

SOUTHERN AIR REACHES AGREEMENT WITH LENDERS TO RESTRUCTURE BALANCE SHEET

- Company to recapitalize through “pre-arranged” Chapter 11 reorganization
- Receives \$25 million commitment in new financing to support ongoing operations during reorganization process
- New capital structure will support strategic plans to invest in future growth as air cargo industry leader

NORWALK, CT, September 28, 2012 – Southern Air Holdings, Inc. today announced an agreement with its lenders to restructure its balance sheet and significantly reduce by more than two-thirds its approximately \$285 million of legacy debt. The improved capital structure is a key component of the company’s transformation into a carrier better positioned both financially and operationally to compete in a dynamic and challenging global marketplace.

“The actions we are taking will dramatically change and improve our capital structure, eliminating the substantial cost burden of legacy debt and other costs from our acquisition in 2007,” said Daniel J. McHugh, chief executive officer. “It follows our operational transition over the past 18 months from a high-maintenance and labor-intensive fleet, to a modern, fuel-efficient fleet of 777s and 747-400s serving global customers and operating in more reliable, lower cost route structures in key global trade lanes.

“These initiatives support our long-term business strategy and response to the extreme industry changes over the past few months, including major cutbacks in spending by the U.S. Department of Defense,” Mr. McHugh continued. “The worst global economy in a generation has also impacted the international freight market, with 2012 shaping up to be the fifth consecutive year of no net growth in air cargo demand. With this backdrop, taking decisive action today to resolve our debt issues and other legacy costs is a positive step and will allow us to move forward with new resources. We are grateful for the strong support of our key financial stakeholders for our restructuring.

“With a stronger capital structure and more competitive and streamlined business model, we will have the capability to invest in and grow Southern Air for the future. We fully expect to continue normal business operations, fulfilling all customer requirements as scheduled and providing uninterrupted high quality air cargo services during our restructuring process,” Mr. McHugh concluded.

The Company said its pre-arranged restructuring has the support of its key financial stakeholders. To implement the plan, the Company and certain U.S. affiliates filed voluntary petitions for reorganization under Chapter 11 of the U.S. Bankruptcy Code with the U.S. Bankruptcy court in Delaware. Southern Air said that it will work with its stakeholders to finalize, obtain court approval for, and implement a plan of reorganization as quickly as possible.

Southern Air has secured a commitment for \$25 million in Debtor-in-Possession (DIP) financing from its lender group, providing it with ample liquidity during the restructuring process. It has adequate cash flow to continue conducting business as usual and anticipates meeting all its customers' shipping commitments and maintaining all customer policies and programs. The Company plans to make timely payment for goods and services provided during its restructuring in the normal course of business under the terms of existing supplier agreements. It is anticipated that employees will be paid in the normal manner, and health and welfare benefit plans will continue.

Southern Air's German subsidiary is not included in the filing and the filing will have no impact on the company's operations in Germany or elsewhere around the world, which continue to operate outside of the U.S. bankruptcy process, without interruption.

Court filings and claims information for Southern Air suppliers and vendors are available at www.kccllc.net/southernair or by calling toll-free, 1-877-634-7163.

Southern Air's legal advisors are Weil, Gotshal & Manges and its financial advisor is Zolfo Cooper, LLC.

About Southern Air

Southern Air was founded in 1947 as a high quality global cargo carrier specializing in international air cargo services. Over the past eight decades Southern Air has served a blue-chip customer base that includes some of the world's largest intercontinental air cargo carriers and government agencies. Southern Air is the first ACMI operator in the world to operate the fuel efficient Boeing 777 Freighter and currently operates four such aircraft on an around-the-world basis for global express delivery giant DHL. Southern Air soon will complete its transition from the 747-200 to the 747-400 aircraft, positioning the company as a premier provider of safe, fuel efficient, widebody long-haul ACMI services.

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