

EXHIBIT 7

MEMORANDUM OF UNDERSTANDING

REGARDING

CONTINGENT COLLECTIVE BARGAINING AGREEMENT

Pursuant to this Memorandum of Understanding Regarding Contingent Collective Bargaining Agreement (this "Memorandum"), US Airways, Inc. and any successor (collectively "US Airways"), American Airlines, Inc. ("American"), Allied Pilots Association ("APA"), and US Airline Pilots Association ("USAPA", and with US Airways, American, and APA, the "Parties"), hereby agree as follows:

1. US Airways and APA agreed to a Conditional Labor And Plan Of Reorganization Agreement executed April 13, 2012 and as amended from time-to-time (the "CLA"). Upon its effectiveness as described in Paragraph 19, this Memorandum shall supersede and replace the CLA. This Memorandum includes processes to produce two collective bargaining agreements ("CBAs"): (a) a new CBA (the "New APA CBA") to apply between an entity formed on the effective date of a plan of reorganization (the "Effective Date") for such of those AMR Corp.-related debtors required to effectuate a combination of American and US Airways (the "Merger"); and (b) a Joint CBA (the "JCBA") to apply to a merged workforce composed of pilots employed by American and US Airways.
2. The interest arbitration processes provided in this Memorandum and any results obtained thereunder will be binding and apply to all Parties as of the Effective Date, including but not limited to the provisions regarding pay, vacation, work rules, no-furlough protection (subject to Paragraph 22), pay protection, scope, modifications, and the processes to produce the New APA CBA and JCBA. Notwithstanding the foregoing, any changes made to the New APA CBA prior to the effective date of the JCBA will apply with equal force to all pilots.
3. If this Memorandum is deemed to be unenforceable or nullified for any reason, USAPA and APA agree that the terms and conditions of employment for the pilots employed by US Airways and the entity formed on the Effective Date by US Airways and the reorganized debtors in In Re AMR Corporation, et al., jointly administered Ch. 11 Case No. 11-15463 (SHL) ("New American Airlines") as of or after the Effective Date will be the agreement between American and APA ratified on December 7, 2012 (the "2012 CBA").
4. Except as specifically provided in Paragraph 8, it is the intent of the Parties that, as of the Effective Date, the terms and conditions of employment for pilots employed by New American Airlines and US Airways will be set by the 2012 CBA, as modified by this Memorandum and in accordance with the process specified herein. The Parties further understand, however, that it will take some period of time for those terms to be implemented. Accordingly, the Parties agree that each term of the 2012 CBA, as modified by this Memorandum, shall be applicable to all US Airways pilots at the earliest practicable time for each such term, and such terms, when applicable, shall govern and displace any conflicting or wholly or partially inconsistent provision of the former US Airways pilot agreements or the *status quo* arising thereunder.
5. US Airways shall continue to recognize and treat with USAPA as the representative of the pilots employed by US Airways until another representative for the pilot craft or class is certified by the National Mediation Board (the "NMB"). Negotiations to convert this Memorandum into the JCBA and

jointly, until such time as one union is certified by the NMB to be the collective bargaining representative of the combined pilot craft or class. At that time, the duly-certified representative shall have exclusive authority to negotiate on behalf of the pilots with respect to the JCBA. It is the Parties' intention that the JCBA shall replace any and all prior collective bargaining agreements.

6. During the period US Airways is obligated to bargain with USAPA, it will provide information requested by duly authorized representatives of USAPA's Negotiating Advisory and Merger Committees that is reasonably related to the consolidation of AMR Corp. and/or its affiliates with US Airways Group and/or its affiliates, subject to the execution of standard confidentiality agreements by USAPA and/or affected individuals upon US Airways' request. US Airways shall continue to supply information pursuant to Attachment M of the Basic East Agreement in matters unrelated to the acquisition.

7. US Airways shall reimburse USAPA for expenses incurred after May 1, 2012, as well as for all flight pay loss, incurred in developing and carrying out the functions specified in this Memorandum and in integrating seniority lists in accordance with the procedures described in McCaskill-Bond, but not for any expenses or flight pay loss associated with litigation against US Airways, New American Airlines, or their affiliates, related entities or successor(s), if any, or with respect to the current seniority dispute at issue in the United States District Court for the District of Arizona or to influence the representation choices of its employees or affect their organization rights under Section 2, Ninth of the Railway Labor Act. The reimbursement for expenses related to seniority list integration shall be made no later than 30 days after presentation of an integrated seniority list to US Airways that complies with the provisions of Paragraph 11. Reimbursement for expenses, other than for seniority list integration, shall be made no later than 30 days after USAPA's submission of an invoice in a form suitable to US Airways so long as USAPA has submitted the invoice within 45 days of the date when the expense was incurred or the date of execution of this Memorandum, whichever is later. All expenses for flight pay loss shall be paid directly by US Airways and USAPA shall provide supporting information to support the flight pay loss claim. US Airways shall also make positive space transportation available to members of USAPA's Merger and Negotiating Advisory Committees when engaged in activities related to seniority list integration and contract negotiations.

8. Beginning on the Effective Date, or as soon thereafter as practicable for working conditions affecting compensation, pilots employed by US Airways shall be paid in accordance with the provisions of the 2012 CBA as modified by this Memorandum that are generally applicable to pilots employed by New American Airlines. The eligibility of US Airways pilots for a defined contribution plan shall commence on the Effective Date, and US Airways' contribution to the retirement plan shall be calculated by multiplying an eligible pilot's new pay rate by the percentage contribution made by New American Airlines to its pilots' defined contribution retirement plan.

