

UNITED STATES BANKRUPTCY COURT  
DISTRICT OF DELAWARE

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: **Chapter 11**  
: **Case No. 12-12690 (CSS)**  
: **Jointly Administered**  
: **Objection Deadline: October 12, 2012 at 4:00 p.m. (ET)**  
: **Hearing Date: October 25, 2012 at 1:00 p.m. (ET)**  
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*In re*

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

**Debtors.<sup>1</sup>**

**MOTION OF DEBTORS FOR ORDER ESTABLISHING  
PROCEDURES FOR INTERIM MONTHLY COMPENSATION  
AND REIMBURSEMENT OF EXPENSES OF PROFESSIONALS**

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

**Jurisdiction**

1. This Court has jurisdiction to consider this matter 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. This is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

<sup>1</sup> 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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## **Background**

2. On the date hereof (the "Petition Date"), each of the Debtors commenced with this Court a voluntary case under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code"). The Debtors continue to operate their businesses and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No trustee, examiner, or statutory committee of creditors ("Creditors' Committee") has been appointed in these chapter 11 cases.

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

## **The Debtors' Businesses**

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

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

6. Additional information regarding the Debtors' business, capital structure, and the circumstances leading to this chapter 11 filing is contained in the *Declaration of Daniel J. McHugh in Support of the Debtors' Chapter 11 Petitions and First Day Relief*, filed contemporaneously herewith.

### **Retention of Professionals**

7. The Debtors have filed, or intend to file, applications to retain (a) Weil, Gotshal & Manges, LLP, as counsel to the Debtors; (b) Young Conaway Stargatt & Taylor, LLP, as co-counsel to the Debtors; (c) Kurtzman Carson Consultants, LLC, as both the claims and noticing agent and the administrative agent to the Debtors; and (d) Zolfo Cooper LLC, as bankruptcy consultant and special financial advisor to the Debtors. The Debtors anticipate that, as these cases progress, they may need to retain other professionals in connection with the administration of these cases. In addition, if a Creditors' Committee is appointed in these cases, such committee will retain counsel, and possibly other professionals to assist it in fulfilling its obligations.

### **Request for Establishment of Interim Compensation and Expense Reimbursement Procedures**

8. By this Motion, the Debtors request the entry of an order authorizing and establishing procedures for the compensation and reimbursement of court-approved professionals (each a "Professional" and, collectively, the "Professionals") on a monthly basis, on terms that satisfy the requirements of section 331 of the Bankruptcy Code, Bankruptcy Rule 2016(a), and 2016-2 of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware (the "Local Rules"). Such an order will streamline the professional compensation process and enable the Court and all other parties to

monitor more effectively the professional fees incurred in these chapter 11 cases. A proposed order is attached hereto as Exhibit A (the “Proposed Order”).

9. Specifically, the Debtors propose that, except as otherwise provided in an order of the Court authorizing the retention of a particular Professional, the Professionals be permitted to seek interim payment of fees and reimbursement of expenses in accordance with the following procedures (collectively, the “Compensation Procedures”):

- (a) On or before the 25th day of each calendar month, each Professional may file an application (a “Monthly Fee Application”) with the Court for interim approval and allowance of compensation for services rendered and reimbursement of expenses incurred during any preceding month or months and serve a copy of such Monthly Fee Application by overnight mail on each of the following parties (collectively, the “Notice Parties”):
  - (i) Southern Air Holdings, Inc., 117 Glover Avenue, Norwalk, Connecticut 06850, Attn: Jon E. Olin, Esq.;
  - (ii) Weil, Gotshal & Manges, LLP, 767 Fifth Avenue, New York, New York 10153, Attn: Brian S. Rosen, Esq., counsel to the Debtors;
  - (iii) Young Conaway Stargatt & Taylor, LLP, Wilmington, Delaware 19801, Attn: M. Blake Cleary, Esq., co-counsel to the Debtors;
  - (iv) counsel to the Creditors’ Committee, if any; and
  - (v) the Office of the United States Trustee for the District of Delaware, 844 King Street, Suite 2207, Lockbox 35, Wilmington, Delaware 19801, Attn: Jane Leamy, Esq.

