

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE NORTHERN DISTRICT OF ILLINOIS  
EASTERN DIVISION

**FILED** JUL 18 2003

In re: ) Chapter 11 Proceedings  
)  
)  
UAL CORPORATION, et al. ) Case No. 02-48191  
) (Jointly Administered)  
)  
Debtors. ) Hon. Eugene R. Wedo  
) Hearing Date: July 18, 2003  
) Hearing Time: 9:30 AM  
)

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UNITED STATES BANKRUPTCY COURT  
NORTHERN DISTRICT OF ILLINOIS  
JUL 17 2003  
KENNETH S. GARDNER, CLERK  
PS REP. - FR

**SUPPLEMENT TO FIRST REPORT OF THE UAL CORPORATION FEE REVIEW COMMITTEE WITH RESPECT TO THE FIRST INTERIM FEE APPLICATIONS**

The UAL Corporation Fee Review Committee (the "Fee Review Committee") established in the above-captioned cases of UAL Corporation and certain of its subsidiaries and affiliates, debtors and debtors-in-possession (collectively, the "Debtors"), hereby submits this supplement (the "Fee Report Supplement") to its previously filed report (the "Fee Report") with respect to the first interim fee applications filed by certain professionals retained in these cases (the "Professionals") covering the time period December 9, 2002 to March 31, 2003 (collectively, the "First Interim Fee Applications").

**BACKGROUND**

1. The Fee Review Committee, formed to monitor fees requested by the Professionals, seeks to maintain a reasonable level of professional fees given the complexity and size of these Chapter 11 cases and the needs of each Professional's clients. The Fee Review Committee believes that the procedures adopted by the Court in these cases along with the billing guidelines followed by the Fee Review Committee provide an efficient and economical method for the review and allowance of compensation and reimbursement of Professionals.

2. There are three voting members of the Fee Review Committee: (i) Ira Bodenstein, the United States Trustee for the Northern District of Illinois (the "U.S. Trustee"); (ii) Marian Durkin, the Debtors' representative; and (iii) Michael O'Neil, the Unsecured Creditors' Committee representative. The Fee Review Committee has met at least six times between February 19, 2003 and July 2, 2003. At these meetings, the Fee Review Committee developed billing guidelines to assist the Committee in reviewing compensation and expense reimbursement requests. On June 17, 2003, the Committee unanimously adopted the First Amended Fee Review Committee Billing Guidelines (the "Billing Guidelines").

### **THE FIRST INTERIM FEE APPLICATIONS**

3. The Fee Review Committee reviewed the First Interim Fee Applications submitted by the Professionals. Specifically, the members of the Fee Review Committee reviewed the First Interim Fee Applications, and, where appropriate, requested further information from the Professionals about certain identified issues. In addition, at the request of the U.S. Trustee, Professionals who seek compensation based on services charged on an hourly basis submitted to the U.S. Trustee electronic files containing such Professionals' time tickets so that the U.S. Trustee could review and analyze such files in order to identify certain issues as set forth in the Billing Guidelines. The Fee Review Committee filed the Fee Report on July 14, 2003.

4. As more fully set forth in the Fee Report, the Fee Review Committee voted and recommended to this Court that the payment of fees and reimbursement of expenses as requested by the Professionals in the First Interim Fee Applications be allowed in the following amounts, subject to this Court's approval:

Professional		Quarterly Applications	Voluntary Reduction in Response to FRC Request	Remaining Fee Review Committee Objections <sup>1/</sup>
Kirkland & Ellis <sup>2/</sup>	Fees	\$11,497,616.00	\$2,368.00	\$43,053.00
	Expenses	\$756,062.77	\$41,976.37	\$4,071.96
Sonnenschein, Nath & Rosenthal	Fees	\$4,819,428.50	\$62,243.00	\$41,311.50
	Expenses	\$198,634.36	\$15,545.63	\$0.00
KPMG, LLP	Fees	\$4,197,157.00	\$2,637.00	\$3,579.00
	Expenses	\$137,654.00	\$3,649.00	\$0.00
Huron Consulting Group, LLC	Fees	\$2,252,563.25	\$3,631.00	\$0.00
	Expenses	\$63,672.52	\$864.82	\$9,779.21
Vedder, Price <sup>3/</sup>	Fees	\$1,984,119.30	\$17,626.25	\$9,723.50
	Expenses	\$80,968.14	\$219.56	\$7,017.26
Paul, Hastings, Janofsky & Walker	Fees	\$927,571.00	\$2,752.50	\$6,555.50
	Expenses	\$28,044.19	\$0.00	\$0.00
Wilmer, Cutler & Pickering <sup>4/</sup>	Fees	\$671,348.33	\$1,128.60	\$15,048.95
	Expenses	\$12,340.91	\$2,099.30	\$361.57
Piper Rudnick, LLP <sup>5/</sup>	Fees	\$949,249.60	\$37,456.08	None
	Expenses	\$21,968.22	To be determined	To be determined
Deloitte & Touche	Fees	\$138,444.70	\$0.00	\$16,609.70
	Expenses	None	N/A	N/A

<sup>1/</sup> The Fee Review Committee may be able to resolve certain disputed requests with some of the Professionals prior to the hearing on July 18, 2003. If that happens, the Fee Review Committee will advise the Court at the hearing.

<sup>2/</sup> Firm took an initial reduction in Fees totaling \$67,661.00 from the First Fee Application. Also, the voluntary reduction in expenses includes \$37,377.45 in pre-petition expenses billed in March 2003.

<sup>3/</sup> Firm took an initial 10% reduction in fees from the First Fee Application.

<sup>4/</sup> Ibid.

<sup>5/</sup> Firm submitted electronic fee applications to the U.S. Trustee late and the Fee Review Committee has not had an opportunity to review receipts that were requested from the Firm.

5. The amounts listed in the column bearing the heading "Remaining Fee Review Committee Objections" represent requested fee and expense reductions which the Professionals, at least initially, declined to accept. In footnote 1 of the Fee Report, the Fee Review Committee indicated that it might be able to resolve some of those disputed requests prior to the hearing on July 18, 2003 and would advise the Court accordingly.

6. After further discussion with the Professionals, the Fee Review Committee supplements the Fee Report as follows:

- a. Kirkland & Ellis will waive reimbursement of \$4,071.96 (or all) of the remaining disputed expenses and will ask the Court to reserve ruling on the remaining fee objections.
- b. KPMG, LLP will waive reimbursement of \$3,579.00 (or all) of the remaining disputed expenses.
- c. Huron Consulting Group, LLC will waive reimbursement of \$9,779.21 (or all) of the remaining disputed expenses.
- d. Vedder, Price, Kaufman & Kammholz will waive reimbursement of \$3,307.00 of the remaining disputed expenses. The Fee Review Committee has reduced the amount of expenses in dispute by \$248.28, leaving \$3,461.98 in dispute.
- e. Paul Hastings, Janofsky & Walker will waive reimbursement of \$6,550.50 (or all) of the remaining disputed fees.
- f. The Fee Review Committee withdraws its objection to Wilmer, Cutler & Pickering's request for \$361.57 in expenses.

The rest of the fee and expense amounts listed under "Remaining Fee Review Committee Objections" remain unresolved.

7. The Fee Review Committee hereby adopts and incorporates the changes described above into its Fee Report.

Dated: Chicago, Illinois  
July 17, 2003



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