

RESTRUCTURING TERM SHEET

THE TRANSACTIONS AND AIRCRAFT:

The five Boeing 757-200ER aircraft (the "Aircraft") described in Exhibit A and subject to the American Trans Air, Inc. ("ATA") 1996-1 and 1997-1 EETC transactions ("Transactions"). The Aircraft are currently under lease to ATA under the leases and related financing documents referenced in Exhibit A (the "Transaction Documents"). The Aircraft are subject to a Stipulation Regarding Adequate Protection with Wilmington Trust Company ("WTC") Regarding 1996 & 1997 Series EETC Airplane Financing (the "Adequate Protection Stipulation"), entered by the United States Bankruptcy Court for the Southern District of Indiana (the "Bankruptcy Court") on January 3, 2005. ATA and certain of its affiliates are debtors and debtors in possession in their jointly administered chapter 11 cases pending in the Bankruptcy Court, under the consolidated caption *In re ATA Holdings Corp., et al.*, Chapter 11 Case No. 04-19866 (Jointly Administered) (the "Case"). This Restructuring Term Sheet sets forth the terms and conditions under which ATA and the Aircraft Creditors referenced in Exhibit A (the "Aircraft Creditors") and party to the Adequate Protection Stipulation are willing, in the case of the Aircraft Creditors, to forebear from exercising certain rights and remedies and, in the case of ATA and the Aircraft Creditors, to enter into new long-term lease financings of the Aircraft as contemplated by the Adequate Protection Stipulation and on instruction of the Controlling Parties (as defined below).

RESTRUCTURING:

On the effective date (the "Effective Date") of the Plan (as defined below), each of the existing leases of the Aircraft referred to in Exhibit A (each an "Original Lease") will be rejected by ATA and in the exercise by the applicable Indenture Trustees thereunder ("Indenture Trustees") of their remedial rights under Article IV of the Trust Indentures referred to in Exhibit A (the "Original Trust Indentures"), the Original Leases will be deemed terminated, the Aircraft will be deemed constructively returned to the Aircraft Creditors, and the applicable Indenture Trustees will direct the below-defined Lessors to concurrently therewith enter into new leases (the "New Leases") of the Aircraft with ATA. Each Aircraft will be subject to a separate New Lease. The Indenture Trustees will act on instructions of the

Subordination Agents ("Subordination Agents") under and as defined in the Intercreditor Agreements referred to in Exhibit A ("Intercreditor Agreements"). Each of the Subordination Agents in turn will act on instructions of the relevant Controlling Party (the "Controlling Party" and, collectively, the "Controlling Parties") under and as defined in the related Intercreditor Agreement.

LESSORS:

The existing lessors under the Transaction Documents or newly formed special purpose entities (each, a "Lessor" and, collectively, the "Lessors") as determined by the relevant Controlling Party.

LESSEE:

Reorganized ATA (as defined under the Plan) or other successor or assignee acceptable to the Controlling Parties (the "Lessee").

GUARANTOR:

In the event that, upon emergence from Chapter 11, Lessee has a parent company, such parent company shall guarantee the obligations of Lessee under each of the New Leases.

NEW LEASE TERM:

15 years commencing upon the acceptance of the Aircraft by Lessee under the New Leases (the "New Lease Commencement Date"). In no event shall the New Lease Commencement Date occur after the Effective Date.

NEW LEASE RATE:

\$225,000 per Aircraft per month payable in advance in cash from and including the New Lease Commencement Date.

NEW LEASE TERMS:

Each New Lease will be a triple-net lease with all provisions relating to the use, maintenance, operation, registration, assignment, termination, replacement and pooling of parts, liens, insurance and sub-leasing to be comparable to the provisions of the Original Leases except as otherwise noted in Exhibit B, and consistent with the terms of this Restructuring Term Sheet. Lessee shall have no purchase or renewal rights under the New Leases. Lessee will have rights of quiet enjoyment under the New Leases comparable to those provided it under the Original Leases. The Lessors under the New Leases shall be entitled to the benefit of Section 1110

(“Section 1110”) of Title 11 of the United States Code (the “Bankruptcy Code”) and each New Lease shall so state.

