

**IN THE UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF INDIANA  
INDIANAPOLIS DIVISION**

<b>In re:</b>	)	<b>Chapter 11</b>
	)	
<b>ATA Holdings Corp., et al.,<sup>1</sup></b>	)	<b>Case No. 04-19866</b>
	)	<b>(Jointly Administered)</b>
<b>Debtors.</b>	)	

**FIRST AMENDED  
PLAN OF LIQUIDATION OF C8 AIRLINES, INC.  
F/K/A CHICAGO EXPRESS AIRLINES, INC.**

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Dated: March 30, 2006, Indianapolis, Indiana

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<sup>1</sup> 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 C8 Airlines, Inc. f/k/a Chicago Express Airlines, Inc. (04-19874).

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## INTRODUCTION

C8 Airlines, Inc., formerly named Chicago Express Airlines, Inc. (the "Debtor"), one of the above captioned Debtors and Debtors-in-Possession, proposes the following chapter 11 plan (the "Plan"). This Plan is a plan of liquidation as substantially all of the assets of the Debtor have been sold pursuant to orders of the Bankruptcy Court. If the Plan is confirmed, following the final distributions, C8 will be dissolved as a corporation.

Assuming the estimates of the Debtor are correct and including the estimated net recoveries that may be realized by the prosecution of Avoidance Claims and Retained Actions, the Debtor believes it will have sufficient funds to pay all Allowed Administrative Claims, Priority Tax Claims, and Professional Fee Claims. The Debtor is also obligated on a post-Petition Date Administrative Claim basis to ATA Airlines, Inc. ("ATA") for an amount in excess of \$6.1 million for advances made by ATA to or for the benefit of the Debtor in the ordinary course during the Chapter 11 Case (the "ATA Administrative Claim"). It is not expected that the ATA Administrative Claim will be paid in full. However with the consent of ATA, the Plan proposes to distribute to Allowed General Unsecured Claims on a pro rata basis a total of the lesser of (a) \$1 million or (b) one half of the amounts (net of attorneys' and other professionals' fees and expenses) recovered through the prosecution of Avoidance Claims.

Except as otherwise provided, the Plan proposes to pay the creditors of the Debtor's estate pursuant to the priorities established by the Bankruptcy Code with the exception noted above for payments to General Unsecured Creditors ahead of full payment of the ATA Administrative Claim. The specific provisions for implementing this Plan are set forth in the following Articles.

### **Definitions, Rules of Interpretation, and Computation of Time**

A. **In General.** For purposes of this Plan, except as expressly provided or unless the context otherwise requires, all capitalized terms not otherwise defined have the meanings ascribed to them in Article I.B of this Plan. Any term used in this Plan that is not defined herein, but is defined in the Bankruptcy Code or the Bankruptcy Rules, shall have the meaning ascribed to that term in the Bankruptcy Code or the Bankruptcy Rules.

For purposes of this Plan, unless otherwise provided herein: (a) whenever from the context it is appropriate, each term, whether stated in the singular or the plural, will include both the singular and the plural; (b) each pronoun stated in the masculine, feminine or neuter includes the masculine, feminine and neuter; (c) unless otherwise provided in this Plan, any reference in this Plan to a contract, instrument, release or other agreement or document being in a particular form or on particular terms and conditions means that such document will be substantially in such form or substantially on such terms and conditions; (d) any reference in this Plan to an existing document or schedule filed or to be filed means such document or schedule, as it may have been or may be amended, modified or supplemented pursuant to this Plan; (e) any reference to a Person as a holder of a Claim or Interest includes that Person's successors and

assigns; (f) all references in this Plan to Articles and Exhibits are references to Articles and Exhibits of or to this Plan; (g) the words “herein,” “hereof,” “hereunder” and “hereto” unless limited by further reference refer to this Plan in its entirety rather than to a particular portion of this Plan; (h) captions and headings to Articles are inserted for convenience of reference only and are not intended to be a part of or to affect the interpretation of this Plan; (i) subject to the provisions of any contract, articles of incorporation, by-laws, instrument, release or other agreement or document entered into in connection with this Plan, the rights and obligations arising under this Plan shall be governed by, and construed and enforced in accordance with, federal law, including the Bankruptcy Code and Bankruptcy Rules; and (j) the rules of construction set forth in section 102 of the Bankruptcy Code will apply.

In computing any period of time prescribed or allowed by the Plan, unless otherwise expressly provided, the provisions of Bankruptcy Rule 9006(a) shall apply. A period described as a number of “days” (as opposed to “Business Days”) means calendar days.

All references in the Plan to monetary figures refers to United States of America currency unless otherwise expressly provided.

Any and all Exhibit(s) are incorporated into and are a part of this Plan as if set forth in full herein and, to the extent not annexed hereto, such Exhibits shall be filed with the Bankruptcy Court on or before the Exhibit Filing Date. After the Exhibit Filing Date, copies of Exhibits can be obtained upon request to The BMC Group, Inc. (“BMC”), claims and voting agent to the Debtor or by downloading such exhibits from BMC’s website ([www.bmccorp.net/ata](http://www.bmccorp.net/ata)) or the Court’s website ([www.insb.uscourts.gov](http://www.insb.uscourts.gov)). To the extent any Exhibit is inconsistent with the terms of the Plan, unless otherwise ordered by the Bankruptcy Court, the non-Exhibit portion of the Plan shall control.

## B. Definitions.

1.1 “Administrative Claim” means a Claim other than the ATA Administrative Claim or Professional Fee Claims for payment of an administrative expense of a kind specified in section 503(b) of the Bankruptcy Code and entitled to priority pursuant to sections 507(a)(1), 507(b) or 1114 (e)(2) of the Bankruptcy Code, including, but not limited to, (a) the actual, necessary costs and expenses, incurred on or after the Petition Date, of preserving the Estate and operating the business of the Debtor, including without limitation wages, salaries or commissions for services rendered after the commencement of the Chapter 11 Case, (b) all fees and charges assessed against the Estate under Chapter 123 of Title 28, United States Code, and (c) all Allowed Claims that are entitled to be treated as Administrative Claims pursuant to a Final Order of the Bankruptcy Court under section 546(c)(2)(A) of the Bankruptcy Code.

1.2 “Administrative Claims Bar Date” means the deadline established by the Administrative Claims Bar Date Order of the Bankruptcy Court and being October 25, 2005. The Administrative Claims Bar Date does not apply to Professional Fee Claims, which are subject to the provisions of Article 9.10 hereof, nor to the ATA Administrative Claim.

1.3 "Administrative Claims Bar Date Order" means the order entered by the Bankruptcy Court on October 5, 2005 establishing the Administrative Claims Bar Date.

1.4 "Affiliates" has the meaning given such term by section 101(2) of the Bankruptcy Code.

