

1 (At 1:47:14 p.m.)

2 THE COURT: Okay, we're on the record in the matter  
3 of ATA Holding Corp., et al. I think we've already taken roll,  
4 have we not? Okay, Ms. Hall, you want to begin with the  
5 agenda?

6 MS. HALL: Yes, Your Honor. The debtors have filed  
7 an agenda for today's hearing. An amended agenda was filed  
8 this morning after certain other motions were filed. I believe  
9 I passed out those in the courtroom, and on line the amended  
10 agenda has also been filed.

11 Beginning with Roman numeral II under "Continued  
12 Matters" is the motion to compel debtor to assume or reject  
13 executory contracts for payment of administrative expenses  
14 filed by Viacom Outdoor, and the debtor's response to that; and  
15 also Item #2 which is a similar motion filed by Viacom. The  
16 debtors and Viacom would request that this matter be continued  
17 for 30 days which would make it May 3rd omnibus hearing date.  
18 We're hopeful of reaching an agreement or at least  
19 standardizing some evidence.

20 THE COURT: All right.

21 MS. HALL: Bringing us to Item #3 which is the motion  
22 of Fleet National Bank for adequate protection. The debtors  
23 have filed an objection and the Official Committee of Unsecured  
24 Creditors filed an objection. The parties have resolved this  
25 matter and will be filing a stipulation. I believe there is

1 someone representing Fleet National on the phone. Is that  
2 correct? Maybe not.

3 MR. O'NEIL: Judge, this is Michael O'Neil. We  
4 handled this matter for the debtors, and we forwarded to Mr.  
5 Lipke and Mr. Prezant the stipulation that economic terms have  
6 been signed off on by the Committee and by Fleet Bank. So it's  
7 just a matter of doing the paperwork. We expect that will be  
8 done in the next day or two.

9 THE COURT: All right. Anybody else for Fleet?  
10 Okay.

11 MS. HALL: Bringing us to Item #4 is the motion on  
12 shortened notice for entry of an order authorizing debtors to  
13 reject an airport lease with Greater Orlando Aviation  
14 Authority, an objection filed by Greater Orlando. And the  
15 parties request that this matter be continued to the omnibus  
16 hearing on April 18.

17 THE COURT: All right.

18 MS. HALL: Item #5 is a motion by Signature Flight  
19 Support Corporation, the debtor's objection to same, an order  
20 preliminarily denying the motion. Signature and Aircraft  
21 Service International and the debtors have been in  
22 negotiations. I believe that we have reached an agreement and  
23 we'll be filing a motion to assume the agreement. I believe  
24 Mr. Mascitti, as modified, I believe Mr. Mascitti is on the  
25 phone. Greg, are you there?

1 MR. MASCITTI: I am.

2 MS. HALL: The debtors intend to file a motion to  
3 assume the agreement and would ask that the Court put it up on  
4 a negative notice such that if no one objects within 15 days,  
5 that the Court would enter an order allowing said assumption.  
6 This would give the Creditors' Committee and other parties in  
7 interest time to review the proposed assumption of the  
8 agreement as modified and the cure payment that's to be  
9 allowed.

10 THE COURT: All right.

11 MS. HALL: So until we file that, and that is acted  
12 on by the Court, can we just continue the matter so it doesn't  
13 drop off?

14 THE COURT: All right. You want to continue it to  
15 the May date?

16 MS. HALL: May 3rd.

17 THE COURT: May 3rd. It should be wrapped up by  
18 then.

19 MS. HALL: It should be resolved. Yes, Your Honor,  
20 it should be resolved by the order entering, assuming the  
21 contract.

22 THE COURT: All right.

23 MS. HALL: Bringing us to Item #6 which is an  
24 adversary proceeding filed by Goodrich Aviation Technical  
25 Services. Goodrich has filed a notice of dismissal and I

1 believe that that adversary proceeding was closed on March  
2 31st.

3 THE COURT: Right.

4 MS. HALL: Bringing us to Roman numeral III,  
5 uncontested matters, a motion for relief from the automatic  
6 stay filed by Mr. Zaniel. The debtors and Mr. Zaniel have  
7 filed a joint motion for entry of an agreed order.

8 THE COURT: All right, hold on. Somebody's phone is  
9 picking up some noise. Is somebody on a cell phone or --

10 (Pause regarding telephone transmission noise)

11 THE COURT: All right. Okay, let's move on.

12 MS. HALL: We were on Item #7. Mr. Zaniel and the  
13 debtors have filed a joint motion for entry of an agreed order.  
14 We just ask the Court to enter that agreed order allowing the  
15 stay to lift and this matter to go forward.

16 THE COURT: All right.

17 MS. HALL: Item #8 is a motion for relief from the  
18 automatic stay filed by Ronald Callahan. The debtors do not  
19 object to the stay being modified for Mr. Callahan and the  
20 parties are going to submit an agreed order. These are tort  
21 claims, Your Honor, that are covered by insurance.

22 Bringing us to Item #9 which is the debtor's motion  
23 on shortened notice to reject certain executory contracts and  
24 unexpired leases currently carried by Chicago Express Airlines.  
25 I think, Your Honor, that we'd like to wait and handle this

1 motion at the same time that we handle our sale motion.

2 THE COURT: All right.

3 MS. HALL: Bringing us to Item #10 which is the  
4 stipulation for relief from stay and proposed order filed by an  
5 attorney representing the debtors in a tort matter and a tort  
6 claim that's an attorney asking again for a modification of the  
7 stay to allow the tort claim to go forward.

8 THE COURT: So you're going to submit an order on  
9 that?

10 MS. HALL: Yes, Your Honor.

11 THE COURT: All right.

12 MS. HALL: Bringing us to contested matters which is  
13 Item #11, a motion to compel debtor to assume the tentative  
14 agreement with the Aircraft Mechanics' Fraternal Association.  
15 The debtors filed an opposition to this. The Mechanics'  
16 Association has filed a reply. Mr. Gallagher is in the Court  
17 representing ATA on this matter and I believe that there is an  
18 attorney representing the Mechanics on the phone.

19 THE COURT: You have to step forward a little bit  
20 closer if you would so they can hear you.

21 MR. GALLAGHER: Thank you, Your Honor.

22 THE COURT: Who's representing the Mechanics?

23 MR. MELTZ: Good afternoon, Your Honor. This is Lou  
24 Meltz from Seham, Seham, Meltz & Peterson.

25 THE COURT: Good afternoon. You want to further

1 address your motion?

2 MR. MELTZ: Yes, sir. Your Honor, the Aircraft  
3 Mechanics' Fraternal Association, AMFA, by its motion seeks an  
4 order to compel debtor ATA Airlines to assume the tentative  
5 agreement with AMFA which consists of 19 articles including  
6 Article 29 which contains a moving expense reimbursement  
7 provision.

8 AMFA brings this motion, Your Honor, in response to  
9 ATA's February 22, 2005 written notice to certain employees  
10 that due to certain stock reductions, they would be displaced,  
11 and any relocation expenses would be at the employee's expense,  
12 thereby indicating a unilateral change to Article 29 of the  
13 tentative agreement, the TA.

