

UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE

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: **Chapter 11**
: **Case No. 12-12690 (CSS)**
: **Jointly Administered**
: **Re: Docket No. 7**
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**INTERIM ORDER (I) AUTHORIZING THE PAYMENT OF
(A) CERTAIN EMPLOYEE OBLIGATIONS AND (B) PREPETITION
CLAIMS FOR INDEPENDENT CONTRACTORS AND (II) AUTHORIZING
AND DIRECTING FINANCIAL INSTITUTIONS TO HONOR AND
PROCESS CHECKS AND TRANSFERS RELATED TO SUCH OBLIGATIONS
PURSUANT TO SECTIONS 105(a), 363(b), AND 507(a) OF THE BANKRUPTCY CODE**

Upon the motion, dated September 28, 2012 (the "Motion"),² of Southern Air Holdings, Inc. and its affiliated debtors, as debtors and debtors in possession (collectively, the "Debtors"), requesting entry of (a) an Interim Order authorizing the Debtors to (i) pay outstanding prepetition Wage Obligations and Employee Reimbursement Obligations, subject to the Prepetition Wage Cap, (ii) pay all prepetition amounts due on account of Payroll Taxes, the Health and Welfare Plans, the Optional Enrollment Plans, and Union Dues, (iii) pay prepetition claims of Independent Contractors, and (iv) continue to honor their Wage Obligations, Employee Reimbursement Obligations, Payroll Taxes, Health and Welfare Plans, Optional Enrollment Plans, Union Dues, and payment of any fee or cost associated with the foregoing in the ordinary

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

² All capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Motion.



course of business during the Interim Period; (b) a Final Order authorizing the Debtors to (i) pay outstanding prepetition Wage Obligations and Employee Reimbursement Obligations, (ii) honor prepetition Severance Obligations, (iii) continue prepetition practices with respect to payment of postpetition Severance Obligations, and (iv) compensate eligible Employees for accrued and unused vacation days; and (c) an Interim Order and Final Order authorizing and directing Banks to receive, process, honor, and pay any check or electronic fund transfer from Debtors' accounts, to the extent that such checks or transfers relate to any of the obligations described herein, pursuant to sections 105(a), 363(b), and 507(a) of the Bankruptcy Code, as more fully set forth in the Motion; and upon consideration of the *Declaration of Daniel J. McHugh in Support of the Debtors' Chapter 11 Petitions and Requests for First Day Relief*; and the Court having jurisdiction to consider the Motion and the relief requested therein pursuant to 28 U.S.C. §§ 157 and 1334, and the *Amended Standing Order of Reference from the United States District Court for the District of Delaware*, dated as of February 29, 2012; and consideration of the Motion and the requested relief being a core proceeding pursuant to 28 U.S.C. § 157(b); and venue being proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; and due and proper notice of the Motion having been provided to the parties listed therein, and it appearing that no other or further notice need be provided; and the Court having reviewed the Motion; and the Court having determined that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and it appearing that the relief requested in the Motion is in the best interest of the Debtors and their respective estates and creditors; and upon all of the proceedings had before the Court and after due deliberation and sufficient cause appearing therefor,

IT IS HEREBY ORDERED THAT:

1. The Motion is GRANTED on an interim basis, as set forth herein.

2. The Debtors are authorized, but not directed, ~~to the extent consistent with the terms and conditions of the DIP Credit Agreement,~~³ pursuant to sections 105(a), 363(b), and 507(a) of the Bankruptcy Code, to pay prepetition Wage Obligations and Employee Reimbursement Obligations in accordance with the Debtors' prepetition practices; *provided*, however, that, during the Interim Period, the Debtor shall not pay any individual Employee on account of prepetition Wage Obligations and Employee Reimbursement Obligations in an amount greater than \$11,725; *provided, further* that such payments shall not exceed \$1,050,000 in the aggregate.

3. The Banks are authorized and directed to receive, process, honor and pay any (a) any prepetition checks or electronic fund transfer requests from the Debtors' accounts with respect to Wage Obligations and Employee Reimbursement Obligations that do not exceed the Prepetition Wage Cap per individual Employee and (b) any postpetition checks or new fund transfer requests from the Debtors' accounts with respect to such obligations. Banks and any third party receiving payment from the Debtors are authorized and directed to rely on the representations of the Debtors as to which payments are authorized by this Interim Order.

4. Nothing contained herein is intended or shall be construed as (a) an admission as to the validity of any claim against the Debtors, (b) a waiver of the Debtors' or any appropriate party in interest's rights to dispute any claim, or (c) an approval or assumption of any agreement, contract, program, policy, or lease under section 365 of the Bankruptcy Code. Likewise any payment made pursuant to this Interim Order is not intended and should not be

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

construed as an admission to the validity of any claim or a waiver of the Debtors' rights to dispute such claim subsequently.

5. The requirements of Bankruptcy Rule 6003(b) have been satisfied.
6. The requirements of Bankruptcy Rule 6004(a) are waived.
7. Notwithstanding any applicability of Bankruptcy Rule 6004(h), the terms and conditions of this Order shall be immediately effective and enforceable upon its entry.
8. The Debtors are authorized to take all steps necessary to carry out this Order.
9. This Court shall retain jurisdiction to hear and determine all matters arising from or related to the implementation, interpretation and/or enforcement of this Interim Order.
10. A hearing to consider additional relief requested in the Motion on an interim basis shall be held on October 1, 2012, at 2:00 p.m. (Eastern Time).

Dated: 9/28, 2012
Wilmington, Delaware



CHRISTOPHER S. SONTCHI
UNITED STATES BANKRUPTCY JUDGE