

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

In re: ) Chapter 11  
)  
ATA Holdings Corp., et al., ) Case No. 04-19866  
) (Jointly Administered)  
Debtors. )

**JOINT CHAPTER 11 PLAN  
OF REORGANIZING DEBTORS<sup>1</sup>**

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Dated: September 30, 2005

<sup>1</sup> The Reorganizing Debtors are: ATA Holdings Corp. (04-19866), ATA Airlines, Inc. (04-19868), ATA Leisure Corp. (04-19870), and ATA Cargo, Inc. (04-19873).

**TABLE OF CONTENTS**

	PAGE
TABLE OF CONTENTS.....	i
LIST OF EXHIBITS.....	iii
INTRODUCTION .....	1
ARTICLE I     DEFINITIONS, RULES OF INTERPRETATION, AND COMPUTATION OF TIME.....	2
A.     Scope of Definitions.....	2
B.     Definitions.....	2
C.     Rules of Interpretation.....	20
D.     Computation of Time .....	20
E.     References to Monetary Figures .....	20
F.     Exhibits .....	21
ARTICLE II     ADMINISTRATIVE EXPENSES AND PRIORITY TAX CLAIMS .....	21
ARTICLE III     CLASSIFICATION OF CLAIMS AND INTERESTS (SUBPLANS).....	22
ARTICLE IV     TREATMENT OF CLAIMS AND INTERESTS .....	23
ARTICLE V     ACCEPTANCE OR REJECTION OF THE PLAN; EFFECT OF REJECTION BY ONE OR MORE IMPAIRED CLASSES OF CLAIMS OR INTERESTS.....	25
ARTICLE VI     MEANS FOR IMPLEMENTATION OF THE PLAN.....	26
ARTICLE VII     THE RIGHTS OFFERING .....	30
ARTICLE VIII    UNEXPIRED LEASES AND EXECUTORY CONTRACTS.....	33
ARTICLE IX     PROVISIONS GOVERNING DISTRIBUTIONS .....	35
ARTICLE X     ALLOWANCE AND PAYMENT OF CERTAIN ADMINISTRATIVE CLAIMS.....	40
ARTICLE XI     EFFECT OF THE PLAN ON CLAIMS AND INTERESTS .....	42

ARTICLE XII CONDITIONS PRECEDENT .....45

ARTICLE XIII RETENTION OF JURISDICTION .....46

ARTICLE XIV MISCELLANEOUS PROVISIONS .....48

**LIST OF EXHIBITS**

Exhibit A	Investment Agreement
Exhibit B	Amended and Restated ATSB Loan Agreement
Exhibit C	Southwest Exit Facility Secured Note
Exhibit D	Southwest Exit Facility Security Agreement
Exhibit E	New Fleet Note A
Exhibit F	New Fleet Note B
Exhibit G	Nonexclusive Schedule of Rejected Executory Contracts and Unexpired Leases
Exhibit H	Exclusive Schedule of Assumed Executory Contracts and Unexpired Leases
Exhibit I	Nonexclusive List of Retained Actions and Nonexclusive List of Avoidance Actions
Exhibit J	Non-Qualified ALPA Stock Option Plan
Exhibit K	Management Stock Option Plan
Exhibit L	Subscription Form
Exhibit M	Disputed Rights Offering List
Exhibit N	Articles of Incorporation and Bylaws
Exhibit O	Accredited Investor Certification

## INTRODUCTION

ATA Holdings Corp., ATA Airlines, Inc., ATA Leisure Corp., and ATA Cargo, Inc. (collectively, the “Reorganizing Debtors”), debtors and debtors-in-possession in the jointly administered chapter 11 cases jointly propose the following chapter 11 plan for the resolution of the outstanding creditor claims against and equity interests in the Reorganizing Debtors. Capitalized terms used herein shall have the meanings ascribed to such terms in Article I.B. hereof. The Reorganizing Debtors are the proponents of the Plan as the term “proponent(s)” is used in section 1129 of the Bankruptcy Code.

The Plan contemplates the reorganization of the Reorganizing Debtors pursuant to section 1121(a) of the Bankruptcy Code. The assets of the other Debtors in these administratively consolidated chapter 11 cases (the “Liquidating Debtors”)<sup>2</sup> will be or have been sold or otherwise liquidated and the distribution of the liquidation proceeds will be made to post-Petition Date (and perhaps pre-Petition Date) creditors pursuant to one or more additional chapter 11 plans, through a conversion of one or more of the chapter 11 cases for the Liquidating Debtors to one or more cases under chapter 7 of the Bankruptcy Code, or by a process approved by the Bankruptcy Court.

The Plan contemplates the substantive consolidation of the Estates of the Reorganizing Debtors for all purposes related to the Plan, including, without limitation, for purposes of voting, confirmation, and distribution. Unless substantive consolidation has been approved by an order of the Bankruptcy Court, the Plan shall serve as a motion by the Reorganizing Debtors seeking entry of an order by the Bankruptcy Court substantively consolidating the Estates of the Reorganizing Debtors and the Confirmation Order authorizing substantive consolidation shall constitute an order of the Bankruptcy Court approving the substantive consolidation of the Reorganizing Debtors. In the event that the Bankruptcy Court substantively consolidates none or some but not all of the Reorganizing Debtors, the Reorganizing Debtors reserve the right to amend the Plan and proceed with confirmation without substantive consolidation or with partial substantive consolidation as allowed by the Bankruptcy Court.

Subject to certain restrictions and requirements set forth in section 1127 of the Bankruptcy Code and Fed. R. Bankr. P. 3019, the Reorganizing Debtors expressly reserve their rights to alter, amend, modify, revoke or withdraw this Plan, one or more times, prior to the Plan’s substantial consummation.

**ALL HOLDERS OF CLAIMS ARE ENCOURAGED TO READ THE PLAN  
AND THE DISCLOSURE STATEMENT IN THEIR ENTIRETY BEFORE VOTING TO  
ACCEPT OR REJECT THE PLAN.**

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<sup>2</sup> The Liquidating Debtors are: Ambassadair Travel Club, Inc., Amber Travel, Inc., American Trans Air Execujet, Inc., Amber Holdings, Inc. and C8 Airlines, Inc. f/k/a Chicago Express Airlines, Inc.

## ARTICLE I

### DEFINITIONS, RULES OF INTERPRETATION, AND COMPUTATION OF TIME

#### **A. Scope of Definitions**

For purposes of this Plan, except as expressly provided or unless the context otherwise requires, all capitalized terms not otherwise defined shall have the meanings ascribed to them in Article I.B of this Plan. Any term used in this Plan that is not defined herein, but is defined in the Bankruptcy Code or the Bankruptcy Rules, shall have the meaning ascribed to that term in the Bankruptcy Code or the Bankruptcy Rules.

#### **B. Definitions**

1.1 “Accredited Investor Certification” means the certification substantially in the form attached hereto as Exhibit O certifying that the holder of a General Unsecured Claim is an accredited investor as that term is defined in Rule 501 (a) of Regulation D promulgated under the Securities Act with respect to the New Preferred Stock B issuable pursuant to the Rights Offering.

1.2 “Administrative Claim” means a Claim for payment of an administrative expense of a kind specified in section 503(b) of the Bankruptcy Code and entitled to priority pursuant to sections 507(a)(1), 507 (b) or 1114 (e)(2) of the Bankruptcy Code, including, but not limited to, (a) the actual, necessary costs and expenses, incurred on or after the Petition Date, of preserving the Estates and operating the businesses of the Reorganizing Debtors, including wages, salaries or commissions for services rendered after the commencement of the Chapter 11 Cases, (b) any Southwest DIP Facility Claim or New DIP Facility Claim, (c) Professional Claims, (d) all fees and charges assessed against the Estates under chapter 123 of title 28, United States Code, and (e) all Allowed Claims that are entitled to be treated as Administrative Claims pursuant to a Final Order of the Bankruptcy Court under section 546(c)(2)(A) of the Bankruptcy Code.

1.3 “Administrative Claims Bar Date” means the deadline for filing proofs or requests for allowance and payment of Administrative Claims, which shall be forty-five (45) days after the Effective Date, unless otherwise ordered by the Bankruptcy Court and except with respect to Professional Claims which shall be subject to the provisions of Article 10.2 hereof.

1.4 “AFA” means the Association of Flight Attendants, International.

1.5 “Affiliate Debtors” means all of the Reorganizing Debtors, other than ATA Holdings Corp.

1.6 “Affiliates” has the meaning given such term by section 101(2) of the Bankruptcy Code.

1.7 “Aircraft Equipment” means an aircraft, aircraft engine, propeller, appliance or spare part (and includes all records and documents relating to such equipment that are required,

under the terms of the security agreement, lease, or conditional sale contract, to be surrendered or returned in connection with the surrender or return of such equipment) that is leased to, subject to a security interest granted by or conditionally sold to, one of the Reorganizing Debtors.

1.8 “Allowed Claim” or “Allowed Interest” means a Claim or any portion thereof, or an Interest or any portion thereof, (a) that has been allowed by a Final Order of the Bankruptcy Court (or such other court or forum as the Reorganizing Debtors and the holder of such Claim or Interest agree may adjudicate such Claim or Interest and objections thereto), or (b) as to which, on or by the Effective Date, (i) no proof of claim or interest has been filed with the Bankruptcy Court and (ii) the liquidated and noncontingent amount of which is Scheduled, other than a Claim or Interest that is Scheduled at zero, in an unknown amount, or as disputed, or (c) for which a proof of claim or interest in a liquidated amount has been timely filed with the Bankruptcy Court pursuant to the Bankruptcy Code, any Final Order of the Bankruptcy Court or other applicable bankruptcy law, and as to which either (i) no objection to its allowance has been filed within the periods of limitation fixed by the Plan, the Bankruptcy Code or by any order of the Bankruptcy Court or (ii) any objection to its allowance has been settled or withdrawn, or has been denied by a Final Order, or (d) that is expressly allowed in a liquidated amount in the Plan. Solely for purposes of Article 5.1, Allowed Claims and Allowed Interests includes Claims and Interests temporarily allowed or estimated by the Bankruptcy Court for purposes of voting regarding the Plan only pursuant to Bankruptcy Rule 3018(a).

1.9 “Allowed Class . . . Claim” or “Allowed Class . . . Interest” means an Allowed Claim or an Allowed Interest in the specified Class.

1.10 “ALPA” means the Air Line Pilots Association, International.

1.11 “ALPA Claim” means the Allowed Class 6 Claim held by ALPA against ATA for the benefit of its members in the amount of \$[128,850,000]. The ALPA Claim was allowed pursuant to the 1113 Compromise.

1.12 “ALPA Option Shares” means the [•] shares of new Holdings Common Stock issuable pursuant to the ALPA Stock Option Plan.

1.13 “ALPA Stock Option Plan” means the Non-Qualified ALPA Stock Option Plan, substantially in the form of Exhibit J. The ALPA Stock Option Plan is proposed by Plan Proponents pursuant to the order of the Bankruptcy Court dated [October \_\_, 2005] approving the 1113 Compromise.

1.14 “Amended and Restated ATSB Loan Agreement” means the amended and restated ATSB Loan Agreement (substantially in the form attached as Exhibit B to this Plan) to be entered into by the Reorganized Debtors to govern the New ATSB Loan Obligations as of the Effective Date. The Amended and Restated ATSB Loan Agreement includes the (a) the Secured Note (as defined in paragraph 2.b. of the ATSB Lenders Settlement Agreement) (the “ATSB Secured Note”), (b) the Amended and Restated Mortgage and Security Agreement (amending and restating the Mortgage and Security Agreement dated as of November 20, 2002), and (c)

such other documents to be executed by one or more of the Reorganized Debtors as provided in the Amended and Restated ATSB Loan Agreement.

1.15 “Articles of Incorporation and Bylaws” means the Articles of Incorporation and Bylaws of the Reorganized Holdings, substantially in the form of Exhibit N.

1.16 “ATA” means ATA Airlines, Inc., an Indiana corporation, debtor-in-possession in Case No. 04-19868 pending in the Bankruptcy Court.

1.17 “ATSB” means the Air Transportation Stabilization Board created pursuant to the Air Transportation Safety and Stabilization Act, P.L. 107-42 (2001) (the “Act”) and the regulations issued by the Office of Management and Budget under the Act, 14 C.F.R. Part 1300, Aviation Disaster Relief – Air Carrier Guarantee Loan Program.

1.18 “ATSB Deficiency Claim” means the Allowed Class 6 Claim held by the ATSB Lenders against ATA in the amount of \$30,564,059.75 which is allowed pursuant to the April 20, 2005 order of the Bankruptcy Court approving the ATSB Lenders Settlement Agreement.

1.19 “ATSB Lenders” means the lenders from time to time (and as of the time relevant to the use of the definition herein) under the ATSB Loan Agreement and the Amended and Restated ATSB Loan Agreement.

1.20 “ATSB Lenders Settlement Agreement” means the ATSB Lenders Settlement Agreement approved by an order of the Bankruptcy Court dated April 20, 2005.

1.21 “ATSB Loan Agreement” means the \$168 million Loan Agreement, dated November 20, 2002, among ATA, as Borrower, Holdings, as Parent, Govco Incorporated, as Primary Tranche A Lender, Citibank, N.A., as Alternate Tranche A Lender, Citicorp North America, Inc., as Govco Administrative Agent, Citibank, N.A., as Tranche B Lender, Bearingpoint, Inc. (formerly KPMG Consulting, Inc.), as Loan Administrator, Citibank, N.A., as Collateral Agent, Citibank, N.A., as Agent and the ATSB, governing the ATSB Loan Claims.

1.22 “ATSB Secured Claim” means the Allowed Class 1 Claim of the ATSB Lenders arising under the ATSB Loan Agreement and allowed as a secured claim under Bankruptcy Code § 506 against ATA pursuant to an April 20, 2005 order of the Bankruptcy Court approving the ATSB Lenders Settlement Agreement after application of all payments made that the parties have agreed as part of the ATSB Lenders Settlement Agreement or otherwise reduce the amount of the ATSB Secured Claim.

1.23 “Avoidance Claims” means Causes of Action against Persons arising under any of sections 502, 510, 541, 542, 543, 544, 545, 547, 548 through 551 and 553 of the Bankruptcy Code, or under similar or related state or federal statutes and common law, including fraudulent transfer laws, whether or not litigation has been commenced as of the Confirmation Date to prosecute such Avoidance Claims.

1.24 “Ballot” means each of the ballot forms that are distributed with the Disclosure Statement to holders of Claims who are included in Classes that are Impaired under the Plan and entitled to vote to accept or reject the Plan.

1.25 “Bankruptcy Code” means the Bankruptcy Reform Act of 1978, as amended and codified in title 11 of the United States Code, 11 U.S.C. §§ 101-1330, as in effect on the date hereof.

1.26 “Bankruptcy Court” means the United States Bankruptcy Court for the Southern District of Indiana, or such other court as may have jurisdiction over the Chapter 11 Cases.

1.27 “Bankruptcy Rules” means the Federal Rules of Bankruptcy Procedure and the Official Bankruptcy Forms, as amended, the Federal Rules of Civil Procedure, as amended, as applicable to the Chapter 11 Cases or proceedings therein, and the Local Rules of the Bankruptcy Court, as applicable to the Chapter 11 Cases or proceedings therein, as the case may be.

1.28 “Bar Date Order” means the order entered by the Bankruptcy Court on December 21, 2004, establishing the Bar Dates.

1.29 “Bar Dates” means the deadlines set by the Bankruptcy Court for filing proofs of claim or interest in the Chapter 11 Cases.

1.30 “Benefit Plans” has the meaning ascribed to it in Article 6.3 hereof.

1.31 “Business Day” means any day, excluding Saturdays, Sundays and “legal holidays” (as defined in Bankruptcy Rule 9006(a)), on which commercial banks are generally open for business in Indianapolis, Indiana.

1.32 “Cargo” means ATA Cargo, Inc., a California corporation, debtor in possession in Case No. 04-19873 pending in the Bankruptcy Court.

1.33 “Cash” means legal tender of the United States of America and equivalents thereof.

1.34 “Causes of Action” means any and all actions, proceedings, causes of action, suits, accounts, controversies, agreements, promises, rights to legal remedies, rights to equitable remedies, rights to payment and claims, rights of offset, whether known, unknown, reduced to judgment, not reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, secured or unsecured and whether asserted or assertable directly or derivatively, in law, equity or otherwise, including Avoidance Claims unless otherwise waived or released by the Reorganizing Debtors or Reorganized Debtors.

1.35 “Chapter 11 Cases” means the chapter 11 cases of the Reorganizing Debtors pending in the Bankruptcy Court and being jointly administered under 04-19866, and the phrase “Chapter 11 Case” when used with reference to a particular Reorganizing Debtor shall mean the particular case under chapter 11 of the Bankruptcy Code commenced by such Reorganizing Debtor in the Bankruptcy Court.

1.36 “Claim” means a claim against one of the Reorganizing Debtors (or all or some of them), whether or not asserted, as defined in section 101(5) of the Bankruptcy Code.

1.37 “Claims Agent” means BMC Group, Inc. which maintains an office at The BMC Group, 1330 E. Franklin Avenue, El Segundo, California 90245.

1.38 “Claims Objection Deadline” means that day which is 120 days after the Effective Date (unless such day is not a Business Day, in which case such deadline shall be the next Business Day thereafter), as the same may be from time to time extended by the Bankruptcy Court, without further notice to parties-in-interest.

1.39 “Class” means a class of Claims or Interests designated pursuant to Sections 1122 and 1123(a)(1) of the Bankruptcy Code and described in Article III of the Plan.

1.40 “Confirmation Date” means the date of entry on the Bankruptcy Court’s docket of the Confirmation Order.

1.41 “Confirmation Hearing” means the hearing before the Bankruptcy Court held to consider confirmation of the Plan and related matters under section 1128 of the Bankruptcy Code, as such hearing may be adjourned or continued from time to time.

1.42 “Confirmation Order” means the order entered by the Bankruptcy Court confirming the Plan pursuant to section 1129 of the Bankruptcy Code.