1.5 "Allowed . . . Claim" or "Allowed . . . Interest" means a Claim or any portion thereof, or an Interest or any portion thereof, (a) that has been allowed by a Final Order of the Bankruptcy Court (or such other court or forum as the Debtor and the holder of such Claim or Interest agree may adjudicate such Claim or Interest and objections thereto), or (b) as to which, on or by the Effective Date, (i) no proof of claim or interest has been filed with the Bankruptcy Court and (ii) the liquidated and noncontingent amount of which is Scheduled, other than a Claim or Interest that is Scheduled at zero, in an unknown amount, or as disputed, or (c) for which a proof of claim or interest in a liquidated amount has been timely filed with the Bankruptcy Court pursuant to the Bankruptcy Code, any Final Order of the Bankruptcy Court or other applicable bankruptcy law, and as to which either (i) no objection to its allowance has been filed by the Claims Objection Deadline, the Bankruptcy Code or by any order of the Bankruptcy Court or (ii) any objection to its allowance has been settled or withdrawn, or has been denied by a Final Order, or (d) that is expressly allowed in a liquidated amount in the Plan, or (e) that has been settled. For purposes of voting to accept or reject the Plan pursuant to Article IV, Allowed Claim or Allowed Interest includes a Claim or Interest (t) listed in a liquidated, noncontingent, and undisputed amount on the Schedules and for which a timely proof of claim or interest has not been filed as of the Voting Deadline, (u) that has been estimated pursuant to Bankruptcy Rule 3018(a) and the Solicitation Procedures Order, or (v) a timely proof of claim or proof of interest has been filed and no objection remains pending as of the Confirmation Hearing.

1.6 "Allowed Class . . . Claim" or "Allowed Class . . . Interest" means an Allowed Claim or an Allowed Interest in the specified Class.

1.7 "ATA" means ATA Airlines, Inc., an Indiana corporation, debtor-in-possession in Case No. 04-19868 pending in the Bankruptcy Court.

1.8 "ATA Administrative Claim" means the aggregate sum owed by the Debtor to ATA for the payment of expenses incurred by C8 after the Petition Date.

1.9 "ATSB" means the Air Transportation Stabilization Board created pursuant to the Air Transportation Safety and Stabilization Act, P.L. 107-42 (2001) (the "Act") and the regulations issued by the Office of Management and Budget under the Act, 14 C.F.R. Part 1300, Aviation Disaster Relief – Air Carrier Guarantee Loan Program.

1.10 "ATSB Agent" means Citibank, N.A. in its capacity as Agent (as defined in the ATSB Loan Agreement) under the ATSB Loan Agreement.

1.11 "ATSB Lender Parties" means Govco Incorporated, as Primary Tranche A Lender, Citibank, N.A. as Alternate Tranche A Lender, Tranche B Lender, Collateral Agent and Agent, Citicorp North America, Inc., as Govco Administrative Agent, and the ATSB, in each case, as set forth in more detail in the ATSB Loan Agreement.

1.12 “ATSB Lenders” means the lenders from time to time (and as of the time relevant to the use of the definition herein) under the ATSB Loan Agreement and the Amended and Restated ATSB Loan Agreement.

1.13 “ATSB Lenders Settlement Agreement” means the ATSB Lenders Settlement Agreement approved by an order of the Bankruptcy Court entered April 20, 2005.

1.14 “ATSB Loan Agreement” means the \$168 million Loan Agreement, dated November 20, 2002, among ATA, as Borrower, Holdings, as Parent, Govco Incorporated, as Primary Tranche A Lender, Citibank, N.A., as Alternate Tranche A Lender, Citicorp North America, Inc., as Govco Administrative Agent, Citibank, N.A., as Tranche B Lender, BearingPoint, Inc. (formerly KPMG Consulting, Inc.), as Loan Administrator, Citibank, N.A., as Collateral Agent, Citibank, N.A., as Agent and the ATSB, governing the ATSB Loan Obligations (as defined in the Cash Collateral Order).

1.15 "Available Cash" with respect to any obligation under the Plan means all Cash, which is the property of the Debtor less (a) amounts distributable with respect to obligations under the Plan having a higher priority or right to receive a distribution, (b) the Contested Administrative Creditor Reserve (c) the Professional Fee Claim Reserve, and (d) the Preference Recovery Pool.

1.16 “Avoidance Claims” means Causes of Action against Persons arising under any of sections 502, 510, 541, 542, 543, 544, 545, 547, 548 through 551 and 553 of the Bankruptcy Code, or under similar or related state or federal statutes and common law, including fraudulent transfer laws, whether or not litigation has been commenced as of the Confirmation Date to prosecute such Avoidance Claims.

1.17 "Ballot" means the forms mailed to the holders of Claims for the purpose of voting to accept or reject the Plan.

1.18 “Bankruptcy Code” means the Bankruptcy Reform Act of 1978, as amended and codified in title 11 of the United States Code, 11 U.S.C. §§ 101-1330, as in effect on October 26, 2004.

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

1.20 “Bankruptcy Rules” means the Federal Rules of Bankruptcy Procedure and the Official Bankruptcy Forms, as amended, the Federal Rules of Civil Procedure, as amended, as applicable to the Chapter 11 Case or proceeding therein, and the Local Rules of the Bankruptcy Court, as applicable to the Chapter 11 Case or proceedings therein, as the case may be.

1.21 “Bar Date Order” means the order entered by the Bankruptcy Court on December 21, 2004, establishing the Bar Date.

1.22 “Bar Date” means the deadlines set by the Bankruptcy Court under the Bar Date Order or otherwise and including bar dates established by Bankruptcy Court Order for filing

claims arising from the rejection or executory contracts and or unexpired leases for filing proofs of claim or interest in the Chapter 11 Case.

1.23 “Business Day” means any day, excluding Saturdays, Sundays and “legal holidays” (as defined in Bankruptcy Rule 9006(a)), on which commercial banks are generally open for business in Indianapolis, Indiana.

1.24 “C8 General Unsecured Claim” means the scheduled unsecured claim of C8 against ATA as of the Petition Date and which is subject to setoff.

1.25 “Cash” means legal tender of the United States of America and equivalents thereof.

1.26 “Cash Collateral Order” means the Second Interim and Final Order Authorizing Debtors' use of Cash Collateral and Use, Sale and Lease of Other Pre-Petition Collateral, approved by order of the Bankruptcy Court entered December 10, 2004, as it has been and may be amended, modified, supplemented and extended from time to time.

1.27 “Causes of Action” means any and all actions, proceedings, causes of action, suits, accounts, controversies, agreements, promises, rights to legal remedies, rights to equitable remedies, rights to payment and claims, rights of offset, whether known, unknown, reduced to judgment, not reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, secured or unsecured and whether asserted or assertable directly or derivatively, in law, equity or otherwise, including Avoidance Claims unless otherwise waived or released by the Debtor.

1.28 “Chapter 11 Case” means the chapter 11 case of the Debtor pending in the Bankruptcy Court.

1.29 “Claim” means a claim against the Debtor, whether or not asserted, as defined in section 101(5) of the Bankruptcy Code.

1.30 “Claims Agent” means The BMC Group, Inc. (“BMC”) which maintains an office at The BMC Group, 1330 E. Franklin Avenue, El Segundo, California 90245, and on the Internet at [www.bmcgroup.com](http://www.bmcgroup.com).

1.31 “Claims Objection Deadline” means that day which is 120 days after the Effective Date (unless such day is not a Business Day, in which case such deadline shall be the next Business Day thereafter), as the same may be from time to time extended by the Bankruptcy Court, without further notice to parties-in-interest.

1.32 “Class” means a class of Claims or Interests designated pursuant to Sections 1122 and 1123(a)(1) of the Bankruptcy Code and described in Article III of the Plan.

