

MASTER AGREEMENT

This Master Agreement ("**Agreement**") is made as of the 22nd day of August, 2005, by ATA Airlines, Inc., an Indiana corporation ("**ATA**"), Indianapolis Airport Authority, a municipal corporation existing under and by virtue of the laws of the State of Indiana ("**IAA**"), and Regions Bank, an Alabama state-chartered bank, as successor by merger to Union Planters Bank, N A ("**Regions**"; Regions, IAA and ATA are collectively referred to as the "**Parties**".)

Recitals

A. ATA filed a voluntary petition for reorganization (the "**Bankruptcy Case**") pursuant to Chapter 11 of Title 11 of the United States Code (the "**Bankruptcy Code**"), 11 U.S.C. Sections 101 *et. seq.* in the United States Bankruptcy Court for the Southern District of Indiana (the "**Bankruptcy Court**") and as of the date of this Agreement remains a debtor-in-possession under Chapter 11 of the Bankruptcy Code.

B. ATA and IAA are parties to each of the following lease agreements: (i) Maintenance Facility Lease Agreement, dated December 29, 1995, as amended by a First Amendment to Maintenance Facility Lease, dated May 1, 1998, a Second Amendment to Maintenance Facility Lease, dated June 1, 1999, a Third Amendment to Maintenance Facility Lease, dated January 7, 2000, and a Fourth Amendment to Maintenance Facility Lease, dated September 29, 2000 (the "**Maintenance Facility Lease**"); (ii) American Trans Air, Inc. Master Lease, dated January 1, 1996, as amended by a First Amendment to Master Lease, undated but executed in 1998, and a Second Amendment to Master Lease, undated but executed in 2003 (the "**Corporate Office Lease**"); and (iii) a letter agreement, dated December 29, 1995, establishing a parking lot lease with respect to real estate adjacent to the Leased Premises of the Corporate Office Lease (as amended to date, the "**Parking Lot Lease**").

C. ATA is indebted to Regions with respect to two separate loans made by Regions to ATA, one now evidenced by a First Replacement Mortgage Note, dated November 20, 2002, and executed by ATA to the order of Regions in the original principal amount of \$6,966,698.90, and the other now evidenced by a First Replacement Mortgage Note, dated November 20, 2002, and executed by ATA to the order of Regions in the original principal amount of \$9,139,931.66 (all of the indebtedness and liabilities of ATA evidenced by either of such promissory notes or arising in connection with the loans evidenced thereby, whether now existing or hereafter arising, being collectively called the "**ATA Loan Debt**".)

D. ATA executed in favor of Regions a Leasehold Mortgage, Security Agreement and Fixture Filing, executed by ATA in favor of Regions, dated June 30, 1999, and recorded in the Office of the Marion County Recorder on July 7, 1999, as Instrument No. 1999-0128578, as amended by a First Modification of Security Documents, dated as of September 29, 2000, executed by ATA and Regions and recorded in the Office of the Marion County Recorder as Instrument No. 2000-0155912 (the "**Regions Mortgage**"). By its terms the Regions Mortgage purports to secure the ATA Loan Debt.

E. The Regions Mortgage by its terms grants to Regions a mortgage lien and security interest in ATA's leasehold interests and rights, as lessee, in and to the real estate and

improvements which comprise the leased premises covered by the Maintenance Facility Lease, as such leasehold interests were created under and pursuant to the terms and provisions of the Maintenance Facility Lease. Regions filed a Proof of Claim in the Bankruptcy Case on January 19, 2005, identifying the total amount of its claims against ATA as of October 26, 2004, as the sum of \$10,889,454.55, excluding fees and expenses, and claiming that its claim is fully secured by the lien and security interests granted to it by the Regions Mortgage (the "Regions Claim").

F. The IAA has asserted that the Regions Mortgage is invalid or otherwise ineffective by reason of the purported failure of Regions to obtain the requisite approval of IAA to the terms and conditions of the Regions Mortgage. Regions denies this assertion. Regions has expressed concern that IAA will not provide Regions an opportunity to assume and perform the ATA's obligations under the Maintenance Facility Lease and that IAA will attempt to terminate the Maintenance Facility Lease and relet the Leased Premises without giving effect to Regions' mortgage lien and security interest therein. IAA asserts that Regions has no valid interest in the Maintenance Facility Lease and IAA is free to deal with the leased premises covered thereby without consideration of any claim by Regions.

G. Prior to the commencement of the Bankruptcy Case, Regions set off against then outstanding balance of ATA Loan Debt \$2,500,000 from a deposit account maintained with Regions by ATA (the "Regions Setoff".) ATA has asserted that the Regions Setoff was wrongful and actionable conversion of ATA property by reason of the fact that at the time of the Regions Setoff there was no default with respect to the ATA Loan Debt which entitled Regions to make the Regions Setoff. Regions denies this assertion.

H. This Agreement sets forth the agreements made by the Parties collectively to resolve various conflicting claims, interests and objectives related to the Maintenance Facility Lease, the Corporate Office Lease, the Regions Claim, the Regions Mortgage, and the Regions Setoff.

Agreement

IN WITNESS WHEREOF, in consideration of the Recitals and for other good and valuable consideration, the receipt of which is acknowledged by each of the Parties, it is agreed as follows:

1. Closing Date.

(a) The commitments and covenants of each of the Parties made in this Agreement (except where otherwise expressly stated) are subject to satisfaction of each of the General Conditions Precedent (as such term is defined in Section 4 of this Agreement).

(b) If the General Conditions Precedent shall not have been satisfied on or prior to September 9, 2005, this Agreement shall for all purposes be null and void. The term "Closing Date" means September 9, 2005, following satisfaction of the General Conditions Precedent. Until the General Conditions Precedent have been fully satisfied, and then only if such satisfaction shall have occurred on or prior to the Closing Date, this Agreement shall not

constitute an admission against interest by any of the Parties and, excepting only the provisions of Section 6 of this Agreement and excepting its submission in connection with any motions made to the Bankruptcy Court in the Bankruptcy Case seeking its approval, shall not be admissible in evidence for any purpose in any proceeding in which any of the Parties is a party.

(c) This Agreement provides for the execution of numerous agreements, assignments, leases and documents, and the making of certain payments, on the Closing Date. On the Closing Date, a single, concurrent closing (the "Closing") shall be conducted in Indianapolis, Indiana, at the offices of Baker & Daniels, counsel for ATA, at which all of such agreements, assignments, leases, documents and payments shall be concurrently executed, delivered and paid, and with execution and delivery of each such document by each of the Parties being effective only upon all requisite agreements, assignments, leases and other documents having been executed by the Parties signatory thereto.

2. Corporate Office Lease.

(a) At the Closing ATA and IAA shall enter into a new lease (the "New Office Lease"), pursuant to which IAA shall lease to ATA all of the real estate, improvements and other property which is a part of the "Leased Premises," as such term is defined in the Corporate Office Lease, together with all of the real estate and improvements which are leased to ATA pursuant to the Parking Lot Lease. The New Office Lease shall be in form and substance the same as Exhibit A to this Agreement. The New Office Lease shall be executed by IAA and ATA at the Closing, but shall be effective upon completion of the Closing for all purposes from and after September 1, 2005.

(b) The Corporate Office Lease and the Parking Lease shall be terminated at the Closing, with such termination effective as of the close of August 31, 2005, all, subject to the execution of the New Office Lease by IAA and ATA. Upon such termination, IAA and ATA shall have no further liability to the other under the Corporate Office Lease or the Parking Lease, except that: (i) ATA shall remain liable to pay to IAA, when the same would otherwise have been due, Improvement Rent and Ground Rent (as those terms are defined in the Corporate Office Lease) through August 31, 2005; and (ii) each of IAA and ATA shall remain liable with respect to their respective environmental indemnities to the other in Section 19.09 of the Corporate Office Lease.

3. Maintenance Facility Lease.

(a) At the Closing ATA shall assume and then assign the Maintenance Facility Lease to Regions Bank or its designee, all effective as of the start of September 1, 2005. Concurrently with this assignment of the Maintenance Facility Lease, IAA shall recognize the validity of the Regions Mortgage and ATA shall convey by quit claim bill of sale and deed to IAA all of ATA's right, title and interests, if any, in and to all buildings and real estate improvements (not including business fixtures or equipment or other personal property) which have been added to the real estate which is covered by the Maintenance Facility Lease since the date of such lease and which, in accordance with the terms of Section 3.06 of the Maintenance Facility Lease, should have become the property of IAA.

Maintenance Facility Lease. IAA consents to the ATA MF Sublease. The ATA MF Sublease will include a covenant by Regions to cause Building 4 and the Existing Hangar to be separately metered for electrical usage and other common utilities, with this separation of the metering of utilities to be completed if at all possible by December 31, 2005. In the event the installation of separate metering for utilities can not be accomplished by December 31, 2005, Regions and ATA shall agree upon a fair formula or other method for the allocation of utility costs between the two buildings until the separate metering is installed and operational.

(d) Modification of Maintenance Facility Lease.

(i) Each of the terms which appear in this Agreement in italics shall have the same meaning as ascribed to such terms in the Maintenance Facility Lease.