1.43 “Convenience Distribution” means the lesser of (i) \$\_\_\_\_\_ or (ii) a Pro Rata share of \$\_\_\_\_\_.

1.44 “Creditors’ Committee” means the Official Committee of Unsecured Creditors appointed pursuant to section 1102(a) of the Bankruptcy Code in the Chapter 11 Cases.

1.45 “Cure” means the distribution within the period of time provided in Article 8.3 of the Plan or an order of the Bankruptcy Court of Cash, or such other property as may be agreed upon by the parties or ordered by the Bankruptcy Court, with respect to the assumption (or assumption and assignment) of an executory contract or unexpired lease, pursuant to section 365(b) of the Bankruptcy Code, in an amount equal to all unpaid monetary obligations, without interest, or such other amount as may be agreed upon by the parties, under such executory contract or unexpired lease, to the extent such obligations are enforceable under the Bankruptcy Code and applicable non-bankruptcy law.

1.46 “Disallowed Claim” or “Disallowed Interest” means a Claim or any portion thereof, or an Interest or any portion thereof, that (a) has been disallowed by a Final Order, (b) is Scheduled at zero or as contingent, disputed or unliquidated and as to which a proof of claim or interest bar date has been established but no proof of claim or interest has been timely filed or deemed timely filed with the Bankruptcy Court pursuant to either the Bankruptcy Code or any Final Order of the Bankruptcy Court or otherwise deemed timely filed under applicable law, or (c) is not Scheduled and as to which a proof of claim or interest bar date has been set but no proof of claim or interest has been timely filed or deemed timely filed with the Bankruptcy Court

pursuant to either the Bankruptcy Code or any Final Order of the Bankruptcy Court or otherwise deemed timely filed under applicable law.

1.47 “Disbursing Agent” means the Reorganized Debtors or any Person designated by the Plan Proponents, in their sole discretion, to serve as a disbursing agent under Article 9.3 of the Plan.

1.48 “Disclosure Statement” means the written disclosure statement that relates to this Plan, as approved by the Bankruptcy Court pursuant to section 1125 of the Bankruptcy Code and Bankruptcy Rule 3017, as such disclosure statement may be amended, modified or supplemented from time to time.

1.49 “Disputed Claim” or “Disputed Interest” means a Claim or any portion thereof, or an Interest or any portion thereof, that is neither an Allowed Claim nor a Disallowed Claim, or an Allowed Interest or a Disallowed Interest, as the case may be, and includes, without limitation, Claims or Interests that (a) have not been Scheduled by the Debtors or have been Scheduled at zero, or have been Scheduled as unknown, contingent, unliquidated or disputed, whether or not such Claims or Interests are the subject of a proof of claim or proof of interest in the Bankruptcy Court, (b) are the subject of a proof of claim or interest that differs in nature, amount or priority from the Schedules, or (c) are the subject of an objection filed with the Bankruptcy Court, which has not been withdrawn or overruled by a Final Order of the Bankruptcy Court.

1.50 “Disputed Claim Amount” means (a) if a liquidated amount is set forth in the Proof of Claim relating to a Disputed Claim, (i) the liquidated amount set forth in the Proof of Claim relating to the Disputed Claim; (ii) an amount agreed to by the Reorganizing Debtors and the holder of such Disputed Claim; or (iii) if a request for estimation is filed by the Reorganizing Debtors or the Disbursing Agent, the amount at which such Claim is estimated by the Bankruptcy Court; (b) if no liquidated amount is set forth in the Proof of Claim relating to a Disputed Claim, (i) an amount agreed to in writing by the Reorganizing Debtors and the holder of such Disputed Claim, (ii) the amount estimated by the Bankruptcy Court with respect to such Disputed Claim or (iii) zero, if neither of (i) or (ii) applies; or (c) if the Claim was listed on the Schedules as unliquidated, contingent or disputed and no Proof of Claim was filed, or deemed to have been filed, by the applicable Bar Date and the Claim has not been resolved by written agreement of the parties or an order of the Bankruptcy Court, zero.

1.51 “Disputed Rights Offering List” means the Disputed Claims asserted as General Unsecured Claims that are identified on Exhibit M with respect to the claimants’ Rights Participation Claim Amount for purposes of Article VII of the Plan, which Exhibit will be filed by the Exhibit Filing Date.

1.52 “Distribution Date” means the date, selected by the applicable Reorganized Debtor(s) occurring as soon as practicable after the Effective Date, upon which distributions to holders of Allowed Claims entitled to receive distributions under the Plan shall commence.

1.53 “Distribution Record Date(s)” means the date(s) beginning with the date ten Business Days before the Effective Date as of which date the identities of holders of the Claims will be established for purposes of distributions under the Plan on the Distribution Date and the dates established in the Solicitation Procedures Order on which the identities of holders of Claims will be established for distributions on Periodic Distribution Dates.

1.54 “Effective Date” means the Business Day determined by the Plan Proponents on which all conditions to the consummation of the Plan set forth in Article 12.2 hereof have been either satisfied or waived as provided in Article 12.3 hereof.

1.55 “ERISA” means the Employee Retirement Income Security Act of 1974, as amended.

1.56 “Estates” means the bankruptcy estates of the Reorganizing Debtors created pursuant to section 541 of the Bankruptcy Code.

1.57 [“Exchange Act” means the Securities Exchange Act of 1934 as now in effect or hereafter amended.]

1.58 “Exhibit” means an exhibit annexed or to be annexed to this Plan.

1.59 “Exhibit Filing Date” means the date on which Exhibits to the Plan shall be filed with the Bankruptcy Court, which date shall be no fewer than ten days prior to the Voting Deadline, unless a later date is approved by the Bankruptcy Court.

1.60 “Face Amount” means, (a) when used in reference to a Disputed or Disallowed Claim, the full stated liquidated amount claimed by the holder of a Claim in any proof of claim timely filed with the Bankruptcy Court or otherwise deemed timely filed by any Final Order of the Bankruptcy Court or other applicable bankruptcy law, and (b) when used in reference to an Allowed Claim, the allowed amount of such Claim.

1.61 “Final Order” means an order or judgment, the operation or effect of which has not been stayed, reversed or amended and as to which order or judgment (or any revision, modification or amendment thereof) the time to appeal or seek review or rehearing or move for a new trial has expired and as to which no appeal or petition for review, reargument or rehearing was filed or, if filed, remains pending.

1.62 “Fleet” means Fleet National Bank, as successor-in-interest to Summit Bank.

1.63 “Fleet Secured Claim A” means the Allowed Class 2 Claim held by Fleet, or its assignee or successor in interest, arising from or under that certain \$11.5 million variable rate five-year note dated March [●], 2000, issued by Holdings and allowed pursuant to the Fleet Stipulation as a secured Claim under Bankruptcy Code § 506 against ATA and secured by a lien against that certain Lockheed L-1011-500 aircraft with the tail number N163AT.

1.64 “Fleet Secured Claim B” means the Allowed Class 3 Claim held by Fleet, or its assignee or successor in interest, arising from or under that certain \$11.5 million variable rate

five-year note dated October [●], 2000, issued by Holdings and allowed pursuant to the Fleet Stipulation as a secured claim under Bankruptcy Code § 506 against ATA and secured by a lien against that certain Lockheed L-1011-500 aircraft with the tail number N162AT.

1.65 “Fleet Stipulation” means the Second And Final Stipulation Regarding (A) Payments To Fleet National Bank For Debtors’ Use Of Aircraft Bearing Tail Numbers N162AT And N163AT And (B) Fixing Unsecured Claims filed with the Court and approved by an order dated \_\_\_\_\_.

1.66 “Fleet Unsecured Deficiency Claim” means the Allowed Class 6 Claim in the amount of \$\_\_\_\_\_ allowed as a General Unsecured Claim against ATA pursuant to the Fleet Stipulation.

1.67 “General Unsecured Claim” means a Claim against any, some, or all of the Reorganizing Debtors that is not an Administrative Claim, a New DIP Facility Claim, a Southwest DIP Facility Claim, a Priority Tax Claim, an ATSB Secured Claim, a Fleet Secured Claim A, a Fleet Secured Claim B, an Insured Claim, an Other Secured Claim, an Intercompany Claim, an Other Priority Claim or an Unsecured Convenience Class Claim, and includes, without limitation, Claims against any of the Reorganizing Debtors held by trade creditors, Claims against ATA held by holders of the Old Holdings Unsecured Notes, and Claims against any of the Reorganizing Debtors held by holders of lease and executory contract rejection claims. Also included is the ATSB Deficiency Claim, ALPA Claim, and Fleet Unsecured Deficiency Claim.

1.68 “Holdings” means ATA Holdings Corp., an Indiana corporation, debtor-in-possession in Case No. 04-19866 pending in the Bankruptcy Court.

1.69 “IAMAW” means the International Association of Machinists and Aerospace Workers.

1.70 “Impaired” refers to any Claim or Interest that is impaired within the meaning of section 1124 of the Bankruptcy Code.

1.71 “Indemnification Rights” means any obligations or rights of one or more of the Reorganizing Debtors or Reorganized Debtors to indemnify, reimburse, advance or contribute to the losses, liabilities or expenses of an Indemnitee pursuant to any Reorganizing Debtors’ articles of incorporation, bylaws, or policy of providing employee indemnification, or other applicable law or specific agreement in respect of any claims, demands, suits, causes of action or proceedings against an Indemnitee based upon any act or omission related to an Indemnitee’s service with, for or on behalf of the Reorganizing Debtors.

1.72 “Indemnitee” means all present and former directors, officers, employees, agents or representatives of the Reorganizing Debtors who are entitled to assert Indemnification Rights.

1.73 “Insured Claim” means any Claim to the extent such Claim arises prior to the Petition Date from an incident or occurrence that is covered under any of the Debtors’ insurance policies, but solely to the extent such Claim is covered by such insurance policies.

1.74 “Intercompany Claim” means a Claim by a Reorganizing Debtor against another Reorganizing Debtor.

1.75 “Interest” means, with respect to each Reorganizing Debtor, the rights and interests of the holder of any equity security, including options or warrants to purchase equity securities, stock appreciation rights or other rights to purchase or deliver in exchange for equity securities, including preferred stock, options or warrants to purchase or otherwise acquire the same and any Claims arising out of the purchase and sale of any such securities.

1.76 “Investment Agreement” means that certain Investment and Purchase Agreement, dated as of \_\_\_\_\_, by and among the New Investor, Southwest, and Holdings (substantially in the form attached as Exhibit A to this Plan), as the same may be amended, modified or supplemented from time to time.

1.77 “Leisure” means ATA Leisure Corp., an Indiana corporation, debtor-in-possession in Case No. 04-19870 pending in the Bankruptcy Court.

1.78 “Lien” means a charge against or interest in property to secure payment of a debt or performance of an obligation.

1.79 “Management Incentive Shares” means the [●] share of authorized New Holdings Common Stock issuable pursuant to the Management Stock Option Plan.

1.80 “Management Stock Option Plan” means the Management Stock Option Plan, substantially in the form of Exhibit K.

1.81 “New ATSB Loan Obligations” means the obligations to be undertaken by the Reorganized Debtors under the Amended and Restated ATSB Loan Agreement, including the obligation to pay secured debt in the original principal amount of the ATSB Secured Claim (which reflects reductions by the amount of all cash payments made or to be made on or before the Effective Date that reduce the amount such ATSB Secured Claim, including all Quarterly Payments and the Section 9(m) Payment and excluding payments to Lazard for the benefit of the ATSB Lenders, all (as defined in the ATSB Lenders Settlement Agreement).

1.82 “New Equity Proceeds” means the cash received by the Reorganized Holdings with respect to the sale and issuance of the New Preferred Stock under this Plan, the Investment Agreement and the Rights Offering.

1.83 [“New DIP Agent” means the administrative agent for the New DIP Lenders under the New DIP Credit Agreement.]

1.84 [“New DIP Credit Agreement” means the Secured Superpriority Debtor-In-Possession Credit Agreement, entered into as of [●], among ATA, as borrower, each of the other Reorganizing Debtors, as guarantors, the New DIP Agent, and the New DIP Lenders, which was executed by the Reorganizing Debtors in connection with the New DIP Facility, as such agreement may be amended from time to time in accordance with the terms thereof.]

1.85 [“New DIP Facility” means the debtor-in-possession superpriority secured financing facility provided to the Reorganizing Debtors by the New DIP Lenders pursuant to the New DIP Credit Agreement as authorized by the Bankruptcy Court pursuant to the New DIP Facility Order.]

1.86 [“New DIP Facility Claim” means all Administrative Claims of the New DIP Agent and the New DIP Lenders arising under or pursuant to the New DIP Facility including, without limitation, principal and interest on the New DIP Facility, plus all fees and expenses (including professional fees and expenses) arising under the New DIP Facility.]

1.87 [“New DIP Facility Order” means, collectively, the interim order that was approved by the Bankruptcy Court from the bench on [●] and entered by the Bankruptcy Court on [●], and the final order that was approved by the Bankruptcy Court from the bench on [●] and entered by the Bankruptcy Court on [●], authorizing and approving the New DIP Facility and the agreements related thereto.]

1.88 [“New DIP Lenders” means the lenders from time to time party to the New DIP Credit Agreement.]

1.89 “New Fleet Note A” and “New Fleet Note B” mean the two non-recourse promissory notes issued by ATA in respect of Fleet Secured Claim A and Fleet Secured Claim B, respectively, each in the principal amount of \$1,000,000, with each respective note secured by the collateral and having the terms described in the Fleet Stipulation and substantially in the form attached as Exhibits E and F respectively.

1.90 “New Holdings Common Stock” means the shares of common stock of Reorganized Holdings, authorized under Article 6.4 of the Plan and under the articles of incorporation of Reorganized Holdings. The number of issued and outstanding shares of New Holdings Common Stock as of the Effective Date shall be [●], and the number of authorized shares as of the Effective Date shall be [●].

1.91 “New Holdings Preferred Stock” means the New Preferred Stock of Reorganized Holders authorized under Article 6.4 and the articles of incorporation of the Reorganized Holdings. The numbers of issued and outstanding shares of New Preferred Stock A and New Preferred Stock B as of the Effective Date shall be [●] and [●] respectively, and the numbers of authorized shares of New Preferred Stock A and New Preferred Stock B as of the Effective Date shall be [●] and [●] respectively.

1.92 “New Investor” means \_\_\_\_\_

1.93 “New Preferred Stock” means the New Preferred Stock A and New Preferred Stock B. The New Preferred Stock will be offered, issued and sold pursuant to and under the Plan, 11 U.S.C. §§ 1125(e), 11 U.S.C. § 1145, and section 4(2) of the Securities Act.

1.94 “New Preferred Stock A” means the [●] shares of New Holdings Preferred Stock to be offered, issued, and sold to Southwest pursuant to the Investment Agreement.

1.95 “New Preferred Stock B” means the [•] shares of New Holdings Preferred Stock to be offered, issued and sold to the New Investor, pursuant to the Investment Agreement, and/or to Qualified Holders of Allowed General Unsecured Claims who, pursuant to the Rights Offering, timely and appropriately exercise their Subscription Rights pursuant to Article VII of the Plan.

1.96 “Old Holdings Common Stock” means shares of common stock of Holdings that were authorized, issued and outstanding prior to the Effective Date, and all options, warrants or rights, contractual or otherwise, if any, to acquire any such common stock.

1.97 “Old Holdings Common Stock Interests” means (a) the legal, equitable, contractual and other rights (whether fixed or contingent, matured or unmatured, disputed or undisputed) of any Person with respect to Old Holdings Common Stock or any other equity securities of Holdings other than the Old Holdings Preferred Stock, (b) Subordinated Securities Claims with respect to the Old Holdings Common Stock and (c) the legal, equitable, contractual and other rights, whether fixed or contingent, matured or unmatured, disputed or undisputed, of any Person to purchase, sell, subscribe to, or otherwise acquire or receive (directly or indirectly) Old Holdings Common Stock.

1.98 “Old Holdings Preferred Stock” means, collectively, the Series A Preferred Stock, the Series B Preferred Stock and all options, warrants or rights, contractual or otherwise, if any, to acquire any such preferred stock.

1.99 “Old Holdings Preferred Stock Interests” means (a) the legal, equitable contractual and other rights (whether fixed or contingent, matured or unmatured, disputed or undisputed) of any Person with respect to Old Holdings Preferred Stock, (b) Subordinated Securities Claims with respect to the Old Holdings Preferred Stock, and (c) the legal, equitable, contractual and other rights (whether fixed or contingent, matured or unmatured, disputed or undisputed) of any Person to purchase, sell, subscribe to, or otherwise acquire or receive (directly or indirectly) Old Holdings Preferred Stock.

1.100 “Old Holdings Unsecured Notes” means, collectively, the outstanding 2005 Senior Unsecured Notes, the 2009 Senior Unsecured Notes and the 2010 Senior Unsecured Notes.

1.101 “Ordinary Course Professional Order” means the Bankruptcy Court’s Amended Order Pursuant to 11 U.S.C. §§ 105(a), 327(e) and 331 Authorizing Retention of Professionals Utilized by the Debtors in the Ordinary Course of Business (Docket No. 714).

1.102 “Other Priority Claim” means a Claim entitled to priority pursuant to section 507(a) of the Bankruptcy Code other than a Priority Tax Claim or an Administrative Claim.

1.103 “Other Secured Claim” means any Secured Claim other than the ATSB Secured Claim, Fleet Secured Claim A or Fleet Secured Claim B.

1.104 “Periodic Distribution Dates” means (a) the Distribution Date, as to the first distribution made by the Reorganized Debtors, and (b) thereafter, (i) the first Business Day

occurring ninety (90) days after the Distribution Date and (ii) subsequently, the first Business Day occurring ninety (90) days after the immediately preceding Periodic Distribution Date.

1.105 “Person” means an individual, corporation, partnership, joint venture, association, joint stock company, limited liability company, limited liability partnership, trust, estate, unincorporated organization, governmental unit (as defined in section 101(27) of the Bankruptcy Code), or other entity.

