

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

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

**AFFIDAVIT OF WILLIAM F. O'DONNELL IN SUPPORT OF
MOTION FOR ORDER UNDER 11 U.S.C. §§ 105(a) 363 (b)(1)
AND AUTHORIZING THE DEBTORS TO IMPLEMENT
A KEY EMPLOYEE RETENTION PLAN FOR KEY EMPLOYEES**

I, William F. O'Donnell, being of legal age, do affirm upon penalty of perjury that the following is true and accurate to the best of my knowledge and ability:

1. I am the Senior Vice President of Human Resources ("HR Vice President") of ATA Holdings, Inc. ("ATAH") and its subsidiaries (the "Company").² I provide this affidavit in support of the Debtors' Motion (the "KERP Motion") for an Order permitting it to implement certain aspects of a Key Employee Retention Plan ("KERP"), which I participated in developing. I have personal knowledge of the facts described herein and, if called, could testify competently thereto.

A. Personal Background

2. I received my Bachelor's degree from Purdue University and a Masters from the University of St. Thomas.

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).

² My position as HR Vice President does not directly oversee human resources at Chicago Express Airlines, Inc. ("Chicago Express"), but I do consult with its HR director.

3. In my position as HR Vice President, I am responsible for all human resource functions for the Company. My responsibilities include all recruiting, retention, compensation and benefit programs, and performance evaluations. In addition, I serve on the ATAH Executive Committee. Prior to joining ATAH in August 2001, I worked for over twenty years as a consultant in the field of human resources as a worldwide partner with Mercer Human Resources Consulting, Inc. (Merecr). My responsibilities included consulting with clients on human resource issues and management of various Mercer offices. My final assignment with Mercer was to lead a team charged with the development of an integrated Human Capital practice.

4. My education and work background provides me with extensive experience to understand, plan for, and put in practice, programs to assist companies in dealing with human capital issues during periods of stress and restructuring. I have provided expert testimony in state courts on human capital issues in business.

B. Background of the ATA Key Employee Retention Plan

5. The effect of the terrorist attack on September 11, 2001 was felt immediately in the airline industry. Grounded for five days, followed by a scared flying public, increased security measures, continuing security alerts, and ever-increasing costs to cope with the new reality, the Company immediately instituted means to control costs. Among these measures was a wage freeze implemented in October 2001 lifting only after two years in October 2003, at which time merit only raises of a maximum of 4% were allowed. However, the Company's fiscal health continued to remain uncertain and in the summer of 2004, ATAH implemented pay decreases of 10% for its officers, 7.5% for its directors, and 5% for all non-

union salaried employees. Prior to this pay reduction, ATAH's pay scale was already below the industry average. The wage freeze was reimposed on October 1, 2004.

6. In late October 2004, the Company undertook additional cost-cutting measures, including a reduction in force ("RIF") resulting in the termination of 220 employees, 80% of whom were administrative management and support. The wage freeze and wage reductions remain in effect for the remaining work force.

7. The current work force is composed of persons essential to the continued operations of the Company. The uncertain financial condition of the Company has made it impracticable to recruit persons to replace employees who may yet wish to leave the Company. I am personally aware of offers being made to at least six of our most critical and essential employees and believe that the actual number of "key employees" receiving solicitations far exceeds these six persons. Moreover, the filing of these Chapter 11 Cases has further increased the chances for key employee departures, and further reduced the possibility of recruiting replacements. Two senior officers have, in fact, resigned since the filing of these Chapter 11 Cases.

8. The KERP as described in the KERP Motion is a reasoned and limited response to the very real concerns of losing essential employees that would substantially affect the Company's successful conclusion of these Chapter 11 Cases. The KERP Retention Incentives are structured on the already reduced salary levels. I have personal knowledge that without the implementation of the KERP, the Company will most likely lose essential employees.

9. The KERP proposed by the Company is modest, reasonable, and necessary, if the Company is to be successful in these Chapter 11 Cases.

FURTHER AFFIANT SAYETH NOT.

/s/ William F. O'Donnell
William F. O'Donnell
Senior Vice President of Human Resources

CERTIFICATE OF SERVICE

The undersigned hereby certifies that the foregoing was served this 9th day of December, 2004, by facsimile, electronic mail or overnight on the Core Group and 2002 List.

/s/Terry E. Hall