

REC'D FEB 21 2006

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
)
Debtors.) (Jointly Administered)
)
) Honorable Eugene R. Wedoff

ORDER PURSUANT TO SECTIONS 327(a) AND 328 OF THE BANKRUPTCY CODE
AND RULE 2014(a) OF THE BANKRUPTCY RULES AUTHORIZING THE
EMPLOYMENT AND RETENTION OF ROTHSCHILD INC. AS
INVESTMENT BANKER TO THE DEBTORS

Upon the application (the "Application") of UAL Corporation ("UAL") and its affiliated debtors and debtors-in-possession (the "Debtors"), for an Order, pursuant to Sections 327(a) and 328(a) of title 11 of the United States Code (the "Bankruptcy Code") and Rule 2014(a) of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules") authorizing the Debtors to employ and retain Rothschild Inc. ("Rothschild") as financial advisor and investment banker; and upon the Affidavit of Todd R. Snyder in Support of Debtors' Application for Order Pursuant to Sections 327(a) and 328(a) of the Bankruptcy Code and Bankruptcy Rule 2014(a) Authorizing the Employment and Retention of Rothschild Inc. as Investment Banker to the Debtors (the "Snyder Affidavit"); and due and proper notice of the Application having been given under the circumstances; and it appearing that no other or further notice need be given; and the Court having considered the Snyder Affidavit and being satisfied that Rothschild, having (i) agreed to waive all pre-petition claims it may have against the Debtors, (ii) agreed to waive future Monthly Fees aggregating \$250,000 and that (iii) all other disclosed payments to

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Rothschild from the Debtors prior to the commencement of these cases were made in the ordinary course of business under Section 547(c) of the Bankruptcy Code for the limited purpose of being "disinterested" and representing no interest adverse to the Debtors or their estates; and based on the foregoing, Rothschild and the United States Trustee having resolved any and all objections to the Application, including any objections relating to the disinterestedness of Rothschild; and the terms of this Order reflecting the resolution of the Limited Objection to the Application, filed by the Official Committee; and all other objections to the Application having been resolved, withdrawn or overruled; and it appearing that this Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334; and it appearing that this proceeding is a core proceeding pursuant to 28 U.S.C. § 157(b)(2); and it appearing that the relief requested in the Application is in the best interest of the Debtors' estates and their creditors; after due deliberation, and good cause having been shown therefor, it is hereby

ORDERED, that the Application be, and it hereby is, granted as modified by this Order; and it is further

ORDERED, that the retention and employment of Rothschild as financial advisor and investment banker for the Debtors as of the date of filing these Chapter 11 cases on the terms set forth in the Application and the Snyder Affidavit be, and it hereby is, approved as modified by this Order; and it is further

ORDERED, that the terms of the engagement letter, dated August 16, 2002, between UAL and Rothschild (the "Engagement Letter") and attached as Exhibit B to the

Application be, and hereby are, approved; provided, however, that the Engagement Letter shall be amended and restated as set forth in Annex 1 to this Order; and it is further

ORDERED that the indemnification provisions contained in the Engagement Letter, including without limitation the provisions of Exhibit A thereto, are approved, provided, however, that Exhibit A to the Engagement Letter shall be amended and restated as set forth in Annex 1 to this Order and as follows (such capitalized terms to be defined as defined in Exhibit A):

The Company shall indemnify and hold harmless Rothschild and its affiliates, and the respective directors, officers, controlling persons, agents and employees of each of the foregoing (Rothschild and all of such other persons collectively, the "Indemnified Parties"), from and against any losses, claims or proceedings, including without limitation stockholder actions, damages, judgments, assessments, investigation costs, settlement costs, fines, penalties, arbitration awards and any other liabilities, costs, fees and expenses (collectively, "Losses") (a) directly or indirectly related to or arising out of (i) oral or written information provided by the Company, the Company's employees or other agents, which either the Company or an Indemnified Party provides to any person or entity or (ii) any other action or failure to act by the Company, the Company's employees or other agents or any Indemnified Party at the Company's request or with the Company's consent, in each case in connection with, arising out of, based upon, or in any way related to this Agreement, the retention of and services provided by Rothschild under this Agreement, or any Transaction or other transaction; or (b) otherwise directly or indirectly in connection with, arising out of, based upon, or in any way related to the engagement of Rothschild under this Agreement or any transaction or conduct in connection therewith, provided, that the Company shall not be required to indemnify any Indemnified Party for such Losses if and to the extent that it is finally judicially determined by a court of competent jurisdiction that such Losses arose because of (i) the gross negligence, willful misconduct or fraud of such Indemnified Party or (ii) conduct by such Indemnified Party that was not in

good faith or that such person did not reasonably and prudently believe was in the best interests of the Company.