(ii) At the Closing, IAA and Regions will enter into two new leases (collectively, the "New Leases"), one with respect to the *Primary Land*, the Existing Hangar improvements and the *Expansion Land* (the "New Maintenance Facility Lease"), and one with respect to the *Additional Primary Land* and the so-called Building 4 (depicted on Exhibit C to this Agreement as the "Proposed Building") and improvements thereon (the "Operations Center Lease"). Each of these leases will be effective for all purposes on September 1, 2005.

(iii) The New Maintenance Facility Lease shall contain terms and conditions substantially the same as those set forth in the Maintenance Facility Lease, except as follows:

(1) Lessee: Regions Bank or its designee.

(2) Term: 9/1/05 through 8/31/35. Upon 90 days' prior written notice given at any time after the Closing, but with an effective date of termination of not earlier than August 31, 2008, and not later than August 31, 2015, Regions may terminate the New Maintenance Facility Lease upon payment on the effective date of lease termination of \$255,342.09, without further liability for any rent accruing after the date of such payment.

(3) Rent: \$255,342.09 annually for the entire Term (with no fees, including, without limitation, landing fees or employment achievement or maintenance or other adjustments to the rent).

(4) Regions will have a right to sublease the leased premises and space in the buildings which are part of the leased premises to ATA Airlines, Inc., through August 31, 2008, and, after ATA vacates the leased premises, Republic Airways Holdings, Inc. or its subsidiaries ("Republic") or any other air carrier (including freight carriers) which would be acceptable to IAA as tenant at any other premises located on a taxiway at Indianapolis International Airport

("Airport"), without further consent of IAA. In addition, with the prior consent of the IAA, which consent will not be unreasonably withheld or delayed, Regions will have the right to sublease the leased premises to any other person that is aviation related as that term is defined in IC 8-22-1-4.5 and IC 8-22-1-4.6 as presently written. In the event the sublease is for the remaining term of the New Maintenance Facility Lease, Regions will be released from further liability thereunder for any rent or other obligations accruing on and after the effective date of the sublease.

(5) Regions will have right to sell and assign its interests in the New Maintenance Facility Lease to (a) Republic, (b) any other person with a net worth not less than Ten Million Dollars (\$10,000,000.00), or (c) the sub-lessee if the sublease is for the duration of the remaining primary lease term, without the consent of IAA. The assignee will have the right to place a mortgage on the assigned leasehold interest in an amount not to exceed the purchase price of Regions' interest therein, with terms and conditions which are subject to approval of IAA, which approval will not be unreasonably withheld. Upon such sale and assignment, Regions will be released from further liability under the New Maintenance Facility Lease on and after the effective date of such sale and assignment.

(iv) The Operations Center Lease shall contain terms and conditions substantially the same as those set forth in the Maintenance Facility Lease, except as follows:

(1) Lessee: Regions Bank or its designee.

(2) Term: 9/1/05 through 8/31/35. Upon 90 days' prior written notice given at any time after the Closing, but with an effective date of termination of not earlier than August 31, 2008, and not later than August 31, 2015, Regions may terminate the Operations Center Lease upon payment on the effective date of lease termination of \$62,991.94, without further liability for any rent accruing after the date of such payment.

(3) Rent: \$62,991.94 annually for the entire Term (with no employment achievement or maintenance or other adjustments to the rent).

(4) Regions will have a right to sublease the leased premises and space in the buildings which are a part of the leased premises to one or more tenants including (a) ATA, through August 31, 2008, (b) Republic; (c) any tenant which would be reasonably acceptable to IAA as a tenant of office facilities at any other

premises at Airport which do not have access to restricted areas (such restricted areas include, without limitation, terminal concourses, runways, taxiways, aprons, control tower and areas required to be fenced and secured pursuant to regulations of the Transportation Security Administration) and (d) such tenant as would be reasonably acceptable to IAA as a tenant for office space should IAA have any office space outside of restricted areas, without prior consent of IAA, provided however, Regions shall provide prior written notice to IAA of such sublease. Subject to prior consent of IAA, which shall not be unreasonably withheld or delayed, Regions will have a right to sublease the leased premises and space in the buildings which are a part of the leased premises to ATA, Ambassadair Travel Club, Inc. or ATA Holdings Corp. and any other person. In the event the sublease is for the remaining term of the Operations Center Lease, Regions will be released from further liability thereunder for any rent or other obligations accruing from and after the effective date of the sublease.

(5) Regions will have right to sell and assign its interests in the Operations Center Lease to (a) Republic, (b) any other person with a net worth not less than Five Million Dollars (\$5,000,000.00), and (c) to the sub-lessee if the sublease is for the duration of the remaining lease term without the consent of IAA. In addition, with the prior consent of IAA, which consent will not be unreasonably withheld or delayed, Regions will have the right to sell and assign its interests in the Operations Center Lease to any person. The assignee will have the right to place a mortgage on the assigned leasehold interest in an amount not to exceed purchase price of Regions interest therein, with terms and conditions which are subject to approval of IAA, which approval will not be unreasonably withheld. Upon such sale and assignment, Regions will be released from further liability under the Operations Center Lease from and after the effective date of such sale and assignment.

(v) Description of Leased Premises under New Leases. The legal descriptions of the leased premises under the New Maintenance Facility Lease and the Operations Center Lease will be restated, as necessary, based upon surveys obtained by Regions, at its expense and as soon as practicable after the date on which the General Conditions Precedent have been satisfied, to reflect the intent that the "Leased Premises" will mean: (a) with respect to the New Maintenance Facility Lease, the *Primary Land* and the *Expansion Land* (excluding any portion on which so-called Building 4 and associated improvements are located), the Existing Hangar improvements and a portion of the parking spaces situated on the *Additional Primary Land*; and (b) with respect to the Operations Center

Lease, the *Additional Primary Land* (excluding any portion on which the Existing Hangar improvements are located and the remaining portion of the parking spaces) and Building 4 and associated improvements. The parking spaces currently situated on the *Leased Premises* will be allocated between the leased premises under the New Maintenance Facility Lease and the Operations Center Lease in such manner as Regions may determine appropriate.

(vi) IAA Leasing Assistance. Regions understands that from time to time IAA receives inquiries about leasing opportunities on or near the Airport. During any period when Regions, or its successors in interest, do not have a sub-lessee under either or both of the New Leases, IAA will refer potential tenant contacts to Regions, if IAA does not have a facility or premises that meets the potential tenant's needs.

4. General Conditions Precedent. Each of the following conditions shall be a "General Condition Precedent" for all purposes in this Agreement:

(a) Entry of an Order of the Bankruptcy Court in the Bankruptcy Case approving this Agreement and its performance by ATA on or before August 22, 2005, which Order has become final and nonappealable no later than the Closing Date;

(b) The Board of IAA shall have approved and authorized this Agreement by not later than September 8, 2005.

5. General Covenants. The covenants set forth in this Section 5 shall be effective prior to the Closing Date and shall remain effective even if this Agreement becomes null and void pursuant to Section 1.

(a) Each of the Parties covenants and agrees to utilize reasonable and timely efforts to achieve timely satisfaction of each General Condition Precedent.

(b) Pursuant to Motion for Approval of Assumption of Maintenance Facility Lease With Indianapolis Airport Authority which was filed by ATA on July 8, 2005, with the Bankruptcy Court in the Bankruptcy Case, ATA moved for authority to assume pursuant to Section 365 of the Bankruptcy Code the Maintenance Facility Lease (the "Assumption Motion"). As soon as practicable after execution of this Agreement by the Parties, ATA shall amend and supplement the Assumption Motion so as to obtain the authorization and approval of the Bankruptcy Court of this Agreement and each of the agreements to be entered into by ATA pursuant to the terms of this Agreement, including without limitation the authorization to assume and then assign the Maintenance Facility Lease to Regions in accordance with the terms of this Agreement. IAA and Regions shall support ATA's requests for such approvals and authorizations, and IAA shall withdraw its objection to the Assumption Motion.

(c) On reasonable advance notice, ATA will grant representatives of Regions access to Building 4, the Existing Hangar and the *Leased Premises* during normal business hours prior to the Closing.

6. Miscellaneous.

(a) No Third Party Beneficiaries. This Agreement shall not confer any rights or remedies upon any person other than the Parties and their respective successors and permitted assigns.

(b) Entire Agreement. This Agreement (including the documents referred to herein) constitutes the entire agreement between the Parties and supersedes any prior understandings, agreements, or representations by or between the Parties, written or oral, with respect to the subject matter hereof.

(c) Succession and Assignment. Except as provided in Section 1 of this Agreement, this Agreement shall be binding upon and inure to the benefit of the Parties named herein and their respective successors and permitted assigns. No Party may assign either this Agreement or any of its rights, interests, or obligations hereunder without the prior written approval of the other Parties.

(d) Counterparts and Facsimile Signature. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument. This Agreement may be executed by facsimile signature.

(e) Headings. The section headings contained in this Agreement are inserted for convenience only and shall not affect in any way the meaning or interpretation of this Agreement.

(f) Governing Law. This Agreement shall be governed by and construed in accordance with the internal laws of the State of Indiana, without giving effect to any choice or conflict of law provision or rule (whether of the State of Indiana or any other jurisdiction) that would cause the application of laws of any jurisdictions other than those of the State of Indiana.

(g) Amendments and Waivers. The Parties may mutually amend any provision of this Agreement at any time. No amendment of any provision of this Agreement shall be valid unless the same shall be in writing and signed by each of the Parties. No waiver by either Party of any right or remedy hereunder shall be valid unless the same shall be in writing and signed by the Party giving such waiver.

