

UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE

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: **Chapter 11**
: **Case No. 12-12690 (CSS)**
: **Jointly Administered**
: **Re: Docket No. 53**
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In re
SOUTHERN AIR
HOLDINGS, INC., *et al.*,
Debtors.¹

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

Upon the motion, dated September 28, 2012 (the "Motion"),² of Southern Air Holdings, Inc. and its affiliated debtors, as debtors and debtors in possession (collectively, the "Debtors"), for 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

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.



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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 as set forth herein.

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;

- (v) Milbank Tweed Hadley & McCloy LLP, 1 Chase Manhattan Plaza, New York, New York 10005, Attn: Matthew Barr, Esq., counsel to Canadian Imperial Bank of Commerce, New York Agency;
- (vi) Paul Weiss Rifkind Wharton & Garrison LLP, 1285 Avenue of the Americas, New York, New York 10019, Attn: Stephen J. Shimshak, Esq., counsel to Oak Hill Capital Management; and
- (vii) 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: 10/24, 2012
Wilmington, Delaware



CHRISTOPHER S. SONTCHI
UNITED STATES BANKRUPTCY JUDGE