

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.)

**COVER SHEET FOR FIRST QUARTERLY APPLICATION
FOR COMPENSATION AND REIMBURSEMENT OF EXPENSES
OF HURON CONSULTING SERVICES LLC
AS FINANCIAL ADVISORS TO THE DEBTORS**

Name of Applicant: Huron Consulting Services LLC

Authorized to Provide
Professional Services to: ATA Holdings Corp., et al.

Date of Retention: December 10, 2004

Period for Which Compensation
and Reimbursement is Sought: October 26, 2004 through January 31, 2005

Amount of Compensation Sought
as Actual, Reasonable and Necessary: \$2,354,760.76

Amount of Expense Reimbursement Sought
as Actual, Reasonable and Necessary: \$137,609.00

This is Huron's first interim application.

Respectfully submitted,

HURON CONSULTING SERVICES LLC

By: 

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In re:) Chapter 11
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**FIRST QUARTERLY APPLICATION FOR COMPENSATION AND
REIMBURSEMENT OF EXPENSES OF HURON CONSULTING SERVICES LLC
AS FINANCIAL ADVISORS TO THE DEBTORS**

Huron Consulting Services LLC (“Huron”), financial advisors to ATA Holdings Corp., et al. (the “Debtors”), hereby respectfully submits this first application (the “Application”) pursuant to section 331 of Title 11 of the United States Code (the “Bankruptcy Code”) for interim allowance of compensation for professional services rendered and reimbursement of out of pocket expenses advanced on behalf of the Debtors during the period from October 26, 2004 through January 31, 2005 (the “Subject Period”). In support of this Application, Huron states as follows:

JURISDICTION AND VENUE

1. The Court has jurisdiction over this Application pursuant to 28 U.S.C. §§ 157 and 1334, and venue is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2). The statutory predicates for the relief requested herein are section 331 of the Bankruptcy Code, Rule 2016 of the Federal Rules of Bankruptcy

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

Procedure (the “Bankruptcy Rules”) and Rule B-2016-1 of the Local Bankruptcy Rules for the Southern District of Indiana.

BACKGROUND

2. The Debtors each filed a separate voluntary petition for relief under Chapter 11 of the Bankruptcy Code on October 26, 2004 (the “Petition Date”).

3. The Debtors continue to operate their businesses as debtors and debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. The Court, by order dated December 10, 2004, approved the Debtors’ retention of Huron as their financial advisors.

RELIEF REQUESTED

4. This Application is being filed in accordance with the Order Granting Motion To (I) Approve Procedures For Billings By And Payments To Professionals Retained In This Case For Fees And Expenses Incurred And (II) Approve Procedures And Partial Deferral of Draw Down Of Retainer Paid To Professionals Retained In This Case Until Requested By Debtors (the “Order”).

5. Pursuant to the Order, each Professional (as defined in the Order) may bill the Debtors on a monthly basis provided that such bills are served upon the Billing Notice Parties (as defined in the Order). Each Billing Notice Party has ten (10) days within which to object to a Professional’s billing statement. If no objection to a billing statement is asserted, the Debtors are authorized to pay 80% of such Professional’s fees and 100% of such Professional’s expenses. The Order further provides that Huron, among other Professionals, will apply up to an aggregate of one-third (1/3) of its retainer *pro rata* over the first four (4) months of these Chapter 11 cases to pay the fees requested in its monthly billing statements.

6. Huron, to date, has received payment (including application of portions of its retainer in the aggregate amount of \$154,426.11) of fees and reimbursement of expenses in the aggregate amount of \$2,027,742.63 pursuant to the monthly billing process delineated in the Order. Huron continues to hold \$463,278.32 in available funds from the Debtors as a retainer.²

7. By this Application, Huron respectfully seeks interim allowance and payment of compensation for professional services performed during the Subject Period by Huron for the Debtors in the amount of \$2,354,760.76 and reimbursement for actual and necessary expenses incurred by Huron during the Subject Period in connection with these cases in the amount of \$137,609.00.³ During the Subject Period, Huron expended a total of 6,672.83 hours performing a variety of financial, operational and Chapter 11 advisory services to the Debtors. Huron's blended hourly rate during the Subject Period is \$352.88.⁴

8. Attached as Exhibit A to the Application is a summary of each professional's hourly billing rate, total hours billed and total fees billed during the Subject Period. Attached as Exhibit B to the Application is a summary of Huron's reasonable and necessary out-of-pocket expenses incurred during the Subject Period. Attached as Exhibit C to the Application is a summary of total fees billed organized by activity code. Attached as Exhibit D to the Application is a detailed, chronological itemization of the services performed by Huron

² Pursuant to the Order, Huron has received payment (including application of portions of its retainer) in the amounts of (i) \$797,079.34 for the period October 26, 2004 through November 30, 2004, (ii) \$845,061.20 for the month of December, and (iii) \$385,602.10 for the month of January.