(h) Severability. Any term or provision of this Agreement that is invalid or unenforceable in any situation in any jurisdiction shall not affect the validity or enforceability of the remaining terms and provisions hereof or the validity or enforceability of the offending term or provision in any other situation or in any other jurisdiction. If the final judgment of a court of competent jurisdiction declares that any term or provision hereof is invalid or unenforceable, the Parties agree that the court making the determination of invalidity or unenforceability shall have the power to limit the term or provision, to delete specific words or phrases, or to replace any invalid or unenforceable term or provision with a term or provision that is valid and enforceable and that comes closest to expressing the intention of the invalid or unenforceable term or provision, and this Agreement shall be enforceable as so modified.

EXHIBIT B

EXHIBIT A TO MASTER AGREEMENT

LAND and BUILDING LEASE
AGREEMENT

ATA AIRLINES, INC.
CORPORATE CAMPUS

SEPTEMBER ____, 2005

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LAND and BUILDING LEASE AGREEMENT

THIS LAND AND BUILDING LEASE AGREEMENT made and entered into this ____ day of September, 2005, by and between the Indianapolis Airport Authority, a municipal corporation, existing under and by virtue of the laws of the State of Indiana, hereinafter called "AUTHORITY", and ATA Airlines, Inc. an Indiana corporation, authorized to do business in the State of Indiana, hereinafter called "LESSEE",

W I T N E S S E T H:

WHEREAS, AUTHORITY owns and operates the Indianapolis International Airport (hereinafter called "Airport"), located in Marion County, Indiana; and

WHEREAS, LESSEE is a corporation primarily engaged in the business of air travel; and

WHEREAS, AUTHORITY has right, title and interest in and to the real property on the Airport, together with the facilities, easements, rights, licenses, and privileges hereinafter granted, and AUTHORITY has full power and authority to enter into this Agreement in respect thereof; and

WHEREAS, LESSEE desires to lease certain property and facilities upon the terms and conditions hereinafter stated;

NOW, THEREFORE, in consideration of the mutual covenants and considerations herein contained, AUTHORITY lets and demises to LESSEE and LESSEE takes from AUTHORITY the following described Leased

Premises, and all described rights incidental thereto, subject to the following:

ARTICLE I - LEASED PREMISES

A. DESCRIPTION OF LEASED PREMISES

The term "Leased Premises", as used in this Lease Agreement, shall include a building or buildings and real estate located at Indianapolis International Airport; in Marion County, Indiana, as described on the attached Exhibit "A", dated June 17, 2005, attached hereto, and any improvements, including the right of ingress thereto and egress therefrom.

B. EXPANSION AREA - OPTION

LESSEE shall not have an expansion area under the terms of this Lease.

ARTICLE II - OBJECTIVES AND PURPOSES OF LEASE

A. USE OF LEASED PREMISES

LESSEE shall use the Leased Premises for office space and parking, and for other necessary and incidental purposes related to LESSEE's business and for no other purpose.

B. PROHIBITED USES

LESSEE covenants that it shall not use or permit the premises to be used for any other purpose without the prior written approval of the AUTHORITY.

LESSEE shall not permit the loading, unloading or storage of any hazardous animate or inanimate materials or objects in violation of any applicable law or regulation. LESSEE shall not store or transport Class-A Explosives as defined in 49 CFR Part 107.3. LESSEE's handling of any hazardous materials shall be in accordance with 49 CFR, Parts 100-199, dated December 31, 1976, or as same may be amended. In no event shall LESSEE handle any materials which would adversely affect the insurance coverage of the Leased Premises provided by AUTHORITY, a description of which coverage shall be provided to LESSEE upon request.

ARTICLE III - LESSEE'S CONSTRUCTION REQUIREMENTS

A. CONSTRUCTION OF ADDITIONAL FACILITIES

LESSEE may, at its sole expense except as otherwise expressly provided in Article VII, paragraph A of this Lease, construct on the Leased Premises, as provided in Paragraphs D and H of this Article, additional buildings, structures, roadways, utility lanes, additions and improvements as LESSEE may desire in furtherance of the purposes set forth in Article II, and shall install herein and thereon such equipment and facilities as LESSEE may deem necessary or desirable, provided, however, that no building, structure, roadway, utility lines, addition or improvement

of any nature shall be made or installed by LESSEE without prior written consent of the AUTHORITY as herein provided.

B. APPROVAL OF PLANS

LESSEE covenants and agrees that prior to the preparation of detailed construction plans, specifications and architectural renderings of any additional building, structure, roadway, addition or improvement, it shall first obtain an Airport Location Improvement Permit by submitting plans showing the general site plan, design and character of improvements and their locations, relative to the Leased Premises including location of drainage utilities and roadways to AUTHORITY's Airport Director for approval. LESSEE's plans shall meet AUTHORITY's design standards for the type of development proposed. LESSEE covenants and agrees that prior to the installation or construction of any such building, roadway, structure, addition or improvement on the Leased Premises, it shall first submit to the AUTHORITY for approval, final detailed construction plans and specifications and architectural renderings prepared by registered architects and engineers, and that all construction will be in accordance with such plans and specifications and AUTHORITY's Land Use Development Criteria dated September, 1990.

C. EXTENSION OF UTILITIES OR SPECIAL FACILITIES

Should LESSEE undertake any new construction or alterations, LESSEE shall construct at its expense all necessary utility expansion lines within the Leased Premises required for LESSEE to connect to the nearest line of existing service.

D. ALTERATIONS OR REPAIRS TO PREMISES

LESSEE shall not construct, install, remove and/or modify any of the buildings or premises leased hereunder without prior written approval of the AUTHORITY. LESSEE shall submit for approval by AUTHORITY, its plans and specifications for any proposed project as well as complying with such other conditions considered by AUTHORITY to be necessary.

E. LIEN INDEMNIFICATION

In the event any person or corporation shall attempt to assert a Mechanic's Lien against the Leased Premises, LESSEE shall hold AUTHORITY harmless from such claim, including the cost of defense and shall provide to AUTHORITY a Release of Mechanic's Lien.

F. COST OF CONSTRUCTION AND ALTERATIONS

Within thirty (30) days of completion of any construction or alterations, LESSEE shall present to AUTHORITY for

examination and approval a sworn statement of the "Construction and/or Alteration Costs".

"Construction and/or Alteration Costs" for the purpose of this Article, are hereby defined as all money paid by LESSEE for actual demolition, construction, alteration, including architectural and engineering costs plus pertinent fees in connection therewith.

In the event that LESSEE makes further improvements or alterations on the Leased Premises, the use thereof shall be enjoyed by LESSEE during the term hereof without the additional rental therefore, but such additions, alterations or improvements shall become the property of AUTHORITY upon the completion of the construction.

G. AS-BUILT DRAWINGS

Within thirty (30) days following completion of any construction and any subsequent additions, alterations or improvements LESSEE shall present to AUTHORITY a complete set of reproducible (mylar) "record" drawings including all amendments, and changes issued during construction and including, but not limited to, specifications and shop drawings. In addition, the as-built drawings must be submitted on a computer diskette in the latest AutoCAD release.

H. MORTGAGE OF LEASEHOLD INTEREST

LESSEE shall have the right to place a Mortgage Lien upon its leasehold interest, subject to obtaining the prior written consent of the AUTHORITY which consent shall not be unreasonably withheld.

I. OWNERSHIP OF IMPROVEMENTS

Upon completion of construction, any building, fixture, structure, addition or improvement, excluding personal property as defined in Article XII, C, on the Leased Premises shall immediately become the property of AUTHORITY, as owner, subject only to the right of LESSEE to use during the term of this Lease and shall remain the property of AUTHORITY thereafter with the sole right, title and interest thereto.

ARTICLE IV - TERM

A. PRIMARY TERM

The term of this Lease is five (5) years, commencing upon September 1, 2005, and terminating August 31, 2010.

B. RENEWAL TERM

LESSEE shall have an option to extend this Lease for one additional term of five (5) years ("Extension Term") for the rent to be determined as hereinafter provided.

The option contained in this paragraph B shall be exercised by LESSEE in the following manner: (i) LESSEE shall deliver written notice (the "Interest Notice") to AUTHORITY at least ten (10) months prior to the expiration of the initial term of this Lease stating that LESSEE is interested in exercising the option to extend the term of this Lease for the Extension Term; (ii) following receipt of such Interest Notice, AUTHORITY and LESSEE shall negotiate in good faith for a period of thirty (30) days to agree on the rental for the Extension Term; (iii) if AUTHORITY and LESSEE are unable to negotiate an agreed rental for the Extension Term within such thirty (30) day period, the rent for the Extension Term shall be the fair market rent for a five (5) year lease of similar commercial office space (without allowance for leasehold improvements) within a two mile radius of the Airport, where the tenant pays the cost of insurance and real estate taxes and bears the same maintenance responsibilities of LESSEE under this Lease, all as determined by the Appraisal Procedure hereinafter specified; (iv) following determination of the rent for the Extension Term by negotiation or by the Appraisal Procedure, LESSEE may exercise the option to extend the term of this Lease for the Extension Term by giving written notice of

such exercise to AUTHORITY on or before the date which is six (6) months prior to the expiration of the initial term of this Lease.

