

Exhibit B

**IN THE UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF INDIANA  
INDIANAPOLIS DIVISION**

In re: ATA Holdings Corp., ) Debtor. )	Chapter 11 Case No. 04-19866
In re: ATA Airlines, Inc., ) Debtor. )	Chapter 11 Case No. 04-19868
In re: Ambassador Travel Club, Inc., ) Debtor. )	Chapter 11 Case No. 04-19869
In re: ATA Leisure Corp., ) Debtor. )	Chapter 11 Case No. 04-19870
In re: Amber Travel, Inc., ) Debtor. )	Chapter 11 Case No. 04-19871
In re: American Trans Air Execujet, Inc., ) Debtor. )	Chapter 11 Case No. 04-19872
In re: ATA Cargo, Inc., ) Debtor. )	Chapter 11 Case No. 04-19873
In re: Chicago Express Airlines, Inc., ) Debtor. )	Chapter 11 Case No. 04-19874

**INTERIM ORDER  
AUTHORIZING DEBTORS' USE OF CASH COLLATERAL  
AND USE, SALE AND LEASE OF OTHER PRE-PETITION COLLATERAL**

Upon the Debtors' First Day Cash Collateral Motion (the "Cash Collateral Motion"),<sup>1</sup> wherein the Debtors moved this Court for, among other things, the entry of an interim order authorizing the Debtors' use of cash collateral on an interim basis (the "Interim Relief"), and after notice and a hearing on the Interim Relief, the Court finds, subject to the terms and conditions hereof, that (i) the Interim Relief requested in the Cash Collateral Motion is in the best interests of the Debtors, their estates and their creditors; (ii) the Interim Relief requested in the Cash Collateral Motion is necessary to provide the Debtors with sufficient cash to continue normal operations and to preserve the going concern value of their businesses; (iii) in accordance with Rule 4001(a), (b) and (d) of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules") due and proper notice of the Cash Collateral Motion and the hearing on the Interim Relief has been given, and no other or further notice is necessary with respect to the Interim Relief; and (iv) upon the record herein, after due deliberation thereon, good and sufficient cause exists for the granting of the Interim Relief as set forth herein. Notwithstanding any other provision herein, the Debtors' authorization to use the Cash Collateral (as defined below) and to use, sell or lease the other Pre-Petition Collateral (as defined below) is expressly conditioned upon the Debtors' filing, on or before October 28, 2004, a motion under Sections 363 and 365 of the Bankruptcy Code seeking approval to establish bidding procedures and approval to sell, assign or otherwise transfer certain of the Debtors' assets in connection with the Debtors' operations at Midway Airport in Chicago (the "Midway Assets") to AirTran Airways, Inc. or one or more of its affiliates (collectively, "AirTran"), pursuant to an October 24, 2004 letter

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<sup>1</sup> Unless otherwise defined herein, all capitalized terms shall have the meaning ascribed to them in the Cash Collateral Motion.

agreement (the "AirTran Agreement"),<sup>2</sup> or such higher or better offer for the Midway Assets or such other assets as competitive bidders offer to purchase pursuant to a sale under section 363 of the Bankruptcy Code or such other provisions of the Bankruptcy Code as may be applicable. The AirTran Agreement or an alternative agreement by another purchaser pursuant to a higher or better offer for the Midway Assets or any other, or all, assets of the Debtors pursuant to a sale under section 363 of the Bankruptcy Code, a chapter 11 plan or otherwise (with the approval of the Court and the ATSB Lender Parties (as defined below)) shall be referred to herein as the "Restructuring Agreement". The transaction, or transactions, contemplated by a Restructuring Agreement are referred to hereinafter as a "Restructuring Transaction". The Debtors' authorization to use the Cash Collateral (as defined below) is also expressly conditioned upon the Debtors going forward with, and at all times making satisfactory progress toward, the consummation of a Restructuring Transaction. Therefore,

**THE COURT HEREBY FINDS AND CONCLUDES THAT:**

**Background**

A. On October 26, 2004 (the "Petition Date"), the Debtors commenced these chapter 11 cases (the "Chapter 11 Cases") by filing voluntary petitions for relief under Chapter 11 of the United States Bankruptcy Code, 11 U.S.C. § 101 *et seq.*, as amended (the "Bankruptcy Code").

B. The Debtors continue to operate their businesses and manage their properties as debtors in possession pursuant to Sections 1107(a) and 1108 of the Bankruptcy Code. No trustee or examiner has been appointed in the Chapter 11 Cases, and no official

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<sup>2</sup> A true and accurate copy of the AirTran Agreement is attached hereto as Exhibit "A".

committee of unsecured creditors or other statutory committee (an "Official Committee") has been formed as of the hearing on the Interim Relief.

C. This Court has jurisdiction, pursuant to 28 U.S.C. §§ 157(b) and 1334 and S.D. Ind. L.R. 83.8, over the Chapter 11 Cases, and over the persons and property affected hereby. Consideration of the Cash Collateral Motion constitutes a core proceeding as defined in 28 U.S.C. § 157(b)(2). The statutory predicates for the relief sought herein are sections 105, 361, 363 and 507 of the Bankruptcy Code and Bankruptcy Rule 4001 (a), (b) and (d). Venue of the Chapter 11 Cases in this Court is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

D. On October 26, 2004, this Court entered a Bridge Order granting the Debtors bridge relief by allowing the Debtors the use of Cash Collateral (as defined in the Bridge Order), subject to the conditions and limitations set forth in such Bridge Order, during the period from the date of such Bridge Order until the earlier of (i) the close of business on October 28, 2004, or (ii) the entry or denial of an interim order authorizing the Debtors' continued use of cash collateral (the "Bridge Cash Collateral Period"). The Debtors have utilized Cash Collateral (as defined in the Bridge Order) during the Bridge Cash Collateral Period in compliance with the conditions and limitations of the Bridge Order.

#### **The ATSB Loan and Cash Collateral**

E. ATA Airlines, Inc. f/k/a American Trans Air, Inc. ("ATA") obtained a \$168,000,000 term loan (the "ATSB Loan") under a Loan Agreement, dated as of November 20, 2002 (the "Loan Agreement"). The ATSB Loan consists of a \$148,500,000 Tranche A Loan (the "Tranche A Loan") and a \$19,500,000 Tranche B Loan (the "Tranche B Loan"). The lenders who made the Tranche A Loan are Govco Incorporated ("Govco"), as the Primary Tranche A Lender, and Citibank, N.A. ("Citibank"), as the alternate Tranche A Lender (together with Govco and their respective successors and permitted assigns, the "Tranche A Lenders"). Citibank is the

sole lender on the Tranche B Loan (the "Tranche B Lender," and together with the Tranche A Lenders, the "Lenders"), and serves as the agent for the Lenders (the "Agent"). Citicorp North America, Inc. serves as agent to Govco (the "Govco Agent," and together with the Agent and the Collateral Agent (as defined below) the "Agents"). BearingPoint, Inc. serves as the loan administrator ("Loan Administrator"). The Tranche B Lender participated a portion of the Tranche B Loan to certain participants, including, but not limited to, AFS Investments XII, Inc. and International Lease Finance Corporation. Hereinafter, all participants in the Tranche B Loan shall be referred to as the "Tranche Loan B Participants". The Lenders, the Tranche B Loan Participants, the Agents and the Air Transportation Stabilization Board (the "ATSB") are collectively referred to hereinafter as the "ATSB Lender Parties".

F. As authorized by the Air Transportation Safety and System Stabilization Act, the ATSB guaranteed repayment of the Tranche A Loan (\$148,500,000) (the "ATSB Guarantee") to the Tranche A Lenders pursuant to a Guarantee Agreement, dated as of November 20, 2002 (the "ATSB Guarantee Agreement"). In addition, the repayment of the ATSB Loan to the ATSB Lender Parties is guaranteed by ATA Holdings Corp. ("ATAH"), as the parent of ATA, under the Parent Guarantee Agreement, dated as of November 20, 2002 ("ATAH Guarantee") as well as by substantially all ATAH subsidiaries (the "ATAH Subsidiaries" and collectively, with ATAH, the "Other Guarantors")<sup>3</sup> under the Subsidiary Guarantee Agreement, dated as of November 20, 2002 (the "Subsidiary Guarantee").

G. The ATSB Loan is collateralized pursuant to a certain Mortgage and Security Agreement dated as of November 20, 2002 (the "Security Agreement"). The collateral

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<sup>3</sup> The Loan Agreement was entered into by and among ATA, ATAH, the Other Guarantors, the Lenders, the ATSB, Citicorp North America, Inc., as Govco Agent, Citibank, as Agent and Collateral Agent, and BearingPoint, Inc., as the Loan Administrator.

pledged by ATA in the Security Agreement includes (i) "Appraised Collateral" (as defined in the Loan Agreement) (along with certain incidental legal rights and interests and records related to the Appraised Collateral), (ii) "Pledged Accounts" (as defined in the Security Agreement), (iii) "Pledged Equipment" (as defined in the Security Agreement), and (iv) the proceeds of the foregoing, including a portion of the cash in the bank accounts of ATA (collectively, the "Pre-Petition Collateral").<sup>4</sup> Citibank serves as the collateral agent (the "Collateral Agent") for the ATSB Lender Parties.

H. The Appraised Collateral consists of certain spare parts and rotables, and certain aircraft, airframes, propellers and engines (and acceptable alternates thereto) as listed on Exhibits B, C, and D of the Security Agreement (collectively, the "Aircraft Collateral"), which is non-cash collateral, and the proceeds thereof, which, if in the form of cash or "Cash Equivalents" (as defined in the Loan Agreement), constitute "cash collateral" under Section 363(a) of the Bankruptcy Code.

I. The Pledged Accounts consist of essentially all of ATA's "Accounts" (as defined in the Security Agreement) and the proceeds thereof other than (i) credit card receivables to the extent and for so long as such credit card receivables are subject to a security interest in favor of any credit card receivables processor (the "Card Receivables"), (ii) proceeds of ATA's membership interest in BATA Leasing LLC ("BATA Accounts"), (iii) receivables for rents paid to ATA on Excluded Equipment, as identified in section (e) and (f) of the definition of "Excluded Equipment" in the Security Agreement ("Excluded Equipment Rents Accounts"), and (iv) "Accounts" (as defined in the Security Agreement) which arise from the sale or other

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<sup>4</sup> The Pre-Petition Collateral is fully described in the "Loan Documents" (as defined in the Loan Agreement) and the descriptions in this Cash Collateral Motion are not intended to expand or detract from the Pre-Petition Collateral as described in the Loan Documents.

disposition of any Excluded Equipment which is not any of the Aircraft, Engines, Spare Engines, Propellers or Spare Parts (as each such term is defined in the Security Agreement). The funds ATA anticipates that it will receive from the payment or collection of Pledged Accounts after the Petition Date are essential to ATA's normal business operations. Proceeds that will be generated after the Petition Date from payment or collection of the Pledged Accounts shall constitute "cash collateral" under Section 363(a) of the Bankruptcy Code.