The Company shall further reimburse any Indemnified Party promptly after obtaining the necessary approval of the Bankruptcy Court, if any, for any legal or other fees, disbursements or expenses as they are incurred (a) in investigating, preparing or pursuing any action or other proceeding (whether formal or informal) or threat thereof, whether or not in connection with pending or threatened litigation or arbitration and whether or not any Indemnified Party is a party (each, an "Action") and (b) in connection with enforcing such Indemnified Party's rights under this Agreement; provided, however, that to the extent it is finally judicially determined by a court of competent jurisdiction that the Losses of such Indemnified Party arose because of (i) the gross negligence, willful misconduct or fraud of such Indemnified Party or (ii) conduct by such Indemnified Party that was not in good faith or that such person did not reasonably and prudently believe was in the best interests of the Company, such Indemnified Party will promptly remit to the Company any amounts reimbursed under this paragraph.

Upon receipt by an Indemnified Party of notice of any Action, such Indemnified Party shall notify the Company in writing of such Action, but the failure to so notify shall not relieve the Company from any liability hereunder (i) if the Company had actual notice of such Action or (ii) unless and to the extent that such failure materially prejudices the Company. The Company shall, if requested by Rothschild, assume the defense of any such Action including the employment of counsel reasonably satisfactory to Rothschild and will not, without the prior written consent of Rothschild, settle, compromise, consent or otherwise resolve or seek to terminate any pending or threatened Action (whether or not any Indemnified Party is a party thereto) unless such settlement, compromise, consent or termination (a) contains an express, unconditional release of each Indemnified Party from all liability relating to such Action and the engagement of Rothschild under this Agreement and (b) does not include a statement as to, or an admission of fault, culpability or a failure to act by or on behalf of an Indemnified Party. Any Indemnified Party shall be entitled to retain separate counsel of its choice and participate in the defense of any Action in connection with any of the matters to which this Agreement relates, but the fees and expenses of such counsel shall be at the expense of such Indemnified Party unless (x) the Company has failed promptly to assume the defense and employ counsel or (y) the named parties to any such Action (including any

impleaded parties) include such Indemnified Party and the Company, and such Indemnified Party shall have been advised by counsel that there may be one or more legal defenses available to it which are different from or in addition to those available to the Company; provided that the Company shall not in such event be responsible under this Agreement for the fees and expenses of more than one firm of separate counsel (in addition to local counsel) in connection with any such Action in the same jurisdiction.

The Company agrees that if any right of any Indemnified Party set forth in the preceding paragraphs is finally judicially determined to be unavailable (except by reason of the gross negligence, willful misconduct or fraud of such Indemnified Party), or is insufficient to hold such Indemnified Party harmless against such Losses as contemplated herein, then the Company shall contribute to such Losses (a) in such proportion as is appropriate to reflect the relative benefits received by the Company and its creditors and stockholders, on the one hand, and such Indemnified Party, on the other hand, in connection with the transactions contemplated hereby, and (b) if (and only if) the allocation provided in clause (a) is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (a) but also the relative fault of the Company and such Indemnified Party. Benefits received by Rothschild shall be deemed to be equal to the compensation payable by the Company to Rothschild in connection with this Agreement. Relative fault shall be determined by reference to, among other things, whether any alleged untrue statement or omission or any other alleged conduct relates to information provided by the Company or other conduct by the Company (or the Company's employees or other agents) on the one hand or by Rothschild on the other hand.