Within ten (10) days following LESSEE's exercise of the option to extend the term of this Lease, AUTHORITY and LESSEE shall execute an amendment to this Lease setting forth the rent for the Extension Term.

For purposes hereof, the "Appraisal Procedure" shall mean the following procedure:

1. Not later than thirty (30) days after the expiration of the thirty (30) day negotiation period referred to above, LESSEE and AUTHORITY shall each provide the other with an MAI appraisal prepared by a disinterested appraiser having MAI credentials and not less than five (5) years experience appraising commercial properties in the Indianapolis metropolitan area ("Qualified Appraiser"), which appraisal shall be dated not more than one hundred eighty (180) days prior to the expiration date of the initial term of this Lease and shall set forth the fair market rent for the Leased Premises for the Extension Term determined in accordance with the criteria specified in clause (iii) above. In the event AUTHORITY's appraisal and LESSEE's appraisal differ by more than five percent (5%), either AUTHORITY or LESSEE may request a third appraisal by giving written notice to the other within five (5) business days after the last of two appraisals to be completed has been delivered to the other party. If neither party requests a third appraisal or if AUTHORITY's appraisal and LESSEE's appraisal differ by five percent (5%) or less, the rent for the Extension Term shall be the average of the respective fair market rents set forth in AUTHORITY's appraisal and LESSEE's appraisal.
2. In the event either AUTHORITY or LESSEE requests a third appraisal pursuant to subparagraph 1 above, the

parties shall cause their respective appraisers to appoint a third appraiser (who shall be a Qualified Appraiser) within five (5) business days after the date of AUTHORITY's or LESSEE's (as applicable) request for the third appraisal, and such third appraiser shall provide an MAI appraisal to the parties (the "Third Appraisal") setting forth the fair market rent for the Leased Premises for the Extension Term (determined in accordance with the same criteria as specified above) within ten (10) business days after his appointment.

3. In the event the Third Appraisal is obtained, the rent for the Extension Term shall be the fair market rent as set forth in the appraisal remaining after eliminating the appraisal setting forth the highest fair market rent for the Leased Premises and the appraisal setting forth the lowest fair market rent for the Leased Premises.

If either AUTHORITY or LESSEE fails to provide an appraisal as and when required by the Appraisal Procedure, the rent for the Extension Term shall be the fair market rent as established by the MAI appraisal provided by the other party in accordance with the Appraisal Procedure.

Each party shall pay the fees of the Qualified Appraiser performing its appraisal and one-half the fees of the Qualified Appraiser performing the Third Appraisal; provided, however, if LESSEE fails to exercise the option to extend the term of this Lease following a determination of fair market rent in accordance with the Appraisal Procedure, LESSEE shall reimburse AUTHORITY for the appraiser fees paid by it for its appraisal and for the Third Appraisal.

C. HOLDING OVER

In the event LESSEE shall continue to occupy the Leased Premises beyond the Lease term or any extension thereof without AUTHORITY's written renewal thereof, such holding over shall not constitute a renewal or extension of this Lease, but shall create a tenancy from month to month which may be terminated at any time by AUTHORITY or LESSEE by giving thirty (30) days notice to the other party.

LESSEE further agrees that upon the expiration of the term of this Lease or sooner cancellation thereof, the Leased Premises will be delivered to AUTHORITY in good condition, reasonable wear and tear and damage by casualty excepted. Reasonable wear and tear shall be determined at the sole discretion of AUTHORITY upon inspection of the Leased Premises from time to time.

ARTICLE V - RENTALS, FEES AND RECORDS

During the term hereof, LESSEE shall pay to AUTHORITY rentals for the Leased Premises according to the following schedule:

A. LEASED PREMISES

- Term commencement thru August 31, 2010.
126,401 sq.ft. Buildings @ \$4.61 per sq.ft. (more or less)
- Total annual rent - \$583,000.00
- Monthly rent - \$ 48,583.33

B. RENTAL INCREASES

AUTHORITY reserves the right to increase LESSEE's rental in accordance with the following terms listed below:

1. LESSEE shall employ Indiana Administrative Employees (hereinafter defined) comprising not less than twelve percent (12%) of the ATA Companies' (hereinafter defined) total employment. Failure to maintain such level of employment is not a default by LESSEE under this Lease but shall only entitle AUTHORITY to increase LESSEE's rental as provided in the following subparagraph 2.
2. If LESSEE fails to maintain the Indiana Administrative Employee percentage specified in subparagraph 1, AUTHORITY reserves the right to increase LESSEE's rental as hereinafter provided. For each one percent (1%) reduction in Indiana Administrative Employees below the base percentage number of required employment, the rental rate per square foot shall increase five cents (\$.05). The increased rental rate shall continue until the date upon which the ATA Companies employ the minimum number of Indiana Administrative Employees stated in subparagraph 1 above.
3. As used immediately above, "ATA Companies" means, collectively, LESSEE, ATA Holdings, Corp., their respective successors and assigns, and all subsidiaries and affiliates of either of them and "Indiana Administrative Employees" means, as of the date any determination thereof is made, the total number of administrative or support employees (including executive level positions) of the ATA Companies or any of them who are Full-Time Employees or Full-Time Equivalents and who are either domiciled or based in Indiana. "Full-Time Employees" means administrative or support employees of the ATA Companies or any of them who work (including all vacation time, sick time and compensatory time) an average of 35 hours or more per week of employment. With respect to all other administrative or support employees that are not Full-Time Employees, the Full-Time Equivalents shall be calculated by dividing the aggregate number of hours

worked per week during any relevant period (including vacation time, sick time and compensatory time) by all such employees by the number obtained by multiplying 35 times the number of weeks in such period. For all purposes of this paragraph B, administrative or support employees of ATA Companies shall include, by way of example and not by way of limitation, the job descriptions listed on the schedule provided to AUTHORITY concurrently with the execution of this Lease.

4. LESSEE shall submit on September 1 and March 1 of each year a Certified Statement executed by an officer of LESSEE, which Statement shall specify ATA Companies current employment numbers and the total number of Indiana Administrative Employees employed on the date for submission of the Certified Statement. LESSEE shall cause the ATA Companies to provide LESSEE with employment numbers required to complete the Certified Statement as and when required hereby. The statement shall be retained by AUTHORITY as proprietary non-public information to the extent permitted by law.
5. AUTHORITY or its authorized representative shall have the right to examine and audit LESSEE's and the ATA Companies' books and records of its payroll (excluding social security number) with respect to any Certified Statement submitted (or required to be submitted) by LESSEE at all reasonable times upon thirty (30) days prior written notice, for the purpose of verifying any Certified Statement as to the number of employees. If ATA Companies and/or LESSEE's books and records for payroll are not kept in Marion County, Indiana, LESSEE agrees to deliver copies of said books and records, when requested for examination, to AUTHORITY's offices at Indianapolis International Airport. In the event any such examination shall disclose a discrepancy in the employment numbers contained in the Certified Statement which would result in an increase in LESSEE's rental under subparagraph 2 above from that being paid by LESSEE, LESSEE shall pay AUTHORITY the increased rental fees specified in subparagraph 2, together with the reasonable costs of such audit, including transportation, lodging, incidental expenses and attorney fees. AUTHORITY shall return all copies of

such payroll records to LESSEE upon completion of such examination.

6. The increased rental stated in subparagraph 2 shall not be effected if caused by an increase in the number of employees of the ATA Companies who are not Indiana Administrative Employees and not a decrease in the number of Indiana Administrative Employees employed by ATA Companies.

C. FIELD USE CHARGES

LESSEE does not lease and is prohibited from using any other AUTHORITY property for its use. Any use of other property by LESSEE shall be by separate agreement and payment of appropriate fees. Nothing in this Section, however, shall prohibit LESSEE from the joint use with others at the Airport of interior and exterior roadways serving the Leased Premises in accordance with Airport rules, regulations and/or restrictions.

D. TIME AND PLACE OF PAYMENTS

The foregoing fixed rentals shall be payable in equal monthly installments in advance on or before the first business day of each calendar month of the term, at the office of the Airport Director, Indianapolis Airport Authority, 2500 S. High School Road, Suite 100, Indianapolis, IN 46241-4941.

E. DELINQUENT RENTALS

There shall be added to all sums due AUTHORITY and unpaid, as may be established by AUTHORITY, an interest charge on the principal sum for each full calendar month of delinquency computed as simple interest. The interest amount charged shall be established by AUTHORITY as set forth in AUTHORITY'S Rates and Charges Ordinance or as such ordinance may hereafter be amended. No interest shall be charged upon that portion of any debt which, in good faith, is in dispute. No interest shall be charged upon any account until payment is thirty (30) days overdue, but such interest when assessed thereafter, shall be computed from the due date. The interest rate, established by Ordinance by the Airport Authority Board, may change from time to time.

ARTICLE VI - OBLIGATIONS OF LESSEE

A. NET LEASE

Except as otherwise expressly provided in this Lease, the use and occupancy of the Leased Premises by LESSEE will be without cost or expense to AUTHORITY. Except as otherwise expressly provided in this Lease, it shall be the sole responsibility of LESSEE to maintain, repair and operate the entirety of the Leased Premises and any improvements and

facilities located or constructed thereon at LESSEE's sole cost and expense.