J. In accordance with Section 552(b) of the Bankruptcy Code, the Pre-Petition Collateral includes, without limitation, all proceeds, products and profits of the Pre-Petition Collateral, whether existing before or after the commencement of the Chapter 11 Cases. "Available Cash" shall consist of ATA's cash and Cash Equivalents that are property of ATA's estate, and that are free of liens of any party (other than liens in favor of the ATSB Lender Parties) but exclusive of cash being held by ATA for the purpose of providing for payment of taxes, government charges and employee-related taxes and charges (the "Trust Funds")<sup>5</sup>. The

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<sup>5</sup> For the avoidance of doubt, the term Trust Funds as used in this Interim Order includes (a) federal income tax withholding and backup withholding tax, employment taxes, transportation excise taxes and security related charges, including (i) federal payroll withholding taxes, as described in Sections 3101, 3111 and 3402 of the Internal Revenue Code; (ii) federal Unemployment Tax Act taxes, as described in Chapter 23 of Subtitle C of the Internal Revenue Code; (iii) federal air transportation excise taxes, as described in Sections 4261 and 4271 of the Internal Revenue Code; (iv) federal security charges, as described in Title 49 of the Code of Federal Regulations of 2002 (referred to in this definition as the "CFR"), Chapter XII, Part 1510; (v) federal Animal and Plant Health Inspection Service of the United States Department of Agriculture ("APHIS") user fees, as described in 21 U.S.C. § 136a (2002) and 7 CFR § 354.3; (vi) federal Immigration and Naturalization Service (INS) fees, as described in 8 CFR Part 286; (vii) federal customs taxes as described in 19 U.S.C. § 58c; and (viii) federal jet fuel taxes as described in Sections 4091 and 4092 of the Internal Revenue Code collected on behalf of and owed to the federal government, (b) any and all state and local income tax withholding, employment taxes and related charges and fees and similar taxes, charges and fees, including, but not limited to, state and local payroll withholding taxes, unemployment and supplemental unemployment taxes, disability taxes, workman's or workers' compensation charges and related charges and fees that are analogous to those described in Subtitle C of the Internal Revenue Code and that are described in or are analogous to Chapter 23 of Title 19 Delaware Code Annotated (2002) (referred to in this definition as "D.C.A.") collected on behalf of and owed to state and local authorities, agencies and entities, (c) Passenger Facility Fees and Charges as described in 49 U.S.C. § 40117 (2002) and Title 14 of the CFR, Subchapter 1, Part 158 collected on behalf of and owed to various administrators, institutions, authorities, agencies and entities and (d) voluntary and/or other non-statutorily required employee payroll deductions, whether authorized by the employee, imposed by court order, agreed to

*Footnote continued on next page . . .*

ATSB Lender Parties contend, and the Debtors acknowledge and agree, that as of the Petition Date, substantially all of the Available Cash is the proceeds, products and profits of other Pre-Petition Collateral of the ATSB Lender Parties.

K. Subject to section 12(c) hereof, the Debtors acknowledge and agree that ninety-five percent (95%) of the Available Cash held on the Petition Date (the "Petition Date Cash Collateral") together with any cash or Cash Equivalent proceeds of the Pre-Petition Collateral received after the Petition Date shall constitute "cash collateral" under Section 363(a) of the Bankruptcy Code (the "Cash Collateral"). The Debtors acknowledge and agree that on the Petition Date ATA had no less than \$27,800,000 in Available Cash of which no less than \$26,500,000 was Petition Date Cash Collateral.

L. The Loan Agreement provides for ATA to make certain principal payments on the Tranche A Loan and the Tranche B Loan during the period beginning November 25, 2003 and ending November 25, 2008. The Loan Agreement further provides for ATA to pay accrued interest quarterly in arrears commencing February 25, 2003 at the rates specified in the Loan Agreement and payment of certain fees, pursuant to Section 2.8 of the Loan Agreement, to the ATSB Lender Parties and Loan Administrator, as applicable.

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pursuant to collective bargaining arrangement or otherwise, including (i) employee contributions made for the purpose of participating in any employer-sponsored retirement plan as described and defined in Section 401(k) of the Internal Revenue Code (including repayment of any 401(k) related loans made to the employee but excluding any funds matched and/or contributed by the employer on behalf of any employee), (ii) employee payments made for the purpose of participating in any employer-sponsored medical, dental or related health plan, (iii) employee payments made for the purpose of satisfying periodic union dues, (iv) employee payments made for the purpose of purchasing United States Savings Bonds, (v) employee payments made for the purpose of making deposits to an account at or making repayment of an extension of credit from an employer-associated credit union, (vi) employee payments made for the purpose of purchasing life, accident, disability or other insurance, (vii) employee payments made for the purpose of participating in any employer-sponsored cafeteria plan as described and defined in Section 125 of the Internal Revenue Code, (viii) employee-directed donations to charitable organizations and (ix) levies, garnishments and other attachments on employee compensation (as described in Sections 6305 and 6331 of the Internal Revenue Code, in Section 4913 of Title 10 of D.C.A. or in any analogous provision of other applicable federal, state or local law) collected on behalf of any Governmental Authority or any other Person authorized to receive funds of the type described in this clause (d).

M. The Loan Agreement contains provisions requiring ATA to report to the ATSB Lender Parties on a quarterly basis the value of the Appraised Collateral and the value of the Eligible Accounts (as defined in the Loan Agreement). Appraisals by third-party appraisers of the Appraised Collateral were conducted annually, with the quarterly reports reflecting the most recent appraisal.

N. As of September 30, 2004, the Collateral Value (as calculated under the Loan Agreement) of the Appraised Collateral was not less than \$50,000,000. The value of the Appraised Collateral has not changed since September 30, 2004. On the Petition Date, the value of the Pledged Accounts aggregated not less than \$40,000,000. The Debtors acknowledge and agree that approximately \$5,400,000 of aviation fuel that the Debtors purchased on or around October 22, 2004 on a forward basis, including all rights associated therewith, constitutes proceeds of the ATSB Lender Parties' Pre-Petition Collateral and therefore a part of the ATSB Lender Parties' Pre-Petition Collateral.

O. On the Petition Date, the outstanding principal balance on the ATSB Loan was approximately \$139,900,000 plus accrued but unpaid interest (together with all fees, charges, expenses accrued or to accrue, and which are payable in accordance with the Loan Agreement, the "ATSB Loan Obligations").

P. The Debtors acknowledge and agree that (i) the ATSB Loan and the ATSB Loan Obligations constitute legal, valid and binding obligations of the Debtors, enforceable in accordance with the terms of the Loan Documents (other than in respect of the stay of enforcement arising from section 362 of the Bankruptcy Code), (ii) no offsets, defenses or counterclaims exist to the currently outstanding ATSB Loan Obligations, and (iii) no portion

of the ATSB Loan Obligations is subject to avoidance, subordination or disallowance pursuant to the Bankruptcy Code or applicable non-bankruptcy law.

Q. The Debtors acknowledge and agree that, as of the Petition Date, ATA had Pledged Accounts, with a value in excess of \$40,000,000 in which the ATSB Lender Parties hold, by and through the Collateral Agent, a valid, perfected and enforceable (other than in respect of the stay of enforcement arising from section 362 of the Bankruptcy Code) first priority lien and security interest, not subject to avoidance or subordination. The Debtors further acknowledge and agree that proceeds received after the Petition Date from the payment or collection of Pledged Accounts will constitute Cash Collateral under section 363(a) of the Bankruptcy Code.

R. The Debtors acknowledge and agree that the ATSB Lender Parties also possess valid, perfected, and enforceable (other than in respect of the stay of enforcement arising from section 362 of the Bankruptcy Code) first priority liens and security interests, not subject to avoidance or subordination, in collateral in addition to the Cash Collateral.

S. An immediate need exists for the Debtors to have access to the Cash Collateral in order to continue their operations, meet their payroll and other necessary, ordinary course business expenditures, acquire goods and services, and administer and preserve the value of their estates, maintain adequate access to cash in amounts customary and necessary for companies of this size in this industry to maintain customer and vendor confidence, pursue a Restructuring Transaction and progress toward successful emergence from the Chapter 11 Cases. The ability of the Debtors to finance their operations by way of working capital requires their access to their cash resources, the absence of which would immediately and irreparably harm the Debtors, their estates, and their creditors. The Debtors require these cash resources to operate

their businesses, to preserve the confidences of vendors, suppliers and customers, and to preserve the going concern value of their businesses.

T. The Debtors have requested, pursuant to section 363(c) of the Bankruptcy Code, that the ATSB Lender Parties consent to the Debtors' use of Cash Collateral and use, sale and lease of other Pre-Petition Collateral pursuant to the terms and conditions of this Interim Order (as defined below) during the Interim Cash Collateral Period (as defined below). The Debtors acknowledge and agree that the ATSB Lender Parties are entitled to adequate protection pursuant to sections 361 and 363(e) of the Bankruptcy Code with respect to Cash Collateral and other Pre-Petition Collateral, including, without limitation, to compensate such ATSB Lender Parties for any loss or diminution in the value of the Cash Collateral or other Pre-Petition Collateral resulting from the Debtors' use of the Cash Collateral, the use, sale or lease of other Pre-Petition Collateral and the imposition of the automatic stay during the Interim Cash Collateral Period.

U. Subject to the entry, and continued effectiveness, of this Interim Order (as defined below), the ATSB Lender Parties have consented to, and the Lenders and the ATSB have directed the Agents to not object to, the Debtors' use of Cash Collateral and use, sale or lease of other Pre-Petition Collateral during the Interim Cash Collateral Period. The foregoing notwithstanding, nothing in this Interim Order shall be construed as limiting or prohibiting any of the ATSB Lender Parties from objecting to any of the relief sought by the Debtors in the Chapter 11 Cases, including, without limitation, any KERP (as defined below) or any Permitted DIP Lending,<sup>6</sup> other than the entry of this Interim Order.

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<sup>6</sup> "Permitted DIP Lending" shall mean (i) cash loans provided to the Debtors pursuant to section 364 of the Bankruptcy Code secured by liens on and against property of the Debtors' estates, that do not "prime" or

*Footnote continued on next page . . .*

V. The Interim Relief requested herein is, subject to the terms and conditions hereof, necessary, essential and appropriate for the continued operations of the Debtors' businesses and the preservation of their estates and of the going concern value of the Debtors' businesses.

W. Good and sufficient cause has been shown for the entry of this Interim Order (as defined below). Among other things, the entry of this Interim Order is in the best interests of the Debtors, their creditors and their estates because it will enable the Debtors to (i) continue the orderly operation of their businesses and avoid an immediate shutdown of operations, (ii) meet their obligations for payroll, necessary ordinary course expenditures, and other operating expenses, (iii) pay necessary fees and professional expenses under the Bankruptcy Code and make payments authorized under other orders entered by this Court, (iv) obtain needed goods and services, (v) retain customer, supplier and employer confidence by demonstrating that they have the financial ability to maintain normal operations, (vi) pursue a Restructuring Transaction and progress toward successful emergence from the Chapter 11 Cases and (vii) maintain adequate cash resources customary and necessary for companies of this size and in the industries in which they operate to maintain customer confidence, thereby avoiding immediate and irreparable harm to the Debtors' estates.

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otherwise provide for a lien having priority equal to or senior to the liens of the ATSB Lender Parties in the Pre-Petition Collateral or the Replacement Collateral except to the extent otherwise agreed in writing by the ATSB Lender Parties or (ii) such other loan, liquidity facility or deposit which is available for use by the Debtors for working capital purposes pursuant to a Restructuring Transaction. Any party that provides the Debtors with any Permitted DIP Lending shall be referred to as a "DIP Lender". Subject to satisfaction of the obligation to provide Full Cash Protection (as defined below) a DIP Lender may be provided with an administrative priority status under a Permitted DIP Lending with a priority senior to the priority of the Super-Priority Claim provided for in section 9(e) hereof. For the avoidance of doubt, nothing contained in this Interim Order shall be deemed to be a consent or waiver of rights by any of the ATSB Lender Parties to the establishment or approval of any Permitted DIP Lending.

X. Prior notice of the hearing (the "Interim Hearing") for the entry of the Interim Order (as defined below) and the Interim Relief requested in the Cash Collateral Motion, was given by telecopy, electronic mail, overnight delivery service, hand delivery or regular mail, to (i) the office of the United States Trustee for the Southern District of Indiana, (ii) Citibank as Collateral Agent, Agent, and Tranche B Lender and counsel, (iii) the Tranche A Lenders and counsel, (iv) the ATSB as guarantor of the Tranche A Loan and counsel, (v) Citicorp North America, Inc. as Govco Agent and counsel, (vi) the United States Department of Justice, (vii) the Loan Administrator and its counsel, (viii) the Securities and Exchange Commission, (ix) the District Director of Internal Revenue for the Indianapolis District, (x) the office of the United States Attorney for the Southern District of Indiana, (xi) the Debtors' thirty (30) largest general unsecured creditors (to the extent practicable), (xii) any DIP Lender and (xiii) all unions representing employees of the Debtors (the "Initial Notice Parties"). Requisite, due and proper notice has been provided in accordance with Bankruptcy Rule 4001, which notice is sufficient for all purposes under the Bankruptcy Code and no other notice need be provided for entry of this Interim Order (as defined below).