9. The flight operations and pilot workforces of American Airlines and US Airways will be kept separate in accordance with this paragraph. These protections begin on the Effective Date and last until the earlier of eighteen (18) months after US Airways and the New American Airlines obtain a single operating certificate, or Operational Merger. "Operational Merger" shall mean the operation of American Airlines and US Airways as a single air carrier under a Single Operating Certificate issued by the FAA, after establishment of a single transportation system under the RLA, and under both a Joint Collective Bargaining Agreement and an Integrated Seniority List. Until the effective date of a Joint Collective Bargaining Agreement, the carriers' respective collective bargaining agreements, as amended (including pursuant to this MOU), will otherwise remain in effect for the respective Airlines and Pilot groups in accordance with the RLA.

- a. The American Airlines Pilots and US Airways Pilots will perform work in accordance with their respective collective bargaining agreements including flying and training, and neither

Airline by the other [whether before the effective date of this Agreement or under its terms] and except as may be needed to comply with conditions prescribed by the FAA for the purpose of transition to, and eventual operation under, a Single Operating Certificate, neither American Airlines nor US Airways may utilize in its flight operations or flight training operations a Pilot employed by the other Airline.

- b. Except for the circumstances described in paragraph (a) above, no Pilot of American Airlines or US Airways will fly as a crewmember on an aircraft in the Fleet of the other airline. The "Fleet" of each airline shall be defined to include all aircraft in service of or stored by the airline, or on order or option by the airline, on the date this Memorandum is executed. A list of all aircraft in the respective Fleets of American Airlines and US Airways as of that date is included as Attachment A. All orders, options, and anticipated returns set forth in the airline's fleet plan as of that date, along with identification of any aircraft obtained from the represented value of the orders or options of that airline, are included as Attachment B. [COMPANY SHALL PROVIDE DATA FOR ATTACHMENTS A & B]
- c. In the event that American Airlines or US Airways acquires aircraft not currently on hand, on order or on option, as a replacement for an existing aircraft, that aircraft shall be designated as American Airlines or US Airways based upon the aircraft being replaced. For purpose of this section, "replacement" means that the newly acquired aircraft can be matched, on one-to-one basis, to an aircraft that has left or will leave the service of the Airline within six (6) months before or after the new aircraft enters service.
- d. With respect to new aircraft not anticipated in the Fleet plan of American Airlines or US Airways as listed on Attachment A and not assigned under paragraph (c) above, the American Pilots will operate any [unique American types]; and the US Airways Pilots will operate any [unique US Airways types]. As to all other aircraft, the parties will apply the following procedure: the airline will provide notice to APA and USAPA of the intent to acquire any such aircraft not less than ninety days prior to such aircraft entering service, and will inform APA and USAPA, to the extent known, the type, model and number of such aircraft, the type of engines on them, their ETOPS capability, if any, the airport(s) from which they are planned to be operated, and the extent to which such aircraft will be used as replacements for other aircraft then or previously operated. APA and USAPA (or their representatives) will promptly agree as to which Pilot group will operate such aircraft or will implement binding arbitration, if necessary, to determine the allocation of such flying. The resolution of the dispute will include the principles of assigning replacement aircraft to the same airline.
- e. The total number of aircraft block hours scheduled to be flown by US Airways Mainline narrowbody aircraft (excluding Group I) in any calendar year shall be no less than [xxx] for the East operation and no less than [xxx] for the West operation. For this purpose "narrowbody aircraft" are single aisle aircraft.
- f. The total number of aircraft block hours scheduled to be flown by US Airways Mainline Widebody aircraft in any calendar year shall be no less than [xxxx]. For this purpose "widebody aircraft" are twin aisle aircraft.
- g. The total number of aircraft block hours scheduled to be flown by US Airways Mainline aircraft (excluding Group I) in any calendar month shall be no less than:

	Wide body	Narrowbody	
	East	East	West
Jan	xxx	xxx	xxx

Mar	xxx	xxx	xxx
Apr	xxxx	xxxx	xxxx
May	xxxx	xxxx	xxxx
June	xxxx	xxxx	xxxx
July	xxxx	xxxx	xxxx
Aug	xxx	xxx	xxx
Sep	xxx	xxx	xxx
Oct	xxxx	xxxx	xxxx
Nov	xxx	xxx	xxx
Dec	xxx	xxx	xxx

- h. The total number of aircraft block hours scheduled to be flown by American Airlines mainline narrowbody aircraft (excluding Group I) in any rolling twelve month look back period shall be no less than 1,183,475.93 hours.
- i. The total number of aircraft block hours scheduled to be flown by American Airlines mainline Widebody aircraft in any rolling twelve month look back period shall be no less than 812,186.83 hours,
- j. Commencing when the total number of US Airways aircraft in Group I (within the meaning of the CLA) equals 31, subsequently inducted Group I aircraft shall, within 6 months of the induction of the 31st Group I aircraft, be delivered on a ratio of two (2) Group I aircraft to American Airlines for every one (1) Group I aircraft to US Airways .
- k. For purposes of this Paragraph 9, block hours scheduled to be flown for a given month shall be determined by reference an airline's flight schedule as published for sale 30 days prior to the first day of the month. US Airways or its successor shall furnish the block hour data to USAPA and APA no later than 30 days prior to the first day of each month.
- l. American Airlines will not hire new pilots if pilots at US Airways are on furlough, provided that American Airlines may hire a new pilot if all pilots on furlough have been offered recall to US Airways or have been offered positions by American Airlines in the order of seniority.

Available positions at American Airlines will be offered to furloughed US Airways pilots under the recall provisions contained in Section 17 of the American Airlines collective bargaining agreement. A furloughed US Airways pilot who declines a position as an American Airlines pilot retains the right to be offered the next position offered and also retains the right to be recalled to US Airways in accordance with his US Airways seniority.

