

AMENDMENT NO. 5 TO CREDIT AGREEMENT

This Amendment No. 5 to Credit Agreement (“Amendment No. 5”) dated effective as of the ____ day of September, 2005, by and between **ATA AIRLINES, INC. f/k/a AMERICAN TRANS AIR, INC.**, an Indiana corporation (hereinafter referred to as “Borrower”), and **NATIONAL CITY BANK OF INDIANA**, a national banking association (hereinafter referred to as “Bank”).

W I T N E S E T H:

WHEREAS, the Borrower and the Bank are parties to that certain Credit Agreement dated as of the 19th day of December, 2002, as amended by that certain Amendment No. 1 to Credit Agreement dated January 9, 2004, Amendment No. 2 to Credit Agreement dated October 4, 2004 and Amendment No. 3 to Credit Agreement dated December 16, 2004 and Amendment No. 4 to Credit Agreement dated May 13, 2005 (hereinafter referred to as “Agreement”);

WHEREAS, the Borrower filed a petition for relief under Chapter 11 of the Bankruptcy Code (“Chapter 11 Case”) on October 26, 2004 (“Petition Date”) and is operating its business as a Debtor in Possession subject to the jurisdiction of the United States Bankruptcy Court for the Southern District of Indiana, Indianapolis Division (“Bankruptcy Court”);

WHEREAS, the Bankruptcy Court has entered orders (i) granting the Bank relief from stay to, among other things, enforce the obligations of the Borrower under the Agreement and other Loan Documents, including the obligation to reimburse the Bank for draws made under Letters of Credit from Deposit Accounts which are subject to the Bank’s security interest, (ii) approving a Stipulation for the use of cash collateral between the Borrower and the Bank (“Stipulation”) which modified certain provisions of the Agreement and provides protection to the Bank to permit the Borrower to use cash collateral in the Deposit Accounts which is subject to the Bank’s security interest, (iii) approving Amendment No. 3 to Credit Agreement dated December 16, 2004 (“Amendment No. 3”) and post-petition financing under the terms of the Agreement as amended by Amendment No. 3 and (iv) approving Amendment No. 4 to Credit Agreement dated May 13, 2005 (“Amendment No. 4”) and post-petition financing under the terms of the Agreement as amended by Amendment No. 4;

WHEREAS, the Borrower desires to incur debt under the Agreement, as modified by this Amendment No. 5 and subject to its terms, in the form of renewals, extensions, amendments or increases of Letters of Credit which have been issued or the issuance of new Letters of Credit, and has filed its “Motion for Authority to Obtain Postpetition Financing for Replacement Letters of Credit” dated September 6, 2005 (“Financing Motion”);

WHEREAS, as of September 12, 2005, the Bank has issued for the account of the Borrower Letters of Credit with an undrawn face amount currently outstanding of approximately \$26,982,559.11 (based upon currency conversions and fluctuations);

Exhibit “A”

WHEREAS, the Borrower desires to continue and amend the financial accommodations previously extended by the Bank as contemplated herein; and

WHEREAS, the Bank is willing to continue such financial accommodations postpetition to the Borrower on the terms and subject to the conditions in the Agreement as amended by the terms and conditions of this Amendment No. 5.

NOW, THEREFORE, in consideration of the premises, the mutual covenants hereinafter contained, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

Section 1. Effect of this Amendment No. 5. This Amendment No. 5 shall not change, modify, amend or revise the terms, conditions and provisions of the Agreement, the terms and provisions of which are incorporated herein by reference, except as expressly provided herein and agreed upon by the parties hereto. This Amendment No. 5 is not intended to be nor shall it constitute a novation or accord and satisfaction of the outstanding instruments by and between the parties hereto. Borrower and Bank agree that, except as expressly provided herein, all terms and conditions of the Agreement shall remain and continue in full force and effect. The Borrower acknowledges and agrees that the indebtedness under the Agreement remains outstanding and is not extinguished, paid, or retired by this Amendment No. 5, or any other agreements between the parties hereto prior to the date hereof, and that Borrower is and continues to be fully liable for all Obligations to the Bank contemplated by or arising out of the Agreement. Prepetition financial accommodations and postpetition financial accommodations shall be limited to an aggregate amount not to exceed \$40,000,000. Except as expressly provided otherwise by this Amendment No. 5, the credit facilities contemplated by this Amendment No. 5 shall be made according to and pursuant to all conditions, covenants, representations and warranties contained in the Agreement.

