

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE**

In re

FLYi, Inc., *et al.*,<sup>1</sup>

Debtors.

Chapter 11

Case No. 05-20011 (MFW)

Jointly Administered

Hearing Date: April 17, 2006 at 4:00 p.m.

Objection Deadline: April 10, 2006 at 4:00 p.m.

**NOTICE OF FINAL FEE APPLICATION**

TO: The Debtors, the United States Trustee, and Counsel for the Official Committee of Unsecured Creditors

The **Final Fee Application of Mercer Management Consulting, Inc. for Compensation and Reimbursement of Expenses as Executory Contract Consultant to the Debtors Incurred for the Final Period November 7, 2005 through December 31, 2005** (the "Application") has been filed with the Bankruptcy Court. The Application seeks allowance of interim fees in the amount of \$283,700.00 and interim expenses in the amount of \$57,066.66.

Objections to the Application, if any, are required to be filed on or before **April 10, 2006 at 4:00 p.m. (ET)** (the "Objection Deadline") with the Clerk of the United States Bankruptcy Court for the District of Delaware, 3rd Floor, 824 Market Street, Wilmington, Delaware 19801.

At the same time, you must also serve a copy of the response so as to be received by the following on or before the Objection Deadline: (i) the Debtors, c/o FLYi, Inc., 45200 Business Court, Dulles, Virginia 20166 (Attn: Richard J. Kennedy, Esq.); (ii) counsel to the Debtors, Jones Day, 222 E. 41st St., New York, NY 10017 (Attn: Scott J. Friedman, Esq.), and Young Conaway Stargatt & Taylor, LLP, The Brandywine Building, 1000 West St., 17<sup>th</sup> Floor, Wilmington, DE 19801 (Attn: M. Blake Cleary, Esq.); (iii) the Office of the United States Trustee, 844 King St., Suite 2207, Wilmington, DE 19801 (Hard Copy Attn: Margaret Harrison, Esq.; and Electronic Copy Attn: Christine Green - [Christine.Green@usdoj.gov](mailto:Christine.Green@usdoj.gov)); and (iv) counsel to the Committee, (i) Otterbourg, Steindler, Houston & Rosen, P.C., 230 Park Avenue, New York, NY 10169-0075 (Attn: Lorenzo Marinuzzi, Esq.) and (ii) Pepper Hamilton LLP, Hercules Plaza, Suite 5100, 1313 Market Street, P.O. Box 1709, Wilmington, DE 19899-1709 (Attn: David B. Stratton, Esq.).

<sup>1</sup> The Debtors are the following seven entities (the last four digits of their respective taxpayer identification numbers, if any, follow in parentheses): FLYi, Inc. (1051); Independence Air, Inc. (1749); Atlantic Coast Jet, LLC (1492); Atlantic Coast Academy, Inc. (9852); IA Sub, Inc. (none); WaKeeney, Inc. (none); and Atlantic Coast Airlines, Inc. (none). The address of each of the Debtors is 45200 Business Court, Dulles, VA 20166.

PLEASE TAKE FURTHER NOTICE THAT A HEARING TO CONSIDER APPROVAL OF THE APPLICATION WILL BE HELD ON **APRIL 17, 2006 AT 4:00 P.M. (ET)** BEFORE THE HONORABLE MARY F. WALRATH, CHIEF UNITED STATES BANKRUPTCY JUDGE, UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT OF DELAWARE, 824 MARKET STREET, 5<sup>TH</sup> FLOOR, COURTROOM NO. 4, WILMINGTON, DELAWARE 19801.

Dated: Wilmington, Delaware  
March 17, 2006

  
YOUNG CONAWAY STARGATT & TAYLOR, LLP

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Co-Counsel to the Debtors and Debtors in Possession

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE**

-----X  
In re : Chapter 11  
FLYi, Inc. *et al.*,<sup>1</sup> : Case No. 05-20011 (MFW)  
 : (Jointly Administered)  
 Debtors. :  
-----X

**FINAL FEE APPLICATION OF MERCER  
MANAGEMENT CONSULTING, INC. FOR COMPENSATION  
AND REIMBURSEMENT OF EXPENSES AS EXECUTORY  
CONTRACT CONSULTANT TO THE DEBTORS**

Name of Applicant: Mercer Management Consulting, Inc.