14 The moving expense reimbursement provision affects  
15 approximately half of the 49 AMFA representative employees  
16 being displaced in March and April of this year who had to  
17 assign their seniority to stay with ATA. And ATA has made no  
18 effort to negotiate or justify a voluntary modification of  
19 Article 29 of the tentative agreement.

20 Now the tentative agreement is an agreement between  
21 management and labor, and that even a collective bargaining  
22 agreement would bear some resemblance (unclear) and the  
23 debtor's burden of proof is greater than under the business  
24 judgment test. ATA has not complied with the conditions of  
25 Section 1113 of the Bankruptcy Code to make a proposal to AMFA

1 based on the most complete and reliable information available  
2 providing for an entry of modification to employee benefits and  
3 protection of an industry to permit reorganization.

4 THE COURT: So are you asserting that this is a  
5 collective bargaining agreement?

6 MR. MELTZ: Well, Your Honor, we are asserting that  
7 this is an agreement, it's an employment agreement. It's a  
8 contract. The company and the union, AMFA, has been in  
9 negotiations since 2002. They've reached agreement on 19  
10 provision, 19 articles.

11 THE COURT: Yes.

12 MR. MELTZ: We also, our position, Your Honor, is ATA  
13 has not complied with the Railway Labor Act by providing AMFA  
14 with advanced written notice of any tentative change until on  
15 or about February 22nd of this year. Now Section 2, first,  
16 Section 2, first duty to bargain in good faith under the  
17 Railway Labor Act, standing alone, precludes unilateral  
18 changes to the tentative agreement. Negotiations have begun.  
19 This is ATA's unilateral election not to abide by Article 29  
20 which contains the moving expense reimbursement provision.

21 Now, Your Honor, there are two cases that have a  
22 direct bearing upon this particular case. The instant case is  
23 similar, this case is similar to an Eleventh Circuit case,  
24 **Transportes Aeros Mercantiles**, the **Tampa Airlines** case; **United**  
25 **Transportation Union** case, District Court case in the Northern

1 District of Illinois, the only District Court's decision found  
2 with the jurisdiction, within the jurisdiction of the Seventh  
3 Circuit.

4           The parties have already reached a tentative  
5 agreement seeking articles to bargaining, including ATA's use  
6 of self help, disturbing the *status quo* of the 19 articles,  
7 including the moving expense reimbursement provision of Article  
8 29. Debtor may not assume the executory contract, the  
9 tentative agreement in part, and reject in part. It either  
10 assumes the whole tentative agreement, the entire TA, or none  
11 of it.

12           THE COURT: Well, do you disagree with that?

13           MR. GALLAGHER: Yes, Your Honor, we do.

14           THE COURT: All right, hold on. Go ahead, are you  
15 finished?

16           MR. MELTZ: No, Your Honor, I just have two issues  
17 that I would just briefly like to address with the Court's  
18 permission.

19           ATA's unilateral change of Article 29 is a resort to  
20 self-help before exhaustion of the Act's negotiation and  
21 mediation procedures interferes with the normal course of  
22 negotiations by weakening AMFA's bargaining position. But in  
23 the **Tampa** -- in the **Tampa Airlines** decision, Tampa decides a  
24 question left open the U.S. Supreme Court, the Detroit and  
25 Toledo case, by further holding that Section 2 first duty to



1 bargain in good faith standing alone precludes unilateral  
2 changes of negotiations that commenced by reasoning that the  
3 Detroit and Toledo have limited (unclear) allowance of  
4 unilateral changes to the narrow situation, and there is  
5 absolutely no prior history, absolutely no prior history of any  
6 collective bargaining or agreement between the parties on any  
7 matters.

8           In the **Tampa Airlines** case, the case also reasons  
9 that unilateral changes are precluded under Section 2 first of  
10 the Railway Labor Act, notwithstanding the absence of a  
11 collective bargaining agreement in cases where identical  
12 policies to those in the Detroit and Toledo holding are  
13 implicated, meaning that if management is permitted to make  
14 unilateral changes in working conditions during collective  
15 bargaining, the union's position will be undermined,  
16 interruptions in interstate commerce are likely to occur, and  
17 the purpose of the Act will be frustrated.

18           The progeny of the **Williams** case referenced in ATA's  
19 papers, motion papers, as the second, as the Second, Ninth, and  
20 D.C. Circuit cases are distinguishable from the instant case in  
21 that these cases either fall within the **Williams** small window  
22 of remaining vitality or their reasoning is inferior to the  
23 **Tampa Airlines** decision.

24           THE COURT: Well, do you think that this agreement is  
25 a temporary or tentative agreement or is a final agreement?

1 MR. MELTZ: Your Honor, it is a tentative agreement.

2 THE COURT: And do you think that ATA has a right to  
3 modify its policies when this tentative agreement is in effect?

4 MR. MELTZ: Your Honor, not without consulting AMFA  
5 and negotiating with AMFA.

6 THE COURT: All right. I'm sorry, I keep  
7 interrupting you. Have you concluded your argument?

8 MR. MELTZ: Well, there's just one last issue, Your  
9 Honor, the limitation issue. If I might, I'd like to address  
10 that, take a minute.

11 The time when the Article 29 disputes arose in 2005  
12 and the substance of the disputes is Article 29 which was  
13 agreed to in 2004 and not unilaterally changed until 2005. It  
14 seems plausible that the Article 29 provision of the tentative  
15 agreement agreed to by ATA on May 28th, 2004 does not supersede  
16 ATA's policy in August 2002 which did not provide for moving  
17 expenses and which was at a time, at a time when negotiations  
18 between the parties had not yet commenced.

19 In order to accept ATA's limitations arguments, this  
20 Court must turn a blind eye to both the existence and the  
21 substance of Article 29 which ATA agreed to on May 28th, 2004  
22 as well as the fact that on September 1, 2002 or on September  
23 15, 2002, the parties had not yet commenced negotiations.  
24 Thank you, Your Honor.

25 THE COURT: Thank you.

1 MR. GALLAGHER: Your Honor, AMFA has represented the  
2 Mechanics and related employees at ATA now for well over two  
3 years, and during that entire period of time, those employees  
4 have been subject to wages, work rules, and benefits  
5 established unilaterally by ATA management because there is no  
6 collective bargaining agreement in place, up to and including  
7 today.

8 The longstanding practice which we have documented to  
9 Your Honor at ATA under management policy is that there is no  
10 reimbursement of employee moving expenses for Mechanics and  
11 related employees. So the, to the extent that the union is  
12 complaining about a change in any existing terms or conditions  
13 of employment, Your Honor, we believe we've made the record  
14 that there is no such change, and AMFA has not contested our  
15 factual representations to the Court.

16 THE COURT: Tell me then, what does it mean when it's  
17 in your tentative agreement?

18 MR. GALLAGHER: It means that it's in limbo, Your  
19 Honor.

20 THE COURT: So --

21 MR. GALLAGHER: We are currently in collective  
22 bargaining under the supervision of the National Mediation  
23 Board. And when that bargaining is concluded, when all of the  
24 articles have been TA, then that package will be taken out for  
25 membership ratification.