Section 2. Definitions. Terms defined in the Agreement, which are used herein, shall have the same meaning as set forth in the Agreement unless otherwise specified herein.

Section 3. Amendment of Agreement. Subject to the satisfaction of the conditions precedent set forth in Section 6 herein:

- (a) The following definitions appearing in Section 1.1 of the Agreement are amended and replaced with the following:

“Amendment No. 5” means this Amendment No. 5 to that certain Credit Agreement dated as of December 19, 2002 by and between Borrower and Bank.

“Bankruptcy Court” means the United States Bankruptcy Court, Southern District of Indiana.

“Chapter 11 Case” means the case commenced by the Borrower on the Petition Date and pending as Case No. 04-19866-BHL-11 (Jointly Administered) in the United States Bankruptcy Court, Southern District of Indiana.

“Financial Statements” means, as the context may require, (a) the financial statements of Borrower as of December 31, 2004 and (b) the financial statements of Borrower furnished from time to time pursuant to Section 5.2.1 hereof; in all cases together with any accompanying notes or other disclosures to such financial statements, and any other documents or data furnished to Bank in connection therewith.

“Line of Credit Maturity Date” means June 30, 2008.

“Material Adverse Effect” means (a) a material adverse effect upon the business, condition (financial or otherwise), operations, performance, properties or prospects of the Borrower or Guarantor taken as a whole, other than an effect of the type which customarily occurs following the commencement of a case under chapter 11 of the Bankruptcy Code and publicly disclosed in any filing made by the Borrower and Guarantor with the SEC between December 31, 2004 and the date of this Amendment No. 5; (b) a material impairment of the rights and remedies of the Bank under any Loan Document, or of the ability of the Borrower or the Guarantor to perform its obligations under any Loan Document to which it is party; (c) a material adverse effect upon the legality, validity, binding effect or enforceability against the Borrower or the Guarantor of any Loan Document to which it is a party; or (d) impairment of the Collateral.

“Petition Date” means October 26, 2004.

(b) Section 2.1.1 of the Agreement is hereby amended to provide that the aggregate face amount of the Letters of Credit outstanding at any time plus the aggregate amount of unreimbursed drawings under the Letters of Credit shall not exceed the lesser of (a) Forty Million and no/100 Dollars (\$40,000,000.00) and (b) the available amount based upon the Collateral pledged by Borrower to secure the Obligations as computed pursuant to Section 5.2.11 of the Agreement.

(c) Section 2.2 of the Agreement is hereby amended and replaced with the following:

2.2 Letter of Credit Fees. In addition to Bank’s standard and customary charges and fees associated with the Letters of Credit, Borrower agrees to pay to Bank an annual commission fee associated with the Letters of Credit in an amount equal to seventy-five (75) Basis Points of the face amount of each Letter of Credit issued by Bank for the account of Borrower, payable by Borrower to Bank upon the issuance, increase or renewal of each Letter of Credit and upon each annual anniversary date of the issuance of such Letter of Credit thereafter during such time as the Letter of Credit remains outstanding. Such fees shall not be reduced or refundable for any reason. Borrower hereby authorizes Bank to collect such fees by deducting the amount thereof from any account of Borrower at Bank.