1.106 “Petition Date” means October 26, 2004, the date on which the Reorganizing Debtors filed their petitions for relief in the Bankruptcy Court commencing the Chapter 11 Cases.

1.107 “Plan” means this joint chapter 11 plan for the resolution of outstanding Claims and Interests in the Chapter 11 Cases, as herein proposed by the Plan Proponents, including all Exhibits, supplements, amendments, appendices and schedules hereto, either in their present form or as the same may be later filed or further altered, amended or modified from time to time in accordance with the Bankruptcy Code and Bankruptcy Rules.

1.108 “Plan Proponents” means, collectively, the Reorganizing Debtors before the Effective Date and the Reorganized Debtors after such Effective Date.

1.109 “Post-Confirmation Committee” has the meaning ascribed to it in Article 14.3(b) hereof.

1.110 “Priority Tax Claim” means a Claim entitled to priority pursuant to section 507(a)(8) of the Bankruptcy Code.

1.111 “Pro Rata” means, from time to time, unless the Plan specifically provides otherwise, with respect to Class 6, the proportion that the Face Amount of a General Unsecured Claim bears to the aggregate Face Amount of all General Unsecured Claims (including Disputed Claims, but excluding Disallowed Claims) asserted against any, some, or all of the Reorganizing Debtors or their Estates. For purposes of determining the Pro Rata share of New Holdings Common Stock distributable to a claimant under Article 4.6 with respect to multiple otherwise Allowable Claims (“Multiple Claims”) that are asserted against more than one Reorganizing Debtor arising out of the same primary obligation, facts or circumstances (including any circumstance involving one or more guarantees or co-obligations by one or more Reorganizing Debtors of an obligation of another Reorganizing Debtor) only one of such Multiple Claims shall be allowed as a single Allowed Class 6 Claim in the amount of the unsecured claim otherwise allowable against ATA, if ATA is an obligor with respect to one of such Multiple Claims. If ATA is not an obligor with respect to one of such Multiple Claims, then for purposes of calculating a Pro Rata distribution in Class 6 only one of such Multiple Claims shall be allowed as an Allowed Class 6 Claim in the largest amount of any of such Multiple Claims otherwise allowable. As examples and for purposes of clarifying the foregoing (a) only the ATSB Deficiency Claim, not any Claim held by the ATSB Lenders against any other Reorganizing Debtor who guaranteed or is co-obligated with respect to such ATSB Deficiency Claim, and (b) only the General Unsecured Claims against ATA of the holders of Old Holdings Unsecured

Notes, not any Claims by such holders against any other Reorganizing Debtor who guaranteed or is otherwise co-obligated with respect to such Claims against ATA, shall be allowed as Allowed Class 6 Claims for purposes of determining the Pro Rata share of New Holdings Common Stock to be distributed with respect to such Claimants' Allowed Class 6 Claims. For purposes of calculating a Convenience Class Distribution, Pro Rata means the proportion that the Face Amount of an Unsecured Convenience Class Claim to the aggregate Face Amount of all Unsecured Convenience Class Claims.

1.112 "Pro Rata Share of New Preferred Stock B" means with respect to the Subscription Rights of each Qualified Holder of an Allowed General Unsecured Claim Amount the ratio (expressed as a percentage) of such holder's Rights Participation Claim to the amount of all Qualified Holders' Rights Participation Claim Amounts, determined as of the Subscription Expiration Date.

1.113 "Professional" means those Persons retained in the Chapter 11 Cases by separate Bankruptcy Court orders pursuant to sections 327 and 1103 of the Bankruptcy Code or otherwise; provided, however, that Professional does not include those Persons retained pursuant to the Ordinary Course Professional Order.

1.114 "Professional Claim" means an Administrative Claim of a Professional for compensation for services rendered or reimbursement of costs, expenses or other charges and disbursements incurred, relating to services rendered or expenses incurred after the Petition Date and prior to and including the Effective Date.

1.115 "Professional Fee Orders" means the orders entered by the Bankruptcy Court on December 10, 2004, authorizing the interim payment of Professional Claims.

1.116 "Qualified Holders" means persons who hold Allowed Class 6 Claims and who qualify as of the Subscription Commencement Date as an "accredited investor" as that term is defined in Rule 501 (a) of Regulation D promulgated under the Securities Act with respect to the New Preferred Stock B issuable pursuant to the Rights Offering.

1.117 "Reinstated" or "Reinstatement" means (a) leaving unaltered the legal, equitable and contractual rights to which a Claim entitles the holder of the Claim so as to leave such Claim Unimpaired in accordance with section 1124 of the Bankruptcy Code, or (b) notwithstanding any contractual provision or applicable law that entitles the holder of a Claim to demand or receive accelerated payment of such Claim after the occurrence of a default (i) curing any such default that occurred before or after the Petition Date, other than a default of a kind specified in section 365(b)(2) of the Bankruptcy Code; (ii) reinstating the maturity of such Claim as such maturity existed before such default; (iii) compensating the holder of a Claim for any damages incurred as a result of any reasonable reliance by such holder of a Claim on such contractual provision or such applicable law; and (iv) not otherwise altering the legal, equitable or contractual rights to which such Claim entitles the holder of the Claim; provided, however, that any contractual right that does not pertain to the payment when due of principal and interest on the obligation on which such Claim is based, including, but not limited to, financial covenant ratios, negative pledge covenants, covenants or restrictions on merger or consolidation, "going dark" provisions,

and affirmative covenants regarding corporate existence prohibiting certain transactions or actions contemplated by the Plan, or conditioning such transactions or actions on certain factors, shall not be required to be cured or reinstated in order to accomplish Reinstatement.

1.118 “Release Obligor” has the meaning ascribed to it in Article 11.5 hereof.

1.119 “Released Parties” means, collectively, (i) all officers of each of the Reorganizing Debtors, all members of the boards of directors of each of the Reorganizing Debtors, and all employees of each of the Reorganizing Debtors, in each case, who are or were serving in such capacities from and after the date of the commencement of the Confirmation Hearing and solely with respect to actions taken or omissions by such persons in one or more of such capacities or by virtue of their status or relationships with one or more of the Reorganizing Debtors or other facts or circumstances that might otherwise impose liability upon them arising from such capacities, (ii) the Creditors’ Committee and all members of the Creditors’ Committee in such capacity, (iii) the *[New DIP Agent in its capacity as such, (iv) the New DIP Lenders in their capacities as such]*, (v) Southwest, (vi) the New Investor, (vii) the Reorganizing Debtors, and (viii) with respect to each of the above-named Persons, such Person’s affiliates, principals, employees, agents, officers, directors, professionals, financial advisors, attorneys and other professionals, in their capacities as such.

1.120 “Reorganized . . .” means the applicable Reorganizing Debtor from and after the Effective Date.

1.121 “Reorganized Debtor” or “Reorganized Debtors” means individually each of the Reorganizing Debtors and collectively all Reorganizing Debtors from and after the Effective Date.

1.122 “Restructuring Term Sheet” means the Term Sheet as defined in the 1996-1997 EETC Approval Order.

1.123 “Retained Actions” means all Causes of Action which any Reorganizing Debtor may hold against any Person, including, without limitation, (a) any Causes of Action brought prior to the Confirmation Date, (b) any Causes of Action against any Persons for failure to pay for products or services provided or rendered by the Reorganizing Debtors, (c) any Causes of Action relating to strict enforcement of the Reorganizing Debtors’ intellectual property rights, including patents, copyrights and trademarks, and (d) any Causes of Action seeking the recovery of the Reorganizing Debtors’ or the Reorganized Debtors’ accounts receivable or other receivables or rights to payment created or arising in the ordinary course of the Reorganizing Debtors’ or the Reorganized Debtors’ business. A nonexclusive list of Retained Actions is attached hereto as Exhibit I.

1.124 “Rights Offering” means the offering of shares of New Preferred Stock B to the Qualified Holders of allowed General Unsecured Claims, as described in Article VII.

1.125 “Rights Participation Claim Amount” means:

- a. if Allowed, the amount of each Allowed General Unsecured Claim;

b. if a Claim is on the Disputed Rights Offering List, the amount, if any, of such Claim set forth thereon in the column entitled “Amount”, unless the holder of such Claim has obtained an order of the Bankruptcy Court at least five (5) days prior to the Subscription Expiration Date, otherwise determining the amount of the Claim for purposes of the Rights Offering; and

c. other than in the circumstances described in (a) or (b) above, the Rights Participation Claim Amount shall be zero.

Notwithstanding anything contained herein to the contrary, under no circumstances shall any holder of a General Unsecured Claim that was not timely filed or deemed timely filed have any Rights Participation Claim Amount.

1.126 “Scheduled” means, with respect to any Claim or Interest, the status, priority and amount, if any, of such Claim or Interest as set forth in the Schedules.

1.127 “Schedules” means the schedules of assets and liabilities and the statements of financial affairs filed in the Chapter 11 Cases by the Reorganizing Debtors, as such schedules or statements have been or may be further modified, amended or supplemented from time to time in accordance with Bankruptcy Rule 1009 or orders of the Bankruptcy Court.

1.128 “Secured Claim” means a Claim that is secured by a security interest in or a lien on property in which a Reorganizing Debtor’s Estate has an interest or that is subject to setoff under section 553 of the Bankruptcy Code, to the extent of the value, as of the Effective Date or such other date as is established by the Bankruptcy Court, of such Claim holder’s interest in the applicable Estate’s interest in such property or to the extent of the amount subject to setoff, as applicable, as determined by a Final Order of the Bankruptcy Court pursuant to section 506(a) (and if applicable section 1129(b)) of the Bankruptcy Code, or in the case of setoff, pursuant to section 553 of the Bankruptcy Code, or as otherwise agreed upon in writing by the Debtors and the holder of the Claim.

1.129 “Securities Act” means the Securities Act of 1933, 15 U.S.C. §§ 77c-77aa, as now in effect or hereafter amended.

1.130 “Security” shall have the meaning ascribed to it in section 101(49) of the Bankruptcy Code.

1.131 “Series A Preferred Stock” means shares of Series A Preferred Stock of Holdings that were authorized, issued and outstanding prior to the Effective Date.

1.132 “Series B Preferred Stock” means shares of Series B Preferred Stock of Holdings that were authorized, issued and outstanding prior to the Effective Date.

1.133 “Servicer” has the meaning ascribed to it in Article 6.11 hereof.

1.134 “Solicitation Procedures Order” means the order of the Bankruptcy Court, approved on [●].

1.135 “Southwest” means Southwest Airlines Co., a Texas corporation.

1.136 “Southwest Bid” means the December 15, 2004 “Bid Proposal to Purchase Assets from, Provide a DIP Facility and Exit Facility to, and Codeshare with, ATA Holdings Corp.” agreed to and accepted by Holdings as of December 22, 2004 and approved by an order of the Bankruptcy Court dated December 22, 2004, as amended and modified from time to time.

1.137 “Southwest DIP Credit Agreement” means that certain Secured Debtor-in-Possession Credit and Security Agreement, as amended from time to time, entered into as of December 22, 2004 between Debtors and Southwest.

1.138 “Southwest DIP Facility” means the debtor-in-possession secured financing facility provided to the Debtors by Southwest pursuant to the Southwest DIP Credit Agreement as authorized by the Bankruptcy Court pursuant to the Southwest DIP Facility Order.

1.139 “Southwest DIP Facility Claim” means all Administrative Claims of Southwest arising under or pursuant to the Southwest DIP Facility including, without limitation, principal and interest on the Southwest DIP Facility, plus all fees and expenses (including professional fees and expenses) arising under the Southwest DIP Facility.

1.140 “Southwest DIP Facility Order” means, collectively, the interim order that was approved by the Bankruptcy Court from the bench on [●] and entered by the Bankruptcy Court on December 21, 2004, and the final order that was approved by the Bankruptcy Court from the bench on [●] and entered by the Bankruptcy Court on January 10, 2005, authorizing and approving the Southwest DIP Facility and the agreements related thereto.

1.141 “Southwest Exit Facility” means the Exit Facility committed to by Southwest and described in paragraph C. at page 1 of the Southwest Bid and Annex C thereto.

1.142 “Southwest Exit Facility Security Agreement” means the security agreement to be executed by the Reorganized Debtors as of the Effective Date to secure obligations under the Southwest Secured Note. Southwest Exit Facility Security Agreement will grant a security interest to Southwest in all Collateral (as defined in the DIP Facility Term Sheet attached to the Southwest Bid) securing the Southwest DIP Facility. The Southwest Exit Facility Security Agreement will be substantially in the form attached as Exhibit D.

1.143 “Southwest Exit Facility Secured Note” means a promissory note to be made by Reorganized Holdings payable to Southwest and guaranteed by Reorganized ATA in the principal amount of the Southwest DIP Facility Claim. The Southwest Exit Facility Note will contain all material terms and conditions described in the Exit Facility Term Sheet attached as Annex C to the Southwest Bid. The Southwest Exit Facility Note will be substantially in the form of Plan Exhibit C.

1.144 “Southwest Investment” means \$30 million or such other consideration to be paid by Southwest for the New Preferred Stock A pursuant to Annex \_\_ of the Southwest Bid, as it may be amended and modified from time to time by written agreement between the Reorganizing Debtors and Southwest and approved by the Bankruptcy Court.

1.145 “Subordinated Securities Claim” means a Claim subject to subordination under section 510(b) of the Bankruptcy Code, and any Claim for or that arises from the rescission of a purchase, sale, issuance or offer of a Security of Holdings, or for damages arising from the purchase or sale of such a Security, or for reimbursement, indemnification, or contribution allowed under section 502 of the Bankruptcy Code on account of such Claim.

1.146 “Subscription Commencement Date” means the date Subscription Forms are mailed to holders of General Unsecured Claims.

1.147 “Subscription Expiration Date” means the Voting Deadline, subject to the Reorganizing Debtors’ right to extend such date upon the consent of the New Investor and Creditors’ Committee, and which shall be the final date by which a Qualified Holder of a General Unsecured Claim may elect to subscribe to the Rights Offering.

1.148 “Subscription Form” means the form to be used by a valid Qualified Holder of Subscription Rights to exercise such Subscription Rights, in substantially the form attached as Exhibit L.

1.149 “Subscription Purchase Price” means \$\_\_\_\_\_ multiplied by the number of shares of New Preferred Stock B for which the Qualified Holder of an Allowed General Unsecured Claim subscribes pursuant to Article VII.

1.150 “Subscription Rights” means the non-transferable, non-certificated rights offered to Qualified Holders of Allowed General Unsecured Claims to subscribe for up to an aggregate of [•] shares of New Preferred Stock B on the terms and subject to the conditions set forth in Article VII of the Plan. Each Subscription Right will have an exercise price as set forth in the Plan, and upon exercise and payment, a holder of each such right will receive the number of Shares of New Preferred Stock B to which such holder is entitled under the Rights Offering.

1.151 “Subsidiary Common Stock” means, with respect to each Subsidiary Debtor, shares of common stock of such Subsidiary Debtor that were authorized, issued and outstanding prior to the Effective Date.

1.152 “Subsidiary Debtor(s)” means ATA, Leisure and Cargo.

1.153 “Subsidiary Interests” means the Old Subsidiary Common Stock.

1.154 “TWU” means the Transport Workers Union.

1.155 “Unimpaired” refers to any Claim or Interest which is not Impaired.

1.156 “Unsecured Convenience Class Claim” means any (a) claim that would otherwise be a General Unsecured Claim that is in an amount less than \$\_\_\_\_\_ (subject to such Creditor’s right to opt out of the Unsecured Convenience Class), or (b) an Unsecured Claim in excess of \$\_\_\_\_\_ which the Holder thereof, pursuant to such Holder’s ballot or such other election accepted by the Reorganizing Debtors, elects to reduce to the amount of \$\_\_\_\_\_ and to be treated in the Unsecured Convenience Class, provided, however, that an Unsecured Convenience Class

Claim does not include: (w) a Claim of or on behalf of a former or current employee, officer, director, or independent contractor of any of the Reorganizing Debtors; or (x) a Claim whose Holder opts out of such class.

1.157 “Voting Deadline” means [●] (prevailing Eastern time).

1.158 “Voting Record Date” means [October 21, 2005] the record date for voting on the Plan as established by the Solicitation Procedures Order.

1.159 “503 Deadline” shall have the meaning ascribed to it in Article 10.3 hereof.

1.160 “1113 Compromise” means the compromise between ATA and ALPA regarding the Motion To Reject Collective Bargaining Agreement Pursuant To 11 U.S.C. § 1113 approved by the order of the Bankruptcy Court dated October \_\_, 2005.

1.161 “1996-1997 EETC Aircraft” means the five Boeing 757-200ER aircraft described in Exhibit 1 to the 1996-1997 EETC Approval Order.

1.162 “1996-1997 EETC Aircraft Creditors” means the Aircraft Creditors as defined in the 1996-1997 EETC Approval Order.

1.163 “1996-1997 EETC Approval Order” means the Order Authorizing and Approving Entry into a Restructuring Term Sheet, Amendment to Adequate Protection Stipulation (1996 and 1997 (EETCS), and Related Relief entered on March 21, 2005.

1.164 “2005 Senior Unsecured Notes” means the 9 5/8% Senior Notes of Holdings due in December 2005 issued and outstanding under the Indenture, dated as of December 11, 1998, by and among Amtran, Inc. (n/k/a ATA Holdings Corp.), as issuer, American Trans Air, Inc. (n/k/a ATA Airlines, Inc.), Ambassador Travel Club, Inc., ATA Vacations, Inc. (n/k/a ATA Leisure Corp.), Amber Travel, Inc., American Trans Air Training Corporation, American Trans Air Execujet, Inc. and Amber Air Freight Corporation (n/k/a ATA Cargo, Inc.), as guarantors, and First Security Bank, N.A., as trustee, as supplemented.

