

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF INDIANA
INDIANAPOLIS DIVISION

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

**JOINT MOTION FOR COMPROMISE RESOLVING
AVOIDANCE CLAIMS AND ADVERSARY PROCEEDING COMMENCED BY C8
AIRLINES, INC., FORMERLY NAMED CHICAGO EXPRESS, INC., AGAINST
PEPSIAMERICAS, INC.**

C8 Airlines, Inc., formerly named Chicago Express Airlines, Inc., as debtor and debtor-in-possession ("C8" or the "Debtor") and PepsiAmericas, Inc. ("Pepsi"), by their respective counsel, hereby file this joint motion (the "Motion") seeking entry of an order authorizing and approving the terms of the settlement of the pending Adversary Proceeding No. 06-50575. In support of this Motion, C8 and Pepsi respectfully state as follows:

Background

1. C8 filed its voluntary petition for relief under Chapter 11 of Title 11 of the United States Code, 11 U.S.C. §§ 101 et seq. as amended (the "Bankruptcy Code") on October 26, 2004 (the "Petition Date") with the United States Bankruptcy Court for the Southern District of Indiana, Indianapolis Division (the "Bankruptcy Court"). The Second Amended Plan of Liquidation of C8 Airlines, Inc. f/k/a Chicago Express Airlines, Inc. (the "Plan") was confirmed by the Bankruptcy Court on June 12, 2006 and became effective that day (the "Effective Date").

¹ The Debtors are the following entities: ATA Holdings Corp. (04-19866), ATA Airlines, Inc. (04-19868), Ambassadors Travel Club, Inc. (04-19869), ATA Leisure Corp. (04-19870), Amber Travel, Inc. (04-19871), American Trans Air Execujet, Inc. (04-19872), ATA Cargo, Inc. (04-19873), and C8 Airlines, Inc., f/k/a Chicago Express Airlines, Inc. (04-19874).

2. On or about October 24, 2006, the C8 filed its Complaint Under §§ 502, 546, 547 and 550 of the Bankruptcy Code to Avoid and Recover Preferential Transfers and Disallow Claims of Defendant (the "Complaint") in the pending Adversary Proceeding No. 06-50575 against Pepsi (the "Adversary Proceeding "), seeking to avoid and recover \$14,053.16 in alleged preferential transfers made by C8 to Pepsi during the ninety (90) days before the Petition Date.

3. On or about January 19, 2007, Pepsi filed its Answer and Affirmative Defenses in the Adversary Proceeding (the "Answer").

4. In the Answer, Pepsi generally denies that it received any recoverable transfers from C8.

5. After extensive negotiation, the Debtors and Pepsi have reached an agreement whereby Pepsi will pay the Debtors the sum of \$750.00 in full and final settlement of, inter alia, the Adversary Proceeding.

6. The Debtor believes that this agreement is in the best interests of the Debtor, its estate and creditors and respectfully requests that the Court approve this Stipulation, the terms of which are set forth below. C8 advises the Court and all interested parties that the Creditors Committee is aware of and has approved the terms of the settlement of the Adversary Proceeding as set forth herein.

Request For Relief

7. In full and final settlement of the Adversary, Pepsi shall pay to C8 the sum of \$750.00, to be received by C8 within fifteen (15) days after an order by the Court approving this Stipulation has become a final order pursuant to Rule 8002(a) of the Federal Rules of Bankruptcy Procedure. Payments shall be made payable to "C8 Airlines, Inc." and delivered as to be received by counsel to C8 at the following address:

Wendy W. Ponader
PONADER & ASSOCIATES, LLP

5241 N. Meridian St.
Indianapolis, Indiana 46208

8. Other than as set forth herein, Pepsi and C8 (collectively, the “Parties”) mutually agree to waive and release any and all other claims, rights, defenses, counterclaims or actions in respect of or in any way related to prepetition obligations relating to the Agreement, including any and all rights of C8 set forth in chapter 5 of the Bankruptcy Code.

