

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

In re: -) Case No. 02-48191
) Jointly Administered
UAL CORPORATION, et al.,)
) Chapter 11
)
) Hon. Eugene R. Wedoff
)
Debtors.) Hearing Date: To be scheduled

Objection Deadline: March 13, 2006

**SIXTH QUARTERLY APPLICATION OF
MESIROW FINANCIAL CONSULTING, LLC FOR
COMPENSATION AND REIMBURSEMENT OF EXPENSES AS
RESTRUCTURING ADVISORS TO THE OFFICIAL COMMITTEE OF
UNSECURED CREDITORS FOR THE PERIOD
OCTOBER 1, 2005 THROUGH DECEMBER 31, 2005**

**TO THE HONORABLE EUGENE R. WEDOFF,
UNITED STATES BANKRUPTCY JUDGE:**

Mesirow Financial Consulting, LLC ("MFC" or the "Applicant"), restructuring advisors to the Official Committee of Unsecured Creditors (the "Committee") of UAL Corporation and twenty seven (27) of its subsidiaries and affiliates which are also debtors and debtors-in-possession in the above captioned jointly administered case (collectively, "UAL", "United" or the "Debtors"), hereby presents this sixth quarterly application (the "Sixth Quarterly Application") for: (a) allowance of reasonable interim compensation in the amount of \$1,220,772 for 3,411.2 hours of professional services rendered by Applicant to the Committee, and (b) reimbursement of \$28,527 in actual and necessary expenses and disbursements incurred for the period of October 1, 2005 through

December 31, 2005 (the “Quarterly Fee Period”). Attached as Exhibit A is a fee application summary sheet as required by the Executive Office of the U.S. Trustee’s Guidelines (the “Guidelines”) dated March 22, 1995, as amended January 30, 1996. In support of the Sixth Quarterly Application, MFC states the following:

BACKGROUND

1. On December 9, 2002 (the “Petition Date”), the Debtors filed voluntary petitions in this Court for reorganization relief under Chapter 11 of Title 11 of the United States Bankruptcy Code (the “Bankruptcy Code”) and commenced the above-captioned Chapter 11 case (the “Chapter 11 Case”). The Debtors continue to operate their businesses and manage their properties as debtors and debtors-in-possession pursuant to §§ 1107(a) and 1108 of the Bankruptcy Code.

2. This Court has jurisdiction over this Motion under 28 U.S.C. §§ 157 and 1334. This matter is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2). Venue of this proceeding and the Motion is proper in this District pursuant to 28 U.S.C. §§ 1408 and 1409.

3. The bases for the relief requested herein are §§ 105(a) and 331 of the Bankruptcy Code.

4. The Debtors consist of UAL Corporation, a Delaware corporation with its principal place of business in Elk Grove Village, Illinois, and twenty-seven wholly owned, direct or indirect subsidiaries. UAL’s principal subsidiary, United Air Lines, Inc., operates United’s airlines and related businesses, and UAL’s other Debtor-subsidiaries hold assets or perform activities related to the airline.

5. United Air Lines, currently the world's second largest airline, has been operating for seventy-six years and provides air transportation, cargo, and other transportation-related-services to millions of customers each year. During 2001, UAL carried approximately 75 million passengers and flew approximately 116.6 billion revenue passenger miles. United's Mileage Plus program is the second largest frequent flyer program with over 40 million members. United Air Lines operates a fleet of 537 jet aircraft and provides regularly scheduled jet service to 200,000 passengers per day on over 1,765 daily departures to 119 destinations in twenty-six countries.

6. At the Petition Date, UAL employed approximately 83,000 full and part-time employees, approximately 80% of which were union-represented under eleven separate collective bargaining agreements.

7. On December 13, 2002, the Office of the United States Trustee for the Northern District of Illinois appointed the Committee pursuant to § 1102(a) of the Bankruptcy Code.

8. On January 20, 2006, the Court confirmed the Debtors' Second Amended Joint Plan of Reorganization Pursuant to Chapter 11 of the Bankruptcy Code (the "Plan"). The Plan became effective on February 1, 2006 (the "Effective Date").

EMPLOYMENT OF MFC

9. On October 14, 2004, the Committee filed an application (the "Employment Application") for authorization to employ MFC as its restructuring advisors. On November 19, 2004, this Court entered an order (the "Employment Order") authorizing the Committee to employ and retain MFC as restructuring advisors, effective

to September 16, 2004. The Employment Application and Employment Order state the terms and conditions of MFC's employment and are incorporated herein by reference.