1.33 “Confirmation Date” means the date of entry on the Bankruptcy Court’s docket of the Confirmation Order.



1.34 “Confirmation Hearing” means the hearing before the Bankruptcy Court held to consider confirmation of the Plan and related matters under section 1128 of the Bankruptcy Code, as such hearing may be adjourned or continued from time to time.

1.35 “Confirmation Order” means the order entered by the Bankruptcy Court confirming the Plan pursuant to section 1129 of the Bankruptcy Code.

1.36 "Contested Administrative Claim" means an Administrative Claim that is the subject of an objection which has not been resolved.

1.37 "Contested Administrative Claim Reserve" means the aggregate sum of Cash reserved for payment of Contested Administrative Claims upon the allowance of such Contested Administrative Claim. The Contested Administrative Claim Reserve shall reserve the aggregate Face Amount of the filed Contested Administrative Claims unless the Court allows a lower estimation upon motion of the Debtor.

1.38 “Creditors’ Committee” means the Official Committee of Unsecured Creditors appointed pursuant to section 1102(a) of the Bankruptcy Code in the Chapter 11 Case of the Debtor.

1.39 "Creditors' Liquidation Committee" means the post-Effective Date committee established pursuant to Article 9.5 of this Plan.

1.40 “Disallowed Claim” or “Disallowed Interest” means a Claim or any portion thereof, or an Interest or any portion thereof, that (a) has been disallowed by a Final Order, (b) is Scheduled at zero or as contingent, disputed or unliquidated and as to which a Bar Date applies but no proof of claim or interest has been timely filed or deemed timely filed with the Bankruptcy Court pursuant to either the Bankruptcy Code or any Final Order of the Bankruptcy Court or otherwise deemed timely filed under applicable law, or (c) is not Scheduled and as to which a Bar Date applies but no proof of claim or interest has been timely filed or deemed timely filed with the Bankruptcy Court pursuant to either the Bankruptcy Code or any Final Order of the Bankruptcy Court or otherwise deemed timely filed under applicable law.

1.41 "Disbursing Agent" means BMC. With respect to the Old Holdings Unsecured Notes, the Disbursing Agent shall be the Servicer.

1.42 “Disclosure Statement” means the written disclosure statement that relates to this Plan, as approved by the Bankruptcy Court pursuant to section 1125 of the Bankruptcy Code and Bankruptcy Rule 3017, as such disclosure statement may be amended, modified or supplemented from time to time.

1.43 “Disputed Claim” or “Disputed Interest” means a Claim or any portion thereof, or an Interest or any portion thereof, that is neither an Allowed Claim nor a Disallowed Claim, nor an Allowed Interest or a Disallowed Interest, as the case may be, and includes, without limitation, Claims or Interests that (a) have not been Scheduled by the Debtor or has been Scheduled at zero, or have been Scheduled as unknown, contingent, unliquidated or disputed, whether or not such Claims or Interests are the subject of a proof of claim or proof of interest in

the Bankruptcy Court, (b) are the subject of a proof of claim or interest that differs in nature, amount or priority from the Schedules, or (c) are the subject of an objection filed with the Bankruptcy Court, which has not been withdrawn or overruled by a Final Order of the Bankruptcy Court.

1.44 “Disputed Claim Amount” means (a) if a liquidated amount is set forth in the proof of claim relating to a Disputed Claim, (i) the liquidated amount set forth in the proof of claim relating to the Disputed Claim; (ii) an amount agreed to by the Debtor and the holder of such Disputed Claim; or (iii) if a request for estimation is filed by the Reorganizing Debtors or the Disbursing Agent, the amount at which such Claim is estimated by the Bankruptcy Court; (b) if no liquidated amount is set forth in the Proof of Claim relating to a Disputed Claim, (i) an amount agreed to in writing by the Debtor and the holder of such Disputed Claim, (ii) the amount estimated by the Bankruptcy Court with respect to such Disputed Claim or (iii) zero, if neither of (i) or (ii) applies; or (c) if the Claim was listed on the Schedules as unliquidated, contingent or disputed and no Proof of Claim was filed, or deemed to have been filed, by the applicable Bar Date and the Claim has not been resolved by written agreement of the parties or an order of the Bankruptcy Court, zero.

1.45 “Distribution Date” means the date, selected by the Debtor occurring as soon as practicable after the Effective Date, upon which distributions to holders of Allowed Claims entitled to receive distributions under the Plan shall commence.

1.46 “Distribution Record Date(s)” means the date(s), beginning with the date ten (10) Business Days before the Effective Date as of which date the identities of holders of Claims will be established for purposes of distributions under the Plan on the Periodic Distribution Dates.

1.47 “Distribution Reserve” has the meaning ascribed to it in Article 6.7 herein.

1.48 “Effective Date” means the first Business Day on which all conditions to the consummation of the Plan occurred.

1.49 “Estate” means the bankruptcy estate of the Debtor created pursuant to section 541 of the Bankruptcy Code.

1.50 “Exhibit” means an exhibit annexed or to be annexed to this Plan or an Exhibit annexed to the Disclosure Statement as applicable.

1.51 “Exhibit Filing Date” means the date on which Exhibits to the Plan shall be filed with the Bankruptcy Court, which date shall be no fewer than ten days prior to the Voting Deadline, unless a later date is approved by the Bankruptcy Court.

1.52 “Face Amount” means, (a) when used in reference to a Disputed or Disallowed Claim, the full stated liquidated amount claimed by the holder of a Claim in any proof of claim timely filed with the Bankruptcy Court or otherwise deemed timely filed by any Final Order of the Bankruptcy Court or other applicable bankruptcy law, and (b) when used in reference to an Allowed Claim, the allowed amount of such Claim.

1.53 “Final Order” means an order or judgment, the operation or effect of which has not been stayed, reversed or amended, and as to which order or judgment (or any revision, modification or amendment thereof), the time to appeal or seek review or rehearing or move for a new trial has expired, and as to which no appeal or petition for review, reargument, rehearing or proceeding for a new trial was timely filed or, if timely filed, remains pending.

1.54 “General Unsecured Claim” means a Claim against the Debtor that is not an Administrative Claim, a Professional Fee Claim, a Priority Tax Claim, an ATA Administrative Claim, or an Other Priority Claim, and includes the general unsecured claim of Holdings against the estate of C8 which Claim shall be setoff against the C8 General Unsecured Claim.

1.55 “Impaired” refers to any Claim or Interest that is impaired within the meaning of section 1124 of the Bankruptcy Code.

1.56 “Indenture Trustee” means Wells Fargo Bank Northwest, N.A. or its successor as the indenture trustee for the Old Holdings Unsecured Notes.

1.57 “Insured Claim” means any Claim to the extent such Claim arises prior to the Petition Date from an incident or occurrence that is covered under the Debtor's insurance policies, but solely to the extent such Claim is covered by such insurance policies.

1.58 “Interest” means the rights and interests of the holder of any equity security, including options or warrants to purchase equity securities, stock appreciation rights or other rights to purchase or deliver in exchange for equity securities, including preferred stock, options or warrants to purchase or otherwise acquire the same and any Claims arising out of the purchase and sale of any such securities.

