

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.)

**ATA'S APPLICATION FOR AUTHORITY
TO EMPLOY SKYWORKS *NUNC PRO TUNC* TO MAY 6, 2005**

ATA Airlines, Inc. ("ATA") one of the debtors and debtors in possession (collectively, the "Debtors") in the above captioned Chapter 11 cases (the "Chapter 11 Cases"), hereby submits this application (the "Application") for an order authorizing the employment and retention of SkyWorks Capital LLC and SkyWorks Securities LLC (collectively, "SkyWorks") as of the date hereof. The facts and circumstances supporting this Application are set forth in the Affidavit of Jeffrey S. Craine (the "Craine Affidavit"), filed concurrently herewith. In support of this Application, ATA states as follows.

Background

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 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).

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

2. On or about November 1, 2004, the United States Trustee appointed an Official Committee of Unsecured Creditors (the "Committee") pursuant to §1102(a)(1) of the Bankruptcy Code. The Committee employed Akin Gump Strauss Hauer & Feld LLP and Greenebaum Doll & McDonald PLLC as counsel pursuant to orders of this Court.

Jurisdiction

3. This Court has jurisdiction over this Application under 28 U.S.C. § 1334. This matter is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2).

4. Venue of these proceedings and this Application is proper in this District pursuant to 28 U.S.C. §§ 1408 and 1409.

5. The statutory bases for the relief requested herein are sections 105(a) and 327 of title 11 of the United States Code as amended (the "Bankruptcy Code") and rule 2014 of the Federal Rules of Bankruptcy Procedure.

Relief Requested

6. By this Application, ATA seeks to retain SkyWorks to provide financial advisory services in conjunction with ATA's fleet restructuring pursuant to the terms of the engagement letter executed between SkyWorks and ATA on or around May 6, 2005, and submitted as Exhibit A (the "Engagement Letter").

7. The services of SkyWorks are necessary to enable ATA and the other Debtors to maximize the value of their estates and to reorganize successfully.

A. SkyWorks Qualifications

8. SkyWorks is an investment banking and financial advisory firm based in Greenwich, Connecticut. Its professionals have over 100 years of combined experience in investment banking and in finance-related management positions at commercial airlines. SkyWorks routinely provides restructuring advisory services and counsels clients with respect to mergers and acquisitions and other financial matters. Present and former clients of SkyWorks include various secured creditors of Air Canada, AirTran Airways, American Airlines, Frontier Airlines, Jet Blue Airways, Independence Air, and a number of other companies within the airline industry. SkyWorks was also employed by the Atlas Air Unsecured Creditors' Committee.

9. SkyWorks is prepared to render the necessary professional services as a financial consultant to ATA.

B. The Engagement Letter²

10. ATA and SkyWorks have executed the Engagement Letter, subject to this Court's approval. Pursuant to the terms of the Engagement Letter, upon ATA's request, SkyWorks shall:

- a. familiarize itself with ATA's overall business plan as well as its fleet plan and provide guidance and feedback to ATA as to what may be required by aircraft financiers who may seek to finance or lease aircraft to ATA;
- b. familiarize itself with the market for specific aircraft types which ATA is targeting for the Aircraft Acquisition Program³ in order to assist ATA in determining which aircraft types will work best in its

² The description of the Engagement Letter in this Application is a summary. To the extent that this Application and the terms of the Engagement Letter are inconsistent, the terms of the Engagement Letter shall control.

³ Capitalized terms used herein and not otherwise defined shall have the meaning given to them in the Engagement Letter.

business plan and fleet plan and develop alternatives or creative solutions to help ATA achieve its fleet objectives;

- c. provide ATA, from time to time, with advice about fleet planning and operations;
- d. familiarize itself with the Aircraft specifications that ATA would seek to obtain in order to better define its search for the Aircraft;
- e. develop, with the assistance of ATA, a request for proposals and/or information memorandum ("RFP") for potential lessors, sellers and/or financiers of the Aircraft. This RFP will include materials detailing ATA's business plan and fleet plan for targeted lessors and financiers;
- f. upon receipt and its acceptance by SkyWorks of a Written Directive, identify and approach lessors, sellers and/or financiers of the aircraft types and quantities identified in such Written Directive on behalf of ATA;
- g. assist in the negotiation of letters of intent ("LOLs"), in conjunction with ATA and its legal advisors, for Aircraft to be acquired under the Aircraft Acquisition Program through either leases or purchases/financings; and
- h. assist in the negotiation of formal documentation, in conjunction with ATA and its legal advisors, for Aircraft to be acquired under the Aircraft Acquisition Program through either leases or purchases/financings.