1.165 “2009 Senior Unsecured Notes” means those certain Senior Notes of Holdings due 2009 issued and outstanding under the Indenture, dated as of January 30, 2004, among ATA Holdings Corp., as issuer, ATA Airlines, Inc. (f/k/a American Trans Air, Inc.), Ambassador Travel Club, Inc., ATA Leisure Corp. (f/k/a ATA Vacations, Inc.), Amber Travel, Inc., American Trans Air Training Corporation, American Trans Air Execujet, Inc., ATA Cargo, Inc. (f/k/a Amber Air Freight Corporation), and Chicago Express Airlines, Inc., as guarantors and Wells Fargo Bank Northwest, National Association, as trustee.

1.166 “2010 Senior Unsecured Notes” means those certain Senior Notes of Holdings due 2010 issued and outstanding under the Indenture, dated as of January 30, 2004, among ATA Holdings Corp. (f/k/a Amtran, Inc.), as issuer, ATA Airlines, Inc. (f/k/a American Trans Air, Inc.), Ambassador Travel Club, Inc., ATA Leisure Corp. (f/k/a ATA Vacations, Inc.), Amber Travel, Inc., American Trans Air Training Corporation, American Trans Air Execujet, Inc., ATA

Cargo, Inc. (f/k/a Amber Air Freight Corporation), and Chicago Express Airlines, Inc., as guarantors, and Wells Fargo Bank Northwest, National Association, as trustee.

**C. Rules of Interpretation**

For purposes of this Plan, unless otherwise provided herein: (a) whenever from the context it is appropriate, each term, whether stated in the singular or the plural, will include both the singular and the plural; (b) each pronoun stated in the masculine, feminine or neuter includes the masculine, feminine and neuter; (c) unless otherwise provided in this Plan, any reference in this Plan to a contract, instrument, release or other agreement or document being in a particular form or on particular terms and conditions means that such document will be substantially in such form or substantially on such terms and conditions; (d) any reference in this Plan to an existing document or schedule filed or to be filed means such document or schedule, as it may have been or may be amended, modified or supplemented pursuant to this Plan; (e) any reference to an entity as a holder of a Claim or Interest includes that entity's successors and assigns; (f) all references in this Plan to Sections, Articles and Exhibits are references to Sections, Articles and Exhibits of or to this Plan; (g) the words "herein," "hereunder" and "hereto" refer to this Plan in its entirety rather than to a particular portion of this Plan; (h) captions and headings to Articles and Sections are inserted for convenience of reference only and are not intended to be a part of or to affect the interpretation of this Plan; (i) subject to the provisions of any contract, Certificates of Incorporation, By-laws, instrument, release or other agreement or document entered into in connection with this Plan, the rights and obligations arising under this Plan shall be governed by, and construed and enforced in accordance with, federal law, including the Bankruptcy Code and Bankruptcy Rules; and (j) the rules of construction set forth in section 102 of the Bankruptcy Code will apply.

This Plan is the product of extensive discussions and negotiations between and among, *inter alia*, the Reorganizing Debtors, the Creditors' Committee, Southwest, the New DIP Lender, ATSB Lenders, the New Investor and certain other creditors and constituencies. Each of the foregoing was represented by counsel who either (a) participated in the formulation and documentation of, or (b) was afforded the opportunity to review and provide comments on, the Plan, and the documents ancillary thereto. Accordingly, the general rule of contract construction known as "*contra preferentem*" shall not apply to the construction or interpretation of any provision of this Plan, the Disclosure Statement, or any contract, instrument, release, indenture, exhibit, or other agreement or document generated in connection herewith.

**D. Computation of Time**

In computing any period of time prescribed or allowed by the Plan, unless otherwise expressly provided, the provisions of Bankruptcy Rule 9006(a) shall apply. A period described as a number of "days" (as opposed to "Business Days") means calendar days.

**E. References to Monetary Figures**

All references in the Plan to monetary figures shall refer to United States of America currency, unless otherwise expressly provided.

**F. Exhibits**

All Exhibits are incorporated into and are a part of the Plan as if set forth in full herein and, to the extent not annexed hereto, such Exhibits shall be filed with the Bankruptcy Court on or before the Exhibit Filing Date. After the Exhibit Filing Date, copies of Exhibits can be obtained upon written request to Bankruptcy Management Group, Inc. , claims and voting agent to the Reorganizing Debtors or by downloading such exhibits from BMC's website (www.bmccorp.net/ata) or the Court's website (www.insb.uscourts.gov). To the extent any Exhibit is inconsistent with the terms of the Plan, unless otherwise ordered by the Bankruptcy Court, the non-Exhibit portion of the Plan shall control.

**ARTICLE II**

**ADMINISTRATIVE EXPENSES  
AND PRIORITY TAX CLAIMS**

2.1 Administrative Claims. Except as expressly provided in Articles 2.2 through 2.4 below, Administrative Claims shall be paid in full in Cash as soon as practicable after the Effective Date of the Plan. Subject to the provisions of Article X of this Plan, on the first Periodic Distribution Date occurring after the later of (a) the date an Administrative Claim becomes an Allowed Administrative Claim or (b) the date an Administrative Claim becomes payable pursuant to any agreement between the Reorganizing Debtors and the holder of such Administrative Claim, each holder of an Allowed Administrative Claim in the Chapter 11 Cases shall receive, in full satisfaction, settlement, release, and discharge of and in exchange for such Administrative Claim, (i) Cash equal to the unpaid portion of such Allowed Administrative Claim or (ii) such other treatment as to which one or more of the Plan Proponents and the holder of such Claim shall have agreed upon in writing; provided, however, that Allowed Administrative Claims with respect to liabilities incurred by the Reorganizing Debtors in the ordinary course of business during the Chapter 11 Cases shall be paid in the ordinary course of business in accordance with the terms and conditions of any agreements relating thereto.

2.2 [New DIP Facility Claim. On the Effective Date, each holder of an Allowed New DIP Facility Claim shall receive in full satisfaction, settlement, release, and discharge of and in exchange for such Allowed New DIP Facility Claim (i) Cash from the New Equity Proceeds equal to the unpaid portion of such Allowed New DIP Facility Claim or (ii) such other treatment as to which Holdings, and the New DIP Lenders shall have agreed upon in writing.]

2.3 Southwest DIP Facility Claim. On the Effective Date, Southwest as the holder of the Southwest DIP Facility Claim shall receive in full satisfaction, settlement, release, and discharge of and in exchange for such Allowed Southwest DIP Facility Claim the Southwest Exit Facility Secured Note and Southwest Exit Facility Security Agreement. Upon the execution and delivery by the Reorganized Debtors of such Southwest Exit Facility Secured Note (including the guaranty thereof by Reorganized Holdings) and the Southwest Exit Facility Security Agreement, the Southwest Exit Facility will become fully effective.

2.4 Priority Tax Claims. At the sole option of the Plan Proponents, each holder of an Allowed Priority Tax Claim shall be entitled to receive on account of such Priority Tax Claim, in full satisfaction, settlement, release, and discharge of and in exchange for such Priority Tax Claim, (a) equal Cash payments made on the last Business Day of every three-month period following the Effective Date, over a period not exceeding six years after the assessment of the tax on which such Claim is based, totaling the principal amount of such Claim plus simple interest on any outstanding balance from the Effective Date calculated at the interest rate available on ninety (90) day United States Treasuries on the Effective Date, (b) such other treatment agreed to by the holder of an Allowed Priority Tax Claim and the Plan Proponents, provided such treatment is on more favorable terms to the Plan Proponents than the treatment set forth in clause (a) hereof, or (c) payment in full in Cash.

### ARTICLE III

#### CLASSIFICATION OF CLAIMS AND INTERESTS (SUBPLANS)

##### 3.1 Introduction.

a. Pursuant to section 1122 of the Bankruptcy Code, set forth below is a designation of classes of Claims against and Interests in the Reorganizing Debtors. A Claim or Interest is placed in a particular Class for purposes of voting on the Plan and of receiving distributions pursuant to the Plan only to the extent that such Claim or Interest is an Allowed Claim or an Allowed Interest in that Class and such Claim or Interest has not been paid, released or otherwise settled prior to the Effective Date. In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Claims and Priority Tax Claims of the kinds specified in sections 507(a)(1) and 507(a)(8) of the Bankruptcy Code have not been classified, and their treatment is set forth in Article II above.

b. The classification of Claims and Interests for purposes of the distributions to be made under the Plan shall be governed solely by the terms of the Plan. The classifications set forth on the Ballots tendered to or returned by Creditors in connection with voting on the Plan: (a) are set forth on the Ballots solely for purposes of voting to accept or reject the Plan; (b) do not necessarily represent, and in no event shall be deemed to modify or otherwise affect, the actual classification of such Claims under the Plan for distribution purposes; (c) may not be relied upon by any Creditor as representing the actual classification of such Claims under the Plan for distribution purposes; and (d) shall not be binding on the Reorganizing Debtors or the Reorganized Debtors.

##### 3.2 Classification of Claims Against and Interests in the Reorganizing Debtors.

a. *Class 1: ATSB Secured Claim*

Class 1 consists of the ATSB Secured Claim.

b. *Class 2: Fleet Secured Claim A*

Class 2 consists of the Fleet Claim A.

c. *Class 3: Fleet Secured Claim B*

Class 3 consists of the Fleet Claim B.

d. *Class 4: Other Secured Claims*

Class 4 consists of subclasses for each of the Other Secured Claims against any of the Reorganizing Debtors. Each subclass is deemed to be a separate Class for all purposes under the Bankruptcy Code.

e. *Class 5: Other Priority Claims*

Class 5 consists of all Other Priority Claims against any, some or all of the Reorganizing Debtors.

f. *Class 6: General Unsecured Claims*

Class 6 consists of all General Unsecured Claims.

g. *Class 7: Unsecured Convenience Class Claims*

Class 7 consists of all Unsecured Convenience Class Claims.

h. *Class 8: Old Holdings Preferred Stock Interests*

Class 8 consists of all Old Holdings Preferred Stock Interests.

i. *Class 9: Old Holdings Common Stock Interests*

Class 9 consists of all Old Holdings Common Stock Interests.

## ARTICLE IV

### TREATMENT OF CLAIMS AND INTERESTS

4.1 Class 1 - ATSB Secured Claim. ATA shall (i) on or before the earlier of (a) December 31, 2005 and (b) the Effective Date pay to the ATSB Agent for the benefit of the ATSB Lenders \$4,500,000 and (ii) on the Effective Date execute and deliver to the ATSB Agent for the benefit of the ATSB Lenders the Amended and Restated ATSB Loan Agreement (including the ATSB Secured Note, the Amended and Restated Mortgage and Security Agreement, and such other documents provided for therein) in full satisfaction, settlement, release and discharge of and in exchange for the ATSB Secured Claim. The Amended and Restated ATSB Loan Agreement shall govern the terms and conditions of the New ATSB Loan Obligations, and shall contain such terms and conditions as are mutually agreeable to the ATSB Lenders and Reorganized ATA.

4.2 Class 2 - Fleet Secured Claim A. As soon as practicable after the Effective Date, at the election of the Plan Proponents, in full satisfaction, settlement, release and discharge of and in exchange for such Fleet Secured Claim A, holders of the Allowed Fleet Secured Claim A shall receive or retain the New Fleet Note A secured by the security interest provided for under the Fleet Stipulation.

4.3 Class 3 - Fleet Secured Claim B. As soon as practicable after the Effective Date, at the election of the Plan Proponents, in full satisfaction, settlement, release and discharge of and in exchange for such Fleet Secured Claim B, holders of the Allowed Fleet Secured Claim B shall receive or retain the New Fleet Note B secured by the security interest provided for under the Fleet Stipulation.

4.4 Class 4 - Other Secured Claims. As soon as practicable after the Effective Date, at the election of the Reorganizing Debtors, either (a) the Allowed Other Secured Claim shall be Reinstated or (b) the holder of an Allowed Other Secured Claim shall receive, in full satisfaction, settlement, release and discharge of and in exchange for such Other Secured Claim, either (1) the property of the Estates that constitutes collateral for such Allowed Other Secured Claim; or (2) such other treatment as to which the Reorganizing Debtors and the holder of such Allowed Other Secured Claim have agreed upon in writing. The Reorganizing Debtors' failure to object to such Other Secured Claims in their Chapter 11 Cases shall be without prejudice to the Reorganized Debtors' right to contest or otherwise defend against such Claims in the Bankruptcy Court or other appropriate non-bankruptcy forum (at the option of the Reorganized Debtors) when and if such Claims are sought to be enforced by the holder of an Other Secured Claim. However, Other Secured Claims timely filed by the United States shall be deemed allowed unless the Reorganizing Debtors or Reorganized Debtors object thereto. If no objections are filed to such an Other Secured Claim filed by the United States by the Claims Objection Deadline, any such Other Secured Claim is allowed and no final order allowing such Claim is needed.

4.5 Class 5 - Other Priority Claims. Other Priority Claims against the Reorganizing Debtors shall be Unimpaired under the Plan. Except as otherwise provided in and subject to Article 9.8 below, on the first Periodic Distribution Date occurring after the later of (i) the date an Other Priority Claim becomes an Allowed Other Priority Claim or (ii) the date an Other Priority Claim becomes payable pursuant to any agreement between the Plan Proponents and the holder of such Priority Claim, the Disbursing Agent shall deliver to the holder of an Allowed Other Priority Claim, in full satisfaction, settlement, release, and discharge of and in exchange for such Other Priority Claim, (a) Cash equal to the amount of such Allowed Other Priority Claim or (b) such other treatment as to which the Plan Proponents and the holder of such Claim shall have agreed in writing.

4.6 Class 6 - General Unsecured Claims. Except as otherwise provided in and subject to Article 9.8 below, on the first Periodic Distribution Date occurring after the date a General Unsecured Claim becomes an Allowed Class 6 Claim, the Disbursing Agent shall distribute to the holder of such Allowed Class 6 Claim, in full satisfaction, settlement, release, and discharge of and in exchange for such General Unsecured Claim, a Pro Rata Share of the New Holdings Common Stock to be issued and outstanding as of the Effective Date.

4.7 Class 7 - - Unsecured Convenience Class Claims. Except as otherwise provided in Article 9.8 below, on the first Periodic Distribution Date occurring after the date an Unsecured Convenience Claim becomes an Allowed Unsecured Convenience Claim, the Disbursing Agent shall deliver to the holder of such Allowed Unsecured Convenience Claim, in full satisfaction, settlement, release, and discharge of and in exchange for such Allowed Unsecured Convenience Claim, a Convenience Distribution.

4.8 Class 8 - Old Holdings Preferred Stock Interests. Holders of Old Holdings Preferred Stock Interests shall not receive or retain any property under the Plan on account of such Interests. On the Effective Date, all of the Old Holdings Preferred Stock Interests shall be deemed cancelled and extinguished.

4.9 Class 9 - Old Holdings Common Stock Interests. Holders of Old Holdings Common Stock Interests shall not receive or retain any property under the Plan on account of such Interests. On the Effective Date, all of the Old Holdings Common Stock Interests shall be deemed cancelled and extinguished.

## ARTICLE V

### **ACCEPTANCE OR REJECTION OF THE PLAN; EFFECT OF REJECTION BY ONE OR MORE IMPAIRED CLASSES OF CLAIMS OR INTERESTS**

5.1 Impaired Classes of Claims and Interests Entitled to Vote. Except as otherwise provided in Articles 5.3 and 5.4 of the Plan, holders of Allowed Claims or Interests in each Impaired Class of Claims or Interests are entitled to vote as a class to accept or reject the Plan.

5.2 Acceptance by an Impaired Class. Pursuant to section 1126(c) of the Bankruptcy Code and except as provided in section 1126(e) of the Bankruptcy Code, an Impaired Class of Claims has accepted the Plan if the holders of at least two-thirds ( $\frac{2}{3}$ ) in dollar amount and more than one-half ( $\frac{1}{2}$ ) in number of the Allowed Claims of such Class actually voting on the Plan have voted to accept the Plan.

5.3 Presumed Acceptances by Unimpaired Classes. Claims in Class 5 and to the extent any Claims in any Class 4 subclass are Reinstated pursuant to Article 4.4 above, any such Other Secured Claims are Unimpaired by the Plan. Pursuant to section 1126(f) of the Bankruptcy Code and/or the Solicitation Procedures Order, such holders of such Other Secured Claims are conclusively presumed to have accepted the Plan, and the votes of such holders of such Other Secured Claims will not be solicited.

5.4 Classes Deemed to Reject Plan. Holders of Interests in Classes 8 and 9 are not entitled to receive or retain any property under the Plan. Pursuant to section 1126(g) of the Bankruptcy Code, holders of Class 8 and Class 9 Interests are deemed to reject the Plan and the votes of holders of such Interests will not be solicited.

5.5 Summary of Classes Voting on the Plan. As a result of the provisions of Articles 5.3 and 5.4 of this Plan, and except as provided in the second sentence of Article 5.3, the votes of holders of Claims in Classes 1, 2, 3, 4, 6, and 7 will be solicited with respect to this Plan.

5.6 Presumed Acceptances by Classes Entitled to Vote with No Voting Holders. Should no Holder of an Allowed Claim, from a Class of Claims entitled to vote, vote to accept or reject the Plan, such Class will be deemed to accept the Plan.

5.7 Confirmation Pursuant to Section 1129(b) of the Bankruptcy Code. To the extent that any Impaired Class entitled to vote rejects the Plan or is deemed to have rejected the Plan, the Debtors will request confirmation of the Plan, as it may be modified from time to time, under section 1129(b) of the Bankruptcy Code.

## ARTICLE VI

### MEANS FOR IMPLEMENTATION OF THE PLAN

6.1 Continued Corporate Existence. As of the Effective Date, Leisure and Cargo will be merged into ATA pursuant to the Indiana Business Corporation Act and 11 U.S.C. § 1123(c). Each of Holdings and ATA will continue to exist after the Effective Date as a separate corporate entity, with all the powers of a corporation under the applicable laws of Indiana and pursuant to the respective Articles of Incorporation and Bylaws in effect prior to the Effective Date, except to the extent such Articles of Incorporation and Bylaws are amended pursuant to this Plan or as set forth in Exhibit N and this Article VI of the Plan.