10. MFC is a wholly-owned subsidiary of Mesirow Financial Holdings, Inc. The MFC professionals have extensive knowledge and experience in performing the requisite services, including in connection with bankruptcy cases and restructurings. In addition, the MFC professionals are familiar with the Debtors' businesses and the issues in these cases. As such, MFC is qualified to perform the restructuring advisory work required in these cases.

**FEES AND EXPENSES INCURRED DURING THE PERIOD
OCTOBER 1, 2005 THROUGH DECEMBER 31, 2005**

11. In accordance with the Administrative Order Pursuant to 11 U.S.C. §§ 105(a) and 331 Establishing Procedures for Interim Compensation and Reimbursement of Expenses of Professionals entered by this Court on December 11, 2002 (the "Administrative Order"), all professionals retained in this Chapter 11 Case shall file with the Court a quarterly fee application, beginning with the Petition Date through March 31, 2003, and at three month intervals thereafter for interim court approval and allowance of one hundred percent (100%) of the compensation and expense reimbursement sought in the monthly fee applications filed during such quarterly period, and each professional shall contemporaneously provide notice of such quarterly fee application to the notice parties.

12. MFC has submitted its previous monthly fee applications to (i) the Debtors, (ii) Debtors' counsel, (iii) counsel to the Debtors' debtor-in-possession lender(s), (iv) counsel to the Committee(s), and (v) the Office of the United States

Trustee. Applicant has requested in its previous monthly fee applications payment of 90% of fees and 100% of expenses during the Quarterly Fee Period as outlined below:

	Total Fees	90% of Fees	Total Expenses	Amount Received	Balance Due
Fourteenth Monthly Period	\$ 383,529	\$ 345,176	\$ 13,248	\$ 358,424	\$ 38,353
Fifteenth Monthly Period	531,782	478,604	13,535	492,139	53,178
Sixteenth Monthly Period	305,391	274,852	1,744	-0-	307,135
Total	\$ 1,220,702	\$ 1,098,632	\$ 28,527	\$ 850,563	\$ 398,666

13. Attached as Exhibit A hereto are the names, titles, hourly rates, and a summary of hours charged and the total compensation sought for the professionals whose services are being billed during the Quarterly Fee Period in connection with this case. The statements attached as Exhibit B set forth the hours and fees by professional for each of the monthly fee applications submitted by Applicant for the Quarterly Fee Period.

14. Attached as Exhibit C hereto are statements of the hours and fees incurred by Applicant by category of services provided for each of the monthly fee applications. Attached as Exhibit D hereto are summary statements of the hours and fees incurred by professional for each category of services provided during the Quarterly Fee Period. Attached as Exhibit E hereto is a summary schedule of actual and necessary expenses incurred during the Quarterly Fee Period. Attached as Exhibit F hereto is a comparative summary schedule of fees by category of services provided during the First, Second, Third, Fourth, Fifth and Sixth Quarterly Fee Periods.

15. Detailed daily descriptions of services rendered by each professional performing accounting and restructuring services during the Quarterly Fee Period,

including the hours incurred with respect to each task and the resultant fees, have been included with MFC's monthly fee applications as Exhibit E and are incorporated herein by reference. Pursuant to Rule 5082-1 and prior Rule 607 of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the Northern District of Illinois, Eastern Division (the "Local Rules"), MFC certifies that this Sixth Quarterly Application complies with the requirements of Local Rule 5082-1 and prior Local Rule 607 regarding these descriptions and in all other material respects. Summary descriptions of the services performed by category and the related time and gross fees incurred are as follows:

CATEGORY

Aircraft Plan Analysis

Analysis of the Debtors' process for determining the appropriate aircraft fleet to meet business plan objectives and monitor the Debtors' status of ensuring that appropriate fleet goals are achieved. Specific tasks include: analyzing aircraft by type, model and vintage; analyzing the nature, source and economics of current financing contracts and leases for all encumbered aircraft, including analysis of aircraft market values versus outstanding debt and required future cash payments; analyzing and monitoring the Debtors' process for renegotiating aircraft financing leases and contracts, including analysis of its auction process, proposed financing terms and market rental values, proposed cost savings and potential at risk aircraft; analyzing and monitoring the Debtors' status of actions taken under § 1110, including acceptance and rejection of contracts and leases, or extension of negotiation period, and analysis of cure payments and rejection and other contract-related claims; preparation of reports and analyses of the above issues for use by the Committee and its professionals to analyze Debtors' achievement of business plan objectives in a manner that provides maximum value to the estate. MFC incurred 85.7 hours and \$35,634 of fees with regard to aircraft plan analysis.