³ In the exercise of billing discretion, Huron has voluntarily written off fees during the Subject Period in the amount of \$231,173.25 as follows: (i) November fees have been reduced by 6% or by the amount of \$60,056.63, (ii) December fees have been reduced by 6% or by the amount of \$62,620.62, and (iii) January fees have been reduced by 20% or by the amount of \$108,596.00. Huron also has voluntarily written off \$6,325.00 in expenses during the Subject Period for which Huron has received payment. Accordingly, Huron will deduct expenses in the amount of \$6,325.00 from the amount of expense reimbursement sought in Huron's next monthly fee statement.

⁴ The blended hourly rate is calculated by dividing total amount of fees billed by the number of hours expended ($\$2,354,760.76 / 6,672.83 = \352.88).

professionals during the Application Period. Attached as Exhibit E to the Application is a detailed itemization of Huron’s reasonable and necessary out-of-pocket expenses incurred during the Subject Period.

NARRATIVE SUMMARY OF SERVICES RENDERED

9. The following summary describes the services rendered for and on behalf of the Debtors during the Subject Period:

ACTIVITY CODES	<i>DESCRIPTIONS</i>
1 – 3	<p><u>Meetings, Conference Calls and Presentations</u> Conferred with various constituencies in these cases including: the Debtors’ Board of Directors, management and personnel, the Debtors’ counsel and investment bankers, ATSB lender counsel, ATSB lender financial advisors, and the Unsecured Creditors’ Committee and its professionals with respect to a wide range of financial, operational, legal, managerial and other issues.</p> <p>Met with numerous potential exit lenders to facilitate the Debtors’ successful emergence from Chapter 11.</p>
4 – 6	<p><u>Case Reporting, Court Hearings and Retention Issues</u></p> <ul style="list-style-type: none"> • Reviewed/prepared analyses related to monthly operating reports • Reviewed the Debtors’ of Statements of Financial Affairs • Reviewed the Debtors’ Schedules of Assets and Liabilities • Prepared interim billings • Prepared for and attended Court hearings
7 & 8	<p><u>Business Plan Projections, Plan of Reorganization and Operational Analyses</u></p> <ul style="list-style-type: none"> • Prepared detailed sale and business partner scenarios • Reviewed asset values • Prepared five year business income statement, balance sheet, and free cash flow projections by business unit, including sensitivity analyses based on varying operating conditions • Prepared numerous business plan scenarios and free cash flow results based on various fleet sizes • Prepared enterprise value analyses • Prepared emergence capital structure scenarios and related recovery analyses by creditor class • Analyzed and conferred with the Debtors’ management and professionals regarding standalone debt capacity for various potential post-emergence capital structures

	<ul style="list-style-type: none"> • Reviewed monthly operating results and analyzed variances compared to business plan by business unit • Reviewed quarterly reforecasts of business plans • Presented business plan projections, analyses and related assumptions to creditor groups • Attended various due diligence meetings with potential exit lenders • Prepared liquidation analyses and corresponding write-ups for inclusion in the Debtors' disclosure statement
9 – 13	<p><u>Cash Flow, DIP Loan and other Financing and Collateral Issues</u></p> <ul style="list-style-type: none"> • Prepared and reviewed rolling 13 week cash flow models, including DIP loan borrowing base calculations, projected borrowings and repayments of DIP loan and detailed operational cash flows by business unit • Prepared weekly forecast to actual cash flow comparison analyses and conferred with creditor groups regarding variances • Conferred with lenders regarding DIP loan, collateral issues and other financing related issues • Reviewed DIP covenant requirements related to EBITDA, Cap Ex and other related DIP metrics • Addressed post-petition tax reporting issues • Conducted negotiations with various potential acquirers of the Debtors' specific assets • Negotiated terms of potential asset sales • Created multiple financial models to evaluate bids on the Debtors' assets
14 – 17	<p><u>Claims Analyses and Account Reconciliations</u></p> <ul style="list-style-type: none"> • Conferred with the Debtors' management and prepared analyses in connection with tort claims, insurance claims and general unsecured claims
18	<p><u>Employee Retention Issues</u></p> <ul style="list-style-type: none"> • Reviewed, analyzed and conferred with the Debtors' management, lenders and the Creditors' Committee regarding executive separation agreements
19 & 20	<p><u>Accounts Payable and Vendor Issues</u></p> <ul style="list-style-type: none"> • Advised the Debtors regarding post-petition payments of both pre-petition and post-petition obligations • Conferred with the Debtors' management regarding SOP 90-7
21	<p><u>Accounts Receivable Issues</u></p> <ul style="list-style-type: none"> • Reviewed accounts receivable aging for purposes of preparing a liquidation analysis
22	<p><u>Appraisal and Valuation Issues</u></p> <ul style="list-style-type: none"> • Appraised specific assets held by the various Debtors