(d) Section 2.7 of the Agreement is hereby amended and replaced with the following:

2.7 Unused Fee. Borrower shall pay to Bank from and after the date hereof until the date on which Bank's commitment under the Line of Credit is terminated in whole, an unused fee accruing at the rate of ten (10) Basis Points per annum on the average daily portion of the Line of Credit of Forty Million Dollars (\$40,000,000) in excess of the sum of (a) aggregate face amount of issued and outstanding Letters of Credit plus (b) any Advances, from time to time. All such unused fees payable under this clause shall be payable quarterly in arrears on the last day of each fiscal quarter of Borrower occurring after the date hereof and, in addition, on the date on which the Bank's commitment under Line of Credit is terminated in whole. Such unused fees shall be calculated on the basis of the actual number of days elapsed and a three hundred sixty (360) day year.

- (e) Subsection 5.2.1(k) of the Agreement is hereby amended and replaced with the following:

In addition to the financial reports required under this Agreement, as soon as possible, but in any event within thirty (30) days after the end of each calendar month, the Borrower shall provide consolidated financial statements of Borrower acceptable to the Bank including a balance sheet as of month end, a statement of income and retained earnings for the month and for the year to date, a statement of cash flows for the month and for the year to date, and an operating statistics summary for the month and for the year to date, all prepared in accordance with GAAP on a consolidated basis consistent with prior periods, unless specifically otherwise noted thereon, and all containing a variance report for the month and year to date setting forth a comparison of actual results against the financial projections provided to and accepted by the Bank for the related fiscal year.

- (f) New Subsection 5.2.1(l) is added to the Agreement as follows:

5.2.1(l) On or before December 15, of each year, Borrower shall deliver to Bank consolidated financial operating projections for the subsequent year ending December 31 with detail provided on a monthly basis consisting of (i) balance sheets, (ii) income statements (ii) statements of cash flows, and (iv) assumptions and supporting information; provided, however, that all such information shall be acceptable to the Bank.

- (g) Subsection 5.2.3 of the Agreement is hereby amended and replaced with the following:

5.2.3 Taxes, Etc. To the extent not prohibited by the Borrower's Chapter 11 Case or any related bankruptcy proceedings, pay and discharge, and cause each Subsidiary to pay and discharge, all taxes, assessments, judgments, orders, and governmental charges or levies imposed upon it or on its income or profits or upon its property prior to the date on which penalties attach thereto and all lawful claims which, if unpaid, may become a Lien or charge upon its Property, provided

that Borrower and any Subsidiary Guarantors shall not be required to pay any tax, assessment, charge, judgment, order, levy or claim, if such payment is being contested diligently, in good faith, and by appropriate proceedings which will prevent foreclosure or levy upon its Property and adequate reserves against such liability have been established.

- (h) Subsection 5.2.12 of the Agreement is hereby amended and replaced with the following:

Release of Excess Cash Collateral: A calculation of the amount of excess cash collateral (i.e., amounts held in the Deposit Accounts in excess of the amount required to be maintained by Borrower pursuant to Subsection 5.2.11 hereof) shall be made as of the 10th of each month and any excess cash collateral shall be released to Borrower within five (5) days of the calculation of the excess cash collateral amount, provided there is full compliance with the terms of the Credit Agreement and there are no uncured Defaults existing at such time.

- (i) The following Sections of Article 4 of the Agreement are hereby amended and replaced with the following:

4.5 Financial Statements. The Financial Statements were prepared in accordance with GAAP consistent with prior years, unless specifically otherwise noted thereon, and fairly present the financial condition of Borrower as of the date thereof and the results of its operations for the period then ended.

4.6 Disclosure of Material Liabilities. The information submitted by Borrower to Bank discloses all known or anticipated material liabilities, direct or contingent, of Borrower as of the dates thereof.

4.10 Default. Neither the Borrower nor the Guarantor is in default under or with respect to, or a party to, any post-Petition Date contractual obligation that could, either individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

4.11 Tax Returns. All tax returns or reports of Borrower required by law have been filed, and all taxes, assessments, contributions, fees and other governmental charges (other than those (a) which accrued or were payable prior to the Petition Date, (b) presently payable without penalty or interest, or (c) currently being contested in good faith and against which adequate reserves have been established) upon Borrower or its assets, properties or income, which are payable, have been paid.