1 THE COURT: So none of the TA's are binding until all  
2 of the, until a complete agreement has been reached, is that  
3 your contention?

4 MR. GALLAGHER: Yes, Your Honor, that is our  
5 position.

6 THE COURT: So outside of bankruptcy, if this  
7 bankruptcy had never happened and you were involved in this  
8 collective bargaining process, and you reach a TA and it calls  
9 for you to pay moving expenses, you would not be paying --

10 MR. GALLAGHER: We would not, Your Honor, and we have  
11 not implemented any of the other TA's that have been reached  
12 over the past two years of bargaining. This motion is the  
13 first suggestion that we had any obligation to do so. There's  
14 expressed admission, Your Honor, in the AMFA documents which we  
15 submitted to the Court that they told us and they told their  
16 members that there is no agreement, no binding contract, unless  
17 and until there is a complete agreement between the parties on  
18 all of the articles, step one, and step two, it has been  
19 submitted to their membership for ratification.

20 THE COURT: And you don't want to reject because you  
21 don't want to give rise to a claim for rejection on what you  
22 don't think is a binding agreement?

23 MR. GALLAGHER: Absolutely, Your Honor.

24 THE COURT: Okay. What do you say to that?

25 I'm sorry, Mr. Meltz, is that right?

1           MR. MELTZ: Yes, sir. Yes, Your Honor. Your Honor,  
2 it is our position that the union, AMFA, and management, the  
3 company, have been in negotiations since 2002. AMFA has not  
4 made any admissions that the tentative agreement is only  
5 tentative. In fact, the company has, has implemented one of  
6 the provisions or made some -- I'm just looking at my -- the  
7 seniority provisions. Part of their employment policy  
8 handbook has started to implement the seniority provision that  
9 was contained for the articles that were negotiated over the  
10 years.

11           So it's our position that the tentative agreement is  
12 in fact an agreement and that the company has to, under the  
13 Railway Labor Act, maintain the *status quo*, cannot unilaterally  
14 make changes to the working conditions -- the work conditions  
15 and the rules in terms of employment.

16           THE COURT: So you take the opposite position, and  
17 that is you, you're telling me that outside of Bankruptcy  
18 Court, when these processes are going on and the parties reach  
19 a tentative agreement, from that point on the parties abide by  
20 the terms of the tentative agreements, even though the full  
21 agreement has not been consummated?

22           MR. MELTZ: Yes. Subject to ratification, Your  
23 Honor.

24           THE COURT: Well, what does that mean? That you  
25 don't, until the end?

1 MR. MELTZ: The parties, Your Honor, the parties do,  
2 they do abide by the terms and conditions; but no one, but both  
3 parties, either party cannot unilaterally make changes to the  
4 various provisions that have been agreed to.

5 THE COURT: I'm not talking about changing them, I'm  
6 talking about implementing them. Are they implemented prior to  
7 the consummation of the entire agreement?

8 MR. MELTZ: Prior to ratifica -- prior -- Your Honor,  
9 prior to ratification.

10 THE COURT: For ratification.

11 THE COURT: Is that a yes?

12 MR. MELTZ: It is, Your Honor, I'm sorry, could you  
13 please repeat the question?

14 THE COURT: Are the terms of the temporary agreement,  
15 or is that what you call it --

16 MR. GALLAGHER: Tentative.

17 THE COURT: -- tentative agreement, implemented prior  
18 to the ratification of the entire agreement?

19 (Pause)

20 MR. MELTZ: Your Honor, the terms, the provisions are  
21 implemented. In fact, we see between AMFA and between AMFA,  
22 the union, and ATA --

23 THE COURT: All right.

24 MR. MELTZ: -- (unclear) as directed by the  
25 agreement--

1 THE COURT: All right, it sounds like we have a  
2 factual dispute. I'm going to set it for an evidentiary  
3 hearing on May the 3rd. And call -- I want an expert here to  
4 explain to me how these labor agreements work, because I'm  
5 hearing two different versions.

6 So I'll set it for the end of the omnibus date, on  
7 May the 3rd. Because the whole issue is they're saying there's  
8 no contract here to assume, that these are stages of the  
9 negotiation is the way I read their written submissions and  
10 what they're arguing today. And you're telling me that even  
11 though it's not complete, it's a binding agreement as it  
12 exists, and that it is in fact implemented as it exists,  
13 customarily, and that's a question that I don't know the answer  
14 to. So that's what we'll have a hearing on, on May the 3rd.

15 MR. MELTZ: Thank you, Your Honor.

16 THE COURT: All right.

17 MR. GALLAGHER: Thank you, Your Honor.

18 THE COURT: Moving right along. Mr. O'Neil?

19 MR. O'NEIL: Good afternoon, Judge. Michael O'Neil  
20 on behalf of the debtors, and I think Mr. Everett is here on  
21 behalf of AMR Corp.

22 If I can just recap completely what this contested  
23 matter is about. Chicago Express Airlines leased a fleet of  
24 Saab 340 aircraft, including six aircraft that were on lease  
25 from AMR Corp. They were the last of the leased aircraft to go

1 out of the Chicago Express Fleet. We filed notices of  
2 rejection on or about the 22nd of March pursuant to the  
3 rejection procedures order that Your Honor had approved last  
4 fall, I think in December. In any event, AMR filed a  
5 precautionary objection because there were some ongoing  
6 disputes about the way in which we were going to effect  
7 redelivery of the aircraft.

8           And to sort of cut to the bottom line of where we are  
9 today, Judge, four of the six aircraft were returned on Friday,  
10 and so we think the objection to the rejection is mooted with  
11 respect to four. Tail #314 and 316, however, have not yet  
12 been redelivered for really for airworthiness and mechanical  
13 reasons. And the parties are working together to try to  
14 resolve those issues, but I would be the first to admit there  
15 was a little bit of confusion with the pending sale of Chicago  
16 Express, efforts by prospective buyers to reach out to the  
17 lessor and see whether they might come to a new agreement, and  
18 I told Mr. Everett since he flew all the way up from Dallas he  
19 should come probably for the fact that the last two aircraft  
20 are still not returned.

21           But the bottom line is we think that the appropriate  
22 standard for lease rejection is the Business Judgment Rule.  
23 There's ample cause in the record to demonstrate this is a  
24 proper exercise of business judgment, and it may be that AMR  
25 has some unsecured claims and some administrative claims with



1 respect to these aircraft, but those are appropriately handled  
2 in the context of either a proof of claim or a request for  
3 allowance of payment of the administrative expense.

4 That basically summarizes our position, Judge.

5 THE COURT: All right, Mr. Everett.

6 MR. EVERETT: Thank you, Your Honor. Scott Everett  
7 for AMR Leasing Corporation.

8 Your Honor, I've been working with Ms. Wright also of  
9 the same firm and we did stipulate last week that the delivery  
10 of the four aircraft to Abilene would be without prejudice to  
11 the arguments that we're making here today.

12 With that said, we view two issues. Under Section  
13 1110(c)(2) of the Bankruptcy Code, a lease is deemed rejected  
14 only upon surrender and return of the aircraft. That is  
15 consistent with the Court's rejection procedures order which  
16 ties rejection, the effective date of the rejection, to the  
17 actual surrender and return of the aircraft.

