

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

In re:)	Chapter 11
)	
ATA Holdings Corp., et al., ¹)	Case No. 04-19866
)	(Jointly Administered)
Debtors.)	

MOTION FOR AUTHORITY TO ASSUME AMENDED AGREEMENTS

The debtors and debtors in possession (collectively, the "Debtors") in the above captioned chapter 11 cases (the "Chapter 11 Cases"), hereby file this motion (the "Motion") for entry of an order (the "Order"), authorizing Debtor ATA Airlines, Inc. ("ATA") to assume, as amended by the Resolution Agreement (as defined herein), certain agreements between ATA and Signature Flight Support Corporation ("Signature") and ATA and Aircraft Service International, Inc. ("ASI"). Signature and ASI may be collectively referred to herein as the "Providers."

In support of this Motion, the Debtors state as follows:

JURISDICTION

1. On October 26, 2004 (the "Petition Date"), each of the Debtors filed with the United States Bankruptcy Court for the Southern District of Indiana, Indianapolis Division (the "Bankruptcy Court"), its respective voluntary petition for relief under Chapter 11 of Title 11 of the United States Code, 11 U.S.C. §§ 101 et seq. as amended (the "Bankruptcy Code") commencing these Chapter 11 Cases. The Debtors continue to operate their businesses and

¹ The Debtors are the following entities: ATA Holdings Corp. (04-19866), ATA Debtors, Inc. (04-19868), Ambassadeair Travel Club, Inc. (04-19869), ATA Leisure Corp. (04-19870), Amber Travel, Inc. (04-19871), American Trans Air Execujet, Inc. (04-19872), ATA Cargo, Inc. (04-19873), and Chicago Express Debtors, Inc. (04-19874).

manage their properties as debtors-in-possession pursuant to Sections 1107(a) and 1108 of the Bankruptcy Code.

2. No trustee has been appointed. On November 1, 2004, the United States Trustee appointed an official committee of unsecured creditors (the "UCC") pursuant to § 1102(a)(1) of the Bankruptcy Code.

3. This Court has jurisdiction to consider this Motion pursuant to 28 U.S.C. §§ 157 and 1334. This matter is a core proceeding pursuant to 28 U.S.C. § 157(b)(2). Venue is proper before this Court under 28 U.S.C. §§ 1408 and 1409.

4. The statutory basis for the relief sought herein is Section 365(a) of the Bankruptcy Code.

RELIEF REQUESTED

5. For the reasons stated below, the Debtors request that the Court enter an order authorizing ATA to assume the Amended Agreements (as defined herein) pursuant to Section 365 of the Bankruptcy Code.

BASIS FOR RELIEF

6. ATA and Signature are parties to certain agreements for ground handling, into-plane fueling and other related services at various airports (the "Signature Agreements"). ATA and ASI are parties to certain similar agreements (the "ASI Agreements," and collectively with the Signature Agreements, the "Agreements"). The Agreements are listed on Exhibit A attached hereto and in Exhibit A to the Motion By Signature Flight Support Corporation And Aircraft Service International, Inc. For Entry Of An Order Granting Relief From The Automatic Stay To Terminate Certain Contracts filed on January 11, 2005 (Docket No. 1176) (the "Stay Relief Motion").

7. On January 31, 2005 the Debtors filed their objection to the Stay Relief Motion (Docket No. 1314) (the "Objection"). ATA and the Providers have entered into an agreement to resolve the Stay Relief Motion and the Objection (the "Resolution Agreement"). The Resolution Agreement, among other things, establishes a cure amount for the assumption of the Agreements and makes certain modifications to the Agreements, including modifications to the price and termination provisions. A copy of the Resolution Agreement is attached hereto as Exhibit B (requested to be filed under seal).

8. ATA now wishes to assume the Agreements as amended by the Resolution Agreement (the "Amended Agreements"). The assumption of the Amended Agreements is in the best interests of ATA, its estate and creditors.

