

EXHIBIT B

Retention Letter

Compass Advisers, LLP
599 Lexington Avenue
New York, New York 10022
Telephone: (212) 702-9800
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Dated as of November 4, 2004

The Official Committee of Unsecured Creditors
of ATA Holdings Corp., *et al.*
c/o Daniel H. Golden, Esq.
Akin Gump Strauss Hauer & Feld LLP
590 Madison Avenue
New York, New York 10022-2524

Ladies and Gentlemen:

This letter agreement (the “Agreement”) confirms the engagement by the Official Committee of Unsecured Creditors of ATA Holdings Corp., *et al.* (the “Committee”) of Compass Advisers, LLP (“Compass”) from the date hereof on the terms and conditions set forth herein to provide financial advisory and investment banking services to the Committee in connection with the chapter 11 proceedings of ATA Holdings Corp. and their affiliated debtors and debtors-in-possession (collectively, the “Debtors”) pending before the United States Bankruptcy Court for the Southern District of Indiana (the “Bankruptcy Court”) pursuant to chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”). The Committee shall promptly seek Bankruptcy Court approval of this engagement, effective *nunc pro tunc* to November 4, 2004, pursuant to sections 327(a) and 328(a) of the Bankruptcy Code, and it is understood that Compass’ engagement is not effective until such approval is obtained.

1. Compass shall undertake to provide the Committee with financial advisory and investment banking services which shall include, but not be limited to, the following:
 - (a) review and analyze the Debtors’ business operations including historical financial results and future projections and assist the Committee in assessing the Debtors’ business, operating and financial strategies;
 - (b) provide a financial valuation of the ongoing operations and/or assets of the Debtors;
 - (c) review and analyze the financial and economic rights and interests of the Debtors’ various security holders and claimants;

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- (d) advise the Committee with respect to the strategic options available for achieving a plan or plans of reorganization, a sale or sales of the Debtors' assets, a sale or sales of the Debtors' businesses or any/all of the Debtors' operations;
 - (e) analyze and value securities and other assets proposed to be distributed to unsecured creditors and/or other classes of creditors or claimants under a plan of reorganization or various plans of reorganization proposals (including the estimated trading value of any such securities);
 - (f) assist the Committee in negotiating the terms of a plan of reorganization including, as may be necessary, developing, evaluating, proposing and negotiating financial settlement proposals;
 - (g) in cooperation with the Committee's other professional advisors, assist and represent the Committee in negotiating a final plan of reorganization with the Debtors and/or other parties-in-interest and/or third parties;
 - (h) as may be necessary, act as the Committee's expert witness in the Bankruptcy Court with respect to the value of the Debtors' going concern or enterprise values, the value of securities or other assets to be distributed to creditors and others in connection with a plan of reorganization or a sale or sales, and/or other issues relating to a proposed plan or plans of reorganization or a sale or sales of the Debtors' assets; and
 - (i) render such other financial advisory or investment banking services as may be agreed upon by Compass and the Committee in connection with the foregoing.
2. For Compass' services hereunder, Compass shall be entitled to compensation comprised of the aggregate of the following and in accordance with Paragraph 3 below:
- (a) Financial advisory fees ("Advisory Fees") payable in cash, as follows (subject to the limitations outlined below):
 - (i) \$125,000 for the period November 4, 2004 to November 30, 2004; and
 - (ii) \$125,000 for each full or partial calendar month commencing December 1, 2004-2004, provided, however, that for the last month that Compass provides services to the Committee, the monthly fee shall be prorated and the prorated fee shall be paid only for the days that Compass rendered services to the Committee.
 - (b) Upon the consummation of any Transaction (as defined below), Compass shall be entitled to an incentive fee ("Incentive Fee") based on the following range of percentage recoveries of the Debtors' unsecured creditors' total consideration (as applicable, the "Total Consideration"):

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- (i) Below 10% - .75 of 1% of the aggregate consideration payable to the Debtors' unsecured creditors;
- (ii) 10% up to 15% - .80 of 1% of the aggregate consideration payable to the Debtors' unsecured creditors;
- (iii) 15% up to 20% - .85 of 1% of the aggregate consideration payable to the Debtors' unsecured creditors;
- (iv) 20% up to 30% - .90 of 1% of the aggregate consideration payable to the Debtors' unsecured creditors;
- (v) 30% up to 40% - .95 of 1% of the aggregate consideration payable to the Debtors' unsecured creditors;
- (vi) 40% or greater - 1% of the aggregate consideration payable to the Debtors' unsecured creditors.