1.59 “Old Holdings Unsecured Notes” means, collectively, the outstanding 2005 Senior Unsecured Notes, the 2009 Senior Unsecured Notes and the 2010 Senior Unsecured Notes.

1.60 “Ordinary Course Professional Order” means the Bankruptcy Court’s Amended Order Pursuant to 11 U.S.C. §§ 105(a), 327(e) and 331 Authorizing Retention of Professionals Utilized by the Debtors in the Ordinary Course of Business (Docket No. 714).

1.61 “Other Priority Claim” means a Claim entitled to priority pursuant to section 507(a) of the Bankruptcy Code other than a Priority Tax Claim, a Professional Fee Claim, the ATA Administrative Claim or an Administrative Claim.

1.62 “Periodic Distribution Dates” means (a) the Distribution Date, as to the first distribution made by the Debtor, and (b) thereafter, the first Business Day occurring at the completion of the claims reconciliation process and the settlement or other disposition of all Avoidance Actions.

1.63 “Person” means an individual, corporation, partnership, joint venture, association, joint stock company, limited liability company, limited liability partnership, trust, estate,

unincorporated organization, governmental unit (as defined in section 101(27) of the Bankruptcy Code), or other entity.

1.64 "Petition Date" means October 26, 2004, the date on which the Debtor filed its petition for relief in the Bankruptcy Court commencing the Chapter 11 Case.

1.65 "Plan" means this chapter 11 plan for the resolution of outstanding Claims and Interests in the Chapter 11 Case, as herein proposed by the Debtor, including all Exhibits, supplements, amendments, appendices and schedules hereto, either in their present form or as the same may be later filed or further altered, amended or modified from time to time in accordance with the Bankruptcy Code and Bankruptcy Rules.

1.66 "Preference Recovery Pool" means Cash reserved for payment to holders of Allowed Class 2 Claims as provided in Article 5.6 up to an aggregate sum of the lesser of (a) \$1 million or (b) one-half of the recoveries on Avoidance Claims (net of expenses including attorneys' and other professionals' fees and expenses incurred in prosecuting such Avoidance Claims).

1.67 "Priority Tax Claim" means a Claim entitled to priority pursuant to section 507(a)(8) of the Bankruptcy Code.

1.68 "Professional" means those Persons retained in the Chapter 11 Case by separate Bankruptcy Court orders pursuant to sections 327 and 1103 of the Bankruptcy Code or otherwise; provided, however, that Professional does not include those Persons retained pursuant to the Ordinary Course Professional Order.

1.69 "Professional Fee Claim" means an Administrative Claim of a Professional for compensation for services rendered or reimbursement of costs, expenses or other charges and disbursements incurred, relating to services rendered or expenses relevant to this Chapter 11 Case and incurred after the Petition Date and prior to and including the Effective Date.

1.70 "Professional Fee Orders" means the orders entered by the Bankruptcy Court on December 10, 2004, authorizing the interim payment of Professional Fee Claims.

1.71 "Professional Fee Reserve" means the funds designated to be reserved for payment of Professional Fee Claims.

1.72 "Reorganizing Debtors" means Holdings, ATA, ATA Leisure Corp., ATA Cargo, Inc., and American Transair Execujet, Inc.

1.73 "Reorganizing Debtors' Plan" means the Amended Joint Chapter 11 Plan for Reorganizing Debtors As Immaterially Modified confirmed by order of the Bankruptcy Court on January 31, 2006 and effective on February 28, 2006.

1.74 "Retained Actions" means all Causes of Action which the Debtor may hold against any Person (other than Released Parties), including, without limitation, (a) any Causes of Action brought prior to the Confirmation Date, (b) any Causes of Action against any Persons for

failure to pay for products or services provided or rendered by the Debtor, (c) any Causes of Action relating to strict enforcement of the Debtor's intellectual property rights, including patents, copyrights and trademarks, and (d) any Causes of Action seeking the recovery of the Debtor's accounts receivable or other receivables or rights to payment created or arising in the ordinary course of the Debtor's business, and (e) all Avoidance Claims. A nonexclusive list of Retained Actions is attached hereto as Exhibit A

1.75 "Scheduled" means, with respect to any Claim or Interest, the status, priority and amount, if any, of such Claim or Interest as set forth in the Schedules.

1.76 "Schedules" means the schedule of assets and liabilities and the statement of financial affairs filed in the Chapter 11 Case by the Debtor, as such schedule or statement has been or may be further modified, amended or supplemented from time to time in accordance with Bankruptcy Rule 1009 or orders of the Bankruptcy Court.

1.77 "Servicer" has the meaning ascribed to it in Article 6.3 hereof.

1.78 "Solicitation Procedures Order" means the order of the Bankruptcy Court, approved on \_\_\_\_\_, 2006 that sets forth the procedures for the solicitation of votes to accept or reject the Plan.

1.79 "Unclaimed Property" has the meaning ascribed to it in Article 9.9 of this Plan.

1.80 "Unimpaired" refers to any Claim or Interest which is not Impaired.

1.81 "Voting Class" means a Class of Claims or Interests under this Plan that is entitled to vote to accept or reject the Plan.

1.82 "Voting Deadline" means the date and time established by the Solicitation Procedures Order.

1.83 "2005 Senior Unsecured Notes" means the 9 5/8% Senior Notes of Holdings due in December 2005 issued and outstanding under the Indenture, dated as of December 11, 1998, by and among Amtran, Inc. (n/k/a ATA Holdings Corp.), as issuer, American Trans Air, Inc. (n/k/a ATA Airlines, Inc.), Ambassadair Travel Club, Inc., ATA Vacations, Inc. (n/k/a ATA Leisure Corp.), Amber Travel, Inc., American Trans Air Training Corporation, American Trans Air Execujet, Inc. and Amber Air Freight Corporation (n/k/a ATA Cargo, Inc.), as guarantors, and First Security Bank, N.A., as trustee, as supplemented.

1.84 "2009 Senior Unsecured Notes" means those certain Senior Notes of Holdings due 2009 issued and outstanding under the Indenture, dated as of January 30, 2004, among ATA Holdings Corp. (f/k/a Amtran, Inc.), as issuer, ATA Airlines, Inc. (f/k/a American Trans Air, Inc.), Ambassadair Travel Club, Inc., ATA Leisure Corp. (f/k/a ATA Vacations, Inc.), Amber Travel, Inc., American Trans Air Training Corporation, American Trans Air Execujet, Inc., ATA Cargo, Inc. (f/k/a Amber Air Freight Corporation), and Chicago Express Airlines, Inc., as guarantors and Wells Fargo Bank Northwest, National Association, as trustee.

1.85 “2010 Senior Unsecured Notes” means those certain Senior Notes of Holdings due 2010 issued and outstanding under the Indenture, dated as of January 30, 2004, among ATA Holdings Corp. (f/k/a Amtran, Inc.), as issuer, ATA Airlines, Inc. (f/k/a American Trans Air, Inc.), Ambassador Travel Club, Inc., ATA Leisure Corp. (f/k/a ATA Vacations, Inc.), Amber Travel, Inc., American Trans Air Training Corporation, American Trans Air Execujet, Inc., ATA Cargo, Inc. (f/k/a Amber Air Freight Corporation), and Chicago Express Airlines, Inc., as guarantors, and Wells Fargo Bank Northwest, National Association, as trustee.