#### 6.2 Directors and Officers of the Reorganized Debtors.

a. Except as otherwise provided by written notice filed by Holdings with the Bankruptcy Court on a date that is not less than seven (7) Business Days prior to the Voting Deadline, the senior officers of Reorganized Holdings and ATA as of the Effective Date will be those persons currently serving as the senior officers of Holdings and ATA respectively.

b. On the Effective Date, the term of the current members of the board of directors of each of the Reorganizing Debtors will expire. The initial board of directors of each Reorganized Debtor will consist of such directors as are determined by the New Investor, and Southwest and such other person(s) as provided in the Investment Agreement. Holdings will file with the Bankruptcy Court written notice of the identities of the proposed directors for the Reorganized Debtors not less than seven (7) Business Days prior to the Confirmation Hearing.

6.3 Employment, Retirement, Indemnification and Other Agreements and Incentive Compensation Programs. Subject to (i) Article 8.4 hereof and (ii) where applicable, approval before the Effective Date by ALPA, AFA, TWU and IAMAW, each “employee benefit plan” (as such term is defined in Section 3(3) of ERISA) and other benefit arrangements not subject to ERISA (together, “Benefit Plans”) sponsored by the Reorganizing Debtors shall remain in place, terminate as of the Effective Date, or terminate as of such date not later than 180 days after the Effective Date, as determined by ATA with respect to each such Benefit Plan. Thereafter, each director, officer and employee then employed by the Reorganized Debtors shall participate in

those Benefit Plans sponsored by the Reorganized Debtors and available to directors, officers and employees of ATA.

6.4 Articles of Incorporation and Bylaws. The articles of incorporation and bylaws of the Reorganized Debtors will be amended as may be required in order that they are consistent with the provisions of the Investment Agreement, the Plan and the Bankruptcy Code and will be satisfactory to the New Investor and Southwest, in their sole and absolute discretion. The articles of incorporation of Reorganized Holdings will be amended to, among other purposes, authorize ([●]) shares of New Preferred Stock A [●] Shares of New Preferred Stock B, and [●] shares of New Holdings Common Stock.

6.5 Restructuring Transactions. As of or after the Effective Date, the applicable Reorganized Debtors may enter into such transactions and may take such actions as may be necessary or appropriate to effect a corporate restructuring of their respective businesses, to otherwise simplify the overall corporate structure of the Reorganized Debtors, or to reincorporate certain Affiliate Debtors under the laws of jurisdictions other than the laws of which the applicable Affiliate Debtors are presently incorporated. Such restructuring may include one or more mergers, consolidations, restructures, dispositions, liquidations or dissolutions, as may be determined by the Plan Proponents to be necessary or appropriate (collectively, the “Restructuring Transactions”). The actions to effect the Restructuring Transactions may include (a) the execution and delivery of appropriate agreements or other documents of merger, consolidation, restructuring, disposition, liquidation or dissolution containing terms that are consistent with the terms of the Plan and that satisfy the applicable requirements of applicable state law and such other terms to which the applicable entities may agree; (b) the execution and delivery of appropriate instruments of transfer, assignment, assumption or delegation of any asset, property, right, liability, duty or obligation on terms consistent with the terms of the Plan and having such other terms to which the applicable entities may agree; (c) the filing of appropriate certificates or articles of merger, consolidation or dissolution pursuant to applicable state law; and (d) all other actions that the applicable entities determine to be necessary or appropriate, including making filings or recordings that may be required by applicable state law in connection with such transactions. The Restructuring Transactions may include one or more mergers, consolidations, restructures, dispositions, liquidations or dissolutions, as may be determined by the Plan Proponents to be necessary or appropriate to result in substantially all of the respective assets, properties, rights, liabilities, duties and obligations of certain of the Plan Proponents vesting in one or more surviving, resulting or acquiring corporations. In each case in which the surviving, resulting or acquiring corporation in any such transaction is a successor to a Reorganized Debtor, such surviving, resulting or acquiring corporation will perform the obligations of the applicable Reorganized Debtor pursuant to the Plan to pay or otherwise satisfy the Allowed Claims against such Reorganized Debtors, except as provided in any contract, instrument or other agreement or document effecting a disposition to such surviving, resulting or acquiring corporation, which may provide that another Reorganized Debtor will perform such obligations.

6.6 Corporate Action. Each of the matters provided for under the Plan involving the corporate structure of the Reorganized Debtors or corporate action to be taken by or required of the Reorganizing Debtors will, as of the Effective Date, be deemed to have occurred and be

effective as provided herein, and will be authorized, approved and, to the extent taken prior to the Effective Date, ratified in all respects without any requirement of further action by stockholders, creditors, or directors of the Reorganizing Debtors.

6.7 Management Stock Option Plan and ALPA Stock Option Plan. On the Effective Date, the Management Stock Option Plan and ALPA Stock Option Plan shall become effective. The Management Incentive Shares and ALPA Option Shares shall be reserved from the New Holdings Common Stock for possible later issuance under the Management Stock Option Plan and ALPA Stock Option Plan. The solicitation of votes on the Plan shall be deemed to be a solicitation for approval of the Management Stock Option Plan and ALPA Stock Option Plan by persons who will be entitled to receive and hold New Holdings Common Stock as of the Effective Date.

6.8 Investment Agreement. Subject to the effective exercise of Subscription Rights under the Rights Offering and upon the terms and subject to the conditions set forth in the Investment Agreement, Reorganized Holdings shall issue and deliver (a) to the New Investor the New Preferred Stock B, (b) to Southwest the New Preferred Stock A and (c) pro rata to holders of Allowed Class 6 Claims 100% of the New Holdings Common Stock to be issued as of the Effective Date, free and clear of all liens, encumbrances and security interests, in exchange respectively for (a) New Equity Proceeds, (b) the Southwest Investment and (c) satisfaction of all General Unsecured Claims.

6.9 Preservation of Causes of Action. In accordance with section 1123(b)(3) of the Bankruptcy Code and except as otherwise provided in this Plan, the Reorganized Debtors will retain and may (but are not required to) enforce all Retained Actions and all other similar claims arising under applicable state laws, including, without limitation, fraudulent transfer claims, if any, and all other Causes of Action of a trustee and debtor-in-possession under the Bankruptcy Code. The Reorganizing Debtors or the Reorganized Debtors will determine whether to bring, settle, release, compromise, or enforce such rights (or decline to do any of the foregoing), and will not be required to seek further approval of the Bankruptcy Court for such action. The Reorganized Debtors or any successors may pursue such litigation claims in accordance with the best interests of the Reorganized Debtors or any successors holding such rights of action. A nonexclusive list of the Retained Actions will be filed as Exhibit I hereto on or before the Exhibit Filing Date.

6.10 Other Assumed Obligations. Except as otherwise limited or proscribed in this Plan, all obligations imposed on the Reorganizing Debtors by an order of the Bankruptcy Court approving any agreements or stipulations entered into during the Chapter 11 Cases that are not fully performed by the Effective Date will be assumed obligations of the Reorganized Debtors to the extent such obligations have not been performed.

6.11 Cancellation of Existing Equity Securities and Agreements. On the Effective Date, except as otherwise specifically provided for in the Plan or the Confirmation Order (a) the Old Holdings Common Stock, Old Holdings Preferred Stock, the Old Holdings Unsecured Notes and any other note, bond, indenture, pass through trust agreement, pass through trust certificate, equipment trust certificate guarantee, or other instrument or document directly or indirectly

evidencing or creating any indebtedness or obligation of or ownership interest in the Reorganizing Debtors, except such notes, other instruments or documents evidencing indebtedness or obligations of the Reorganizing Debtors that are Reinstated under the Plan, will be cancelled solely as to the Reorganizing Debtors, and the Reorganizing Debtors shall not have any continuing obligations thereunder, and (b) the obligations of, Claims against, and/or Interests in the Reorganizing Debtors under, relating, or pertaining to any agreements, indentures, certificates of designation, bylaws, or certificate or articles of incorporation or similar documents governing the Old Holdings Common Stock, Old Holdings Preferred Stock, the Old Holdings Unsecured Notes and any other note, bond, indenture, or other instrument or document evidencing or creating any indebtedness or obligation of the Reorganizing Debtors, except such agreements or notes or other instruments evidencing indebtedness or obligations of the Reorganizing Debtors that are Reinstated under the Plan, as the case may be, will be released and discharged; provided, that any such agreement that governs the rights of the holder of a Claim will continue in effect solely for purposes of (i) allowing an indenture trustee, an agent or a servicer (each hereinafter referred to as a “Servicer”) to make the distributions to be made on account of such Claims under the Plan as provided in Article IX of the Plan, (ii) permitting such Servicer to maintain any rights or liens it may have against property other than the Reorganized Debtors’ property for fees, costs, and expenses under such Indenture or other agreement, and (iii) governing the rights and obligations of non-Reorganizing Debtor parties to such agreements, vis-a-vis each other; provided, further, that the preceding proviso will not affect the discharge of Claims against or Interests in the Reorganizing Debtors under the Bankruptcy Code, the Confirmation Order, or this Plan, or result in any expense or liability to the Reorganized Debtors. The Reorganized Debtors will not have any obligations to any Servicer (or to any Disbursing Agent replacing such Servicer) for any fees, costs, or expenses except as expressly provided in Article 9.5 hereof.

6.12 Exclusivity Period. The Reorganizing Debtors will retain the exclusive right to amend or modify the Plan in accordance with the terms hereof, and to solicit acceptances of any amendments to or modifications of the Plan, through and until the Effective Date.

6.13 Substantive Consolidation. The Plan is premised upon the substantive consolidation of the Estates of Holdings, Leisure and Cargo into the Estate of ATA for purposes only of voting, confirmation and distribution. The Plan does not provide for the substantive consolidation of the Estates for any other purpose, nor (except for the merger of Leisure and Cargo into ATA as of the Effective Date) does the Plan provide for the merger of any Reorganizing Debtor entity into another or the transfer or commingling of any asset of any Reorganizing Debtor. Substantive consolidation of the other Estates into the ATA Airline Estate shall not (other than for the purposes set forth in the first sentence of this Article 6.13) (a) affect the legal and corporate structures of the Reorganized Debtors or affect or modify in any way the ownership of any asset of any particular Reorganizing Debtor, (b) cause any Reorganizing Debtor to be liable for any Claim or Unimpaired Claim under the Plan for which it otherwise is not liable and the liability of any Reorganizing Debtor for such Claim shall not be affected by such substantive consolidation, (c) affect Intercompany Claims, or (d) affect Subsidiary Interests. On the Effective Date, (x) the Intercompany Claims shall be Reinstated or discharged and satisfied, at the option of the Reorganized Debtors, (y) except as otherwise expressly provided

for in this Plan, the Interests in the Subsidiary Debtors shall remain outstanding and (z) no distributions shall be made on account of Intercompany Claims or Interests.

6.14 Effectuating Documents; Further Transactions. Each of (a) the Chairman and Chief Executive Officer, (b) the Chief Financial Officer, (c) the Chief Restructuring Officer, and (d) the Senior Vice President, General Counsel and Corporate Secretary of Holdings, or their respective designees, will be authorized to execute, deliver, file, or record such contracts, instruments, releases, indentures, and other agreements or documents, and take such actions as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan. The secretary or assistant secretary of the Reorganizing Debtors will be authorized to certify or attest to any of the foregoing actions.

6.15 Exemption From Certain Transfer Taxes and Recording Fees. Pursuant to section 1146(c) of the Bankruptcy Code, any transfers from a Reorganizing Debtor to a Reorganized Debtor or to any other Person or entity pursuant to the Plan or pursuant to any agreement regarding the transfer of title to or ownership of any of the Reorganizing Debtors' aircraft, in the United States will not be subject to any document recording tax, stamp tax, conveyance fee, intangibles or similar tax, mortgage tax, stamp act, real estate transfer tax, mortgage recording tax, Uniform Commercial Code filing or recording fee, Federal Aviation Administration filing or recording fee or other similar tax or governmental assessment, and the Confirmation Order will direct the appropriate state or local governmental officials or agents to forego the collection of any such tax or governmental assessment and to accept for filing and recordation any of the foregoing instruments or other documents without the payment of any such tax or governmental assessment.

6.16 Section 1145 Exemption. To the maximum extent provided by section 1145 of the Bankruptcy Code and applicable non-bankruptcy laws, the New Holdings Common Stock, the Subscription Rights, the New Holdings Preferred Stock, options granted under the ALPA Stock Option Plan, the ALPA Option Shares, options granted under the Management Stock Option Plan and the Management Incentive Shares issued pursuant to the Plan are exempt from registration under the Securities Act.

## ARTICLE VII

### THE RIGHTS OFFERING

7.1 Issuance of Subscription Rights. Each Qualified Holder of an allowed General Unsecured Claim shall have a Subscription Right entitling such Qualified Holder to subscribe for up to its Pro Rata Share of New Preferred Stock B. An aggregate of \_\_\_\_ shares of New Preferred Stock B will be eligible for purchase in the Rights Offering. Qualified Holders of allowed General Unsecured Claims have the right, but not the obligation, to participate in the Rights Offering as provided herein. If, after the Voting Record Date but at least five (5) Business Days prior to the Subscription Expiration Date, a Qualified Holder of a General Unsecured Claim is permitted to participate in the Rights Offering as a result of a Bankruptcy Court order estimating such Claim for the purpose of determining such holder's Rights Participation Claim Amount, such Qualified Holder shall be permitted to participate in the Rights

Offering to the same extent as a holder of a Rights Participation Claim Amount as of the Voting Record Date.

7.2 Subscription Period. The Rights Offering shall commence on the Subscription Commencement Date and shall expire on the Subscription Expiration Date. Each Qualified Holder of a General Unsecured Claim intending to participate in the Rights Offering must affirmatively elect to exercise its Subscription Right(s) on or prior to the Subscription Expiration Date. After the Subscription Expiration Date, unexercised Subscription Rights shall be treated as acquired by the New Investor and any exercise of such Subscription Rights by any entity other than the New Investor shall be null and void and Holdings/Reorganized Holdings shall not be obligated to honor any such purported exercise received by the Disbursing Agent after the Subscription Expiration Date, regardless of when the documents relating to such exercise were sent.

7.3 Subscription Purchase Price. To purchase shares of Preferred Stock B, a Qualified Holder of Subscription Rights shall pay in Cash the Subscription Purchase Price.

7.4 Exercise of Subscription Rights. In order to exercise the Subscription Rights, each Qualified Holder of a General Unsecured Claim must: (a) return a duly completed Subscription Form and a duly completed Accredited Investor Certification to the Disbursing Agent so that such forms are actually received by the Disbursing Agent on or before the Subscription Expiration Date; and (b) pay to the Disbursing Agent (on behalf of Holdings) on or before the Subscription Expiration Date such holder's Subscription Purchase Price in accordance with the wire instructions set forth on the Subscription Form or by bank or cashier's check delivered to the Disbursing Agent along with the Subscription Form. If, on or prior to the Subscription Expiration Date, the Disbursing Agent for any reason does not receive from a given Qualified Holder of Subscription Rights both a duly completed Subscription Form and a duly completed Accredited Certification, together with immediately available funds in an amount equal to such holder's Subscription Purchase Price, such holder shall be deemed to have relinquished and waived its right to participate in the Rights Offering. The payments made in accordance with the Rights Offering shall be deposited and held by the Disbursing Agent in a trust account, or similarly segregated account or accounts which shall be separate and apart from the Disbursing Agent's general operating funds and any other funds subject to any Lien or any cash collateral arrangements and which segregated account or accounts will be maintained for the purpose of holding the money for administration of the Rights Offering until the Effective Date, or such other later date, at the option of the Reorganized Debtors, but not later than twenty (20) days after the Effective Date. The Disbursing Agent shall not use such funds for any other purpose prior to such date and shall not encumber or permit such funds to be encumbered with any Lien or similar encumbrance. Notwithstanding the foregoing, in order for a Qualified Holder of a General Unsecured Claim that is held in the name of a bank, broker or other nominee, such Qualified Holder must provide its instruction to its bank, broker, or other nominee or to its agent. The bank, broker, or other nominee or its agent, in turn, must then convey the instruction on a master Subscription Form, and arrange for the proper payment either through the Depository Trust Company ("DTC") or, if DTC is unable to act as intermediary for subscription instructions and payments, by following the payment instructions outlined above.

Each Qualified Holder of a General Unsecured Claim may exercise all or any portion of such Qualified Holder's Subscription Rights pursuant to the Subscription Form but the exercise of any Subscription Rights shall be irrevocable. In order to facilitate the exercise of the Subscription Rights, on the Subscription Commencement Date, the Reorganizing Debtors will mail the Subscription Form and an Accredited Investor Certification to each holder of a General Unsecured Claim as of the Voting Record Date together with appropriate instructions for the proper completion, due execution and timely delivery of the Subscription Form, as well as instructions for the payment of the applicable Subscription Purchase Price for that portion of the Subscription Rights sought to be acquired by such holder. As promptly as practicable (and, in any event, not later than ten (10) Business Days) following the Subscription Expiration Date, the Reorganizing Debtors will deliver to each Qualified Holder of a General Unsecured Claim that has sought to exercise its Subscription Rights a written statement specifying the portion of the Subscription Rights that was validly and effectively acquired by such holder giving effect to Article VII hereof. The Reorganizing Debtors, with the consent of the Creditors' Committee, may adopt such additional detailed procedures consistent with the provisions of this Article VII to more efficiently administer the exercise of the Subscription Rights.

7.5 Transfer Restriction; Revocation. The Subscription Rights are not Transferable. Any such Transfer or attempted Transfer will be null and void and the Reorganizing Debtors will not treat any purported transferee as the holder of any Subscription Rights. Once the Qualified Holder of a General Unsecured Claim has properly exercised its Subscription Right, such exercise will not be permitted to be revoked.

