

Exhibit A

ASSET PURCHASE AGREEMENT

This ASSET PURCHASE AGREEMENT (this "*Agreement*") is entered into as of January 16, 2009, between ATA Airlines, Inc., an Indiana corporation ("*Seller*"), and AirTran Airways, Inc., a Delaware corporation ("*Buyer*").

RECITALS

WHEREAS, Seller is a debtor in possession in the chapter 11 case styled In re ATA Airlines, Inc., Case No. 08-03675-BHL-11 in the United States Bankruptcy Court for the Southern District of Indiana, Indianapolis Division (the "*Bankruptcy Court*"); and

WHEREAS, Seller wishes to sell to Buyer and Buyer wishes to purchase from Seller certain assets pursuant to Section 363 of the Bankruptcy Code and the applicable Federal Rules of Bankruptcy Procedure.

NOW, THEREFORE, in consideration of the mutual representations, warranties, covenants and agreements contained in this Agreement herein, and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and subject to the terms and conditions hereof, the parties, intending to be legally bound, hereby agree as follows:

ARTICLE I

TRANSFER OF ASSETS

1.1. Purchase and Sale of Assets. On the terms and subject to the conditions of this Agreement, Seller shall sell, assign, transfer, convey and deliver to Buyer, on the Closing Date (as hereinafter defined), and Buyer shall purchase, acquire, and accept all of the right, title and interest of Seller in and to two (2) air carrier takeoff and landing operating authorizations at Ronald Reagan Washington National Airport ("*DCA*") listed below (collectively, the "*Assets*"):

1.1.1 **Operating Authorization Identification Number: 1022**

1.1.2 **Operating Authorization Identification Number: 1126**

1.2. Instruments of Transfer. The sale, assignment, transfer, conveyance and delivery of the Assets to Buyer, as provided in this Agreement, shall be made by the bill of sale and assignment provided for in Section 3, and such other instruments as may reasonably be requested by Buyer or Seller. The foregoing documents shall not increase the burdens or obligations imposed by this Agreement upon Seller or Buyer.

ARTICLE II

CONSIDERATION

2.1. Purchase Price.

2.1.1. The aggregate consideration for the Assets (the "**Purchase Price**") shall be US \$1,340,000.00. The Purchase Price shall be evidenced by a promissory note made by Buyer in favor of Seller (the "**Note**"), attached hereto as **Exhibit "A"**, dated the Closing Date and payable in cash beginning on the Closing Date, and thereafter in equal monthly installments of US \$20,000.00 on the first day of each succeeding month *plus* a US \$1,000,000.00 balloon payment to be paid on June 30, 2010. The Note shall be payable without interest if paid when due. Upon the occurrence of an Event of Default, as defined by the Note, interest shall immediately and without notice accrue at a rate equal to the lesser of (a) fourteen percent (14%) per annum, or (b) the maximum rate allowed under applicable law (the "**Default Rate**"). Payment of the Note shall be secured by the Security Agreement, attached hereto as **Exhibit "C."**

ARTICLE III

CLOSING

3.1. Closing. The Closing of the transactions provided for herein (the "**Closing**") shall take place at the offices of Haynes and Boone, LLP, One Houston Center, 1221 McKinney Street, Suit 2100, Houston, Texas 77010, unless otherwise mutually agreed to by the parties.

3.2. Closing Date. The Closing shall be held within five (5) days after satisfaction or waiver of all the conditions to Closing set out in Section 4 (the "**Closing Date**"), but no later than [__], 2009 (the "**Outside Date**"). If the conditions to Closing have not been satisfied or waived by the Outside Date then any party not in default under this Agreement may terminate this Agreement.

3.3. Seller's Deliveries to Buyer at Closing. On the Closing Date, Seller shall make the following deliveries to Buyer:

3.3.1. A bill of sale and assignment, duly executed by Seller, in the form and on the terms of the Bill of Sale and Assignment attached hereto as **Exhibit "B"** to this Agreement, under which Seller shall transfer the Assets (the "**Bill of Sale**");

3.3.2. A certificate of Seller, dated the Closing Date, signed by an authorized officer of Seller, certifying that the conditions specified in Section 4.2.4 have been fulfilled;

3.3.3. Such other instruments of transfer and conveyance necessary to vest in Buyer all of Seller's right, title and interest in and to the Assets in accordance with this Agreement as Buyer may reasonably request.

3.3.4. Buyer's Deliveries to Seller at Closing. On the Closing Date, Buyer shall deliver to Seller (a) the Note in an amount equal to the Purchase Price, and (b) the Bill of Sale.

3.4. Sales, Use and Other Taxes. Any sales, purchase, transfer, stamp, documentary stamp, use or similar taxes which may be payable by reason of the sale of the Assets under this Agreement or the transactions contemplated herein shall be borne and timely paid by Buyer. Seller and Buyer shall cooperate to timely prepare and file any returns or other filings relating to such taxes, including any claim for exemption or exclusion from the application or imposition of any such taxes.

3.5. Transfer of Assets. On the Closing Date, the Assets shall be transferred to Buyer and Seller shall be released and discharged of any and all liabilities with respect to the Assets.

ARTICLE IV

CONDITIONS PRECEDENT TO CLOSING

4.1. Conditions to Seller's Obligations. Seller's obligation to consummate the transaction contemplated by this Agreement at the Closing Date shall be subject to the satisfaction, or waiver by Seller, of each of the following conditions.

4.1.1. All of the representations and warranties of Buyer contained herein shall be true and correct in all material respects on the Execution Date and on and as of the Closing Date, with the same force and effect as though such representations and warranties had been made on and as of the Closing Date (except to the extent that any such representation and warranty is made as of a specified date, in which case such representation and warranty shall have been true and correct in all material respects as of such date), all covenants and obligations to be performed by Buyer prior to the Closing shall have been performed in all material respects, and Buyer shall have certified the foregoing to Seller in writing.

4.1.2. Seller shall have received the Note.

4.1.3. Buyer shall have delivered to Seller appropriate evidence of all necessary corporate action by Buyer in connection with the transactions contemplated hereby, including: (i) a certificate of the Secretary as to the incumbency of officers of Buyer executing this Agreement and any instrument or other document delivered in connection with the transactions contemplated by this Agreement and (ii) a certificate of the Secretary that Buyer's officers are authorized to enter into and complete the transactions contemplated by this Agreement.

4.1.4. No action, suit or other proceedings shall be pending before any court, tribunal or governmental authority seeking or threatening to restrain or prohibit the consummation of the transactions contemplated by this Agreement, or seeking to obtain substantial damages in respect thereof, or involving a claim that consummation thereof would result in the violation of any law, decree or regulation of any governmental authority having appropriate jurisdiction.

4.1.5. The Bankruptcy Court shall have entered the Sale Order on or before February 1, 2009, and the Sale Order shall not have been stayed as of the Closing Date and either (i) the Sale Order shall have become a final order, or (ii) the Bankruptcy Court shall have made a "good faith" finding with respect to the transaction contemplated hereby pursuant to Section 363(m) of the Bankruptcy Code.

4.2. Conditions to Buyer's Obligations. Buyer's obligation to consummate the transaction contemplated by this Agreement at the Closing Date shall be subject to the satisfaction or waiver by Buyer of each of the following conditions:

4.2.1. All representations and warranties of Seller contained herein shall be true and correct in all material respects on the Execution Date and on and as of the Closing Date, with the same force and effect as though such representations and warranties had been made on and as of the Closing Date (except to the extent that any such representation and warranty is made as of a specified date, in which case such representation and warranty shall have been true and correct in all material respects as of such date), all covenants and obligations to be performed by Seller prior to the Closing shall have been performed in all material respects, and Seller shall have certified the foregoing to Buyer in writing.