Y. The Debtors have requested immediate entry of an order of this Court approving the Interim Relief (the "Interim Order") pursuant to Bankruptcy Rule 4001(b)(2), and the undersigned ATSB Lender Parties have consented to such relief. Good and sufficient cause has been shown for the entry of this Interim Order.

NOW, based upon the Cash Collateral Motion of the Debtors and the record before this Court with respect to the Cash Collateral Motion made by the Debtors at the Interim Hearing, and good cause appearing therefor,

**IT IS ORDERED, ADJUDGED AND DECREED** that:

- (1) The Cash Collateral Motion is GRANTED with respect to Interim Relief.

**Period of Interim Relief**

(2) Any provision of the Bankruptcy Code or the Bankruptcy Rules notwithstanding, this Interim Order shall take effect immediately upon signature; provided, that no breach of the termination provisions in section 10 has occurred, this Interim Order shall remain in effect until the close of business on November 4, 2004; provided, further that if (i) the ATSB Lender Parties unanimously agree in writing to the further use of Cash Collateral for a period of time up to an additional seven (7) days from November 4, 2004 then, in such instance, this Interim Order shall be extended without further order of the Court to such day and time provided that the Debtors file notice of such extension with the Court on or before the close of business on November 3, 2004 and (ii) the Court has entered an interim order approving the Debtors' motion for approval of a Permitted DIP Lending then this Interim Order shall remain in effect until the earliest of (x) the close of business on November 23, 2004, (y) the entry or denial of a final order (the "Final Order") authorizing the Debtors' continued use of Cash Collateral or (z) the breach of the termination provisions provided in section 10 of this Interim Order (such period being referred to as the "Interim Cash Collateral Period"). The Debtors' ability and authorization to use Cash Collateral during the Interim Cash Collateral Period shall at all times be subject to the termination provisions of section 10 of this Interim Order.

**Good Faith, Reliance and Conduct**

(3) The Debtors, the ATSB Lender Parties and their respective agents, advisors and employees have acted in good faith in negotiating, consenting and agreeing to the Debtors' use of Cash Collateral and use, sale and lease of other Pre-Petition Collateral as contemplated and provided by this Interim Order. The negotiation of the terms and provisions of this Interim Order have been conducted at arm's length, and the Debtors believe such terms and

provisions are fair and reasonable under the circumstances and reflect the Debtors' exercise of reasonable business judgment consistent with the Debtors' fiduciary duties.

(4) The Debtors hereby release the ATSB Lender Parties (in their respective capacities as Lenders, Tranche B Loan Participants, Agents or guarantor with respect to the ATSB Loan, the Loan Documents, the ATSB Guarantee and the ATSB Guarantee Agreement), the Loan Administrator, and their respective agents, advisors and employees (in their capacities as such), from any and all claims and causes of action, arising prior to the Petition Date, that the Debtors may possess arising out of, in any way relating to or in connection with the ATSB Loan, the Loan Documents, the ATSB Guarantee or the ATSB Guarantee Agreement.

(5) Nothing in this Interim Order, the Loan Documents or any related documents, shall in any way be construed or interpreted to impose or allow the imposition upon the ATSB Lender Parties (in their capacities as such) or their respective agents, advisors or employees (in their capacities as such) any liability for any claims arising from the activities of the Debtors or any of their affiliates, before or after the Petition Date, in the operation of their businesses, or in connection with their restructuring efforts.

(a) In exercising any of their rights or remedies, as and when permitted pursuant to this Interim Order or the Loan Documents, the ATSB Lender Parties (or any of them, in their capacities as such) shall not be deemed to be in control of the operations of the Debtors or to be acting as a "responsible person" or "owner or operator" with respect to the operation or management of the Debtors (as such terms, or any similar terms, are used in the Comprehensive Environmental Response, Compensation and Liability Act, 29 U.S.C. § 9601 *et seq.*, as amended, or any similar federal or state statute).

(b) In exercising any of their rights or remedies, as and when permitted, pursuant to this Interim Order or the Loan Documents, the ATSB Lender Parties (or any of them, in their capacities as such) shall not be deemed to be in control of the operations of the Debtors or to be acting as an "employer" or an "agent" or "officer" of an "employer" with respect to the operation or management of the Debtors (as such terms, or any similar terms, are used in the Worker Adjustment and Retraining and Notification Act, 29 U.S.C. § 2101 *et seq.*, as amended, the Illinois Worker Adjustment and Retraining and Notification Act, 820 Ill. Stat. Comp. Ann. § 65/1 *et seq.*, the Illinois Wage Payment and Collection Law, 820 Ill. Comp. Stat. Ann. § 115/1 *et seq.*, or any similar federal or state statute).

(6) Based on the findings set forth in this Interim Order, and the reliance of the ATSB Lender Parties in good faith on the terms thereof, if any of the provisions of this Interim Order are hereafter modified, vacated or stayed by an order of this Court or another court, such stay, modification or vacation shall not affect the validity and enforceability of any claim, lien, security interest or priority authorized for the benefit of any of the ATSB Lender Parties hereunder that is granted or attaches prior to the effective date of such stay, modification or vacation, and any use of Cash Collateral or use, sale or lease of other Pre-Petition Collateral by the Debtors pursuant to this Interim Order prior to the effective date of such modification, stay or vacation shall be governed in all respects by the original provisions of this Interim Order.

**Authorized Use of Cash Collateral**

(7) The Debtors are hereby authorized to use Cash Collateral during the Interim Cash Collateral Period, subject to the conditions and limitations set forth herein.

(8) The Debtors may use Cash Collateral during the Interim Cash Collateral Period to pay the ordinary and reasonable expenses of operating their businesses, including, without limitation, payroll and benefit expenses (including, the funding of a Court approved Key

Employee Retention Program (a "KERP")<sup>7</sup>; provided, however, that no KERP may be funded by, or on behalf of, the Debtors or their directors, officers or employees, until the effective date of a Permitted DIP Lending shall have occurred; provided, further, that no funding shall be made for the KERP if it will result in an event of default under this Interim Order), aircraft and engine debt and lease payments, purchase of fuel and supplies, government security and inspection fees, advertising, utility services, payroll taxes, insurance, supplies and equipment, vendor and supplier services, and other expenditures as are necessary for operating their businesses or consummating a Restructuring Transaction; provided, however, that the Debtors shall not be authorized to use any of the Cash Collateral to purchase or otherwise acquire aircraft without the prior written consent of the ATSB Lender Parties, but such prohibition shall not prevent the Debtors from making payments, pursuant to section 365 or section 1110 of the Bankruptcy Code, relating to Section 1110 Assets (as defined below) acquired or leased, by the Debtors prior to the Petition Date; provided, further, that no such payments shall be made if such payment would result in an event of default under this Interim Order. The Debtors may also utilize Cash Collateral during the Interim Cash Collateral Period to make payments authorized under other orders entered by this Court, including for payment of professional and other administrative expenses; provided, however, that notwithstanding anything herein to the contrary, no such Cash Collateral may be used by the Debtors to pay any professional fees or expenses of any party in interest to investigate (except as provided in the last sentence of this section 8), initiate or prosecute any adversary proceeding or contested matter (in either instance, a "Litigation") against one or more of the ATSB Lender Parties (in their capacities as such) to (i) challenge the

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<sup>7</sup> For the avoidance of doubt, nothing contained in this Interim Order shall be deemed to be a consent or waiver of rights by any of the ATSB Lender Parties to the establishment or approval of any KERP.

validity, allowance, perfection, priority or enforceability of the ATSB Loan, the ATSB Loan Obligations, the Loan Documents, or any liens or security interests securing the ATSB Loan (or to undertake any formal discovery proceedings after the commencement of any such Litigation), or (ii) assert any claims or causes of action against any ATSB Lender Party or the Loan Administrator (in their capacities as such) or their respective agents, advisors and employees (in their capacities as such) (or to undertake any formal discovery proceedings after the commencement of any such Litigation). The foregoing shall not prevent the Debtors from paying the reasonable professional fees or expenses of any Official Committee (up to an amount of \$100,000) in connection with the investigation of the liens, security interests and claims of the ATSB Lender Parties prior to commencement by such Official Committee of any Litigation challenging such liens, security interests and claims.

**Adequate Protection for ATSB Lender Parties  
for Debtors' Use of Cash Collateral**

(9) On account of the Debtors' use of Cash Collateral, their use, sale or lease of the other Pre-Petition Collateral and the imposition of the automatic stay pursuant to section 362 of the Bankruptcy Code, in each case during the Interim Cash Collateral Period, the ATSB Lender Parties are hereby granted the following adequate protection pursuant to sections 361 and 363(e):

(a) The Debtors shall pay, for the benefit of the ATSB Lender Parties, as provided in section 10.3(iv) of the Loan Agreement, \$250,000 (plus reasonable expenses) for the costs to be incurred by the ATSB Lender Parties for the fee of Lazard Frères & Co. LLC, as financial advisor to the ATSB Lender Parties (the "Financial Advisor") for one month, in connection with (i) enforcing their rights under the Loan Documents, the ATSB Loan, the ATSB Guarantee and the ATSB Guarantee Agreement, (ii) the negotiation, drafting and execution of

this Interim Order, (iii) advising the ATSB Lender Parties in connection with a Restructuring Transaction and any debtor in possession financing proposals or agreements, and (iv) protecting the rights of the ATSB Lender Parties during the Chapter 11 Cases. As the ATSB Lender Parties are undersecured with regard to the ATSB Loan as of the Petition Date, all such payments of costs and expenses paid by the Debtors, pursuant to this section 9(a), during the Interim Cash Collateral Period shall be applied first against any obligation Debtors may have to pay cash to the ATSB Lender Parties as adequate protection and then as payment on the secured principal amount of the ATSB Loan Obligations as of the Petition Date.

(b) The Debtors hereby grant, assign and pledge to the Collateral Agent, for the ratable benefit of the ATSB Lender Parties, valid, perfected and enforceable liens and security interests (the "Replacement Liens") in (i) all property owned or leased by any of the Debtors as of the Petition Date in which the Collateral Agent does not already hold a valid, enforceable and perfected lien or security interest and the proceeds therefrom, including, without limitation, any interests any Debtor has in (x) the Card Receivables, the BATA Accounts and the Excluded Equipment Rents Accounts, (y) the right to receive the proceeds, if any, from any assumption and assignment or other disposition of any lease for any airport facilities at airport terminals or other agreements related to the operation or occupancy of such airport facilities; provided, however, that the ATSB Lender Parties shall not receive liens or security interests in the airport facilities themselves, or the lease for such airport facilities, to the extent such a grant, assignment or pledge by the Debtors would constitute a default under the lease, or other documents, governing the Debtor's interest in such airport facilities if such default would not be barred by the application of the Bankruptcy Code, and (z) any proceeds received by Debtors with

respect to the disposition of any Slots (as defined in section 4.21(b) of the Loan Agreement)<sup>8</sup> and (ii) all property which becomes part of the Debtors' estates on or after the Petition Date and the proceeds therefrom other than "Excluded Assets" (as defined below) (together (i) and (ii), the "Replacement Collateral"),<sup>9</sup> which property shall include, without limitation, (A) any accounts receivable generated by the Debtors on or after the Petition Date, and (B) any cash or Cash Equivalents acquired by the Debtors on or after the Petition Date, which cash or Cash Equivalents shall be deemed Cash Collateral and subject to the protections of section 363 of the Bankruptcy Code; provided, however, that such Replacement Liens shall not extend or apply to any interest of the Debtors in (i) any aircraft or engine (other than the Aircraft Collateral), including all parts substitutions, renewals and replacements of, improvements, accessions and accumulations incident to each such aircraft or engine to the extent any such asset constitutes

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<sup>8</sup> The Replacement Liens granted to the ATSB Lender Parties in or on property covered by clause (i) above, shall constitute first priority liens until such time as the Court enters an order that is reasonably acceptable, in form and substance, to the ATSB Lender Parties approving a Permitted DIP Lending.