7.6 Rights Backstop Purchaser. Any shares of the New Preferred Stock B not subscribed for pursuant to the Rights Offering shall be purchased by the New Investor pursuant to the Investment Agreement.

7.7 Recalculation as of the Subscription Expiration Date. The Pro Rata Share of New Preferred Stock B shall be recalculated on the Subscription Expiration Date to account for any subsequent allowances or disallowances, as applicable, of General Unsecured Claims and each properly exercising Qualified Holder of a General Unsecured Claim under the Rights Offering shall only be entitled to purchase the amount so calculated on such date and any amounts paid by such holders in excess of the amount authorized to be purchased shall be refunded, without interest, as soon as practicable after the Effective Date.

7.8 Distribution of the New Preferred Stock B. On, or as soon as reasonably practicable after, the Effective Date, the Disbursing Agent shall distribute the shares of New Preferred Stock B purchased by each Qualified Holder of a General Unsecured Claim that has properly exercised its Subscription Rights to such holder and to the New Investor.

7.9 Disputed Claims. For all purposes of this Article VII, each Qualified Holder of a General Unsecured Claim is entitled to participate in the Rights offering solely to the extent of its Rights Participation Claim Amount, if any.

7.10 Subsequent Adjustments. If, as a result of subsequent allowances of General Unsecured Claims for purposes of participating in the Rights Offering, more than all of the New

Preferred Stock B subject to the Rights Offering have been subscribed for as a result of the exercise of the Subscription Rights, the shares of New Preferred Stock B otherwise issuable to each properly exercising Qualified Holder of a General Unsecured Claim shall be reduced on a pro rata basis. The difference between the price actually paid by such exercising holder and the amount of the Subscription Purchase Price with respect to the shares of New Preferred Stock B that such Qualified Holder is entitled to acquire after giving effect to the foregoing cut back, if any, shall be refunded, without interest, as soon as reasonably practicable after the Effective Date.

7.11 No Interest. In the event all or any portion of the Subscription Purchase Price is repaid to the entity making such payment, no interest shall be paid thereon.

7.12 Validity of Exercise of Subscription Rights. All questions concerning the timeliness, validity, form and eligibility of any exercise of Subscription Rights shall be determined by the Plan Proponents in consultation with the New Investor and Creditors' Committee, whose good faith determinations shall be final and binding. The Plan Proponents, in their discretion reasonably exercised in good faith in consultation with the New Investor and Creditors' Committee, may waive any defect or irregularity, or permit a defect or irregularity to be corrected within such times as they may determine, or reject the purported exercise of any Subscription Rights. Subscription Forms shall be deemed not to have been received or accepted until all irregularities have been waived or cured within such time as the Plan Proponents determine in their discretion reasonably exercised in good faith. The Plan Proponents in consultation with the New Investor and the Creditors' Committee will use commercially reasonable efforts to give notice to any Qualified Holder of a General Unsecured Claim regarding any defect or irregularity in connection with any purported exercise of Subscription Rights by such Qualified Holder and, with the consent of the New Investor and Creditors' Committee, may permit such defect or irregularity to be cured within such time as they may determine in good faith to be appropriate; provided, however, that neither the Plan Proponents nor the Disbursing Agent shall incur any liability for failure to give such notification.

## ARTICLE VIII

### UNEXPIRED LEASES AND EXECUTORY CONTRACTS

8.1 Assumed Contracts And Leases. Except as otherwise provided in the Plan, or in any contract, instrument, release, indenture or other agreement or document entered into in connection with the Plan, each executory contract and unexpired lease listed on Exhibit G shall be deemed automatically assumed in accordance with the provisions and requirements of sections 365 and 1123 of the Bankruptcy Code as of the Effective Date unless such contract or lease (i) shall have been previously assumed or rejected by the Reorganizing Debtors by order of the Bankruptcy Court, (ii) shall have previously expired or terminated pursuant to its own terms, or (iii) is the subject of a motion to reject pending on or before the Effective Date. Notwithstanding the foregoing or any other provision of this Plan, if the amount and the timing for payment of Cure with respect to a lease or executory contract is not established on or before fifteen (15) Business Days before the Effective Date by agreement between the Reorganizing Debtors and the counterparty to such lease or executory contract or an order of the Bankruptcy

Court in an amount and manner that is satisfactory to the Plan Proponents, then such Plan Proponents reserve the right to reject any such lease or executory contract by a motion filed with the Bankruptcy Court on or before five (5) Business Days before the Effective Date. Except as limited above, entry of the Confirmation Order by the Bankruptcy Court shall constitute approval of such assumptions pursuant to sections 365 and 1123 of the Bankruptcy Code. Each executory contract and unexpired lease assumed pursuant to this Article 8.1 shall vest in and be fully enforceable by the applicable Reorganized Debtor in accordance with its terms, except as modified by the provisions of this Plan, any order of the Bankruptcy Court authorizing or providing for its assumption or applicable federal law.

8.2 1996-1997 EETC Transactions. ATA shall retain the use of the 1996-1997 Aircraft in accordance with the terms of the Restructuring Term Sheet as approved by the 1996-1997 Approval Order. On the Effective Date, (i) each of the 1996-1997 EETC Original Leases shall be rejected, (ii) the 1996-1997 EETC Original Leases shall be deemed terminated, (iii) the 1996-1997 EETC Aircraft shall be deemed constructively returned to the 1996-1997 EETC Aircraft Creditors, and (iv) the applicable indenture trustees will direct the existing lessors or their newly formed special purpose entities to concurrently therewith enter into new leases of the 1996-1997 EETC Aircraft with ATA. Such new leases will contain the terms described in the Restructuring Term Sheet. Holdings will guaranty the obligations of ATA arising from such new leases.

8.3 Payments Related To Assumption Of Contracts And Leases. The provisions (if any) of each executory contract and unexpired lease to be assumed under the Plan which are or may be in default shall be satisfied solely by Cure. In the event of a dispute regarding (a) the nature or amount of any Cure, (b) the ability of any Reorganized Debtor or any assignee to provide "adequate assurance of future performance" (within the meaning of section 365 of the Bankruptcy Code) under the contract or lease to be assumed, or (c) any other matter pertaining to assumption, Cure shall occur as soon as practicable following the entry of a Final Order resolving the dispute and approving the assumption or assumption and assignment, as the case may be.

8.4 Rejected Contracts And Leases. Except with respect to executory contracts and unexpired leases that are listed on Exhibit G, have previously been assumed or rejected or are the subject of a motion to assume or reject filed, or a notice of assumption or rejection served, pursuant to order of the Bankruptcy Court, on or before the Effective Date, all executory contracts and unexpired leases shall be deemed automatically rejected as of the Effective Date or such earlier date as the Debtors may have unequivocally terminated their performance under such lease or contract; provided, however, that neither the exclusion nor inclusion of a contract or lease by the Debtors on Exhibit G or Exhibit H hereto, nor anything contained herein, shall constitute an admission by the Reorganizing Debtors that any such lease or contract is an unexpired lease or executory contract or that any Reorganizing Debtor, or its respective Affiliates, has any liability thereunder. The Confirmation Order shall constitute an order of the Bankruptcy Court approving the assumptions and rejections contemplated herein, pursuant to sections 365 and 1123 of the Bankruptcy Code. The Reorganizing Debtors reserve the right to (a) file a motion on or before the Confirmation Date to assume or reject any executory contract or unexpired lease and (b) modify or supplement Exhibit G or Exhibit H hereto at any time prior

to the Effective Date, including, without limitation, the right to add any executory contract or unexpired lease to, or delete any executory contract or unexpired lease from, Exhibit G or Exhibit H hereto. The effective date of rejection for executory contracts or unexpired leases may be later than the Effective Date of the Plan; provided, that the Reorganizing Debtors shall provide notice of the effective date of rejection to the applicable counterparty.

8.5 Rejection Damages Bar Date. If the rejection by a Reorganizing Debtor, pursuant to the Plan or otherwise, of an executory contract or unexpired lease results in a Claim, then such Claim shall be forever barred and shall not be enforceable against either the Reorganizing Debtors or the Reorganized Debtors or the properties of any of such parties unless a proof of claim is filed with the Claims Agent and served upon counsel to the Reorganizing Debtors and the Creditors' Committee or the Post-Confirmation Committee, as applicable, within thirty (30) days after service of the earlier of (a) notice of the Confirmation Order, or (b) other notice that the executory contract or unexpired lease has been rejected.

8.6 Contracts and Leases Not Listed on Exhibits G or H. Except as otherwise provided in the Plan, or in any contract, instrument, release, indenture or other agreement or document entered into in connection with the Plan, any executory contract or unexpired lease not listed on either Exhibit G or Exhibit H shall be deemed automatically rejected in accordance with the provisions and requirements of sections 365 and 1123 of the Bankruptcy Code as of the Effective Date unless such contract or lease (i) shall have been previously assumed or rejected by the Reorganizing Debtors by order of the Bankruptcy Court, (ii) shall have previously expired or terminated pursuant to its own terms, or (iii) is the subject of a motion to assume or reject pending on or before the Effective Date.

8.7 Amended ALPA Agreement. Pursuant to the 1113 Compromise, Reorganized ATA shall assume the ALPA Agreement as amended pursuant to the 1113 Compromise as of the Effective Date.

8.8 Other Collective Bargaining Contracts. Except to the extent ATA has filed a motion to reject the collective bargaining agreement pursuant to Bankruptcy Code § 1113 on or before the Voting Deadline, ATA shall assume the collective bargaining agreements (as they may have been amended or modified) with AFA, IAM and TWU.

## ARTICLE IX

### PROVISIONS GOVERNING DISTRIBUTIONS

9.1 Time of Distributions. Except as otherwise provided for herein or ordered by the Bankruptcy Court, distributions under the Plan shall be made on a Periodic Distribution Date.

9.2 No Interest on Claims. Unless otherwise specifically provided for in the Plan, 11 U.S.C. § 506 (b), the Confirmation Order, [*the New DIP Credit Agreement*] or a postpetition agreement in writing between the Reorganizing Debtors and a holder of a Claim, postpetition interest shall not accrue or be paid on Claims, and no holder of a Claim shall be entitled to interest accruing on or after the Petition Date on any Claim or right. Additionally, and without

limiting the foregoing, interest shall not accrue or be paid on any Disputed Claim in respect of the period from the Effective Date to the date a final distribution is made when and if such Disputed Claim becomes an Allowed Claim. Provided, however, that nothing in this Article 9.2 shall constitute a waiver by an agency or entity of the United States to assert the right to receive postpetition interest with respect to any Administrative Claims.

9.3 Disbursing Agent. The Disbursing Agent shall make all distributions required under this Plan except with respect to a holder of a Claim whose distribution is governed by an agreement and is administered by a Servicer, which distributions shall be deposited with the appropriate Servicer, who shall deliver such distributions to the holders of Claims in accordance with the provisions of this Plan and the terms of the governing agreement; provided, however, that if any such Servicer is unable to make such distributions, the Disbursing Agent, with the cooperation of such Servicer, shall make such distributions.

9.4 Cancellation of Securities or Instruments As to Reorganized Debtors. As of the Effective Date, each instrument evidencing a Claim (a "Certificate") shall be cancelled solely with respect to the Reorganized Debtors and such cancellation shall not alter the obligations or rights of any non-Reorganizing Debtor third parties vis-a-vis one another to such instruments; provided, however, that this Article 9.4 shall not apply to any Claims Reinstated pursuant to the terms of the Plan.

9.5 Services of Indenture Trustees, Agents and Servicers. The services, with respect to consummation of the Plan, of Servicers under the relevant agreements that govern the rights of holders of Claims shall be as set forth elsewhere in this Plan, and the Reorganized Debtors shall reimburse any Servicer for reasonable and necessary services performed by it (including reasonable attorneys' fees) as contemplated by, and in accordance with, this Plan, without the need for the filing of an application with, or approval by, the Bankruptcy Court.

9.6 Claims Administration Responsibility.

a. The Reorganizing Debtors and Reorganized Debtors will retain responsibility for administering, disputing, objecting to, compromising, or otherwise resolving all Claims against and Interests in the Reorganizing Debtors.

b. Unless otherwise extended by the Bankruptcy Court, any objections to Claims shall be served and filed on or before the Claims Objection Deadline. Notwithstanding any authority to the contrary, an objection to a Claim shall be deemed properly served on the holder of a Claim if the Reorganizing Debtors or the Reorganized Debtors effect service in any of the following manners: (i) in accordance with Federal Rule of Civil Procedure 4, as modified and made applicable by Bankruptcy Rule 7004; (ii) to the extent counsel for the holder of a Claim is unknown, by first class mail, postage prepaid, on the signatory on the proof of claim or interest or other representative identified on the proof of claim or any attachment thereto; or (iii) by first class mail, postage prepaid, on any counsel that has appeared on behalf of the holder of a Claim in the Chapter 11 Cases.

c. Any Claim determined and liquidated pursuant to (i) an order of the Bankruptcy Court, or (ii) applicable non-bankruptcy law (which determination has not been stayed, reversed or amended and as to which determination (or any revision, modification or amendment thereof) the time to appeal or seek review or rehearing has expired and as to which no appeal or petition for review or rehearing was filed or, if filed, remains pending) shall be deemed, to the extent applicable, an Allowed Claim in such liquidated amount and satisfied in accordance with the Plan (provided that, to the extent a Claim is an Allowed Insured Claim, such Allowed Claim shall be paid from the insurance proceeds available to satisfy such liquidated amount). Nothing contained in this Article 9.6 shall constitute or be deemed a waiver of any claim, right, or Cause of Action that the Reorganizing Debtors or the Reorganized Debtors may have against any Person in connection with or arising out of any Claim or Claims, including, without limitation, any rights under section 157(b) of title 28 of the United States Code.

9.7 Delivery of Distributions. Distributions to holders of Allowed Claims shall be made by the Disbursing Agent or the appropriate Servicer (a) at the addresses set forth on the proofs of claim filed by such holders of Claims (or at the last known addresses of such holders of Claims if no proof of claim is filed or if the Reorganizing Debtors have been notified in writing of a change of address), (b) at the addresses set forth in any written notices of a change of address delivered to the Disbursing Agent after the date of any related proof of claim, (c) at the addresses reflected in the Schedules if no proof of claim has been filed and the Disbursing Agent has not received a written notice of a change of address, or (d) in the case of a holder of a Claim whose Claim is governed by an agreement and administered by a Servicer, at the addresses contained in the official records of such Servicer. If any distribution to a holder of a Claim is returned as undeliverable, no further distributions to such holder of a Claim shall be made unless and until the Disbursing Agent or the appropriate Servicer is notified of the then-current address of such holder of a Claim, at which time all missed distributions shall be made to such holder of a Claim without interest. Amounts in respect of undeliverable distributions shall be returned to the Reorganized Debtors until such distributions are claimed. All funds or other undeliverable distributions returned to the Reorganized Debtors and not claimed within six (6) months of return shall be distributed to the other creditors of the Class of which the creditor to whom the distribution was originally made is a member in accordance with the provisions of the Plan applicable to distributions to that Class. If, at the conclusion of distributions to a particular Class under the Plan and after consultation with the Post-Confirmation Committee (solely with respect to General Unsecured Claims), the Reorganized Debtors reasonably determine that any remaining distributions allocated for such class are immaterial and would thus be too impractical to distribute or would be of no benefit to its respective distributees, any such remaining distributions will revert to the Reorganized Debtors. Upon such reversion, the Claim of any Claim holder or its successor with respect to such property shall be discharged and forever barred notwithstanding any federal or state escheat laws to the contrary.

9.8 Procedures for Treating and Resolving Disputed and Contingent Claims.

a. **No Distributions Pending Allowance.** No payments or distributions will be made with respect to all or any portion of a Disputed Claim unless and until all objections to such Disputed Claim have been settled or withdrawn or have been determined by a Final Order, and the Disputed Claim has become an Allowed Claim. All objections to Claims must be filed

on or before the Claims Objection Deadline. Distribution with respect to Allowed Claims of each individual agency of the United States shall be made in accordance with the terms of the Plan as soon as all of the Claims of that individual agency are resolved.

b. **Distribution Reserve.** Prior to making any distributions to holders of General Unsecured Claims, the Disbursing Agent shall establish an appropriate Distribution Reserve for Disputed General Unsecured Claims to withhold from any such distributions 100% of distributions to which holders of Disputed General Unsecured Claims would be entitled under the Plan as of such date if such Disputed General Unsecured Claims were Allowed Claims in their Disputed Claim Amount. Notwithstanding the foregoing, the Disbursing Agent shall have the right to request estimation of any Disputed General Unsecured Claim and authority from the Bankruptcy Court to withhold less than 100% of the Disputed Claim Amount of any Disputed General Unsecured Claims from distributions to holders of Allowed General Unsecured Claims. The holder of a Disputed General Unsecured Claim shall not be entitled to receive or recover any amount in excess of the amount provided in the Distribution Reserve to pay such Claim. The Disbursing Agent shall also establish appropriate reserves for Disputed Claims in other Classes, as it determines are necessary and appropriate.

c. **Distributions After Allowance.** On each Periodic Distribution Date, the Disbursing Agent will make distributions from the Distribution Reserve (a) on account of any Disputed General Unsecured Claim that has become an Allowed General Unsecured Claim during the time period since the immediately-preceding Periodic Distribution Date and (b) on account of previously Allowed General Unsecured Claims, of property that would have been distributed to the holders of such Claims on the dates distributions were previously made to holders of Allowed General Unsecured Claims had the Disputed General Unsecured Claims that have become Allowed General Unsecured Claims been Allowed on such dates. Such distributions will be made pursuant to the provisions of the Plan governing Class 6.