Business Plans Analysis

Review and analysis of the Debtors' business plans, including the Gershwin 6F, Gershwin 6, Gershwin 5.2, Gershwin 5.1, Gershwin 5F, and 2005 Budget financial models and supporting data books, the Gershwin financial model for the financial statement projections incorporated in the Debtors' filed Disclosure Statement and Plan of Reorganization, six-year financial statement projections and underlying assumptions, summary analyses and updates to business plans for mainline operations and Ted, UAL's low cost carrier operation, and related businesses and initiatives, updated 2005 monthly and quarterly financial forecasts, plans for United Express operations and contract carriers, strategic alliances and code-share arrangements, and various business plans

reflecting the impact of recent industry and global events. Specific tasks include analysis of the accompanying projected financial statements and plan projection analysis for revenue and revenue drivers, operating expenses and expense drivers, incremental labor and non-labor saving cost initiatives, EBITDAR, ASMs, RPMs, PRASM, CASM, passenger revenue, non-passenger revenue, load factor and yield and comparative analysis of the Debtors' projected passenger revenue and performance relative to the projected performance of the industry. MFC incurred 644.4 hours and \$244,108 of fees with regard to business plans analysis.

Case Administration

Implementation of efficient project management and administration of the overall case activities. Specific tasks relate to the coordination of meetings with the Debtors and other parties-of-interest, review and analysis of general case matters, memoranda and motions, analysis of professional compensation, document management, preparation of budgets and work plans, preparation of expense affidavit in accordance with the Second and Third Amended Fee Review Committee Billing Guidelines and requests by the U.S. Trustee, contact with the U.S. Trustee regarding filing and information requirements and review of general case filings and press articles. Also includes attendance and preparation for court hearings in order to render support and assistance to the Committee's counsel in regard to evaluating financial and related matters and motions that arose during those hearings, and to obtain information relevant to ongoing analyses. MFC incurred 38.7 hours and \$12,743 of fees with regard to case administration.

Cash Collateral / DIP-Exit Financing

Review of the DIP financing agreement and amendments, including assistance with the loan document and amendment analysis, review of collateral values and asset eligibility, analysis of borrowing availability and the Debtors' borrowing base certificates, analysis of compliance with EBITDAR covenants and other DIP provisions, analysis of the terms of the DIP financing agreement and amendments, and analysis of preliminary exit financing requirements and proposed financial terms and related Debtor analysis and presentation documents. MFC incurred 61.5 hours and \$24,770 of fees with regard to cash collateral and DIP-Exit financing.

Cash Flow Analysis and Monitoring

Monitor and review the daily cash flow, review of 13-week cash flow projections, analysis of the cash receipts and disbursements, analysis of variances from projections, analysis of cash flow projections contained in the Gershwin 6 and Gershwin 6F financial models, analysis of assumed cash flows associated with emergence from Chapter 11, analysis of escrows and restricted and unrestricted cash accounts, sensitivity analysis of factors impacting projected cash flows and assistance with analysis of cash flow forecasts. Also includes discussions and conference calls with the Debtors and the Debtors' advisors regarding cash flows. MFC incurred 412.3 hours and \$145,553 of fees with regard to cash flow analysis and monitoring.

Claims Analysis

Analyses of information regarding the reconciliation of claims, claims register schedules and summaries, and objections to and allowances of claims. Also includes review and

analysis of proposed procedures to address certain specific categories of claims, bar date motions, analysis of claims issues and objections to facilitate settlements, analysis of liabilities subject to compromise by potential claim classes including the estimated unsecured claim amounts, analysis of claims issues and objections impacting reserves for claims and equity distributions, review and analysis of Debtors' assessment of payments preceding the Chapter 11 filing, and participation in claims update meetings regarding new claims, classification, nature, and dollar amount of claims in the claims register, potential objections, litigation and reconciliation issues. Monitor and review the preference analyses negotiations, settlements and collections. Also includes participation in preference update meetings and review of status summaries. Assistance in claims matters enabled the Committee to formulate and further its position in relation to various claims and to analyze issues affecting unsecured creditors and recoveries in this Chapter 11 case. MFC incurred 204.9 hours and \$81,774 of fees with regard to claims analysis.