A US Airways pilot who accepts a position at American Airlines:

- (1) will be treated as junior to all pilots who are on the American Airlines seniority list on the effective date of this MOU, but pilots on the US Airways seniority list employed by American Airlines under this provision will be ranked among themselves in their order

- (2) will be considered an employee of American Airlines during Separate Operations and be subject to the American Airlines collective bargaining agreement, and
- (3) will retain, accrue and be entitled to use his combined longevity at both carriers for all purposes including but not limited to pay (excluding furlough pay, which will be calculated based on time at American Airlines only), benefits, vacation accrual, and eligibility towards retirement contributions and health and welfare participation, and
- (4) may be required to forego recall to US Airways for up to eighteen (18) months from the date of his employment as a pilot for American Airlines, and
- (5) will retain his position on the US Airways seniority list and will be integrated in the combined seniority list based on his position on the US Airways seniority list, and
- (6) will not be required to serve a probation period as a pilot for American Airlines, and
- (7) will not receive furlough pay from US Airways with respect to the period of his service as a pilot for American Airlines, and
- (8) will be subject to any applicable background checks and employment requirements for pilots returning from furlough.

m. US Airways will not hire new pilots if pilots at American Airlines are on furlough, provided that US Airways may hire a new pilot if all pilots on furlough have been offered recall to American Airlines or have been offered positions by American Airlines in the order of seniority.

Available positions at US Airways will be offered to furloughed American Airlines pilots under the recall provisions contained in Section XX of the US Airways collective bargaining agreement. A furloughed American Airlines pilot who declines a position as an US Airways pilot retains the right to be offered the next position offered and also retains the right to be recalled to American Airlines in accordance with his American Airlines seniority.

An American Airlines pilot who accepts a position at US Airways:

- (1) will be treated as junior to all pilots who are on the US Airways seniority list on the effective date of this MOU, but pilots on the American Airlines seniority list employed by American Airlines under this provision will be ranked among themselves in their order on the US Airways seniority list, and
- (2) will be considered an employee of US Airways during Separate Operations and be subject to the US Airways collective bargaining agreement, and
- (3) will retain, accrue and be entitled to use his combined longevity at both carriers for all purposes including but not limited to pay (excluding furlough pay, which will be calculated based on time at American Airlines only), benefits, vacation accrual, and eligibility towards retirement contributions and health and welfare participation, and
- (4) may be required to forego recall to American Airlines for up to eighteen (18) months from the date of his employment as a pilot for US Airways, and
- (5) will retain his position on the American Airlines seniority list and will be integrated in the combined seniority list based on his position on the American Airlines seniority list, and
- (6) will not be required to serve a probation period as a pilot for US Airways, and

service as a pilot for US Airways, and

(8) will be subject to any applicable background checks and employment requirements for pilots returning from furlough.

- n. Except as permitted by the APA CBA or the CLA with respect to the STL domicile, neither American nor US Airways will close a domicile which is open on the Effective Date.
- o. Neither American nor US Airways will establish TDY positions at a pilot domicile of the other airline.
- p. Neither American nor US Airways will establish a new domicile within 150 miles of an existing domicile at the other carrier.
- q. All Shuttle flying between DCA, LGA and BOS shall be performed by US Airways pilots.
- r. All existing flying between PHX and Hawaii shall be performed by US Airways pilots.
- s. All Trans-Pacific (Asia) flying shall be performed by American pilots.
- t. All existing flying between the following airports and Hawaii shall be performed by American pilots: SFO, LAX, ORD, DFW.
- u. All existing flying between the following airports and South America shall be performed by American pilots: JFK, MIA, DFW, ORD, LAX.
- v. All existing flying between the following airports and London, England shall be performed by American pilots: JFK, MIA, DFW, ORD, LAX, RDU.

All existing flying between the following airports and London, England shall be performed by US Airways pilots: PHL, CLT, PHX.

10. Nothing herein shall prevent placement of the "US" code on flights operated by American or New American Airlines (or by any other airline when displaying the "AA" code), or placement of the "AA" code on flights operated by US Airways (or by any other airline when displaying the "US" code), immediately upon the Effective Date, and it is expressly agreed that US Airways and American or New American Airlines may do so. Subject to the provisions of this Memorandum, immediately upon the Effective Date, US Airways and New American Airlines or their successors (if any) may move forward with obtaining and utilizing a single operating certificate, and otherwise combining the operations of the two carriers, except for those measures that are dependent upon implementation of an integrated seniority list. Notwithstanding anything to the contrary in this Memorandum, the codesharing permitted by this Paragraph shall be permissible after the Effective Date and shall remain so even if this Memorandum is subsequently deemed to be unenforceable or nullified for any reason.

11. (a) APA and USAPA shall begin a seniority integration process as provided by the McCaskill-Bond Amendment within 30 days after the Effective Date. If APA and USAPA are unable to agree upon a merged seniority list within 180 days of the Effective Date, then not later than 195 days after the Effective Date, the two Unions shall designate a panel of three neutral arbitrators to resolve the dispute. The McCaskill-Bond arbitration proceeding will commence no later than 60 days after the arbitrators are designated, or as soon thereafter as practicable given the availability of the designated arbitrators. The panel of arbitrators will render its award within six months of the commencement of the arbitration and, in any event, not later than 22 months after the Effective Date. Not later than 24 months after the Effective Date, APA and USAPA will present a merged seniority list to the Company(ies), or their successors (if any).

(b) Within 60 days after the Effective Date Memorandum, APA and USAPA will negotiate and agree to a Seniority Integration Process Agreement consistent with the McCaskill-Bond Amendment

Integration Process Agreement will be as may be agreed to by the parties and/or as may be determined by the arbitration panel.

(c) The Company(ies), and their successors (if any), shall provide promptly any information relevant to the McCaskill-Bond proceeding requested by either APA or USAPA subject to agreed terms for confidentiality.

(d) The Company(ies), or their successors (if any), may participate in the McCaskill-Bond process to the extent necessary to insure that any award is consistent with criteria set forth in subsection (f), below, but shall otherwise remain strictly neutral with respect to the McCaskill-Bond process.

