450)	(3,734)		(4,349)	(450)	(5,617)	(2,117)	(4,349)	(450)	(1,617)	(2,117)	(1,125)	(56,257)
Fuel	(6,808)	(400)	(400)	(100)	(100)	(2,556)	(50)	(50)	(50)	(2,656)	(250)	(250)	(250)	(2,206)	(250)	(250)	(250)	(250)	(2,206)	(250)	(250)	(250)	(2,756)	(250)	(250)	(250)	(250)	(23,838)
Salary and benefits	(377)	(169)	(2,755)	(75)	(3,821)	(135)	(2,418)	(75)	(75)	(4,034)	(75)	(2,200)	(75)	(3,297)	(75)	(1,947)	(75)	(2,504)	(275)	(75)	(3,774)	(75)	(2,627)	(75)	(1,732)	(75)	(2,439)	(33,300)
Maintenance reserves	(1,953)		(1,660)				(1,660)		(660)		(1,660)						(1,660)		(660)		(1,660)		(660)		(1,660)		(660)	(14,553)
Maintenance other than reserves	(1,656)	(1,620)	(1,345)	(845)	(1,360)	(1,070)	(745)	(645)	(1,235)	(645)	(645)	(720)	(1,060)	(450)	(450)	(525)	(450)	(865)	(450)	(525)	(450)	(1,460)	(450)	(525)	(450)	(750)	(1,165)	(22,661)
Nav/Landing	(696)	(650)	(975)	(775)	(305)	(721)	(305)	(1,245)	(305)	(621)	(405)	(1,045)	(420)	(275)	(471)	(1,005)	(565)	(300)	(471)	(405)	(1,135)	(330)	(471)	(405)	(1,135)	(330)	(275)	(16,041)
Commissions	(35)	-	-	(26)	(35)	-	-	(35)	(26)	-	-	(35)	(50)	-	-	-	(35)	(26)	-	-	(35)	(26)	-	-	-	(35)	(26)	(425)
GA&A - other than restructuring	(295)	(1,041)	(724)	(695)	(1,021)	(1,198)	(645)	(725)	(873)	(923)	(921)	(1,269)	(438)	(470)	(713)	(440)	(495)	(400)	(590)	(357)	(407)	(432)	(598)	(335)	(1,166)	(410)	(365)	(17,544)
Restructuring professionals	(1,372)	-	-	-	-	-	-	-	(825)	-	-	-	(1,480)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(9,002)
DIP interest & fees	(675)	-	-	-	(322)	-	-	-	-	(407)	-	-	-	(407)	-	-	-	-	-	-	-	(407)	-	-	-	-	-	(3,032)
Total expenditures	(19,415)	(5,931)	(7,859)	(6,550)	(6,963)	(9,354)	(5,813)	(4,435)	(7,323)	(12,689)	(3,956)	(7,179)	(7,717)	(6,274)	(7,139)	(4,617)	(7,364)	(5,565)	(9,408)	(2,062)	(7,328)	(5,565)	(12,318)	(2,040)	(8,010)	(3,967)	(9,927)	(196,653)
Net cash flow	(12,675)	1,776	(2,273)	(2,068)	171	(4,143)	(1,331)	860	(2,841)	(2,569)	1,266	(949)	(2,495)	639	1,698	1,613	(2,042)	1,318	(571)	3,160	(1,753)	(998)	(1,790)	3,182	(1,780)	600	(3,669)	(27,619)
Opening cash	4,400	(8,275)	(6,499)	(8,772)	(10,840)	(10,669)	(14,812)	(16,143)	(15,283)	(18,124)	(20,689)	(19,423)	(20,373)	(22,866)	(22,226)	(20,528)	(18,915)	(20,957)	(19,600)	(20,173)	(17,011)	(18,764)	(19,762)	(21,552)	(18,370)	(20,150)	(19,550)	4,400
Ending cash before DIP	(8,275)	(8,499)	(8,772)	(10,840)	(10,669)	(14,812)	(16,143)	(15,283)	(18,124)	(20,689)	(19,423)	(20,373)	(22,866)	(22,226)	(20,528)	(18,915)	(20,957)	(19,600)	(20,173)	(17,011)	(18,764)	(19,762)	(21,552)	(18,370)	(20,150)	(19,550)	(23,159)	(23,159)
DIP funding	12,500	12,500	12,500	12,500	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Ending cash plus DIP	\$ 4,225	\$ 6,001	\$ 3,728	\$ 1,660	\$ 14,331	\$ 10,188	\$ 8,857	\$ 9,717	\$ 6,876	\$ 4,311	\$ 5,577	\$ 4,629	\$ 2,134	\$ 2,774	\$ 4,472	\$ 6,085	\$ 4,043	\$ 5,400	\$ 4,829	\$ 7,989	\$ 6,236	\$ 5,238	\$ 3,448	\$ 6,630	\$ 4,850	\$ 5,450	\$ 1,781	\$ 1,781