4.2.2. Seller shall have executed and delivered to Buyer the Bill of Sale.

4.2.3. No action, suit or other proceedings shall be pending before any court, tribunal or governmental authority seeking or threatening to restrain or prohibit the consummation of the transactions contemplated by this Agreement, or seeking to obtain substantial damages in respect thereof, or involving a claim that consummation thereof would result in the violation of any law, decree or regulation of any governmental authority having appropriate jurisdiction.

4.2.4. The Bankruptcy Court shall have entered the Sale Order on or before February 1, 2009, and the Sale Order shall not have been stayed as of the Closing Date and either (i) the Sale Order shall have become final order, or (ii) the Bankruptcy Court shall have made a "good faith" finding with respect to the transaction contemplated hereby pursuant to Section 363(m) of the Bankruptcy Code.

4.3. Termination. This Agreement may be terminated by mutual written consent of Buyer and Seller. If any of the above conditions in Sections 4.1 or 4.2 is neither satisfied nor waived on or before the date by which the condition is required to be satisfied, any party not then in default hereunder may terminate this Agreement by delivering to the other written notice of termination. Any waiver of a condition shall be effective only if it is stated in writing and signed by the waiving party; provided, however, that consummation of the Closing shall constitute a waiver by each party of any conditions to Closing not satisfied as of the Closing Date.

ARTICLE V

SELLER'S REPRESENTATIONS AND WARRANTIES

Seller makes the following representations and warranties to Buyer:

5.1. Validity of Agreement. This Agreement has been duly executed and delivered by Seller. Upon entry of the Sale Order, this Agreement constitutes the valid and binding obligation of Seller, enforceable in accordance with its terms.

5.2. Organization, Standing and Power. Seller has all requisite corporate power and authority to execute, deliver and perform this Agreement and all instruments and documents

relating hereto, subject to the applicable provisions of bankruptcy law and to the entry of the Sale Order.

5.3. Title to Assets. At the Closing, Buyer will acquire all of Seller's right, title and interest in and to all the Assets pursuant to the Sale Order.

ARTICLE VI

BUYER'S REPRESENTATIONS AND WARRANTIES

Buyer makes the following representations and warranties to Seller:

6.1. Validity of Agreement. All corporate action on the part of Buyer necessary for the authorization, execution, delivery and performance of this Agreement by Buyer, including, the performance of Buyer's obligations hereunder, has been duly taken. This Agreement has been duly executed and delivered by Buyer. This Agreement constitutes the valid and binding obligation of Buyer enforceable in accordance with its terms.

6.2. Organization, Standing and Power. Buyer is a corporation duly organized, validly existing and in good standing under the laws of Delaware. Buyer has all requisite corporate power and authority to own, lease and operate its properties, to carry on its business as now being conducted and to execute, deliver and perform this Agreement and all instruments and documents relating hereto.

6.3. No Conflicts or Violations. The execution and delivery of this Agreement, the consummation of the transactions herein contemplated, and the performance of, fulfillment of and compliance with the terms and conditions hereof by Buyer do not and will not: (i) conflict with or result in a breach of the articles or certificate of incorporation or bylaws of Buyer; (ii) violate any statute, law, rule or regulation, or any order, writ, injunction or decree of any court or governmental authority; or (iii) (with or without the giving of notice or the lapse of time or both) violate, conflict with, result in a breach of, constitute a default, or accelerate the performance required by, any of the terms of any agreement, lease, mortgage, indenture or other instrument or writing of any nature to which Buyer is a party or by which Buyer or its assets or properties may be bound.

6.4. Financing. Buyer has sufficient funds available to it to consummate the transactions contemplated hereby.

ARTICLE VII

"AS IS" TRANSACTION

EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THIS AGREEMENT, SELLER MAKES NO REPRESENTATIONS OR WARRANTIES WHATSOEVER, EXPRESS OR IMPLIED, WITH RESPECT TO ANY MATTER RELATING TO THE ASSETS, THE VALUE OF THE ASSETS (OR ANY PORTION THEREOF), OR TITLE TO THE ASSETS (OR ANY PORTION THEREOF). WITHOUT IN ANY WAY LIMITING THE FOREGOING, SELLER DISCLAIMS ANY WARRANTY, EXPRESS OR IMPLIED, OF

MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE AS TO ANY OF THE ASSETS. BUYER FURTHER ACKNOWLEDGES THAT BUYER HAS CONDUCTED AN INDEPENDENT INVESTIGATION OF THE ASSETS AND ALL SUCH OTHER MATTERS RELATING TO OR AFFECTING THE ASSETS AS BUYER DEEMED NECESSARY OR APPROPRIATE AND THAT IN PROCEEDING WITH ITS ACQUISITION OF THE ASSETS, BUYER IS DOING SO BASED SOLELY UPON INDEPENDENT INVESTIGATIONS. ACCORDINGLY, BUYER WILL ACCEPT THE ASSETS AT THE CLOSING "AS IS," "WHERE IS," AND "WITH ALL FAULTS."

ARTICLE VIII

CONDUCT AND ACTIONS PRIOR TO CLOSING

8.1. Access to Records and Properties of Seller. Until the Closing Date, Seller shall, upon reasonable advance notice, afford to Buyer's officers, independent public accountants, counsel, lenders, consultants and other representatives, reasonable access during normal business hours to the Assets and all records pertaining directly to the Assets to the extent the same are in Seller's possession or control. Nothing in this Section 8.1 is intended to give rise to any contingency to Buyer's obligations to proceed with the transactions contemplated herein.

8.2. Bankruptcy Court Approval.

8.2.1. Bankruptcy Court's Approval of Sale. Promptly following the Execution Date, Seller shall file a motion with the Bankruptcy Court in a form reasonably acceptable to Buyer (the "**Sale Motion**") requesting entry of an order (the "**Sale Order**") which (i) approves the sale of the Assets to Buyer on the terms and conditions set forth in this Agreement and authorizes the Seller to proceed with this transaction, (ii) includes a specific finding that Buyer is a good faith purchaser of the Assets and entitled to the protections set forth in 11 U.S.C. §363 (m), and (iii) states that the sale of the Assets to Buyer shall be free and clear of all liens, claims, interests and encumbrances whatsoever. Following the filing of the Sale Motion, Seller shall use reasonable efforts to obtain entry of the Sale Order.

8.2.2. Sale to a Third Party. Buyer acknowledges and agrees that Seller's obligations hereunder are subject to receipt of higher and better offers from third parties. If Seller receives a higher and better offer from a third party at or before the hearing on the Sale Order and the third party offer is approved by the Bankruptcy Court, this Agreement shall terminate upon the closing of such sale.

ARTICLE IX

MISCELLANEOUS

9.1. Attorneys' Fees. If either party brings an action or other proceeding to enforce or interpret this Agreement, the prevailing party in that action or proceeding shall be entitled to recover from the non-prevailing party all such fees, costs and expenses (including all court costs and reasonable attorneys' fees) suffered or incurred by the prevailing party in the pursuit or defense of such action or proceeding.

9.2. Notices. Unless otherwise provided herein, any notice, tender, or delivery to be given hereunder by either party to the other may be effected by personal delivery in writing, or by registered or certified mail, postage prepaid, return receipt requested, and shall be deemed communicated as of the date of mailing. Mailed notices shall be addressed as set forth below, but each party may change its address by written notice in accordance with this Section 9.2.

To Seller: ATA Airlines, Inc
2346 South Lynhurst Dr., Suite D201
Indianapolis, Indiana 46241
Telephone: (317) 755-1206
Facsimile: (317) 755-1222

Attn: Doug Yakola, Chief Operating Officer

With a copy to: Haynes and Boone, LLP
1221 McKinney, Suite 2100
Houston, Texas 77010
Telephone: (713) 547- 2503
Facsimile: (713) 236-5409

Attn: Doug H. Edwards, Esq.

