

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

In re: ) Chapter 11  
ATA HOLDINGS CORP. et al,<sup>1</sup> )  
 ) Case No. 04-19866  
 ) (Jointly Administered)  
Debtors. )

**UNITED STATES' LIMITED OBJECTION TO DEBTORS'  
MOTION FOR AUTHORITY TO ENTER INTO NEW  
LEASES FOR UP TO TWELVE (12) BOEING 737 AIRCRAFT**

The United States of America ("United States"), on behalf of the Air Transportation Stabilization Board ("ATSB"), objects to the Debtors' Motion for Authority to Enter into New Leases for up to Twelve (12) Boeing 737 Aircraft (the "Motion"). In support of its limited objection, the ATSB states as follows:

**BACKGROUND**

1. On October 26, 2004, the Debtors filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code.
2. On December 10, 2004, the Court entered the Second Interim and Final Order Authorizing Debtors' Use of Cash Collateral and Use, Sale and Lease of Other Pre-Petition Collateral ("Final Order"). Pursuant to paragraph 9(e) of the Final Order and paragraph 3 of the Settlement Agreement entered into between the Debtors, the ATSB Lender Parties (as defined in

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<sup>1</sup> The Debtors are the following entities: ATA Holdings Corp. (04-19866), ATA Airlines, Inc. (04-19868), Ambassadair 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).

the Final Order), and the Official Committee of Unsecured Creditors, approved by the Court on April 19, 2005, the ATSB Lender Parties have an allowed super-priority administrative expense claim with priority over all other administrative expense claims, subject only to the Carve-out (as defined in the Final Order) and any debtor-in-possession financing, acceptable in form and substance to the ATSB Lender Parties. Paragraph 10(g) of the Final Order provides that any application filed by the Debtors for the approval of any claim under section 507(b) of the Bankruptcy Code which is *pari passu* with or senior to the ATSB Lender Parties' super-priority claim constitutes an automatic event of default under the Final Order. In addition, pursuant to paragraph 10(1)(2) of the Final Order, it is an event of default if any material provision of the Final Order ceases to be valid and binding without the prior written consent of the ATSB Lender Parties.

3. On or about April 26, 2005, the Debtors filed the Motion seeking to to enter into new leases with Q Aviation, LLC (“Q Aviation”) for up to twelve (12) Boeing 737 aircraft. The Debtors also request that the Court grant administrative expense status to any and all claims of Q Aviation arising under or related to the new leases.

#### LIMITED OBJECTION

4. The United States does not object to the Debtors entering into new aircraft leases with Q Aviation. The United States files this limited objection solely to clarify that any administrative claim granted to Q Aviation shall be subject and subordinate to the super-priority administrative claim granted to the ATSB Lender Parties pursuant to the Final Order and the Court’s April 19<sup>th</sup> Order approving the Settlement Agreement. Indeed, if Q Aviation is granted a super-priority claim without the prior written consent of the ATSB Lender Parties, then the material provisions

of the Final Order granting a super-priority administrative claim to the ATSB Lender Parties would cease to be valid and binding, thereby constituting an event of default under paragraph 10(l)(2) of the Final Order.

WHEREFORE, the United States respectfully requests that, to the extent that the Court grants Q Aviation an administrative claim, such claim shall be subject and subordinate to the super-priority administrative claim of the ATSB Lender Parties.

Respectfully submitted,

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