<sup>9</sup> Notwithstanding any other term or provision of this Interim Order, the Replacement Collateral shall not, for the avoidance of doubt, include (i) any assets which are governed by trust agreements and do not constitute property of the Debtors' estates, (ii) passenger facility charges ("PFCs") collected by the Debtors or the Debtors' agents pursuant to 49 U.S.C. § 40117 and 14 C.F.R. part 158, whether or not such PFCs are held in a trust account; (iii) passenger inspection user fees ("User Fees") collected by the Debtors or the Debtors' agents pursuant to 21 U.S.C. § 136a, 8 U.S.C. § 1356, and/or 19 U.S.C. § 58c, whether or not such User Fees are held in a trust account; (iv) security service fees ("Security Service Fees") collected by the Debtors or the Debtors' agents pursuant to 49 C.F.R. part 1510, whether or not such Security Service Fees are held in a trust account; (v) any deposit or reserve delivered by a Debtor to a Section 1110 Beneficiary (as defined below) in connection with the purchase, financing or lease of a Section 1110 Asset (as defined below); provided, that (a) notice to the ATSB Lender Parties shall be required before the Debtors deliver any such deposit or reserve after the Petition Date, pursuant to a pre-petition Section 1110 Agreement (as defined below) (it being understood that the Debtors' failure to provide notice to the ATSB Lender Parties of the delivery of any such required deposit or required reserve shall not be a condition to such delivery, prevent such delivery, or affect the efficacy of such delivery, of such required deposit or required reserve, but may constitute an event of default under section 10 hereof), and (b) the Replacement Liens attach automatically to any reversionary or residual interest any Debtor may have in any such deposit or reserve upon the satisfaction of the obligations secured thereby; and (vi) any third-party assets that are subject to a valid consignment or bailment under the law of the applicable jurisdiction. To the extent that the Debtors are required by applicable statute or regulation, or order of the Court, to segregate any of such PFCs, User Fees or Security Service Fees, the Debtors shall comply with such requirements and shall not commingle any such funds or amounts with the Available Cash and shall hold such funds in separate accounts. For the avoidance of doubt, any such funds described in clauses (i) through (v) above shall not constitute Cash Collateral or Available Cash for the purposes of this Interim Order.

equipment within the scope of section 1110(a) of the Bankruptcy Code (all of the foregoing, other than the Aircraft Collateral, being referred to as "Section 1110 Assets"); (ii) any other assets with respect to which the granting of any such Replacement Lien would cause a default, directly or indirectly, of any Section 1110 Agreement (as defined below), other than a default arising from a negative pledge or similar provision in any such Section 1110 Agreement with respect to otherwise unencumbered property; (iii) deposits of cash and Cash Equivalents, made by the Debtors in the ordinary course of business, of the type described in clause (iii) of the definition of "Permitted Encumbrances" in the Loan Agreement; provided, further, that (A) the Replacement Liens attach automatically to any reversionary or residual interest the Debtors have in such deposits upon the satisfaction of the obligations secured by such deposits, and (B) such deposits shall not constitute Available Cash for the purposes of this Interim Order; and (iv) the Carve-Out (as defined below). For purposes of this Interim Order or any other order entered in connection with the use of Cash Collateral (any such order, a "Cash Collateral Order"), a "Section 1110 Agreement" shall include any agreement related to Section 1110 Assets, including, without limitation, security agreements, mortgages, trusts, leases, conditional sale agreements or other instruments applicable to such Section 1110 Assets. The Excluded Assets are (i) any retainers paid or deposited before the Petition Date by Debtors to or with their professionals for professional services and expense reimbursement in connection with these Chapter 11 Cases; provided, however, that the Replacement Liens attach automatically to any reversionary or residual interest any Debtor may have in such retainer; (ii) any avoidance or other actions or recoveries thereon under Sections 544 through 550 of the Bankruptcy Code or similar actions or recoveries under applicable state law; (iii) any Trust Funds; and (iv) Card

Receivables.<sup>10</sup> For the avoidance of doubt, the Replacement Liens conveyed hereunder shall attach to all of the Pre-Petition Collateral and all proceeds and replacements thereof, including, without limitation, any of the Pre-Petition Collateral which constitutes Section 1110 Assets. The Replacement Liens granted hereunder shall be limited in amount to the aggregate diminution in value of the interests of the ATSB Lender Parties in the Pre-Petition Collateral and Cash Collateral during the Interim Cash Collateral Period (the "Interim Replacement Value").

(c) The Replacement Liens granted under the Bridge Order and this Interim Order shall be valid, perfected, and enforceable against the Replacement Collateral as of the Petition Date without further filing or recording of any document or instrument or the taking of any further actions, and shall not be subject to dispute, avoidance or subordination as to the Interim Replacement Value. Notwithstanding the automatic perfection of the Replacement Liens granted pursuant to this Interim Order, the ATSB Lender Parties are hereby authorized, but not required, to file or record financing statements, trademark filings, mortgages, notices of lien and other similar instruments in any jurisdiction, and to take any other action they deem necessary or appropriate in order to validate, evidence or perfect such Replacement Liens. A certified copy of this Interim Order may, in the discretion of any ATSB Lender Party be filed or recorded with any filing or recording offices in addition to, or in lieu of, such financing statements, mortgages, notices of lien or other similar instruments, and all filing or recording offices are hereby authorized to accept such certified copy of this Interim Order for filing and recording. The Debtors are authorized and directed to execute and deliver all instruments and documents prepared by the ATSB Lender Parties, and to pay all reasonable fees and expenses, that are

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<sup>10</sup> For the avoidance of doubt, Card Receivables shall not include any reversionary or residual rights or interests the Debtors may have under the credit card processing agreements.

reasonably required or necessary to facilitate any such filings or recordings elected to be made by the ATSB Lender Parties.

(d) The Replacement Liens granted hereunder shall be subject and subordinate in priority to any liens, security interests and other encumbrances, existing as of the Petition Date, or which attach to the Replacement Collateral after the Petition Date, that are valid, perfected, enforceable and unavoidable and that are otherwise senior to the pre-petition liens in favor of the ATSB Lender Parties. Except with respect to any Permitted DIP Lending and the Permitted Cash Deposits made by the Debtors after the Petition Date, the Debtors shall not seek to grant, from and after the Petition Date, any liens or security interests in any of the Pre-Petition Collateral or Replacement Collateral, pursuant to section 364(d) of the Bankruptcy Code or otherwise, which are senior to or made *pari passu* with any other lien or security interest. The Replacement Liens shall be valid and enforceable against any trustee appointed in any of the Chapter 11 Cases, or in any prior or subsequent proceeding affecting the Debtors, including any conversion of any of the Chapter 11 Cases to a case under chapter 7 of the Bankruptcy Code.

(e) Subject and subordinate only to the Carve-Out and rights granted with respect to any Permitted DIP Lending, the ATSB Loan Obligations are hereby granted and entitled to status as an administrative expense claim (the "Super-Priority Claim") pursuant to section 507(b) of the Bankruptcy Code, with priority over all other administrative expense claims. Such Super-Priority Claim shall be limited in amount to the Interim Replacement Value.

(f) As additional adequate protection of the ATSB Lender Parties, the Debtors shall provide the ATSB Lender Parties, with a copy to any Official Committee, by electronic mail or other means reasonably acceptable to the persons and at the addresses

identified on Exhibit "B" attached hereto, the following information during the Interim Cash Collateral Period:

(1) On a weekly basis, a rolling 13-week detailed cash forecast (the "Cash Budget"), attached hereto as Exhibit "C", including reports, in form, detail and substance reasonably satisfactory to the ATSB Lender Parties, which show the Debtors' sources and uses of cash from the prior week, and material variances associated therewith, with such Cash Budget and reports to be provided, for the week that ends on Friday, by 12:00 o'clock noon (Eastern Standard Time) on the second business day of the following week;

(2) On a weekly basis, a detailed receipt and disbursement report (the "Projection and Variance Report") in the form attached hereto as Exhibit "D", consisting of (i) a detailed 2-week projection of cash disbursements and receipts, and (ii) a detailed report of the variance of actual cash disbursements and receipts in the immediately preceding week from the cash disbursements and receipts projected for such week in the prior Projection and Variance Report, with such Projection and Variance Report to be provided, for the week that ends on Friday, by 12:00 o'clock noon (Eastern Standard Time) on the second business day of the following week;

(3) On a daily basis, to be delivered no later 8:00 p.m. (Eastern Standard Time), reports, in form, detail and substance reasonably satisfactory to the ATSB Lender Parties, stating the aggregate amount of the Debtors' (i) Available Cash, including an identification of the amount and the recipient of all wire transfers and checks sent by the Debtors that day (with such Available Cash to be reconciled for any changes by 12:00 o'clock noon on the next business day), (ii) Trust Funds held (with a general breakdown of the amount and categories of Trust Funds), (iii) the accounts receivable in respect of the Debtors' military charter

business that constitute Pledged Accounts or in which the ATSB Lender Parties are granted a Replacement Lien as provided herein, (iv) within ten (10) business days of the end of each month, a report identifying the balance of each Pledged Accounts, (v) Appraised Collateral and (vi) Pledged Equipment; provided, that for items (v) and (vi) in this section 9(f)(3), the Debtors need only report the extent of any change since the prior reporting period;

(4) Copies of (i) all non-privileged documents provided to any Official Committee, (ii) any and all audits prepared by the Debtors' accountants, and (iii) subject to the Debtors' reasonable best efforts, copies of final versions of all non-privileged consultants' reports, appraisals, business plans, and similar documents as they become available to the Debtors;

(5) Copies of all material communications regarding any Restructuring Transaction by, or on behalf of, one or more Debtor and AirTran or any other party to any proposed Restructuring Transaction, including, without limitation, copies of draft and final versions of all non-privileged consultants' reports, business plans, term sheets, equity purchase agreements, merger agreements, asset purchase agreements, chapter 11 plan term sheets, draft chapter 11 plans and similar documents as they become available to the Debtors.

(6) True and complete copies of each Slot utilization report required to be delivered to the FAA under the Slot Regulations during the Interim Cash Collateral Period, along with (i) any related request for waivers or other documentation provided to the FAA in connection therewith and (ii) a report summarizing the Debtors' Slot utilization with respect to the applicable reporting period during the Interim Cash Collateral Period. These reports and materials shall be delivered to the ATSB Lender Parties as soon as they become available but in any event (i) each such Slot utilization report and such other materials shall be

delivered to the ATSB Lender Parties no later than the day that each such Slot utilization report is, or other materials are, submitted to the FAA, and (ii) each such summary report shall be delivered to the ATSB Lender Parties no later than the day that each such Slot utilization report is required to be submitted to the FAA under the Slot Regulations (without giving effect to any extensions or grace periods). In addition, upon a Responsible Officer of any Debtor obtaining knowledge of the Debtors' underutilization of any Slot or Slots or planned curtailment of the use of any Slot or Slots during the Interim Cash Collateral Period, which is reasonably expected to cause Slots having an appraised liquidation value of \$100,000 or more, individually or in the aggregate, to become subject to withdrawal, termination or other revocation by the FAA under the Slot Regulations, the Debtors shall provide the ATSB Lender Parties with prompt written notice of such underutilization or curtailment. For the purposes of this Interim Order, the term "Slot" shall have the meaning ascribed to it in Section 4.21(b) of the Loan Agreement, and the term "Slot Regulations" shall mean 49 U.S.C. § 40103, 14 C.F.R. §§ 93.211 – 93.227, and any amendment, supplement or other modification thereto, or successor, replacement or substitute federal law or regulation concerning the right or operational authority to conduct landing or takeoff operations at any airports; and for the purposes of this paragraph, the term "Responsible Officer" shall have the meaning ascribed to it in the Loan Agreement and in addition any associate counsel, senior vice president of planning or senior vice president of marketing of any of the Debtors;

(7) Within twenty-five (25) calendar days after the end of each month, all of the financial information, operational information (including Slot utilization reports) and related reports, documents and analysis required under the terms of the Loan Agreement.

(8) Within two business days after a request by any ATSB Lender Party, the Debtors will, to the extent possible, provide such reports, analysis, documents and information as the ATSB Lender Parties reasonably request;

(9) Copies of any documents, reports, analysis, information or communications the Debtors provide to any DIP Lender on a contemporaneous basis with such documents, reports, analysis, information or communications being provided to any DIP Lender; and

(10) On a daily basis (Monday through Friday), the daily booking data from the Debtors' operations, as of the close of business, for the immediately prior day of operations; provided, however, that the report to be delivered on Monday shall include daily booking data from the Debtors' operations for the immediately preceding Friday, Saturday and Sunday.