- NO LESSOR WARRANTIES: Each of the Aircraft and all Aircraft Equipment will be delivered under the New Leases “AS IS” and “WHERE IS” without any representation or warranty by Lessor as to physical condition.
- RETURN CONDITIONS: As specified in the Original Leases except as otherwise noted in Exhibit B.
- EVENTS OF DEFAULT: As specified in the Original Leases except as otherwise noted in Exhibit B.
- INSURANCE: Lessee will bear all risks of loss or damage to the Aircraft. Lessee will maintain hull, war, comprehensive liability insurance and spares insurance throughout the term of the New Leases in accordance with the provisions of the Original Leases except that Lessee shall not be permitted to self-insure the Aircraft (other than by way of industry standard deductibles not exceeding \$1,000,000 on a per occurrence basis). Hull insurance on the Aircraft shall be in an amount not less than 110% of an agreed current market value of the Aircraft (which shall constitute the “Stipulated Loss Value” of the Aircraft for all purposes of the relevant New Lease), but in no event less than \$35,000,000.
- GENERAL INDEMNITY AND GENERAL TAX INDEMNITY: Lessee will provide a customary general indemnity and general tax indemnity comparable to that provided in the Original Participation Agreements described in Exhibit A (“Original Participation Agreements”) except as otherwise noted in Exhibit B, to the Lessors, the Indenture Trustees and other transaction parties who are parties to the Restructuring Participation Agreement, and their successors and permitted assigns, and the respective officers, directors, employees, shareholders and agents of each of them.
- RESTRUCTURING PARTICIPATION AGREEMENT: The Lessee, the Lessor, the Indenture Trustees and the other transaction parties for each Aircraft will enter into a Restructuring Participation Agreement (each, a “Restructuring Participation Agreement”) for such Aircraft under which the

parties thereto will agree to effect the restructuring of the lease of such Aircraft on the terms outlined herein and Lessee will, among other things, provide the general indemnity and general tax indemnity described above and make certain representations and warranties comparable to those made under the Original Participation Agreements.

CONDITIONS PRECEDENT: In addition to customary conditions precedent to the closing of a leveraged lease financing comparable to those set forth in the Original Participation Agreements, it will be a condition precedent to the commencement of the New Leases that the following shall occur:

- (i) this Restructuring Term Sheet shall be executed by ATA and the Indenture Trustees (acting on instructions of the Subordination Agents as directed by the Controlling Parties) and a motion (the "Motion") seeking the entry of an order (the "Approval Order"): (x) approving the Restructuring Term Sheet and (y) authorizing ATA to enter into it and to take all actions necessary to implement the transactions contemplated by this Restructuring Term Sheet without further court order, shall be filed with the Bankruptcy Court on or before February 24, 2005;
- (ii) the Approval Order, in form and substance satisfactory to ATA, the Indenture Trustees, the Subordination Agents, the Controlling Parties, and the Official Committee of Unsecured Creditors of the Debtors (the "Committee"), shall have been entered and have become a final and non-appealable order on or before April 14, 2005;
- (iii) the New Leases, the Restructuring Participation Agreements and related transaction documents all in form and substance satisfactory to ATA, the Indenture Trustees, the Subordination Agents and the Controlling Parties, shall have been executed and delivered and any and all requisite consents or approvals thereunder shall have been obtained;
- (iv) Southwest Airlines Co.'s ("Southwest") bid for certain of the assets of ATA, its codeshare agreement, exit facility and equity investment in

ATA shall have been approved by the Bankruptcy Court and such bid and the terms of such codeshare agreement, exit facility and equity investment, plan of reorganization (“Plan”) and related documents, expressly including the confirmation order and all notice lists, shall be reasonably acceptable to the Indenture Trustees, the Subordination Agents and Controlling Parties, and shall provide for the performance of the New Leases and the consummation of the transactions contemplated by this Restructuring Term Sheet, and for findings, to the extent applicable, under Section 1145 of the Bankruptcy Code with respect to the Pass Through Certificates referred to in the Intercreditor Agreements, the New Leases, the Restructuring Participation Agreements, and any other documents, instruments, or other agreements to the extent they are, or might be deemed to be, securities;

