
EXHIBIT 1

Stipulation

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

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In re: :
 : Chapter 11
PEMCO WORLD AIR SERVICES, INC., :
a Delaware corporation, et al.,³ : Case No. 12-10799 (MFW)
 :
 : Jointly Administered
Debtors. :
-----X

**STIPULATION BY AND AMONG THE PEMCO DEBTORS,
AVION SERVICES HOLDINGS, LLC AND THE BOEING COMPANY
WITH RESPECT TO (I) CRITICAL VENDOR PAYMENTS AND (II) THE
ASSUMPTION AND ASSIGNMENT OF CERTAIN AGREEMENTS**

This stipulation (the “Stipulation”) is entered into among the Pemco Debtors, Avion Services Holdings, LLC (“Purchaser”) and The Boeing Company (“Boeing”).

Recitals

WHEREAS, on April 3, 2012, the United States Bankruptcy Court for the District of Delaware (the “Bankruptcy Court”) entered the *Final Order (I) Authorizing, but Not Directing, the Debtors to Pay Certain Prepetition Critical Vendor Claims and (II) Granting Certain Related Relief* [D.I. 152] (the “Critical Vendor Order”); and

WHEREAS, in the Critical Vendor Order, the Bankruptcy Court authorized the Pemco Debtors to pay certain pre-petition “critical vendors” who agree to extend credit on customary trade terms or such other terms as mutually agreed to by the parties; and

WHEREAS, as of March 5, 2012 (the “Petition Date”), the Pemco Debtors and Boeing agree that the Pemco Debtors owed Boeing \$1,100,672.00 (the “Boeing Claim”); and

³ The debtors in these chapter 11 cases, along with the last four digits of each debtor’s federal tax identification number, include: Pemco World Air Services, Inc. (5213), WAS Aviation Services, Inc. (5661), and WAS Aviation Services Holding Corp. (5698) (collectively, the “Pemco Debtors”), and Sun Aviation Services, LLC (4329) (“Sun Aviation”). The location of the Pemco Debtors’ corporate headquarters and the Pemco Debtors’ service address is: 4102 N. Westshore Blvd., Tampa, Florida 33614. The location of Sun Aviation’s corporate headquarters and Sun Aviation’s service address is: 5200 Town Center Circle, Suite 600, Boca Raton, Florida 33486.

WHEREAS, the Pemco Debtors have determined that Boeing qualifies for payment pursuant to the Critical Vendor Order based upon the terms and conditions set forth below, and that Boeing's services are necessary to the Pemco Debtors' operations; and

WHEREAS, on April 4, 2012, the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court") entered the *Order (A) Approving Bidding Procedures; (B) Approving Form and Manner of Notices; (C) Approving Form of Assets Purchase Agreement, Including Expense Reimbursement; (D) Scheduling Dates to Conduct Auction and Hearing to Consider Final Approval of Sales, Including Treatment of Executory Contracts and Unexpired Leases; and (E) Granting Related Relief* [Docket No. 160] that, among other things, approved the Pemco Debtors' bidding and sale process (the "Sale Procedures"); and

WHEREAS, pursuant to the Sale Procedures, an auction for the Pemco Debtors' assets took place on June 7, 2012 (the "Auction").

WHEREAS, through the Auction, Vision Technologies Aerospace Incorporated ("VT") was identified as the successful bidder and Purchaser was identified as the backup bidder; and

WHEREAS, the Asset Purchase Agreement, dated as of May 23, 2012, between the Pemco Debtors and VT has been terminated and the Pemco Debtors have designated Purchaser as the successful bidder; and

WHEREAS, the Pemco Debtors seek to assume and assign, effective upon the Closing under and pursuant to the terms and conditions of that certain *Second Amended and Restated Asset Purchase Agreement*, dated as of August 2, 2012 between Purchaser and the Pemco Debtors, certain agreements with Boeing listed in Exhibit A hereto (the "Group 1 Agreements") to Purchaser; and

WHEREAS, the Pemco Debtors also seek to assume and assign to Purchaser effective upon Closing certain revised agreements listed in Exhibit B hereto (the "Group 2 Agreements" and,

collectively with the Group 1 Agreements, the “Assumed and Assigned Agreements”) amending and restating that certain *Data License Agreement, Dated as of December 15, 1989, Between Pemco World Services, Inc. and The Boeing Company, As Amended*, No. 6-1171-DA-260 (“Agreement 260”) such that they are transferable to Purchaser upon Closing; and