Any Professional that fails to file a Monthly Fee Application for a particular month or months may subsequently submit a consolidated Monthly Fee Application for a particular month or months. All Monthly Fee Applications will comply with the Bankruptcy Code, the Bankruptcy Rules, applicable Third Circuit law, and the Local Rules.

- (b) Each Notice Party will have until 4:00 p.m. (Eastern Time) on the 21st day (or the next business day if such day is not a business day) following service of the Monthly Fee Application (the “Objection Deadline”) to object to the requested fees and expenses in accordance with the procedures described in subparagraph (c) below. Upon the expiration of the Objection Deadline, a Professional may file a certificate of no objection (a “CNO”) with the Court with respect to the unopposed portion

of the fees and expenses requested in its Monthly Fee Application. After a CNO is filed, the Debtors are authorized and directed to pay the Professional an amount (the “Actual Monthly Payment”) equal to the lesser of (i) 80% of the fees and 100% of the expenses requested in the applicable Monthly Fee Application (the “Maximum Monthly Payment”) and (ii) 80% of the fees and 100% of the expenses requested in the applicable Monthly Fee Application that are not subject to an objection pursuant to subparagraph (c) below.

- (c) If any Notice Party wishes to object to a Professional’s Monthly Fee Application, it must (i) file a written objection (an “Objection”) with the Court on or before the Objection Deadline and (ii) serve the Objection on the affected Professional and each of the other Notice Parties so that it is received by each of these parties on or before the Objection Deadline. Thereafter, the objecting party and the affected Professional may attempt to resolve the Objection on a consensual basis. If the parties are unable to reach a resolution of the Objection, the affected Professional may either (1) file a request with the Court for payment of the difference between the Maximum Monthly Payment and the Actual Monthly Payment made to the affected Professional (the “Incremental Amount”) or (2) forego payment of the Incremental Amount until the next interim or final fee application hearing, at which time the Court will consider and dispose of the Objection if requested by the parties.
- (d) Each Professional may submit its first Monthly Fee Application no earlier than the 15th day of the second full month of the Debtors’ cases. This initial Monthly Fee Application will cover the period from the Petition Date through the end of the full month preceding the filing date of the Monthly Fee Application. Thereafter, the Professionals may file Monthly Fee Applications in the manner described above.
- (e) At four-month intervals or such other intervals convenient to the Court (the “Interim Fee Period”), each of the Professionals may file with the Court and serve on the Notice Parties a request (an “Interim Fee Application”) for interim Court approval and allowance of the compensation and reimbursement of expenses sought by such Professional in its Monthly Fee Applications, including any holdbacks, filed during the Interim Fee Period, pursuant to section 331 of the Bankruptcy Code, Bankruptcy Rule 2016(a), and Local Rule 2016-2. The Interim Fee Application, which shall be in a form that complies with Local Rule 2016-2, must include a brief description identifying the following, must include a brief description identifying the following:
  - (i) the Monthly Fee Applications that are the subject of the request;
  - (ii) the services rendered and time expended;

- (iii) the amount of fees and expenses requested;
- (iv) the amount of fees and expenses paid to date or subject to an Objection;
- (v) the deadline for parties other than the Notice Parties to file objections (the “Additional Objections”) to the Interim Fee Application; and
- (vi) any other information requested by the Court or required by the Bankruptcy Rules and Local Rules.

Objections, if any, to the Interim Fee Applications shall be filed and served upon the affected Professional and the Notice Parties so as to be received on or before the 21st day (or the next business day if such day is not a business day) following service of the applicable Interim Fee Application.

