

EXHIBIT K

CV-13-00471-PHX-ROS, October 23, 2013

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF ARIZONA

08:26:50

1)		
2)		
3)		
4)		
5)	CV-13-00471-PHX-ROS	08:26:50
6	Don Addington, on behalf of)		
7	himself and all similarly situated)		
8	former America West Pilots, et al.,)		
9)	Phoenix, Arizona	
10)	Plaintiffs,	08:26:50
11)	October 23, 2013	
12)	8:47 a.m	
13	and)		
14)		
15	US Airline Pilots Association, an)		
16	unincorporated association, et al.,)		
17)		
18)	Defendants.	
19)		

BEFORE: THE HONORABLE ROSLYN O. SILVER, JUDGE

REPORTER'S TRANSCRIPT OF PROCEEDINGS

08:26:50

BENCH TRIAL - Day 2

(Pages 266-434)

Official Court Reporter:
Elaine Cropper, RDR, CRR, CCP
Sandra Day O'Connor U.S. Courthouse
401 West Washington Street, SPC 35
Phoenix, Arizona 85003-2150
(602) 322-7245

08:26:50

Proceedings Reported by Stenographic Court Reporter
Transcript Prepared by Computer-Aided Transcription

WILLIAM G. PAULEY, JR - Cross

1 Your Honor.

03:07:17

2 THE COURT: Well, let's take a break anyway. We'll
3 take a 20-minute break.

4 (Recess at 3:07; resumed at 3:38.)

5 (Court was called to order by the courtroom deputy.)

03:38:57

6 THE COURT: Please be seated.

7 All right. Redirect?

8 **REDIRECT EXAMINATION**

9 BY MR. SZYMANSKI:

10 Q. So Mr. Pauley, the record will show obviously what the
11 question was and Mr. Jacob wanted a yes-or-no answer to the
12 last question that he asked you before he finished his
13 examination.

03:39:08

14 Did you understand him to be referring, when he did,
15 to the Nicolau list to the unmodified Nicolau list?

03:39:22

16 A. Yes.

17 Q. And your answer was you didn't believe it would be used --
18 as I say, the record will show.

19 Why not?

20 A. Well, because the determination of many people who have
21 analyzed the Nicolau list as it is, it doesn't comport with
22 what we would consider a fair and equitable seniority
23 integration solution. That may sound like an opinion to me but
24 there's been ramifications that had taken place throughout the
25 industry after the result of the Nicolau Award.

03:39:41

03:39:57

WILLIAM G. PAULEY, JR - Redirect

1 The dispute has caused angst among the entire group 03:40:02
2 that is here today and it also reverberated through ALPA, the
3 Air Line Pilots Association, whose merger policy was conducted
4 under to create that proposal.

5 The Air Line Pilots Association, based on the, again, 03:40:17
6 dispute that has arisen from that proposal, has reviewed its
7 merger policy and come up with different criteria to evaluate
8 mergers going forward in the future.

9 Since then, they have completed a merger very
10 recently. As I referred to before, the Continental/United 03:40:37
11 seniority integration methodology. So I would testify today
12 that if the Nicolau proposal was put forward to the arbitrating
13 panel who sat in front of the Continental/United, that they
14 would not have approved such a proposal.

15 Q. And would using the unmodified Nicolau Award in a 03:41:03
16 seniority -- as a starting point in a seniority integration
17 proceeding with the Allied Pilots Association, what effect
18 could that have?

19 A. Again, it's pure speculation but the --

20 MR. JACOBS: Objection, Your Honor. 03:41:20

21 THE COURT: Sustained.

22 BY MR. SZYMANSKI:

23 Q. You gave some testimony about two lists. What are the
24 advantages to having two lists?

25 A. It gives us a lot more opportunities to be creative with 03:41:35

WILLIAM G. PAULEY, JR - Recross

1 Q. Are there any mergers involving the predecessors to the 03:46:02
2 East Pilots that put furloughed pilots ahead of active pilots?
3 A. I believe the Trump Shuttle had some pilots that had some
4 inactive service. I'm not sure of the status at the time the
5 award was rendered. After our last discussion I did some 03:46:25
6 research on the question I had regarding the Allegheny-Mohawk
7 seniority integration and it was a determination post-merger
8 that rendered, again, pilots who were furloughed at the time of
9 the merger seats and positions ahead of the active pilots at
10 the time. So there was an adjustment. It was a post-seniority 03:46:48
11 integration merger but it was determined that they were due
12 positions on the seniority list above active pilots.
13 Q. But the Allegheny-Mohawk merger decision, that's the
14 predecessor of McCaskill-Bond, put the furloughed pilots below
15 the active pilots; is that correct? 03:47:13
16 A. Again, yes, they were and then they were adjusted after
17 the fact, yes.
18 Q. Where do you stand on the Nicolau list?
19 A. I was put behind someone who was 16.4 years behind me and
20 I believe they are 15 years younger than me as well. 03:47:31
21 Q. Why were you put there?
22 A. It was the determination of the arbitrator.
23 Q. Based on what?
24 A. Based on the criteria he utilized to produce the award.
25 Q. Kind of hurts to say but he put you there because you were 03:47:47

