

IN THE UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF INDIANA

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

**FOURTH INTERIM AND FINAL APPLICATION OF PAUL, HASTINGS, JANOFSKY
& WALKER LLP FOR COMPENSATION AND REIMBURSEMENT OF EXPENSES
AS SPECIAL COUNSEL FOR THE DEBTORS FROM OCTOBER 26, 2004 THROUGH
FEBRUARY 28, 2006**

Paul, Hastings, Janofsky & Walker LLP (“Paul Hastings” or the “Firm”) hereby makes its fourth interim and final application (the “Application”) for the allowance of its attorneys’ fees as special labor counsel for the above-captioned debtors and debtors-in-possession (collectively, the “Debtors”) and for reimbursement of out-of-pocket expenses advanced on the Debtors’ behalf during the period from October 26, 2004 through February 28, 2006 (the “Fee Period”). In support of this application, Paul Hastings respectfully states as follows:

I. BACKGROUND

1. The Debtors filed their voluntary petitions for relief under Chapter 11 of the United States Bankruptcy Code on October 26, 2004 (the “Petition Date”). This Court, by order dated December 10, 2004, approved the Debtors’ retention of Paul Hastings as special labor counsel to the Debtors effective as of the Petition Date.

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).

2. On January 31, 2006, the Court entered an order confirming the First Amended Joint Chapter 11 Plan for Reorganizing Debtors (the "Plan"). The effective date of the Plan was February 28, 2006. Accordingly, the Fee Period covered by this Application is the period from October 26, 2004 (the Petition Date) through February 28, 2006 (the effective date of the Plan).

3. This Application is Paul Hastings' fourth interim and **final** application for compensation and reimbursement of out-of-pocket expenses advanced for the Debtors during the Fee Period. The Firm submits this Application pursuant to the "Order Granting Motion to (I) Approve Procedures for Billings by and Payments to Professionals Retained in these Cases for Fees and Expenses Incurred and (II) Approve Procedures and Partial Deferral of Drawdown of Retainer Paid to Professionals Retained in this Case until Requested by Debtors" (the "Billing and Payment Order"), entered by the Court on December 10, 2004.

II. INTERIM FEES AND EXPENSES

4. In accordance with the Billing and Payment Order, Paul Hastings submitted to the Debtors and certain other parties (the "Billing Notice Parties") its monthly invoices (the "Monthly Invoices") for services rendered and expenses incurred during the Fee Period.

5. The Firm also filed and served three interim fee applications covering the period from the Petition Date through October 31, 2005. Attached to the interim fee applications was a copy of the Firm's Monthly Invoices for that period. Accordingly, attached as Exhibit A hereto is a copy of the Firm's Monthly Invoices for the period from November 1, 2005 through February 28, 2006.

6. Paul Hastings' fees and expenses during the Fee Period are summarized

below:

MONTHLY INVOICES DURING THE FEE PERIOD

DATE SUBMITTED	PERIOD COVERED	REQUESTED FEES	REQUESTED EXPENSES	PAID FEES	PAID EXPENSES	AMOUNT OWING
December 14, 2004	October 26 -31, 2004	\$364.00	\$12.90	\$364.00	\$12.90	\$0.00
December 14, 2004	November 2004	\$26,329.50	\$106.20	\$26,329.50	\$106.20	\$0.00
January 18, 2005	December 2004	\$38,972.00	\$733.04	\$38,972.00	\$733.04	\$0.00
March 17, 2005	January 2005	\$74,042.50	\$682.14	\$74,042.50	\$682.14	\$0.00
March 24, 2005	February 2005	\$17,020.00	\$16.90	\$17,020.00	\$16.90	\$0.00
April 14, 2005	March 2005	\$15,989.00	\$55.95	\$15,989.00	\$55.95	\$0.00
May 31, 2005	April 2005	\$17,768.75	\$365.55	\$17,768.75	\$365.55	\$0.00
July 7, 2005	May 2005	\$166,812.00	\$3,658.06	\$166,812.00	\$3,658.06	\$0.00
July 14, 2005	June 2005	\$2,673.00	\$177.66	\$2,673.00	\$177.66	\$0.00
Sept. 8, 2005	July 2005	\$41,712.00	\$353.58	\$41,712.00	\$353.58	\$0.00
Sept. 20, 2005	August 2005	\$150,615.50	\$3,765.21	\$150,615.50	\$3,765.21	\$0.00
Oct. 25, 2005	September 2005	\$8,068.50	\$1,982.72	\$8,068.50	\$1,982.72	\$0.00
Nov. 22, 2005	October 2005	\$2,314.00	\$313.36	\$2,314.00	\$313.36	\$0.00
December 13, 2005	November 2005	\$673.50	\$47.16	\$538.80	\$47.16	\$134.70
January 24, 2006	December 2005	\$728.00	\$131.02	\$451.38	\$131.02	\$276.62
March 9, 2006	January 2006	\$624.00	\$48.50	\$0.00	\$0.00	\$672.50
April 13, 2006	February 2006	\$416.00	\$39	\$0.00	\$0.00	\$416.39
Total	10-26-04 – 2-28-06	\$565,122.25	\$12,450.34	\$563,670.93	\$12,401.45	\$1,500.21