Compass shall be entitled to only one Incentive Fee based upon the recoveries described above. Such Incentive Fee shall be payable on the effective date of a plan or plans of reorganization. The Incentive Fee shall be payable in cash up to a maximum amount of \$1.25 million. If the Incentive Fee exceeds \$1.25 million, the balance of the Incentive Fee shall be paid in kind (in the form received by the Debtors' unsecured creditors); provided, however, that one-half of Compass' monthly Advisory Fees shall be credited against the Incentive Fee beginning with ~~the month following eight (8) months after the date of this Agreement, July, 2005,~~ which amount shall first be deducted against the cash portion of the Incentive Fee and thereafter to any portion of the Incentive Fee payable in kind.

For purposes of this paragraph 2(b), "Transaction" shall mean the consummation of any agreement or series of agreements, or any transaction or series of transactions (which agreements or transactions subsequently close within a reasonable time period thereafter, or a similar transaction closes thereafter with a competing bidder upon Bankruptcy Court approval), which in each case may include, but is not limited to, the following:

- (i) any merger, consolidation, reorganization, recapitalization, business combination or other transaction pursuant to which the Debtors (or any of them) are acquired by, or combined with, any person, group of persons, partnership, corporation or other entity (including, without limitation, existing creditors, employees, affiliates, and/or shareholders) (collectively, a "Purchaser");

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- (ii) the acquisition, directly or indirectly, by a Purchaser (or by one or more persons acting together with a Purchaser pursuant to a written agreement or otherwise) in a single transaction or series of transactions, of (x) all or a substantial portion of the assets or operations of the Debtors (or any of them); or (y) all or a significant part of the outstanding or newly-issued shares of any Debtors' capital stock (or any securities convertible into, or options, warrants or other rights to acquire such capital stock);
- (iii) the closing of any other sale, transfer or assumption of all or a substantial portion of all of the assets, liabilities or stock of the Debtors (or any of them); or
- (iv) the confirmation of a chapter 11 plan of reorganization or liquidation.

For purposes of Paragraph 2(b), "Total Consideration" shall mean all consideration received by the unsecured creditors of the Debtors (excluding distributions to unsecured creditors that are wholly-owned subsidiaries with respect to inter-company accounts of the Debtors or distributions with respect to the fulfillment of pension or employee benefit obligations), including, but not limited to, cash, the fair market value of all debt and/or equity securities received, and the fair market value of any other assets received. For the purpose of calculating the consideration received, any equity securities received will be valued as follows:

- (i) if the value of such securities is disclosed in a court approved disclosure statement in support of a confirmed chapter 11 plan, the securities will be valued based on such disclosure statement;
- (ii) if the value of such securities is not disclosed in a disclosure statement in support of a chapter 11 plan, then: (x) if such securities are traded on a stock exchange, the securities will be valued at the weighted average last sale or closing price for the thirty (30) trading days following the closing of the Transaction; (y) if such securities are traded primarily in over-the-counter transactions, the securities will be valued at the mean of the closing bid and asked quotations on a similarly weighted average over a thirty (30) trading day period immediately following the closing of the Transaction; or (z) if such securities are not contemplated to be actively traded following the closing of the Transaction, Compass and the Committee shall mutually agree on a fair valuation thereof for the purposes of calculating the Incentive Fee. Any debt securities received by the Debtors' unsecured creditors shall be valued at face value. If the parties are unable to agree on the value of any consideration received by the unsecured creditors of the Debtors, such value shall be determined by the Bankruptcy Court. If the Debtors disagree with the value of the

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consideration mutually agreed on by the Committee and Compass, such value will be determined by the Bankruptcy Court.