WILLIAM G. PAULEY, JR - Recross

1 on furlough at the time of the merger; is that correct? 03:47:50

2 A. No, sir. I've never served a single day on furlough.

3 Q. You weren't on furlough when these two airlines merged?

4 A. That's correct, yes.

5 Q. Thank you. 03:48:05

6 THE COURT: All right. You may step down.

7 (Witness excused.)

8 MR. HARPER: Your Honor, I have a point that I would
9 like to raise with the Court before we go to the next witness.

10 I did not know at the time when Mr. Szymanski announced that 03:48:21

11 they had a letter from a flight surgeon, Peter Lambrou, I think

12 or something like that. And I learned during the break, that

13 this flight surgeon is a former US Airways pilot for about 40

14 years. And I would have expected, and perhaps the Court would

15 have expected, that at least we would have been informed that 03:48:40

16 the letter that they now have is somebody who has been

17 associated with US Airways for 40 years.

18 THE COURT: Well, it doesn't surprise me in a way. I

19 wasn't particularly impressed with the fact that he was a

20 flight surgeon in the sense of this is a situation involving 03:49:00

21 cardiac surgery. That doesn't mean that he isn't a qualified,

22 competent doctor. But this is a different issue here. And for

23 the reasons I already stated, he will not testify unless the

24 two of you can agree to a method and means of his testifying by

25 way of affidavit. 03:49:27

EXHIBIT L

1 seniority. You know, we -- we leave that to -- to
2 the experts. It's just like, you know, when we're
3 negotiating retirement insurance, we bring in
4 people who -- who know that better than us and we
5 get their input.

6 When we -- you know, I was just in Dallas
7 -- or in Phoenix the last couple days discussing
8 scheduling issues and we're bringing our scheduling
9 people. So we -- we bring in the people as, you
10 know, we call them SMEs, subject matter experts, we
11 bring in these people to advise us. And in
12 seniority, particularly, though, that area has been
13 where we generally let the experts make the
14 decisions and we plug it in. And like I said, that
15 was -- that was true in ALPA and it's been true
16 ever since I've been working with the committee
17 that the merger people make those decisions and
18 unless we see something glaring, we generally
19 accepted what it is.

20 And so when the company -- both the
21 company and the UCC were very clear in that they
22 wanted -- they didn't want the seniority dispute to
23 interfere with this at all. So they wanted a clear
24 path to getting a seniority list and they said this
25 is going to be the -- you know, the McCaskill-Bond

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1 process. And once there was language starting to
2 develop on that, that's when we turned to our
3 merger people. And most of those discussions
4 concerning the McCaskill-Bond paragraph in
5 Document 1023, MOU II, was done by the lawyers.
6 And I mean the lawyers from all the parties were
7 involved in those.

8 Q. Well, let's -- let's go back for a moment.
9 When you say you bring in the experts that you need
10 to talk about subject matters as required from your
11 point of view. The experts on seniority then were
12 Pat and Jess?

13 A. From our -- from the USAPA side.

14 Q. Yes.

15 A. Yes.

16 And then, I mean, there were APA -- APA
17 had Wes Kennedy and -- and the company had Bob
18 Siegel and, you know, there were -- and usually
19 what would happen is when there was a question on
20 that, they would go off and have a -- you know,
21 face-to-face and get Pat on the phone and Wes on
22 the phone and whoever all was involved in those
23 discussions and -- and let us know what they came
24 up with.

25 Q. Okay. Let's step back just a few answers.

**Don Addington, et al. vs. US Airline Pilots Ass'n, et al.
John P. Owens on 09/19/2013**

1 IN THE UNITED STATES DISTRICT COURT
2 FOR THE DISTRICT OF ARIZONA
3 CASE NO. : CV-13-00471-PHX-ROS

3

4 _____))
5 Don Addington; et al.,))
6 Plaintiffs,))
7 vs.))
8 US Airline Pilots Ass'n, et al.,))
9 Defendants.))

