

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

| | | |
|------------------------------------|---|--------------------------|
| In re: |) | Case No. 04-19866-BHL-11 |
| |) | |
| ATA HOLDINGS CORP, <u>et al.</u> , |) | Chapter 11 |
| |) | Jointly Administered |
| Debtors. |) | |
| |) | Hon. Basil H. Lorch |
| |) | |

**FINAL FEE APPLICATION OF MERCER MANAGEMENT
CONSULTING, INC. FOR COMPENSATION AND REIMBURSEMENT
OF EXPENSES AS CONSULTANT TO ATA AIRLINES, INC.**

| | |
|--|---|
| Name of Applicant: | <u>Mercer Management Consulting, Inc.</u> |
| Authorized to Provide Professional Services to: | <u>ATA Airlines, Inc.</u> |
| Date of Order Authorizing Employment: | <u>June 27, 2005</u> |
| Period for Which Compensation is Sought: | <u>June 27, 2005 through February 28, 2006, Inclusive</u> |
| Amount of Fees Sought: | <u>\$3,329,031.00</u> |
| Amount of Expense Reimbursement Sought: | <u>\$336,880.74</u> |

This is the final application of Mercer Management Consulting, Inc. for payment of services rendered and expenses incurred.

3215523.1

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

| | | |
|------------------------------------|---|--------------------------|
| In re: |) | Case No. 04-19866-BHL-11 |
| |) | |
| ATA HOLDINGS CORP, <u>et al.</u> , |) | Chapter 11 |
| |) | Jointly Administered |
| Debtors. |) | |
| |) | Hon. Basil H. Lorch |
| |) | |

**FINAL FEE APPLICATION OF MERCER MANAGEMENT
CONSULTING, INC. FOR COMPENSATION AND REIMBURSEMENT
OF EXPENSES AS CONSULTANT TO ATA AIRLINES, INC.**

Mercer Management Consulting, Inc. ("Mercer") as consultant to ATA Airlines, Inc. ("ATA") hereby makes its final fee application (the "Application") for the allowance of compensation for services rendered and for reimbursement of expenses advanced on behalf of ATA during the period from June 27, 2005 through November 30, 2005 (the "First Interim Period") and December 1, 2005 through February 28, 2006 (the "Second Interim Period", and together with the First Interim Period, the "Application Period"). In support of the Application, Mercer respectfully states as follows:

JURISDICTION

1. This Court has jurisdiction to consider this Application pursuant to 28 U.S.C. §§ 157 and 1334. Venue of these cases and this Application in this District is proper pursuant to 28 U.S.C. §§ 1408 and 1409. Mercer submits this Application in accordance with sections 330(a) and 331 of title 11 of the United States Code (the "Bankruptcy Code"), Rule 2016 of the Federal Rules of Bankruptcy Procedure, and the Court's Order Granting Motion to Approve Procedures for Billings by and Payments to Professionals Retained in These Cases for

3215523.1

Fees and Expenses Incurred, entered by the Court on December 10, 2004 (the "Compensation Order").

BACKGROUND

2. ATA and the debtors and debtors in possession in the above captioned cases (the "Debtors") filed their voluntary petitions for relief under chapter 11 of the Bankruptcy Code on October 26, 2004.

3. No trustee or examiner has been appointed in these cases. On November 1, 2004, the United States Trustee for the District of Indiana (the "UST") appointed an official committee of unsecured creditors (the "Committee") to serve in these cases.

4. This Court, by order dated July 14, 2005, approved ATA's retention of Mercer nunc pro tunc to June 27, 2005 (the "Retention Order").¹

5. On September 30, 2005, the Debtors filed the Joint Chapter 11 Plan of Reorganizing Debtors (the "Plan"), and by order dated January 31, 2006 (the "Confirmation Order"), the Court confirmed the Plan. Pursuant to section 10.2 of the Plan, professionals must file their final applications for compensation within sixty (60) days of the Effective Date (as defined in the Plan).

6. Mercer filed its first interim application for compensation, relating to the period June 27, 2005 through November 30, 2005, on March 31, 2006 (the "First Interim Application"). A hearing on Mercer's First Interim Application will be held on May 2, 2006.

¹ Pursuant to the terms of the Retention Order, the scope of Mercer's work was expanded with Committee approval on or about July 27, 2005.

3215523.1

APPLICATION

7. By this Application, Mercer requests that the Court authorize: (a) approval and payment of compensation of fees in the amount of \$1,245,000.00 and expenses in the amount of \$132,330.99 for the Second Interim Period; and (b) final allowance of compensation for professional services Mercer rendered to the Debtors during the Application Period in the aggregate amount of \$3,329,031.00 and the reimbursement of actual and necessary expenses Mercer incurred in connection with the rendition of such professional services in the aggregate amount of \$336,880.74.