With respect to each of the reports and other materials required by subsections (1), (2), (5), and (7) above, such reports and other materials shall be accompanied by a certification (in a form reasonably satisfactory to the ATSB Lender Parties) of a Responsible Officer (as defined in the Loan Agreement) of the Debtors that the information contained therein is, to the best of his or her knowledge, true and correct in all material respects. With respect to each of the reports and other materials required by subsections (3) and (4) above, to the extent that the Debtors are restricted by valid and binding confidentiality arrangements affecting the distribution of any such reports or materials, (i) absent the entry of a court order, the Debtors' delivery of any such reports or materials may be redacted or restricted as specifically required by such reports and other materials, and (ii) the ATSB Lender Parties shall maintain the confidentiality of such reports and materials (and the information contained therein), except to

the extent that the disclosure thereof is required by applicable law or court order. With respect to the Slot utilization reports, related requests for waivers and summary reports required by subsection (6) above, the ATSB Lender Parties shall maintain the confidentiality of such reports to the extent required under section 10.18 of the Loan Agreement.

(g) The Debtors shall maintain a minimum cash balance, consisting of the sum of Available Cash and Trust Funds, measured as of the close of business on each day, in the minimum aggregate amount for each such day as set forth in Exhibit “E” attached hereto or in such other amount as the ATSB Lender Parties and the Debtors may otherwise agree in writing. The Debtors shall not make any payment, without the prior written consent of the ATSB Lender Parties, if such payment would cause the Debtors to have a minimum cash balance, consisting of the sum of Available Cash and Trust Funds, at the close of business on any day in an amount less than the amount set forth for such day in Exhibit “E” attached hereto or in such other amount as the ATSB Lender Parties and the Debtors may otherwise agree in writing.<sup>11</sup> In addition, at no time may the Debtors have cash or Cash Equivalents of more than \$\_\_\_\_\_ (or the U.S. dollar equivalents thereof) located in deposit, investment or other accounts other than the accounts specified in Debtors' Emergency First Day Motion For Order Authorizing (i) Maintenance Of Existing Bank Accounts, (ii) Continued Use Of Existing Business Forms And (iii) Continued Use Of Existing Cash Management System (excluding for the purposes of this calculation any funds that subject to trust agreements and do not constitute property of the Debtors' estates, such as all PFCs, all User Fees, and all Security Service Fees) to

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<sup>11</sup> For the avoidance of doubt, the Debtors are not required to obtain written consent of the ATSB Lender Parties to pay any Trust Funds as required by law.

the extent permissible pursuant to the order granting such motion and section 345(b) of the Bankruptcy Code.

(h) Each of the Debtors which holds or operates Slots shall, during the Interim Cash Collateral Period, utilize its Slots in a manner consistent with the Slot Regulations so as to avoid, by any act or omission of any of the Debtors, without the prior written consent of the ATSB Lender Parties, the withdrawal, other revocation or termination of Slots by the FAA having a fair market value exceeding in the aggregate \$100,000 at any time for failure to comply with the Slot Regulations or otherwise. The Debtors shall maintain personnel, policies, procedures and a computer database for the monitoring, utilization and management of the Slots in compliance with the Slot Regulations so as to ensure, to the greatest extent operationally feasible, that no Slot, without the prior written consent of the ATSB Lender Parties, becomes subject to withdrawal, termination or other revocation by the FAA based upon the Debtors' failure to comply with the Slot Regulations. The Debtors shall not (as lessor or sub-lessor) enter into any lease or sub-lease, with a term of more than one year, with respect to any of its Slots without the prior written consent of the ATSB Lender Parties and notice to any Official Committee, other than pursuant to a Restructuring Transaction that has been approved by the ATSB Lender Parties.

(i) Each of the Debtors which is the lessee, sub-lessee or other user of airport facilities or airport facility leases shall utilize the airport facilities and comply with the respective airport facility leases so as to avoid, by any act or omission of any of the Debtors, the termination, rejection, revocation or loss of the right to use of more than an aggregate amount of \$100,000 of such airport facility or airport facility leases, such amounts to be determined at their current fair market value, without the prior written consent of the ATSB Lender Parties and

notice to the any Official Committee. The Debtors shall not sub-lease their airport facilities or airport facility leases at any airport without the prior written consent of the ATSB Lender Parties other than pursuant to a Restructuring Transaction that has been approved by the ATSB Lender Parties.

(j) Except to the extent section 345(b) of the Bankruptcy Code requires otherwise, and to the extent permitted by the Court pursuant to the Debtors' Emergency First Day Motion For Order Authorizing (i) Maintenance Of Existing Bank Accounts, (ii) Continued Use Of Existing Business Forms And (iii) Continued Use Of Existing Cash Management System, the Debtors shall maintain their cash management system as in existence as of the Petition Date, including the maintenance of these accounts as the principal concentration and investment accounts of the Debtors.

(k) The Debtors shall not be entitled to any section 506(c) recovery or payment from the Pre-Petition Collateral, the Replacement Collateral or the proceeds thereof which would reduce any recovery on the secured claims of the ATSB Lender Parties.

(l) Upon telephonic notice by any of the ATSB Lender Parties, the Loan Administrator, or the Financial Advisor, the Debtors shall permit such party and any of its agents, advisors, auditors and employees full and reasonable access to the Debtors' books, records and place of business to verify the existence, condition and location of property in which the ATSB Lender Parties hold liens or security interests. The Debtors shall also provide the ATSB Lender Parties, the Loan Administrator, and the Financial Advisor, and any of their agents, advisors, auditors and employees, with reasonable access during normal business hours to all places of business, officers, consultants and employees of the Debtors, all without material disruption to the operation of the business of any of the Debtors. The Debtors shall provide to

the ATSB Lender Parties, the Loan Administrator, and the Financial Advisor, with reasonable promptness, such financial information concerning the Debtors' cash flow projections, business plan, and other aspects of operations as such parties may reasonably request from time to time.

(m) In connection with any Asset Sale or Restructuring Transaction, the Debtors shall remit to the Agent, for the benefit of the ATSB Lender Parties within three (3) business days of the Debtors' receipt thereof: (i) 100% of the proceeds of the Pre-Petition Collateral sold in connection with such Asset Sale or Restructuring Transaction, (ii) 100% of the Net Cash Proceeds of Replacement Collateral sold in connection with such Asset Sale or Restructuring Transaction up to the value of the ATSB Lender Parties' Replacement Lien in such Replacement Collateral and (iii) 35% of the Net Cash Proceeds of any Asset Sale or Restructuring Transaction after such Net Cash Proceeds have been reduced by (i) and (ii) above. Such Net Cash Proceeds shall be applied by the ATSB Lender Parties first to satisfy the outstanding Replacement Liens, and next, to the extent any amount is remaining, in payment of the secured portion of the ATSB Loan Obligations. Nothing herein shall imply any consent by any of the ATSB Lender Parties to any such Asset Sale or Restructuring Transaction, and each of the ATSB Lender Parties reserves its right to object to any proposed Asset Sale or Restructuring Transaction. As used in the Interim Order, the term "Net Cash Proceeds" shall mean, with respect to any Asset Sale or Restructuring Transaction, the cash proceeds of such Asset Sale or Restructuring Transaction, net of payments to satisfy any indebtedness or any other obligation outstanding at the time of such Asset Sale or Restructuring Transaction which indebtedness or other obligation is secured by a lien in or security interest on the property or assets sold, and the term "Asset Sale" shall mean any sale, transfer or other disposition of property outside the ordinary course of the Debtors' various businesses.

(n) The Debtors shall fully cooperate with any and all third-parties with respect to due diligence and request for documentation or information with respect to any Asset Sale or Restructuring Transaction proposed by, or involving, such third-party.

(10) The Debtors' ability to use Cash Collateral during the Interim Cash Collateral Period will terminate (i) immediately upon the occurrence of any event described in clauses (a), (f)(1), (g), (h), (j)(1) or (3), (l)(1), (n), or (p) below, (ii) immediately at the close of business on the business day following the occurrence of any event of the type described in clause (d), or (iii) if any event described in any other clause below shall occur, three (3) business day after any ATSB Lender Party shall deliver written notice to the Debtors and to any DIP Lender that an event of default has occurred, unless such event of default has been fully cured within such three (3) business day period:

(a) the expiration of the Interim Order as provided in section 2 hereof, other than due to the entry of the Final Order or any other order of the Court approving the Debtors' use of Cash Collateral, without the prior written consent of the ATSB Lender Parties to the extension of Interim Order Period;

(b) the Debtors fail to comply with any of the material terms or conditions of this Interim Order;

(c) the Debtors seek any modification or extension of this Interim Order, without providing the ATSB Lender Parties a minimum of five (5) business days prior written notice of the hearing on such modification or extension;

(d) the minimum cash balance, consisting of the sum of Available Cash and Trust Funds, is less than the applicable amount required by section 9(g) of this Interim Order;

(e) this provision is intentionally omitted;

(f) (1) the Debtors enter into any Asset Sale or Restructuring Transaction without the prior written consent of the ATSB Lender Parties, for the sale, lease or transfer of Cash Collateral, Pre-Petition Collateral, Replacement Collateral or other property of the Debtors, in an amount greater than \$500,000, individually or in the aggregate; or (2) the Debtors shall fail to remit any payments required pursuant to section 9(m) of this Interim Order;

(g) an application is filed by the Debtors for the approval of any claim arising under section 507(b) of the Bankruptcy Code or any lien in any of the Chapter 11 Cases which is *pari passu* with or senior to the Super-Priority Claim or Replacement Liens, excluding, in all cases, the Super-Priority Claim, Replacement Liens or other liens arising under or otherwise permitted by this Interim Order;

(h) the commencement of any action by the Debtors against any of the ATSB Lender Parties, or their respective agents, advisors and employees, to subordinate, avoid or disallow any liens, security interests or claims made in connection with the ATSB Loan Obligations;

(i) unless the ATSB Lender Parties shall have previously consented in writing to the Debtors' turnover of certain leased aircraft, aircraft engines or other assets, as designated by the Debtors from time to time, any order shall be entered after the date of this Interim Order granting relief from the stay arising under section 362 of the Bankruptcy Code to the holder or holders of any security interest, lien or right of set-off or right of recoupment to permit foreclosure (or the granting of a deed in lieu of foreclosure or similar instrument), possession, set-off, recoupment or any similar remedy with respect to any assets of any of the

Debtors that have a fair market value to the Debtors' estates in excess of \$500,000 in the aggregate;

(j) (1) any of the Chapter 11 Cases shall be dismissed or converted to a case under chapter 7 of the Bankruptcy Code; (2) the Debtors shall file a motion, or other pleading, seeking dismissal of any of the Chapter 11 Cases under section 1112 of the Bankruptcy Code, or otherwise; or (3) a trustee under chapter 11 of the Bankruptcy Code, a responsible officer or an examiner with enlarged powers relating to the operation of the Debtors' business (powers beyond those set forth in section 1106(a)(3) and (4) of the Bankruptcy Code) under section 1106 of the Bankruptcy Code shall be appointed or elected in any of the Chapter 11 Cases;

(k) the Debtors fail to pay timely to the Agent, on behalf of the ATSB Lender Parties, the Financial Advisor's fee and expenses as discussed in section 9(a) hereof;

(l) (1) the Debtors shall assert in any pleading filed in any court that any material provision of this Interim Order is not valid and binding for any reason, or (2) any material provision of this Interim Order shall for any reason, other than the entry of the Final Order, or any other order of this Court approving the Debtors' use of Cash Collateral, cease to be valid and binding without the prior written consent of the ATSB Lender Parties;

(m) the Debtors shall fail in any material respect to comply with section 5.4(a) (Maintenance of Properties), section 5.4(b) (Insurance) or section 5.6 (Compliance with Laws, Etc.) of the Loan Agreement, except to the extent such compliance is excused by operation of the Bankruptcy Code, or the Debtors shall fail in any material respect to comply with any provisions in the Security Agreement governing the maintenance of the Debtors' properties or insurance;