To Buyer: AirTran Airways, Inc.
9955 AirTran Boulevard
Telephone:
Facsimile:

Attn: Richard Magurno, General Counsel

9.3. Entire Agreement. This Agreement and the documents to be executed under it contain the entire agreement between the parties relating to the sale of the Assets. Any oral representations or modifications concerning this Agreement or any such other document shall be of no force and effect.

9.4. Modification. This Agreement may be modified, amended or supplemented only by a written instrument duly executed by all of its parties.

9.5. Closing Date. All actions to be taken on the Closing pursuant to this Agreement shall be deemed to have occurred simultaneously, and no act, document or transaction shall be deemed to have been taken, delivered or effected until all such actions, documents and transactions have been taken, delivered or effected.

9.6. Severability. If any term, provision or paragraph of this Agreement is determined to be illegal or void or of no force or effect, the balance of this Agreement shall survive.

9.7. Further Assurances. Each party will execute, acknowledge and deliver any further assurance, documents and instruments reasonably requested by the other party at the

requesting party's costs, for the purpose of giving effect to the transactions contemplated herein or the intentions of the parties with respect thereto.

9.8. Waiver. No waiver of any provision of this Agreement shall constitute a waiver of other provisions, whether or not similar, nor shall any waiver constitute a continuing waiver. No waiver shall be binding unless contained in a writing signed by the waiving party.

9.9. Broker Representation. Seller and Buyer each represent and warrant to the other that such party has incurred no liability to any broker or agent with respect to the payment of any commission regarding the consummation of the transaction contemplated hereby.

9.10. Payment of Fees and Expenses. Each party to this Agreement shall be responsible for, and shall pay, all of its own fees and expenses, including those of its counsel, incurred in the negotiation, preparation and consummation of this Agreement and the transaction it describes.

9.11. Assignments. The rights, benefits, duties, and obligations under this Agreement are not assignable by either party; provided, however, that the Buyer may assign its rights, benefits, duties, and obligations hereunder to a wholly-owned subsidiary who accepts such assignment and agrees to be bound by the terms and conditions hereof to the same extent as the Buyer; provided, further, that the Buyer shall in no event be relieved of any of its duties or obligations hereunder by virtue of such assignment and assumption.

9.12. Survival of Representations and Warranties. All representations and warranties contained herein or made in writing by or on behalf of the Seller in connection herewith will terminate at the Closing.

9.13. Binding Effect. This Agreement shall bind and inure to the benefit of the respective heirs, personal representatives, successors, and assigns of its parties.

9.14. Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Indiana.

9.15. Interpretation. In this Agreement the definitions of capitalized terms defined in this Agreement are equally applicable to both the singular and plural forms of the defined terms; references to a designated "Section" refer to a Section of this Agreement, unless otherwise specifically indicated; all Section headings are for convenience only, and shall not affect the meaning or interpretation of this Agreement; "including" is used only to indicate examples, without limitation to the indicated examples and without limiting any generality which precedes it; and masculine, feminine and neuter pronouns are used interchangeably.

9.16. Construction. This Agreement shall not be construed against either party based on its authorship.

9.17. Counterparts. This Agreement may be signed in counterparts and by the exchange of facsimile signature pages.

9.18. Time is of the Essence. Time is of the essence in this Agreement, and all of its terms, covenants and conditions hereof.

9.19. Bankruptcy Court Jurisdiction. BUYER AND SELLER AGREE THAT THE BANKRUPTCY COURT OR, IF THE BANKRUPTCY COURT DOES NOT HAVE JURISDICTION, TO THE JURISDICTION OF ANY STATE OR FEDERAL COURT LOCATED IN INDIANAPOLIS, INDIANA, SHALL HAVE EXCLUSIVE JURISDICTION OVER ALL DISPUTES AND OTHER MATTERS RELATING TO (i) THE INTERPRETATION AND ENFORCEMENT OF THIS AGREEMENT OR ANY ANCILLARY DOCUMENT EXECUTED PURSUANT TO THIS AGREEMENT; AND (ii) THE ASSETS. BUYER CONSENTS TO AND AGREES NOT TO CONTEST SUCH EXCLUSIVE JURISDICTION.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

SELLER:

ATA Airlines, Inc., an Indiana corporation

By: _____
Name: _____
Title: _____

BUYER:

AirTran Airways, Inc., a Delaware corporation

By: _____
Name: _____
Title: _____

Exhibit A

PROMISSORY NOTE

US \$1, 340,000.00

February __, 2009

FOR VALUE RECEIVED, **AIRTRAN AIRWAYS, INC.**, a Delaware corporation ("**Maker**"), promises to pay to the order of **ATA AIRLINES, INC.**, an Indiana corporation, or its successor-in-interest ("**Payee**"), for itself, at 2346 South Lynhurst Dr., Suite D201, Indianapolis, Indiana 46241, or at such other address as Payee may from time to time may designate in writing, the principal sum of **ONE MILLION THREE HUNDRED AND FORTY THOUSAND DOLLARS** (US \$1,340,000.00), without interest if paid timely in accordance with the terms and conditions set forth in this Note.

1. This Note is issued in conjunction with, and as a portion of the purchase price under, that certain Asset Purchase Agreement dated the date hereof, by and among Maker, as purchaser, and Payee, ATA Airlines, Inc., as seller (the "**Purchase Agreement**"), and is subject to the terms and provisions of the Purchase Agreement. This Note is payable in cash beginning on the Closing Date, as defined in the Purchase Agreement, and thereafter in equal monthly installments of US \$20,000.00 on the first day of each succeeding month *plus* a US \$1,000,000.00 balloon payment to be paid on June 30, 2010 (the "**Maturity Date**").

2. Each of the following shall constitute an Event of Default ("**Event of Default**") hereunder:

(a) Failure of Maker to make any payment of principal or interest due under this Note when due; *provided, that* Maker shall have the opportunity to cure such failure for a period of ten (10) Business Days, as defined in the Bankruptcy Code, after Maker's receipt of notice from Payee of such failure;

(b) Application for or consent to the appointment of a receiver, trustee, liquidator, assignee, sequestrator, custodian, monitor or similar officer for Maker or for any of its assets, or issuance of a warrant of attachment, execution or similar process against any material asset of Maker that has not been dissolved or extinguished within sixty (60) days of such issuance;

(c) Admission in writing by Maker of its inability to pay its debts as they mature, or the making of a general assignment for the benefit of creditors by Maker; or

(d) Adjudication that Maker is bankrupt or insolvent, or the filing by Maker of (i) any voluntary petition for bankruptcy of Maker, (ii) a petition or an answer seeking reorganization or an arrangement with creditors, or to take advantage of any bankruptcy, readjustment of loan, dissolution or liquidation law or statute, state or federal, now or hereafter existing, or (iii) an answer admitting the material allegations of a petition filed

against Maker in any proceeding under any such law, or the consent to, approval of or acquiescence in any such petition, action or proceeding.

(e) Filing of an involuntary petition or proposal or commencement of an action or proceeding seeking reorganization, arrangement, consolidation or readjustment of the debts of Maker or for any other relief under the federal Bankruptcy Code, as amended, or under any other bankruptcy, insolvency, readjustment of loan, dissolution or liquidation law or statute or insolvency act or law, state or federal, now or hereafter existing, and any of the following events occur: (i) Maker consents to the institution of such action or proceeding; (ii) the petition commencing such action or proceeding is not timely controverted; (iii) the petition commencing such action or proceeding is not dismissed within sixty (60) days of the date of the filing thereof; or (iv) an order for relief is issued or entered; or

(f) Filing by Maker of a certificate of cancellation under applicable state law or commencement of dissolution, winding up or liquidation or any action or proceeding for dissolution, winding up or liquidation, or acting in furtherance thereof in any respect.