## ARTICLE II

### **Unclassified Claims and Treatment**

2.1 **Administrative Claims.** Except as otherwise set forth in this Plan, each holder of an Allowed Administrative Claim shall be paid in Cash in full but without interest on the Distribution Date or within 30 days following the date such Administrative Claim becomes an Allowed Claim if not an Allowed Claim on the Distribution Date. The aggregate amount of any Contested Administrative Claims as of the Distribution Date shall be set aside by the Debtor in the Contested Administrative Claim Reserve, subject to estimation by the Debtor. Contested Administrative Claims that are thereafter Allowed shall be paid from the Contested Administrative Claim Reserve. However, nothing in this Article 2.1 shall constitute a waiver by any agency or entity of the United States to assert the right to receive postpetition interest with respect to any Administrative Claim.

2.2 **Priority Tax Claims.** Each holder of an Allowed Priority Tax Claim shall be paid in full in Cash, but without interest, on the Distribution Date.

2.3 **Professional Fee Claims.** Each holder of an Allowed Professional Fee Claim shall be paid in Cash on the Distribution Date or within 30 days following the date such Professional Fee Claim is Allowed if not so Allowed on the Distribution Date. Any entity retained and requesting compensation pursuant to sections 327, 328, 330, or 331 of the Bankruptcy Code shall be entitled to file an application for allowance of final compensation and reimbursement of fees and expenses for services performed and costs incurred from and after the Petition Date, through the Confirmation Date not later than the sixtieth (60) day after the Effective Date. The aggregate amount of sums estimated to be payable to Professionals shall be set aside and reserved in the Professional Fee Reserve, and Professional Fee Claims shall be paid from the Professional Fee Reserve as and when and with respect to the amount approved by the Bankruptcy Court.

2.4 **ATA Administrative Claim.** The ATA Administrative Claim shall be Allowed on the Confirmation Date and shall be paid as soon as practicable after the Effective Date in full to the extent it can be paid from Available Cash. The ATA Administrative Claim is subject to reduction by the value of the consideration payable to the Debtor pursuant to the Reorganizing Debtors' Plan for the C8 General Unsecured Claim, after first setting off any Allowed General Unsecured Claims held by the Reorganizing Debtors against the estate of the Debtor.

The ATA Administrative Claim consists of expenses paid by ATA for the Debtor in Cash and includes Cash funding for ordinary course expenses, fuel, handling costs, the lease

payments for the Debtor's aircraft, taxes owed by the Debtor, and the fees and expenses of Professionals employed in this Chapter 11 Case. This Cash funding, net of certain refunds received by the Debtor for insurance policies and other adjustments, total an estimated \$27.98 million in cash funding which sum may increase with additional scrutiny of professional fees and expenses paid by ATA but which were incurred for the benefit of the Debtor and potential liability for administrative claims asserted based on the use and rejection of the Debtor's leased aircraft. The Debtor's revenue during this same period totaled \$21.87 million, resulting in ATA's Administrative Claim of not less than \$6.1 million.

### ARTICLE III

#### **Classified Claims**

3.1 **Class 1 Other Priority Claims.** Each Holder of an Allowed Class 1 Other Priority Claim shall be paid in full by the Debtor from Available Cash to the full extent permitted under section 507(a) of the Bankruptcy Code, but without interest, as soon as practicable following the Distribution Date or the date such Claim becomes an Allowed Claim.

#### **Class 1 is Impaired under the Plan.**

3.2 **Class 2 General Unsecured Claims.** Each Holder of an Allowed Class 2 General Unsecured Claim shall be paid pro rata by the Debtor from the Preference Recovery Pool to the full extent permitted under section 507(a) of the Bankruptcy Code, but without interest, as soon as practicable following the Distribution Date or the date such Claim becomes an Allowed Claim.

#### **Class 2 is Impaired under the Plan.**

3.3 **Class 3 Equity Interests.** No distributions will be made to Class 3 and the equity Interests will be cancelled on the date the Chapter 11 Case is closed.

#### **Class 3 is Impaired under the Plan.**

### ARTICLE IV

#### **Voting on the Plan**

4.1 **Classes Entitled to Vote.** The holders of Claims in Classes 1 and 2 are entitled to vote on the Plan.

4.2 **Deemed to Reject the Plan.** The holders of Interests in Class 3 shall receive no distributions under the Plan and are deemed to reject the Plan.

4.3 **Class Acceptance Requirement.** A Voting Class shall have accepted the Plan if the Plan is accepted by at least two-thirds in amount and more than one-half in number of the Allowed Claims of the Voting Class that have voted on the Plan by casting valid Ballots.

4.4 Cramdown. In the event that any Impaired Class of Claims shall fail to accept the Plan in accordance with section 1129(b) of the Bankruptcy Code, the Debtor reserves the right to request that the Court confirm the Plan in accordance with the "cramdown" provisions of section 1129(b) of the Bankruptcy Code.

## ARTICLE V

### Implementation of the Plan

5.1 Liquidation of Assets. On and after the Confirmation Date, and subject to the Effective Date, the Debtor may, without further approval of the Bankruptcy Court, (1) use, sell, assign, transfer, abandon or otherwise dispose of at a public or private sale the Debtor's remaining assets, if any, for the purpose of liquidating and converting such assets into cash, making distributions and fully consummating the Plan and (2) settle and compromise any Avoidance Claim or Retained Action; provided, however, that the Debtor shall provide five (5) business days' prior written notice to the Creditors' Liquidation Committee of the settlement and compromise of an Avoidance Action where payments made by the Debtor in the 90 days prior to the Petition Date totaled at least \$200,000 or where the payments made within a seven day variance of ordinary course totaled at least \$50,000. Notwithstanding the notice provision above, the Debtor shall have full authority to settle any Avoidance Action for at least eighty percent (80%) of the asserted Avoidance Action without prior notice to the Creditors' Liquidation Committee.

5.2 Distribution Procedures. On the Effective Date, or as soon thereafter as practicable, the Debtor shall remit from Available Cash payments to holders of all Allowed Administrative Claims, Allowed Professional Fee Claims, and Allowed Priority Tax Claims and shall remit the balance of Available Cash, less the Administrative Claim Reserve and the Professional Fee Reserve and the Preference Recovery Pool, to ATA in partial satisfaction of ATA's Administrative Claim. Distributions to Allowed General Unsecured Claims shall be made from the Preference Recovery Pool and shall occur as soon as practicable following a pro rata estimation of all General Unsecured Claims and the recovery of the Avoidance Actions. Distributions to any holder of an Allowed Claim shall be allocated first to the principal portion of any such Allowed Claim, and, only after the principal portion of any such Allowed Claim is satisfied in full, to any portion of such Allowed Claim comprising interest (but solely to the extent that interest is an allowable portion of such Allowed Claim and allowed under this Plan). Unless otherwise specifically provided for in the Plan, the Confirmation Order, or required by applicable bankruptcy law, (i) post-petition interest shall not accrue or be paid on Claims, and no holder of a Claim shall be entitled to interest accruing on or after the Petition Date on any Claim and (ii) interest shall not accrue or be paid upon any Disputed Claim in respect of the period from the Petition Date to the date a final distribution is made thereon if and after such Disputed Claim becomes an Allowed Claim.