4.12 Litigation. Other than the Chapter 11 Case and any adversary proceedings or contested matters filed therein (and related Chapter 11 cases filed in the Bankruptcy Court), except as has been publicly disclosed in any filing made by the Borrower or the Guarantor with the SEC between December 31, 2004 and the

date of this Amendment No. 5, there are no actions, suits, proceedings, claims or disputes pending or, to the knowledge of the Borrower after due and diligent investigation, threatened or contemplated, at law, in equity, in arbitration or before any Governmental Authority, by or against the Borrower or the Guarantor or against any of their properties or revenues that either individually or in the aggregate could reasonably be expected to have a Material Adverse Effect. The performance of any action by the Borrower or the Guarantor required or contemplated by any of the Loan Documents is not restrained or enjoined (either temporarily, preliminary or permanently). There are no actions, suits or proceedings pending that challenge the validity of any Loan Document or the applicability or enforceability of any Loan Document or which seeks to void, avoid, limit, or otherwise adversely affect the security interest created by or in any Loan Document or any of the orders entered by the Bankruptcy Court authorizing borrowing under the Agreement, as amended, or any payment made pursuant thereto.

4.14 Full Disclosure. No information, exhibit, memorandum, or report (excluding estimated future operating results) furnished by Borrower to Bank in connection with the negotiation of the Facilities contains any material misstatement of fact, or, to Borrowers knowledge, omits to state any fact necessary to make the statements contained therein not materially misleading in light of the circumstances when made, and all estimated future operating results, if furnished, were prepared on the basis of assumptions, data, information, tests or other conditions believed to be valid or accurate or to exist at the time such estimates were prepared and furnished.

4.15 Contracts of Surety. (Deleted)

4.20 Approvals. No authorization, consent, approval or any form of exemption of any Governmental Authority is required in connection with the execution and delivery by Borrower of the Loan Documents, the borrowings and performance by Borrower thereunder or the issuance of the Reimbursement Note, other than the Bankruptcy Court.

4.21 Insolvency. (Deleted)

- (g) The negative covenant at Section 5.1.2 of the Agreement shall be deleted.

Section 4. Reimbursement of Legal Fees and Other Expenses. All reasonable out-of-pocket expenses of the Bank, U.S. Bank National Association, and The Huntington National Bank which either have purchased or will purchase a participation interest in the Facilities, including without limitation, filing fees, recording fees, and legal fees and disbursements, are to be paid by Borrower either as of execution of this Amendment No. 5 or promptly upon demand therefore. Borrower hereby authorizes Bank to collect such reasonable fees and expenses by deducting the amount thereof from any account of Borrower at Bank.

Section 5. Extension Fee. Borrower shall pay an extension fee upon execution of this Amendment No. 5 in the amount of ten thousand dollars (\$10,000.00).

Section 6. Conditions Precedent. This Amendment No. 5 shall become and be deemed effective in accordance with its terms immediately upon the Bank receiving:

- (a) Two (2) copies of this Amendment No. 5 duly executed by the authorized officers of the Borrower and the Bank;
- (b) Entry of a Final Order by the Bankruptcy Court in form and substance reasonably satisfactory to Bank approving the Financing Motion;
- (c) Two (2) copies of a Consent and Reaffirmation of Guaranty executed by the Guarantor;
- (d) A Participation Agreement and a consent letter executed by The Huntington National Bank;
- (e) Reimbursement of the reasonable expenses as contemplated in Section 4 hereof;
- (f) Payment of the fee contemplated in Section 5 hereof; and
- (g) Such other documents and items as the Bank may reasonably request.