- (v) Southwest’s above referred to codeshare agreement, exit facility and equity investment in ATA shall have been implemented and the Effective Date of the Plan shall have occurred on or before December 31, 2005 consistent with the provisions of the Plan and otherwise in a manner reasonably acceptable to the Indenture Trustees, the Subordination Agents, and the Controlling Parties;
- (vi) the Plan shall provide for the permanent allowance of the Rejection Claim (defined below);
- (vii) no default shall have occurred under the Adequate Protection Stipulation and it shall not have terminated or expired prior to the New Lease Commencement Date;
- (viii) WTC’s (in its capacities as Aircraft Creditor hereunder) and Certificate Holders’ (below defined) fees and expenses including the reasonable fees and expenses of their counsel, Arent Fox PLLC and Milbank, Tweed, Hadley & McCloy LLP, respectively, shall have been paid in full on or prior to the New Lease Commencement Date, in accordance with the provisions of this

Restructuring Term Sheet; and

- (ix) there shall not be any injunction or other order, regulation, or administrative act restraining completion of the transactions contemplated by this Restructuring Term Sheet.

CLAIMS:

In addition to any administrative expense claim and/or superpriority administrative expense claim in an amount to be determined that may exist for any post-petition breaches in respect of any failure by ATA to perform in full its obligations under the Adequate Protection Stipulation, upon the effective date of the rejection of the Original Leases and the occurrence of the New Lease Commencement Date, the Indenture Trustees shall have an allowed unsecured claim (the "Rejection Claim"), without priority, without offset, counterclaim, reduction, or recoupment of any nature whatsoever, and any objection, challenge or right to object or challenge such claim shall be waived by the parties, in respect of each Original Lease of an Aircraft equal to the sum of:
(i) accrued and unpaid rent thereunder as of the date of the commencement of the Case and (ii) the amount set forth next to each Tail Number:

N517AT: \$14,960,089
N518AT: 12,840,147
N519AT: 11,387,361
N520AT: 13,939,963
N522AT: 14,872,441.

LEASE REJECTION:

ATA agrees not to reject or otherwise abandon the Aircraft (other than as expressly provided herein), and in furtherance thereof, upon filing of the Motion, so long as such filing occurs on or before February 24, 2005, the Aircraft Creditors and ATA agree to amend the Adequate Protection Stipulation to provide for the extension of the Adequate Protection Stipulation: (i) initially, through March 24, 2005, and (ii) either (a) if the Approval Order is entered on or before March 24, 2005, thereafter through the later of confirmation of the Plan and commencement of the New Leases, provided always that ATA performs in full its obligations hereunder and under the Adequate Protection Stipulation, including the obligation to negotiate the terms of the New Leases in good faith, or, (b) if the Motion is denied, or the order is not entered on or before March 24, 2005, then to the earliest to occur of April 4,

2005, the next regularly scheduled omnibus hearing date, and that date that is 10 days after the Motion is denied. Notwithstanding anything herein to the contrary, this paragraph shall be effective immediately upon execution of this Restructuring Term Sheet.

AUTHORITY:

ATA agrees that it shall diligently seek the approval of the Bankruptcy Court for the transactions contemplated by this Restructuring Term Sheet and the Pass Through Trustee under each of the Pass Through Trust Agreements described in Exhibit A (together, the "Class A Pass Through Trustees") acknowledges that it has received an instruction from applicable Certificate Holders to exercise its rights under the applicable Intercreditor Agreements to cause the Subordination Agents to direct the Indenture Trustees to promptly complete the transactions contemplated by this Restructuring Term Sheet. The undersigned Indenture Trustees agree to enter into the transactions, and take such actions as, contemplated by this Restructuring Term Sheet upon receipt of instructions from the relevant Subordination Agents acting on instructions of the applicable Controlling Party, in all events in compliance with the terms of the Transaction Documents and applicable law.

PUBLIC INFORMATION:

The terms of this Restructuring Term Sheet shall be distributed as soon as practicable after execution of this Term Sheet by WTC as Pass Through Trustee to the holders of all Pass Through Certificates subject to the Intercreditor Agreements, including the Certificate Holders, the Liquidity Providers party thereto and to the Owner Participants and Owner Trustees referred to therein and to all other parties in interest entitled to receive notice as provided under the Intercreditor Agreements.