If any installment of principal and/or interest or any other payment is not paid within five (5) days after the date on which payment is due, or in any Event of Default, the amount thereof shall thereafter bear interest at a rate equal to the lesser of (a) fourteen percent (14%) per annum, or (b) the maximum rate allowed under applicable law until paid (the "**Default Rate**").

3. Upon the occurrence and continuation of any Event of Default, Payee shall have the option to declare the entire amount of principal and interest due, and all other amounts owing under this Note, immediately due and payable without notice or demand, and Payee may exercise any of its rights and remedies under this Note or available at law or in equity. Failure of Payee, for any period of time or on more than one occasion, to exercise its option to accelerate the Maturity Date shall not constitute a waiver of the right to exercise the same at any time during the continued existence of any Event of Default or any subsequent Event of Default.

4. Maker shall have the right to prepay all or any portion of the outstanding balance of this Note without penalty or notice. Together with any prepayment of principal, Maker shall also pay all interest accrued and outstanding on the principal amount prepaid.

5. All payments of the principal and interest on this Note shall be made in coin or currency of the United States of America that at the time shall be the legal tender for the payment of public and private debts.

6. If this Note is placed in the hands of an attorney for collection, Maker agrees to pay all reasonable attorneys' fees, costs and expenses incurred by Payee in connection therewith, and in the event suit or action is instituted to enforce or interpret this Note (including without limitation efforts to modify or vacate any automatic stay or injunction), the prevailing party shall be entitled to recover all expenses reasonably incurred at, before or after trial and on appeal, whether or not taxable as costs, or in any bankruptcy proceeding, or in connection with

post-judgment collection efforts, including, without limitation, attorneys' fees, witness fees (expert and otherwise), deposition costs, copying charges and other expenses.

7. All payments on this Note shall be applied first to fees, costs and expenses incurred by Payee in connection with the enforcement of this Note, then to interest due under this Note, and then to the principal balance due under this Note.

8. This Note shall be governed by and construed in accordance with the laws of the State of Indiana applicable to contracts made and to be performed therein. Maker and Payee hereby agree that the Bankruptcy Court or, if the Bankruptcy Court does not have jurisdiction, to the jurisdiction of any state or federal court located in Indianapolis, Indiana, shall have exclusive jurisdiction over all disputes and other matters relating to (i) the interpretation and enforcement of this Note or any ancillary document executed pursuant to this Note; and (ii) the Assets. Buyer consents to and agrees not to contest such exclusive jurisdiction.

9. This Note is given in a commercial transaction for business purposes.

10. Maker and all sureties, endorsers, guarantors and other parties now or hereafter liable for the payment of this Note, in whole or in part, hereby severally (a) waive all other demand, notice of demand, presentment for payment, notice of default, protest, notice of protest, notice of intent to accelerate, notice of acceleration and all other notices other than the notice of nonpayment provided for in Section 2(a), and further waive diligence in collecting this Note or in enforcing any of the security for this Note; (b) agree to any substitution, subordination, exchange or release of any security for this Note or the release of any party primarily or secondarily liable for the payment of this Note; (c) agree that Payee shall not be required to first institute suit or exhaust its remedies hereon against Maker or others liable or to become liable for the payment of this Note or to enforce its rights against any security for the payment of this Note; and (d) consent to any extension of time for the payment of this Note, or any installment hereof, made by agreement by Payee with any person now or hereafter liable for the payment of this Note, even if Maker is not a party to such agreement.

11. If at any time any payment received by Payee shall be deemed by a court of competent jurisdiction to have been an avoidable preference or fraudulent conveyance under any bankruptcy or insolvency related laws, then the obligation of Maker to make such payment to Payee shall survive any cancellation or satisfaction of this Note or return of this Note to Maker, and the obligations of Maker hereunder shall not be discharged or satisfied with any prior payments made by Maker with respect to its obligations hereunder or the cancellation of this Note, but shall remain the valid and binding obligations of Maker enforceable against Maker in accordance with the terms and provisions of this Note, and such payment shall be immediately due and payable upon demand.

12. Any notice hereunder shall be in writing, shall be signed by the giver, and shall be sent to Maker or Payee, as applicable, if to Maker at AirTran Airways, Inc., 9955 AirTran Boulevard, Orlando, Florida 32827, Attention: Richard Magurno, and if to Payee, at the address specified in the first paragraph of this Note or, in either event, most recently specified in any written notice to the other party, which notices shall be sent by certified or registered mail, return

receipt requested, or by overnight courier, messenger or other means of personal delivery, and shall be effective upon delivery.

13. All agreements between Maker and Payee, whether now existing or hereafter arising and whether written or oral, are hereby limited so that in no contingency, whether by reason of demand or acceleration of the Maturity Date of this Note or otherwise, shall the interest contracted for, charged, received, paid or agreed to be paid to Payee exceed the maximum amount permissible under the applicable law. If, from any circumstance whatsoever, interest would otherwise be payable to Payee in excess of the maximum amount permissible under applicable law, the interest payable to Payee shall be reduced to the maximum amount permissible under applicable law; and if from any circumstance Payee shall ever receive anything of value deemed interest by applicable law in excess of the maximum amount permissible under applicable law, an amount equal to the excessive interest shall be applied to the reduction of the principal of this Note and not to the payment of interest, or if such excessive amount of interest exceeds the unpaid balance of principal of this Note, such excess shall be refunded to Maker. Payee expressly disavows any intent to contract for, charge or receive interest in an amount that exceeds the maximum amount permissible under applicable law. This paragraph shall control all agreements between Maker and Payee.

14. This Note is binding upon Maker and shall inure to the benefit of Payee and its respective successors and assigns; *provided, however*, that Payee shall not be entitled to assign, transfer or sell any participation rights under this Note without the prior written consent of Maker (such consent shall not be unreasonably withheld).

15. The payment of this Note is secured by a Security Agreement covering all of the Assets as defined in the Purchase Agreement.

[Signature Appears on Following Page]

IN WITNESS WHEREOF, and intending to be legally bound, Maker has executed this Note on the day and year first above written.

AIRTRAN AIRWAYS, INC., a Delaware corporation

By: _____
Name: _____
Title: _____

EXHIBIT "B"

BILL OF SALE AND ASSIGNMENT

This BILL OF SALE AND ASSIGNMENT dated January __, 2009 (the "**Bill of Sale**"), is executed by **ATA AIRLINES, INC.**, an Indiana corporation ("**Seller**"), and delivered to **AirTran Airways, Inc.**, a corporation formed under the laws of Delaware ("**Buyer**"), pursuant to the Asset Purchase Agreement dated January __, 2009 (the "**Agreement**"), by and between Buyer and Seller and pursuant to the order of the United States Bankruptcy Court for the Southern District of Indiana, Indianapolis Division, in In re ATA Airlines, Inc., Case No. 08-03675-BHL-11. Capitalized terms not otherwise defined in this Bill of Sale shall have the meanings given to such terms in the Agreement.

IN CONSIDERATION OF the purchase price of US \$1,340,000.00, as evidenced by a promissory note, attached hereto as **Exhibit "A,"** the covenants, agreements, representations and warranties set forth in the Agreement, and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged and confessed, Seller does hereby BARGAIN, SELL, ASSIGN, CONVEY, TRANSFER, SET OVER and DELIVER to Buyer, its successors and assigns, all of its right, title and interest in and to two (2) air carrier takeoff and landing operating authorizations at Ronald Reagan Washington National Airport assets of Seller, Operating Authorization Identification Numbers 1022 and 1126 (collectively, the "**Assets**").

TO HAVE AND TO HOLD the Assets unto Buyer, its successors and assigns, forever.

THIS BILL OF SALE AND THE RIGHTS AND OBLIGATIONS HEREUNDER, INCLUDING MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE, SHALL BE GOVERNED BY THE INTERNAL LAWS OF THE STATE OF INDIANA, WITHOUT GIVING EFFECT TO THE PRINCIPLES OF CONFLICTS OF LAW THEREOF.