(e) The parties agree that this Memorandum is not a waiver of any argument which either APA or USAPA or their seniority integration representatives may make in the seniority integration process. Nor do the provisions of this Agreement constitute an admission as to the appropriate allocation of flying following Operational Integration, or the manner in which the Airline respective carriers would have operated in the absence of a merger, or the job entitlements or equities that arguably underlie the construction of an integrated seniority list, or for any other purpose. APA and USAPA and their seniority integration representatives may offer this Memorandum into evidence or show it to a mediator as background information and to describe the actual operations of the separate carriers prior to Operational Integration.

(f) The Company(ies), and their successors (if any), agree to implement the merged seniority list if it complies with the following criteria: (i) no "system flush" whereby an active pilot may displace any other active pilot from the latter's position; (ii) furloughed pilots may not bump/displace active pilots; (iii) except as set forth in Paragraphs 14 and 15 below, no requirement for pilots to be compensated for flying not performed (e.g., differential pay for a position not actually flown); (iv) provides that pilots who, at the time of implementation of an integrated seniority list, are in the process of completing or who have completed initial qualification training for a new category (e.g., A320 Captain or 757 First Officer) or who have successfully bid such a position but have not been trained because of conditions beyond their control (such as a Company freeze) shall be assigned to the position, regardless of their relative standing on the integrated seniority list; and (v) otherwise does not contain conditions and restrictions that materially increase costs associated with training or company paid moves as specified in the JCBA.

(g) The integrated seniority list resulting from the McCaskill-Bond process, whether negotiated or arbitrated, shall be final and binding, provided that any negotiated agreement for an integrated seniority list shall be subject to whatever legal process is required by APA and/or USAPA before it becomes final and binding.

(h) The obligations contained in this Paragraph shall be enforceable on an expedited basis before a System Board of Adjustment in accord with Paragraph 24 ("Enforcement") and/or before a court of competent jurisdiction.

(i) US Airways agrees that neither this Memorandum nor the JCBA shall provide any basis for changing the seniority lists currently in effect at US Airways other than through the process set forth in this Paragraph 11.

12. a. During the term of the New APA CBA, US Airways shall not furlough any pilots who have established and maintain seniority on the US Airways mainline system as of the Effective Date, except those pilots on furlough as of the Effective Date, who are not entitled to the protections of this paragraph. USAPA will provide, by name, East Pilot "X", and West Pilot "Y" who will be the most junior US Airways pilots afforded this furlough protection. US Airways shall not furlough any such pilot in anticipation of the transaction that results in the formation of New American Airlines or of the operationally merged carrier consisting of New American Airlines and US Airways.

whose names appear on the American Airlines pilot seniority list as of the Effective Date, except those pilots (including American Eagle pilots with AA seniority numbers who have yet to flow-up to AA) on furlough as of the Effective Date, who are not entitled to the protections of this paragraph. APA will provide, by name, (Pilot "X") who will be the most junior American pilot on the American Airlines Pilot Seniority List who is not on furlough, nor awaiting flow-up from American Eagle. Pilot "X" will represent the most junior pilot afforded this furlough protection. Note: There are pilots more senior to pilot "X" who have volunteered to be on furlough out of seniority. If any of these more senior pilots are recalled they will become a part of the furlough-protected group of pilots.

c. This Paragraph 12 is subject to Paragraph 22.

13. a. Any US Airways pilot who is in a non-furlough status as of the Effective Date and thereafter is involuntarily displaced to a lower paying position shall be pay protected. The pay protections of this Paragraph shall continue unchanged if the affected pilot(s) suffer(s) multiple displacements, but shall end whenever such pilot(s) can hold the position from which the pilot was originally displaced or an equivalent or greater pay position at his base. USAPA will provide, by name, East Pilot "X" and West Pilot "Y" who will be the most junior US Airways pilots afforded this pay protection. The final version of this pay protection provision, including its duration, will be substantively the same as in the New APA CBA and/or JCBA.

b. If any currently-active New American Airlines pilot is involuntarily displaced to a Group I aircraft, the pilot's hourly pay rate shall not be reduced. This pay protection shall terminate if and when the involuntarily-displaced pilot can hold a position at the same or higher pay rate at his base.

If any currently-active New American Airlines pilot is displaced from his bid position to another bid position within his base, or to a bid position at a different base, that pilot will be pay protected against a pay rate reduction unless:

1. That pilot could have been awarded a displacement within his base to a bid position of equal or greater pay, but elected a displacement to a lower paying bid position. (A lateral displacement (International / Domestic, and vice versa) is considered a displacement of equal pay); or

2. No bid position of equal or greater pay was available at his current base, and that pilot elected not to be awarded a displacement at a new base to a bid position which would have provided that pilot equal or greater pay when compared to the bid position displaced from. (A lateral displacement to a different base (International / Domestic, and vice versa) is considered a displacement of equal pay).

This pay protection shall terminate if and when the displaced pilot could return or advance to a position in his base at the same or higher pay rate from which the pilot was initially displaced.

The Parties will address the duration of this pay protection during their above-described discussions regarding cost concessions and valuations.

14. Commencing on the date of single operating certificate for US Airways and New American Airlines or their successors (if any), all pilots entitled to the protections of Paragraph 12 above,, as of the signing of this Memorandum, will be paid in accordance with the Group I pay rates as set forth in Paragraph 12 when flying a Group I aircraft except for the following pay protection: a Group I captain shall be paid at Group III first officer pay rates unless the captain can hold a Group III first officer or higher-paying position; a Group I first officer shall be paid at Group II first officer pay rates unless the first officer can hold a Group II first officer or higher-paying position.

15. USAPA agrees to waive all change of control provisions, including, but not limited to, Section 1.D in the East collective bargaining agreement, LPPs, daily minimum utilization, and minimum fleet

conditioned upon the occurrence of the Effective Date.

16. US Airways agrees that it will comply with the East and West CBAs and the Transition Agreement until the Effective Date.