11. ATA believes that the services to be provided by SkyWorks will not duplicate the services that other professionals will be providing to the Debtors in the Chapter 11 Cases, including the services provided by Huron Consulting Group, LLC and the services for which the Debtors seek to employ the consulting firm of Simat, Helliesen and Eichner, Inc.⁴ SkyWorks agrees to use reasonable efforts to avoid duplicating services provided by other professionals advising the Debtors.

⁴ By separate application, the Debtors ask this Court to approve the employment of Simat, Helliesen and Eichner, Inc.

C. The Terms of Retention

12. Pursuant to the terms of the proposed Engagement Letter and Court approval, ATA has agreed to pay the following fees to SkyWorks in exchange for SkyWorks' services:

- a. A Retainer Fee of \$50,000 upon execution of the Engagement Letter and this Court's approval of this Application and \$25,000 in Retainer Fees each month following execution of the Engagement Letter, provided however that at any point after \$100,000 of Retainer Fees have been paid, either ATA or SkyWorks may determine, in their sole discretion, to discontinue the Retainer Fee and at the same time, SkyWorks would no longer be required to provide ATA with the fleet planning and operations advice set forth in Section 1(iii) of the Engagement Letter;
- b. An Aircraft Acquisition Success Fee of \$95,000 for each Narrowbody Aircraft which is acquired by either lease or purchase; and \$105,000 for each Widebody Aircraft which is acquired by either lease or purchase subject to certain conditions more specifically described in Section 3(ii); and
- c. A Financing Success Fee of fifty basis points of the loan amount arranged by Sky Works through a third-party lender (other than for a seller financing) in connection with Aircraft acquired by ATA as an owned asset, in addition to the Aircraft Acquisition Success Fee provided for in Section 3(ii) of the Engagement Letter.

13. In addition to the foregoing, ATA will reimburse SkyWorks within twenty days of receipt of an invoice for its reasonable out-of-pocket expenses incurred in connection with the services to be provided under the Engagement Letter unless otherwise agreed between the parties in writing.

14. The terms and conditions of the Engagement Letter were negotiated by ATA and SkyWorks at arms-length and in good faith.

15. To the best of ATA's knowledge, the principals and employees of SkyWorks (i) do not have any connection with ATA or the other Debtors, their creditors, or any

other party in interest, or their respective attorneys or accountants, (ii) are “disinterested persons” under Section 101(14) of the Bankruptcy Code, and (iii) do not hold or represent an interest adverse to Debtors’ estates.

16. SkyWorks has no agreement with any other entity to share any compensation received, nor will any be made, except as permitted under Section 504(b)(1) of the Bankruptcy Code.

17. ATA believes the fees and compensation of SkyWorks and the terms for payment set forth herein and in the Engagement Letter are fair and reasonable in light of industry practice, SkyWorks’ experience, and the scope of work to be performed pursuant to the Engagement Letter.

Notice

18. By separate motion filed concurrently herewith, ATA request that the Court shorten notice on the Application and consider the Application at the May 23, 2005 hearing.

No Prior Request

19. No previous application for the relief sought herein has been made by ATA to this or any other court.

WHEREFORE, ATA respectfully requests that the Court enter an order granting this Application and such further relief as is just and proper.

Respectfully Submitted,

BAKER & DANIELS

By: /s/ Melissa M. Hinds

Attorneys for ATA Airlines, Inc.

James M. Carr (#3128-49)
Terry E. Hall (#22041-49)
Stephen A. Claffey (#3233-98)
Melissa M. Hinds (#24230-49)
Jeffrey C. Nelson (#25173-49)
300 North Meridian Street, Suite 2700
Indianapolis, Indiana 46204
Telephone: (317) 237-0300
Facsimile: (317) 237-1000
jim.carr@bakerd.com
terry.hall@bakerd.com
steve.claffey@bakerd.com
melissa.hinds@bakerd.com
jeffrey.nelson@bakerd.com

Wendy W. Ponader (#14633-49)
Ponader & Associates, LLP
5241 North Meridian Street
Indianapolis, Indiana 46208
Telephone: (317) 496-3072
Facsimile: (317) 257-5776
wponader@ponaderlaw.com

CERTIFICATE OF SERVICE

The undersigned hereby certifies that the foregoing was served this 6th day of May, 2005, by electronic mail, facsimile, hand delivery or overnight mail on the Core Group, 2002 List, Appearance List, and SkyWorks.

/s/ Melissa M. Hinds