WHEREAS, the Pemco Debtors seek to reject upon closing certain agreements with Boeing, listed in Exhibit C hereto (the “Rejected Agreements”); and

WHEREAS, the Pemco Debtors have conducted extensive arms-length negotiations with Boeing concerning (1) the assumption and assignment of the Group 1 Agreements, (2) the modification of Agreement 260, (3) the assumption and assignment of the Group 2 Agreements, (4) the rejection of the Rejected Agreements, and (5) the resolution of the Boeing Claim and the terms of payment pursuant to the Critical Vendor Order

NOW THEREFORE, IT IS HEREBY STIPULATED AND AGREED by and among the Pemco Debtors, Purchaser and Boeing, through their undersigned counsel, as follows:

1. The Pemco Debtors shall pay \$412,352.00 on the effective date of that certain *Debt Cure Letter Agreement No. 2012-HB3C04* and \$172,080.00 in four (4) monthly installments on the 1st of each month, or the first business day thereafter, beginning on September 1, 2012 (each a “Critical Vendor Payment” and, collectively, the “Critical Vendor Payments”) with all outstanding amounts being paid to Boeing no later than December 1, 2012 in satisfaction of the Boeing Claim.

2. Subject to the provisions of this Stipulation, Boeing consents to the assumption and assignment, effective as of the Closing, of the Assumed and Assigned Agreements to Purchaser.

3. Subject to the provisions of this Stipulation, Purchaser accepts the assignment of the Assumed and Assigned Agreements, effective at Closing.

4. On the date of the Closing, the Pemco Debtors shall (1) assume and assign the Assumed and Assigned Agreements to Purchaser and (2) reject the Rejected Agreements.

5. Effective upon approval of this Stipulation by the Court and execution by Boeing and the Pemco Debtors of this Stipulation and the Group 2 Agreements, Boeing hereby withdraws its *Limited Objection of The Boeing Company to Debtors' Notice to Counterparties to Potentially Assumed Executory Contracts and Unexpired Leases* [Docket No. 342].

6. Pursuant to the Stipulation, Boeing and the Pemco Debtors agree to a mutual release of any and all claims, rights, defenses, demands, liabilities, obligations, damages, actions, suits, causes of action, and setoffs, whether known or unknown, suspected or unsuspected, accrued or unaccrued, matured or unmatured, past or present, fixed or contingent, liquidated or unliquidated, that the Pemco Debtors and their respective bankruptcy estates on the one hand and Boeing on the other hand, now have, had, may have had, or hereafter may have against the other based on events arising prior to the date of this Stipulation, other than the duties and obligations hereunder.

7. This Agreement may be executed in counterparts, any of which may be transmitted by facsimile, and each of which shall be deemed an original and all of which together shall constitute one and the same instrument.

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Dated: August 10, 2012

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Dated: August 10, 2012

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Counsel to The Boeing Company

Dated: August 10, 2012

Exhibit A

Group 1 Agreements

1. Hardware Material Services General Terms Agreement
 - a. No. PEF (HMSGTA)
2. Supplemental License Agreement (SLA) to Hardware Material Services General Terms Agreement No. PEF (HMSGTA)
 - a. No. 03-206
3. Supplemental License Agreement (SLA) to Hardware Material Services General Terms Agreement No. PEF (HMSGTA)
 - a. No. 03-207
4. Hosting Services Order to HMSGTA No. PEF for Alaska Airlines
 - a. No. 06-039
 - b. No. 5-7000-MKB-050-17

Exhibit B

Group 2 Agreements

1. Supplemental License Agreement to Hardware Material Services General Terms Agreement No. PEF (HMSGTA)
 - a. No. 2012-GB3XEA
2. Letter Agreement
 - a. No. 2012 GCWC14
3. Special Freighter Hosting and Services for Non-Boeing Converted Freighters Order
 - a. No. 2012-GCWWHU
4. Debt Cure Letter Agreement
 - a. No 2012-HB3C04

Exhibit C

Rejected Agreements

1. Data License Agreement, Dated as of August 31, 1993, Between Pemco Aeroplex, Inc. and The Boeing Company, As Amended
 - a. No. 6-1171-DA-458
2. Boeing Capital – Aircraft Modification Agreement, Dated August 24, 2007
 - a. No. 7-001-MO-26284
3. Data License Agreement, Dated as of July 14, 1992, Between Pemco Aeroplex, Inc. and The Boeing Company, as Amended
 - a. No. 6-1171-DA-545