5.3 Preservation of Causes of Action. In accordance with section 1123(b)(3) of the Bankruptcy Code and except as otherwise provided in this Plan, the Debtor will retain and may (but is not required to) enforce all Retained Actions and all other similar claims arising under applicable state laws, including, without limitation, fraudulent transfer claims, if any, and all



other Causes of Action of a trustee and a debtor-in-possession under the Bankruptcy Code. The Debtor will determine in consultation with the Creditors' Liquidation Committee, subject to the limitations of notice set forth in Article 5.1 above, whether to bring, settle, release, compromise, or enforce such rights (or decline to do any of the foregoing), and will not be required to seek further approval of the Bankruptcy Court for such action unless the Creditors' Liquidation Committee objects to any such settlement and compromise of an Avoidance Action in which case Bankruptcy Court approval of such settlement and compromise shall be sought.

5.4 Exclusivity Period. The Debtor will retain exclusive right to amend or modify the Plan, subject to the prior written notice to the Creditors' Committee (not to be unreasonably denied), in accordance with the terms hereof; and to solicit appearances of any amendment to or modifications of the Plan, through and until the Effective Date.

5.5 Exemption From Certain Transfer Taxes and Recording Fees. Pursuant to section 1146(c) of the Bankruptcy Code, any transfers from the Debtor or to any other Person or entity pursuant to the Plan will not be subject to any document recording tax, stamp tax, conveyance fee, intangibles or similar tax, mortgage tax, stamp act, real estate transfer tax, mortgage recording tax, Uniform Commercial Code filing or recording fee, Federal Aviation Administration filing or recording fee or other similar tax or governmental assessment, and the Confirmation Order will direct the appropriate state or local governmental officials or agents to forego the collection of any such tax or governmental assessment and to accept for filing and recordation any of the foregoing instruments or other documents without the payment of any such tax or governmental assessment.

5.6 Preference Recovery Pool. After having distributed or reserved as otherwise provided herein for all Claims provided for in Articles 2.1, 2.2, 2.3, and 3.1, the Debtor shall reserve and hold as secured in a separate account one-half of all amounts (net of attorneys' and other professionals' fees and expenses incurred by the Debtor in connection with the prosecution of Avoidance Actions) recovered from Avoidance Actions up to a total of \$1 million.

## ARTICLE VI

### **Provisions Governing Distribution**

6.1 Time of Distributions. Except as otherwise provided for herein or ordered by the Bankruptcy Court, distributions under the Plan shall be made on a Periodic Distribution Date.

6.2 No Interest on Claims. Unless otherwise specifically provided for in the Plan, 11 U.S.C. § 506(b), the Confirmation Order, a Bankruptcy Court order or a postpetition agreement in writing between the Debtor and a holder of a Claim, postpetition interest shall not accrue or be paid on Claims, and no holder of a Claim shall be entitled to interest accruing on or after the Petition Date on any Claim or right. Additionally, and without limiting the foregoing, interest shall not accrue or be paid on any Disputed Claim in respect of the period from the Effective Date to the date a final distribution is made when and if such Disputed Claim becomes an Allowed Claim. Provided, however, that nothing in this Article 6.2 shall constitute a waiver by

an agency or entity of the United States to assert the right to received postpetition interest with respect to any Administrative Claims.

6.3 Disbursing Agent. The Disbursing Agent shall make all distributions required under this Plan except with respect to a holder of a Claim whose distribution is governed by an agreement and is administered by an indenture trustee agent or a servicer (each hereafter referred to as a "Servicer"), which distributions shall be deposited with the appropriate Servicer, who shall deliver such distributions to the holders of Claims in accordance with the provisions of this Plan and the terms of the governing agreement; provided, however, that if any such Servicer is unable to make such distributions, the Disbursing Agent, with the cooperation of such Servicer, shall make such distributions.

6.4 Cancellation of Securities or Instruments As to the Debtor. As of the Effective Date, each instrument evidencing a Claim (a "Certificate") shall be cancelled solely with respect to the Debtor and such cancellation shall not alter the obligations or rights of any non-Debtor third parties vis-à-vis one another to such instruments.

6.5 Services of Indenture Trustees, Agents and Servicers. The services, with respect to consummation of the Plan, of Servicers under the relevant agreements that govern the rights of holders of Claims shall be as set forth in this Plan, and the Debtor shall reimburse any Servicer (including the Indenture Trustee) for reasonable and necessary services performed by it (including reasonable attorneys' fees) as contemplated by, and in accordance with this Plan, without the need for the filing of an application with, or approval by, the Bankruptcy Court. The payments shall be made in full in Cash as soon as practicable after the Effective Date. However, any such payment shall be made only if the Servicer has provided the Debtor with an estimate of any such fees and expenses prior to the Confirmation Hearing and such fees and expenses are subject to a reasonableness analysis based on the projected recovery under this Plan for Claims related to the Servicer's services.

6.6 Claims Administration Responsibility. The Debtor will retain responsibility for administering, disputing, objecting to, compromising, or otherwise resolving all Claims against and Interests in the Debtor. Unless otherwise extended by the Bankruptcy Court, any objections to Claims shall be served and filed on or before the Claims Objection Deadline. Notwithstanding any authority to the contrary, an objection to a Claim shall be deemed properly served on the holder of a Claim if the Debtor effects service in any of the following manners: (i) in accordance with Federal Rule of Civil Procedure 4, as modified and made applicable by Bankruptcy Rule 7004; (ii) to the extent counsel for the holder of a Claim is unknown, by first class mail, postage prepaid, on the signatory on the proof of claim or interest or other representative identified on the proof of claim or any attachment thereto; or (iii) by first class mail, postage prepaid, on any counsel that has appeared on behalf of the holder of a Claim in the Chapter 11 Case. Any Claim determined and liquidated pursuant to (i) an order of the Bankruptcy Court, or (ii) applicable non-bankruptcy law (which determination has not been stayed, reversed or amended and as to which determination (or any revision, modification or amendment thereof) the time to appeal or seek review or rehearing has expired and as to which no appeal or petition for review or rehearing was filed or, if filed, remains pending) shall be deemed, to the extent applicable, an Allowed Claim in such liquidated amount and satisfied in accordance with the Plan (provided

that, to the extent a Claim is an Allowed Insured Claim, such Allowed Claim shall be paid from the insurance proceeds available to satisfy such liquidated amount). Nothing contained in this Article 6.6 shall constitute or be deemed a waiver of any claim, right, or Cause of Action that the Debtor may have against any person in connection with or arising out of any Claim or Claims, including without limitation, any rights under section 157(b) of title 28 of the United States Code.