- (f) The Debtors will request that the Court schedule a hearing on the Interim Fee Applications at least once every six months or at such other intervals as the Court deems appropriate. If no Objections are pending and no Additional Objections are timely filed, the Court may grant an Interim Fee Application without a hearing.
- (g) The first Interim Fee Period will cover the month in which the Petition Date occurs and the four full months immediately following such month. Each Professional must file and serve its first Interim Fee Application on or before the 45th day following the end of the first Interim Fee Period.
- (h) The pendency of an Objection to payment of compensation or reimbursement of expenses will not disqualify a Professional from the future payment of compensation or reimbursement of expenses under the Compensation Procedures. Any Professional that fails to file a Monthly Fee Application or an Interim Fee Application when due or permitted will be ineligible to receive further interim payments of fees or expenses under the Compensation Procedures until such time as a Monthly Fee Application or Interim Fee Application is submitted by the Professional. There will be no other penalties for failing to file a Monthly Fee Application or an Interim Fee Application in a timely manner.
- (i) Neither (i) the payment of or the failure to pay, in whole or in part, monthly interim compensation and reimbursement of expenses under the Compensation Procedures nor (ii) the filing of or failure to file an Objection will bind any party in interest or the Court with respect to the final allowance of applications for compensation and reimbursement of expenses of Professionals. All fees and expenses paid to Professionals under the Compensation Procedures are subject to disgorgement until final allowance by the Court.

10. The Debtors also request that each member of any statutory committee be permitted to submit statements of expenses (excluding third-party counsel expenses of individual committee members) and supporting vouchers to the respective committee's counsel, which counsel will collect and submit the committee members' requests for reimbursement in accordance with the Compensation Procedures. Approval of these Compensation Procedures, however, will not authorize payment of such expenses to the extent that such authorization does not exist under the Bankruptcy Code, the Bankruptcy Rules, applicable Third Circuit law, the Local Rules, or the practices of this Court.

11. In addition, the Debtors request that the Court limit the notice of interim and final fee applications to (a) the Notice Parties and (b) all parties that have filed a notice of appearance with the Clerk of this Court, pursuant to Bankruptcy Rule 2002, and requested such notice. The Debtors further request that (i) the Notice Parties be entitled to receive the Monthly Fee Applications, any Interim Fee Applications, any final fee applications and any notices of hearing on interim or final fee applications (the "Hearing Notices") and (ii) all other parties entitled to notice be entitled to receive the notices of hearing on the interim and final fee applications. Providing notice of interim and final fee applications in this manner will permit the parties most active in these chapter 11 cases to review and object to professional fees and will save the expense of undue duplication and mailing.

12. The Debtors will include all payments made to Professionals in accordance with the Compensation Procedures in their monthly operating report, identifying the amount paid to each of the Professionals.

### **Applicable Authority**

13. Section 331 of the Bankruptcy Code provides as follows:

A trustee, an examiner, a debtor's attorney, or any professional person employed under section 327 or 1103 of this title may apply to the court not more than once every 120 days after an order for relief in a case under this title, or more often if the court permits, for such compensation for services rendered before the date of such an application or reimbursement for expenses incurred before such date as is provided under section 330 of this title. After notice and a hearing, the court may allow and disburse to such applicant such compensation or reimbursement.

11 U.S.C. § 331. Absent an order of this Court, section 331 limits Professionals rendering services in these chapter 11 cases to payment of fees and expenses only three times per year.

14. Implementation of the Compensation Procedures is justified in these cases.

The Debtors' chapter 11 cases present a number of complex issues that, together with the day-to-day administration of these chapter 11 cases, must be addressed by the Debtors' limited staff and resources. In addition, it is anticipated that several Professionals will be involved. Absent streamlined compensation procedures, the professional fee application and review process could be exceptionally burdensome on the Debtors, the Professionals, the Court, and other parties. By contrast, under the Compensation Procedures, the mechanism for payment of Professionals' fees will be simplified and will avoid unnecessary Court involvement. For example, the Compensation Procedures will avoid the need for the Court to review Monthly Fee Applications before payments can be made to Professionals.