8. The consulting services and related expenses for which Mercer requests final allowance were rendered and incurred in the discharge of Mercer's duties as consultant to ATA. Mercer's services have been substantial, necessary and beneficial to ATA and have in turn been important to the Debtors' reorganization efforts, their estates, creditors and other parties in interest.

9. During the Second Interim Period, Mercer: (a) discussed with ATA possible changes in contract terms and/or suppliers; (b) continued to assist in the negotiations of maintenance contracts with the suppliers selected for ATA's maintenance contract work; and (c) supported ATA in developing a proposal for sourcing its L1011 airframe maintenance. A detailed recital of time spent by individual Mercer personnel during the Second Interim Period is annexed hereto as **Exhibit A**.

10. During the Application Period, Mercer: (a) analyzed ATA's executory contracts; (b) discussed with ATA possible changes in contract terms and/or suppliers; and (c) assisted ATA in negotiations with new suppliers. Once Mercer quantified ATA's needs, Mercer began arranging for various suppliers to bid for ATA's contract work through strategic sourcing

3215523.1

or reverse auction processes. The contracts generated as a result of the processes ran during the Application Period will allow ATA to realize at least \$120 million present value, in savings over the next ten years. During the Application Period, Mercer also assisted with reorganizing the maintenance department in light of the reduction in manpower created by new deal structures and the outsourcing of heavy maintenance. A detailed recital of time spent by individual Mercer personnel during the First Interim Period was annexed to the First Interim Application and is incorporated herein by reference.

11. Mercer also maintains records of all actual and necessary out-of-pocket expenses incurred in connection with the rendition of consulting services. A schedule of the categories of expenses and amounts for which reimbursement is sought for the First Interim Period was annexed to the First Interim Application and is incorporated herein by reference. A schedule of the categories of expenses and amounts for which reimbursement is sought for the Second Interim Period, generated from records maintained in the ordinary course of Mercer's business, is annexed hereto as **Exhibit B**.

12. Mercer submits that the amounts requested herein are fair and reasonable given: (a) the nature of these cases; (b) the novelty and complexity of these cases; (c) the time and labor required to assist ATA effectively; (d) the time limitations imposed by these cases and the Bankruptcy Code; (e) the nature and extent of the services rendered; (f) Mercer's experience, reputation and ability; and (g) the value of Mercer's services.

13. Except as set forth herein, Mercer has received no payment or promise of payment for the services rendered in these cases. In accordance with section 155 of title 18 of the United States Code, no member of Mercer has entered into any agreement, express or

3215523.1

implied, with any other party-in-interest for the purpose of fixing the amount of any of the fees or other compensation to be allowed out of or paid from the Debtors' assets.

14. In accordance with section 504 of the Bankruptcy Code, no agreement or understanding exists between Mercer or any member or consultant thereof, on the one hand, and any other person, on the other hand, for division of such compensation as Mercer may receive for services rendered in connection with these cases, nor will any division of fees prohibited by section 504 of the Bankruptcy Code be made by any member or consultant of Mercer.

PRIOR REQUESTS AND PAYMENTS

15. Pursuant to the Compensation Order, each month Mercer has provided notice of each of its invoices to: (a) the UST; (b) counsel to the Debtors; and (c) counsel to the Committee (the "Notice Parties"). To date, none of the Notice Parties has objected to any of Mercer's monthly fees or expenses. Exhibit C sets forth Mercer's prior requests for fees and expenses incurred during the Application Period.

CONCLUSION

16. Based on the foregoing, Mercer respectfully requests that the Court enter an order approving this Application and: (a) awarding Mercer compensation in the aggregate amount of \$1,377,330.99, consisting of fees in the amount of \$1,245,000.00 and expenses in the amount of \$132,330.99 for the Second Interim Period; (b) awarding Mercer final allowance for professional services rendered as consultant to the Debtors during the Application Period in the aggregate amount of \$3,665,911.74; and (c) granting such other and further relief as may be just and proper.

Dated: April 20, 2006

MERCER MANAGEMENT CONSULTING, INC.



Roger Lehman
Mercer Management Consulting, Inc.
4400 Bank One Center
1717 Main Street
Dallas, Texas 75201-7357

Consultant to ATA Airlines, Inc.

CERTIFICATE OF SERVICE

The undersigned certifies that a copy of the foregoing Application was served by electronic mail on this 24th day of April, 2006, upon the Core Group, 2002 List and Appearance List.

/s/ Terry E. Hall