6.7 Procedures for Treating and Resolving Disputed Claims. No payments or distributions will be made with respect to all or any portion of a Disputed Claim unless and until all objections to such Disputed Claim have been settled or withdrawn or have been determined by a Final Order, and the Disputed Claim has become an Allowed Claim. Distribution with respect to Allowed Claims of each individual agency or entity of the United States shall be made in accordance with the terms of the Plan as soon as all of the Claims of that individual agency or entity are resolved. The Debtor shall establish appropriate reserves for Disputed Claims in any class, as it determines are necessary and appropriate. Prior to making any distributions to holders of a particular class or type of Claim, the Debtor shall determine whether a Distribution Reserve (a "Distribution Reserve") is necessary. If the Debtor determines that a Distribution Reserve is necessary, the Debtor shall establish a Distribution Reserve to withhold from any such distributions 100% of distributions to which holders of Disputed Claims would be entitled under the Plan as of such date if such Disputed Claim were an Allowed Claim in their Disputed Claim Amount. Notwithstanding the foregoing, the Disbursing Agent shall have the right to request estimation of any Disputed Claim and authority from the Bankruptcy Court to withhold less than 100% of the Disputed Claim Amount from distributions to holders of Allowed Claims in that class or type. The holder of a Disputed Claim shall not be entitled to receive or recover any amount in excess of the amount provided in the Distribution Reserve to pay such Claim.

## ARTICLE VII

### Executory Contracts and Unexpired Leases

7.1 Any executory contract or unexpired lease that has not already been either assumed and assigned or rejected by an order of this Court shall be rejected as of the Confirmation Date. Counterparties to Executory contracts and unexpired leases rejected pursuant to the Confirmation Order shall have 30 days from the Confirmation Date to file a proof of Claim for any damages arising from the rejection or be forever barred from asserting such Claim.

## ARTICLE VIII

### Retention of Jurisdiction

8.1 The Bankruptcy Court shall retain jurisdiction over the Debtor for the following purposes: (a) to determine the extent, validity and amount of any and all Claims and Disputed Claims, whether secured or unsecured, including allowance and estimation of claims; (b) to determine any and all applications for compensation through the Effective Date or thereafter only as required pursuant to the Plan; (c) to determine any and all (i) causes of action brought by

the Debtor against third Persons; (ii) adversary proceedings; and (iii) contested matters; (d) to effectuate, interpret, and enforce the provisions of the Plan; (e) to correct any defect, cure any omission or reconcile any inconsistency in the Plan or the Confirmation Order as may be necessary to carry out the purposes and intent of the Plan; and (f) to determine such other matters as may be provided for in the Confirmation Order or as may be authorized under the provisions of the Bankruptcy Code. Pursuant to sections 105(a) and 1142 of the Bankruptcy Code, the Bankruptcy Court shall have exclusive jurisdiction of all matters arising out of, and related to, the Chapter 11 Case and the Plan, including, among others, the following matters:

- a. to hear and determine matters concerning state, local, and federal taxes in accordance with sections 346, 505, and 1146 of the Bankruptcy Code;
  - b. to enforce all orders previously entered by the Bankruptcy Court;
- and
- c. to enter a decree closing the Chapter 11 Case.

Nothing in this Article 8.1 shall constitute a waiver by the United States of any right it may have to assert that the Bankruptcy Court lacks jurisdiction over any matter set forth herein.

## **ARTICLE IX**

### **Remaining Issues**

9.1 Payment of U.S. Trustee's Fees. All fees payable to 28 U.S.C. Section 1930 shall be paid when due until the closing of the Debtor's case.

9.2 No Admission Against Error. Neither the filing of the Plan, the Disclosure Statement, nor any statement contained therein, shall be or be deemed an admission against interest. In the event the Plan is not consummated, neither the Plan, the Disclosure Statement nor any statement contained herein may be used or relied upon in any manner in any suit, action, proceeding or controversy within or outside the Bankruptcy Court involving the Debtor or its former officers, directors, or Interest Holders.

9.3 No Waiver. Nothing set forth in the Plan or the Disclosure Statement shall be deemed a waiver or release of any claims, rights or causes of action against any Person other than the Debtor except as set forth specifically in the Plan.

9.4 Post-Confirmation Notice. Pursuant to Bankruptcy Rule 2002 and any applicable local Bankruptcy Rules, notice of all post-Confirmation matters for which notice is required to be given shall be deemed sufficient if served upon counsel for the U.S. Trustee's Office, counsel to the Creditors' Committee, counsel to the Debtor and all persons on the Bankruptcy Rule 2002 service list. With the exception of the Debtor, the Creditors' Committee and the U.S. Trustee, any Person desiring to remain on the Debtor's Bankruptcy Rule 2002 service list shall be required to file a request for continued service and to serve such request upon counsel to the Debtor and the Creditors' Committee within thirty (30) days subsequent to the Effective Date.

Persons shall be notified of such continued notice requirements in the notice of entry of the Confirmation Order. Persons who do not file a request for continued service shall be removed from the Bankruptcy Rule 2002 service list.

9.5 The Creditors' Committee. The Creditors' Committee shall be dissolved on the Effective Date of the Plan, and a Creditors' Liquidation Committee comprised of the three members of the Post Confirmation Committee formed in the Reorganizing Debtors' Plan shall be formed for the limited purposes of assisting the Debtor with the appropriate procedures for the settlement of General Unsecured Claims; overseeing the distributions to the holders of General Unsecured Claims under the Plan and the collection of Avoidance Claims, to appear before and be heard by the Bankruptcy Court and other courts of competent jurisdiction in connection with the above limited duties; and such other matters as may be agreed upon between the Debtor and the Creditors' Liquidation Committee. The Creditors' Liquidation Committee may employ, without further order of the Court, professionals to assist it in carrying out its duties as limited above, including any professionals retained in this Chapter 11 Case, and the Debtor shall pay the reasonable costs and expenses of the Creditors' Liquidation Committee, including reasonable professional fees, in the ordinary course without further order of the Court, which fees and expenses shall not exceed \$40,000.

9.6 Plan Modification. The Plan may be altered, amended or modified before or after the Confirmation Date in accordance with Section 1127 of the Bankruptcy Code.

9.7 Setoff Against Claims. The Debtor may set off against any Claim, and the payments made pursuant to the Plan in respect of such Claim, any claims or causes of action of any nature whatsoever that the Debtor may have against the holder of the Claim, but neither the failure to do so nor the allowance of such Claim shall constitute a waiver or release by the Debtor of any claims, rights or causes of actions against the holder of the Claim. Any payment in respect of a disputed, unliquidated or contingent Claim shall be returned promptly to the Debtor in the event and to the extent such Claims are determined by the Court or any other court of competent jurisdiction not to be Allowed Claims. Confirmation of the Plan shall bar any right of setoff claimed by a creditor unless such creditor filed, prior to the Confirmation Date, a motion for relief from the automatic stay seeking the authority to effectuate such a setoff right. All defenses of the Debtor with respect to any such motion are hereby preserved. Provided, however, that nothing in this Plan shall enjoin or otherwise impair any right of set off and/or recoupment that the United States may otherwise have.

9.8 Further Action. The Debtor is authorized to take any action necessary or appropriate to execute the provisions of the Plan.

9.9 Unclaimed Property. Unclaimed Property shall be deposited in a segregated account established by the Debtor. Such Unclaimed Property shall be held in such account, in trust, for the benefit of the holders of Allowed Claims entitled thereto under the terms of the Plan. For a period of one hundred twenty (120) days following the distribution to creditors under the Plan, Unclaimed Property: (a) shall be held in such segregated account solely for the benefit of such holder or holders which have failed to claim such Unclaimed Property; and (b) shall be released from such segregated account and delivered to the holder entitled thereto upon

presentation of proper proof by such holder of its entitlement thereto. After expiration of one hundred and twenty (120) days, the holders of Allowed Claims theretofore entitled to such Unclaimed Property shall cease to be entitled thereto, and such Claims of the Unclaimed Property shall be deemed disallowed in their entirety and the funds shall be redistributed to the other holders of Allowed Claims in order of priority in accordance with the terms of this Plan. Such funds shall not be subject to the escheat laws of any state.