17. US Airways shall provide a bridge of Short Term Disability ("STD") coverage for thirty-six (36) months for eligible former America West pilots who remain employed by US Airways and have not forfeited their seniority rights as of the Effective Date. This STD coverage shall begin at the time the eligible former America West pilots are covered by New American Airlines' long-term disability plan. Eligibility for this coverage shall be determined according to the terms of the America West STD plan; the coverage shall contain, at a minimum, the plan design features in Appendix B of the current America West collective bargaining agreement except that the Maximum Benefit Duration shall be up to 90 days of a disability.

18. Any US Airways pilot with a sick leave balance in excess of 1000 hours as of the Effective Date shall be allowed to use the sick leave for illness or injury in excess of 1000 hours until the pilot's sick leave balance is reduced to 1000 hours or less. For US Airways pilots with a sick leave balance in excess of 1000 hours, their sick leave accruals on or after the Effective Date will be treated the same as American Airlines pilots under the New APA CBA.

19. a. This Memorandum shall be subject to approval by USAPA's Board of Directors and ratification by USAPA's membership, and approval by US Airways' and APA's [and AMR's Board?] respective Board of Directors. If this Memorandum is not approved by APA's and US Airways' [and AMR's Board?] respective Board of Directors, then this Memorandum shall become null and void in its entirety and as to all Parties. If this Memorandum is approved by APA's and US Airways' [and AMR's Board?] respective Board of Directors, then it shall be effective and binding on APA, US Airways' and American, and any of their successors. The approval by USAPA's Board of Directors and ratification vote of USAPA's membership shall be completed no later than 30 days after the execution of this Memorandum. If USAPA's Board of Directors does not approve this Memorandum and/or USAPA membership fails to ratify this Memorandum, then this Memorandum shall be of no force or effect as to USAPA but shall remain in full force and effect as to the other Parties.

b. This Memorandum shall be subject to [language re merger, bankruptcy court].

c. This Memorandum will apply to the Merger regardless of its corporate structure. This Memorandum shall not affect or have any applicability to American's stand-alone plan if the Merger does not occur.

20. If the Merger is approved by the bankruptcy court in In re AMR Corporation, et al., Case No. 11-15963 (SHL), and a merger involving US Airways and American is publicly announced, a lump sum payment of \$40 million shall be earned and paid on the Effective Date by US Airways to pilots currently or previously represented by USAPA. The payment will be allocated to individual pilots according to a formula to be provided by USAPA, along with each pilot's individual allocation. USAPA will provide the formula and the amount of each pilot's allocation at least two (2) months prior to the date the payment is to be made. The \$40 million shall be the total amount paid, and no additional fringe benefits or other payments (e.g., DC retirement contributions) shall be made.

21. Any dispute over the interpretation or application of this Memorandum, except insofar as it pertains to disputes that are to be resolved through interest arbitration, shall be resolved in accordance with this provision. Any such dispute shall be arbitrated on an expedited basis directly before a specially-created one-person System Board of Adjustment consisting of arbitrator Richard

declines to serve in this capacity or is not available to resolve the dispute, another neutral arbitrator shall be selected. The dispute shall be heard no later than thirty (30) days following the submission to the System Board (subject to the availability of the arbitrator), and shall be decided no later than thirty (30) days following submission, unless otherwise agreed to in writing.

22. The protections described in Paragraphs 9 and 12 shall not apply to reductions in flying caused in substantial part by Conditions Beyond The Company's Control (other than a loss of business due to economic fluctuations in the marketplace). "Conditions Beyond The Company's Control" shall include, but not be limited to, the following: (1) an act of God; (2) a strike by any other company employee group or the employees of a Commuter Air Carrier operating pursuant to an authorized codeshare arrangement with the company; (3) a national emergency; (4) involuntary revocation of the company's operating certificate(s); (5) grounding of a substantial number of the company's aircraft; (6) a reduction in the company's operation resulting from a decrease in available fuel supply caused by either governmental action or by commercial suppliers being unable to meet the company's demands; and (7) the unavailability of aircraft scheduled for delivery. This exception shall not extend beyond the duration of the Condition(s) Beyond The Company's Control.

23. a. The industry pay-parity adjustment for the Effective Date plus six (6) years (as described in the CLA) will instead be implemented on January 1, 2016, in accordance with the process and terms specified in Section 3 of the 2012 APA Collective Bargaining Agreement. (includes Group I aircraft)

24. Section 9 of the 2012 CBA shall be carried forward into the New APA CBA, with the following exceptions: (1) vacation accrual and value (i.e., how accrual translates to days off) shall be computed in accordance with the existing program for US Airways (West) pilots; and (2) New American Airlines minimum monthly vacation obligation will be 5.0% of the awarded vacations for the year (i.e., total accrued vacations less floated vacations), or 2.75% of the total accrued vacation, whichever is lower.

25. a. The 2012 CBA generates an average of \$315 million/year of cost concessions over 6 years as measured against the former 2003-2008 CBA, including savings associated with modifications to work rules.

b. The APA and US Airways have previously agreed to an average of a net \$240 million/year of cost concessions projected over 6 years from the former 2003-2008 CBA as specified in the CLA.

c. The Parties agree that paragraph b. above can be accomplished by amending the 2012 CBA with the addition of, on average, \$75 million of added value per year for each of the six years of the 2012 CBA. The Parties, furthermore, agree to adopt this methodology of accomplishing the requirement of paragraph b. above.

d. The parties have agreed that certain improvements to the 2012 CBA will not be included as a part of the \$75M. Those items include any cost adjustments resulting from changes listed in the Scope section below, which shall not be subject to reopening under the interest arbitration procedures herein. The APA and US Airways have also have agreed that the following increases in value relative to the 2012 CBA shall not be counted towards the \$75 million/year in improvements: (1) the changes to vacation listed in Paragraph 24; (2) the pay protection provided to pilots involuntarily displaced to a Group I aircraft, as listed in in Paragraph 23; and (3) the furlough protection provided to pilots in Paragraph 12 (i.e., the APA will not be incrementally charged for the cost to New American Airlines from not furloughing pilots on account of the furlough protection), (4) the following US Airways portion of pay raises committed to in the CLA that will be applied to the corresponding pay raises in the 2012 APA CBA as follows:

