

UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE

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:
In re : **Chapter 11**
:
SOUTHERN AIR : **Case No. 12-12690 (CSS)**
HOLDINGS, INC., et al., :
: **Jointly Administered**
:
Debtors.¹ :
: **Re: Docket Nos. 6 & 48**
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**FINAL ORDER AUTHORIZING DEBTORS
TO PAY PREPETITION OBLIGATIONS OF CERTAIN
(I) CRITICAL VENDORS, (II) FOREIGN CREDITORS, (III) POSSESSORY
LIEN HOLDERS, AND (IV) PRIORITY VENDORS PURSUANT TO SECTIONS
105(a), 361, 363(b), 503(b)(9), 507(a)(2), AND 542 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"), for authority to pay all or a portion of the Prepetition Obligations pursuant to sections 105(a), 361, 363(b), 503(b)(9), 507(a)(2), and 542 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 First Day Relief*; and the Court having jurisdiction to consider the Motion and the relief requested therein pursuant to 28 U.S.C. §§ 1334 and 157, 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

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 Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Motion.



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 entered an interim order granting the relief requested on September 28, 2012 (the "Interim Order"); and the Court having affirmed the relief granted under the Interim Order on the record during the hearing held on October 1, 2012; 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. The Debtors are authorized but not directed, in the reasonable exercise of their business judgment, pursuant to sections 105(a) and 363(b) of the Bankruptcy Code, to pay, in an amount not to exceed \$1.2 million (in addition to amounts authorized under the Interim Critical Vendor Claims Cap), some or all of the prepetition claims of Critical Vendors who agree to continue to supply goods and services to the Debtors on Customary Trade Terms for a period following the date of the agreement and on other such terms and conditions as are acceptable to the Debtors. As used herein, "Customary Trade Terms" means, with respect to a Critical Vendor: (a) the normal and customary trade terms, practices, and programs (including, without limitation, credit limits, pricing, cash discounts, timing of payments, allowances, rebates, coupon reconciliation, normal product mix and availability, and other applicable terms and programs)

that were most favorable to the Debtors and in effect between such Critical Vendor and the Debtors prior to the Petition Date; or (b) such other trade terms as agreed by the Debtors and a Critical Vendor so long as the Critical Vendor extends trade credit to the Debtors.

3. After the date hereof, the Debtors shall determine, in the ordinary course of business, who is a Critical Vendor by considering, among other things: (a) which suppliers were sole source or limited source suppliers, without whom the Debtors could not continue to operate without disruption; (b) which suppliers would be prohibitively expensive to replace; and (c) which suppliers present an unacceptable risk of business disruption should they cease the provision of truly essential services or supplies.

4. The Debtors may, in their sole discretion, declare a Vendor Agreement with an individual Critical Vendor to be terminated (together with the other benefits to the Critical Vendor as contained in this Order) on the date that the Debtors deliver notice to the Critical Vendor that such Critical Vendor has not complied with the terms and provisions of the Vendor Agreement; *provided, however*, that the Vendor Agreement may be reinstated if:

- a. Such termination is subsequently reversed by this Court, after notice and a hearing following a motion by the Critical Vendor, for good cause shown that the determination was materially incorrect;
- b. The underlying default under the Vendor Agreement was fully cured by the Critical Vendor not later than five (5) business days following the Debtors' notification to the Critical Vendor that a default had occurred; or
- c. The Debtors, in their sole discretion, reach a favorable alternative agreement with the Critical Vendor.

5. The Debtors are authorized, but not required, in the reasonable exercise of their business judgment, to pay Foreign Creditor Claims in the ordinary course of the Debtors'

business in an amount not to exceed \$2.4 million (in addition to amounts authorized under the Interim Foreign Creditor Claims Cap) and on such terms as the Debtors deem appropriate.

6. The Debtors are authorized, but not required, in the reasonable exercise of their business judgment, to pay Possessory Lien Claims in the ordinary course of the Debtors' business in an amount not to exceed \$400,000 (in addition to amounts authorized under the Interim Possessory Lien Claims Cap) and on such terms as the Debtors deem appropriate.

7. The Debtors, are authorized, but not required, in the reasonable exercise of their business judgment, to pay Priority Vendor Claims in the ordinary course of the Debtors' business in an amount not to exceed \$200,000 (in addition to amounts authorized under the Interim Priority Vendor Claims Cap) and on such terms as the Debtors deem appropriate.

8. Any Critical Vendor, Foreign Creditor, Possessory Lien Holder, or Priority Vendor that accepts payment from the Debtors on account of a Critical Vendor Claim, Foreign Creditor Claim, Possessory Lien Claim, or Priority Vendor Claim shall be deemed to have agreed to the terms and provisions of this Order.

9. As a condition to receiving any payment pursuant to this Order, the Possessory Lien Holders shall waive and release any previously asserted possessory lien on the assets of the Debtors.

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. 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