If any of the Total Consideration is escrowed or contingent upon the future performance of the business operations (e.g., revenues or income) of the Debtors or any successor entity, or the passage of time, or the occurrence of some future event, the portion of the Incentive Fee attributable to such escrowed or contingent Total Consideration shall be paid to Compass at such time or times as the escrowed amounts are released or contingent amounts are paid, issued or otherwise distributed to the unsecured creditors of the Debtors, as may be applicable.

- (c) Reimbursement of any out-of-pocket expenses reasonably incurred by Compass in connection with the rendering of services under this Agreement, including, but not limited to, travel and lodging, communication charges, research, courier services, and reasonable professional fees and disbursements. This Paragraph 2(c) contemplates the reimbursement to Compass of legal fees and other costs incurred by Compass in connection with motions filed in the Bankruptcy Court relating to Compass' retention hereunder and, in addition, such legal fees and other costs as may be incurred in making and defending interim and final fee applications.
3. It is understood and agreed that Compass' employment is pursuant to sections 327(a) and 328(a) of the Bankruptcy Code and that the terms and conditions of employment are reasonable as of the date hereof, and that allowance of compensation to Compass different from that provided herein shall be appropriate only if these terms and conditions later prove to have been improvident in light of developments not capable of being anticipated at this time.

Compass shall file applications for allowance of interim and final compensation and reimbursement of expenses with the Bankruptcy Court in accordance with the Bankruptcy Code and applicable rules or administrative practice of the Bankruptcy Court. Such applications shall demonstrate what services were rendered. Compass shall also follow the customary practice or guidelines of the Bankruptcy Court regarding maintaining records of time spent working on this engagement, which records shall be available for submission to the Bankruptcy Court; provided, however, that Compass will not be required to maintain or provide detailed time records in connection with any such fee applications. Compass will make every effort to coordinate with other professionals retained by the Committee in these bankruptcy cases in order to eliminate duplication or overlap of work.

4. The Committee agrees that Compass' compensation set forth herein and payments made pursuant to reimbursement provisions of this Agreement shall be entitled to priority as expenses of administration under sections 503(b)(1)(A) and 507(a)(1) of the Bankruptcy Code.

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5. The Committee and Compass understand and agree that the services covered by this Agreement do not currently include transactions such as business acquisitions, divestitures, private debt or equity placements, public debt or equity financings, or other corporate transactions for which it is customary to pay a transaction, success or incentive fee to financial advisors and/or investment bankers, nor do they include the rendering of “fairness opinions.” The Committee may request that Compass undertake such additional financial advisory and/or investment banking services which shall be governed by a modification of this Agreement or a separate agreement or agreements between the Committee and Compass and shall provide for additional compensation to Compass as otherwise agreed between Compass and the Committee, all of which shall be subject to approval of the Bankruptcy Court.
6. The Agreement shall commence as of the date hereof (subject to Bankruptcy Court approval as set forth above), and shall continue thereafter until the effective date of a plan of reorganization of the Debtors; provided, however, that this Agreement may be terminated upon thirty (30) days prior written notice to that effect by the Committee or Compass. In the event of Compass’ termination, the amount of compensation to Compass shall be limited to the amount payable pursuant to Paragraphs 2(a), 2(b) and 2(c) above in respect of all full or partial periods prior to the effective date of such termination during which services were rendered by Compass. If the Committee terminates the services of Compass, then for a period of twelve (12) months following Compass’ termination, Compass shall be entitled to the Incentive Fee only in the event that a Transaction is consummated within such twelve (12) month period, unless the termination is made pursuant to paragraph 11 below. The awarding of the Incentive Fee shall be subject to Compass filing an application for allowance of such Incentive Fee with the Bankruptcy Court and the approval by the Bankruptcy Court.

Paragraphs 7, 9 and 10 below shall survive any such termination under this Paragraph 6.