B. UTILITIES

LESSEE shall assume and pay for all costs or charges for utilities services furnished to LESSEE during the term hereof; provided, however, that LESSEE shall have the right to connect to any and all storm and sanitary sewers and water and utility outlets at its own cost and expense; and LESSEE shall pay for any and all service charges incurred therefore.

C. TRASH, GARBAGE, ETC.

LESSEE shall pick up, and provide for, a complete and proper arrangement for the adequate sanitary handling and disposal, away from the Airport, of all trash, garbage, and other refuse caused as a result of the operation of its business. LESSEE shall provide and use suitable covered metal receptacles for all such garbage, trash and other refuse.

Piling of boxes, cartons, barrels, pallets, debris, or similar items in an unattractive or unsafe manner, on or about the Leased Premises, shall not be permitted.

D. SIGNS

LESSEE shall not erect, maintain, or display upon the outside of any improvements on the Leased Premises any

billboards or advertising signs; provided, however, that LESSEE may maintain on the outside of said buildings, its own name(s) and services on signs, the size, location and design of which shall be subject to prior written approval by AUTHORITY, however, the AUTHORITY agrees that the current signage on the Leased Premises is approved and can remain in place.

E. NONDISCRIMINATION

LESSEE, for itself, its personal representatives, successors in interest, and assigns, as part of the consideration hereof, does hereby covenant and agree (1) that no person on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of the Leased Premises; (2) that in the construction of any improvements on, over, or under such land and the furnishing of services thereof no person on the grounds of race, color or national origin shall be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination; (3) that LESSEE shall use the Leased Premises in compliance with all other requirements imposed by or pursuant to Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, Office of the

Secretary, Part 21, Nondiscrimination in Federally-assisted programs of the Department of Transportation, Effectuation of Title VI of the Civil Rights Act of 1964, and as said Regulations may be amended, to the extent that said requirements are applicable, as a matter of law, to LESSEE.

With respect to the Leased Premises, LESSEE agrees to furnish services on a fair, equal and not unjustly discriminatory basis to all users thereof, and to charge fair, reasonable and not unjustly discriminatory prices for each unit or service; provided, that the LESSEE may be allowed to make reasonable and nondiscriminatory discounts, rebates, or other similar types of price reductions to volume purchasers.

F. CIVIL RIGHTS

The LESSEE assures that it will comply with pertinent statutes, Executive Orders and such rules as are promulgated to assure that no person shall, on the grounds of race, creed, color, national origin, sex, age, or handicap be excluded from participating in any activity conducted with or benefiting from federal assistance. This provision obligates LESSEE or its transferee for the period during which federal assistance is extended to the airport program, except where federal assistance is to provide, or is in the

form of personal property or real property or interest therein or structures or improvements thereon. In these cases, the provision obligates the party or any transferee for the longer of the following periods: (a) the period during which the property is used by the sponsor or any transferee for a purpose for which federal assistance is extended, or for another purpose involving the provision of similar services or benefits; or (b) the period during which the airport sponsor or any transferee retains ownership or possession of the property. In the case of contractors, this provision binds the contractors from the bid solicitation period through the completion of the contract.

G. AFFIRMATIVE ACTION

With respect to the Leased Premises, the LESSEE assures that it will undertake an affirmative action program as required by 14 CFR Part 152, Subpart E, to insure that no person shall, on the grounds of race, creed, color, national origin or sex be excluded from participating in any employment activities covered in 14 CFR Part 152, Subpart E; that no person shall be excluded on these grounds from participating in or receiving the services or benefits of any program or activity covered by that Subpart; and that it will require that its covered suborganizations provide assurance to the

LESSEE that they similarly will undertake affirmative action programs, and that they will require assurances from their suborganizations, as required by 14 CFR Part 152, Subpart E, to the same effect, to the extent that said requirements are applicable, as a matter of law, to LESSEE.

H. OBSERVANCE OF STATUTES

The granting of this Lease and its acceptance by LESSEE is conditioned upon the right to use the Airport facilities in common with others authorized to do so, provided, however, that LESSEE shall observe and comply with any and all requirements of the constituted public authorities and with all Federal, State or Local statutes, ordinances, regulations and standards applicable to LESSEE for its use of the Leased Premises, including but not limited to, rules and regulations promulgated from time to time by the Airport Director for the administration of the Airport.

I. ENVIRONMENTAL STATUTES

LESSEE covenants and agrees to comply with all applicable environmental laws in connection with its use and occupancy of the Leased Premises and to provide to AUTHORITY, immediately upon receipt, copies of any correspondence, Notice, Pleading, Citation, Indictment, Complaint, Order, Decree or other document from any source asserting or

alleging a circumstance or condition which requires, or may require, a clean-up, removal, remedial action, or other response by or on the part of LESSEE or which seeks criminal or punitive penalties from LESSEE for an alleged violation of environmental laws. LESSEE further agrees to advise the AUTHORITY in writing as soon as LESSEE becomes aware of any condition or circumstance caused by LESSEE on AUTHORITY's land which may result in a potential violation of any environmental laws and/or contamination. LESSEE agrees, at the request of AUTHORITY, to permit an environmental audit solely for the benefit of AUTHORITY, to be conducted by AUTHORITY or an independent agent selected by AUTHORITY. LESSEE agrees to bear the expense of said audit only in the event of contamination caused by LESSEE or other violation caused by LESSEE discovered pursuant to said audit. This provision shall not relieve LESSEE from conducting its own environmental audits or taking any other steps necessary to comply with environmental laws.

If in the reasonable opinion of AUTHORITY, there exists any uncorrected violation by LESSEE of an environmental law or any condition caused by LESSEE which requires, or may require, a cleanup, removal or other remedial action by LESSEE, and such cleanup, removal or other remedial action

is not initiated within thirty (30) days from the date of written notice from AUTHORITY to LESSEE, and completed within such time period as specified in any remediation action plan approved by Authority or as required by the Indiana Department of Environmental Management or the Environmental Protection Agency, the same shall, at the option of AUTHORITY, constitute an event of default hereunder.

For the purposes of this Article, the term "environmental law" shall mean all Federal, State and Local laws including statutes, regulations, ordinances, codes, rules, policies, guidance, permits issued to the AUTHORITY and other governmental restrictions, requirements, and best management practices relating to the environment or hazardous substance including, but not limited to, the Indiana Environmental Management Act, the Federal Solid Waste Disposal Act, the Federal Clean Air Act, the Federal Clean Water Act, the Resource Conservation and Recovery Act of 1976, the Federal Comprehensive Environmental Responsibility, Cleanup and Liability Act of 1980 as amended by the Super Fund Amendments and Re-authorization Act of 1986, regulations of the Environmental Protection Agency, regulations of the Nuclear Regulatory Agency, and

regulations of any State Department of Natural Resources or State Environmental Protection Agency, requirements of the AUTHORITY'S Environmental Management System or other Environmental Plans now or anytime hereafter in effect.

LESSEE agrees fully to indemnify and save and hold harmless AUTHORITY, BAA Indianapolis LLC and BAA USA (Holdings), Inc. (Indemnified Parties) from and against all claims and actions and all expenses incidental to the investigation and defense thereof, including reasonable litigation expenses and attorneys' fees, based on or arising out of damages or injuries to persons or their property, resulting from LESSEE's, its agents', or employees' violation of any environmental laws with respect to LESSEE's use and occupancy of any Leased Premises, and any contamination caused by the LESSEE on the AUTHORITY's land.

The Indemnified Party or Parties shall give to LESSEE prompt and reasonable notice of any such claim or action, and LESSEE shall have the right to investigate, compromise, and defend the same.

J. HAZARD LIGHTS

LESSEE shall, at its expense, provide and maintain hazard lights on any structure erected by LESSEE on the Leased Premises, if required by AUTHORITY or Federal Aviation

Administration regulations. Any hazard lights so required shall comply with the specifications and standards established for such installations by the FAA.

ARTICLE VII - OBLIGATIONS OF AUTHORITY

A. IMPROVEMENTS BY AUTHORITY

LESSEE acknowledges that AUTHORITY has previously invested in the Leased Premises approximately \$1.3 million for improvements. Upon the execution by LESSEE of and the affirmation of this Lease Agreement by the bankruptcy court and LESSEE, AUTHORITY shall invest into the Leased Premises an additional \$700,000 for the renovation and rehabilitation of the Leased Premises, including relocation of walls and wiring, repair and renovation of restrooms and any other renovation or build out costs incurred in connection with LESSEE relocating its Building 4 operations and work force to the Leased Premises. AUTHORITY shall reimburse LESSEE for such renovation and rehabilitation costs, up to the maximum aggregate amount stated above, within ten (10) business days after receipt by AUTHORITY of an invoice from LESSEE setting forth the costs for which reimbursement is requested and a copy of the invoice or contractor's application for payment with respect thereto. AUTHORITY shall have the right during normal business hours and upon

reasonable prior notice to LESSEE to examine LESSEE's books and records relating to the costs for which reimbursement is sought for the purpose of verifying the same.

B. OPERATION AS A PUBLIC AIRPORT

AUTHORITY covenants and agrees that at all times it will operate and maintain Airport facilities, as defined hereinabove, as a public Airport consistent with and pursuant to the Sponsor's Assurances given by AUTHORITY to the United States Government under the Federal Airport Act.

