

James M. Carr (#3128-49)
Terry E. Hall (#22041-49)
Stephen A. Claffey (#3233-98)
Jeffrey C. Nelson (#25173-49)
BAKER & DANIELS LLP
300 North Meridian Street, Suite 2700
Indianapolis, Indiana 46204
Telephone: (317) 237-0300
Facsimile: (317) 237-1000

Attorneys for Debtors and Debtors in Possession

**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.)	

**EMERGENCY EX PARTE MOTION FOR TEMPORARY RESTRAINING ORDER
AND ORDER TO SHOW CAUSE**

(LAWA)

ATA Airlines, Inc. (“Reorganized ATA”) moves this Court (“Motion”) on a emergency and ex parte basis to issue an immediate temporary restraining order (“TRO”) against the City of Los Angeles Department of Airports (“Los Angeles Airport”) ordering it to rescind its draw against a letter of credit which draw is attempting to collect on debts cured by order of this Court confirming the chapter 11 reorganization plan of the Reorganizing Debtors² and authorizing the assumption and establishing the cure amount associated with the assumption of the Non-Exclusive Operating Permit Between The City Of Los Angeles And American Trans

¹ The Debtors are the following entities: ATA Holdings Corp. (04-19866), ATA Airlines, Inc. (04-19868), Ambassadors 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 C8 Airlines, Inc. f/k/a Chicago Express Airlines, Inc. (04-19874).

² Capitalized terms not defined herein shall have the meanings associated in the First Amended Joint Chapter 11 Plan of Reorganization for Reorganizing Debtors, as immaterially modified (the “Plan”)

Air dba American Trans Air Covering The Use Of Landing Facilities with a term commencing July 1, 2002 and ending June 30, 2007 (the “Operating Permit”). Reorganized ATA also requests that this Court issue an order to show cause on why Los Angeles Airport should not be held in contempt for violating the discharge and injunction issued by this Court confirming the chapter 11 plan of the Reorganizing Debtors and holding Los Angeles Airport liable to ATA for its costs in prosecuting this action. In support Reorganized ATA states:

JURISDICTION

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. This Court entered an order (the “Confirmation Order”) confirming the Amended Joint Plan Of Reorganization (as immaterially modified) (the “Plan”) on January 31, 2006 (the “Confirmation Date”) (Docket No.3657). The Plan became effective on February 28, 2006.

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

3. The statutory basis for the relief sought herein are Sections 1141 and 105 of the Bankruptcy Code.

RELIEF REQUESTED

4. For the reasons stated below, Reorganized ATA requests that the Court, on an ex parte basis if necessary, issue a TRO ordering Los Angeles Airport to rescind its draw

against Letter of Credit SCL008692 (“Letter of Credit”) in the amount of \$228,000 because no defaults exist under the Operating Permit and the attempted draw is an attempt to collect amounts alleged to be due under the Operating Permit which arose prior to the Confirmation Date. Pursuant to the Confirmation Order, all amounts due under the Operating Permit through and including the Confirmation Date were cured and ATA is not in default under the assumed Operating Permit. Reorganized ATA further requests that this Court issue an order to show cause why Los Angeles Airport should not be held in contempt and held liable to Reorganized ATA for its costs in prosecuting this request.

FACTS

5. On January 24, 2007 after 10:00 a.m. EST, National City Bank, as issuer of the Letter of Credit, advised Reorganized ATA that it had received a draw request from Los Angeles Airport against the Letter of Credit in the amount of \$228,000.

6. The Letter of Credit draw demand from Los Angeles Airport asserts that “American Trans Air, Inc. is in default under the Operating Agreement Dated July 2, 2002 between the City of Los Angeles and American Trans Air, Inc.” The draw demand request as faxed to Reorganized ATA from National City Bank is attached as Exhibit A (the “Draw Demand”).

7. The Operating Permit is the same document referenced in the Draw Demand. Aff. of Brian T. Hunt, ¶ 4 filed concurrently herewith.

6. The Operating Permit was assumed and cured pursuant to the Confirmation Order and paragraph 17 of the Confirmation Order states that cure shall be solely as listed on Exhibit H.

7. Reorganized ATA is not in default under the Operating Permit. Aff. of Brian T. Hunt, ¶ 3 filed concurrently herewith.

8. Pursuant to Paragraph 17 of the Confirmation Order, Reorganized ATA assumed, effective as of the Confirmation Date, each of the executory contracts and unexpired leases identified on Exhibit H to the Plan. The cure amount to be paid in connection with the assumption of those agreements was set forth on Exhibit H to the Plan. A counterparty to an assumed contract or lease was barred from contesting those cure amounts unless that counterparty filed a timely objection. Los Angeles Airports did not file an objection. Los Angeles Airport is prohibited from seeking cure of those defaults now.

9. Counsel for Reorganized ATA contacted counsel for Los Angeles Airport on January 24, 2007 and advised him that Reorganized ATA considered the Draw Demand to be an attempt to collect on amounts not owed under the Operating Permit, and further advised that Reorganized ATA is prepared to seek an order restraining Los Angeles Airport from attempting to draw on the letter of credit. Counsel for Los Angeles Airport advised counsel for Reorganized ATA that he would consider and call back. Counsel for Los Angeles Airport has not called counsel for Reorganized ATA.

WHEREFORE, Reorganized ATA requests that the Court issue an order causing The City of Los Angeles, Department of Airports to rescind its Draw Demand for ten days and grant such other and further relief as is just.

Respectfully submitted,

BAKER & DANIELS LLP

By: /s/Terry E. Hall

James M. Carr (#3128-49)
Terry E. Hall (#22041-49)
Stephen A. Claffey (#3233-98)
Jeffrey C. Nelson (#25173-49)
300 North Meridian Street, Suite 2700
Indianapolis, Indiana 46204
Telephone: (317) 237-0300
Facsimile: (317) 237-1000

Attorneys for the Debtors and
Debtors-in-Possession

CERTIFICATE OF SERVICE

The undersigned certifies that a copy of the foregoing was served on this 25th day of January, 2007, by electronic mail transmission on all persons listed below:

U.S. Bankruptcy Court
116 U.S. Courthouse
46 E. Ohio Street
Indianapolis, IN 46204
Fax: 317-229-3801
rhonda_andis@insb.uscourts.gov

U.S. Bankruptcy Court
110 U.S. Courthouse
121 W. Spring St.
New Albany, IN 47150
Fax: 812-542-4541
kristen_goss@insb.uscourts.gov

Office Of The U.S. Trustee
Joe McGonigal
101 W. Ohio St., Ste. 1000
Indianapolis, IN 46204
joe.mcgonigal@usdoj.gov

Core Group

2002 List

Appearance List

/s/Terry E. Hall