9.9 **Withholding and Reporting Requirements.** In connection with the Plan and all instruments issued in connection therewith and distributions thereunder, the Reorganizing Debtors and Reorganized Debtors shall comply with all withholding and reporting requirements imposed by any federal, state, local, or foreign taxing authority, and all distributions hereunder shall be subject to any such withholding and reporting requirements. The Reorganizing Debtors and Reorganized Debtors shall be authorized to take any and all actions that may be necessary or appropriate to comply with such withholding and reporting requirements. Notwithstanding any other provision of the Plan, (i) each holder of an Allowed Claim or Allowed Interest that is to receive a distribution under the Plan shall have sole and exclusive responsibility for the satisfaction and payment of any tax obligations imposed by any governmental unit, including income, withholding and other tax obligations, on account of such distribution, and (ii) no distribution shall be made to or on behalf of such holder pursuant to the Plan unless and until such holder has made arrangements satisfactory to the Reorganized Debtors for the payment and satisfaction of such tax obligations or has, to the Reorganized Debtors' satisfaction, established an exemption therefrom. Any distribution to be distributed pursuant to the Plan shall, pending implementation of such arrangements, be treated as undeliverable pursuant to Article 9.7 hereof.

9.10 Fractional Securities; Fractional Dollars. Any other provision of the Plan notwithstanding, payments of fractions of shares of any equity securities to be distributed under the Plan will not be made and shall be rounded (up or down) to the nearest whole number, with fractions equal to or less than  $\frac{1}{2}$  being rounded down. Any other provision of this Plan notwithstanding, neither the Reorganized Debtors nor the Disbursing Agent or Servicer shall be required to make distributions or payments of fractions of dollars. Whenever any payment of a fraction of a dollar under this Plan would otherwise be called for, the actual payment shall reflect a rounding of such fraction to the nearest whole dollar (up or down), with half dollars or less being rounded down.

9.11 Surrender of Canceled instruments or Securities.

a. As a condition precedent to receiving any distribution pursuant to the Plan on account of an Allowed Claim evidenced by Old Holdings Unsecured Notes, other notes, instruments, securities or other documentation canceled with respect to the Reorganizing Debtors pursuant to Article 9.4, the holder of such Claim must tender, as specified in this Article 9.11, the applicable notes, instruments, securities or other documentation that evidence such Claim to the Disbursing Agent, together with any letter of transmittal required by such Disbursing Agent. Except as provided in b. below, all such notes, instruments, securities or other documentation will be marked as canceled with respect to the Reorganizing Debtors and will be held by the Disbursing Agent. Pending such surrender, any distributions pursuant to the Plan on account of such Claim will be treated as an undeliverable distribution pursuant to Article 9.7.

b. Except as provided in Article 9.11.c. for lost, stolen, mutilated or destroyed Old Holdings Unsecured Notes, each holder of an Old Holdings Unsecured Note must tender the applicable Old Holdings Unsecured Notes to the Disbursing Agent in accordance with a letter of transmittal to be provided to such holders by the Disbursing Agent as promptly as practicable following the Effective Date. The letter of transmittal will include, among other provisions, customary provisions with respect to the authority of the holder of the applicable Old Holdings Unsecured Notes to act and the authenticity of any signatures required thereon. The Disbursing Agent will hold the Old Holdings Unsecured Notes until (a) the effective date of a chapter 11 plan confirmed for the Liquidating Debtors has occurred, (b) the bankruptcy cases of all Liquidating Debtors are dismissed or otherwise terminated and (c) any nondebtor obligors or guarantors have been dissolved or made final distribution to their creditors, at which time the disbursing Agent will mark the Old Holdings Unsecured Notes as fully canceled and transfer the Old Holdings Unsecured Notes to the Reorganized Debtors.

c. Any holder of a Claim based upon an Old Holdings Unsecured Note with respect to which the underlying Old Holdings Secured Note has been lost, stolen, mutilated or destroyed must, in lieu of surrendering such Old Holdings Unsecured Note, deliver to the Disbursing Agent: (a) evidence satisfactory to the Disbursing Agent of the loss, theft, mutilation or destruction and (b) such security or indemnity as may be required by the Disbursing Agent to hold the Disbursing Agent and the Reorganizing Debtors and Reorganized Debtors, as applicable, harmless from any damages, liabilities or costs incurred in treating such individual as a holder of an Old Holdings Unsecured Note. Upon compliance with this Article 9.11 c. by a holder of a Claim based upon an Old Holdings Unsecured Note, such holder will, for all

purposes under the Plan, be deemed to have surrendered the applicable Old Holdings Unsecured Note.

d. Any holder of a claim based upon an Old Holdings Unsecured Note that fails to surrender or be deemed to have surrendered the applicable Old Holdings Unsecured Notes within two years after the Effective Date will have its right to distributions pursuant to the Plan on account of such Old Holdings Unsecured Note deemed satisfied and will be forever barred from asserting any such Claim against the Reorganized Debtors or their respective property. In such case, any New Holdings Common Stock held for distribution on account of such claim based upon and Old Holdings Unsecured Note will be treated pursuant to the provisions set forth in Article 9.8.

## ARTICLE X

### ALLOWANCE AND PAYMENT OF CERTAIN ADMINISTRATIVE CLAIMS

#### 10.1 [New DIP Facility Claims.

a. *As of the Effective Date, the remaining obligations of the Debtors under the New DIP Facility shall be paid in full by Holdings in Cash from the New Equity Proceeds or otherwise satisfied in a manner acceptable to the New DIP Lenders. Upon compliance with the foregoing, all liens and security interests granted to secure the New DIP Facility Claim shall be satisfied, cancelled and shall be of no further force or effect.*

b. *As of the Effective Date, the Reorganized Debtors shall execute and deliver to Southwest the Southwest Exit Facility Secured Note, Southwest Exit Facility Security Agreement and all instruments and documents provided for therein. Upon compliance with the foregoing, the Southwest DIP Facility Claim shall be satisfied, cancelled and shall be of no further force or effect.]*

#### 10.2 Professional Claims.

a. **Final Fee Applications.** All final requests for payment of Professional Claims must be filed no later than sixty (60) days after the Effective Date. After notice and a hearing in accordance with the procedures established by the Bankruptcy Code and prior orders of the Bankruptcy Court, the allowed amounts of such Professional Claims shall be determined by the Bankruptcy Court.

b. **Payment of Interim Amounts.** Subject to the terms of the Professional Fee Order, on the Effective Date, the Reorganizing Debtors or Reorganized Debtors shall pay all amounts owing to Professionals for all outstanding amounts payable relating to prior periods through the Effective Date. In order to receive payment on the Effective Date for unbilled fees and expenses incurred through such date, the Professionals shall estimate fees and expenses due for periods that have not been billed as of the Effective Date and shall deliver such estimate to the Reorganizing Debtors, counsel for the Reorganizing Debtors, and the Creditors' Committee. Within forty-five (45) days after the Effective Date, a Professional receiving payment for the estimated period shall submit a detailed invoice covering such period in the manner and

providing the detail as set forth in the Professional Fee Order. Should the estimated payment received by any Professional exceed the actual fees and expenses for such period, this excess amount will be credited against amounts retained by the Reorganizing Debtors as a holdback on payments of Professional Claims for such Professional pursuant to the Professional Fee Order or, if such amount is insufficient, disgorged by such Professional.

c. Upon the Effective Date, any requirement that Professionals comply with sections 327 through 331 of the Bankruptcy Code in seeking retention or compensation for services rendered after such date will terminate, and the Reorganized Debtors will employ and pay Professionals in the ordinary course of business.

**10.3 Substantial Contribution Compensation and Expenses Bar Date.** Any Person who requests compensation or expense reimbursement for making a substantial contribution in the Chapter 11 Cases pursuant to sections 503(b)(3), (4), and (5) of the Bankruptcy Code must file an application with the clerk of the Bankruptcy Court, on or before the forty-fifth (45th) day after the Effective Date (the “503 Deadline”), and serve such application on counsel for the Reorganizing Debtors and the Creditors’ Committee and as otherwise required by the Bankruptcy Court and the Bankruptcy Code on or before the 503 Deadline, or be forever barred from seeking such compensation or expense reimbursement.

**10.4 Other Administrative Claims.** All other requests for payment of an Administrative Claim (other than as set forth in Articles 10.2 and 10.3 of this Plan and subject to the final sentence of this Article 10.4) must be filed, with the Claims Agent and served on counsel for the Reorganizing Debtors, and the Post-Confirmation Committee no later than forty-five (45) days after the Effective Date. Any request for payment of an Administrative Claim pursuant to this Article 10.4 that is not timely filed and served shall be disallowed automatically without the need for any objection from the Reorganizing Debtors or the Reorganized Debtors. The Reorganized Debtors may settle an Administrative Claim without further Bankruptcy Court approval. Unless the Reorganizing Debtors or the Reorganized Debtors object to an Administrative Claim by the Claims Objection Deadline, such Administrative Claim shall be deemed allowed in the amount requested. In the event that the Debtors or the Reorganized Debtors object to an Administrative Claim, the Bankruptcy Court shall determine the allowed amount of such Administrative Claim. Notwithstanding the foregoing, no request for payment of an Administrative Claim need be filed with respect to an Administrative Claim which is (i) for goods or services (including wages, salaries, commissions, and trade payables) paid or payable by the Reorganizing Debtors in the ordinary course of business, or (ii) previously has been Allowed by Final Order of the Bankruptcy Court. Provided, however, that nothing in this Article 10.4 shall constitute a waiver by the United States of any right it may have to assert that any statute or regulation precludes judicial review of the validity or amount of any Administrative Claim filed or asserted by the United States.

## ARTICLE XI

### EFFECT OF THE PLAN ON CLAIMS AND INTERESTS

11.1 Revesting of Assets. Except as otherwise explicitly provided in this Plan, on the Effective Date all property comprising the Estates (excluding property that has been abandoned pursuant to an order of the Bankruptcy Court) shall revert in each of the Reorganizing Debtors that owned such property or interest in property as of the Effective Date, free and clear of all Claims, liens, charges, encumbrances, rights and Interests of creditors and equity security holders (other than as expressly provided herein). As of the Effective Date, the Reorganized Debtors may operate their business and use, acquire, and dispose of property and settle and compromise Claims or Interests without supervision of the Bankruptcy Court, free of any restrictions of the Bankruptcy Code or Bankruptcy Rules, other than those restrictions expressly imposed by the Plan and Confirmation Order.

11.2 Discharge of the Reorganizing Debtors. Pursuant to section 1141(d) of the Bankruptcy Code, except as otherwise specifically provided in this Plan or in the Confirmation Order, the distributions and rights that are provided in this Plan shall be in complete satisfaction, discharge, and release, effective as of the Confirmation Date (but subject to the occurrence of the Effective Date), of Claims, whether known or unknown, against, liabilities of, liens on, obligations of, rights against, and Interests in the Reorganizing Debtors or any of their assets or properties, regardless of whether any property shall have been distributed or retained pursuant to the Plan on account of such Claims, rights, and Interests, including, but not limited to, demands and liabilities that arose before the Confirmation Date, any liability (including withdrawal liability) to the extent such Claims relate to services performed by employees of the Debtors prior to the Petition Date and that arise from a termination of employment or a termination of any employee or retiree benefit program regardless of whether such termination occurred prior to or after the Confirmation Date, and all debts of the kind specified in sections 502(g), 502(h) or 502(i) of the Bankruptcy Code, in each case whether or not (a) a proof of claim or interest based upon such debt, right, or Interest is filed or deemed filed under section 501 of the Bankruptcy Code, (b) a Claim or Interest based upon such debt, right, or Interest is allowed under section 502 of the Bankruptcy Code, or (c) the holder of such a Claim, right, or Interest accepted the Plan. The Confirmation Order shall be a judicial determination of the discharge of all liabilities of and Interests in the Reorganizing Debtors, subject to the Effective Date occurring. Solely with respect to the United States (which term shall include for the purposes of this Plan, all agencies of the United States), the discharge provisions set forth in this Article 11.2 shall not operate to expand the Reorganizing Debtors' discharge rights beyond those established by the Bankruptcy Code. The discharge provisions set forth in this Article 11.2 are not intended and shall not be construed, to bar the United States from pursuing any police or regulatory action against the Reorganizing Debtors or Reorganized Debtors.

11.3 Compromises and Settlements. In accordance with Article 9.6 of this Plan, pursuant to Bankruptcy Rule 9019(a), without further order of the Bankruptcy Court, the Reorganizing Debtors may compromise and settle various (a) Claims against them and (b) Causes of Action that they have against other Persons. The Reorganizing Debtors expressly reserve the right to compromise and settle Claims against them and claims that they may have

against other Persons up to and including the Effective Date. After the Effective Date, such right shall pass to the Reorganized Debtors as contemplated in Article 11.1 of this Plan.

#### 11.4 Releases by Debtors.

a. Pursuant to section 1123(b)(3) of the Bankruptcy Code, effective as of the Effective Date, each Reorganizing Debtor, in its individual capacity and as a debtor-in-possession, for and on behalf of its Estate, shall release and discharge and be deemed to have released and discharged all Released Parties for and from any and all Causes of Action existing as of the Effective Date in any manner arising from, based on or relating to, in whole or in part, the Reorganizing Debtors, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in the Plan, the business or contractual arrangements between any Reorganizing Debtor or any Released Party, the restructuring of Claims and Interests prior to or in the Chapter 11 Cases, or any act, omission, occurrence or event in any manner related to any such Claims, Interests, restructuring or the Chapter 11 Cases. Notwithstanding the foregoing, nothing in this Plan releases or shall be deemed to release any of the Reorganizing Debtors, the New Investor, or Southwest or their respective Affiliates from their obligations under the Investment Agreement or the transactions contemplated thereby or to release Southwest from the Southwest Bid (including the Codeshare Agreement and other agreements executed pursuant to the Southwest Bid) or other contracts between Reorganizing Debtors and Southwest.

b. No provision of this Plan or of the Confirmation Order, including, without limitation, any release or exculpation provision, shall modify, release or otherwise limit the liability of any Person not specifically released hereunder, including, without limitation, any Person that is a co-obligor or joint tortfeasor of a Released Party or that otherwise is liable under theories of vicarious or other derivative liability.

c. The Reorganized Debtors and any newly-formed entities that will be continuing the Debtors' businesses after the Effective Date shall be bound, to the same extent the Reorganizing Debtors are bound, by all of the releases set forth above.

11.5 Releases by Holders of Claims and Interests. On the Effective Date each Person that votes to accept the Plan, to the fullest extent permissible under applicable law, in consideration for the obligations of the Reorganizing Debtors and the Reorganized Debtors under the Plan and other contracts, instruments, releases, agreements or documents to be delivered in connection with the Plan (each a "Release Obligor"), shall have conclusively, absolutely, unconditionally, irrevocably and forever, released and discharged each Released Party from any Cause of Action existing as of the Effective Date arising from, based on or relating to, in whole or in part, the subject matter of, or the transaction or event giving rise to, the Claim or Interest of such Release Obligor, and any act, omission, occurrence or event in any manner related to such subject matter, transaction or obligation; provided, however, that this Article 11.5 shall not release any Released Party from any Cause of Action existing as of the Effective Date, based on (i) the Internal Revenue Code or other domestic state, city or municipal tax code, (ii) the environmental laws of the United States or any domestic state, city or municipality, or (iii) any criminal laws of the United States or any domestic state, city or municipality.

11.6 Setoffs. The Reorganizing Debtors may, but shall not be required to, set off against any Claim, and the payments or other distributions to be made pursuant to the Plan in respect of such Claim, claims of any nature whatsoever that the Debtors may have against the holder of such Claim; but neither the failure to do so nor the allowance of any Claim hereunder shall constitute a waiver or release by the Debtors or the Reorganized Debtors of any such claim that the Reorganizing Debtors or the Reorganized Debtors may have against the holder of such Claim.

11.7 Satisfaction of Subordination Rights. All Claims against the Reorganizing Debtors and all rights and claims between or among the holders of Claims relating in any manner whatsoever to distributions on account of Claims against the Reorganizing Debtors, based upon any subordination rights, whether asserted or unasserted, legal or equitable, shall be deemed satisfied by the distributions under the Plan to the holders of Claims having such subordination rights, and such subordination rights shall be deemed waived, released, discharged, and terminated as of the Effective Date. Distributions to the various Classes of Claims hereunder shall not be subject to levy, garnishment, attachment, or like legal process by the holder of any Claim by reason of any subordination rights or otherwise, so that each holder of a Claim shall have and receive the benefit of the distributions in the manner set forth in the Plan.

11.8 Exculpation and Limitation of Liability. Except as otherwise specifically provided in this Plan (including Article 11.5), the Reorganizing Debtors, the Reorganized Debtors, the Creditors' Committee, the members of the Creditors' Committee in their capacities as such, the DIP Lenders, Southwest, the New Investor, any of such parties' respective present or former members, officers, directors, employees, advisors, attorneys, representatives, financial advisors (including Jefferies), investment bankers, or agents and any of such parties' successors and assigns, shall not have or incur, and are hereby released from, any claim, obligation, Cause of Action, or liability to one another or to any holder of a Claim or an Interest, or any other party-in-interest, or any of their respective agents, employees, representatives, financial advisors, attorneys or Affiliates, or any of their successors or assigns, for any act or omission in connection with, relating to, or arising out of the Reorganizing Debtors' Chapter 11 Cases, negotiation and filing of the Plan, filing the Chapter 11 Cases, the pursuit of confirmation of the Plan, the consummation of the Plan, the administration of the Plan or the property to be distributed under the Plan, except for their willful misconduct, and in all respects shall be entitled to reasonably rely upon the advice of counsel with respect to their duties and responsibilities under the Plan. Notwithstanding the foregoing, nothing in this Plan releases or shall be deemed to release the Reorganizing Debtors, the Reorganized Debtors, the New Investor, Southwest or their respective Affiliates from their obligations under the Investment Agreement or the transactions contemplated thereby or to release Southwest from the Southwest Bid (including the Codeshare Agreement and other agreements executed pursuant to the Southwest Bid) or other contracts between Reorganizing Debtors and Southwest.