(n) the FAA shall suspend or revoke the Debtors' Part 121 operating certificate, or the Debtors shall at any time fail to qualify as an "air carrier" within the meaning of the Air Transportation Safety and System Stabilization Act, or fail to hold a certificate under 49 U.S.C. § 41102(a)(1);

(o) there shall occur a condition or event after the Petition Date that could reasonably be expected to have a material adverse effect on the property, business, condition (financial or otherwise) or prospects of the Debtors, taken as a whole;

(p) either the Debtors or the counterparty to the Restructuring Transaction (i) terminate or breach the Restructuring Agreement pursuant to which a Restructuring Transaction is to occur, (ii) fail to timely satisfy any condition precedent to a Restructuring Transaction, (iii) fail to timely satisfy any condition precedent to the consummation of a Restructuring Transaction, or (iv) fail to timely communicate the material terms and conditions of any proposed Restructuring Transaction to the ATSB Lender Parties;

(q) intentionally omitted;

(r) there shall occur a condition or event after the Petition Date that, in the reasonable judgment of the ATSB, is a material adverse change in the prospects of the Debtors consummating a Restructuring Transaction;

(s) the Debtors fail to file, on or before October 28, 2004, a motion under section 363 and section 365 with the Court seeking approval to establish bidding procedures (the "Bidding Procedures") for an Asset Sale or Restructuring Transaction (the "Bidding Procedures Motion"), which Bidding Procedures Motion is, in form and substance, acceptable to the ATSB Lender Parties, and that such Bidding Procedures, as approved by the Court, are acceptable to the ATSB Lender Parties;

(t) the Debtors shall fail to cooperate with any party that requests documentation or information in connection with, or related to, an Asset Sale or Restructuring Transaction that Debtors are required to provide under the Bidding Procedures with respect to any third-parties' request for documentation or information in connection with a proposed Asset Sale or Restructuring Transaction proposed by, or involving such third-party; and

(u) the Debtors' accounts receivable in respect of military charter business shall as of the end of any week, ending on Friday, be less than \$25,000,000.

(11) Notwithstanding any other term or provision hereof, during the Interim Cash Collateral Period, remedies exercisable by the ATSB Lender Parties (in their capacities as such) under the Loan Documents, and any written notice delivered pursuant to section 10 hereof, shall be exercised or delivered solely upon the written instruction, or with the written consent, of the ATSB. Wherever any term or provision of this Interim Order provides for the consent or approval of one or more ATSB Lender Party, such consent shall require, at a minimum, the written consent of the ATSB. Nothing in this Interim Order is intended to modify the rights of the ATSB Lender Parties under the Loan Documents as among the ATSB Lender Parties.

**Additional Provisions Governing Rights of the Parties**

(12) (a) Upon entry of this Interim Order, subject to clause (b) hereinafter set forth, (i) the ATSB Loan Obligations shall constitute allowed claims of the ATSB Lender Parties against ATA, ATAH and each of the Other Guarantors that is a Debtor in the Chapter 11 Cases, and are not subject to counterclaim, offset, avoidance, subordination or disallowance, and (ii) the liens and security interests of the Collateral Agent existing prior to the Petition Date, for the benefit of the ATSB Lender Parties, in the Pre-Petition Collateral shall be found and deemed valid, perfected, enforceable and not subject to avoidance or subordination. None of the ATSB Lender Parties shall be required to file its respective proofs of claim, in respect of claims arising

from the ATSB Loan, the ATSB Loan Obligations or the Loan Documents, in any of the Chapter 11 Cases, such claims of the ATSB Lender Parties being fully acknowledged by the Debtors and asserted by the ATSB Lender Parties with notice to all parties in interest.

(b) Anything in this Interim Order to the contrary notwithstanding, the determination of the validity, perfection, enforceability and unavailability of the liens, security interests and claims of the ATSB Lender Parties is without prejudice to the rights of any Official Committee to investigate and challenge any such liens, security interests and/or claims of the ATSB Loan Parties; provided that any such challenge shall be made by commencement of a Litigation pursuant to Bankruptcy Rule 7001 on or before January 25, 2005 (subject to extension with the written consent of the ATSB Lender Parties and without further order of the Court) (the "Challenge Deadline") or be forever barred.

(c) If and to the extent the Debtors do not commit any default hereunder and the ATSB Lender Parties refuse to continue to consent to the use of Cash Collateral under and pursuant to a Final Order, in form and substance acceptable to the ATSB Lender Parties in their discretion, from and after the end of the Interim Cash Collateral Period through the earlier of (x) the effective date of a chapter 11 plan, (y) termination of the Final Order upon terms similar to Section 10 above or (z) May 31, 2005 (the "Extended Period") then Debtors shall not be further bound after the expiration of the Interim Cash Collateral Period by any of the acknowledgements and agreements of Debtors contained herein regarding the validity, perfection or enforceability of the liens in and against the proceeds of the Pledged Accounts, or the nature, extent or amount of the proceeds of the Pledged Accounts (the "Debtors' Conditional Reservation"). Notwithstanding the Debtors' Conditional Reservation nothing may affect or diminish the Replacement Liens granted hereunder to the extent of Interim Replacement Value

provided by the Debtors pursuant to this Interim Order. Despite the initiation of any challenge described or conditionally reserved in this section 12 to any such liens, security interests or secured claims, such liens, security interests and secured claims shall be presumed to be valid and entitled to the benefit of this Interim Order pending the entry of a final non-appealable judgment and order in favor of the authorized party with respect to such challenge. Subject to the Debtors' Conditional Reservation, if no such Litigation is properly and timely filed by any Official Committee by the Challenge Deadline, (i) the pre-petition ATSB Loan Obligations shall not be subject to any other or further challenge, objection, counterclaim, offset, subordination or avoidance by any creditor or other party in interest, including without limitation any subsequently appointed trustee, and (ii) the pre-petition liens and security interests of the Collateral Agent, for the benefit of the ATSB Lender Parties and the Loan Administrator, as the case may be, shall not be subject to any other or further challenge and shall be determined to have been, as of the Petition Date, valid, binding, perfected, enforceable and unavoidable.

(13) None of the ATSB Lender Parties (in their capacity as such) shall take any action during the Interim Cash Collateral Period to seize or take control over any of the Cash Collateral or the Debtors' other property, nor shall they impose freezes of assets or seek to exercise any alleged right of setoff or recoupment, or exercise any other right or remedy against the Pre-Petition Collateral, Cash Collateral, Replacement Collateral or the Debtors' other property during the Interim Cash Collateral Period; provided that each of the ATSB Lender Parties reserve their rights to do any of the foregoing after receiving authority of the Court to the extent necessary, upon a breach or violation by the Debtors of any of the terms or conditions of this Interim Order. Notwithstanding the above, nothing in this section 13 shall impair the rights of any federal agency or entity other than the ATSB in this regard.

(14) The Super-Priority Claim and Replacement Liens granted hereunder to and for the benefit of the ATSB Lender Parties (in their capacities as such) shall be subject and subordinate to a reserve fund for the payment of (a) KERP obligations of no more than \$5,700,000; provided, however, that no KERP obligation may be funded until the occurrence of the effective date and funding of a Permitted DIP Lending, (b) following the occurrence and during the pendency of a Carve-Out Event, the payment of allowed professional fees and disbursements incurred after the occurrence and during the pendency of a Carve-Out Event by the professionals retained, pursuant to sections 327 or 1103(a) of the Bankruptcy Code, by the Debtors and any Official Committee, and the reasonable expenses of the members of any Official Committee, in an aggregate amount not to exceed \$500,000; and (c) quarterly fees required to be paid pursuant to 28 U.S.C. § 1930(6) and any fees payable to the Clerk of the Bankruptcy Court and any agent thereof (collectively, the "Carve-Out"). Notwithstanding the foregoing, the fees and expenses of the professionals for the Debtors and any Official Committee shall not be eligible for inclusion in or payment from the Carve-Out to the extent such fees or expenses were incurred in connection with any Litigation challenging the validity, extent, priority, enforceability, or unavailability of any of the liens, security interests, or claims in favor of any of the ATSB Lender Parties or any transfers by any of the Debtors to any such parties; provided, however, that the Carve-Out may be used to pay professional fees and expenses of any Official Committee incurred in the investigation (prior to the commencement of any Litigation) of potential causes of action and claims against the Collateral Agent or any of the other ATSB Lender Parties. The foregoing shall not be construed as consent by any ATSB Lender Party to the allowance of any fees and expenses referred to above and shall not affect the right of any of the ATSB Lender Parties to object to the allowance or payment of such amounts.

For the purposes of the preceding paragraph, the term "Carve-Out Event" shall mean the termination of the Debtors' authorization to use Cash Collateral.

(15) Notwithstanding any other term or condition hereof, or of the Loan Documents or ATSB Guarantee Agreement, the ATSB Lender Parties shall not be subject to the equitable doctrine of "marshalling" or any similar doctrine with respect to any of the Pre-Petition Collateral or the Replacement Collateral.

(16) (a) Nothing in this Interim Order or any other Cash Collateral Order (i) shall constitute a waiver, forbearance or adjudication of the rights of any secured party, lessor or vendor, or of any agent for any such entity (including, without limitation, any servicer or beneficial owner of any lessor and including any secured party, lessor or vendor under any aircraft lease or mortgage) (in each case, an "1110 Beneficiary") under section 1110 of the Bankruptcy Code; or (ii) shall prejudice, limit, or otherwise affect any rights of any 1110 Beneficiary or other entity under section 1110 of the Bankruptcy Code, all of which rights are expressly preserved.

(b) Notwithstanding any provision to the contrary in any Cash Collateral Order, to the extent prohibited or restricted under any Section 1110 Agreement, the Collateral Agent, the ATSB Lender Parties and any participant with or successor to the Collateral Agent or ATSB Lender Parties (i) shall not be granted nor shall they have (other than the Aircraft Collateral), and the Debtors likewise shall not grant, a security interest in or lien on (A) any Section 1110 Assets, (B) any lease of, or any Debtor's leasehold interest in, any Section 1110 Assets, or (C) any other property or Section 1110 Agreement which is subject to the rights of an 1110 Beneficiary under section 1110 of the Bankruptcy Code (unless such rights of an 1110 Beneficiary arise solely by the right to enforce a negative pledge or similar provision in any

Section 1110 Agreement with respect to otherwise unencumbered property); provided, however, that the Replacement Liens of the Collateral Agent and the ATSB Lender Parties shall extend to (x) all of the Section 1110 Assets in which the Collateral Agent held a lien prior to the Petition Date, and (y) all proceeds from the Debtors' disposition of any Section 1110 Assets and any Section 1110 Agreements, if any, to which the Debtors have any rights after the payment in full of the Debtors' obligations related to such Section 1110 Assets and Section 1110 Agreements as required under section 1110 of the Bankruptcy Code; (ii) shall not be listed as a loss payee or as an additional insured on any insurance policy which the Debtors are obligated to any 1110 Beneficiary to obtain or maintain on or with respect to any Section 1110 Assets; (iii) shall not be entitled to exercise, assert or otherwise have the benefits of any rights or interests of any Debtor under any lease of Section 1110 Assets or property described in clause (b)(i) above, including rights, or interests in, or to any sums payable to, any Debtor under any lease of Section 1110 Assets or property described in clause (b)(i) and rights or interest in or to any property held under such lease; and (iv) shall not be given, and the Debtors likewise shall not place, placards or other indicia of security interests or liens in or on any Section 1110 Assets or property described in clause (b)(i) above in favor of the Collateral Agent, the ATSB Lender Parties or any participant with or successor thereto.

(c) As promptly as reasonably practicable, the Collateral Agent and the ATSB Lender Parties shall remove any liens of record which have been filed on their behalf against any Section 1110 Assets (other than liens filed pursuant to the terms of the Loan Documents), including, without limitation, any filings under the Uniform Commercial Code of any state or with the FAA.

(d) The terms of this paragraph may not be amended or superseded without the prior written consent of any affected 1110 Beneficiary.