Section 7. Representations and Warranties of the Borrower. The Borrower hereby represents and warrants, in addition to any other representations and warranties contained herein, in the Agreement, the Loan Documents, or any other document, writing or statement delivered or mailed to the Bank or its agent by the Borrower, as follows:

- (a) This Amendment No. 5 constitutes a legal, valid and binding obligation of the Borrower enforceable in accordance with its terms. The Borrower has taken all necessary and appropriate corporate and other action, including but not limited to approval by the Bankruptcy Court, for the approval of this Amendment No. 5 and the authorization of the execution, delivery and performance thereof.
- (b) The Borrower hereby specifically confirms and ratifies its obligations, waivers and consents under each of the Loan Documents.
- (c) Except as specifically amended herein, all representations, warranties and other assertions of fact contained in the Agreement and the Loan Documents, including all exhibits and schedules thereto, continue to be true, accurate and complete.
- (d) Except as previously disclosed directly or indirectly in writing to the Bankruptcy Court, the SEC or Bank, there have been no material changes to the

Articles of Incorporation, By-Laws, or the composition of the Board of Directors of the Borrower since execution of the Agreement.

(e) Borrower acknowledges that the definition “Loan Documents” shall include this Amendment No. 5 and all the documents executed contemporaneously herewith.

Section 8. Affirmative Covenants. By entering into this Amendment No. 5, Borrower further specifically undertakes to comply with the obligations, terms and covenants as contained in Articles 2 and 5 of the Agreement and agrees to comply therewith as such relate to the additional credit facilities and accommodations as provided to the Borrower pursuant to the terms of this Amendment No. 5.

Section 9. Governing Law. This Amendment No. 5 has been executed and delivered and is intended to be performed in the State of Indiana and shall be governed, construed and enforced in all respects in accordance with the substantive laws of the State of Indiana without reference to conflicts of law principles.

Section 10. Headings. The section headings used in this Amendment No. 5 are for convenience only and shall not be read or construed as limiting the substance or generality of this Amendment No. 5.

Section 11. Survival. All representations, warranties, and covenants of the Borrower herein or any certificate, agreement or other instrument delivered by or on its behalf under this Amendment No. 5 shall be considered to have been relied upon by the Bank and shall survive the execution of this Agreement. All statements and any such certificate or other instrument shall constitute warranties and representations hereunder by the Borrower and its authorized officer.

Section 12. Counterparts. This Amendment No. 5 may be signed in one or more counterparts, each of which shall be considered an original, with the same effect as if the signatures were upon the same instrument.

Section 13. Waiver of Certain Rights. The Borrower waives acceptance or notice of acceptance hereof and agrees that the Agreement, this Amendment No. 5, the Reimbursement Note, and all of the other Loan Documents shall be fully valid, binding, effective and enforceable as of the date hereof, even though this Amendment No. 5 and any one or more of the other Loan Documents which require the signature of the Bank, may be executed by and on behalf of the Bank on other than the date hereof.

Section 14. Waiver of Defenses and Claims. In consideration of the financial accommodations provided to the Borrower by the Bank as contemplated by this Amendment No. 5, Borrower hereby waives, releases and forever discharges the Bank, its officers, directors, employees, agents, affiliates and participants under the Agreement (collectively, the “Released Parties”) from and against any and all rights, claims or causes of action against the Released Parties arising from the Released Parties’ actions or inactions with respect to the Loan Documents or any security interest, lien or collateral in connection therewith as well as any and

all rights of set off, defenses, claims, causes of action and any other bar to the enforcement of the Loan Documents which exist as of the date hereof.

IN WITNESS WHEREOF, **ATA AIRLINES, INC.** and **NATIONAL CITY BANK OF INDIANA** have caused this Amendment No. 5 to Credit Agreement to be executed by their respective duly authorized officers as of the date and year first written above.

ATA AIRLINES, INC.

By
: _____

Printed: _____

Title
: _____

NATIONAL CITY BANK OF INDIANA

By
: _____
F. Richard Blankenship, III, Senior Vice
President