15. In sum, the Compensation Procedures will (a) substantially reduce the burden imposed on the Court by avoiding the need for the immediate review of Monthly Fee Applications, (b) enable parties in interest to monitor more closely the costs of administering these cases, (c) diminish undue financial burdens on the Professionals and avoid having

Professionals fund the costs of the Debtors' reorganization, and (d) permit the Debtors to better predict and manage their monthly cash needs.

16. The Compensation Procedures are similar to procedures previously adopted by courts in this District. *See, e.g., In re AFA Inv. Inc.*, Case No. 12-11127 (MFW) (Bankr. D. Del. Apr. 20, 2012) [Docket No. 160]; *In re Buffets Rests. Holdings, Inc.*, Case No. 12-10237 (MFW) (Bankr. D. Del. Feb. 14, 2012) [Docket No. 228]; *In re AES E. Energy, L.P.*, Case No. 11-14138 (KJC) (Bankr. D. Del. Jan. 26, 2012) [Docket No. 122]; *In re DSI Holdings, Inc.*, Case No. 11-11941 (KJC) (Bankr. D. Del. Jul. 21, 2011) [Docket No. 161]; *In re Appleseed's Intermediate Holdings LLC*, Case No. 11-10160 (KG) (Bankr. D. Del. Feb. 18, 2011) [Docket No. 275]; *In re Magna Entm't Corp.*, Case No. 09-10720 (MFW) (Bankr. D. Del. Mar. 26, 2009) [Docket No. 164].<sup>2</sup>

### **Notice**

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

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<sup>2</sup> Because of the voluminous nature of the unreported orders cited in this Motion, they are not attached hereto; however, copies of these orders are available upon request of the Debtors' counsel.

**No Previous Request**

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

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

Dated: September 28, 2012  
Wilmington, Delaware

/s/ M. Blake Cleary  
M. Blake Cleary (No. 3614)  
YOUNG CONAWAY  
STARGATT & TAYLOR, LLP  
Rodney Square  
1000 North King Street  
Wilmington, Delaware 19801  
Telephone: (302) 571-6600  
Facsimile: (302) 571-1253

-and-

Brian S. Rosen, Esq.  
WEIL, GOTSHAL & MANGES LLP  
767 Fifth Avenue  
New York, New York 10153  
Telephone: (212) 310-8000  
Facsimile: (212) 310-8007

*Proposed Attorneys for the  
Debtors and Debtors in Possession*

UNITED STATES BANKRUPTCY COURT  
DISTRICT OF DELAWARE

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*In re* : **Chapter 11**  
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SOUTHERN AIR : **Case No. 12-12690 (CSS)**  
HOLDINGS, INC., *et al.*, :  
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Debtors.<sup>1</sup> : **Jointly Administered**  
:  
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:  
Hearing Date: **October 25, 2012 at 1:00 p.m. (ET)**  
:  
Objection Deadline: **October 12, 2012 at 4:00 p.m. (ET)**  
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**NOTICE OF APPLICATION**

TO: (A) THE OFFICE OF THE UNITED STATES TRUSTEE FOR THE DISTRICT OF DELAWARE; (B) EACH OF THE DEBTORS' THIRTY (30) LARGEST UNSECURED CREDITORS ON A CONSOLIDATED BASIS; (C) THE SECURITIES AND EXCHANGE COMMISSION; (D) THE INTERNAL REVENUE SERVICE; (E) THE UNITED STATES ATTORNEY'S OFFICE FOR THE DISTRICT OF DELAWARE; (F) THE UNITED STATES TRANSPORTATION COMMAND; (G) THE DEFENSE LOGISTICS AGENCY – ENERGY; (H) CANADIAN IMPERIAL BANK OF COMMERCE, NEW YORK AGENCY (“CIBC”); (I) COUNSEL TO CIBC; (J) OAK HILL CAPITAL MANAGEMENT (“OAK HILL”); (K) COUNSEL TO OAK HILL; (L) ALL LESSORS UNDER AIRCRAFT OPERATING LEASES WITH SOUTHERN AIR; AND (M) ALL PARTIES REQUESTING NOTICE PURSUANT TO BANKRUPTCY RULE 2002.

