

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

In re:) Chapter 11
)
ATA Holdings Corp., et al.,¹) Case No. 04-19866
) (Jointly Administered)
Debtors.)

**APPLICATION BY AMBASSADAIR AND AMBER TRAVEL
FOR AUTHORITY TO EMPLOY AND RETAIN
ADELPHI CAPITAL, LLC TO PROVIDE INVESTMENT BANKING SERVICES**

Ambassadors Travel Club, Inc. ("Ambassadors") and Amber Travel, Inc. ("Amber Travel"), two of the debtors and debtors-in-possession (the "Debtors") in the above captioned Chapter 11 cases (the "Chapter 11 Cases"), respectfully submit this application (the "Application") pursuant to 11 U.S.C. § 363 for authority to employ the investment banking firm of Adelphi Capital, LLC ("Adelphi") to assist in the possible sale of assets of Ambassadors and Amber Travel. The facts and circumstances supporting this Application are set forth in the Affidavit of Thomas J. Donohue, Jr., filed concurrently herewith.

In support of its Application, Ambassadors and Amber Travel state:

Background

1. On October 26, 2004 (the "Petition Date"), each of the Debtors filed with the United States Bankruptcy Court for the Southern District of Indiana, Indianapolis Division (the "Bankruptcy Court"), its respective voluntary petition for relief under Chapter 11 of Title 11 of the United States Code, 11 U.S.C. §§ 101 et seq. as amended (the "Bankruptcy Code") commencing these Chapter 11 Cases. The Debtors continue to operate their businesses and

¹ The Debtors are the following entities: ATA Holdings Corp. (04-19866), ATA Airlines, Inc. (04-19868), Ambassadors Travel Club, Inc. (04-19869), ATA Leisure Corp. (04-19870), Amber Travel, Inc. (04-19871), American Trans Air Execujet, Inc. (04-19872), ATA Cargo, Inc. (04-19873), and Chicago Express Airlines, Inc. (04-19874).

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

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

Jurisdiction

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

4. The statutory basis for the relief requested herein is Section 363 of the Bankruptcy Code.

Relief Requested

5. By this Application, Ambasadair and Amber Travel seek to retain Adelphi to provide investment banking services in conjunction with a possible sale of assets of Ambasadair and Amber Travel pursuant to the terms of the engagement letter submitted as Exhibit A (the “Engagement Letter”).

Adelphi's Qualifications

6. Adelphi Capital is a transaction advisory and strategic consulting practice based in Washington, D.C. Founded in 1997, the firm offers its clients a range of transaction focused services that include: (i) sourcing, evaluating, and structuring merger and acquisition transactions; (ii) securing and/or directing private equity investments and debt financing; and (iii) developing strategic initiatives that maximize long-term growth potential and

profitability. Adelphi's advisory services are tailored to middle market transactions where deal values typically fall between \$1 million and \$100 million. Within this niche, the firm has been active across a range of market sectors, with a specific emphasis in three areas: (i) transportation, travel, and logistics; (ii) telecommunications and related applications; and (iii) industrial distribution and manufacturing. .

7. Adelphi has agreed to perform the investment banking services subject to the terms of the Engagement Letter, and Adelphi's principals possess extensive experience supporting the type of acquisition/sale transaction contemplated by the Engagement Letter. Adelphi and its principals have agreed to subject themselves to the jurisdiction and supervision of this Court in connection with their services under the Engagement Letter and this Application.

The Proposed Services; Adelphi's Responsibilities

8. Under the proposed Engagement Letter, Adelphi's advisory services will include, but not be limited to:

- i. *internal advisory diligence* – i.e., conducting an in depth analysis of the business to clearly define the business model and articulate key value drivers;
- ii. *external advisory diligence* – i.e., analyzing the marketplace and prospective buyer universe to prioritize the sell-side approach;
- iii. *go-to-market strategies* – i.e., refining the 'pitch' and offering collateral, prioritizing buyer groups and individual candidates, and designing the outreach strategy;
- iv. *internal constituency approvals* – i.e., soliciting input and approvals from key internal constituencies;
- v. *target outreach* – i.e., approaching prioritized candidates, distributing offering collateral, and leveraging Adelphi relationships to augment and accelerate the outreach process;
- vi. *lead candidate narrowing* – i.e., assessing candidate interest, supporting management introductions/presentations, etc., and narrowing the field to one or more credible suitors;

- vii. *lead buyer negotiation* – i.e., pushing lead candidates to submit firm proposals, assessing bids with internal constituencies, and negotiating and structuring a non-binding letter of intent with the prevailing buyer;
- viii. (viii) *APA negotiation support* – i.e., supporting counsel with negotiation of the asset purchase agreement, serving as lead negotiator on business and financial oriented transaction issues, and facilitating ATA's response to due diligence requests; and
- ix. *bankruptcy process support* – i.e., working with Ambasadair and Amber Travel and their counsel to develop court approved bidding procedures, supporting the administration of the Section 363 bidding/auction process, and assisting with the negotiation, structure, and documentation of a new prevailing bid if required.

Terms of Retention

9. Pursuant to the terms of the proposed Engagement Letter and Court approval, Ambasadair and Amber Travel have agreed to pay the following fees (as described in greater detail in the Engagement Letter) to Adelphi in exchange for Adelphi's services:

- i. A retainer fee of \$45,000 due upon execution of the Engagement Letter and this Court's approval;
- ii. A minimum success fee of \$202,500 for any sale price up to and including \$10 million;
- iii. A 'premium' success fee equal to 2.5% of any incremental sale price which exceeds \$10 million; and
- iv. Reimbursement for reasonable out of pocket expenses incurred by Adelphi on behalf of Ambasadair and Amber Travel.

10. The terms and conditions of the Engagement Letter were negotiated among Ambasadair, Amber Travel and Adelphi at arms-length and in good faith.

11. To the best of Debtors' knowledge, the principals and employees of Adelphi (i) do not have any connection with Debtors, their creditors, or any other party in interest, or their respective attorneys or accountants, (ii) are "disinterested persons" under

Section 101(14) of the Bankruptcy Code, and (iii) do not hold or represent an interest adverse to Debtors' estates.

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

13. Ambassadair and Amber Travel believe the fees and compensation of Adelphi and the terms for payment set forth herein and in the Engagement Letter are fair and reasonable in light of industry practice, Adelphi's experience, and the scope of work to be performed pursuant to the Engagement Letter.

No Prior Request

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

Notice

15. By separate motion filed concurrently herewith, Ambassadair and Amber Travel ask this Court to notice this Application for hearing on May 25, 2005.

WHEREFORE, Ambassadair and Amber Travel respectfully request that the Court enter an order granting this Application and such further relief as is just and proper.

Respectfully Submitted,

BAKER & DANIELS

By: /s/ Melissa M. Hinds
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CERTIFICATE OF SERVICE

The undersigned hereby certifies that the foregoing was served this 17th day of May by expedited service (facsimile, e-mail, and/or hand or overnight delivery) on the Core Group and the 2002 List.

/s/ Melissa M. Hinds