

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF INDIANA
INDIANAPOLIS DIVISION

IN RE:)	
)	Chapter 11
ATA HOLDINGS CORP., et al., ¹)	Case No. 04-19866-BHL-11
)	(Jointly Administered)
Debtors.)	
_____)	

DEBTORS' MOTION FOR AUTHORITY TO ENTER INTO NEW LEASES FOR UP TO TWELVE (12) BOEING 737 AIRCRAFT; REQUEST TO LIMIT AND SHORTEN NOTICE AND SCHEDULE HEARING ON MAY 3, 2005 OMNIBUS HEARING DATE

ATA Airlines, Inc., as debtor and debtor-in-possession (the "Airline" and, with the other debtors and debtors-in-possession in the above-captioned proceedings, collectively, the "Debtors"), by counsel, hereby requests authority pursuant to 11 U.S.C. § 363(b) to enter into new leases for up to twelve (12) Boeing 737 classic aircraft (the "Aircraft") with Q Aviation, LLC ("Q"). In support of its motion, the Airline states as follows:

I. General Background

1. The Debtors filed voluntary petitions under chapter 11 of the Bankruptcy Code on October 26, 2004 (the "Petition Date"). The Debtors are operating their businesses and managing their properties as debtors-in-possession pursuant to §§ 1107(a) and 1108 of the Bankruptcy Code.

2. After the Petition Date, the Airline negotiated, in conjunction with its § 1110 process, the return of several leased Boeing 737-800 aircraft (the "Returned Aircraft").

¹ The Debtors are the following entities: ATA Holdings Corp. (04-19866), ATA Airlines, Inc. (04-19868), Ambassador 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 Airlines, Inc. (04-19874).

3. Since that time, the Airline and the Debtors have been in extensive negotiations with various potential lessors to replace a portion of the Returned Aircraft with older Boeing 737 “classic,” aircraft to meet the Airline’s postpetition fleet plan and operational needs.

4. These exhaustive negotiations have resulted in a letter of intent with Q for the lease of the Aircraft. Because the entry into these new leases is in the best interests of the Airline and the Debtors, as well as their estates and creditors, the Airline and the Debtors now seek the Court’s authorization to enter into the new leases.

II. Basis For The Relief Requested

5. Although leasing aircraft may be considered part of the Airline’s “ordinary course” of business, the Airline, out of an abundance of caution, is seeking Court authority to do so in this instance.

6. Section 363(b) of the Bankruptcy Code allows the Airline to use, sell or lease property of the estate outside the “ordinary course” of business if: (a) the Airline has an articulated business justification; and (b) notice is provided and a hearing is held. *See In re Schipper*, 933 F.2d 513, 515 (7th Cir. 1991); *LeCompte v. Sparks*, No. 96 C 1373, 1997 WL 156488 at *6 (N.D. Ill. 1997).

7. The Airline will demonstrate that entering into new leases for the Aircraft as described herein is, in fact, a proper exercise of its business judgment. Although the Airline is in the process of reviewing and in some cases altering its fleet plan, the addition of the Aircraft to replace a portion of the Returned Aircraft is essential to the Airline’s continuing operational needs and to the Debtors’ reorganization effort.

8. To that end, the Airline seeks authority to lease at least five but no more than twelve Boeing 737 classic aircraft in order to meet its operational needs and maintain current and projected flight schedules.

9. The financial details of the Aircraft leases are set forth in the fully negotiated and executed letter of intent (the “Letter of Intent”) which is confidential and has been filed concurrently under seal in accordance with the Court’s Order dated December 17, 2004 (CM/ECF Docket No. 852).

10. The Official Unsecured Creditors’ Committee (the “Committee”) has been a part of the Debtors’ negotiations with Q and has approved the Letter of Intent.

11. Based upon the foregoing, entering into new leases for up to twelve Boeing 737 classic aircraft is in the best interests of the Debtors, their estates, and their creditors and constitutes sound business judgment. Accordingly, the Airline respectfully requests that the Court enter an Order authorizing the Airline to enter into new leases for the Aircraft pursuant to § 363(b) of the Bankruptcy Code.

13. The parties request that, to the extent it applies, the automatic stay provided by § 362(a) of the Bankruptcy Code be lifted as to Q so as to allow Q to exercise all of its rights and remedies under the new leases.

14. The parties also request that the obligations contained in § 1110(c)(1) of the Bankruptcy Code be applicable to the Debtors under the leases.

15. The parties further request that the Court grant administrative expense status pursuant to §§ 503(b) and 507(a) of the Bankruptcy Code to any and all claims of Q arising under or related to the new leases, once such leases are duly executed.

16. Finally, the parties request that the Court waive the ten (10) day stay imposed by Fed.R.Bankr.P. 6004 and that any Order granting the relief requested in this motion be final and effective immediately upon entry.

III. Request To Limit Notice

17. Although some courts have held that a motion to use or lease property outside the “ordinary course” requires notice to all creditors, the Debtors contend that such notice is unnecessary and burdensome given the relief requested in the motion. Most of the Debtors’ creditors have no interest in the Airline’s leasing of up to twelve aircraft, an action which arguably is in the “ordinary course” of the Airline’s and the Debtors’ businesses.

18. It is the Airline’s and the Debtors’ belief that any party with an actual interest in the relief requested in the motion appears on the Core Group or 2002 Service List maintained by BMC Corp. in these jointly-administered cases.

19. Accordingly, the Airline and the Debtors request that the Court limit notice of the motion to those parties appearing on the Core Group and 2002 Service List.

IV. Request To Shorten

20. The Letter of Intent by Q requires that the Airline and the Debtors obtain Court authority to enter into the new leases no later than May 16, 2005.

21. Because the relief requested in the motion is in the best interests of the Debtors, their estates and their creditors, and because the Committee has already approved the Letter of Intent, the Airline and the Debtors respectfully request that the Court shorten notice of the motion so as to allow the Court to conduct a hearing on the relief requested on the omnibus hearing date scheduled on May 3, 2005 at 10:30 a.m. (EST) in Room 310 of the U.S. Courthouse, 46 East Ohio Street, Indianapolis, Indiana.

22. So as to allow parties adequate opportunity to object to the motion, the Airline and the Debtors respectfully request that any objections to the relief requested be filed, in writing, with the Court and with the Debtors' counsel and co-counsel on or before 4:00 p.m. (EST) on Monday, May 2, 2005.

WHEREFORE, the Airline and the Debtors respectfully request that the Court enter an Order or Orders: (1) limiting notice of the motion to the Core Group and the 2002 Service List; (2) shortening notice of the motion so as to allow the Court to conduct a hearing on the motion on May 3, 2005 at 10:30 a.m.; (3) setting the objection deadline for the motion to on or before 4:00 p.m. (EST) on May 2, 2005; (4) authorizing and allowing the Airline to enter into new leases for up to twelve Boeing 737 classic aircraft as described in the motion and the Letter of Intent; and (5) granting the Airline and the Debtors such other and further relief as the Court deems proper.

DATE: April 26, 2005

ATA HOLDINGS CORP., et al.,
as debtors and debtors-in-possession,

By: /s/ Jeffrey J. Graham
One Of Their Counsel

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Distribution: Core Group, 2002 Service List

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