23	<p><u>Lease Issues</u></p> <ul style="list-style-type: none"> • Analyzed, conferred with the Debtors’ management and professionals and negotiated with various parties regarding aircraft leases and other lease issues • Advised the Debtors’ management and professionals regarding cure amounts for each aircraft lease and other aircraft lease assumption and assignment issues
24	<p><u>Other Issues</u></p> <p>Throughout the course of providing financial advisory services to the Debtors, Huron has performed certain essential administrative services including, but not limited to:</p> <ul style="list-style-type: none"> • Prepared monthly and interim fee statements • Prepared electronic files with respect to the Debtors’ financial information • Coordinated projects with other service lines at Huron
25 & 26	<p><u>Valuation</u></p> <ul style="list-style-type: none"> • Prepared valuations of the Debtors’ business as a going concern and of the Debtors’ specific assets • Created a liquidation analysis for the Debtors

10. The services rendered by Huron were necessary to the performance of its duties and the performance of the Debtors’ responsibilities. As a result of Huron’s efforts, the Debtors have raised substantial capital in the form of Debtor in Possession loans and have reached a codeshare agreement with Southwest Airlines Co. Huron’s efforts have assisted the Debtors in their progress toward a successful exit from chapter 11 and in maximizing value for the benefit of the Debtors’ creditors and estates.

11. Huron believes that the compensation requested herein is reasonable in light of the size and complexity of these chapter 11 cases, the results obtained, the frequent demands for prompt action, the efficiency with which Huron’s services were performed and the uncertainties and risks of the engagement. Accordingly, Huron submits that its fees are reasonable and necessary and that its services conferred a substantial benefit to the Debtors’ estates.

EXPENSES

12. In the course of rendering services to the Debtors during the Subject Period, Huron has incurred reasonable and necessary out of pocket expenses in the amount of \$137,609.00. Each expenditure was a necessary and reasonable cost incident to the performance of Huron's services for the Debtors. A summary of the out of pocket expenses incurred by Huron is attached hereto as Exhibit B. A detailed accounting of the nature and cost of each expense incurred is attached hereto as Exhibit E.

NO FEE SHARING

13. No agreement or understanding exists between Huron and any other person or entity for the sharing of compensation received for services rendered in connection with these cases.

14. All services rendered and all expenses incurred for which compensation or reimbursement is sought have been rendered or incurred exclusively on behalf of the Debtors.

NOTICE

15. To minimize copying and postage expenses, Huron is serving a copy of the Application, together with Exhibits A through E, upon the United States Trustee and counsel for the Debtors, and the Creditor's Committee. All other counsel of record will be served with a copy of the application only. Huron, however, will promptly provide a complete copy of the Application with Exhibits to any party-in-interest upon request.

CONCLUSION

WHEREFORE, Huron Consulting Services LLC respectfully requests that the Court enter an order substantially in the form annexed hereto: (i) granting this Application, (ii) awarding Huron compensation in the amount of two million three hundred fifty four thousand seven hundred sixty and 76/100 (\$2,354,760.76) plus reimbursement for out-of-pocket expenses incurred in the amount of one hundred thirty seven thousand six hundred nine and 00/100 dollars (\$137,609.00), (iii) authorizing the Debtors to pay Huron fees and expense reimbursement that have been awarded to Huron but not yet paid, and (iv) granting Huron all other proper relief.

Respectfully submitted,

HURON CONSULTING SERVICES LLC

By: 

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Financial advisors to the debtors and debtors
in possession

Distribution:

James M. Carr, Baker & Daniels, Debtors' Counsel
Joseph F. McGonigal, United States Trustee
Lisa G. Beckerman, Akin Gump Strauss Hauer & Feld, Creditors' Committee Counsel

EXHIBITS:

- A. Summary of Hourly Billing Rate, Total Hours Billed and Total Fees by Professional**

- B. Summary of Out-of-Pocket Expenses by Expense Type and by Professional**

- C. Summary of Total Professional Fees by Activity Code**

- D. Detailed Descriptions of Time Incurred by Professional by Task and Total Fees Related to Each Task**

- E. Detailed Descriptions of Out-of-Pocket Expenses Incurred by Professional**

CERTIFICATE OF SERVICE

The undersigned certifies that a copy of the foregoing Application was served by electronic mail on this 2nd day of September, 2005, upon the Core Group, 2002 List and Appearance List.

/s/Terry E. Hall