III. SERVICES RENDERED

7. In the course of its representation of the Debtors, Paul Hastings performed a variety of services that are described in detail in its Monthly Invoices. The services performed by Paul Hastings for and on behalf of the Debtors include, but are not limited to, the following:

a. Union Issues. During the Fee Period, Paul Hastings' work for the Debtors consisted primarily of preparing

motions to reject the collective bargaining agreements of the Debtors' labor unions, participating in bargaining negotiations with the unions, and advising the Debtors on various issues in connection therewith.

More specifically, Paul Hastings prepared and litigated the Debtors' motion under Section 1113(c) of the Bankruptcy Code for emergency, and then permanent, relief from the Debtors' collective bargaining agreement with the Air Line Pilots Association, International (ALPA). Following contested proceedings, the Debtors were successful in reaching a consensual agreement with ALPA. Thereafter, Paul Hastings assisted the Debtor in contingency planning preparations in the event of rejection of the ALPA collective bargaining agreement.

In addition, the Firm responded to a motion filed by the Aircraft Mechanics Fraternal Association (AMFA) seeking an order requiring the Debtors to assume an alleged agreement to pay the moving expenses for AMFA-represented employees affected by reductions-in-force. The Firm opposed, and litigated against, the motion. The Court denied the AMFA motion.

Also during this time, Paul Hastings advised the Debtors on various issues in ongoing bargaining discussions with ALPA and other unions.

On these matters, Jack Gallagher, Jon Geier, Robert Span, and Meg Spurlin were the Firm's lead attorneys during the Fee Period. The Firm achieved cost efficiencies by using only attorneys with extensive experience in airline labor law and labor contract restructuring in the airline industry.

b. Fee/Employment Applications. During the Fee Period, the Firm (i) reviewed potential connections between the Firm and interested parties in these cases; (ii) prepared monthly correspondence to the Billing Notice Parties in connection with the Firm's compensation requests; (iii) prepared the Firm's interim fee applications and attended hearings thereon (by telephone); and (iv) participated in various communications, telephone conferences, conversations, and meetings relating to the foregoing.

8. Paul Hastings used certain task codes that cause related time to be grouped together to facilitate the review of the Firm's requested fees by the Court, the United States

Trustee, and the Debtors' creditors. Set forth below is a summary of the aggregate billings under the established task codes for the Fee Period.

<u>Matter Name</u>	<u>Total Hours</u>	<u>Total Fees</u>
B110 Case Administration ²	1.30	\$676.00
B160 Employment and Fee Applications of Professionals	33.20	\$16,192.00
B191 General Litigation	1.20	\$624.00
B222 Union Issues	1,178.45	\$547,630.25
TOTAL	1,214.15	\$565,122.25

9. Paul Hastings has reviewed its detailed summary of time, and has attempted to eliminate any double billing for conference time between two Paul Hastings' timekeepers, except where the participation of both timekeepers had demonstrable benefit to the estate.

10. Exhibit A provides detail of the time and hourly billing rate for each attorney, law clerk or paralegal of Paul Hastings who performed services in these cases during the period from November 1, 2005 through February 28, 2006.

11. A summary of the fees requested by Paul Hastings for each attorney, law clerk or paralegal who performed services during the Fee Period, the number of hours worked by each individual, the billing rate requested, and the total fees claimed is set forth below.

² Inadvertently billed to B110 (Case Administration) were 1.3 hours, which should have been billed to B222 (Union Issues).

