

**Exhibit 1**



City of Chicago  
Richard M. Daley, Mayor

Department of Aviation

Richard L. Rodriguez  
Commissioner

Chicago O'Hare  
International Airport  
P.O. Box 66142  
Chicago, Illinois 60666  
773) 686-2200  
773) 601-8333 (TTY)

Chicago Midway  
International Airport  
5700 South Cicero Avenue  
Chicago, Illinois 60638  
773) 838-0600  
773) 838-0795 (TTY)

www.flychicago.com

July 22, 2008

Mr. Doug Yakola  
American Trans Air Airlines, Inc.  
P.O. Box 51609 M/S HDQSB/1  
Indianapolis, Indiana 46251-0609

RE: ATA Airlines, Inc. Operations at Chicago Midway International Airport

Dear Mr. Yakola:

The purpose of this letter is to memorialize the agreement ("Agreement") between the City of Chicago ("Chicago") and ATA Airlines, Inc. ("ATA") regarding a number of issues concerning the operations of ATA at Chicago Midway International Airport ("Midway").

Set forth below is a summary of the issues and their agreed resolution. If ATA agrees that each item is an accurate statement of the agreement for resolution of each issue, please arrange for the appropriate person at ATA to signify agreement by signing at the indicated place on page 3. If ATA does not agree that the following are accurate statements of the agreement for resolution of these issues, please contact Erin O'Donnell at 773.838.0608.

1. ATA agrees to withdraw its pending objection (Docket No. 4282) to Chicago's \$26,101,751.00 unsecured nonpriority rejection damages claim ("Claim No. 1995") in ATA's bankruptcy case (Case No. 04-19866 in the United States Bankruptcy Court for the Southern District of Indiana, Indianapolis Division, (the "Chapter 11 Case")) such that Claim No. 1995 shall be allowed and paid pursuant to the First Amended Joint Chapter 11 Plan for the Reorganizing Debtors confirmed January 31, 2006 (the "Plan") and became effective on February 28, 2006 (the "Effective Date").
2. ATA agrees to pay rent from January 1, 2006 through June 30, 2007 for the 22.85 acres of property under the lease on which ATA is a guarantor (Washington Street Rent).
3. Chicago will apply the retained ATA 2005 deferred revenue (approximately \$200,000) to the Washington Street Rent obligation set forth in paragraph 2 above.
4. The balance of the retained ATA 2005 deferred revenue (approximately \$40-50,000) will be retained by Chicago and used to pay future airport invoices of ATA.



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- 5. ATA agrees to incorporate the amount of accrued liability (approximately \$380,000) on the ATA Primary Loan, dated March 7, 2003, as amended in June, 2004, (Primary Loan") into their monthly payments to Chicago. In the event of any finalized long term lease of Midway by Chicago, Chicago agrees to pay off the outstanding bonds associated with this loan.
- 6. ATA and Chicago agree that, with respect to revenue/expenses concerning the expansion gate funded by the Primary Loan, the formula for calculating the City Gate per turn charge is not profit oriented but rather intended for cost recovery. ATA and Chicago also agree that, since the debt service associated with these gates is being paid via capitalized interest until January 1, 2009, no action is needed on this matter at this time. ATA and Chicago agree they will review this matter again in 2009.
- 7. ATA and Chicago agree that this Agreement fully and finally resolves all issues between them arising prior to the Effective Date including but not limited to any and all defaults under any and all agreements between them or between Chicago and any of the Reorganizing Debtors and further agree that other than the obligations agreed to and set forth in this Agreement, ATA and Chicago release each other, their predecessors, successors and assigns, parents, affiliates, officers, directors, agents, and employees from any and all claims, causes of action, and liability, known or unknown, arising prior to the Effective Date except that nothing herein shall act as a release by Chicago of any claim against ATA if and to the extent a policy of insurance provides insurance with respect to such claim (such claim being preserved if and only to the extent of available insurance proceeds) and nothing herein releases any party not named or designated.

Sincerely,

*Richard Rodriguez*

Richard L. Rodriguez D.O.  
Commissioner

Agreed:  
American Trans Air Airlines, Inc.

By: *[Signature]*

Name: Doug YAKOLA  
Title: Chief Operating Officer

City of Chicago

By: *Richard Rodriguez*  
D.O.

Name: Richard L. Rodriguez  
Title: Commissioner of Aviation

DEPARTMENT OF AVIATION