7. All services provided by Compass are for the sole benefit of the Committee and, except to the extent legally required, no advice rendered by Compass to the Committee nor any communication from Compass in connection with the services performed by Compass pursuant to this Agreement, will be quoted or referred to orally or in writing by any party other than the Committee in the exercise of its duties under the Bankruptcy Code without Compass’ prior written consent (which shall not be unreasonably withheld).
8. The Committee agrees that in rendering services hereunder, Compass will be relying upon, without independent verification, the accuracy and completeness of all information that the Debtors, its representatives or the Committee and its representatives furnishes to Compass and Compass will not be responsible in any respect for the accuracy or completeness thereof; except in the event that Compass is specifically requested by the Committee to independently verify the accuracy and/or completeness of information provided by the Debtors.

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9. Compass has been retained under this Agreement as an independent contractor with no fiduciary or agency relationship to the Committee or any other third party except as a provider of the services to be performed under this Agreement.
10. In the event that Compass becomes involved in any capacity in any action, proceeding, investigation or inquiry in connection with any matter referred to in this Agreement or arising out of the matters contemplated by this Agreement, the Debtors, on behalf of the Committee, will immediately reimburse Compass for its legal and other expenses (including the cost of any investigation and preparation) as they are incurred by Compass in connection therewith. The Debtors, on behalf of the Committee, also agree to indemnify and defend Compass and hold it harmless against any losses, claims, damages or liabilities in connection with any matter referred to in this Agreement or arising out of the matters contemplated by this Agreement, unless such losses, claims, damages or liabilities arise solely out of the gross negligence, intentional misconduct or bad faith of Compass in performing the services which are the subject of this Agreement; provided, however, that Compass shall be entitled to indemnification so long as a final, unstayed, unappealable determination has not been made by a court of competent trial and/or appellate jurisdiction that Compass has committed any such acts of gross negligence or intentional misconduct. For purposes of this Paragraph 10, Compass shall include Compass, its partners, members, officers, directors, employees, agents, affiliates, subsidiaries and controlling persons and their partners, members, officers, directors, employees and agents. The foregoing agreement shall be in addition to any rights that any indemnified party may have at common law or otherwise. Compass's liability in connection with this Agreement shall be limited to the amount of fees and expenses paid or payable to Compass hereunder.

~~If Compass brings an action based upon this Agreement, Compass shall be entitled to its reasonable expenses including, but not limited to, reasonable attorney's fees and expenses and court costs to the extent Compass prevails.~~
11. The Committee has expressly sought Compass' engagement pursuant to this Agreement for the benefit of the services provided by Harvey L. Tepner, Bruce A. Kaufman, Stuart I. Oran and Michael J. Conway. In the event that the services of these professionals are no longer available at Compass, the Committee expressly reserves its right to terminate Compass' engagement pursuant to this Agreement.
12. Each party represents and warrants to the other that this Agreement has been duly authorized, executed and delivered to it and that the execution and delivery of this Agreement does not conflict with any other Agreement to which they are a party.
13. This Agreement may not be amended or modified except in writing and executed by the parties hereto which shall be subject to approval by the Bankruptcy Court.
14. This Agreement shall be governed by and construed in accordance with the bankruptcy laws of the United States and, where applicable, with the laws of the State of New York

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without regard to principles of conflicts of law, and the provisions hereof shall be binding on the Committee and Compass and their respective successors and assigns.

If the foregoing correctly sets forth the understanding and agreement between the Committee and Compass, please indicate your acceptance thereof by signing and dating this letter in the spaces provided below, whereupon it shall become a binding agreement, subject to Bankruptcy Court approval, between the parties hereto as of the date written below.

Very truly yours,

COMPASS ADVISERS, LLP

By: /s/ Harvey L. Tepner
Harvey L. Tepner
Partner

Accepted and agreed as of the date first written above:

THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS
OF ATA HOLDINGS CORP.

By: /s/ Lee P. Crockett
John Hancock Funds

Name: Lee P. Crockett

Title: Co-Chair

By: /s/ David Cotton
Flying Food Group, LLC

Name: David Cotton

Title: Co-Chair