

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' SECOND MOTION FOR ORDER:
(I) AUTHORIZING DEBTORS TO OBTAIN POSTPETITION FINANCING
PURSUANT TO 11 U.S.C. §§ 105(a) AND 364(c); AND
(II) SCHEDULING FINAL HEARING ON NON-OMNIBUS HEARING DATE

ATA Holdings Corp. and ATA Airlines, Inc. ("ATA"), as debtors and debtors-in-possession (collectively, the "Debtors"), by counsel, hereby request a second Order of the Court authorizing the Debtors to continue to obtain postpetition financing from the National City Bank of Indiana (the "Bank") pursuant to 11 U.S.C. §§ 105(a) and 364(c). The Debtors further request that the Court schedule a final hearing on the relief requested herein on a non-omnibus hearing date. In support of their motion, the Debtors state as follows:

I. General Background

A. The Chapter 11 Filings

1. On October 26, 2004 (the "Petition Date"), the Debtors filed voluntary petitions in this Court for reorganization relief under Chapter 11 of Title 11 of the U.S. Code (as amended, the "Bankruptcy Code"). The Debtors continue to operate their

¹ The Debtors are the following entities: ATA Holdings Corp., ATA Airlines, Inc., Ambassador Travel Club, Inc., ATA Leisure Corp., Amber Travel, Inc., American Trans Air ExecuJet, Inc., ATA Cargo, Inc. and Chicago Express Airlines, Inc.

businesses and manage their properties as debtors-in-possession pursuant to §§ 1107(a) and 1108 of the Bankruptcy Code. On October 29, 2004, this Court entered an Order for joint administration of these Chapter 11 cases (the “Cases”).

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

3. The statutory predicates for the relief requested herein are §§ 105(a) and 364(c) of the Bankruptcy Code and Rule 4001(c) of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”).

B. Summary Of Relationship Between the Debtors and the Bank

4. The Debtors’ relationship with the Bank relating to the letters of credit facility encompassed in the Credit Agreement dated December 19, 2002, which has subsequently been amended three times (the “Credit Agreement”), is described in detail in paragraphs 5 through 14 of the “Debtors’ Motion For Order: (I) Authorizing Debtors To Obtain Postpetition Financing Pursuant To 11 U.S.C. §§ 105(a) And 364(c); And (II) Scheduling Interim And Final Hearings On The Relief Requested” (the “First Financing Motion”).²

5. On November 12, 2004, the Court approved a stipulation (the “Stipulation”) between the Bank and the Debtors which, in summary, authorized the Debtors to use a portion of the Bank’s cash collateral in the Depository Accounts to the

² The First Financing Motion appears on the Court’s CM/ECF system as docket number 478. All capitalized terms not defined herein shall have the meanings ascribed to them in the First Financing Motion.

extent that such funds exceed the aggregate face amount of outstanding letters of credit (the “Excess Funds”). As a condition to its consent to the Stipulation, the Bank was granted adequate protection, including, but not limited to, a holdback of Excess Funds in the amount of \$150,000.00.³

6. On December 16, 2004, the Court entered an Order approving the First Financing Motion (the “Final Order”)⁴ in which the Court authorized and allowed the Debtors to obtain postpetition financing from the Bank in the form of the postpetition renewal or extension of continuation of letters of credit, with such financing governed by the terms of the existing Credit Agreement, all related loan documents, and the Stipulation. The Final Order also authorized and allowed the Debtors to pay any requisite fees to the Bank for the renewal, extension or creation of letters of credit. The Final Order also authorized a third amendment to the Credit Agreement.

7. The Final Order did not change the terms of the Stipulation.

8. ATA desires to extend the maturity date for the letter of credit facility for a two month term. The extension will also include a two month adjustment (increase) to fees . The terms of such extension and modification shall be substantially similar to those contained in the Credit Agreement and related agreements except as modified by the extension term sheet attached as **Exhibit A**.⁵ It is the Debtors’ intent to use this two

³ The Stipulation and the Order approving the Stipulation appear on the Court’s CM/ECF system as docket numbers 323 and 381, respectively.

⁴ The Final Order appears on the Court’s CM/ECF system as docket number 850.

⁵ The Debtors anticipate the documentation of the term sheet attached as Exhibit A shall be completed by the time the Court conducts a hearing on the relief requested in this motion.

month extension to take care of expiring letters of credit and to either negotiate a longer-term facility or obtain a new facility from a different lender.

9. ATA wishes to continue to incur debt under the terms of the Credit Agreement and related agreements postpetition (as modified by Exhibit A) because they are beneficial to the estates, crucial to current operations and a successful reorganization, and in the best interests of the Debtors, their estates and their creditors.

