

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

In re: : **Chapter 11**
: :
UAL CORPORATION, et al., : **Case No. 02-B-48191**
: **(Jointly Administered)**
: :
Debtors. : **Honorable Eugene R. Wedoff**
: :
: **Hrg. Date: Only if necessary**
: **Obj. Deadline: March 31, 2006 @ 4:00 P.M. CST**

**FIRST INTERIM AND FINAL FEE APPLICATION OF WATSON WYATT &
COMPANY AND WATSON WYATT INVESTMENT CONSULTING, INC.
FOR COMPENSATION FOR SERVICES RENDERED AND REIMBURSEMENT OF
EXPENSES INCURRED AS ACTUARIAL AND INVESTMENT CONSULTANTS FOR
THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS FOR THE FIRST
INTERIM AND FINAL FEE PERIOD OF JANUARY 3 – JANUARY 31, 2006**

Watson Wyatt & Company and Watson Wyatt Investment Consulting, Inc.

("Watson Wyatt"), actuarial and investment consultants for the Official Committee of Unsecured Creditors (the "Committee") of UAL Corporation, et al., (collectively, the "Debtors") hereby submits this first interim and final fee application (the "First Interim and Final Application") seeking allowance of compensation for services rendered and reimbursement of charges and disbursements incurred, including reasonable attorneys' fees, for the period of January 3 – January 31, 2006 (the "First Interim and Final Period"), and in support, represents as follows:

Background

1. On December 9, 2002 (the "Petition Date"), the Debtors commenced their respective reorganization cases by filing voluntary petitions for relief under chapter 11 of the United States Code, 11 U.S.C. § 101-1330 (the "Bankruptcy Code"). The Debtors continue to operate their businesses as debtors in possession pursuant to section 1107(a) and 1108 of the Bankruptcy Code.

2. On December 13, 2002, the Office of the United States Trustee for the Northern District of Illinois appointed the Committee. A limited purpose examiner was appointed and subsequently discharged in these Chapter 11 cases.
3. On December 11, 2002, this Court entered an Order Pursuant to Section 105(a) and 331 of the Bankruptcy Code Establishing Procedures for Interim Compensation and Reimbursement of Expenses for Professionals and Committee Members (the "Interim Compensation Order").
4. This Court has jurisdiction over this matter under 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2).

Retention of Watson Wyatt

5. On January 3, 2006, the Committee filed an emergency application (the "Emergency Retention Application") for entry of an order authorizing the retention of Watson Wyatt & Company and Watson Wyatt Investment Consulting, Inc. as Actuarial and Investment Consultants as of January 3, 2006. On January 5, 2006 the Court entered an order (the "Retention Order") authorizing retention of Watson Wyatt as actuarial and investment consultants to the Committee on the terms contained in the Emergency Retention Application dated January 3, 2006.

Relief Requested

6. Through this First Interim and Final Fee Application, Watson Wyatt seeks allowance of compensation for the First Interim and Final Period as follows:
 - (a) Compensation of \$141,861.67 in connection with services rendered during the First Interim and Final Period.

7. During the First Interim and Final Period, Watson Wyatt kept time records of services rendered. Attached hereto as Exhibit A is a summary chart that sets forth the total hours billed during the First Interim and Final Period.

Services Rendered by Watson Wyatt


8. Throughout the First Interim and Final Period, Watson Wyatt worked closely with the Committee with regard to evaluating the PBGC's claim for approximately \$10 billion in unfunded pension liabilities for the four tax-qualified pension plans sponsored by the Debtors. The professional services rendered by Watson Wyatt to the Committee during the First Interim and Final Period included: Research and analysis concerning the benefit liabilities of the four pension plans sponsored by the Debtors ("the Plans") and analysis/testing of the PBGC's claim for approximately \$10 billion with respect to the unfunded benefit liabilities associated with the Plans.
9. Watson Wyatt submits that the foregoing services were necessary to assist the Committee to evaluate the PBGC's claim for approximately \$10 billion in unfunded pension liabilities for the four tax-qualified pension plan sponsored by the Debtors..
10. The amounts requested in this First Interim and Final Fee Application are fair and reasonable given: (a) the nature of the bankruptcy cases; (b) the novelty and complexity of the bankruptcy cases; (c) the time and labor required to assist the Committee effectively; (d) the time limitations imposed by these bankruptcy cases; (e) the value of Watson Wyatt's services; and (f) the cost of comparable services other than in a case under the Bankruptcy Code.

11. No agreement or understanding exists between Watson Wyatt and any other person for division of compensation that Watson Wyatt may receive for services rendered in connection with these cases, nor will any sharing of fees occur except to the extent permitted under Section 504 of the Bankruptcy Code.

WHEREFORE, Watson Wyatt respectfully requests that the Court enter an order, providing (a) that, for the First Interim and Final Period, an administrative allowance be made to Watson Wyatt in the amount of \$141,861.67 as compensation for reasonable and necessary professional services rendered to the Committee; (b) that the Debtors be authorized and directed to pay to Watson Wyatt the amount of such sum; and (c) that this Court grant such further relief as is equitable and just.

Dated: Chicago, IL
February 27, 2006

By: Watson Wyatt & Company
Watson Wyatt Investment Consulting, Inc.



David W. Riddell, FSA EA
Consulting Actuary