C. INGRESS AND EGRESS

LESSEE shall have the right of ingress to and egress from the Leased Premises for the LESSEE, its officers, employees, agents, servants, customers, vendors, suppliers, patrons, and invitees over the roadway provided by AUTHORITY serving the Leased Premises. AUTHORITY's roadway shall be used jointly with other tenants on the Airport, and LESSEE shall not interfere with the rights and privileges of other persons or firms using said facilities and shall be subject to such weight and type use restrictions, as AUTHORITY deems necessary.

ARTICLE VIII - MAINTENANCE

A. MAINTENANCE AND OPERATION

Subject to AUTHORITY's performance of its obligations under the following paragraph C of this Article VIII and under Article X, paragraph C, LESSEE shall maintain the Leased Premises at all times in a safe, neat and attractive condition and shall not permit the accumulation of any trash, paper, or debris on the Leased Premises. Subject to the provisions of Article X, paragraph C, LESSEE shall repair all damages to the Leased Premises caused by its employees, patrons, or its operation thereon; shall maintain and repair all equipment thereon, and shall repaint the buildings as necessary.

LESSEE shall be responsible for and perform all maintenance, including but not limited to:

1. Janitorial services, providing janitorial supplies, window washing, rubbish, and trash removal.
2. Supply and replacement of light bulbs in and on all building and obstruction lights and replacement of all glass in the building, including plate glass.
3. Cleaning of stoppages in plumbing fixtures, drain lines and septic system to the first manhole outside any building on the Leased Premises.
4. Replacement of floor covering.
5. Maintenance of all building and overhead doors and door operating systems including weather stripping and glass replacement.

6. Building interior and exterior maintenance, including painting, repairing and replacement, except as otherwise expressly provided in the following paragraph C of this Article VIII.
7. Repair or replacement of equipment and utilities to include electrical, mechanical and plumbing in all buildings, including but not limited to air conditioning and heating equipment. All repairs to electrical and mechanical equipment are to be made by licensed personnel. Other repairs to be made by craftsmen skilled in work done and performing such work regularly as a trade.
8. All snow removal on the Leased Premises and shall do so in a manner, which does not interfere with AUTHORITY's Airport operations or damage to property.
9. All maintenance on utilities to the point where connected to the main source of supply or the first manhole outside of the Leased Premises, or to the utility corridor.

LESSEE shall advise AUTHORITY and obtain AUTHORITY's consent in writing before making changes involving structural changes to building(s) or premises, modifications or additions to plumbing, electrical or other utilities. To prevent the voiding of roof bond(s) and to maintain correct records by AUTHORITY, any penetration of the roof shall be considered a structural change.

LESSEE is responsible for maintaining electrical loads within the designed capacity of the system. Prior to any change desired by LESSEE in the electrical loading, which would exceed capacity, written consent shall be obtained from the Airport Director.

LESSEE shall provide and maintain hand fire extinguishers for the interior of all buildings, shop parking and storage areas in accordance with applicable safety codes.

LESSEE shall maintain and replace all landscaping and grounds as installed on the date of execution of this Lease, and will not allow the removal of trees without permission of AUTHORITY.

AUTHORITY, at its discretion, shall be the sole judge of the quality of maintenance; and LESSEE, upon notice by AUTHORITY to LESSEE, shall be required to perform whatever maintenance AUTHORITY deems necessary. If said maintenance is not undertaken by LESSEE within thirty (30) days after receipt of written notice, AUTHORITY shall have the right to enter upon the Leased Premises and perform the necessary maintenance, the cost of which shall be borne by LESSEE.

No waste shall be committed or damage done to the property of AUTHORITY.

B. LESSEE'S OBLIGATION

Except as otherwise expressly provided in this Lease, all maintenance and repairs of the Leased Premises during the Term shall be performed at the sole cost of LESSEE unless such repairs result from AUTHORITY's failure to comply with

its obligations herein, or from AUTHORITY's negligence, willful misconduct, or breach of this Lease. LESSEE's repair responsibility will include normal stripping, minor patching and sealing of the parking lot. AUTHORITY shall pay for repair of, or reimburse LESSEE for, any repairs the cost of which is covered by insurance or any third party, to the extent of any insurance or third party proceeds paid to AUTHORITY with respect to such repair.

C. AUTHORITY'S OBLIGATION

AUTHORITY shall replace and maintain at its sole cost (i) all exterior walls (including windows), structural components, foundations, and roofing of the building(s) on the Leased Premise, (ii) parking lot repairs not described in paragraph B above and (iii) sewer lines, plumbing, or pipes, to the first manhole outside any building on the Leased Premises ("Exterior and Structural Repairs"): (a) except for the first Ten Thousand Dollars (\$10,000) of such Exterior and Structural Repairs incurred in any calendar year during this Lease; and (b) except to the extent such replacement is necessitated by LESSEE's willful misconduct or negligent act or omission with respect to the maintenance, use, and operation of the Leased Premises. AUTHORITY shall not be relieved of AUTHORITY's obligations

pursuant to Paragraph B. by LESSEE's acceptance of the Leased Premises, entry into possession of the Leased Premises, payment of any monthly installment of rental, or performance of any of the other provisions of this Lease.

ARTICLE IX - AUTHORITY'S RESERVATIONS

A. IMPROVEMENT, RELOCATION OR REMOVAL OF STRUCTURES

AUTHORITY, at its sole discretion, reserves the right to further develop or improve the aircraft operating area and other portions of the Airport, including the right to remove or relocate any structure on the Airport, as it sees fit, and to take any action it considers necessary to protect the aerial approaches of the Airport against obstructions, together with the right to prevent LESSEE from erecting or permitting to be erected, any buildings or other structure on the Airport which, in the opinion of AUTHORITY, would limit the usefulness of the Airport or constitute a hazard to aircraft.

In the event AUTHORITY requires the Leased Premises for expansion, improvements, development of the Airport or protection of the aerial approaches, AUTHORITY reserves the right, on six (6) months notice, to relocate or replace LESSEE's improvements in substantially similar form at another generally comparable location on the Airport;

provided that, AUTHORITY shall reimburse LESSEE for all out-of-pocket costs incurred by LESSEE and its sublessees to relocate, including costs of physical relocation, costs to outfit and refurbish the new location, and all other direct expenses associated with the relocation. The foregoing provisions of this paragraph shall apply to any taking by the AUTHORITY pursuant to the exercise of its power of eminent domain.

B. INSPECTION OF LEASED PREMISES

AUTHORITY, through its duly authorized agent, shall have at any reasonable time, the full and unrestricted right to enter the Leased Premises for the purpose of periodic inspection for fire protection, maintenance and to investigate compliance with the terms of this Lease.

C. SUBORDINATION TO U.S. GOVERNMENT

This Lease shall be subordinate to the provisions of any existing or future agreement(s) between AUTHORITY and the United States, relative to the operation and maintenance of the Airport, the terms and execution of which have been or may be required as a condition precedent to the expenditure or reimbursement to AUTHORITY for Federal funds for the development of the Airport.

D. WAR OR NATIONAL EMERGENCY

During the time of war or national emergency, AUTHORITY shall have the right to lease the Airport or any part thereof to the United States Government for military use, and if any such lease is executed, the provisions of this Lease insofar as they are inconsistent with the Lease to the Government shall be suspended, and in that event, a just and proportionate part of the rent hereunder shall be abated.

ARTICLE X - INDEMNITY AND INSURANCE

A. INDEMNIFICATION

LESSEE agrees to fully indemnify, and save forever harmless the Indianapolis Airport Authority, BAA Indianapolis LLC, and BAA USA (Holdings), Inc. ("Indemnified Parties") from and against all claims, suits, damages and actions and all reasonable expenses incidental to the investigation and defenses thereof, based on or arising out of claims for property damage (other than to the Leased Premises) or bodily or personal injury to third persons, including wrongful death, and arising out of LESSEE's use or occupancy of the Leased Premises; provided, however, that AUTHORITY shall give to LESSEE prompt and reasonable notice of any such claims or actions, and LESSEE shall have the right to investigate, compromise and defend the same; and provided

further that LESSEE shall not be liable for any claims, actions, injury, damage or loss occasioned by any negligence or intentional actions of the Indemnified Parties, its agents or employees.

B. PUBLIC LIABILITY INSURANCE

LESSEE shall, at its expense, procure and keep in force at all times during the term of this Lease from a financially sound and reputable company acceptable to AUTHORITY, public liability insurance, insuring LESSEE and the Indemnified Parties for bodily injury and property damage, and such other insurance necessary to protect the Indemnified Parties from such claims and actions aforesaid. Without limiting its liability, LESSEE agrees to carry and keep in force insurance with single limit liability for personal injury or death and property damage in a sum not less than \$10 million with said policy designating the Indianapolis Airport Authority, BAA Indianapolis LLC and BAA USA (Holdings), Inc. as additional insureds. LESSEE shall furnish AUTHORITY with a certificate of insurance as evidence of such coverage. Said insurance shall not be cancelled or materially modified except upon ten (10) days advance written notice to AUTHORITY. Coverage is to be written on the broadest

liability form, which is customarily available at reasonable cost.