TIMEKEEPER SUMMARY DURING THE FEE PERIOD

<u>NAME</u>	<u>YEAR OF ADMISSION</u>	<u>RATE</u>	<u>HOURS</u>	<u>AMOUNT</u>
<u>PARTNERS</u>				
John J. Gallagher	1972	\$545	320.75	\$174,808.75
Robert S. Span	1976	\$535	280.80	\$150,228.00
Jon A. Geier	1985	\$520	167.20	\$86,944.00
	TOTAL PARTNERS		768.75	\$411,980.75
<u>COUNSEL</u>				
Margaret H. Spurlin	1979	\$460	136.80	\$62,928.00
Katherine A. Traxler	1990	\$520	32.80	\$17,056.00
Kelly J. Koelker	1986	\$395	5.20	\$2,054.00
	TOTAL COUNSEL		174.80	\$82,038.00
<u>ASSOCIATES</u>				
Brendan M. Branon	VA 2003 DC 2004	\$265	255.30	\$67,654.50
Stephanie E. Hart	2000	\$395	3.80	\$1,501.00
Erica e. Larsen	2003	\$270	3.60	\$972.00
	TOTAL ASSOCIATES		262.70	\$70,127.50
<u>PARAPROFESSIONALS AND OTHER TIMEKEEPERS</u>				
Matthew A. Weber	NA	\$120	3.00	\$360.00
Lito M. Natividad	NA	\$165	2.40	\$396.00
Matthew B. Wladyka	NA	\$90	2.00	\$180.00
R. Ivan Hernandez	NA	\$80	.50	\$40.00
	TOTAL PARAPROFESSIONALS		7.90	\$976.00
	TOTAL		1,214.15	\$565,122.25
	BLENDED HOURLY RATE			\$465

IV. EXPENSES

12. During the Fee Period, Paul Hastings advanced the sum of \$12,450.34 for out-of-pocket expenses incurred in connection with these cases on the Debtors' behalf. A summary of the out-of-pocket expenses is set forth below:

**EXPENSE SUMMARY
DURING THE FEE PERIOD**

Description	Total Requested Expenses
Computer Legal Research	\$626.58
Long Distance Telephone	\$175.25
In-House Reproduction (9,510 pages @ \$.20 per page)	\$1,902.00
Facsimile	\$5.00
Internet Service	\$20.86
Travel/Airfare	\$4,469.30
Taxi/Ground Transportation	\$1,548.71
Parking	\$331.50
Lodging	\$1,959.23
Meals	\$495.38
Courier & Express Carriers (e.g., Federal Express) ³	\$902.12
Others (Postage)	\$14.41
TOTAL:	\$12,450.34

13. Paul Hastings holds a prepetition retainer in the amount of approximately \$14,900. Paul Hastings intends to draw down funds from the Retainer in accordance with Section 6.4(b) of the Court's General Order No. 03-10⁴ and as otherwise permitted under the Bankruptcy Court's Orders and the U.S. Trustee Guidelines.

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

³ Express carriers are used only when first class mail is impracticable and the exigencies of time require this form of delivery. Couriers are used only when time is of the essence.

⁴ Section 6.4(b) of General Order No. 03-10 provides that "the Professional may hold the entire retainer without any application to payment of fees and expenses, until final approval by the Court of such professional's final application for fees and expenses, with such allowed interim fees and expenses paid periodically from other estate assets."

15. 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 and represent necessary and proper expenses.

V. CONCLUSION

WHEREFORE, Paul Hastings respectfully requests that the Court enter an Order granting this Application and (a) allowing compensation in the amount of Five Hundred Sixty-Five Thousand One Hundred Twenty-Two & 25/100 Dollars (\$565,122.25) for professional services rendered and reimbursement of actual and necessary costs incurred during the Fee Period in the amount of Twelve Thousand Four Hundred Fifty & 34/100 Dollars (\$12,450.34); (b) authorizing and directing the Debtors' payment of all amounts due and owing to Paul Hastings for services rendered and expenses incurred in these cases; (c) approving all previously submitted fee applications and all fee payments and expense reimbursements made to Paul Hastings in these cases; and (d) granting such other and further relief as this Court deems just and necessary.

Dated: April 13, 2006

Respectfully submitted,
PAUL, HASTINGS, JANOFKY & WALKER LLP

By: Katherine A. Traxler
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CERTIFICATE OF SERVICE

The undersigned certifies that a copy of the foregoing Application was served by electronic mail on this ____ day of April 2006, upon the Core Group, the 2002 List and Appearance List, the United States Trustee, counsel for the Official Committee of Unsecured Creditors, and counsel for the secured lenders.