IN WITNESS WHEREOF, this Bill of Sale has been executed on behalf of Seller by its authorized representative on January __, 2009.

ATA Airlines, Inc., an Indiana corporation

By: _____
Name: _____
Title: _____

STATE OF INDIANA)
COUNTY OF MARION)

This instrument was acknowledged before me on [] ____, 2009, by _____, an officer of ATA Airlines, Inc., on behalf of said corporation.

Notary Public for and in the State of Indiana

Exhibit C

SECURITY AGREEMENT

This SECURITY AGREEMENT (this "*Security Agreement*") is executed as of _____, by AIRTRAN AIRWAYS, INC., a Delaware corporation ("*Debtor*"), and ATA AIRLINES, INC., an Indiana corporation ("*Secured Party*").

RECITALS

- A. Debtor executed a Promissory Note in favor of Secured Party dated as of February __, 2009 (the "*Note*");
- B. Subject to the terms and conditions set forth below, Debtor and Secured Party desire to enter into this Security Agreement for the purpose of securing the Obligation of Debtor under the Note; and
- C. This Security Agreement is integral to the transaction contemplated by the Note.

AGREEMENT

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

1. **CERTAIN DEFINITIONS.** Unless otherwise defined herein, or the context hereof otherwise requires, each term defined in either of the Note (as hereinafter defined) or in the UCC (as hereinafter defined) is used in this Security Agreement with the same meaning; *provided that*, if the definition given to such term in the Note conflicts with the definition given to such term in the UCC, the UCC definition shall control to the extent legally allowable; and if any definition given to such term in *Chapter 9* of the UCC conflicts with the definition given to such term in any other chapter of the UCC, the *Chapter 9* definition shall prevail. As used herein, the following terms have the meanings indicated:

Collateral has the meaning set forth in *Paragraph 3* hereof.

Note has the meaning assigned to it in the recitals hereof.

Obligor means any Person obligated with respect to any of the Collateral, whether as an account debtor, obligor on an instrument, issuer of securities, or otherwise.

Person means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, or other entity.

Secured Party means on any date of determination, Secured Party and its permitted successors and assigns.

Security Interest means the security interest granted under **Paragraph 2** hereof.

UCC means the Uniform Commercial Code, including each such provision as it may subsequently be renumbered, as enacted in the State of Delaware or other applicable jurisdiction, as amended at the time in question.

2. **SECURITY INTEREST.** In order to secure the full and complete payment and performance of the Obligation when due, Debtor hereby grants to Secured Party a Security Interest in all of Debtor's rights, titles, and interests in and to the Collateral, collaterally transfers, and assigns the Collateral to Secured Party, all upon and subject to the terms and conditions of this Security Agreement. Such Security Interest is granted as security only and shall not subject Secured Party to, or transfer or in any way affect or modify, any obligation of Debtor with respect to, any of the Collateral or any transaction involving or giving rise thereto. If the grant of any specific item of the Collateral is expressly prohibited by any contract, then the Security Interest created hereby nonetheless remains effective to the extent allowed by the UCC or other applicable law, but is otherwise limited by that prohibition.

3. **COLLATERAL.** As used herein, the term "**Collateral**" means the following items wherever located, now owned or in the future existing or acquired by Debtor, and all proceeds and products thereof, and any substitutes or replacements therefor:

(a) two (2) air carrier takeoff and landing operating authorizations at Ronald Reagan Washington National Airport ("DCA"), Operating Authorization Identification Number: 1022, and Operating Authorization Identification Number: 1126.

The description of the Collateral contained in this **Paragraph 3** shall not be deemed to permit any action prohibited by this Security Agreement or by the terms incorporated in this Security Agreement.

4. **REPRESENTATIONS AND WARRANTIES.** Debtor represents and warrants to Secured Party that:

(a) Debtor Information. Debtor's exact legal name, mailing address, jurisdiction of organization, type of entity, and state issued organizational identification number are as set forth on **Annex B** hereto.

(b) Binding Obligation. This Security Agreement creates a legal, valid, and binding lien in and to the Collateral in favor of Secured Party and enforceable against Debtor. For Collateral in which the Security Interest may be perfected by the filing of financing statements, once those financing statements have been properly filed in the jurisdictions described on **Annex A** hereto, the Security Interest in that Collateral will be fully perfected and the Security Interest will constitute a lien on such Collateral, subject only to Permitted Liens. The creation of the Security Interest does not require the consent of any Person that has not been obtained.

(c) Location. Debtor's place of business and chief executive office is where Debtor is entitled to receive notices hereunder.

(e) Governmental Authority. No authorization, approval, or other action by, and no notice to or filing with, any governmental authority is required either (i) for the execution, delivery, or performance of this Security Agreement by Debtor, or (ii) for the exercise by Secured Party of other rights provided for in this Security Agreement or the remedies in respect of the Collateral pursuant to this Security Agreement.

(g) Ownership and Title. Debtor is the sole legal and beneficial owner of, and has good and marketable title to, the Collateral, free and clear of all Liens.

The failure of any of these representations or warranties or any description of Collateral therein to be complete shall not impair the Security Interest in any such Collateral.

5. **COVENANTS**. So long as Secured Party is committed to extend credit to Debtor under the Note and until the Obligation is paid and performed in full, Debtor covenants and agrees with Secured Party that Debtor will:

(a) Note. Comply with, perform, and be bound by all covenants and agreements in the Note that are applicable to it, its assets, or its operations, each of which is hereby ratified and confirmed.

(b) Perform Obligations. Fully perform all of Debtor's duties under and in connection with each transaction to which the Collateral, or any part thereof, relates, so that the amounts thereof shall actually become payable in their entirety to Secured Party. Furthermore, notwithstanding anything to the contrary contained herein, (i) Debtor shall remain liable under the contracts, agreements, documents, and instruments included in the Collateral to the extent set forth therein to perform all of its duties and obligations thereunder to the same extent as if this Security Agreement had not been executed, (ii) the exercise by Secured Party of any of its rights or remedies hereunder shall not release Debtor from any of its duties or obligations under the contracts, agreements, documents, and instruments included in the Collateral, and (iii) Secured Party shall not have any indebtedness, liability, or obligation under any of the contracts, agreements, documents, and instruments included in the Collateral by reason of this Security Agreement, and Secured Party shall not be obligated to perform any of the obligations or duties of Debtor thereunder or to take any action to collect or enforce any claim for payment assigned hereunder.

(c) Notices. (i) Promptly notify Secured Party of (A) any change in any fact or circumstances represented or warranted by Debtor with respect to any material portion of the Collateral or Obligation, (B) any claim, action, or proceeding affecting title to all or any of the Collateral or the Security Interest and, at the request of Secured Party, appear in and defend, at Debtor's expense, any such action or proceeding, (C) any material change in the nature of the Collateral, (D) any material damage to or loss of Collateral, and (E) the occurrence of any other event or condition (including, without limitation, matters as to lien priority) that could reasonably be expected to have a material adverse effect on the Collateral

(taken as a whole) or the Security Interest created hereunder; and (ii) Debtor shall not, without the prior written consent of Secured Party, (A) change its name, identity, or corporate structure, or (B) change its jurisdiction of organization or organizational identification number, as applicable, and (C) change of its jurisdiction of organization or organizational identification number, as applicable. Prior to making any of the changes contemplated in *clause (ii)* preceding, Debtor shall execute and deliver all such additional documents and perform all additional acts as Secured Party, in its sole discretion, may request in order to continue or maintain the existence and priority of the Security Interests in all of the Collateral.