18 Number one, if the debtor makes a Section 1110(a)  
19 agreement to perform all obligations and if one of those  
20 obligations is the agreed to procedure for surrender and return  
21 of the aircraft, we view it as an issue of whether the Court  
22 may reasonably require the debtor to comply with the agreed to  
23 surrender and return conditions. We do not believe that that  
24 is inconsistent with Section 365.

25 Number two, the rejection procedures order itself we

1 believe requires the debtor to surrender the aircraft in good  
2 condition, and I'll get to the reasons for that. But if I may  
3 first go through what I believe are the undisputed facts, and I  
4 think we are here on undisputed facts, and the only issue is a  
5 legal issue.

6 THE COURT: All right, what's the legal issue?

7 MR. EVERETT: The legal issue is, if the debtors are  
8 not complied, may the Court require, number one, that the Court  
9 require the debtors to surrender and return the aircraft  
10 pursuant to Section 1110(c)(2) and the Court's rejection  
11 procedures order in the manner that the debtors have agreed to  
12 surrender and return the aircraft.

13 THE COURT: All right.

14 MR. EVERETT: That's the first legal issue.

15 THE COURT: What's the second one?

16 MR. EVERETT: The second legal issue is, does the  
17 language of the Court's rejection procedure order itself  
18 require the debtor to return the aircraft in good condition?  
19 And I'll walk you through the language of the order.

20 THE COURT: All right, let's talk about the first  
21 one.

22 MR. EVERETT: Sure.

23 THE COURT: First of all. Now, I think the answer to  
24 that is probably yes, but if they've got an airplane that's not  
25 airworthy and they're supposed to return it to some certain

1 stock, I'm not going to tell them to take a non-airworthy plane  
2 up into the air, right?

3 MR. EVERETT: No, we agree that non-airworthy  
4 aircraft should not be taken up, but we do believe that if they  
5 have agreed to surrender, they've agreed to the surrender and  
6 return conditions, one of which is to return it in operable  
7 condition; and the Court's rejection procedures order in fact  
8 requires the debtor to reinstall, at the debtor's own expense,  
9 the original engine that was attached to the aircraft. We  
10 think that you can fairly --

11 THE COURT: Is there a disagreement about that?

12 MR. EVERETT: That the aircraft --

13 THE COURT: No, that they, that they -- I thought  
14 they were in the process the last time we were here of putting  
15 the original engines back in.

16 MR. EVERETT: I don't believe that we've been before  
17 -- there were other some Saab aircraft that had similar issues  
18 but this is the first time that AMR has been before the Court.

19 THE COURT: All right, maybe those were other  
20 manufacturers.

21 MR. EVERETT: But we -- it is undisputed that we have  
22 one aircraft, that we have two aircraft in a hangar in South  
23 Bend, Indiana. The first aircraft has damage near the air  
24 cargo door and is grounded; it cannot fly until it's fixed.

25 It's also undisputed that a second aircraft is

1 grounded at the hangar because one of the engines is sitting on  
2 hangar four with a compressor (unclear) problem. The rejection  
3 procedures order itself requires the debtor to reinstall  
4 original engines, and we think it's a fair interpretation of  
5 the Court's order that if we started out with an engine in a  
6 functioning condition, that they ought to reinstall not a  
7 bucket of bolts but a functioning engine. We think that's  
8 consistent with the Court's rejection procedures order.

9           We have already agreed to reinstall the original  
10 engine, and we're suggesting that it's a fair interpretation of  
11 the order that to reinstall the original engine means to  
12 reinstall a functioning engine. It would serve no purpose to  
13 reinstall an engine that is not functioning.

14           THE COURT: Even if that is the original engine?

15           MR. EVERETT: Even if it is the original engine. I  
16 mean, if it's broken and in hangar four, it serves no purpose  
17 to reinstall without fixing it first.

18           THE COURT: Then why didn't the order say they're to  
19 install a functioning instead of the original engine?

20           MR. EVERETT: I don't know why it was not that  
21 explicit. So again, we think it's a fair interpretation of  
22 the order that to reinstall an engine means to reinstall a  
23 functioning engine.

24           THE COURT: Well, if they *don't* install a functioning  
25 engine, don't you have an administrative claim for damages?

1           MR. EVERETT: We do, Your Honor. And as the debtors  
2 correctly point out, in the **TWA** case, that arose after the  
3 fact, and the debtors breached the Section 1110(a) agreement,  
4 does the aircraft lessor have an administrative claim for  
5 breaches of the agreement. We agree, yes. If we have to come  
6 back and request an administrative claim, we will. But we're  
7 simply suggesting that it really serves no purpose other than  
8 to add fees to have us do it and come back and get reimbursed  
9 if the debtors would simply just do it now as we think they've  
10 agreed to do and as the Court has required them to do under the  
11 rejection procedures order.

12           THE COURT: All right, what do you say to that, Mr.  
13 O'Neil?

14           MR. O'NEIL: Well, Judge, if ever there was an order  
15 that was beat to death before it was signed, it was the  
16 rejection procedures order and the 1110 procedures order. And  
17 the reason that that language was in the order was because we  
18 had multiple lessors of the same type of aircraft. And what  
19 the lessors were concerned about was if I have one aircraft, I  
20 want to get my engines back so that I can release the plane.  
21 In this instance, the engines are going back to the lessor.  
22 There's no requirement that says they have to be perfectly  
23 functioning or have 50 per cent lifetime left. Those are all  
24 things that just no one was going to agree to and we certainly  
25 didn't agree to it.

1           So with respect to the other issues about the return  
2 conditions, we didn't assume the lease. If we had assumed the  
3 lease that existed pre-petition, we'd be bound by all the terms  
4 and conditions. What we're asking for is to reject the lease  
5 now, which is a Court approved breach of the agreement that  
6 gives rise to a claim for damages.

7           And finally, Judge, there is nobody left at Chicago  
8 Express other than the skeleton staff needed to maintain the  
9 sort of going concern status of the company pending the sale of  
10 Chicago Express. So there is no person that can go and do the  
11 types of things that he's talking about. And the proper  
12 procedure is, if you've got a claim for damages and it occurred  
13 post-petition, then that's an administrative expense and we can  
14 certainly take a close look at that and determine the amount in  
15 which it should be allowed.

16           THE COURT: Isn't that really your only practical  
17 remedy at this point? I mean, they don't have anybody there to  
18 do it.

19           MR. EVERETT: Your Honor, the lease is with ATA, and  
20 ATA remains primarily liable on the lease. ATA did sublease it  
21 to Chicago Express, but ATA is our primary obligor. ATA has  
22 not shut down. ATA can pay mechanics to go out there and fix  
23 the engines.

24           THE COURT: Well, let me tell you one answer to one  
25 of your questions. I think original means original. Because

1 this has come up in other instances with other parties who have  
2 been in here insistent upon the fact that they get their  
3 original engine back, and we've had to wait until they can get  
4 their original engine back. And I just think that in order to  
5 be consistent with what I understood the agreement to be  
6 originally and the way I've seen it construed throughout this  
7 case, original means original.