DOCUMENTATION:

All documentation for the restructuring of the Transactions shall be prepared by Milbank, Tweed, Hadley & McCloy LLP, counsel for the Majority-in-Interest of the holders of the Class A Pass Through Certificates (the "Certificate Holders") under the existing Transactions Documents and co-counsel to the Class A Pass Through Trustees.

PRESERVATION OF

Until all conditions precedent set forth herein shall be

RIGHTS:

satisfied or waived by the party affected, nothing in this Restructuring Term Sheet shall (i) prejudice, waive or modify any rights or obligations of the parties under the Transaction Documents or applicable law, (ii) limit or otherwise affect in any way the rights that the Indenture Trustees or Subordination Agents may have in any capacity (including on behalf of the Certificate Holders) under Sections 1110 or 365 of the Bankruptcy Code, or (iii) prejudice, waive, modify, or limit any rights or obligations of the parties under the Adequate Protection Stipulation.

COSTS AND EXPENSES:

Lessee shall bear the reasonable costs and expenses of counsel to WTC and counsel to the Certificate Holders incurred in connection with the Case and the consummation of the transactions contemplated by this Restructuring Term Sheet including the costs and expenses of counsel incurred in connection with the Case and the preparation, execution and delivery of the documentation for the restructuring of the Transactions; which costs, fees and expenses shall be payable upon the submission of invoices to the Debtors and without the need for the filing of any fee application or motion by WTC or the Certificate Holders or their counsel. In addition, Lessee shall be responsible for the costs and expenses of all recordings and filings incident to the restructuring of the Transactions including all recordings and filings with the F.A.A. and the costs and expenses of F.A.A. counsel.

**DUTIES AND
INTERPRETATION:**

Nothing in this Restructuring Term Sheet shall be interpreted to conflict with or restrict the performance of the duties and obligations of the Indenture Trustees and Subordination Agent under the Transaction Documents. The provisions of this Restructuring Term Sheet shall be interpreted in a reasonable manner to effect the intent of the parties. This Restructuring Term Sheet will be governed by, and construed and interpreted in accordance with, the laws of the State of New York without giving effect to any choice of law principle which would require the application of the laws of another jurisdiction.

GOVERNING LAW:

New York.

MISCELLANEOUS:

This Restructuring Term Sheet may be executed in one or more counterparts, each of which together or separately shall constitute an original and, when taken together, shall be considered one and the same binding agreement.

[Signature page follows.]

Dated: February 23, 2005

ATA AIRLINES, INC.

By: Sean Frick

Name: Sean Frick

Title: Vice President and Chief Restructuring Officer

Dated: February __, 2005

WILMINGTON TRUST COMPANY, not in
its individual capacity, but solely as
Indenture Trustee under each of the Trust
Indenture and Security Agreements, Subordination
Agent under each of the Intercreditor Agreements,
and Pass Through Trustee under each of the Pass
Through Trust Agreements described in Exhibit A

By: _____

Name:

Title:

ATA AIRLINES, INC.

Dated: February __, 2005

By: _____
Name:
Title:

Dated: February 23, 2005

WILMINGTON TRUST COMPANY, not in its individual capacity, but solely as Indenture Trustee under each of the Trust Indenture and Security Agreements, Subordination Agent under each of the Intercreditor Agreements, and Pass Through Trustee under each of the Pass Through Trust Agreements described in Exhibit A

By: *Suzanne J. Mac Donald*
Name: **SUZANNE J. MAC DONALD**
Title: **Vice President**

The Aircraft

1. One Boeing model 757-23N airframe, bearing Manufacturer's Serial Number 27973 with U.S. Registration Number N517AT, and two Rolls-Royce model RB211-535E4 engines, bearing Engine Serial Numbers 31448 and 31446.
2. One Boeing model 757-23N airframe, bearing Manufacturer's Serial Number 27974 with U.S. Registration Number N518AT, and two Rolls-Royce model RB211-535E4 engines, bearing Engine Serial Numbers 31450 and 31451.
3. One Boeing model 757-23N airframe, bearing Manufacturer's Serial Number 27975 with U.S. Registration Number N519AT, and two Rolls-Royce model RB211-535-E4 engines, bearing Engine Serial Numbers 31510 and 31511.
4. One Boeing model 757-23N airframe, bearing Manufacturer's Serial Number 27976 with U.S. Registration Number N520AT, and two Rolls-Royce model RB211-535-E4 engines, bearing Engine Serial Numbers 31558 and 31565.
5. One Boeing model 757-23N airframe, bearing Manufacturer's Serial Number 29330 with U.S. Registration Number N522AT, and two Rolls-Royce model RB211-535-E4 engines, bearing Engine Serial Numbers 31604 and 31605.