PLEASE TAKE NOTICE that the above-captioned debtors and debtors in possession (the “Debtors”) have filed the attached **Motion of Debtors for Order Establishing Procedures for Interim Monthly Compensation and Reimbursement of Expenses of Professionals** (the “Application”).

PLEASE TAKE FURTHER NOTICE that responses, if any, to the relief requested in the Application must be filed with the United States Bankruptcy Court for the District of Delaware, 824 N. Market Street, 3<sup>rd</sup> Floor, Wilmington, Delaware 19801 on or before

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<sup>1</sup> 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 of the Debtors is 117 Glover Avenue, Norwalk, Connecticut 06850.

**October 12, 2012 at 4:00 p.m. (ET)**. At the same time, you must serve a copy of your response upon the undersigned counsel.

**PLEASE TAKE FURTHER NOTICE THAT A HEARING ON THE RELIEF REQUESTED IN THE APPLICATION WILL BE HELD ON OCTOBER 25, 2012 AT 1:00 P.M. (ET) BEFORE THE HONORABLE CHRISTOPHER S. SONTCHI, UNITED STATES BANKRUPTCY JUDGE, IN THE UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT OF DELAWARE, 824 N. MARKET STREET, 5TH FLOOR, COURTROOM NO. 6, WILMINGTON, DELAWARE 19801.**

PLEASE TAKE FURTHER NOTICE IF YOU FAIL TO RESPOND TO THE APPLICATION IN ACCORDANCE WITH THIS NOTICE, THE COURT MAY GRANT THE RELIEF REQUESTED THEREIN WITHOUT FURTHER NOTICE OR A HEARING.

Dated: September 28, 2012  
Wilmington, Delaware

/s/ M. Blake Cleary  
M. Blake Cleary (No. 3614)  
Jaime L. Chapman (No. 4936)  
Maris F. Kandestin (No. 5294)  
YOUNG CONAWAY  
STARGATT & TAYLOR, LLP  
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1000 North King Street  
Wilmington, Delaware 19801  
Telephone: (302) 571-6600  
Facsimile: (302) 571-1253

-and-

Brian S. Rosen, Esq.  
WEIL, GOTSHAL & MANGES LLP  
767 Fifth Avenue  
New York, New York 10153  
Telephone: (212) 310-8000  
Facsimile: (212) 310-8007

*Proposed Attorneys for the  
Debtors and Debtors in Possession*

**Exhibit A**  
**Proposed Order**

**UNITED STATES BANKRUPTCY COURT  
DISTRICT OF DELAWARE**

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

*In re*  
**SOUTHERN AIR  
HOLDINGS, INC., et al.,  
Debtors.**<sup>1</sup>

**ORDER ESTABLISHING PROCEDURES FOR  
INTERIM MONTHLY COMPENSATION AND  
REIMBURSEMENT OF EXPENSES OF PROFESSIONAL**

Upon the motion, dated September 28, 2012 (the “Motion”),<sup>2</sup> of Southern Air Holdings, Inc. and its affiliated debtors, as debtors and debtors in possession (collectively, the “Debtors”), for entry of an order, pursuant to section 331 of title 11 of the United States Code (the “Bankruptcy Code”), Rule 2016(a) of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”) and Local Rule 2016-2, for the establishment of procedures for payment of interim compensation and reimbursement of professionals, as more fully set forth in the Motion; 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

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<sup>1</sup> 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.