8           So, and if the original, if the original engine is a  
9 bucket of bolts, as you put it, then assuming that, I mean, I  
10 know there are timing issues as to when claims occur, but you'd  
11 have a claim of one sort or the other, I would assume.

12           MR. EVERETT: We do agree that if we have to come  
13 back, we will have an administrative claim. It is true that  
14 the debtors have (unclear)

15           THE COURT: I didn't say that. I was very careful  
16 not to say that. I said that earlier. But, I mean, if you  
17 have an administrative claim for your damage that occurred  
18 post-petition and whether you have, what the status of the  
19 balance of your claim is, is something I'm sure that will be  
20 hotly contested. And we'll take that up at the appropriate  
21 time.

22           So I think that kind of answers your second part,  
23 too, didn't it? Whether they have an obligation to return it  
24 in the same condition or suitable condition, is that your  
25 second point?

1           MR. EVERETT: Yeah, I mean the -- well, the first  
2 point was Section 1110(a) itself required them to surrender and  
3 return it in accordance with their agreement. The second  
4 argument was the rejection procedures order itself requiring  
5 them to surrender and return it. We interpreted that Court's  
6 order to mean functioning engine as opposed to, you know, a  
7 bucket of bolts. But I do believe that the way I understand the  
8 Court's opinion on this --

9           THE COURT: I think that word was very specifically  
10 chosen for reasons maybe not to be entirely beneficial to you  
11 at this particular point in time but because of other concerns.  
12 So I'm going to rule that that's what that means, original  
13 means original. Does that resolve this for today, or would  
14 you--?

15           MR. O'NEIL: Well, I believe so, Judge. The  
16 proceeding, the disputed matter that's before you now was the  
17 rejection notices that were filed, and then we would ask that  
18 you enter an order granting the request to reject the leases on  
19 all six aircraft; and to the extent that it's not in the  
20 proposed order, we can obviously put in a new version of the  
21 order that it's without prejudice to the rights if any --

22           THE COURT: I will do that, but they are also  
23 entitled to any claims that they say arise out of -- they're  
24 entitled to bring any claims that they say arise out of the  
25 failure to return the two in the appropriate manner or in the



1 appropriate condition, whatever their claims would be.

2 MR. EVERETT: Well, I guess that does leave one  
3 unresolved issue which is the return location for the two  
4 aircraft that are remaining. The debtors and AMR did agree  
5 that these four aircraft that could fly would be returned to  
6 Abilene, Texas. We would ask the Court that if AMR is going to  
7 be required to fix the engines and aircraft themselves, that  
8 the delivery location still be Abilene because, as debtor's  
9 counsel has suggested, there are very few people left at the  
10 Chicago Express remaining hangar. AMR will go ahead and fix  
11 the aircraft and engines, but we do not have an operating  
12 certificate, we can't simply send our pilots up there to fly  
13 (unclear)

14 THE COURT: But after we get them to Abilene, will  
15 they fly?

16 MR. O'NEIL: The repairs have to be made before they  
17 can fly, Judge. Or I think in one instance they have to fly at  
18 a lower altitude because of pressurization issues, and the  
19 cargo door got damaged. But if there's a way to get them to  
20 Abilene. The flight crews will take them there as soon as on  
21 one aircraft the door can be fixed or fixed enough to fly; and  
22 on the second aircraft with the problem engine, we either get a  
23 spare from AMR up there and attach it and fly it down, or some  
24 other arrangement is made that permits it to be flown.

25 THE COURT: Can you all work that out? I don't --

1           MR. EVERETT: Yes. I understand. We -- I understand  
2 the Court's ruling that we're going to fix it ourselves. We're  
3 just asking that the surrender and location, return location  
4 for the last two be in Abilene because the debtors apparently  
5 have pilots that have nothing to do until April 15th. They can  
6 fly the airplane. We cannot simply send pilots up there to fly  
7 the aircraft back.

8           THE COURT: As far as supplying the pilots, I'd be  
9 happy to place that duty on the debtor. As far as getting the  
10 engine up there, though, you understand that your client is  
11 going to have to do that.

12           MR. EVERETT: I understand, Your Honor.

13           THE COURT: All right, And you have to find somebody  
14 that's willing to fly the one real low with no door.

15           MR. O'NEIL: It will be perfectly fine and airworthy  
16 by then.

17           THE COURT: All right. That's good.

18           MR. O'NEIL: Maybe what we can do is enter orders on  
19 the four aircraft that have already been returned.

20           THE COURT: All right.

21           MR. O'NEIL: And then I'll work with Mr. Everett to  
22 see if we can take care of the other two.

23           THE COURT: If you have problems with the language,  
24 let me know, get me on the phone, and I'll resolve any disputes  
25 you have on the language.

1           MR. EVERETT: I'll work with Mr. O'Neil on the forms  
2 of all the orders.

3           THE COURT: Okay.

4           MR. EVERETT: Thank you, Your Honor.

5           THE COURT: Thank you.

6           MR. O'NEIL: Good day, Judge.

7           May I be excused from the rest of the hearing?

8           THE COURT: You may.

9           MR. EVERETT: Your Honor, I'm sorry, AMR also filed a  
10 precautionary objection to the sale motion in the event that  
11 the debtors were going to assume and assign the leases. We're  
12 not -- and based on what has transpired here today, we will  
13 withdraw that precautionary objection.

14          THE COURT: I'm showing that's withdrawn in open  
15 court.

16          MR. EVERETT: May I be excused?

17          THE COURT: You may.

18          MR. EVERETT: Thank you, Your Honor.

19          MR. CARR: Again, Item 13, Your Honor, motion to  
20 retain. This has to do with the Chicago Express transaction  
21 motion, and unfortunately it's a little bit complicated and I'm  
22 going to walk you through. Mr. Malak, who was appointed as  
23 the Examiner characterized this this morning as the most  
24 complicated five million dollar deal he's heard. Hopefully  
25 it's a bigger deal than that, but it's in that ball park.

1           As the Court knows, we had established auction  
2 process to attempt to find bidders for the Chicago Express  
3 assets. As we walk through this, one key item to note is that  
4 we're actually selling assets of Chicago Express and also then  
5 when we talk about the two owned Saabs we're selling assets of  
6 ATA Airlines.

7           And in that regard, we had an auction. It went on  
8 last Thursday. We followed the process that we had had  
9 approved here with Compass at the helm. We had invited five  
10 bidders to the auction, six showed up. We had participation  
11 by five. The one that showed up that day really came and sat  
12 and listened for awhile and went away.

13           One of the first things I want to do is tender to the  
14 Court a transcript of the auction that was recorded, and we'll  
15 offer this as Debtor's Exhibit 1. And we'd offer Debtor's  
16 Exhibit 1.

17           THE COURT: (unclear) have it marked? All right,  
18 any objection? I's admitted without objection.

19           **WHEREUPON EXHIBIT D-1 WAS MARKED AND ADMITTED INTO EVIDENCE**

20           MR. CARR: As I relate some of these facts and  
21 circumstances, Your Honor, to the extent we need to take  
22 testimony with regard to them, Mr. Kaufman of Compass is here  
23 and possibly Mr. Grendy from Huron, or Mr. Brick might also  
24 have to testify but I'm not sure we're going to meet any real  
25 opposition here today.