II. Relief Requested

10. Section 364(c) of the Bankruptcy Code provides that if a debtor is unable to obtain unsecured credit, the Court may, after notice and a hearing, authorize the Debtor to obtain credit or incur debt: (1) with priority or any or all administrative expenses of the kind specified in §§ 503(b) or 507(b) of the Bankruptcy Code; (2) secured by a lien on property of the estate that is not otherwise subject to a lien; or (3) secured by a junior lien on property of the estate that is subject to a lien.

11. Furthermore, § 105(a) of the Bankruptcy Code provides that the Court may issue any order, process or judgment that is necessary or appropriate to carry out the provisions of the Bankruptcy Code.

12. Letters of credit issued pursuant to the Credit Agreement are about to expire absent renewal or extension by the Bank. In addition, subject to the terms of the Credit Agreement, ATA may apply to the Bank for the issuance of new letters of credit in the ordinary course of its business. Renewal or extension of existing letters of credit and issuance of new letters of credit benefit the Debtors' estates and their ability to successfully reorganize.

13. The continued incurring of debt under the Credit Agreement postpetition (including the renewal or extension of existing letters of credit) may be deemed an extension of credit by the Bank to the Debtors; accordingly, the relief requested herein is permitted under § 364(c) of the Bankruptcy Code. The extension or renewal of existing letters of credit and the issuance of new letters of credit would be secured by the existing first priority security interest against funds in the Depository Accounts and the funds held therein and a post petition first priority security interest in the Depository Accounts and any funds deposited therein in the future to satisfy the requirements of the Credit Agreement.

14. Furthermore, because the continued incurring of secured debt under the Credit Agreement is crucial to the Debtor's current operations and successful reorganization, the borrowing contemplated hereunder is authorized by § 105(a) of the Bankruptcy Code.

15. Based upon the foregoing, the Debtors respectfully request that the Court enter an Order pursuant to §§ 105(a) and 364(c) of the Bankruptcy Code authorizing the Debtors to continue to obtain postpetition financing from the Bank so as to allow the incurring of secured debt under the Credit Agreement postpetition.

III. Request For Hearing On The Relief Requested

16. Federal Rule of Bankruptcy Procedure 4001(c)(2) provides that a final hearing on a motion seeking relief under § 364 of the Bankruptcy Code may not be commenced earlier than fifteen (15) days after service of such motion.

17. At least one letter of credit issued pursuant to the Credit Agreement must be renewed on or before May 16, 2005.

18. ATA respectfully requests that the Court conduct a final hearing on the relief requested as soon as practicable after the filing of this motion so as to allow the Debtors to renew expiring letter of credit facilities. Because the Court has previously authorized the postpetition continuation of the Credit Agreement and this motion seeks a two month extension of the Credit Agreement, the Debtors believe a telephonic hearing will be sufficient for the relief requested.

IV. Prior Requests

19. The Debtors have filed two previous motions for postpetition financing, namely, their “Emergency Motion For Order (I) Authorizing Debtors To Obtain Postpetition Financing Pursuant To 11 U.S.C. §§ 105, 362, 364(c)(1), 364(c)(2), 364(c)(3) And 507; And To Sell, Lease, And Purchase Assets Pursuant To 11 U.S.C. §§ 105 and 363; And (II) Scheduling Interim And Final Hearings Pursuant To Fed. R. Bankr. P. 4001(c) and (d) and 6004(a)(2)” on November 9, 2004 and the First Financing Motion on November 24, 2004. This motion is separate from and has no relation to the November 9, 2004 motion and effectively seeks an extension of the First Financing Motion.

WHEREFORE, ATA respectfully requests that the Court enter an Order or Orders: (1) authorizing the Debtors to obtain secured postpetition financing from the Bank in the form of the postpetition renewal or extension of continuation of letters of credit with such financing to be governed by the terms of the Credit Agreement, all related loan documents, the Stipulation and Exhibit A, and to pay any requisite fees to the Bank for renewal, extension or creation of letters of credit; (2) scheduling a final hearing

on the motion on May 12 or 13, 2005, and (3) granting ATA such other and further relief as the Court deems proper.

DATED: April 27, 2005

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

By: /s/ Michael P. O'Neil
Michael P. O'Neil, One Of Their Counsel

James M. Carr
Counsel for the Debtors
Baker & Daniels
300 North Meridian Street, Suite 2700
Indianapolis, IN 46204
Telephone: (317) 237-0300
Facsimile: (317)
Email:

Michael P. O'Neil
Co-Counsel for the Debtors
Sommer Barnard Attorneys, PC
One Indiana Square, Suite 3500
Indianapolis, IN 46204
Telephone: (317) 713-3500
Facsimile: (317) 713-3699
Email: moneil@sommerbarnard.com

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