(d) Further Assurances. At Debtor's expense and Secured Party's request, before or after an Event of Default, (i) file or cause to be filed such applications and take such other actions as Secured Party may request to obtain the consent or approval of any governmental authority to Secured Party's rights hereunder, including, without limitation, the right to sell all the Collateral upon an Event of Default without additional consent or approval from such governmental authority (and, because Debtor agrees that Secured Party's remedies at law for failure of Debtor to comply with this provision would be inadequate and that such failure would not be adequately compensable in damages, Debtor agrees that its covenants in this provision may be specifically enforced); (ii) from time to time promptly execute and deliver to Secured Party all such other assignments, certificates, supplemental documents, and financing statements, and do all other acts or things as Secured Party may reasonably request in order to more fully create, evidence, perfect, continue, and preserve the priority of the Security Interest and to carry out the provisions of this Security Agreement; and (iii) pay all filing fees in connection with any financing, continuation, or termination statement or other instrument with respect to the Security Interests.

(e) Impairment of Collateral. Not use any of the Collateral, or permit the same to be used, for any unlawful purpose, in any manner that is reasonably likely to adversely impair the value or usefulness of the Collateral, or in any manner inconsistent with the provisions or requirements of any policy of insurance.

(f) Information. Debtor shall promptly furnish to Secured Party, such information in respect of the Collateral, Debtor and its business, as Secured Party may from time to time reasonably request and shall promptly give written notice to Secured Party of all proceedings brought by or against Debtor or any Collateral before any court, administrative board or other tribunal which might materially affect the Collateral or result in any significant loss of, or damage to, any Collateral.

(g) Annexes. Immediately update all annexes hereto if any information therein shall become inaccurate or incomplete. Notwithstanding any other provision herein, Debtor's failure to describe any Collateral required to be listed on any annex hereto shall not impair Secured Party's Security Interest in the Collateral.

(h) Encumbrances. Not create, permit, or suffer to exist, and shall defend the Collateral against, any lien or other encumbrance on the Collateral, and shall defend Debtor's rights in the Collateral and Secured Party's Security Interest in the Collateral

against the claims and demands of all Persons except those holding or claiming Permitted Liens. Debtor shall do nothing to impair the rights of Secured Party in the Collateral.

6. **DEFAULT; REMEDIES.**

(a) Rights and Remedies. If an Event of Default exists, Secured Party may, at its election (but subject to the terms and conditions of the Note), exercise any and all rights available to a secured party under the UCC, in addition to any and all other rights afforded by the Note, at law, in equity, or otherwise.

(b) Notice. Reasonable notification of the time and place of any public sale of the Collateral, or reasonable notification of the time after which any private sale or other intended disposition of the Collateral is to be made, shall be sent to Debtor and to any other Person entitled to notice under the UCC; *provided that*, if any of the Collateral threatens to decline speedily in value or is of the type customarily sold on a recognized market, Secured Party may sell or otherwise dispose of the Collateral without notification, advertisement, or other notice of any kind. It is agreed that notice sent or given not less than five (5) business days prior to the taking of the action to which the notice relates is reasonable notification and notice for the purposes of this subparagraph.

(c) Warranties. Secured Party may sell the Collateral without giving any warranties as to the Collateral. Secured Party may specifically disclaim any warranties of title or the like. This procedure will not be considered adversely to affect the commercial reasonableness of any sale of the Collateral.

(d) Compliance with Other Laws. Secured Party may comply with any applicable state or federal law requirements in connection with a disposition of the Collateral and compliance will not be considered to adversely affect the commercial reasonableness of any sale of the Collateral.

(e) Application of Proceeds. Secured Party shall apply the proceeds of any sale or other disposition of the Collateral under this **Paragraph 6** in the following order: *first*, to the payment of all expenses incurred in retaking, holding, and preparing any of the Collateral for sale(s) or other disposition, in arranging for such sale(s) or other disposition, and in actually selling or disposing of the same (all of which are part of the Obligation); *second*, toward repayment of amounts expended by Secured Party under **Paragraph 7**; and *third*, toward payment of the balance of the Obligation in the order and manner determined in Secured Party's sole discretion. Any surplus remaining shall be delivered to Debtor or as a court of competent jurisdiction may direct. If the proceeds are insufficient to pay the Obligation in full, Debtor shall remain liable for any deficiency.

(f) Sales on Credit. If Secured Party sells any of the Collateral upon credit, Debtor will be credited only with payments actually made by the purchaser, received by Secured Party, and applied to the indebtedness of the purchaser. In the event the purchaser fails to pay for the Collateral, Secured Party may resell the Collateral and Debtor shall be credited with the proceeds of the sale.

(g) No Set-Off. The Obligation shall be paid by Debtor without regard to any equities between Debtor and Secured Party or any right of set-off or cross-claim. Any indebtedness owing by Secured Party to Debtor may be set-off and applied by Secured Party against any Obligation before or after maturity, and without any demand upon or notice to Debtor or any other persons.

7. **OTHER RIGHTS OF SECURED PARTY.**

(a) Performance. If Debtor fails to pay when due all taxes on any of the Collateral in the manner required by the Note, or fails to preserve the priority of the Security Interest in any of the Collateral, or otherwise fails to perform any of its obligations under the Note with respect to the Collateral, then Secured Party may, at its option, but without being required to do so, make such repairs, pay such taxes, prosecute or defend any suits in relation to the Collateral, or take all other action which Debtor is required, but has failed or refused, to take under the Note. Any sum which may be expended or paid by Secured Party under this subparagraph (including, without limitation, court costs and reasonable attorneys' fees) shall bear interest from the dates of expenditure at the Default Rate until paid and, *together with* such interest, shall be payable by Debtor to Secured Party upon demand and shall be part of the Obligation.

(b) Collection. If an Event of Default exists and upon notice from Secured Party, each Obligor with respect to any payments on any of the Collateral (including, without limitation, dividends and other distributions with respect to any securities, payments on notes, insurance proceeds payable by reason of loss or damage to any of the Collateral) is hereby authorized and directed by Debtor to make payment directly to Secured Party, regardless of whether Debtor was previously making collections thereon. Subject to **Paragraph 7(c)** hereof, until such notice is given, Debtor is authorized to retain and expend all payments made on Collateral. If an Event of Default exists, Secured Party shall have the right in its own name or in the name of Debtor to compromise or extend time of payment with respect to all or any portion of the Collateral for such amounts and upon such terms as Secured Party may determine; to demand, collect, receive, receipt for, sue for, compound, and give acquittances for any and all amounts due or to become due with respect to Collateral; to take control of cash and other proceeds of any Collateral; to endorse the name of Debtor on any notes, acceptances, checks, drafts, money orders, or other evidences of payment on Collateral that may come into the possession of Secured Party; to sign the name of Debtor on any invoice or bill of lading relating to any Collateral, on any drafts against Obligors or other Persons making payment with respect to Collateral, on assignments and verifications of accounts or other Collateral and on notices to Obligors making payment with respect to Collateral; to send requests for verification of obligations to any Obligor; and to do all other acts and things necessary to carry out the intent of this Security Agreement. If an Event of Default exists and any Obligor fails or refuses to make payment on any Collateral when due, Secured Party is authorized, in its sole discretion, either in its own name or in the name of Debtor, to take such action as Secured Party shall deem appropriate for the collection of any amounts owed with respect to Collateral or upon which a delinquency exists. Regardless of any other provision hereof, however, Secured Party shall

never be liable for its failure to collect, or for its failure to exercise diligence in the collection of, any amounts owed with respect to Collateral, nor shall it be under any duty whatsoever to anyone *except* Debtor to account for funds that it shall actually receive hereunder. Without limiting the generality of the foregoing, Secured Party shall have no responsibility for ascertaining any maturities, calls, conversions, exchanges, offers, tenders, or similar matters relating to any Collateral, or for informing Debtor with respect to any of such matters (irrespective of whether Secured Party actually has, or may be deemed to have, knowledge thereof). The receipt of Secured Party to any Obligor shall be a full and complete release and discharge to such Obligor, to the extent of any amount so paid to Secured Party.