- Jan 1, 2016 an additional 0.5% (or the mid-contract adjustment, whichever is higher)

- Jan 1, 2018 an additional 1.5%

e. To the extent the parties have a disagreement as to the valuation of any improvements described in this Paragraph, US Airways shall offer final and binding interest arbitration, and the APA shall accept such proffer, to resolve the dispute regarding the achievement of the improvements required herein. The arbitration panel shall consist of one (1) arbitrator, with Richard Bloch serving as the arbitrator. If Arbitrator Bloch declines to serve in this capacity or is not available to resolve the parties' dispute, the parties shall select another arbitrator. The arbitration decision on any contested valuation issues shall be issued no later than 60 days after the parties submit the dispute to arbitration.

f. APA and US Airways shall, as soon as practically possible after the approval of this MOU by the parties, commence negotiations in order to derive the formal New APA CBA. The New APA CBA will include, at a minimum, the requirements and provisions of paragraphs b., and c. above. The parties will complete negotiations for the New APA CBA within 90 days of the date on which the negotiations commence. If after 90 days of negotiation there are any issues that remain unresolved, US Airways shall offer final and binding arbitration and the APA shall accept such proffer, to resolve the dispute over those particular unresolved issues for incorporation into the New APA CBA to satisfy the provisions of this Memorandum. The arbitration panel shall consist of one (1) arbitrator, with Richard Bloch serving as the arbitrator. If Arbitrator Bloch declines to serve in this capacity or is not available to resolve the parties' dispute, another arbitrator shall be selected. The arbitration decision shall be issued no later than 30 days after the close of the 90-day negotiation period.

26. The Scope Clause of the New APA CBA shall be Section 1 of the 2003-2008 CBA (Greenbook) with the following modifications.

As of the Effective Date of the New APA CBA, the New American Airlines' code can be placed, without restriction, on any and all flights operated by US Airways and any and all flights operated by other carriers that are currently allowed to bear the "US" code. It is understood that placing the New American Airlines' code on flights operated by UAL bearing the "US" code pursuant to the US Airways and United code sharing agreement is permissible, shall not be subject to the 4% limit on new codeshares described below, and is not a violation of the New APA CBA during the period of time necessary to comply with the termination provisions of such code sharing agreement, provided that the New American Airlines gives UAL notice of termination within 2 months of the Effective Date of the New APA CBA and that the termination is effected within two years of the notice date.

As of the Effective Date of the New APA CBA, the New American Airlines shall have full discretion to outsource or contract for flight aircraft (jet or turboprop) operated with 81 seats or fewer and not certificated in the United States with a maximum certificated takeoff weight of more than 86,000 pounds, as outlined below and in Appendix A.

American Airlines and US Airways shall provide the APA with a list of tail numbers for aircraft being operated by or on behalf of each carrier as of December 14, 2012, in each of the three categories outlined in Appendix A. The New American Airlines shall be obligated to operate additional, incremental Group I aircraft as specified below.

For every two aircraft with 71-81 seats operated by or on behalf of the New American Airlines exceeding the number of such aircraft being operated on December 14, 2012, one additional, incremental Group I aircraft will be operated by the New American Airlines. The New American Airlines will coordinate a delivery schedule with manufacturers so that initial operations by additional aircraft in Category B are reasonably aligned with initial operations of additional aircraft in Group I. Absent extraordinary circumstances, initial operations by the additional Group I aircraft shall be within 6 months of the initial operations of the additional number of Category B aircraft. In all cases, the incremental, additional number of aircraft in Group I shall operate for at least the same number of months as the corresponding additional number of Category B aircraft. The scheduling and tracking of aircraft operated under this provision will be discussed in the quarterly scope meetings between the

On the Effective Date of the New APA CBA, the maximum average number of Category A and B aircraft that may be operated under the Scope Exception for Commuter Air Carriers shall be determined as follows:

(1) With the exception of Embraer 190 aircraft in operation at US Airways as of December 14, 2012, Group I aircraft shall not be counted as Narrowbody Aircraft.

(2) The number of aircraft with greater than thirty (30) seats (as operated) up to and including seventy (70) seats (as operated) plus the number of aircraft operated under clause (3) below shall not exceed sixty-five percent (65%) of the number of Narrowbody Aircraft that are Aircraft in Service.

(3) The number of aircraft with greater than seventy (70) seats (as operated) up to and including eighty-one (81) seats (as operated) shall not exceed twenty-five percent (25%) of the number of Narrowbody Aircraft that are Aircraft in Service.

(4) In determining the number of Category A and B aircraft that may be operated under sub-paragraphs (2) and (3) above, turboprop aircraft with fifty (50) or fewer seats shall not be counted, provided that the number of turboprop aircraft operated with fifty (50) or fewer seats shall not exceed ten (10) percent of the number of the Company's Narrowbody Aircraft that are Aircraft in Service.

(5) Notwithstanding sub-paragraph (1), above, in order to give the New American Airlines an opportunity to bring itself into compliance with the 65% ratio, the following adjustments shall apply:

- (a) for the year beginning January 1, 2013, the ratio shall be 75%;
- (b) for calendar year 2014, the ratio shall be 72.5%;
- (c) for 2015, the ratio shall be 70%;
- (d) for 2016, 67.5% and
- (e) for 2017 and thereafter, the ratio shall be 65%.

Domestic Code Sharing:

As of the Effective Date of the New APA CBA:

The New American Airlines may code-share with Alaska Airlines and any of its affiliates without restriction except that there shall be no code-sharing on flight segments into and out of Hawaii.

The New American Airlines may code-share with Hawaiian Airlines (or its successor) without restriction on intra-Hawaii flights, so long as the New American Airlines in combination with US Airways shall maintain a minimum average of ten (10) flights per day between the mainland and Hawaii measured on a rolling look-back period of twelve (12) months. Prior to the operational merger of the airlines, the allocation of such flights between US Airways and the New American Airlines shall be at the same ratio of such flights existing in the 12 months prior to the Effective Date of the New APA CBA.