Authorized to Provide  
Professional Services to: FLYi, Inc. et al.

Date of Order Authorizing Employment: December 20, 2005

Period for Which Compensation is Sought: November 7, 2005 through December 31,  
2005, Inclusive

Amount of Fees Sought: \$283,700.00

Amount of Expense Reimbursement Sought: \$57,066.66

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

To date, Mercer Management Consulting, Inc. has received \$140,358.47 in compensation for services rendered and expensed incurred herein.

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<sup>1</sup> The Debtors are the following seven entities (the last four digits of their respective taxpayer identification numbers, if any, follow in parentheses): FLYi, Inc. (1051); Independence Air, Inc. (1749); Atlantic Coast Jet, LLC (1492); Atlantic Coast Academy, Inc. (9852); IA Sub, Inc. (none); WaKeeney, Inc. (none); and Atlantic Coast Airlines, Inc. (none). The address of each of the Debtors is 45200 Business Court, Dulles, VA 20166.

**Exhibit A**

Application Period	Date Filed	Fee Amount Requested	Expense Amount Requested	Amount Approved	Amount Paid
11/7/05-11/30/05	1/17/2006 <sup>5</sup>	\$210,000.00	\$25,567.78	\$169,878.47 <sup>6</sup>	\$140,358.47
12/1/05-12/31/05	TBD	\$136,100.00	\$34,788.19	N/A	N/A

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<sup>5</sup> The related certification of counsel was filed on February 28, 2006.

<sup>6</sup> As noted in the Application, this number represents an agreement with the UST and an overall reduction of \$65,689.21.

**Exhibit B**

<b>EXPENSE</b>	<b>TOTAL</b>
TRANSPORTATION	\$16,300.65
LODGING	\$9,311.61
MEALS	\$3,794.32
COUNSEL FEES	\$26,117.40
OTHER	\$1,542.68
<b>TOTAL</b>	<b>\$57,066.66</b>

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE**

-----X  
In re : Chapter 11  
: :  
FLYi, Inc. *et al.*,<sup>2</sup> : Case No. 05-20011 (MFW)  
: :  
: (Jointly Administered)  
Debtors. :  
: :  
-----X

**FINAL FEE APPLICATION OF MERCER  
MANAGEMENT CONSULTING, INC. FOR COMPENSATION  
AND REIMBURSEMENT OF EXPENSES AS EXECUTORY  
CONTRACT CONSULTANT TO THE DEBTORS**

Mercer Management Consulting, Inc. (“Mercer”) as executory contract consultant to FLYi, Inc. (the “Debtors”) hereby makes this final application (the “Application”)<sup>3</sup> for the allowance of compensation for services rendered and for reimbursement of expenses advanced on behalf of the Debtors during the period from November 7, 2005 through December 31, 2005 (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

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<sup>2</sup> The Debtors are the following seven entities (the last four digits of their respective taxpayer identification numbers, if any, follow in parentheses): FLYi, Inc. (1051); Independence Air, Inc. (1749); Atlantic Coast Jet, LLC (1492); Atlantic Coast Academy, Inc. (9852); IA Sub, Inc. (none); WaKeeney, Inc. (none); and Atlantic Coast Airlines, Inc. (none). The address of each of the Debtors is 45200 Business Court, Dulles, VA 20166.

<sup>3</sup> Contemporaneously with this Application Mercer will file a second monthly fee application relating to the period December 1, 2005 through December 31, 2005.

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 Establishing Procedures for Interim Compensation and Reimbursement of Expenses of Professionals, entered by the Court on December 2, 2005 (the “Compensation Order”).