Committee Counsel, Meetings and Reports

Conference calls and meetings with the Committee and the Committee's advisors covering multiple issues and topics and preparation of interim reports and various other analyses. These meetings and discussions with the Committee, in conjunction with regular communications with the Committee's counsel and other discussions with Committee members, are essential to effectively communicating analyses, observations, reports and other relevant information on a real-time basis and enabling the Committee to evaluate issues and make informed decisions in this case. MFC incurred 131.2 hours and \$69,440 of fees with regard to Committee counsel, meetings and reports.

Creditor Issues and Information Requests

Preparation of information requests and financial questions to assist creditors' analysis and assessment of the Debtors' financial condition, operations and transactions, consultation with Debtor and its advisors regarding response to creditor questions and information requests and research and analysis required in response to creditor requests. Also includes discussions with members of the Committee regarding creditor and case issues and analyses. MFC incurred 84.0 hours and \$28,100 of fees with regard to creditor issues and information requests.

Disclosure Statement / Plan of Reorganization

Review and analyses of disclosure statements and plans of reorganization and amendments filed in these Chapter 11 cases. Analyze and identify issues for discussion and consideration with the Committee and Committee counsel. Read and comment on draft plan documents and related term sheet. The tasks in this category also include analyzing and identifying issues related to the Company's substantive consolidation, liquidation value, business valuation analyses and related supporting information. Analyze the design of claims classification structure, allowed claim amounts, related voting rights, and estimated recovery and equity distribution analyses in these Chapter 11 cases. MFC incurred 114.4 hours and \$60,449 of fees with regard to disclosure statement and plan of reorganization.

Employment Application

Preparation of supplemental employment applications and related affidavits; performance of relationship searches, including updates; and other analysis and discussions related to the employment applications and affidavits. MFC incurred 5.2 hours and \$1,628 of fees with regard to employment applications.

Fee Applications - MFC

Preparation of the detailed monthly fee applications and quarterly fee applications, as required, in order to comply with the Bankruptcy Code, the Bankruptcy Rules, the Guidelines, the Compensation Procedures and other guidelines governing the payment of professionals in these cases. MFC incurred 258.6 hours and \$53,703 of fees with regard to MFC fee applications.

Financial and Company Analysis

Analysis and review of the Debtors' financial and operational performance; analysis of historical financial statements and transactions, analysis of business operations; analysis of assets and liabilities of the Debtors and non-debtor affiliates including liabilities subject to compromise, review of expenditures, review of variable and non-variable costs, analysis of cost of sales and SG&A expenses, prepare and review ratio analysis, analysis of operational and performance statistics including bookings data, load factors and capacity measures, comparative analysis of financial and operating performance relative to competitor and overall industry performance and review organizational and functional structure of the Debtors' enterprise. MFC incurred 946.9 hours and \$341,146 of fees with regard to financial and company analysis.

Fresh Start Accounting Analysis

Analysis of the Debtors' fresh start and reorganization accounting, including reorganization valuations, market value adjustments, asset value adjustments, recapitalization accounting and cancellations of debt. MFC incurred 11.0 hours and \$5,793 of fees with regard to fresh start accounting analysis.

Industry Analysis

Analysis of the airline industry's ongoing performance, analysis of the forecasted outlook and trends, analysis of potential industry-wide factors and outlook affecting the Debtors, analysis of regulatory agency reports regarding the airline industry, analysis of analyst reports regarding competitors and the airline industry for potential impact on the Debtors, analysis of financial performance of competitors for comparative analysis of Debtors' business and operations to competition and airline industry statistics and trends. MFC incurred 345.9 hours and \$105,388 of fees with regard to industry analysis.

Travel Time

Travel time to and from client locations and to various Committee meetings and other case functions in New York and Chicago. Fees for this travel were reduced by fifty percent, and one-way travel time was generally limited to three (3) hours absent extraordinary circumstances. MFC incurred 66.5 hours and \$15,028 of fees with regard to travel time.

16. While the above summary of the services rendered by Applicant during the Quarterly Fee Period cannot entirely convey the full extent of the services provided to the Committee, such summary will give this Court a sense of the amount, breadth, and complexity of the work performed by the Applicant and of the results achieved.

17. Applicant expended a total of 3,411.2 hours during the Quarterly Fee Period at an average blended hourly rate of approximately \$358. Applicant made every effort to keep the time expended to the lowest amount practicable and to have the work performed by the least expensive professional capable of performing the tasks.

