

**UNITED STATES BANKRUPTCY COURT  
DISTRICT OF DELAWARE**

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<i>In re</i>	: Chapter 11
	: :
SOUTHERN AIR	: Case No. 12-12690 (CSS)
HOLDINGS, INC., <i>et al.</i> ,	: :
	: Jointly Administered
Debtors. <sup>1</sup>	: :
	: Re: Docket No. 5
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**INTERIM ORDER AUTHORIZING (I) FUEL SUPPLIERS TO APPLY PREPETITION PREPAYMENTS AND CREDITS TO PREPETITION AND POSTPETITION OBLIGATIONS UNDER FUEL SUPPLY ARRANGEMENTS, (II) THE DEBTORS TO PAY PREPETITION AMOUNTS OWED TO FUEL SUPPLIERS, (III) THE DEBTORS TO HONOR, PERFORM, AND EXERCISE THEIR RIGHTS AND OBLIGATIONS UNDER FUEL SUPPLY ARRANGEMENTS, AND (IV) FINANCIAL INSTITUTIONS TO HONOR AND PROCESS RELATED CHECKS AND TRANSFERS PURSUANT TO SECTIONS 105(a), 362, 363, AND 553 OF THE BANKRUPTCY CODE**

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 interim order pursuant to sections 105(a), 362, 363(b), and 553 of the Bankruptcy Code entry of an order authorizing (a) modification of the Automatic Stay, to the extent required, to permit the Fuel Suppliers to apply prepetition prepayments and credits to the Debtors’ prepetition and postpetition obligations under the Fuel Supply Arrangements, (b) the Debtors to pay any prepetition outstanding fuel-related obligations owed to the Fuel Suppliers; (c) the Debtors to continue honoring, performing, and exercising their rights and obligations

<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.



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(whether prepetition or postpetition) under the Fuel Supply Arrangements, and (d) financial institutions to honor and process related checks and transfers, all as more fully set forth in the Motion; and upon consideration of the *Declaration of Daniel J. McHugh in Support of the Debtors' Chapter 11 Petitions and First Day Relief*; and the Court having jurisdiction to consider the Motion and the relief requested therein pursuant to 28 U.S.C. §§ 157 and 1334, and the *Amended Standing Order of Reference from the United States District Court for the District of Delaware*, dated as of February 29, 2012; and consideration of the Motion and the requested relief being a core proceeding pursuant to 28 U.S.C. § 157(b); and venue being proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; and due and proper notice of the Motion having been provided to the parties listed therein, and it appearing that no other or further notice need be provided; and the Court having reviewed the Motion and 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 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 pay any prepetition outstanding obligations to the Government Fuel Suppliers, in an interim amount not to exceed \$5.6 million.
3. The Debtors are authorized, but not directed, to pay prepetition outstanding obligations to WFS, if any, in an interim amount not to exceed \$50,000.

4. The Debtors are authorized, but not directed, to continue to honor, perform and exercise their rights and obligations (whether prepetition or postpetition) under the Fuel Supply Arrangements; *provided, however*, that such honoring, performing, or exercising of such rights and obligations shall not give rise to administrative claims solely as a result of the entry of this Order and shall not constitute the assumption of any contract, nor preclude the Debtors from contesting or objecting to the claim of any party.

5. The Fuel Suppliers are authorized to exercise any recoupment rights and apply prepetition payments and credits held for the benefit of the Debtors to the Debtors' fuel supply purchases occurring before or after the Petition Date.

6. To the extent required, the Automatic Stay is hereby modified and the requirements of Bankruptcy Rule 4001(a)(3) and Local Rule 4001-1 are waived solely to allow the Fuel Suppliers, subject to the prior written consent of the Debtors, and upon three (3) business days' written notice to the agent under the DIP Credit Agreement, to exercise any setoff rights pursuant to section 553 of the Bankruptcy Code as may be necessary to ensure the application of fuel payments or credits.

7. The Banks on which checks were drawn or electronic transfer requests were made in payment of the prepetition obligations approved herein are authorized and directed to receive, process, honor and pay all such checks and electronic payment requests when presented for payment, and all such Banks are authorized to rely on the Debtors' designation of any particular check or electronic payment request as being approved by this Order.

8. Within three (3) business days after the date of this Order, the Debtors shall serve a copy of this Order on the Banks.

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

10. The requirements of Bankruptcy Rule 6003(b) have been satisfied.

11. The requirements of Bankruptcy Rule 6004(a) are waived.

12. Notwithstanding any applicability of Bankruptcy Rule 6004(h), the terms and conditions of this Order shall be immediately effective and enforceable upon its entry.

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

14. A final hearing to consider the relief requested in the Motion (the "Final Hearing") shall be held on October 25, 2012 at 1:00 p.m. (Eastern Time) and any objections or responses to the Motion shall be filed on or before seven (7) days before the Final Hearing date set forth herein and served on the parties as required by Local Rule 9006-1(c)(ii).

15. 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: October 1, 2012  
Wilmington, Delaware

  
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PETER J. WALSH  
UNITED STATES BANKRUPTCY JUDGE