(c) Certain Proceeds. Notwithstanding any contrary provision herein, any and all

(i) dividends, interest, or other distributions paid or payable other than in cash in respect of, and instruments and other property received, receivable, or otherwise distributed in respect of, or in exchange for, any Collateral;

(ii) dividends, interest, or other distributions hereafter paid or payable in cash in respect of any Collateral in connection with a partial or total liquidation or dissolution, or in connection with a reduction of capital, capital surplus, or paid-in-surplus;

(iii) cash paid, payable, or otherwise distributed in redemption of, or in exchange for, any Collateral; and

(iv) dividends, interest, or other distributions paid or payable in violation of the Note,

shall be part of the Collateral hereunder, and shall, if received by Debtor, be held in trust for the benefit of Secured Party, and shall forthwith be delivered to Secured Party (accompanied by proper instruments of assignment and/or stock and/or bond powers executed by Debtor in accordance with Secured Party's instructions) to be held subject to the terms of this Security Agreement. Any cash proceeds of Collateral which come into the possession of Secured Party on and after the occurrence of an Event of Default (including, without limitation, insurance proceeds) may, at Secured Party's option, be applied in whole or in part to the Obligation (to the extent then due), be released in whole or in part to or on the written instructions of Debtor for any general or specific purpose, or be retained in whole or in part by Secured Party as additional Collateral. Secured Party shall never be obligated to make any investment with any cash Collateral held by Secured Party and shall never have any liability to Debtor for any loss which may result therefrom. All interest and other amounts earned from any investment of Collateral may be dealt with by Secured Party in the same manner as other cash Collateral. The provisions of this subparagraph are applicable whether or not an Event of Default exists.

(d) Power of Attorney. Debtor hereby irrevocably constitutes and appoints Secured Party and any officer or agent thereof, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the name of Debtor or in

its own name, to take after the occurrence and during the continuance of an Event of Default and from time to time thereafter, any and all action and to execute any and all documents and instruments which Secured Party at any time and from time to time deems necessary or desirable to accomplish the purposes of this Security Agreement and, without limiting the generality of the foregoing, Debtor hereby gives Secured Party the power and right on behalf of Debtor and in its own name to do any of the following after the occurrence and during the continuance of an Event of Default and from time to time thereafter, without notice to or the consent of Debtor:

(i) to receive, endorse, and collect any drafts or other instruments or documents related to the Collateral in connection with *clause (b)* above and this *clause (d)*;

(ii) to demand, sue for, collect, or receive, in the name of Debtor or in its own name, any money or property at any time payable or receivable on account of or in exchange for any of the Collateral and, in connection therewith, endorse checks, notes, drafts, acceptances, money orders, documents of title or any other instruments for the payment of money under the Collateral or any policy of insurance;

(iii) to pay or discharge taxes, liens, or other encumbrances levied or placed on or threatened against the Collateral; and

(iv) (A) to receive payment of and receipt for any and all monies, claims, and other amounts due and to become due at any time in respect of or arising out of any Collateral; (B) to commence and prosecute any suit, action, or proceeding at law or in equity in any court of competent jurisdiction to collect the Collateral or any part thereof and to enforce any other right in respect of any Collateral; (C) to defend any suit, action, or proceeding brought against Debtor with respect to any Collateral; (D) to settle, compromise, or adjust any suit, action, or proceeding described above and, in connection therewith, to give such discharges or releases as Secured Party may deem appropriate; (E) to make, settle, compromise or adjust any claims under or pertaining to any of the Collateral (including claims under any policy of insurance); (F) to execute on behalf of Debtor any financing statements or continuation statements with respect to the Security Interests created hereby, and to do any and all acts and things to protect and preserve the Collateral, including, without limitation, the protection and prosecution of all rights included in the Collateral; and (G) to sell, transfer, pledge, convey, make any agreement with respect to or otherwise deal with any of the Collateral as fully and completely as though Secured Party were the absolute owner thereof for all purposes, and to do, at Secured Party's option and Debtor's expense, at any time, or from time to time, all acts and things which Secured Party deems necessary to protect, preserve, maintain, or realize upon the Collateral and Secured Party's security interest therein.

This power of attorney is a power coupled with an interest and shall be irrevocable. Secured Party shall be under no duty to exercise or withhold the exercise of any of the rights, powers, privileges, and options expressly or implicitly granted to Secured Party in this Security

Agreement, and shall not be liable for any failure to do so or any delay in doing so. Neither Secured Party nor any Person designated by Secured Party shall be liable for any act or omission or for any error of judgment or any mistake of fact or law. This power of attorney is conferred on Secured Party solely to protect, preserve, maintain, and realize upon its Security Interest in the Collateral. Secured Party shall not be responsible for any decline in the value of the Collateral and shall not be required to take any steps to preserve rights against prior parties or to protect, preserve, or maintain any lien given to secure the Collateral.

(e) Subrogation. If any of the Obligation is given in renewal or extension or applied toward the payment of indebtedness secured by any lien, Secured Party shall be, and is hereby, subrogated to all of the rights, titles, interests, and liens securing the indebtedness so renewed, extended, or paid.

(f) Indemnification. Debtor hereby assumes all liability for the Collateral, for the Security Interest, and for any use, possession, maintenance, and management of, all or any of the Collateral, including, without limitation, any taxes arising as a result of, or in connection with, the transactions contemplated herein, and agrees to assume liability for, and to indemnify and hold Secured Party harmless from and against, any and all claims, causes of action, or liability, for injuries to or deaths of Persons and damage to property, howsoever arising from or incident to such use, possession, maintenance, and management, whether such Persons be agents or employees of Debtor or of third parties, or such damage be to property of Debtor or of others. Debtor agrees to indemnify, save, and hold Secured Party harmless from and against, and covenants to defend Secured Party against, any and all losses, damages, claims, costs, penalties, liabilities, and expenses (collectively, "**Claims**"), including, without limitation, court costs and attorneys' fees, **AND ANY OF THE FOREGOING ARISING FROM THE NEGLIGENCE OF SECURED PARTY, OR ANY OF THEIR RESPECTIVE OFFICERS, EMPLOYEES, AGENTS, ADVISORS, EMPLOYEES, OR REPRESENTATIVES**, howsoever arising or incurred because of, incident to, or with respect to Collateral or any use, possession, maintenance, or management thereof; *provided, however*, that the indemnity set forth in this **Paragraph 7(f)** will not apply to claims caused by the gross negligence or willful misconduct of Secured Party or claims which have arisen prior to the date of this Security Agreement.

(g) Continuing Liability. Notwithstanding anything to the contrary contained in this Security Agreement, (i) Debtor shall remain liable under the contracts, agreements, documents, and instruments included in the Collateral to the extent set forth therein to perform all of its duties and obligations thereunder to the same extent as if this Security Agreement had not been executed, (ii) the exercise by Secured Party of any of its rights or remedies hereunder shall not release Debtor from any of its duties or obligations under the contracts, agreements, documents, and instruments included in the Collateral, and (iii) Secured Party shall not have any indebtedness, liability, or obligation under any of the contracts, agreements, documents, and instruments included in the Collateral by reason of this Security Agreement, and Secured Party shall not be obligated to perform any of the obligations or duties of Debtor thereunder or to take any action to collect or enforce any claim for payment assigned hereunder.