9. Upon entry of an order approving this Motion, by separate order in the Adversary Proceeding, without further notice, the Court shall enter an order dismissing the Adversary Proceeding, the proposed form of which order is attached hereto as Attachment 1.

10. This Motion reflects the entire agreement between the Parties with respect to the subject matter of this Motion. All representations, warranties, inducements, and/or statements of intention made by the Parties are embodied in this Motion, and no party hereto relied upon, shall be bound by, or shall be liable for any alleged representation, warranty, inducement, or statement of intention that is not expressly set forth in this Motion.

11. The Court shall retain jurisdiction to resolve any disputes or controversies arising from or related to this Motion or under an order approving the Motion. Any motion or application brought before the Court to resolve a dispute arising from or related to this Motion or under an order approving the Motion shall be brought on proper notice and in accordance with the relevant Federal Rule of Bankruptcy Procedure and the local rules of this Court.

12. The relief requested by and awarded under this Motion shall inure to the benefit of and be binding upon the Parties as well as all creditors, administrative claimants and parties-in-interest and their successors and assigns.

13. The parties agree that the entry of an Order approving this Motion shall authorize both Parties to execute such documents and perform such actions as are necessary to effectuate the terms of this Motion and an Order approving the Motion without further Order of the Court.

No Prior Request

14. No prior motion for the relief requested herein has been made to this or any other Court.

WHEREFORE, C8 and Pepsi respectfully request that the Court enter an Order approving the relief requested in this Motion and granting such other and further relief as the Court deems appropriate.

Respectfully submitted,

Date: March 23, 2007

**Attorney for C8 Airlines, Inc., formerly named
Chicago Express Airlines, Inc.**

/s/ Wendy W. Ponader

By: Wendy W. Ponader (#14633-49)
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-AND-

Date: March 23, 2007

Attorney for PepsiAmericas, Inc.

/s/ Jeremy C. Kleinman

By: Jeremy C. Kleinman (IL ARDC# 6270080)
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Certificate of Service

The undersigned hereby certifies that a copy of the foregoing was served this 23rd day of March 2007, by electronic mail on the core Group, 2002 List, Appearance List and PepsiAmericas, Inc.

/s/ Wendy W. Ponader

ATTACHMENT 1

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF INDIANA
INDIANAPOLIS DIVISION

IN RE:	)	Chapter 11
ATA HOLDINGS CORP., et al. ¹ ,	)	
Debtor.	)	Case No. 04-19866
	)	(Jointly Administered)
	)	Judge Basil H. Lorch III
C8 AIRLINES, INC., formerly named	)	
CHICAGO EXPRESS AIRLINES, INC.	)	
Plaintiff,	)	
v.	)	Adversary Proceeding No. 06-50575
PEPSI AMERICAS,	)	
Defendant.	)	

ORDER OF DISMISSAL

This matter having come before the Court upon the “Stipulation Resolving Avoidance Claims and Adversary Proceeding Against PepsiAmericas, Inc.” filed on March 14, 2007, in the bankruptcy cases jointly administered under Case No. 04-19866-BHL-11; the Court

¹ The Debtors are the following entities: ATA Holdings Corp. (04-19866), ATA Airlines, Inc. (04-19868), Ambassador Travel Club, Inc. (04-19869), ATA Leisure Corp. (04-19870), Amber Travel, Inc. (04-19871), American Trans Air Execujet, Inc. (04-19872), ATA Cargo, Inc. (04-19873), and Chicago Express Airlines, Inc. (04-19874).

finds that proper and adequate notice of the Stipulation and the opportunity to object has been given to all parties entitled thereto; given entry of the Order approving the Stipulation entered in jointly administered Case No. 04-19866-BHL-11 on March __, 2007; and the Court being otherwise duly advised in the premises;

IT IS HEREBY ORDERED that this adversary proceeding no. 06-50575 is hereby dismissed with prejudice, with the parties respectively to pay their own costs.

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Requested by:

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