ASSUMPTION OF THE AMENDED AGREEMENTS

9. Section 365(a) of the Bankruptcy Code provides that a debtor "subject to the court's approval, may assume or reject any executory contract or an unexpired lease." 11 U.S.C. § 365(a). The assumption or rejection of an unexpired lease or executory contract by a debtor is subject to review under the business judgment standard. See, e.g., Control Data Corp. v. Zelman (In re Minges), 602 F.2d 38, 43 (2d Cir. 1979) (Act case); In re Gucci, 193 B.R. 411, 414-15 (S.D.N.Y. 1996); In re Federated Dept. Stores, Inc., 131 B.R. 808, 811 (S.D. Ohio 1991) ("Courts traditionally have applied the business judgment standard in determining whether to authorize the rejection of executory contracts and unexpired leases"); In re Cutters, Inc., 104 B.R. 886, 889 (Bankr. M.D. Tenn. 1989). This standard is satisfied when a debtor demonstrates that rejection will benefit the estate. See, e.g., In re Riodizio, Inc., 204 B.R. 417, 424 (Bankr. S.D.N.Y. 1997); In re Stable Mews Assoc., Inc., 41 B.R. 594, 596 (Bankr. S.D.N.Y. 1984).

10. If the debtor's business judgment has been reasonably exercised, a court should approve the assumption or rejection of an unexpired lease or executory contract. See, e.g., Group of Institutional Investors v. Chicago, M., St. P. & P.R.R. Co., 318 U.S. 523, 550-51 (1943); Sharon Steel Corp. v. Nat'l Fuel Gas Distrib. Corp., 872 F.2d 36, 39-40 (3d Cir. 1989); In re Child World, Inc., 142 B.R. 87, 90 (Bankr. S.D.N.Y. 1992); see also Allied Tech., Inc. v. R.B. Brunemann & Sons, Inc. (In re Allied Tech., Inc.), 25 B.R. 484, 495 (Bankr. S.D. Ohio 1982) ("Court approval of a debtor in possession's decision to assume the lease should only be withheld if the debtor's judgment is clearly erroneous, too speculative or contrary to the provisions of the Bankruptcy Code").

11. The business judgment rule has vitality in chapter 11 cases and shields a debtor's management from judicial second-guessing. See, e.g., Official Comm. Of Subordinated Bondholders v. Integrated Res., Inc. (In re Integrated Res., Inc.), 147 B.R. 650, 656 (S.D.N.Y. 1992); see also Committee of Asbestos-Related Litigants and/or Creditors v. Johns-Manville Corp (In re Johns-Manville Corp.), 60 B.R. 612, 615-16 (Bankr. S.D.N.Y. 1986) ("[T]he Code favors the continued operation of a business by a debtor and a presumption of reasonableness attaches to a debtor's management decisions.").

12. Signature and ASI provide necessary services to ATA at numerous locations. Assumption of the Amended Agreements will allow ATA to continue to receive such necessary services on terms that are both fair and reasonable.

13. Pursuant to the Resolution Agreement, the Providers have agreed to accept as full and complete cure of any defaults that may exist under the Agreements the sum of \$245,524.76 (the "Cure"). ATA will pay the Cure in three installments within 45 days of an order from this Court authorizing ATA to assume the Amended Agreements.

14. In light of the foregoing, assumption of the Amended Agreements is in the best interests of ATA's estate and creditors and constitutes a proper exercise of ATA's sound business judgment.

NO PRIOR REQUEST

15. No prior motion for the relief requested herein for these Amended Agreements has been made to this or any other Court.

WHEREFORE, the Debtors request that the Court enter an Order authorizing ATA to assume the Amended Agreements pursuant to Section 365 of the Bankruptcy Code.

Respectfully submitted,

BAKER & DANIELS

By: /s/ Jeffrey C. Nelson

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the foregoing was served this 18th day of April, 2005, by electronic mail on the Core Group, 2002 List, Appearance List, Signature, and ASI.

/s/ Jeffrey C. Nelson _____