Section 1.H. will be replaced with the following: The New American Airlines may enter into new code-sharing agreements with domestic mainline carriers so long as the total flying under these new code-sharing agreements shall be subject to a maximum of 4% of the New American Airlines' domestic ASMs.

The New American Airlines may not codeshare on flying by a Domestic Air Carrier on flights between Company Hubs (as specified in Section 1.D.4.h.).

Joint Ventures:

The parties agree to work toward a fair allocation of flying for the New American Airlines in Joint Business Agreements (JBA). APA has the right to review the initial JBAs and any material changes going forward. During the parties' quarterly scope meetings, the New American Airlines will discuss and receive input from the APA regarding current and anticipated JBAs.

The definition of "Commuter Air Carrier" in the New APA CBA shall be modified such that it will apply to any domestic air carrier that only operates aircraft in Categories A and/or B. If the New American Airlines acquires a carrier that operates aircraft in Categories A and/or B and also Group I aircraft or larger, but intends to maintain that carrier as a separate feed operation, it shall have two years from the date of acquisition to either dispose of the Group I and/or larger aircraft or transfer them to the New American Airlines' operating certificate.

Non-owned regional partners' operation of aircraft for other airlines will not impact the New American Airlines' right to engage those carriers to operate Category A and B commuter aircraft on behalf of the New American Airlines.

On a temporary as-needed basis (e.g., a maintenance or service disruption), Commuter Carriers may from time-to-time use a neutral livery aircraft to substitute for aircraft listed in Category A and B on Appendix A. Use of this provision will be reported at Quarterly Scope Meetings.

The New APA CBA will eliminate the owned/non-owned distinction for the use of Category A and B commuter aircraft to fly on behalf of the New American Airlines.

The Baseline for International Flying (in Section 1-J) will be modified as follows. As of the effective date of the New APA CBA, a new International Baseline shall be calculated based on the combination of US Airways' and American Airlines' scheduled mainline flights during the 12-month period prior to the first day of the month following the effective date of the New APA CBA. This Baseline shall include all scheduled international mainline block hours (including those flown by Group I aircraft) plus all scheduled mainline block hours to/from Alaska. This Baseline shall not include any scheduled mainline block hours between Hawaii and the mainland United States.

The combination of US Airways' and the New American Airlines' annual scheduled mainline block hours will be at least 91 percent of the new International Baseline. If the annual scheduled mainline block hours are below 91% of the International Baseline and the deficiency is not cured at the next annual measurement, then the APA's concurrence shall be required for the Compan(y)(ies) to enter into new international codesharing agreements where the New American Airlines places its code on a foreign carrier's flights to/from the United States, except the APA's concurrence shall not be required if the new international codesharing agreement involves a new partner entering into a Joint Business Agreement (JBA). If the annual scheduled mainline block hours falls below 81% of the International Baseline and that deficiency is not cured at the next annual measurement, then the APA's concurrence shall be required (1) for entering or renewing international code-share agreements where the New American Airlines places its code on a foreign carrier's flights to/from the United States, except those flights conducted under an existing JBA; and (2) to add a new partner to an existing JBA.

The International Baseline will be modified such that new routes will not be added to the Baseline until the third anniversary of New American Airlines' operation of the route on either a year-round or seasonal basis. The remaining provisions of Section 1.J of the 2003-2008 CBA apply.

In addition, the following sections of the 2003-2008 CBA shall be treated as follows:

Section 1.D.4. is deleted;

Section 1.D.5.g is modified such that (1) it does not apply to the shuttle operation between DCA, LGA and BOS; (2) the flying restrictions will apply to airports where the average number of mainline daily departures scheduled by the New American Airlines exceeds 80 in the prior six-month

Section 1.D.5.h is modified such that the airport restrictions will apply to airports where the average number of mainline daily departures scheduled by the New American Airlines exceeds 80 in the prior six-month period.

The New APA CBA shall not contain any restrictions on oneworld or other alliance livery, except that the New American Airlines will not use its vote with the oneworld alliance to promote the livery of other carriers on New American Airlines' aircraft, but instead will use its vote to promote the livery of the New American Airlines on its aircraft along with a oneworld alliance trademark or logo.