8. MISCELLANEOUS.

(a) Continuing Security Interest. This Security Agreement creates a continuing security interest in the Collateral and shall (i) remain in full force and effect until the indefeasible payment in full of the Obligation; (ii) be binding upon Debtor, its successors, and assigns; and (iii) inure to the benefit of and be enforceable by Secured Party, and its successors, transferees, and assigns. Without limiting the generality of the foregoing *clause (iii)*, Secured Party may assign or otherwise transfer any of their respective rights under this Security Agreement to any other Person in accordance with the terms hereof, and to the extent of such assignment or transfer such Person shall thereupon become vested with all the rights and benefits in respect thereof granted herein or otherwise to Secured Party, as the case may be. Upon the indefeasible payment in full of the Obligation, Debtor shall be entitled to the return, upon its request and at its expense, of such of the Collateral as shall not have been sold or otherwise applied pursuant to the terms hereof.

(b) Term. Upon full and final indefeasible payment and performance of the Obligation, this Security Agreement shall thereafter terminate upon receipt by Secured Party of Debtor's written notice of such termination; *provided that* no Obligor, if any, on any of the Collateral shall ever be obligated to make inquiry as to the termination of this Security Agreement, but shall be fully protected in making payment directly to Secured Party until actual notice of such total payment of the Obligation is received by such Obligor.

(c) Actions Not Releases. The Security Interest and Debtor's obligations and Secured Party's rights hereunder shall not be released, diminished, impaired, or adversely affected by the occurrence of any one or more of the following events: (i) the taking or accepting of any other security or assurance for any or all of the Obligation; (ii) any release, surrender, exchange, subordination, or loss of any security or assurance at any time existing in connection with any or all of the Obligation; (iii) the modification of, amendment to, or waiver of compliance with any terms of the Note without the notification or consent of Debtor, *except* as required therein (the right to such notification or consent being herein specifically waived by Debtor); (iv) the insolvency, bankruptcy, or lack of corporate or trust power of any party at any time liable for the payment of any or all of the Obligation, whether now existing or hereafter occurring; (v) any renewal, extension, or rearrangement of the payment of any or all of the Obligation, either with or without notice to or consent of Debtor, or any adjustment, indulgence, forbearance, or compromise that may be granted or given by Secured Party to Debtor; (vi) any neglect, delay, omission, failure, or refusal of Secured Party to take or prosecute any action in connection with any other agreement, document, guaranty, or instrument evidencing, securing, or assuring the payment of all or any of the Obligation; (vii) any failure of Secured Party to notify Debtor of any renewal, extension, or assignment of the Obligation or any part thereof, or the release of any Collateral or other security, or of any other action taken or refrained from being taken by Secured Party against Debtor or any new agreement between or among Secured Party and Debtor, *it being understood that* except as expressly provided herein, Secured Party shall not be required to give Debtor any notice of any kind under any circumstances whatsoever with respect to or in connection with the Obligation, including, without limitation, notice of acceptance of this

Security Agreement or any Collateral ever delivered to or for the account of Secured Party hereunder; (viii) the illegality, invalidity, or unenforceability of all or any part of the Obligation against any party obligated with respect thereto by reason of the fact that the Obligation, or the interest paid or payable with respect thereto, exceeds the amount permitted by law, the act of creating the Obligation, or any part thereof, is *ultra vires*, or the officers, partners, or trustees creating same acted in excess of their authority, or for any other reason; or (ix) if any payment by any party obligated with respect thereto is held to constitute a preference under applicable laws or for any other reason Secured Party is required to refund such payment or pay the amount thereof to someone else.

(d) Waivers. Except to the extent expressly otherwise provided herein or the Note and to the fullest extent permitted by applicable law, Debtor waives (i) any right to require Secured Party to proceed against any other Person, to exhaust its rights in the Collateral, or to pursue any other right which Secured Party may have; (ii) with respect to the Obligation, presentment and demand for payment, protest, notice of protest and nonpayment, and notice of the intention to accelerate; and (iii) all rights of marshaling in respect of any and all of the Collateral.

(e) Financing Statement; Authorization. Secured Party shall be entitled at any time to file this Security Agreement or a carbon, photographic, or other reproduction of this Security Agreement, as a financing statement, but the failure of Secured Party to do so shall not impair the validity or enforceability of this Security Agreement. Debtor hereby irrevocably authorizes Secured Party at any time and from time to time to file in any UCC jurisdiction any initial financing statements and amendments thereto (without the requirement for Debtor's signature thereon) that (i) indicate the Collateral (A) as all assets of Debtor or words of similar effect, regardless of whether any particular asset comprised in the Collateral falls within the scope of Article 9 of the UCC of the state or such jurisdiction or whether such assets are included in the Collateral hereunder, or (B) as being of an equal or lesser scope or with greater detail, and (ii) contain any other information required by Article 9 of the UCC of the state or such jurisdiction for the sufficiency or filing office acceptance of any financing statement or amendment, including (A) whether Debtor is an organization, the type of organization, and any organization identification number issued to Debtor and, (B) in the case of a financing statement filed as a fixture filing or indicating the Collateral as-extracted collateral or timber to be cut, a sufficient description of real property to which the Collateral relates. Debtor agrees to furnish any such information to Secured Party promptly upon request.

(f) Amendments. This Security Agreement may be amended only by an instrument in writing executed jointly by Debtor and Secured Party, and supplemented only by documents delivered or to be delivered in accordance with the express terms hereof.

(g) Multiple Counterparts. This Security Agreement has been executed in a number of identical counterparts, each of which shall be deemed an original for all purposes and all of which constitute, collectively, one agreement; but, in making proof of this Security Agreement, it shall not be necessary to produce or account for more than one such counterpart.

(h) Parties Bound; Assignment. This Security Agreement shall be binding on Debtor and Debtor's legal representatives, successors, and assigns and shall inure to the benefit of Secured Party and Secured Party's successors and assigns. Debtor may not, without the prior written consent of Secured Party, assign any rights, duties, or obligations hereunder.

(i) Applicable Laws. **THIS SECURITY AGREEMENT AND ALL ISSUES AND CLAIMS ARISING IN CONNECTION WITH OR RELATING TO THE SECURED INDEBTEDNESS, INCLUDING BUT WITHOUT LIMITATION, ALL CONTRACT, TORT, EQUITY, OR OTHER CLAIMS OR COUNTERCLAIMS SHALL BE GOVERNED AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF INDIANA (WITHOUT CONSIDERATION OF ITS CONFLICTS OF LAWS RULES) AND THE APPLICABLE LAWS OF THE UNITED STATES OF AMERICA.** If any provision of this Security Agreement is held to be invalid or unenforceable, the validity and enforceability of the other provisions of this Security Agreement shall remain unaffected.

[Remainder of Page Intentionally Left Blank]

EXECUTED as of the date first stated in this Security Agreement.

DEBTOR:

AirTran Airlines, Inc., a Delaware corporation

By: _____
Name: _____
Title: _____

Mailing Address:

AirTran Airways, Inc.
9955 AirTran Boulevard
Orlando, Florida 32827
Attn: Richard Magurno, General Counsel

EXECUTED as of the date first stated in this Security Agreement.

SECURED PARTY:

ATA Airlines, Inc., an Indiana corporation

By: _____
Name: _____
Title: _____

Mailing Address:

ATA Airlines, Inc.
2346 South Lynhurst Dr. Suite D201
Indianapolis, Indiana 46241
Attn: Doug Yakola, Chief Operating Officer

ANNEX A TO SECURITY AGREEMENT

A. LOCATION OF COLLATERAL

N/A

B. JURISDICTION(S) FOR FILING FINANCING STATEMENTS

Delaware Secretary of State

ANNEX B TO SECURITY AGREEMENT

DEBTOR INFORMATION

Exact Legal Name: AirTran Airways, Inc.

Mailing Address: AirTran Airways, Inc.
9955 AirTran Boulevard
Orlando, Florida 32827
Attn: Richard Magurno, General Counsel

Type of Entity: Corporation

Jurisdiction of Organization: Delaware

State Issued Organizational Identification Number: 2350036