The Aircraft Creditors

WILMINGTON TRUST COMPANY, not in its individual capacity except as expressly provided herein, but solely as Indenture Trustee under each of the Trust Indenture and Security Agreements, Subordination Agent under each of the Intercreditor Agreements, and Pass Through Trustee under each of the Pass Through Trust Agreements described below, acting on instructions of the "Controlling Party" under and as defined in each of the Intercreditor Agreements referred to below.

The Aircraft Agreements

- I. Aircraft Agreements with respect to Aircraft in ATA 1996 EETC:
 - A. Aircraft N517AT Leveraged Leased Agreements:
 1. Lease Agreement [ATA 1996 A], dated as of December 16, 1996, between First Security Bank, National Association, not in its individual capacity, except as expressly provided therein, but solely as Owner Trustee, as Lessor, and American Trans Air, Inc., as Lessee, and all Lease Supplements thereto;

2. Participation Agreement [ATA 1996 A], dated as of December 16, 1996, among American Trans Air, Inc., as Lessee, Finova Capital Corporation, as Owner Participant, First Security Bank, National Association, not in its Individual Capacity, except as expressly provided therein, but solely as Owner Trustee, Wilmington Trust Company, in its Individual Capacity and as Indenture Trustee, Wilmington Trust Company, as Pass Through Trustee under each of the Pass Through Trust Agreements and Wilmington Trust Company, as Subordination Agent; and
3. Trust Indenture and Security Agreement [ATA 1996 A], dated as of December 16, 1996, between First Security Bank, National Association, not in its individual capacity, except as expressly stated therein, but solely as Owner Trustee, and Wilmington Trust Company, not in its individual capacity, except as expressly stated therein, but solely as Indenture Trustee, and all Trust Agreement and Indenture Supplements thereto.

B. Aircraft N518AT Leveraged Lease Agreements:

1. Lease Agreement [ATA 1996 B], dated as of December 16, 1996, between First Security Bank, National Association, not in its individual capacity, except as expressly provided therein, but solely as Owner Trustee, as Lessor, and American Trans Air, Inc., as Lessee, and all Lease Supplements thereto;
2. Participation Agreement [ATA 1996 B], dated as of December 16, 1996, among American Trans Air, Inc., as Lessee, General Electric Capital Corporation, as Owner Participant, First Security Bank, National Association, not in its Individual Capacity, except as expressly provided therein, but solely as Owner Trustee, Wilmington Trust Company, in its Individual Capacity and as Indenture Trustee, Wilmington Trust Company, as Pass Through Trustee under each of the Pass Through Trust Agreements and Wilmington Trust Company, as Subordination Agent; and
3. Trust Indenture and Security Agreement [ATA 1996 B], dated as of December 16, 1996, between First Security Bank, National Association, not in its individual capacity, except as expressly stated therein, but solely as Owner Trustee, and Wilmington Trust Company, not in its individual capacity, except as expressly stated therein, but solely as Indenture Trustee, and all Trust Agreement and Indenture Supplements thereto.

C. ATA 1996 EETC Pass Through Trust Agreements:

1. Intercreditor Agreement, dated as of December 27, 1996, among Wilmington Trust Company, not in its individual capacity but solely as Trustee under the American Trans Air Pass Through Trust 1996-1A, American Trans Air Pass Through Trust 1996-1B and American Trans Air Pass Through Trust 1996-1C, Kredietbank N.V., New York Branch, as Class A Liquidity Provider, Class B Liquidity Provider and Class C Liquidity Provider and Wilmington Trust Company, not in its individual capacity except as expressly set forth therein but solely as Subordination Agent and trustee thereunder; and
2. Pass Through Trust Agreement dated as of December 16, 1996, among Amtran, Inc., American Trans Air, Inc. and Wilmington Trust Company, as Trustee, relating to the formation of the American Trans Air 1996-1A Pass Through Trust.