10

Portions of this transcript are deemed Confidential

11

12

DEPOSITION OF JOHN P. OWENS
(Taken by Plaintiffs)
Charlotte, North Carolina
Thursday, September 19, 2013

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Reported in Stenotype by
V. Dario Stanziola, CSR (N.J.), RPR, CRR

1 behalf of USAPA, was advancing in August of 2012,
2 correct?

3 A. I believe, to answer your question most
4 correctly, this was the language presented to us by
5 the company, and we were working off of that.

6 Q. And you were making, at least at this
7 stage, a couple minor amendments to that, or
8 proposing a couple minor amendments, correct?

9 A. Yeah, it looks like there were some
10 mark-ups here, yes, sir.

11 Q. All right. Would you agree with me that
12 paragraph nine, as you read it, in Exhibit 1097 is
13 seniority neutral?

14 A. Okay. So the -- from -- after the first
15 sentence it's all boilerplate language. The pilot
16 representative shall deliver an integrated
17 seniority list in accordance with the
18 McCaskill-Bond process within 24 months of the
19 effective date. Basically, it doesn't address it
20 either way. It just says that if you guys have an
21 MOU, and we get this together, that we -- you want
22 to make sure that we don't have this problem again,
23 and we want a list in 24 months.

24 Q. But it's neutral, doesn't address seniority
25 one way or the other, does it?

<http://www.pylelaw.com/step>

EXHIBIT M

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22 to make sure that we don't have this problem again,
23 and we want a list in 24 months.

24 Q. But it's neutral, doesn't address seniority
25 one way or the other, does it?

EXHIBIT N

1 outside my area of expertise. I mean, that's --

2 Q. Well, let's -- let's walk through the --
3 the process or at least the timeline, as I understand
4 it.

5 Assuming that the plan of reorganization is
6 final at some point in time, correct?

7 A. Yes.

8 Q. And one of the processes that is
9 anticipated is that there's going to be further
10 negotiations between USAPA, APA and new American to
11 come to a final joint collective bargaining
12 agreement, correct?

13 A. Correct.

14 Q. And that may take a year or more according
15 to the timeline on the MOU, correct?

16 A. Correct.

17 Q. And in between plan of reorganization going
18 final and the acceptance or the negotiation of the
19 final joint collective bargaining agreement, the
20 working conditions, the wages and everything else
21 associated with the operation of the new American and
22 its pilots will be covered by the MOU?

23 A. Not correct.

24 Q. Why?

25 A. Grievance, we don't know how it's going

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1 to work. We need scheduling. We don't know how --
2 what kind of scheduling is going to be implemented.
3 There are a number of areas, insurance, medical
4 insurance. We've already passed through the
5 timeline to go through there will be two medical
6 insurance situations for APA and for American
7 pilots. Basic insurance products provided by APA
8 or those being provided by USAPA, there are a
9 number of open areas that we're not sure in that
10 interim period what's going to be governed.

11 So there will be -- there will be
12 elements where US Airways pilots are governed under
13 a current collective bargaining agreement, APA
14 pilots will be under the Green Book until they
15 finally negotiate the merger of all those effective
16 areas.

17 Q. Okay. In response to Mr. Rooney's e-mail,
18 you write: I will respond at length later, but the
19 answer is no. We are in different waters now and
20 there is a substantial administrative CAB ruling on
21 our side as to who the parties are. The West is not
22 a party, correct?

23 A. To the -- to the MOU, I believe that's
24 correct.

25 Q. No, to the -- deciding the single

EXHIBIT O



What the Memorandum of Understanding Means to You

Negotiating Advisory Committee
January 2013

USAPA001785

Comparison

US Airways East / West - Pilot Agreements
("East/West")

APA Collective Bargaining Agreement
("2012 CBA")

Memorandum of Understanding
("Memorandum")

Merger Transition Agreement
("MTA")

Forward

On December 10th 2012 your Negotiating Advisory Committee, assisted by Professional Negotiator Roland Wilder, resumed labor negotiations in connection with a potential merger in bankruptcy between US Airways and American Airlines. Negotiations concluded and the new four-Party Memorandum of Understanding ("Memorandum") was presented to the Board of Pilot Representatives on January 2, 2013.

The USAPA Board of Pilot Representatives voted unanimously to recommend the proposed MOU to you, the pilots of USAPA, for your review and ratification. The APA, American Airlines and US Airways have signed this Memorandum, and your vote will be the final decision to determine if US Airways pilots will be included in this MOU and merger process.