18. Applicant performed the above professional services and other necessary activities associated with the provision of our assistance at the request and direction of the Committee and its counsel. The services provided by Applicant were essential to assisting the Committee and the Committee's counsel in monitoring the Debtors' operations, cash flow, economic performance and other activities related to its restructuring. In addition, the services performed by Applicant were essential in order to provide information to the Committee and the Committee's counsel regarding the Debtors' financial statements and projections, business plans, restructuring alternatives, motions and other activities on their operations and assets available to satisfy creditors' claims. As a result of Applicant's services and analyses, the Committee was able to appropriately monitor the Debtors' operations, transactions, economic situation and proceed with activities to preserve value and assets available to satisfy creditors' claims.

19. MFC coordinated any services performed at the Committee's request with the services of KPMG LLP, GCW Consulting, and Saybrook Capital LLC, as appropriate, to avoid duplication of effort.

20. All professional services and expenses for which an allowance is requested were performed or incurred by Applicant for and on behalf of the Committee and not on behalf of any other entity or party-in-interest. The fees and expenses sought by Applicant, except to the extent prohibited by the Guidelines, are billed at rates and in accordance with practices customarily employed by Applicant and generally accepted by Applicant's clients.

21. Applicant is applying a voluntary reduction to fees incurred during the Quarterly Fee Period in accordance with the fee guidelines as established by the Fee Review Committee and in effect during the Quarterly Fee Period. Such fees are primarily associated with necessary attendance and participation of multiple professionals at certain Committee meetings and conferences, for certain meetings and conferences with the Debtors and for certain case administration time. Accordingly, a voluntary reduction of \$4,554 is applied to the fees incurred in this Sixth Quarterly Fee Application.

22. Additionally, Applicant is not seeking compensation for approximately \$663 in fees and 1.3 hours incurred in this matter during the Quarterly Fee Period but voluntarily excluded from this Sixth Quarterly Fee Application. Such fees primarily include certain creditor issues, information requests, and other case management and administrative time.

23. Applicant believes that the voluntary reductions to our requested fees described above are a material accommodation and provide significant value to the Debtors' estates.

24. Applicant further submits that the professional services rendered as accountants and restructuring advisors to the Committee have been valuable, necessary and appropriate and have not been duplicative of services performed by other

professionals retained in these cases. Applicant believes the compensation sought is fair and reasonable for the professional services provided in light of the magnitude and complexity of these proceedings and the global nature of the Company's operations.

25. Applicant incurred actual and necessary out of pocket expenses of \$28,527 during the Quarterly Fee Period. The individual expense record detail supporting the actual and necessary reimbursements sought is included with Applicant's monthly fee applications as Exhibit F and is incorporated herein by reference.

26. During the Quarterly Fee Period, other than pursuant to the Administrative Order, MFC has received no payment and no promises for payment from any source for services rendered or to be rendered in any capacity whatsoever in connection with the matters covered in this Sixth Quarterly Application. There is no agreement or understanding between MFC and any person other than members of the firm for the sharing of compensation to be received for services rendered in this Chapter 11 Case.

CONCLUSION


27. In accordance with the Administrative Order, MFC has submitted this Sixth Quarterly Application to (i) the Debtors, (ii) Debtors' counsel, (iii) counsel to the Debtors' debtor-in-possession lender(s), (iv) counsel to the Committee(s), and (v) the Office of the United States Trustee. In the absence of any objection to the Sixth Quarterly Application during the 30 day objection period, MFC shall file with the Court and serve on the Debtors and their counsel a certification that there have been no such objections to the Sixth Quarterly Application. The Sixth Quarterly Application shall then be considered by the Court at a hearing on such application, and the Debtors shall be

authorized to pay the fees and expenses of MFC as set forth in the order disposing of such Sixth Quarterly Application.

WHEREFORE, MFC respectfully requests that the Court (i) approve and allow compensation for the Quarterly Fee Period of \$1,220,702 for professional services rendered as restructuring advisors to the Committee; (ii) allow reimbursement of \$28,527 of actual and necessary expenses incurred by MFC during the Quarterly Fee Period; (iii) authorize and order the Debtors to pay the balances due to Applicant, including \$122,070 for the holdback of fees for the Quarterly Fee Period; and (iv) grant such other and further relief as is just.

Dated: 2/10/2006

Respectfully submitted:


Kevin A. Krakora
Mesirow Financial Consulting, LLC
321 N. Clark Street
Chicago, Illinois 60610-4796
312/595-6000
312/644-8927 Fax