The Company also agrees that no Indemnified Party shall have any liability (whether direct or indirect, in contract or tort or otherwise) to the Company for or in connection with advice or services rendered or to be rendered by any Indemnified Party pursuant to this Agreement, the transactions contemplated hereby or any Indemnified Party's actions or inactions in connection with any such advice, services or transactions except for (i) a breach by such Indemnified Party of the terms of this Agreement (unless such breach is immaterial) and (ii) Losses of the Company, to the extent that such Losses are finally judicially determined by a court of competent jurisdiction to have arisen because of (A) the gross negligence, willful misconduct or fraud of such Indemnified Party or (B) conduct by such Indemnified Party that was not in good

faith or that such person did not reasonably and prudently believe was in the best interests of the Company, in each case in connection with any such advice, actions, inactions or services.

The rights of the Indemnified Parties hereunder shall be in addition to any other rights that any Indemnified Party may have at common law, by statute or otherwise. Except as otherwise expressly provided for in this Agreement, if any term, provision, covenant or restriction contained in this Agreement is held by a court of competent jurisdiction or other authority to be invalid, void, unenforceable or against its regulatory policy, the remainder of the terms, provisions, covenants and restrictions contained in this Agreement shall all remain in full force and effect and shall in no way be affected, impaired or invalidated. The reimbursement, indemnity and contribution obligations of the Company set forth herein shall apply to any modification of this Agreement and shall remain in full force and effect regardless of any termination of, or the completion of any Indemnified Party's services under or in connection with, this Agreement; and it is further

ORDERED that Rothschild's fees and expense reimbursements, as set forth in the Engagement Letter, are approved under Section 328(a) of the Bankruptcy Code, provided, that notwithstanding anything to the contrary in the Engagement Letter, (a) no Reorganization Fee shall be payable to Rothschild under the Engagement Letter and (b) the Completion Fee shall be subject to approval of this Court under the "reasonableness" standard set forth in the immediately following paragraph, upon the filing of interim and final fee applications, in accordance with the applicable provisions of the Bankruptcy Code, the Bankruptcy Rules, the Local Rules of this Court and any applicable Orders of this Court; and it is further

ORDERED that the "reasonableness" of any amounts payable as a Completion Fee, any fees payable under section 4(d) of the Engagement Letter, and any amounts payable to Rothschild on account of any indemnification claims by the Debtors in these Chapter 11 cases shall be subject to review by this Court under the standards permitted by Section 330(a) of the

Bankruptcy Code or any successor provision, and shall be subject to objections by any party of interest, including the Unsecured Creditors' Committee which reserves all rights with respect thereto; and it is further

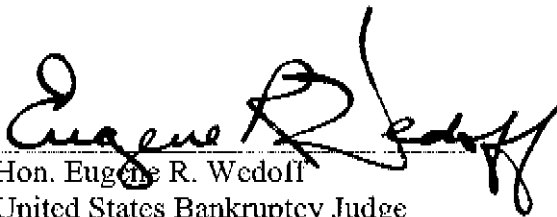
ORDERED that Rothschild hereby waives all prepetition claims against the Debtors. Any and all claims that Rothschild may have against the Debtors, including, without limitation, claims for fees, expenses and/or indemnity, shall be made solely pursuant to the terms of retention as approved by the Court in this Order. Rothschild further agrees that (a) it shall waive payment of (i) the Monthly Fee (such fee equaling \$225,000.00) for the period April 2003 and (ii) \$25,000.00 of the Monthly Fee for the period May 2003, as repayment of the Monthly Fee paid to Rothschild in respect of services rendered during August 2002, and further agrees that Rothschild shall waive any and all claims that it may have against the Debtors relating to such amounts and (b) if, at a later date it is adjudicated by a final order of a court of competent jurisdiction that Rothschild received any other payments from the Debtors prior to the commencement of these cases that must be returned pursuant to Section 547 of the Bankruptcy Code, then Rothschild agrees to waive any and all claims that it may have relating to such payments; and it is further

ORDERED that, notwithstanding anything to the contrary in the Bankruptcy Code, the Bankruptcy Rules, the Local Rules, any orders of this Court or any guidelines regarding submission and approval of fee applications, Rothschild and its professionals shall not be required to maintain time records for services rendered, and shall not be required to provide or conform to any schedule of hourly rates; and it is further

ORDERED that, to the extent that any term of this Order is inconsistent with the Engagement Letter, such term of this Order shall govern; and it is further

ORDERED that this Court retains jurisdiction with respect to all matters arising from or related to the implementation of this Order.

Dated: 21 FEB 2003


Hon. Eugene R. Wedoff
United States Bankruptcy Judge