1           At the auction it was determined that the highest and  
2 best offer was an offer being made by Okun Enterprises, and  
3 whose principal is a gentleman named Ed Okun. And Okun  
4 Enterprises was represented by Mr. Hostetler, Mr. Baker here,  
5 and I don't know whether Mr. Bingham is on the phone from  
6 Kutech Rock (phonetic) but they're counsel.

7           UNIDENTIFIED SPEAKER (can't hear when he says his  
8 name): Yeah, this (unclear, very bad telephone static) Rock.

9           THE COURT: All right, we're getting some wind noise  
10 on the phone. Somebody needs to put their phone on mute  
11 that's using a cell phone perhaps.

12           (Static on someone's phone continues)

13           MR. CARR: The basic form of the transaction is to  
14 sell the assets at Chicago Express and to sell the two Saab  
15 aircraft. For the Chicago Express assets, Okun Enterprises  
16 will pay as much as four million dollars, and subject to  
17 certain adjustments as little as three million dollars. For  
18 the two Saab aircraft --

19           THE COURT: I couldn't really hear you on that part.  
20 Go ahead.

21           MR. CARR: I'm sorry. For the Chicago Express  
22 assets, Okun will pay as much as four million dollars, and at  
23 least three million dollars. And it's subject to certain  
24 adjustments I'm going to talk about in a moment because it's  
25 part of the trickiness here with regard to what we're

1 presenting.

2           With respect to the Saab aircraft purchased from the  
3 ATA estate, they would pay 1.22 million dollars apiece. So  
4 that the total purchase price will be somewhere between 5.44  
5 and 6.44.

6           The adjustment, that million dollar swing depends  
7 upon negotiation with a number of third parties, and because it  
8 depends on that negotiation, we needed to redact from the  
9 letter agreement that we have that incorporates, that reflects  
10 this bid, the information about who we're going to negotiate  
11 with and how the adjustment is made. Otherwise, if we put  
12 that in front of the world, those third parties will know  
13 exactly who we're negotiating with and how much money we have  
14 to negotiate.

15           So we have filed this afternoon the motion to file  
16 the letter agreement we have with Okun under seal. We have  
17 attached to the proposed order that we're tendering to the  
18 Court on this a copy of this letter agreement, and it's very  
19 detailed, with just that information redacted. So that  
20 everybody can see what the basic deal is. The one thing we  
21 don't need third parties to see is the grounds for the  
22 negotiation of this one million dollar swing.

23           So what we're asking the Court to do is to put the  
24 full letter agreement under seal, and when I say that, when I  
25 say put it under seal, the notice parties will have copies of

1 it -- that's the Creditors Committee, the ATSB, the Southwest  
2 Airlines, the DIP lender, obviously Okun, and the U.S. Trustee.  
3 But with respect to other third parties, we want to keep those  
4 redacted provisions from view.

5           So that's our first request is that that seal motion  
6 be granted.

7           THE COURT: Does anybody object to that? I'll grant  
8 that motion.

9           MR. CARR: We've already dealt with the AMR  
10 objection. The City of Chicago has filed an objection and I  
11 think it has to do with either confusion or -- probably  
12 confusion. Their concern was that by the sale to open we were  
13 attempting to do something without the City of Chicago's  
14 consent up at Midway Airport, and the fact of the matter is  
15 that we aren't. And the letter agreement that we're going to  
16 tender to the Court will make it clear that if Okun Enterprises  
17 decides that they wish to take some action to operate at Midway  
18 Airport, whatever they decide they want to do at Midway Airport  
19 will only be done with the consent of the City of Chicago. And  
20 to the extent the City of Chicago does not consent, then  
21 they're not going to do it.

22           And that being the case I think that completely moots  
23 the objection filed by the City of Chicago.

24           MR. LAUTER: Good afternoon, Judge Lorch. Richard S.  
25 Lauter of the law firm of SeyfArth Shaw on behalf of the City

1 of Chicago.

2           The objection that we filed this morning clearly  
3 outlines our concerns with respect to this matter so I won't go  
4 into any of that. I think we need to take it however one step  
5 further than Mr. Carr just articulated to you.

6           After the filing of the objection this morning, my  
7 client was able to have some discussion with Mr. Caban  
8 (phonetic) representing Mr. Okun, and that went a long way to  
9 clearing up a lot of confusion that existed and precipitates  
10 the filing of the objection.

11           Based on an understanding reached by Mr. Caban and my  
12 client, Mr. Okun has agreed that he will not be flying into  
13 Midway Airport after May 31st, 2005, if at all; and Mr. Caban  
14 has agreed on behalf of Mr. Okun to articulate that on the  
15 record today and to also supply the City of Chicago with  
16 written confirmation of that fact.

17           With that understanding and that confirmation, we are  
18 prepared to withdraw our objection today.

19           THE COURT: All right. Is that your understanding?

20           MR. HOSTETLER: Judge, Gary Hostetler on behalf of  
21 Okun Enterprises. That is indeed our understanding of the  
22 transaction.

23           THE COURT: All right, very good. I'll show your  
24 objection is withdrawn in open court.

25           MR. CARR: Your Honor, we're going to feed up to the



1 Court, I never quite get the terms, upload, a couple of -- a  
2 form of order, and there's one little aspect to it I want to  
3 highlight to the Court, and that is because as we've gone  
4 through this sale process we weren't quite certain which  
5 executory contracts a particular bidder might want, it's been  
6 difficult for us to provide a lot of notice to counter-parties  
7 to executory contracts with regard to the assumption and  
8 assignment of contracts, and this form of order that we would  
9 tender to the Court has embedded in it -- and I can hand a copy  
10 up to the Court -- if I can find the paragraph -- it has  
11 embedded in it a concept of an extended assumption notice and  
12 hearing provision which is found on page 4 at the bottom of  
13 paragraph E.

14           And the concept there is that in this letter  
15 agreement, including the redacted version that's attached to  
16 the order, I think there are four or five executory contracts  
17 identified with the parties, and those parties would be  
18 afforded an additional period through April 14th, close of  
19 business on April 14th, to file any objection or request any  
20 hearing with regard to any specified matter involving the  
21 assumption and assignment of those executory contracts. And  
22 if somebody does timely file an objection or request a hearing,  
23 then we'd ask it be heard on the 18th, which is the next  
24 omnibus date.

25           THE COURT: This is a notice provision to the

1 projected party who you're going to, the purchaser is going to  
2 assume --

3 MR. CARR: Debtor will assume and then assign to the  
4 purchase of the contract.

5 THE COURT: That the debtor intends to assume and  
6 assign --

7 MR. CARR: Yes.

8 THE COURT: -- and you're giving them an additional  
9 opportunity to object.

10 MR. CARR: Yes.

11 THE COURT: All right.

12 MR. CARR: And so that if no one objects, then that  
13 will be closed off close of business the 14th; if they do then  
14 we'll have a hearing with regard to any issue on the 18th.