### **BACKGROUND**

2. FLYi and the affiliated debtors in the above captioned cases (the “Debtors”) filed their voluntary petitions for relief under chapter 11 of the Bankruptcy Code on November 7, 2005 (the “Commencement Date”).

3. No trustee or examiner has been appointed in these cases. On November 16, 2005, the United States Trustee for the District of Delaware (the “UST”) appointed an official committee of unsecured creditors (the “Committee”) to serve in these cases.

4. This Court, by order dated December 20, 2005, approved the Application of Debtors for an Order Authorizing Them to Retain & Employ Mercer Management Consulting, Inc. as Executory Contract Consultant, Nunc Pro Tunc as of the Commencement Date (the “Retention Order”), which provided that, among other things, Mercer would receive a flat monthly fee and be reimbursed for reasonable expenses, and that Mercer could file a final fee application after the conclusion of its work in these cases.

5. Mercer filed its first monthly fee application, relating to the period November 7, 2005 through November 30, 2005 (the “November Application”), on January 17, 2006. The UST raised informal objections to certain expenses from the November Application, and Mercer agreed to reduce its expenses by \$3,289.31. A certification of counsel reflecting Mercer’s agreement with the UST was filed on February 28, 2006. A schedule of Mercer’s fee requests is outlined on **Exhibit B**.

## APPLICATION

6. Mercer's work in these cases concluded on or about December 31, 2005 and as such, by this Application, Mercer requests that the Court authorize: (a) final allowance of: (a) compensation for services rendered by Mercer for the Debtors during the Application Period in the amount of \$283,700.00; and (b) reimbursement of actual and necessary expenses incurred by Mercer in connection with the rendition of these services in the amount of \$57,066.66. A detailed breakdown of the previous applications is set forth in **Exhibit A**.

7. 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 the Debtors. Mercer's services have been substantial, necessary and beneficial to the Debtors and have in turn been important to the Debtors' reorganization efforts, their estates, creditors and other parties in interest.

8. During the Application Period, Mercer worked with the Debtors to: (a) negotiate with key suppliers necessary for maintenance of operations and favorable credit terms; (b) identify and negotiate with alternative supplier arrangements with more favorable credit terms; and (c) develop and institute process for addressing supplier requests and inquiries to maintain supply chain activities. In addition, Mercer advised the Debtors regarding payments to suppliers and the analysis of prepetition payments owed, under various executory contracts. A detailed description of the work performed is attached to each of the previous fee applications and incorporated herein.

9. Mercer 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 is annexed hereto as

**Exhibit B.**

10. 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 FLYi 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; (g) the value of Mercer's services; and (h) the significant voluntary reductions Mercer has made to its fees and expenses, totaling approximately \$65,000.00.

11. In connection with Mercer's initial retention prior to the Commencement Date, Mercer received \$200,000.00 to be applied against professional services rendered and expenses incurred by Mercer (the "Retainer"). Prior to the Commencement Date, fees and expenses of \$82,080.00 were incurred by Mercer in connection with, among other matters, the preparation for these cases. Mercer applied the Retainer to cover these fees and costs and, as a result, \$117,920.00 of the Retainer remains on account. Mercer is seeking authority to apply the previously unapplied Retainer against the outstanding balance of \$200,408.19,<sup>4</sup> and is requesting payment from the Debtors of the leftover balance of \$82,488.19.

12. 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 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.

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<sup>4</sup> This amount represents: (a) the fees and expenses for Mercer's December fee application which is being filed concurrently herewith; and (b) the 20% holdback of Mercer's November fees as set forth in the certification of counsel.

**NOTICE**

13. Pursuant to the Compensation Order, Mercer will provide notice of the Application to: (a) the UST; (b) counsel to the Debtors; and (c) counsel to the Committee.

CONCLUSION

14. Based on the foregoing, Mercer respectfully requests that the Court award the compensation for services rendered and reimbursement of expenses incurred, as requested herein.

Dated: March 16, 2006

MERCER MANAGEMENT CONSULTING, INC.



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Geoffrey C. Murray  
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Executory Contract Consultant to Debtors