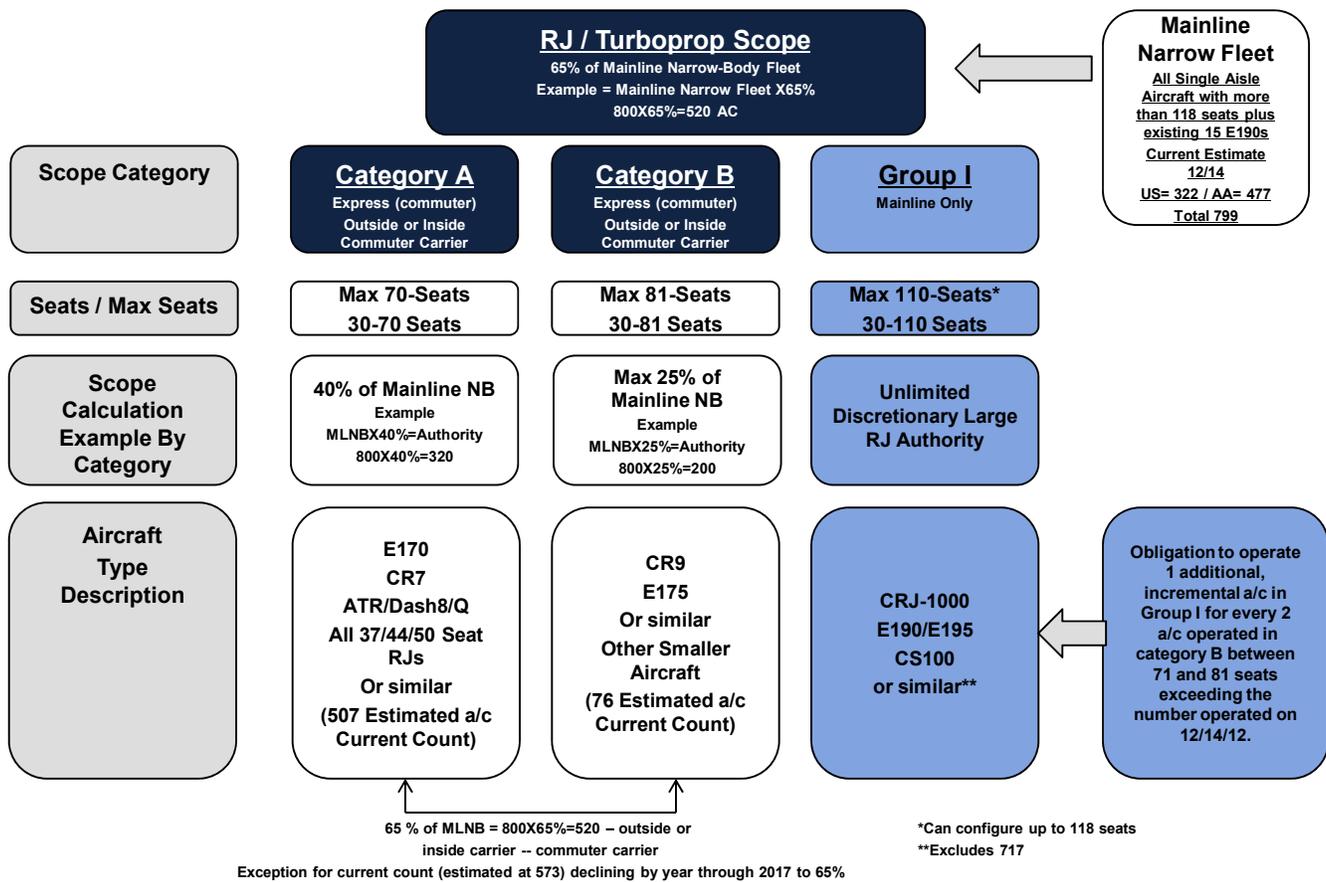
The parties confirm that the New APA CBA will contain no restrictions on New American Airlines' decision to enter into or exit from any markets, with commuter or mainline aircraft or via code-sharing, based on whether it could earn an adequate return on invested capital.

"Excess Baggage." The New American Airlines will be permitted to utilize freighter service operated by other carriers between and among Miami and all destinations in the Caribbean, Central America, and South America between November 23 and January 6, and during four additional weeks each year to include Easter/Spring break and the month of July. These four additional weeks will be designated by the New American Airlines by no later than January 15 of each year. The purpose of this scope clause exception is to enable the New American Airlines to accommodate passenger baggage that cannot be accommodated on the same flight as the passenger.

There will be no apportionment pay to the APA for using such charter services.

The APA will be able to audit baggage activity up to 8 times per year after providing one week's notice. At that time, the New American Airlines shall provide the APA with access to all relevant information, facilities, personnel and documentation. The New American Airlines will provide a quarterly report to the APA about how often charter services were used, to where, and how many bags were transported. The New American Airlines will conduct an annual joint performance review in the first quarter of each year at the request of the APA.

Appendix A – Scope 12/14/2012



27. The Parties agree to ultra-long haul flying based upon the framework of the agreement APA had with American Airlines prior to its Chapter 11 filing. [provided to Beth Holdren on 4/7/12]

28. APA shall file a single carrier petition with the NMB as soon as practicable after the Effective Date, when APA determines that the facts support the legal requirements for the filing of a petition but in no event later than six months after the Effective Date. If and when the NMB makes a single-carrier finding, the single carrier acknowledged by the NMB and the certified representative shall be governed by this Memorandum.

29. If and when the NMB makes a single-carrier finding, and assuming that the APA is certified to represent the pilots of the single carrier, the single carrier acknowledged by the NMB and the APA shall promptly engage in negotiations to achieve a JCBA to be applicable to the carrier that will be the product of the Merger. In the event that such negotiations are not completed within 90 days of the NMB's certification of the APA, New American Airlines will offer final and binding interest arbitration under Section 7 of the RLA, and the APA will accept such proffer, to resolve once and for all the terms of the JCBA. In so doing, the arbitration panel must adopt a single CBA which adheres in the aggregate to the economic terms of this Memorandum (specifically including the cost concessions and other provisions reflected herein). The arbitration panel shall consist of three (3) arbitrators, with Richard Bloch serving as the neutral arbitrator. Unless the parties agree otherwise, the decision of the arbitration panel shall provide that the JCBA does not become effective until an integrated

seniority list has been implemented.

30. The parties agree that this Agreement is not a waiver of any argument which either the American Pilots or the USAirways Pilots or their seniority integration representatives may make in the seniority integration process. Nor will this Agreement be offered or admitted into evidence in a seniority integration arbitration or shown to a mediator, except that the seniority integration representatives of either pilot group may offer this Agreement into evidence or show it to a mediator as background information and to describe the actual operations of the separate carriers prior to Operational Merger. The provisions of this Agreement do not constitute an admission in the seniority integration process as to the appropriate allocation of flying following Operational Merger, or the manner in which the Airline respective carriers would have operated in the absence of a merger, or the job entitlements or equities that arguably underlie the construction of an integrated seniority list, or for any other purpose.

APA:

ALLIED PILOTS ASSOCIATION

By: _____
Name: _____
Title: _____

USAPA:

US AIRLINE PILOTS ASSOCIATION

By: _____
Name: _____
Title: _____

American:

AMERICAN AIRLINES, INC.

By: _____
Name: _____
Title: _____

US Airways:

US AIRWAYS, INC.

By: _____
Name: _____
Title: _____