(17) Notwithstanding anything else contained herein, Debtors shall be authorized to use Cash Collateral and the other Pre-Petition Collateral and shall fully provide adequate protection to the ATSB Lender Parties for such use if and so long as Debtors provide the ATSB Lenders with Full Cash Protection (as defined below). The Debtors will not cause the balance of Cash Collateral plus 100% of the amount of Pledged Accounts in which the ATSB Lender Parties hold a first priority lien or Replacement Lien to drop below the amount of the Petition Date Cash Collateral plus 100% of the amount of the Pledged Accounts as of the Petition Date minus the aggregate amount of payments by the Debtors to the ATSB Lender Parties pursuant to section 9(a) and section 9(m) (except with the consent of the ATSB Lending Parties) (“Full Cash Protection”).

(18) The provisions of this Interim Order shall be binding upon and inure to the benefit of the Debtors, the ATSB Lender Parties, any Official Committee, and any trustee subsequently appointed for the estates of any of the Debtors, whether in the Chapter 11 Cases or in the event of any conversion of any Chapter 11 Case to a case under chapter 7 of the Bankruptcy Code. Such binding effect is an integral part of the Interim Order. The terms of this Interim Order supersede the terms of the Bridge Order.

(19) In the event that any order dismissing any of the Chapter 11 Cases is entered pursuant to section 1112 of the Bankruptcy Code, or otherwise, (a) the ATSB Loan Obligations, Replacement Liens and Super-Priority Claims granted to or for the benefit of the ATSB Lender Parties pursuant to this Interim Order shall continue in full force and effect and shall maintain their priorities as provided in this Interim Order until all of the ATSB Loan

Obligations shall have been indefeasibly paid in full, and (b) this Court shall retain jurisdiction, notwithstanding such dismissal, for the purposes of enforcing such claims and liens.

(20) Nothing herein shall be deemed to effect a substantive consolidation of the Chapter 11 Cases or to prejudice the rights of the ATSB Lender Parties in the event of any such subsequent substantive consolidation. This Interim Order is being entered on a collective basis for administrative convenience only and no finding of fact or conclusion of law is intended to support or cause a substantive consolidation of the Chapter 11 Cases.

(21) This Interim Order shall constitute findings of fact and conclusions of law and shall take effect and be fully enforceable immediately upon execution thereof.

#### **NOTICE OF FINAL HEARING**

(22) Following entry of this Interim Order, the Debtors shall immediately provide notice of the Cash Collateral Motion, and a copy of this Interim Order and notice of the Final Hearing, by mail to each of the Initial Notice Parties and, without duplication, to (i) parties who have filed a request for service prior to such date, and (ii) counsel to any Official Committee appointed in the Chapter 11 Cases. Such notice shall constitute good and sufficient notice of the Final Hearing. The notice of approval of this Interim Order shall state that any party in interest objecting to the use of Cash Collateral or the terms of the Final Order shall file written objections with the United States Bankruptcy Court Clerk for the Southern District of Indiana, Indianapolis Division on or before November \_\_, 2004, which objections shall be served so that same are received by not later than 4:00 p.m. (Eastern Standard Time) on such date.

(23) The Final Hearing to consider the Cash Collateral Motion and Final Order shall be held on November \_\_, 2004 at \_\_ .m., at the United States Bankruptcy Court for the Southern District of Indiana, Indianapolis Division, 116 U.S. Courthouse, 46 E. Ohio St.,

Indianapolis, IN 46204 before the Honorable \_\_\_\_\_, United States Bankruptcy  
Judge.

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Requested by:

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Terry E. Hall (#22041-49)  
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Distribution:

Debtors' Counsel  
United States Trustee  
ATSB Lender Parties  
Loan Administrator  
District Director of Internal Revenue for the Indianapolis District  
United States Attorney for the Southern District of Indiana  
United States Department of Justice  
Any Official Committee  
Thirty Largest Undersecured Creditors

[Signature Pages Continued]

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*Attorneys for the Lenders*



October 24, 2004

ATA Holdings Corp.  
ATA Airlines, Inc.  
1337 West Washington Street  
Indianapolis, Indiana 46231

Attn.: Mr. Gilbert F. Viets  
Executive Vice President and Chief Restructuring Officer

**In Re: Commitment Letter**

Dear Sirs:

This letter will constitute the commitment by AirTran Airways, Inc. ("AirTran" or "we"), subject to the terms and conditions herein contained and the receipt of a signed copy of this commitment letter, to acquire in an asset acquisition (the "Acquisition") (a) the leasehold interest of Sellers under the Chicago Midway Airport Amended and Restated Airport Use Agreement and Facility Lease with an effective date of January 1, 1997, as amended to date (the "Midway Facilities Lease") including without limitation all Sellers' right, title and interest in and to 14 gates, ramp space and associated service facilities at Chicago's Midway Airport, including the space to build 12 additional regional jet gates and the furnishings, fixtures and personal property (exclusive of ground equipment) used or employed in connection with such gates and service facilities (collectively, the "Midway Gates"), (b) 8 permanent and 11 AIR 21 arrival and departure slots of Sellers at LaGuardia and 4 AIR 21 arrival and departure slots of Sellers at Reagan (collectively, the "Slots") and (c) Sellers' interest in certain airport facility leases or arrangements at outlying stations served from Midway (the "Station Leases") (the Midway Facilities Lease, the Slots and the Station Leases, collectively, the "Midway Assets"). The Purchase Price for the Midway Assets will be Eighty Seven Million Five Hundred Thousand Dollars (\$87,500,000) payable in cash at closing (the "Acquisition Price"). The terms "Sellers" and "you" mean and refer jointly and severally to ATA Holdings Corp. and ATA Airlines, Inc. irrespective of whether this commitment letter is fully or partially executed before or after the date of filing of the Chapter 11 Case (hereinafter defined).

The transactions contemplated hereby are to be accomplished in a Chapter 11 case to be filed by Sellers under the Bankruptcy Code (11 U.S.C. § 101 et seq.) (the "Chapter 11 Case") in the United States Bankruptcy Court for the Southern District of Indiana (the "Bankruptcy Court").

Consummation of the Acquisition is subject to, among other things, (1) execution of a definitive asset acquisition agreement (the "Asset Acquisition Agreement") in form and substance satisfactory to AirTran incorporating the terms and conditions of this commitment

letter and such other terms and conditions with respect to the Acquisition as may be required by AirTran, (2) completion of AirTran's due diligence investigation in all respects satisfactory to AirTran, which AirTran shall endeavor to complete no later than November 1, 2004, and which will not be a condition precedent in the Asset Acquisition Agreement, and (3) availability to AirTran of financing necessary to fund the Acquisition Price, which financing contingency will not be a condition precedent in the Asset Acquisition Agreement. AirTran hereby advises you that, based upon conversations with its investment bankers, AirTran is highly confident that such financing should be available to it and that it will be in a position to execute an otherwise acceptable Asset Acquisition Agreement which does not include as a condition precedent to a closing the obtaining of financing by AirTran.

We are prepared to commence preparation of the Asset Acquisition Agreement immediately and to complete our due diligence investigation. Such agreements will contain customary terms and conditions for an acquisition of this nature, including:

- (i) the filing by Sellers of the Chapter 11 Case;
- (ii) AirTran to have the option of wet leasing during a transition period such number of Sellers' B-737-800 aircraft as AirTran may determine. AirTran to provide to Sellers as promptly as practicable after filing of the Chapter 11 Case an initial indication of the number, if any, of B-737 aircraft it tentatively would elect to take on wet lease for a term of no more than 1 year and within 45-days of filing of the Chapter 11 Case and notify Sellers of AirTran's final determination of the number, if any, of B-737 aircraft it elects to take on wet lease for a term of no more than 1 year;
- (iii) B-737-800 wet leases to be on market rates (not to exceed Sellers' out-of-pocket costs) which, among other things, reflect current market aircraft rental rates which are less than rental rates that Sellers are currently incurring on the B-737-800 aircraft (AirTran and Sellers to jointly work with B-737-800 lessors on new lease rate/return schedule for transition period);
- (iv) Sellers to operate a Midway schedule during transition period of up to 120 days, such schedule to be coordinated with AirTran wet lease operations, if any, and with, at AirTran's option, a representative of AirTran to be stationed at Sellers' headquarters to coordinate operations between AirTran and Sellers;
- (v) Effective with transfer of the Midway Assets to AirTran, AirTran to enter into airport and ground services arrangement with Sellers for Midway operation, such agreement to be terminable by AirTran (a) on 70-day prior notice in the case of termination of such services arrangement with respect to all or substantially all the Midway Gates and (b) on such shorter notice

period as AirTran deems reasonable under the circumstances for termination of such services arrangement with respect to individual Midway Gates or less than substantially all the Midway Gates;

- (vi) Sellers to use their best efforts to effect the transfer to AirTran of all Sellers' interest in such of the airport facility leases or arrangements at outlying stations currently served by Sellers from Midway as AirTran may request. In the event, despite Sellers best reasonable efforts, Sellers are unable to assign or transfer any such facility leases or arrangements, such failure shall not be a basis for terminating AirTran's commitment but, in such event, Sellers shall cooperate fully with AirTran, by such alternative arrangements as may be reasonably available, to provide AirTran with the benefit of such leases or arrangements. To the extent consistent with the level of AirTran's use of such support facilities, AirTran will endeavor to enter into arrangements with Sellers, as may reasonably be requested by Sellers at closing of the Acquisition, to permit Sellers continued access to such facilities on commercially reasonable terms;
- (vii) Without undertaking any obligation to hire any employee or group, to the extent practical and consistent with its hiring needs and standards, AirTran to undertake good faith efforts to employ individual qualified existing employees of Sellers as new AirTran employees;
- (viii) Asset Acquisition Agreement to provide for code share for transition and such other elements as most efficiently support passenger accommodation and/or as otherwise required in AirTran's judgment;
- (ix) Sellers and AirTran to enter into an agreement with Sellers with respect to ticket sales by Sellers involving transportation to, from or through Chicago's Midway Airport pursuant to which AirTran will be entitled to the ticket revenue but will reimburse Sellers from such revenue for Sellers' out-of-pocket selling costs with respect to such tickets booked by Sellers (and to reimburse, from credit card holdback proceeds received by AirTran, Sellers for transportation taxes and governmental fees and charges which Sellers paid (prior to providing the travel service) on sale of tickets) for passengers who use such tickets to fly on AirTran flights. Parties to explore other marketing opportunities;
- (x) AirTran, at its election, to have the right to enter into a marketing agreement with the Sellers' commuter carrier at Midway on market terms. As promptly as practicable after filing of the Chapter 11 Case, AirTran to provide to Sellers an initial indication of whether it intends to elect to enter into such a marketing agreement with such commuter carrier and within 45-days after such filing, AirTran to notify Sellers of AirTran's

- final determination of whether it will enter into such a marketing agreement with such commuter carrier;
- (xi) AirTran and Sellers to bargain in good faith concerning a mutually agreeable code share alliance and/or joint marketing arrangement post closing respecting, among others, AirTran's Midway operations and Sellers' Hawaiian operations. Any such arrangement must be on economic terms acceptable to AirTran;
  - (xii) at closing of the Acquisition which shall occur no later than 120 days after filing of the Chapter 11 Case, good and valid title to the Midway Assets to be transferred to AirTran debt free and clear of any liens or encumbrances;
  - (xiii) such approval as AirTran may deem necessary of any aspects of the Acquisition by AirTran's unions and review and final approval of the Acquisition by AirTran's Board;
  - (xiv) MAC clause relating to (a) fuel escalation above \$2.00 per gallon (including taxes and fees), (b) cessation of operations by Sellers, (c) conversion of the Chapter 11 Case to a Chapter 7, (d) work stoppage or slow down with respect to Sellers' flight operation of B-737-800 aircraft pursuant to wet leases with AirTran or the operation of regular scheduled flights of Chicago Express Airlines, Inc., or (e) occurrence of any 9/11 type terrorist event or other customary "market out" event;
  - (xv) the option on the part of AirTran to purchase or acquire all or any portion of the ground support equipment owned, leased or operated by Sellers at Chicago's Midway Airport at the appraised liquidation value;
  - (xvi) representations and warranties from Sellers with respect to the ownership of the Midway Assets and Sellers' ability to consummate the Acquisition, Sellers' business, condition (financial or otherwise), results of operations, assets, liabilities, properties and prospects of Sellers and specific environmental matters, including to the extent relevant to the Midway Assets;
  - (xvii) covenants with respect to the Midway Assets between the time of the execution of the Asset Acquisition Agreement and the closing of the Acquisition;
  - (xviii) concurrent with the transfer by Sellers of the Midway Facilities Lease to AirTran, AirTran may deduct from the Acquisition Price and pay over to the City of Chicago all amounts owing to the City of Chicago in respect of the \$7,500,000 principal amount unsecured loan made to fund the jetway

extension at Chicago's Midway Airport and any other amounts as may be owing to the City of Chicago which are cross-defaulted to the Midway Facilities Lease; provided, however, in no event shall AirTran be permitted to deduct in excess of \$8,000,000 from such Acquisition Price for such payment to the City of Chicago;