II. Aircraft Agreements with respect to aircraft in ATA 1997 EETC:

A. Aircraft N519AT Leveraged Leased Agreements:

1. Lease Agreement [ATA 1997-1], dated as of December 23, 1997, between First Security Bank, National Association, not in its individual capacity, except as expressly provided therein, but solely as Owner Trustee, as Lessor, and American Trans Air, Inc., as Lessee, and all Lease Supplements thereto;
2. Participation Agreement [ATA 1997-1], dated as of December 23, 1997, among American Trans Air, Inc., as Lessee, General Electric Capital Corporation, as Owner Participant, First Security Bank, National Association, not in its Individual Capacity, except as expressly provided therein, but solely as Owner Trustee, Wilmington Trust Company, not in its Individual Capacity, except as provided therein, but solely as Indenture Trustee, Wilmington Trust Company, not in its Individual Capacity, except as provided therein but solely as Pass Through Trustee under each of the Pass Through Trust Agreements and Wilmington Trust Company, as Subordination Agent under the Subordination Agreement; and
3. Trust Indenture and Security Agreement [ATA 1997-1], dated as of December 23, 1997, between First Security Bank, National Association, not in its individual capacity, except as expressly stated therein, but solely as Owner Trustee, and Wilmington Trust Company, not in its individual capacity, except as expressly stated therein, but solely as Indenture Trustee, and all Trust Indenture Supplements thereto.

B. Aircraft N520AT Leveraged Lease Agreements:

1. Lease Agreement [N520AT], dated as of August 14, 1998, between First Security Bank, National Association, not in its individual capacity, except as expressly provided therein, but solely as Owner Trustee, as Lessor, and American Trans Air, Inc., as Lessee, and all Lease Supplements thereto;
2. Participation Agreement [N520AT], dated as of August 14, 1998, among American Trans Air, Inc., as Lessee, First American National Bank, as Owner Participant, First Security Bank, National Association, not in its Individual Capacity, except as expressly provided therein but solely as Owner Trustee, Wilmington Trust Company, not in its Individual Capacity, except as provided therein, but solely as Indenture Trustee, Wilmington Trust Company, not in its Individual Capacity, except as provided therein, but solely as Pass Through Trustee under each of the Pass Through Trust Agreements, and Wilmington Trust Company, as Subordination Agent under the Subordination Agreement; and
3. Trust Indenture and Security Agreement [N520AT], dated as of August 14, 1998, between First Security Bank, National Association, not in its individual capacity, except as expressly stated therein, but solely as Owner Trustee, and Wilmington Trust Company, not in its individual capacity, except as expressly stated therein, but solely as Indenture Trustee, and all Trust Indenture Supplements thereto.

C. Aircraft N522AT Leveraged Lease Agreements:

1. Lease Agreement [N522AT], dated as of December 30, 1998, between First Security Bank, National Association, not in its individual capacity, except as expressly provided therein, but solely as Owner Trustee, as Lessor, and American Trans Air, Inc., as Lessee, and all Lease Supplements thereto;
2. Participation Agreement [N522AT], dated as of December 30, 1998, among American Trans Air, Inc., as Lessee, debis Financial Services, Inc., as Owner Participant, First Security Bank, National Association, not in its Individual Capacity, except as expressly provided therein, but solely as Owner Trustee, Wilmington Trust Company, not in its Individual Capacity, except as provided therein, but solely as Indenture Trustee, Wilmington Trust Company, not in its Individual Capacity, except as provided therein, but solely as Pass Through Trustee under each of the Pass Through Trust Agreements, and Wilmington Trust Company, as Subordination Agent under the Subordination Agreement; and

3. Trust Indenture and Security Agreement [N522AT], dated as of December 30, 1998, between First Security Bank, National Association, not in its individual capacity, except as expressly stated therein, but solely as Owner Trustee, and Wilmington Trust Company, not in its individual capacity, except as expressly stated therein, but solely as Indenture Trustee, and all Trust Indenture Supplements thereto.