9.10 Professional Fee Claims Bar Date. Any and all applications for the request for the final allowance of Administrative Claims incurred by professionals employed pursuant to Sections 327 and 1103 of the Bankruptcy Code shall be filed with the Bankruptcy Court and served upon counsel to the Debtor on or before the date which is sixty (60) days after the Effective Date. Failure to file and serve timely such applications or requests shall result in the disallowance of such Professional Fee Claims and such Professional Fee Claims shall be barred forever.

9.11 Compliance with Tax Requirements. In connection with the Plan, the Debtor shall comply with all withholding and reporting requirements imposed by federal, state, local, and foreign taxing authorities and all Distributions hereunder shall be subject to such withholding and reporting requirements.

9.12 Compliance with All Applicable Laws. If notified by any governmental authority that it is in violation of any applicable law, rule, regulation, or order of such governmental authority relating to its businesses, the Debtor shall comply with such law, rule, regulation, or order; provided that nothing contained herein shall require such compliance by the Debtor if the legality or applicability of any such requirement is being contested in good faith in appropriate proceedings by the Debtor, and, if and where appropriate, an adequate reserve has been set aside on the books of Debtor.

9.13 Dissolution of the Debtor. After the closing of the Chapter 11 case, the Debtor will be dissolved pursuant to the laws of the State of Georgia.

9.14 Allocation of Plan Distributions Between Principal and Interest. To the extent that any Allowed Claim entitled to a distribution under the Plan is composed of indebtedness and accrued but unpaid interest thereon, such distribution shall, to the extent permitted by applicable law, be allocated for United States federal income tax purposes to the principal amount of the Claim first and then, to the extent the consideration exceeds the principal amount of the Claim, to the portion of the Claim representing accrued but unpaid interest.

9.15 Governing Law. Unless a rule of law or procedure is supplied by federal law (including the Bankruptcy Code and Bankruptcy Rules) or unless otherwise specifically stated, the laws of the State of Indiana shall govern the construction and implementation of the Plan, any agreements, documents, and instruments executed in connection with the Plan (except as otherwise set forth in those agreements, in which case the governing law of such agreement shall control). Corporate governance matters shall be governed by the laws of the state of incorporation of the Debtor.

9.16 Notices. Any notice required or permitted to be provided to the Debtor or the Creditors' Committee shall be in writing and served by (a) certified mail, return receipt requested, (b) hand delivery, or (c) overnight delivery service, to be addressed as follows:

If to the Debtor:

C8 Airlines, Inc.  
7337 Washington Street  
Indianapolis, IN 46231  
Attention: Brian Hunt

with a copy to:

Baker & Daniels LLP  
300 North Meridian Street, Suite 2700  
Indianapolis, Indiana 46204  
Attention: Terry E. Hall, Esq.

If to the Creditors' Committee:

Akin Gump Strauss Hauer & Feld LLP  
590 Madison Avenue  
New York, New York 10022  
Attention: Lisa Beckerman

## ARTICLE X

### **Effect Of The Plan On Claims And Interests**

10.1 Compromises and Settlements. In accordance with this Plan, pursuant to Bankruptcy Rule 9019(a), without further order of the Bankruptcy Court, the Debtor may compromise and settle various (a) Claims against it and (b) Causes of Action that it may have against other Persons. The Debtor expressly reserves the right to compromise and settle Claims against it and claims it may have against other Persons.

10.2 Satisfaction of Subordination Rights. All Claims against the Debtor and all rights and claims between or among the holders of Claims relating in any manner whatsoever to distributions on account of Claims against the Debtor, based upon any subordination rights, whether asserted or unasserted, legal or equitable, shall be deemed satisfied by the distributions under the Plan to the holders of Claims having such subordination rights, and such subordination rights shall be deemed waived, released, discharged, and terminated as of the Effective Date. Distributions to the various Classes of Claims hereunder shall not be subject to levy, garnishment, attachment, or like legal process by the holder of any Claim by reason of any subordination rights or otherwise, so that each holder of a Claim shall have and receive the benefit of the distributions in the manner set forth in the Plan.

10.3 Exculpation and Limitation of Liability. Except as otherwise specifically provided in this Plan, the Debtor, the Creditors' Committee, the members of the Creditors' Committee in their capacities as such, the Indenture Trustee, and any of such parties' respective present or former members, officers, directors, employees, advisors, attorneys, representatives, financial advisors, investment bankers, or agents and any of such parties' successors and assigns, shall not have or incur, and are hereby released from, any claim, obligation, Cause of Action, or liability to one another or to any holder of a Claim or an Interest, or any other party-in-interest, or any of their respective agents, employees, representatives, financial advisors, attorneys or Affiliates, or any of their successors or assigns, for any act or omission in connection with, relating to, or arising out of the Debtor's Chapter 11 Case, negotiation and filing of the Plan, filing the Chapter 11 Case, the pursuit of confirmation of the Plan, the consummation of the Plan, the administration of the Plan or the property to be distributed under the Plan, except for their willful misconduct, and in all respects shall be entitled to reasonably rely upon the advice of counsel with respect to their duties and responsibilities under the Plan.

## ARTICLE XI

### **Conditions Precedent**

11.1 Conditions to Confirmation. The following are conditions precedent to confirmation of the Plan that may be satisfied or waived in accordance with Article 11.3 of the Plan:



a. The Bankruptcy Court shall have approved a disclosure statement with respect to the Plan in form and substance acceptable to the Debtor and the Creditors' Committee,

b. The Confirmation Order shall be in form and substance reasonably acceptable to the Debtor and the Creditors' Committee.

11.2 Conditions to Consummation. The Effective Date shall have occurred. The following are conditions precedent to the occurrence of the Effective Date, each of which may be satisfied or waived in accordance with Article 11.3 of the Plan:

a. The Confirmation Order shall have been entered by the Bankruptcy Court and shall remain unstayed.

b. The Confirmation Date shall have occurred.

c. All other actions, documents, consents and agreements necessary to implement the Plan shall have been effected, obtained and/or executed.

11.3 Waiver of Conditions to Confirmation or Consummation. The conditions set forth in Articles 11.1, and 11.2 of the Plan may be waived by the Debtor, with the consent of the Creditors' Committee, not to be unreasonably withheld, without any notice to other parties-in-interest or the Bankruptcy Court and without a hearing. The failure of the Debtor in its sole discretion to exercise any of the foregoing rights shall not be deemed a waiver of any other rights, and each such right shall be deemed an ongoing right, which may be asserted at any time.

Dated: Indianapolis, Indiana  
March 30, 2006

C8 Airlines, Inc.  
DEBTOR AND DEBTOR-IN-POSSESSION AS  
PROPONENT

By: /s/ Terry E. Hall  
By Counsel on behalf of C8 Airlines, Inc.

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