15 THE COURT: All right, that's fine.

16 MR. CARR: Your Honor, I think, unless someone has  
17 something more to say, what we're tendering to the Court and  
18 proffering to the Court as a factual matter is that as a result  
19 of this auction process, the debtors in consultation with the  
20 notice parties have determined that the bid of Okun Enterprises  
21 is the highest and best offer for these assets, and we're  
22 asking the Court to approve that by the form of this order.  
23 And we circulated the form of this order to Okun, the  
24 Creditors' Committee, Southwest Airlines as the DIP lender, the  
25 ATSB lenders; also sent it to the Examiner who's on the

1 telephone, and maybe others but I think we tried to get input  
2 from all those key parties, and to my knowledge, there is no  
3 objection and people signed off on the form of this order.

4 THE COURT: Does anybody want to respond?

5 MR. COLLINS: Your Honor, Brendan Collins from the  
6 Department of Justice. We do not have an objection to the  
7 proposed order. We would just like one point of clarification.  
8 We did not have a chance to see it as early as we would have  
9 liked, and that is no through no fault of the debtor, the  
10 proposed order.

11 On the transaction motion and the commitment letter,  
12 both reflect that it is subject to all necessary regulatory  
13 approval, and I believe that's the intent of the parties.  
14 There is not that specific language included in the order  
15 itself similar to what appeared at paragraph 15 of the motion.  
16 But we would just like a reflection on the record that it is  
17 subject, that the proposed sale would be subject to all  
18 government necessary regulatory approval.

19 MR. CARR: That's acceptable, Your Honor. This does  
20 contemplate an operation of the airline and we are going to  
21 have to go through a process to obtain the FAA and DOT approval  
22 and that's all contemplated by this.

23 It really is, I should have explained this more  
24 fully, it's kind of a two-stage or maybe it's a multi-stage  
25 process. The first one is the approval of the form of this

1 letter agreement, and then that contemplates the definitive  
2 agreement that will follow, but then these approvals will have  
3 to be obtained.

4 THE COURT: All right, the record will so reflect  
5 that it's subject to those approvals.

6 MS. BECKERMAN: And Your Honor, Lisa Beckerman on  
7 behalf of the Committee. We've reviewed the order. and it's  
8 acceptable to us.

9 THE COURT: Thank you.

10 MR. SCHAEFFER: Your Honor, Adam Schaeffer on behalf  
11 of Southwest. We also have reviewed the order and we have no  
12 objection.

13 THE COURT: All right, very good.

14 MR. LAUTER: Your Honor, Richard S. Lauter again on  
15 behalf of the City of Chicago.

16 I apologize. I guess we were not a notice party, and  
17 we were not involved in the negotiational process ,and I have  
18 not seen the order nor did we have an opportunity to review it.  
19 I would simply like to reserve our rights to file a motion for  
20 reconsideration at some point in the next ten days if that  
21 becomes necessary. Otherwise, after we quickly review the  
22 order and it appears to be not problematic, and we will just  
23 (unclear, telephone interference)

24 THE COURT: All right, well, I assume that you're  
25 going to have a ten-day -- would everybody listening in on the

1 phone please put their phones on mute.

2 All right, are you going to have a ten-day, you're  
3 not going to have any ten-day period --

4 MR. CARR: No, this order contemplates that the stay  
5 will be waived. You know, we've talked a lot about the  
6 exigencies of this situation.

7 THE COURT: Can you review this in the next 24 hours?

8 MR. LAUTER: Absolutely, Your Honor.

9 THE COURT: All right. Call me in the next 24 hours.  
10 I won't enter the order until the close of business tomorrow.  
11 If you want -- if you have a problem, I'll set up an emergency  
12 phone conference with the debtor's attorney and you and any  
13 other parties that want to participate.

14 MR. LAUTER: I appreciate that very much, Your Honor,  
15 thank you.

16 THE COURT: Anything else on this particular matter?

17 MR. CARR: No, Your Honor. I don't know if we heard  
18 from everybody --

19 MR. ROBINSON: Your Honor, this is Jack Robinson,  
20 president of NatTel. May I address the Court?

21 THE COURT: Yes, sir.

22 MR. ROBINSON: Your Honor, I wasn't clear as to  
23 whether this sale is contingent entirely on FAA and DOT  
24 approvals. In other words, if there are no such approvals, I  
25 assume this transaction does not occur?

1 MR. CARR: That's right.

2 MR. ROBINSON: Your Honor, I understand there's a  
3 gentleman from the FAA on the line from the Chicago Flight  
4 Standards District Office. Perhaps this gentleman would like  
5 to inform the Court as to whether in fact such approval from  
6 the FAA is likely or not.

7 THE COURT: Does someone -- is someone here from the  
8 FAA?

9 MR. ROBINSON: Perhaps he has signed off, Your Honor.  
10 I guess my concern is that if for whatever reasons there is no  
11 such approval, I guess we're back to square one. Is that  
12 basically what the debtors think?

13 MR. CARR: No, that's not what the debtor is saying.  
14 The debtor received back-up offers that, in accordance with bid  
15 procedures. those back-up offers have to stay in place. We  
16 have other bidders, Mr. Robinson, much higher than any of the  
17 offers you've ever made which we can go to in the event that  
18 this offer goes away.

19 MR. ROBINSON: I understand that, but are those bids  
20 also subject to FAA and DOT approval?

21 MR. CARR: They may be.

22 MR. ROBINSON: Well, Your Honor, my point is is that  
23 if all of these other offers is subject to approvals that never  
24 occur, there's no transaction.

25 MR. CARR: That's right. Then we would liquidate.

1 THE COURT: That's right. And if we get to that  
2 point, then we'll get to that point. But I -- we're going to  
3 take it one step at a time and see what happens here.

4 MR. ROBINSON: Very well, Your Honor, thank you.

5 THE COURT: Thank you, sir.

6 All right, anything else on this matter?

7 MS. HALL: There is one more item that we haven't--

8 MR. CARR: No, nothing on that matter, Your Honor.

9 THE COURT: Wait a minute. I -- well, okay, then I  
10 want to show for the record that the Court will approve your  
11 motion, how was it styled?

12 MR. CARR: It was a transaction motion, Your Honor,  
13 just filed as a transaction motion.

14 THE COURT: Oh, approval transaction concerning  
15 Chicago Express, yes. Court will approve that motion in light  
16 of the testimony and proffer of facts on the record here today.

17 All right, Ms. Hall.

18 MS. HALL: There is one item left, Your Honor, and  
19 that was Item 9 which, following approval of the sale  
20 transaction, Item 9 was the debtor's motion to reject executory  
21 contract of Chicago Express. We -- in the process of  
22 identifying those contracts, we added a few on an emergency  
23 motion and then we have subtracted some on a contingent  
24 objection, removed some from the motion based on the assumption  
25 of those contracts, and those were listed on there, and at this

1 time we ask the Court to approve the rejection of those  
2 contracts.

3 THE COURT: All right, and so when you added these,  
4 when did we add them, and are we confident that we've got  
5 adequate notice?

6 MS. HALL: Yes, Your Honor. We provided same-day  
7 notice to the parties and gave them additional time to notify  
8 us if they had anything, objection to the rejection of the  
9 contract, and we haven't received any objections.