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

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

**IT IS HEREBY ORDERED THAT:**

1. The Motion is GRANTED.
2. Except as otherwise provided in an order of the Court authorizing the retention of a particular professional, the professionals specifically retained pursuant to an order of the Court in these cases (collectively, the “Professionals”) may seek interim payment of fees and reimbursement of expenses in accordance with the following procedures (collectively, the “Compensation Procedures”):

- (a) On or before the 25th day of each calendar month, each Professional may file an application (a “Monthly Fee Application”) with the Court for interim approval and allowance of compensation for services rendered and reimbursement of expenses incurred during any preceding month or months and serve a copy of such Monthly Fee Application by overnight mail on each of the following parties (collectively, the “Notice Parties”):
  - (i) Southern Air Holdings, Inc., 117 Glover Avenue, Norwalk, Connecticut 06850, Attn: Jon E. Olin, Esq.;
  - (ii) Weil, Gotshal & Manges, LLP, 767 Fifth Avenue, New York, New York 10153, Attn: Brian S. Rosen, Esq., counsel to the Debtors;
  - (iii) Young Conaway Stargatt & Taylor, LLP, Wilmington, Delaware 19801, Attn: M. Blake Cleary, Esq., co-counsel to the Debtors;
  - (iv) counsel to the Creditors’ Committee, if any; and

- (v) the Office of the United States Trustee for the District of Delaware, 844 King Street, Suite 2207, Lockbox 35, Wilmington, Delaware 19801, Attn: Jane Leamy, Esq.

Any Professional that fails to file a Monthly Fee Application for a particular month or months may subsequently submit a consolidated Monthly Fee Application for a particular month or months. All Monthly Fee Applications will comply with the Bankruptcy Code, the Bankruptcy Rules, applicable Third Circuit law, and the Local Rules.

- (b) Each Notice Party will have until 4:00 p.m. (Eastern Time) on the 21st day (or the next business day if such day is not a business day) following service of the Monthly Fee Application (the “Objection Deadline”) to object to the requested fees and expenses in accordance with the procedures described in subparagraph (c) below. Upon the expiration of the Objection Deadline, a Professional may file a certificate of no objection (a “CNO”) with the Court with respect to the unopposed portion of the fees and expenses requested in its Monthly Fee Application. After a CNO is filed, the Debtors are authorized and directed to pay the Professional an amount (the “Actual Monthly Payment”) equal to the lesser of (i) 80% of the fees and 100% of the expenses requested in the applicable Monthly Fee Application (the “Maximum Monthly Payment”) and (ii) 80% of the fees and 100% of the expenses requested in the applicable Monthly Fee Application that are not subject to an objection pursuant to subparagraph (c) below.
- (c) If any Notice Party wishes to object to a Professional’s Monthly Fee Application, it must (i) file a written objection (an “Objection”) with the Court on or before the Objection Deadline and (ii) serve the Objection on the affected Professional and each of the other Notice Parties so that it is received by each of these parties on or before the Objection Deadline. Thereafter, the objecting party and the affected Professional may attempt to resolve the Objection on a consensual basis. If the parties are unable to reach a resolution of the Objection, the affected Professional may either (1) file a request with the Court for payment of the difference between the Maximum Monthly Payment and the Actual Monthly Payment made to the affected Professional (the “Incremental Amount”) or (2) forego payment of the Incremental Amount until the next interim or final fee application hearing, at which time the Court will consider and dispose of the Objection if requested by the parties.
- (d) Each Professional may submit its first Monthly Fee Application no earlier than the 15th day of the second full month of the Debtors’ cases. This initial Monthly Fee Application will cover the period from the Petition Date through the end of the full month preceding the filing date of the Monthly Fee Application. Thereafter, the Professionals may file Monthly Fee Applications in the manner described above.