- (xix) other customary conditions to AirTran's obligations to close the Acquisition, including, without limitation, Bankruptcy Court approval, continued accuracy of representations and warranties and compliance with covenants and receipt by all parties of all corporate, regulatory and other third party approvals and authorizations necessary to consummate the Acquisition;
- (xx) covenant with respect to a holdback amount with respect to the Slots (the "Holdback Amount") to be withheld from the Acquisition Price until such Slots are actually transferred to AirTran. The Holdback Amount will be \$24,000,000 and will be released \$8,000,000 upon conveyance to AirTran of the eight permanent LaGuardia non AIR 21 arrival and departure slots and \$941,177 per Slot upon vesting in AirTran (either by direct transfer or by re-issuance by the FAA/DOT) of each AIR 21 arrival and departure slot at LaGuardia and Reagan (exclusive of the four AIR 21 slots at LaGuardia to be retained by Sellers). Until vesting each Slot, the Slots (exclusive of the four AIR 21 slots at LaGuardia to be retained by Sellers) may be operated by AirTran pursuant to a code share arrangement with Sellers. Should any such Slot not be awarded to AirTran (and the Holdback Amount therefore not be paid to Sellers) and such Slot nevertheless be operated by AirTran pursuant to a code share arrangement with Sellers so that AirTran achieves the operational benefits thereof, the parties will bargain in good faith concerning compensation to Sellers therefore; and
- (xxi) covenant with respect to payment by Sellers of a breakup fee on customary terms in the event the Acquisition is not consummated, such fee to be in the amount of 3% of the Acquisition Price plus all out-of-pocket expenses (not to exceed in the aggregate \$1,000,000) incurred by AirTran in connection with due diligence, analysis and negotiation of the Acquisition. In the event the Bankruptcy Court does not approve the Acquisition or requires that competing offers be considered, and thereafter another offer for the Midway Assets is proposed to be accepted by Sellers, AirTran will have a right to increase its commitment to purchase to terms which are more favorable to Sellers than such other offer. Should the Acquisition of the Midway Facilities Lease not be consummated on or prior to 120 days after the filing of the Chapter 11 Case or the commitment of the Sellers to sell the Midway Assets be terminated prior

ATA Holdings Corp.  
ATA Airlines, Inc.  
October 24, 2004  
Page 6

to such date, any wet leases theretofore entered into may be thereafter terminated on such date as is reasonably specified by AirTran in a notice to Sellers.

Our legal counsel is prepared to commence the preparation of the Asset Acquisition Agreement as soon as you return a signed copy of this commitment letter to us.

Promptly following your execution and delivery of this commitment letter in the manner provided below and until the Termination Date (as defined below), Sellers will provide AirTran and any person or organization who is considering providing financing to AirTran to fund all or any portion of the Acquisition Price and their respective officers, directors, employees, agents, counsel, accountants, financial advisors, consultants and other representatives (together "Representatives") with full access, upon reasonable prior notice, to all officers, employees and accountants of Sellers and their subsidiaries and to their Midway Assets and other properties, contracts, books, records and all such other information and data concerning the Midway Assets and the business and operations and financial condition of Sellers and their subsidiaries as AirTran or any of such Representatives reasonably may request in connection with such investigation. AirTran acknowledges that it has entered into a confidentiality agreement dated August 4, 2004 with you and agrees that its due diligence will be conducted in accordance with and governed by the terms thereof.

In consideration of the substantial expenditure of time, effort and expense to be undertaken by AirTran and its Representatives immediately upon your execution and delivery of this commitment letter, you hereby undertake and agree that, for the period from the date hereof until the execution of the Asset Acquisition Agreement, but not later than November 1, 2004 (the "Termination Date"), subject to the duties imposed by applicable law, Sellers will not, nor will Sellers permit any of their subsidiaries or affiliates (or authorize or permit any of their respective Representatives) to, take, directly or indirectly, any action to initiate, assist, solicit, receive, negotiate, encourage or accept any offer or inquiry from any person (a) to transfer, assign or pledge the Midway Assets or to engage in any Business Combination (as defined below), (b) to reach any agreement or understanding (whether or not such agreement or understanding is absolute, revocable, contingent or conditional) for, or otherwise attempt to consummate, any Business Combination or (c) to furnish or cause to be furnished any information with respect to the Midway Assets or the Sellers or any of their subsidiaries to any person (other than as contemplated by this commitment letter) who Sellers or any such subsidiary, affiliate or Representative knows or has reason to believe is in the process of considering any acquisition of the Midway Assets or any Business Combination. If Sellers or any such subsidiary, affiliate or Representative receives, or has received, from any person any offer, inquiry or informational request referred to above, Sellers will promptly advise such person, by written notice, of the terms of this paragraph and will promptly, orally and in writing, advise AirTran of such offer, inquiry or request and deliver a copy of the foregoing notice to AirTran. For purposes hereof, "Business Combination" means any merger, consolidation or combination to which Sellers or any of their subsidiaries is a party, any sale, dividend, split or other disposition of capital stock or other equity interest of Sellers or any of their subsidiaries or

any sale, dividend or other disposition of the Midway Assets or all or substantially all of the properties and assets of Sellers or any of their subsidiaries.

AirTran and Sellers agree that money damages would not be a sufficient remedy for any breach of any provision of the two preceding paragraphs by Sellers, and that in addition to all other remedies which any party hereto may have, each party will be entitled to specific performance and injunctive or other equitable relief as a remedy for any such breach. No failure or delay by any party hereto in exercising any right, power or privilege hereunder will operate as a waiver thereof, nor will any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any right, power or privilege hereunder.

Notwithstanding the foregoing, AirTran acknowledges that Sellers will be obligated as debtors in possession in the Chapter 11 Cases to file a motion with the Bankruptcy Court seeking approval of the assumption and assignment of the Midway Facilities Lease and other executory contracts included in the Midway Assets and to sell or otherwise dispose of the Midway Assets pursuant to Sections 363 and 365 of the Bankruptcy Code (the "Sale Motion"), that the Sale Motion will be a public document, that other potential acquirers of the Midway Assets will have to be afforded an opportunity to obtain information from Sellers re the Midway Assets to make an offer to acquire the Midway Assets before the final hearing on the Sale Motion, all as provided in one or more orders of the Bankruptcy Court ("Sale Procedure Orders"). The filing of the Sale Motion and compliance by Sellers with the Sale Procedures Orders shall not constitute any violation of their obligations under this letter or the Asset Acquisition Agreement.

To become effective and create a commitment by AirTran to proceed with the Acquisition, the terms and conditions contained herein must be accepted and agreed by you and a signed copy transmitted to us by facsimile by 5:00 p.m. (Atlanta time), on October 25, 2004, with a signed original of such letter returned to us by Noon (Atlanta time) on October 26, 2004.

This commitment letter shall be governed by and construed in accordance with the laws of the State of New York without giving effect to the conflicts of laws principles thereof.

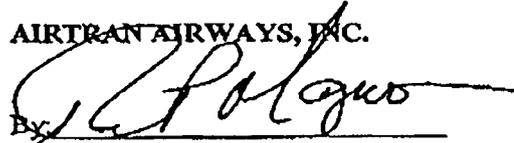
By acceptance of this commitment letter, Sellers agree that, except for that certain letter agreement regarding confidentiality dated August 4, 2004 between AirTran and Sellers, this commitment letter supersedes any and all discussions, negotiations, understandings or agreements, written or oral, express or implied. This commitment letter may not be contradicted by evidence of any actual or alleged prior contemporaneous or subsequent understandings or agreements of the parties, written or oral, express or implied, other than a writing which expressly amends or supersedes this letter. There are no unwritten understandings or agreements between the parties.

BECAUSE DISPUTES ARISING IN CONNECTION WITH COMPLEX FINANCIAL TRANSACTIONS ARE MOST QUICKLY AND ECONOMICALLY RESOLVED BY AN EXPERIENCED AND EXPERT PERSON AND THE PARTIES WISH APPLICABLE STATE AND FEDERAL LAWS TO APPLY (RATHER THAN ARBITRATION RULES), THE PARTIES DESIRE THAT THEIR DISPUTES BE RESOLVED BY A JUDGE APPLYING SUCH APPLICABLE LAW. THEREFORE, TO ACHIEVE THE BEST COMBINATION OF THE BENEFITS OF THE JUDICIAL SYSTEM AND OF ARBITRATION (WITHOUT SUBMITTING TO ARBITRATION), THE PARTIES HERETO WAIVE ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, SUIT, OR PROCEEDING BROUGHT TO ENFORCE OR DEFEND ANY RIGHTS OR REMEDIES UNDER THIS LETTER OR ANY OF THE LOAN DOCUMENTS.

If you are in agreement with the foregoing, please so indicate by signing two copies of this commitment letter in the spaces set forth below and returning one of such signed copies to the undersigned, whereupon this commitment letter shall constitute our binding agreement to the extent and in accordance with the terms and provisions set forth above.

Very truly yours,

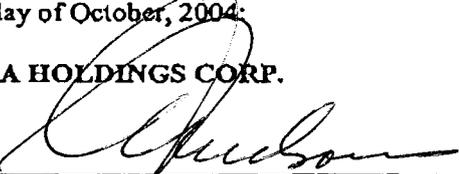
AIRTRAN AIRWAYS, INC.



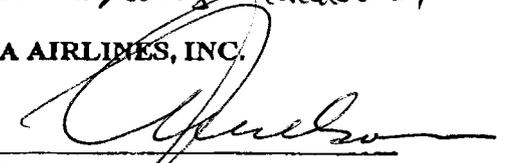
Name: Richard P. Magurno  
Title: Senior Vice President  
General Counsel

Accepted and agreed to as of the  
25 day of October, 2004:

ATA HOLDINGS CORP.

By:   
Name: *Chairman & CEO*  
Title: *J. George Michaelson,*

ATA AIRLINES, INC.

By:   
Name: *Chairman & CEO*  
Title: *J. George Michaelson,*

**Exhibit "B"**

**Notice Parties for ATSB Lenders**

**U. S. DEPARTMENT OF JUSTICE**

Commercial Litigation Branch  
Civil Division  
P.O. Box 875  
Ben Franklin Station  
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***CITICORP NORTH AMERICA, INC.***

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<b>Andrew M. Thau</b>	Tel: 212-696-8898 Fax: 212-697-1559 <u><a href="mailto:athau@cm-p.com">athau@cm-p.com</a></u>

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<b>Michael Kriedberg</b>	Tel: Fax:
<b>Ann Levine</b>	Tel: Fax:

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***Exhibit "C"***

[Cash Budget]

[To be Provided by Debtors]

***Exhibit "D"***

[Projection and Variance Report]

[To be Provided by Debtors]

***Exhibit "E"***

Schedule of Minimum Cash Balance<sup>12</sup>

<u>Day</u>	<u>Minimum Cash Balance Required</u>
10/25/04	
10/26/04	
10/27/04	
10/28/04	
10/29/04	
11/1/04	
11/2/04	
11/3/04	
11/4/04	
11/5/04	
11/8/04 and thereafter	

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<sup>12</sup> As provided in this Interim Cash Collateral Motion, on each day the sum of the Debtors' Available Cash (as defined in this Interim Order) and Trust Funds (as defined in this Interim Order) must meet or exceed the minimum cash balance provided above for such day.