10 THE COURT: All right. All right, I'll approve that.  
11 You're going to upload an order?

12 MS. HALL: Yes, Judge.

13 MR. CARR: We'll learn that term.

14 MS. HALL: I know that term.

15 MR. CARR: That's why I don't have to learn it.

16 THE COURT: All right, anything further today in ATA?

17 MR. CARR: No, Your Honor.

18 THE COURT: We're adjourned.

19 MR. PRICE: Your Honor.

20 THE COURT: Yes.

21 MR. PRICE: Hi, this is William Price from the Bank  
22 of (telephone beep)

23 THE COURT: I'm sorry, wait a minute, Mr. Price.  
24 We're not adjourned. Okay, go ahead.

25 MR. PRICE: Your Honor, I represent the Bank of Blue



1 Valley which is actually, in conversation with debtor's  
2 counsel, one of the parties that they (unclear) was brought for  
3 rejection of motion is Global Ground Equipment (unclear, very  
4 low audibility).

5 THE COURT: All right, people keep signing off in the  
6 middle of your sentences. Could you repeat that, please?

7 MR. PRICE: Okay, Your Honor. I represent (unclear)  
8 Blue Valley, which (unclear) the lessor with Chicago Express  
9 and Global Ground (unclear)

10 THE COURT: All right, why don't you wait just a  
11 moment.

12 MR. PRICE: Absolutely, Your Honor.

13 (Pause)

14 THE COURT: All right, try again.

15 MR. PRICE: Okay. Your Honor, as just articulated by  
16 debtor's counsel, there were a number of (unclear) which were  
17 listed in the rejection motion.

18 THE COURT: Right.

19 MR. PRICE: Three of which are, (unclear) they're  
20 withdrawing their objection -- their rejection, one of which is  
21 Global Ground Equipment which should be actually characterized  
22 as a lease with the Bank of Blue Valley. I have confirmed this  
23 with debtor's counsel and I just wanted to have it reflected on  
24 the record prior to them entering the rejection (unclear)  
25 motion. (unclear) Bank of Blue Valley (unclear)

1 MS. HALL: That's correct, Your Honor. There is a  
2 single contract. It is either Global Ground Equipment or it is  
3 Bank of Blue Valley. We are not rejecting that contract, and,  
4 in fact that will be the contract that we are going to put  
5 forward to assume as part of the sales contract.

6 THE COURT: All right, and you'd just like to, you  
7 want in the order the proper party identified in the order, is  
8 that what you're saying?

9 MR. PRICE: Yes, Your Honor. Just identify Bank of  
10 Blue Valley (unclear) that they are withdrawing their  
11 rejection motion.

12 THE COURT: All right, will you reflect that in the  
13 order then, Ms. Hall?

14 MS. HALL: Yes, Your Honor.

15 THE COURT: All right, that will be done.

16 MR. PRICE: Thank you, Your Honor.

17 THE COURT: Thank you. Now are we through? All  
18 right, we're adjourned.

19 (Matter concluded at 2:47:46 p.m.)

20 \* \* \* \* \*

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1 I certify that the foregoing is a true and accurate  
2 transcript from the electronically sound recorded record of the  
3 proceedings.

---

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Date

**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF INDIANA - INDIANAPOLIS**

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IN THE MATTER OF:	Case 04-19866
ATA HOLDINGS CORP, et al	Indianapolis, Indiana
	<b>April 4, 2005</b>
Debtors	1:47:14 pm. O'Clock

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**TRANSCRIPT OF CONTINUED HEARINGS ON:**

- (1) - PAGE 2- MOTION TO COMPEL DEBTOR TO ASSUME OR REJECT  
EXECUTORY CONTRACTS FOR PAYMENT OF ADMINISTRATIVE EXPENSES  
FILED BY VIACOM OUTDOOR; DEBTOR'S RESPONSE; (2) MOTION FILED BY  
VIACOM;**
- (3) - PAGE 2 - MOTION OF FLEET BANK FOR PROTECTIVE ORDER; OBJECTION  
BY DEBTOR; OBJECTION BY CREDITORS' COMMITTEE;**
- (4) - PAGE 3 - MOTION ON SHORTENED NOTICE FOR ENTRY OF AN ORDER  
AUTHORIZING DEBTORS TO REJECT AN AIRPORT LEASE WITH GREATER  
ORLANDO AVIATION AUTHORITY; OBJECTION FILED BY GREATER  
ORLANDO AVIATION AUTHORITY;**
- (5)- PAGE 3 - MOTION BY SIGNATURE FLIGHT SUPPORT CORPORATION;  
DEBTOR'S OBJECTION; ORDER PRELIMINARILY DENYING THE MOTION;**
- continued ----->

**APPEARANCES (See 3<sup>rd</sup> Cover Page)**

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**CAPTION CONTINUED**

**(6)- PAGE 4 - ADVERSARY PROCEEDING FILED BY GOODRICH AVIATION  
TECHNICAL SERVICES, WITH NOTICE OF DISMISSAL FILED BY GOODRICH;  
CLOSED MARCH 31, 2005;**

**TRANSCRIPT OF UNCONTESTED MATTERS ON:**

**(7) - PAGE 5 - MOTION FOR RELIEF FROM THE AUTOMATIC STAY FILED BY  
DANIEL ZANIEL; JOINT MOTION FOR ENTRY OF AN AGREED ORDER, FILED  
BY THE DEBTORS AND DANIEL ZANIEL;**

**(8) - PAGE 5 - MOTION FOR RELIEF FROM THE AUTOMATIC STAY FILED BY  
RONALD CALLAHAN;**

**(9) - PAGE 5 AND PAGE 40 - DEBTOR'S MOTION ON SHORTENED NOTICE TO  
REJECT CERTAIN EXECUTORY CONTRACTS AND UNEXPIRED LEASES  
CURRENTLY CARRIED BY CHICAGO EXPRESS AIRLINES;**

**(10) - PAGE 6 - STIPULATION FOR RELIEF FROM STAY AND PROPOSED ORDER  
FILED BY AN ATTORNEY REPRESENTING THE DEBTORS IN A TORT MATTER  
AND TORT CLAIM RE: ATTORNEY ASKING AGAIN FOR A MODIFICATION OF  
THE STAY TO ALLOW THE TORT CLAIM TO GO FORWARD;**

**TRANSCRIPT OF CONTESTED MATTERS ON:**

**(11) - PAGE 6 - MOTION TO COMPEL DEBTOR TO ASSUME THE TENTATIVE  
AGREEMENT WITH THE AIRCRAFT MECHANICS FRATERNAL ASSOCIATION;  
OPPOSITION FILED BY DEBTORS; REPLY BY MECHANICS' ASSOCIATION;**

**(12) - UNKNOWN**

**(13) - PAGE 28 - MOTION TO RETAIN  
APPROVAL TRANSACTION RE: CHICAGO EXPRESS;  
VARIOUS OTHER MOTIONS, ETC.;  
BEFORE THE HONORABLE BASIL H. LORCH, III, J.U.S.B.C.**

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