- (e) At four-month intervals or such other intervals convenient to the Court (the “Interim Fee Period”), each of the Professionals may file with the Court and serve on the Notice Parties a request (an “Interim Fee Application”) for interim Court approval and allowance of the compensation and reimbursement of expenses sought by such Professional in its Monthly Fee Applications, including any holdbacks, filed during the Interim Fee Period, pursuant to section 331 of the Bankruptcy Code, Bankruptcy Rule 2016(a), and Local Rule 2016-2. The Interim Fee Application, which shall be in a form that complies with Local Rule 2016-2, must include a brief description identifying the following, must include a brief description identifying the following:
- (i) the Monthly Fee Applications that are the subject of the request;
  - (ii) the services rendered and time expended;
  - (iii) the amount of fees and expenses requested;
  - (iv) the amount of fees and expenses paid to date or subject to an Objection;
  - (v) the deadline for parties other than the Notice Parties to file objections (the “Additional Objections”) to the Interim Fee Application; and
  - (vi) any other information requested by the Court or required by the Bankruptcy Rules and Local Rules.

Objections, if any, to the Interim Fee Applications shall be filed and served upon the affected Professional and the Notice Parties so as to be received on or before the 21st day (or the next business day if such day is not a business day) following service of the applicable Interim Fee Application.

- (f) The Debtors will request that the Court schedule a hearing on the Interim Fee Applications at least once every six months or at such other intervals as the Court deems appropriate. If no Objections are pending and no Additional Objections are timely filed, the Court may grant an Interim Fee Application without a hearing.
- (g) The first Interim Fee Period will cover the month in which the Petition Date occurs and the four full months immediately following such month. Each Professional must file and serve its first Interim Fee Application on or before the 45th day following the end of the first Interim Fee Period.
- (h) The pendency of an Objection to payment of compensation or reimbursement of expenses will not disqualify a Professional from the future payment of compensation or reimbursement of expenses under the

Compensation Procedures. Any Professional that fails to file a Monthly Fee Application or an Interim Fee Application when due or permitted will be ineligible to receive further interim payments of fees or expenses under the Compensation Procedures until such time as a Monthly Fee Application or Interim Fee Application is submitted by the Professional. There will be no other penalties for failing to file a Monthly Fee Application or an Interim Fee Application in a timely manner.

- (i) Neither (i) the payment of or the failure to pay, in whole or in part, monthly interim compensation and reimbursement of expenses under the Compensation Procedures nor (ii) the filing of or failure to file an Objection will bind any party in interest or the Court with respect to the final allowance of applications for compensation and reimbursement of expenses of Professionals. All fees and expenses paid to Professionals under the Compensation Procedures are subject to disgorgement until final allowance by the Court.

3. Each member of any statutory committee is permitted to submit statements of expenses (excluding third-party counsel expenses of individual committee members) and supporting vouchers to the respective committee's counsel, which counsel will collect and submit the committee members' requests for reimbursement in accordance with the Compensation Procedures. Approval of these Compensation Procedures, however, does not authorize payment of such expenses to the extent that such authorization does not exist under the Bankruptcy Code, the Bankruptcy Rules, applicable Third Circuit law, the Local Rules or the practices of this Court.

4. Notice of interim and final fee applications shall be served on (a) the Notice Parties and (b) all parties that have filed a notice of appearance with the Clerk of this Court, pursuant to Bankruptcy Rule 2002, and requested such notice. In addition, (i) the Notice Parties shall be entitled to receive the Monthly Fee Applications, any Interim Fee Applications, any final fee applications and any notices of hearing on interim or final fee applications and (ii) all other parties entitled to notice shall be entitled to receive only the notices of hearing on the interim and final fee application.

5. The Debtors must include all payments made to Professionals in accordance with the Compensation Procedures in their monthly operating report, identifying the amount paid to each of the Professionals.

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

Dated: \_\_\_\_\_, 2012  
Wilmington, Delaware

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CHRISTOPHER S. SONTCHI  
UNITED STATES BANKRUPTCY JUDGE