C. DAMAGE TO LEASED PREMISES

AUTHORITY shall, at its expense, procure and keep in force at all times during the term of this Lease, insurance on the improvements on the Leased Premises against loss and damage by fire, aircraft and extended coverage perils. If the Leased Premises are totally destroyed by fire or other casualty, or if such parts of the Leased Premises are destroyed by fire or other casualty that the remainder is not reasonably usable for LESSEE's purposes as hereinabove specified, then in either such event, LESSEE shall have the option to terminate this Lease, and the unearned portion of the rent theretofore paid shall be returned to LESSEE, or LESSEE may require AUTHORITY to repair the Leased Premises forthwith, and rent shall abate from the date of the occurrence of such damage to the date of completion of such repair. If the Leased Premises are only partially destroyed by fire or other casualty and remain reasonably usable for LESSEE's purposes as hereinabove specified, AUTHORITY shall repair said damage forthwith and there shall be an abatement of rent measured by the loss of use suffered by LESSEE based upon the area of the Leased Premises so damaged. LESSEE

shall reimburse AUTHORITY for the cost of the insurance coverage. LESSEE acknowledges that AUTHORITY's insurance coverage has a \$25,000 deductible. LESSEE agrees to pay for any damage to the building or Leased Premises up to \$24,999. Damage exceeding that amount shall be covered by AUTHORITY's insurance.

D. PERFORMANCE BONDS

In addition at any time that LESSEE undertakes construction of any additional facilities, LESSEE shall, at its own cost and expense, cause to be made, executed, and delivered to AUTHORITY separate bonds, as follows:

1. Prior to the date of commencement of construction, a contract surety bond in a sum equal to the full amount of the construction contract awarded. Said bond shall be drawn in a form and from such company as approved by AUTHORITY; shall guarantee the faithful performance of necessary construction and completion of improvements in accordance with approved final plans and detailed specifications; and shall guarantee AUTHORITY against any losses and liability, damages, expenses claims and judgments caused by or resulting from any failure of LESSEE to perform completely, the work described herein provided.
2. Prior to the date of commencement of construction, a payment bond with LESSEE's contractor or contractors as principal, in a sum equal to the full amount of the construction contract awarded. Said bond shall guarantee payment of all wages for labor and services engaged and of all bills for materials, supplies and equipment used in the performance of said construction contract.

E. MUTUAL WAIVER OF SUBROGATION

AUTHORITY and LESSEE hereby (a) release each other and each other's employees and agents from any and all liability for any loss of or damage to the improvements on the Leased Premises or to personal property within or upon the Leased Premises by reason of fire or other peril to the extent that the same is insured or required by this Lease to be insured against by fire and extended coverage or similar insurance, regardless of cause, including the negligence of AUTHORITY or LESSEE or their respective employees, agents, customers and invitees and (b) agree that any fire and extended coverage or similar insurance carried by either of them shall contain a clause whereby the insurer waives its right of subrogation against the other party. Because the provisions of this paragraph are intended to preclude the assignment of any claim mentioned herein by way of subrogation or otherwise to an insurer or any other person, each party to this Lease shall give to each insurance company that has issued to it one or more policies of fire and extended coverage or similar insurance notice of the provisions of this paragraph and have such insurance policies properly endorsed, if necessary, to prevent the

invalidation of such insurance by reason of the provisions of this paragraph.

ARTICLE XI - TERMINATION OF LEASE BY LESSEE

A. TERMINATION

This Lease shall terminate at the end of the primary term and any renewal thereof, and LESSEE shall have no further right or interest in any of the real estate or improvements hereby demised, except as provided in Article IV, C.

B. TERMINATION BY LESSEE

LESSEE may terminate this agreement and terminate its obligations hereunder at any time that LESSEE is not in default in the payment of rentals to AUTHORITY hereunder by giving AUTHORITY sixty (60) days advance written notice to be served as hereinafter provided, and by surrender of the Leased Premises, upon or after the happening of any one of the following events:

1. The issuance by any court of competent jurisdiction of an injunction in any preventing or restraining the use of the Airport, so as to substantially affect LESSEE's use of the system at the Airport, and the remaining in force of such injunction for a period of at least ninety (90) days; provided, however, that such injunction is not due to LESSEE's operations at the Airport.
2. The default by AUTHORITY in the performance of any covenant or agreement herein required to be performed by AUTHORITY, and the failure of AUTHORITY to undertake and be continuing to remedy such default for a period of sixty (60) days after receipt from LESSEE of written

notice of termination, as above provided, shall be of any force or effect if AUTHORITY shall have remedied the default prior to receipt of LESSEE's notice of termination.

3. The assumption by the United States Government or any authorized agency thereof of the operation, control, or use of the Airport and facilities, or any substantial part or parts thereof, in a manner as substantially to restrict LESSEE for a period of at least ninety (90) days from full use of its Leased Premises, and in that event, a just and proportionate part of the rent hereunder shall be abated.

The rights and remedies of LESSEE provided for herein in the event of a default by AUTHORITY shall be in addition to any remedies available to LESSEE at law or in equity for AUTHORITY's default.

ARTICLE XII - TERMINATION OF LEASE BY AUTHORITY

A. TERMINATION BY AUTHORITY

AUTHORITY, in addition to any other rights to which it may be entitled by law, may declare this Agreement terminated in its entirety, subject to and in the manner provided in Section B hereof, upon or after the happening of any one or more of the following events, and may exercise all rights of entry and re-entry upon the Leased Premises.

1. The failure to pay all installments of rent then due (with interest) within thirty (30) days after receipt by LESSEE of written notice to pay such rent.
2. The filing by LESSEE of a voluntary petition in bankruptcy or the making of any assignment of all or any part of LESSEE's assets for benefit of creditors.

3. The adjudication of LESSEE as a bankrupt pursuant to any involuntary bankruptcy proceedings.
4. The taking of jurisdiction by a court of competent jurisdiction of LESSEE or its assets pursuant to proceedings brought under the provisions of any Federal reorganization act.
5. The appointment of a receiver or a trustee of LESSEE's assets by a court of competent jurisdiction or a voluntary agreement with LESSEE's creditors.
6. The breach by LESSEE of any other covenants or agreements herein contained (excluding the covenant in subparagraph 1 of paragraph B of Article V, for which an increase in rent is the sole remedy), and the failure of LESSEE to remedy such breach within the thirty (30) days after notice by AUTHORITY to LESSEE of such breach.
7. The abandonment of the Leased Premises.
8. The failure to replace any improvements which have been destroyed by fire, explosion, wind, etc., within six (6) months from the date of such destruction which items fall into the area of LESSEE's responsibility under the deductible of \$25,000.

The continuation of the ATA Airlines, Inc. Chapter 11 proceeding currently pending in the United States Bankruptcy Court for the Southern District of Indiana, Case No. 04-19866 (the "Bankruptcy Case") shall not constitute a default by LESSEE under this Lease or otherwise entitle AUTHORITY to terminate this Lease pursuant to this paragraph A.

B. WAIVER OF STATUTORY NOTICE TO QUIT

In the event AUTHORITY exercises its option to cancel this Agreement upon the happenings of any or all of the events set forth in this Article, a notice of cancellation shall be

sufficient to cancel this Agreement; and, upon such cancellation, LESSEE hereby agrees that it will forthwith surrender up possession of the demised premises to the AUTHORITY. In this connection, LESSEE hereby expressly waives the receipt of any notice to quit or any other notice of termination, which would otherwise be given by AUTHORITY.

C. POSSESSION BY AUTHORITY

In any of the aforesaid events, AUTHORITY may take immediate possession of the demised premises and remove LESSEE's effects, forcibly if necessary, without being deemed guilty of trespassing. Upon said default, all rights of LESSEE shall be forfeited, provided, however, AUTHORITY shall have and reserve all of its available remedies at law as a result of said breach of this contract.

Failure of AUTHORITY to declare this Lease terminated upon default of LESSEE for any of the reasons set out shall not operate to bar, destroy, or waive the right of AUTHORITY to cancel this Lease by reason of any subsequent violation of the terms hereof.

D. SUSPENSION OF LEASE

During the time of war or national emergency, AUTHORITY shall have the right to lease the landing area or any part thereof to the United States Government for military use.

If any such lease is executed, any provisions of this instrument which are inconsistent with the provisions of the lease to the Government shall be suspended, provided that the term of this Lease shall be extended by the amount of the period of suspension.

E. DESTRUCTION OF PREMISES - TERMINATION

If the building or buildings shall be damaged in such manner as to render them unusable in whole or in part, the rental provided to be paid under the terms of this Lease shall be abated or reduced proportionately during the period from the date of such damage or destruction until the work of repairing, restoring or reconstructing said building or buildings is completed.

ARTICLE XIII - RIGHTS UPON TERMINATION

A. FIXED IMPROVEMENTS

It is the intent of this Agreement that the real estate, leasehold improvements and any alterations thereto shall be and remain the property of AUTHORITY during the entire term of this Lease and thereafter.

B. TEMPORARY BUILDINGS

At the termination of this Lease, LESSEE shall have the right within thirty (30) days thereafter, to remove all temporary buildings, furniture, fixtures, machinery,

equipment and signs installed on the premises leased hereunder, but shall repair at its own expense, all damage to the premises or improvements caused by such removal. All other improvements erected or installed on the premises leased hereunder shall, on such termination, remain on the Leased Premises.

C. PERSONAL PROPERTY

Upon termination of this Lease, LESSEE shall remove all personal property from the Leased Premises within thirty (30) days after said termination and restore the demised premises to its original condition. If LESSEE fails to remove said personal property, said property may thereafter be removed by AUTHORITY at LESSEE's expense.