11.9 Indemnification Obligations. Except as specifically provided in this Plan, in satisfaction and compromise of the Indemnitees' Indemnification Rights, all Indemnification Rights, except (i) those based upon any act or omission arising out of or relating to any Indemnitee's service with, for, or on behalf of the Reorganizing Debtors on or after the Petition Date, and (ii) those held by Persons who served during the Chapter 11 Cases as the Reorganizing

Debtors' respective officers, directors, or employees and/or serve in such capacities (or similar capacities) after the Effective Date, shall be released and discharged on and as of the Effective Date; provided that the Indemnification Rights excepted in subparts (i) and (ii) shall remain in full force and effect on and after the Effective Date and shall not be modified, reduced, discharged, or otherwise affected in any way by the Chapter 11 Cases.

11.10 Injunction. The satisfaction, release, and discharge pursuant to this Article XI shall act as an injunction against any Person commencing or continuing any action, employment of process, or act to collect, offset, or recover any Claim or Cause of Action satisfied, released, or discharged under this Plan to the fullest extent authorized or provided by the Bankruptcy Code, including, without limitation, to the extent provided for or authorized by sections 524 and 1141 thereof. Notwithstanding the foregoing, nothing in this Plan shall enjoin or otherwise impair any right of setoff and/or recoupment that the United States may otherwise have or be construed to preclude the United States from pursuing any regulatory or police action against any Reorganizing Debtor or Reorganized Debtor.

## ARTICLE XII

### CONDITIONS PRECEDENT

12.1 Conditions to Confirmation. The following are conditions precedent to confirmation of the Plan that may be satisfied or waived in accordance with Article 12.3 of the Plan:

a. The Bankruptcy Court shall have approved a disclosure statement with respect to the Plan in form and substance acceptable to the Reorganizing Debtors, the New Investor, and Southwest, with the consent of the Creditors' Committee not to be unreasonably withheld.

b. The Confirmation Order shall be in form and substance reasonably acceptable to the Reorganizing Debtors, the Creditors' Committee, the New Investor, and Southwest.

12.2 Conditions to Consummation. The Effective Date shall occur on or prior to [ ], 2006, unless such date is extended by the Reorganizing Debtors, the New Investor, and Southwest, with the consent of the Creditors' Committee not to be unreasonably withheld. The following are conditions precedent to the occurrence of the Effective Date, each of which may be satisfied or waived in accordance with Article 12.3 of the Plan:

a. The Bankruptcy Court shall have entered one or more orders (which may include the Confirmation Order) authorizing the assumption or rejection of unexpired leases and executory contracts (as the case may be) by the Reorganizing Debtors as contemplated by Article 8.1 hereof.

b. The Reorganizing Debtors, the New Investor, and Southwest shall have executed the Investment Agreement, which shall remain in full force and effect.

c. All conditions precedent to the closing of the Investment Agreement shall have been satisfied or waived in accordance with the terms thereof and the closing of the Investment Agreement shall have occurred.

d. The Confirmation Order shall have been entered by the Bankruptcy Court and shall remain unstayed.

e. The Confirmation Date shall have occurred.

f. The documents effectuating the New DIP Facility shall have been executed and delivered by the Reorganizing Debtors, the New DIP Agent and the New DIP Lenders, and such documents shall remain in full force and effect. All conditions precedent to the closing of the New DIP Facility shall have been satisfied or waived in accordance with the terms thereof, and the closing of the New DIP Facility shall have occurred.

g. All other actions, documents, consents and agreements necessary to implement the Plan shall have been effected, obtained and/or executed.

12.3 Waiver of Conditions to Confirmation or Consummation. The conditions set forth in Articles 12.1, and 12.2 of the Plan may be waived by the Reorganizing Debtors, such waiver to be acceptable to the New Investor and Southwest in their sole and absolute discretion, (and with the consent of the Creditors' Committee not to be unreasonably withheld) without any notice to parties-in-interest or the Bankruptcy Court and without a hearing. The failure to satisfy or waive any condition to the Confirmation Date or the Effective Date may be asserted by the Reorganizing Debtors in their sole discretion regardless of the circumstances giving rise to the failure of such condition to be satisfied (including any action or inaction by the Reorganizing Debtors in their sole discretion). The failure of the Reorganizing Debtors in their sole discretion to exercise any of the foregoing rights shall not be deemed a waiver of any other rights, and each such right shall be deemed an ongoing right, which may be asserted at any time.

## ARTICLE XIII

### RETENTION OF JURISDICTION

13.1 Pursuant to sections 105(a) and 1142 of the Bankruptcy Code, the Bankruptcy Court shall have exclusive jurisdiction of all matters arising out of, and related to, the Chapter 11 Cases and the Plan, including, among others, the following matters:

a. to hear and determine pending motions for (i) the assumption or rejection or (ii) the assumption and assignment of executory contracts or unexpired leases to which the Reorganizing Debtors are a party or with respect to which the Reorganizing Debtors may be liable, and to hear and determine the allowance of Claims resulting therefrom including the amount of Cure, if any, required to be paid;

b. to adjudicate any and all adversary proceedings, applications, and contested matters that may be commenced or maintained pursuant to the Chapter 11 Cases or the

Plan, proceedings to adjudicate the allowance of Disputed Claims and Disputed Interests, and all controversies and issues arising from or relating to any of the foregoing;

c. to adjudicate any and all disputes arising from or relating to the distribution or retention of the New Holdings Common Stock, New Holdings Preferred Stock, or other consideration under the Plan;

d. to ensure that distributions to holders of Allowed Claims and holders of Allowed Interests are accomplished as provided herein;

e. to hear and determine any and all objections to the allowance of Claims and Interests and the estimation of Claims, both before and after the Confirmation Date, including any objections to the classification of any Claim or Interest, and to allow or disallow any Claim or Interest, in whole or in part;

f. to enter and implement such orders as may be appropriate if the Confirmation Order is for any reason stayed, revoked, modified, or vacated;

g. to issue orders in aid of execution, implementation, or consummation of the Plan;

h. to consider any modifications of the Plan, to cure any defect or omission, or to reconcile any inconsistency in any order of the Bankruptcy Court, including, without limitation, the Confirmation Order;

i. to hear and determine all applications for compensation and reimbursement of Professional Claims under the Plan or under sections 330, 331, 503(b), 1103, and 1129(a)(4) of the Bankruptcy Code;

j. to determine requests for the payment of Claims entitled to priority under section 507(a)(1) of the Bankruptcy Code, including compensation of and reimbursement of expenses of parties entitled thereto;

k. to hear and determine disputes arising in connection with the interpretation, implementation, or enforcement of the Plan, the Confirmation Order, including disputes arising under agreements, documents, or instruments executed in connection with this Plan;

l. to hear and determine all suits or adversary proceedings to recover assets of the Debtors and property of their Estates, wherever located;

m. to hear and determine matters concerning state, local, and federal taxes in accordance with sections 346, 505, and 1146 of the Bankruptcy Code;

n. to hear any other matter not inconsistent with the Bankruptcy Code;

- o. to hear and determine all disputes involving the existence, nature, or scope of the Reorganizing Debtors' discharge, including any dispute relating to any liability arising out of the termination of employment or the termination of any employee or retiree benefit program, regardless of whether such termination occurred prior to or after the Effective Date;
- p. to enter a final decree closing the Chapter 11 Cases; and
- q. to enforce all orders previously entered by the Bankruptcy Court.

Unless otherwise specifically provided herein or in a prior order of the Bankruptcy Court, the Bankruptcy Court shall have exclusive jurisdiction to hear and determine disputes concerning Claims, Interests and Retained Actions. Notwithstanding the foregoing, the Reorganizing Debtors and any party may agree in writing that the jurisdiction of the Bankruptcy Court, as delineated in Article XII, shall not be exclusive, but concurrent with other courts of competent jurisdiction.

## ARTICLE XIV

### MISCELLANEOUS PROVISIONS

14.1 Binding Effect. The Plan shall be binding upon and inure to the benefit of the Debtors, the Reorganized Debtors, the New Investor, Southwest, all present and former holders of Claims and Interests, other parties-in-interest and their respective heirs, successors, and assigns.

14.2 Modification and Amendments. The Plan Proponents may alter, amend, or modify the Plan or any Exhibits thereto under section 1127(a) of the Bankruptcy Code at any time prior to the Confirmation Hearing. After the Confirmation Date and prior to substantial consummation of the Plan as defined in section 1101(2) of the Bankruptcy Code, the Plan Proponents may, under section 1127(b) of the Bankruptcy Code, institute proceedings in the Bankruptcy Court to remedy any defect or omission or reconcile any inconsistencies in the Plan, the Disclosure Statement, or the Confirmation Order, and such matters as may be necessary to carry out the purposes and effects of the Plan.

#### 14.3 Committees.

a. **Dissolution of Creditors' Committee.** Effective on the Effective Date, the Creditors' Committee and any other committee appointed in the Chapter 11 Cases shall dissolve automatically as official committees appointed in the Chapter 11 Cases (but shall except to the extent provided by some other order of the Bankruptcy Court remain intact in the chapter 11 cases of the Liquidating Debtors), whereupon its members, professionals, and agents shall be released from any further duties and responsibilities in the Chapter 11 Cases and under the Bankruptcy Code, except with respect to applications for Professional Claims or reimbursement of expenses incurred as a member of the Creditors' Committee and any motions or other actions seeking enforcement or implementation of the provisions of this Plan or the Confirmation Order.

b. **Post-Confirmation Committee.** On the Effective Date, there shall be formed a Post-Confirmation Committee (the "Post-Confirmation Committee") with its duties

limited to: overseeing the General Unsecured Claims reconciliation and settlement process conducted by or on behalf of the Reorganized Debtors; formulating with the Reorganized Debtors appropriate procedures for the settlement of General Unsecured Claims; overseeing the distributions to the holders of General Unsecured Claims under the Plan; to appear before and be heard by the Bankruptcy Court and other courts of competent jurisdiction in connection with the above limited duties; and such other matters as may be agreed upon between the Plan Proponents and the Post-Confirmation Committee or specified in this Plan. The Post-Confirmation Committee shall consist of not less than three (3) nor more than five (5) members to be appointed by the Creditors' Committee and may adopt by-laws governing its conduct. For so long as the General Unsecured Claims reconciliation process shall continue, the Reorganized Debtors shall make regular reports to the Post-Confirmation Committee as and when the Reorganized Debtors and the Post-Confirmation Committee may reasonably agree upon. The Post-Confirmation Committee may employ, without further order of the Court, professionals to assist it in carrying out its duties as limited above, including any professionals retained in these Reorganization Cases, and the Reorganized Debtors shall pay the reasonable costs and expenses of the Post-Confirmation Committee, including reasonable professional fees, in the ordinary course without further order of the Court.

#### 14.4 Revocation, Withdrawal, or Non-Consummation.

a. **Right to Revoke or Withdraw.** The Reorganizing Debtors reserve the right to revoke or withdraw the Plan at any time prior to the Effective Date.

b. **Effect of Withdrawal, Revocation, or Non-Consummation.** If the Plan Proponents revoke or withdraw the Plan prior to the Effective Date, or if the Confirmation Date or the Effective Date does not occur, then the Plan, any settlement, or compromise embodied in the Plan (including the fixing or limiting to an amount certain any Claim or Interest or Class of Claims or Interests), the assumption or rejection of executory contracts or unexpired leases effected by the Plan, and any document or agreement executed pursuant to the Plan shall be null and void. In such event, nothing contained herein, and no acts taken in preparation for consummation of the Plan, shall be deemed to constitute a waiver or release of any Claims by or against or Interests in the Reorganizing Debtors or any other Person, to prejudice in any manner the rights of the Reorganizing Debtors or any Person in any further proceedings involving the Reorganizing Debtors, or to constitute an admission of any sort by the Debtors or any other Person.

14.5 Notices. Any notice required or permitted to be provided to the Reorganizing Debtors, the New Investor, Southwest, or the Creditors' Committee under the Plan shall be in writing and served by (a) certified mail, return receipt requested, (b) hand delivery, or (c) overnight delivery service, to be addressed as follows:

If to the Reorganizing Debtors:

ATA Holdings Corp.  
7337 Washington Street  
Indianapolis, IN 46231  
Attention: General Counsel

with a copy to:

Baker & Daniels  
300 North Meridian Street, Suite 2700  
Indianapolis, Indiana 46204  
Attention: James M. Carr, Esq.

If to the Creditors' Committee:

John Hancock Funds  
101 Huntington Avenue  
Boston, Massachusetts 02199-7603  
Attention: Arthur Calavritinos

Flying Food Group, LLC  
212 North Sangamon Street - Suite 1-A  
Chicago, Illinois 60601  
Attention: David Cotton

with a copy to:

Akin Gump Strauss Hauer & Feld LLP  
590 Madison Avenue  
New York, New York 10022  
Attention: Lisa Beckerman

If to the New Investor :

[\_\_\_\_\_]

with a copy to:

[\_\_\_\_\_]

If to the Southwest

Southwest Airlines Co.  
P.O. Box 36611  
2702 Love Field Drive  
Dallas, Texas 75235  
Attention: Laura Wright

with a copy to:

Bell, Boyd & Lloyd LLC  
70 W. Madison St., 3100  
Chicago, IL 60602  
Attention: David F. Heroy

14.6 Allocation of Plan Distributions Between Principal and Interest. To the extent that any Allowed Claim entitled to a distribution under the Plan is composed of indebtedness and accrued but unpaid interest thereon, such distribution shall, to the extent permitted by applicable law, be allocated for United States federal income tax purposes to the principal amount of the Claim first and then, to the extent the consideration exceeds the principal amount of the Claim, to the portion of the Claim representing accrued but unpaid interest.

14.7 Term of Injunctions or Stays. Unless otherwise provided herein or in the Confirmation Order, all injunctions or stays provided for in the Chapter 11 Cases under sections 105 or 362 of the Bankruptcy Code or otherwise, and extant on the Confirmation Date, shall remain in full force and effect until the Effective Date; provided, however, that any injunctions or stays related to any interest in property that has not reverted with the Reorganizing Debtors as of the Effective Date shall remain in full force and effect beyond the Effective Date until such time as such property reverts in the Reorganizing Debtors in accordance with Article 11.1 of the Plan.

14.8 Governing Law. Unless a rule of law or procedure is supplied by federal law (including the Bankruptcy Code and Bankruptcy Rules) or unless otherwise specifically stated, the laws of the State of Indiana shall govern the construction and implementation of the Plan, any agreements, documents, and instruments executed in connection with the Plan (except as otherwise set forth in those agreements, in which case the governing law of such agreement shall control). Corporate governance matters shall be governed by the laws of the state of incorporation of the applicable Reorganizing Debtor.

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Dated: Indianapolis, Indiana  
September 30, 2005

ATA HOLDINGS CORP.  
ATA AIRLINES, INC.,  
DEBTORS AND DEBTORS-IN-POSSESSION

By: John G. Denison  
John G. Denison  
Chairman and Chief Executive Officer  
ATA Holdings Corp.  
And authorized signatory for  
each of the other Reorganizing Debtors

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Terry E. Hall  
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ATTORNEYS FOR: ATA HOLDINGS CORP., ATA AIRLINES, INC., ATA LEISURE  
CORP., ATA CARGO, INC. - REORGANIZING DEBTORS REORGANIZING DEBTORS

**PLAN EXHIBIT A**

**INVESTMENT AGREEMENT**

**TO BE FILED ON OR BEFORE  
THE EXHIBIT FILING DATE**

**PLAN EXHIBIT B**

**AMENDED AND RESTATED ATSB LOAN AGREEMENT**

**TO BE FILED ON OR BEFORE  
THE EXHIBIT FILING DATE**

**PLAN EXHIBIT C**

**SOUTHWEST EXIT FACILITY SECURED NOTE**

**TO BE FILED ON OR BEFORE  
THE EXHIBIT FILING DATE**

**PLAN EXHIBIT D**

**SOUTHWEST EXIT FACILITY SECURITY AGREEMENT**

**TO BE FILED ON OR BEFORE  
THE EXHIBIT FILING DATE**

**PLAN EXHIBIT E**

NEW FLEET NOTE A

**TO BE FILED ON OR BEFORE  
THE EXHIBIT FILING DATE**

**PLAN EXHIBIT F**

NEW FLEET NOTE B

**TO BE FILED ON OR BEFORE  
THE EXHIBIT FILING DATE**

**PLAN EXHIBIT G**

**NONEXCLUSIVE SCHEDULE OF REJECTED EXECUTORY CONTRACTS  
AND UNEXPIRED LEASES**

**TO BE FILED ON OR BEFORE  
THE EXHIBIT FILING DATE**

**PLAN EXHIBIT H**

**EXCLUSIVE SCHEDULE OF REJECTED  
EXECUTORY CONTRACTS AND UNEXPIRED LEASES**

**TO BE FILED ON OR BEFORE  
THE EXHIBIT FILING DATE**

**PLAN EXHIBIT I**

**NONEXCLUSIVE LIST OF RETAINED ACTIONS  
AND EXCLUSIVE LIST OF AVOIDANCE ACTIONS**

**TO BE FILED ON OR BEFORE  
THE EXHIBIT FILING DATE**

**PLAN EXHIBIT J**

**NON-QUALIFIED ALPA STOCK OPTION PLAN**

**TO BE FILED ON OR BEFORE  
THE EXHIBIT FILING DATE**

**PLAN EXHIBIT K**

**MANAGEMENT STOCK OPTION PLAN**

**TO BE FILED ON OR BEFORE  
THE EXHIBIT FILING DATE**

**PLAN EXHIBIT L**  
**SUBSCRIPTION FORM**

**TO BE FILED ON OR BEFORE  
THE EXHIBIT FILING DATE**

**PLAN EXHIBIT M**

**DISPUTED RIGHTS OFFERING LIST**

**TO BE FILED ON OR BEFORE  
THE EXHIBIT FILING DATE**

**PLAN EXHIBIT N**  
**ARTICLES OF INCORPORATION AND BYLAWS**

**TO BE FILED ON OR BEFORE  
THE EXHIBIT FILING DATE**

**PLAN EXHIBIT O**

**ACCREDITED INVESTOR CERTIFICATION**

**TO BE FILED ON OR BEFORE  
THE EXHIBIT FILING DATE**