D. ATA 1997 EETC Pass Through Trust Agreements:

1. Intercreditor Agreement, dated as of December 23, 1997, among Wilmington Trust Company, not in its individual capacity but solely as Trustee under the American Trans Air 1997-1A-S Pass Through Trust, American Trans Air 1997-1B-S Pass Through Trust and American Trans Air 1997-1C-S Pass Through Trust, and ING Bank N.V., as Class A Liquidity Provider, Class B Liquidity Provider and Class C Liquidity Provider, and Wilmington Trust Company, not in its individual capacity except as expressly set forth therein but solely as Subordination Agent and trustee thereunder; and
2. Pass Through Trust Agreement, dated as of December 23, 1997, among Amtran, Inc., American Trans Air, Inc. and Wilmington Trust Company, as Trustee, relating to the formation of the American Trans Air 1997-1A-S Pass Through Trust.

Subleasing and Reregistration

- No subleasing to Foreign Air Carriers during the first seven years of the term of the New Leases and thereafter limited to Certificated Air Carriers and to Foreign Air Carriers domiciled and principally located in Canada, France, Germany, Ireland, Italy, Switzerland or the United Kingdom and, in addition to the terms and conditions specified in the Original Leases, if the sublessee is domiciled outside the United States of America, conditioned on receipt of a satisfactory, favorable opinion of counsel as to (a) the recognition in such foreign domicile of Lessor's ownership interest in the aircraft and (b) the absence of any possessory right in favor of such sublessee under the laws of such foreign domicile that would, upon a bankruptcy or insolvency of or other default by Lessee prevent the return or repossession of such aircraft
- Lessee may not reregister the Aircraft in a jurisdiction outside of the United States without the consent of the Lessor.

Inspection

Absent a payment or bankruptcy Default or an Event of Default, permitted twice annually, on five (5) business days notice.

Return Conditions

Lessee shall use its best efforts to insure that any power-by-the-hour maintenance agreement recognizes Lessor as owner (and the Indenture Trustee as mortgagee) and permits Lessor (or, so long as any Secured Certificate is outstanding, the Indenture Trustee) or its nominee to assume Lessee's obligations at Lessor's (or the Indenture Trustee's) election.

Events of Default

- Grace periods:
 - (a) Default in payment of Basic Rent, Termination Value, Stipulated Loss Value or amounts measured by any thereof – five Business Days after due
 - (b) Default in payment of other Rent – 20 days after demand therefor
 - (c) Breach of other covenants – 30 days after earlier of actual knowledge or notice; provided that if default cannot be cured within 30 days and the Lessee is diligently proceeding to cure, then 90 days
 - (d) Involuntary bankruptcy – 60 days
- Include cross-default to other aircraft leases of Lessee or Guarantor

- Include suspension of substantially all Lessee's commercial air carrier operations or rights or privileges to conduct such business

General Indemnity and General Tax Indemnity

If, through foreclosure, voluntary transfer by the Owner Participant or otherwise, the Controlling Party finds it necessary to transfer ownership of an Aircraft or an Owner Participant's interest in the existing lessor to an entity beneficially owned by holders of beneficial interests in one or more of the Pass Through Trusts, the following will be required:

- (a) The definition of "Indemnitee" and "Tax Indemnitee" will be amended to include the Certificate Holders, their respective Affiliates and the officers, directors, employees, agents and servants of each.
- (b) Each Tax Indemnitee will be indemnified against any increase in Taxes, including state and local income taxes, incurred by reason of (x) the operation, registration, location, presence or use of the Aircraft, any Engine or any Part in the taxing jurisdiction or (y) the presence or activities of the Lessee or any other Person in possession of the Aircraft, any Engine or any Part in the taxing jurisdiction.
- (c) The beneficial owners of the Aircraft will be indemnified against any increase in Taxes (or loss of Tax benefits) resulting from:
 - (1) the substitution or replacement of any Engine;
 - (2) the use of the Aircraft or any Engine during the Depreciation Period in a manner that causes it to be treated as "used predominately outside the United States" for purposes of Code section 168(g)(1)(A); or
 - (3) the registration, subleasing or use of the Aircraft or any Engine during the Depreciation Period in a manner that causes it to be "tax-exempt use property" for purposes of Code section 168(g)(1)(B) or 470.
- (d) The definition of "Depreciation Period" shall be amended to read: "Depreciation Period" means the period commencing on the New Lease Commencement Date and ending on December 31, 2012.

Other

- No optional right to substitute Engines if a Default or and Event of Default has occurred and is continuing.
- No option to replace aircraft following Event of Loss of Airframe.