ARTICLE XIV - ASSIGNMENT AND SUBLETTING

A. ASSIGNMENT AND SUBLETTING

Except as permitted in Paragraph B., LESSEE may not assign this Lease or sublet the Leased Premises without the prior written consent of AUTHORITY, which consent shall not be unreasonably withheld; and any attempted assignment or subletting without such consent shall be invalid. Consent to any assignment or subletting to an entity not covered in Paragraph B. may, without such requirement being deemed unreasonable, be conditioned upon an increase in the rent to

the then current fair market rental for the Leased Premises from the date such consent is to be effective; provided, however, consent to an assignment in connection with a leasehold mortgage shall not be so conditioned on an increase in rental. In the event of a permitted assignment or subletting, LESSEE shall nevertheless at all times remain fully responsible and liable for the payment of Rental and the performance and observance of all LESSEE's other obligations under the terms, conditions and covenants of this Lease. Upon the occurrence of an Event of Default, if all or any part of the Leased Premises are then assigned or sublet, AUTHORITY, in addition to any other remedies provided by this Lease or by law, may at its option, collect directly from the assignee or subtenant all rental becoming due to LESSEE by reason of the assignment or subletting. Any collection by AUTHORITY from the assignee or subtenant shall not be construed to constitute a waiver or release of LESSEE from the further performance of its obligations under this Lease or the making of a new lease with such assignee or subtenant. In the event AUTHORITY consents to a subletting of the entire Leased Premises by LESSEE, LESSEE agrees to assign such lease to AUTHORITY or AUTHORITY's mortgagee at AUTHORITY's option.

B. PERMITTED ASSIGNING AND SUBLETTING

LESSEE may assign this Lease without the requirement of any consent by AUTHORITY to a successor in interest of substantially all its business, which has a net worth equal to or greater than \$25,000,000; provided the net worth requirement shall not apply to an assignment to a successor in interest pursuant to the plan for reorganization confirmed in the Bankruptcy Case. LESSEE may sublease all or any part of the Leased Premises to a subsidiary or affiliated corporation or Affiliate (as defined below) or to a partnership, limited liability company or other entity in which LESSEE has an equity interest greater than eighty percent (80%) or to LESSEE's parent, ATA Holdings Corp.

As used herein, an "affiliated corporation or Affiliate" shall mean a person (a) which directly or indirectly through one or more intermediaries controls, or is controlled by, or is under a common control with, LESSEE, (b) which beneficially owns or holds 50 percent (50%) or more (by number of votes) of any class of the voting stock of LESSEE, or (c) 50 percent (50%) or more (by number of votes) of the voting stock (or in the case of a person which is not a corporation, 50 percent (50%) or more of the equity interest) of which is beneficially owned or held by LESSEE

or a subsidiary of LESSEE. The term "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a person whether through the ownership of voting securities, by contract or otherwise.

ARTICLE XV - QUIET ENJOYMENT

AUTHORITY covenants that LESSEE, upon payment of the rentals reserved herein and the performance of each and every one of the covenants, agreements, and conditions on the part of LESSEE to be observed and performed, shall and may, peaceably and quietly, have, hold and enjoy the Leased Premises for the term aforesaid, free from molestation, eviction or disturbance.

ARTICLE XVI - GENERAL PROVISION

A. NON-INTERFERENCE WITH OPERATION OF AIRPORT

LESSEE, by accepting this Lease, expressly agrees for itself, its successors and assigns that it will not make use of the Leased Premises in any manner which might interfere with the landing and taking off of aircraft at AUTHORITY's Airport or otherwise constitute a hazard. In the event the aforesaid covenant is breached, the AUTHORITY reserves the right to enter upon the premises hereby leased and cause the abatement of such interference at the expense of the LESSEE.

AUTHORITY shall maintain and keep in repair the Airport common and access areas and shall have the right to direct and control all activities of the LESSEE in this regard.

B. ATTORNEYS' FEES

In any action brought by AUTHORITY or LESSEE for the enforcement of the obligations of the Lease, the prevailing party shall be entitled to recover interest and its reasonable attorneys' fees from the other party.

C. TAXES

LESSEE shall pay any real property taxes assessed with respect to the Leased Premises for any period during the term of this Lease and which become due and payable during the term of this Lease. Real property taxes assessed with respect to the Leased Premises for any period prior to September 1, 2005, shall be the responsibility of AUTHORITY. If any real property taxes which LESSEE is obligated to pay during a calendar year during the term of this Lease exceed ten percent (10%) of the rent payable by LESSEE pursuant to Article V of this Lease for such calendar year, [the annual rent payable by LESSEE hereunder for the calendar year in issue shall be reduced by the amount of real property taxes in excess of said ten percent (10%) limit payable by LESSEE in such calendar year] OR [LESSEE shall have the right to

terminate this Lease at any time thereafter while the real property taxes payable by LESSEE exceed such ten percent (10%) limit by giving AUTHORITY six (6) months prior written notice of such termination.]

D. LICENSE FEES AND PERMITS

LESSEE shall obtain and pay for all licenses, permits, fees or other authorization or charges as required under Federal, State or local laws and regulations insofar as they are necessary to comply with the requirements of this Agreement and the privileges extended hereunder.

E. SECURITY AGREEMENT

If LESSEE has entrances and gates to the Air Operations Area and agrees to execute, as a condition of this Contract and Lease, an Airport Security Agreement as required by AUTHORITY in accordance with FAA regulations, Title 49 CFR Part 1542, which agreement requires LESSEE to control and regulate any doors, openings or entrances to the Air Operations Area.

F. PARTIAL INVALIDITY

If any term, covenant or condition of this Lease or application thereof to any person or circumstance shall, to any extent, be invalid or enforceable, the remainder of this Lease or the application of such term, covenant or condition

to persons or circumstances other than those as to which it is held invalid or unenforceable shall not be affected thereby and each term, covenant or condition of this Lease shall be valid and in force to the fullest extent permitted by law.

G. FORCE MAJEURE

Neither AUTHORITY nor LESSEE shall be deemed to be in breach of this Lease by reason of failure to perform any of its obligations hereunder if, while, or to the extent such failure is due to strikes, boycotts, labor disputes, embargoes, shortages of materials, acts of God, acts of public enemy, acts of superior governmental authority, weather conditions, floods, riots, rebellion, sabotage or any other circumstances for which it is not responsible, and which are not within its control. This provision shall not apply to failures by LESSEE to pay rents, fees, or other charges, or to make any other money payments when required by this Lease, but may apply to extend the time at which rent, and other such money payments, begin to accrue. This provision shall not prevent either party from exercising its respective rights of termination under any other provision of this Lease allowing for termination by either party unrelated to force majeure.

H. PARAGRAPH HEADINGS

The paragraph headings contained herein are for convenience in reference and are not intended to define or limit the scope of any provision of the Lease.

I. INTERPRETATIONS

This Lease shall be interpreted in accordance with the laws of the State of Indiana.

J. NOTICES

Whenever any notice or payment is required by this Lease to be made, given or transmitted to the parties hereto, such notice or payment shall be enclosed in an envelope with sufficient postage attached to insure delivery and deposited in the United States Mail and notice will have been deemed to have been given when deposited in the United States mail, addressed to:

Airport Director
Indianapolis Airport Authority
2500 S. High School Road, Suite 100
Indianapolis, IN 46241

and notices, consents and approvals to LESSEE addressed to:

Chief Executive Officer
ATA Airlines, Inc.
7337 W. Washington Street
Indianapolis, IN 46241

or such other place as either party shall by written directive designate in the manner herein provided.

ARTICLE XVII - TERMINATION OF LEASES

A. MASTER LEASE/CORPORATE OFFICES

Upon the execution of this Lease Agreement, the Master Lease (Corporate Offices) executed between the Indianapolis Airport Authority and ATA Airlines, Inc. dated January 1, 1996 as amended shall be terminated, however, the AUTHORITY reserves the right, which shall survive the termination of the Corporate Offices Lease, to pursue its pre-petition claim with respect to the Corporate Offices Lease in ATA Airlines, Inc. Chapter 11 proceeding currently pending in the United State Bankruptcy Court for the Southern District of Indiana, Case No. 04-19866.

B. PARKING LOT LEASE

Upon the execution of this Lease Agreement, the Parking Lot Lease executed between the Indianapolis Airport Authority and ATA Airlines, Inc. dated December 29, 1995 as amended shall be terminated, however, the AUTHORITY reserves the right, which shall survive the termination of the Parking Lot Lease, to pursue its pre-petition claim with respect to the Parking Lot Lease in ATA Airlines, Inc. Chapter 11 proceeding currently pending in the United States Bankruptcy Court for the Southern District of Indiana, Case No. 04-19866.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed as of the date first above mentioned at Indianapolis, Indiana.

INDIANAPOLIS AIRPORT AUTHORITY

By _____
Lacy M. Johnson, President

By _____
H. Patrick Callahan, Vice-President

By _____
Alfred R. Bennett, Secretary

By _____
Kelly J. Flynn, Member

By _____
N. Stuart Grauel, Member

By _____
Shirley M. Haflich, Member

By _____
Robert H. Voorhies, Member

By _____
Michael W. Wells, Member

ATA Airlines, Inc.

By _____

Printed _____

Title _____

LESSEE

Attachments:
Exhibit A

KJS - 8/9/05