During the next several weeks, you will have the opportunity to vote to either accept or reject the Memorandum and the incorporated APA December 19, 2012 Collective Bargaining Agreement. This document will provide you with an overview of the MOU and an expanded comparison of the contract items that are necessary for you to make an informed decision, but you must do your due diligence by attending a road show and reading the enclosed material. This material along with additional reference material is available under the Merger Library of the USAPA web site, or you can click the individual links below to directly access the material. You will receive information in the mail that will outline the procedures for voting and the timeline when the balloting system will be open.

Memorandum of Understanding

Memorandum of Understanding Side Letter

APA December 19, 2012 Collective Bargaining Agreement

US / AA / TA Contract Comparison (This Document)

Merger Time Line

APA 2013 Benefits Summary

Additionally we will be conducting informational road shows in all domiciles. Presentations will be given during the day with a Q & A period following each presentation. Please look for USAPA updates on the road show schedules.

We understand the frustration felt by our pilots during the information blackout and hope you realize it was a necessary part of the process. We are confident that once you study this document and other materials you will share our belief that the process produced a result that you will be satisfied with. Thank you for your support over the past few months.

We look forward to seeing you at one of the road shows!

Thank You

Dean Colello - *Chairman*

John Owens

Rocky Calveri

Ken Holmes

USAPA001787

The Process

A process has been established to consolidate the two pilot groups in the event of a merger in bankruptcy between American Airlines and US Airways. The Parties ("Parties") to this process are:

- US Airline Pilots Association ("USAPA")
- Allied Pilots Association ("APA")
- US Airways Inc. ("US Airways")
- American Airlines Inc. ("American")

The Memorandum as signed by US Airways, American, APA, and ratified by USAPA, will set forth Working Conditions and Compensation for APA Pilots and USAPA Pilots if the bankruptcy court approves a Plan of Reorganization permitting a merger between American and US Airways to become effective ("Effective Date") when American is released from bankruptcy. Together the APA 2012 Collective Bargaining Agreement ("2012 CBA") and the Memorandum will form the Merger Transition Agreement ("MTA").

1. The Merger Transition Agreement ("MTA") will succeed the Memorandum at the Effective Date to serve as the interim agreement for compensation and working conditions governing the Pilots of APA, and USAPA East and West.
2. A Joint Collective Bargaining Agreement ("JCBA") between the New American, USAPA, APA, and subsequent single Collective Bargaining Agent as applicable, will incorporate elements from the APA 2012 CBA and the MTA to be the final Railway Labor Agreement for the newly merged Pilot Craft and Class.
3. On a parallel track, the Merger Committee will be working on the seniority integration in accordance with the timeline (Below).



PRE MERGER POR	MOU Execution	<u>Board Approval</u> -AMR -US Airways -APA → 21 Days For List of Valuation Modifications -USAPA → Board approved on 01/04/13 - USAPA Membership Ratification Vote Completed within 60 days after AMR Board Approval Of Merger.	60 Days From APA list Of Valuation Modifications	= MTA By agreement - Or - Arbitrator's Decision
			Agreement Reached On Valuation - Or - Conclusion Of Interest Arbitration	

JCBA NEGOTIATIONS

ON AND AFTER MERGER POR	<u>POR</u>	30 days	90 days From POR	15 Days	60 Days But Not Before JCBA Effective	6 Months and No Later Than 24 Months After POR	= Integrated Seniority List
	Seniority Integration Process Begins	APA and USAPA Seniority Integration Protocol Agreement	Direct Negotiation Between APA and USAPA	Panel of 3 Arbitrators Designated	Integrated Seniority List Arbitration Commences	Arbitration Panel Renders Award	

ON AND AFTER MERGER POR	<u>POR</u>	4 months	At NMB Discretion, But Projected 6-8 Months From Petition	30 days	60 days	= JCBA
	MTA in effect For APA and USAPA If USAPA Ratifies or MTA In Effect For APA and USAPA Under Status Quo JCBA Negotiations Begin	APA Petition For Single Carrier Status	NMB Single Carrier Finding	* JCBA Negotiation Complete -Or- If Not Complete →	JCBA Interest Arbitration Before Panel of 3 Arbitrators	

** JCBA negotiations shall begin as soon as practicable after the POR and may be completed anytime between the POR and the deadline of 30 days past NMB Single Carrier finding.*

Memorandum of Understanding

The process to reach agreement on the MOU was very unique as it involved negotiations among five separate groups: USAPA, Allied Pilots Association, US Airways, American Airlines and representatives from the Unsecured Creditors Committee. We worked very closely and effectively with our counterparts from the APA to produce a document that we believe protects the interests of the US Airways pilots while making allowances that will enable this merger to proceed. In our view the benefits associated with the MOU and accompanying contract elements more that outweigh any changes we had to make to reach this point. The MOU provides interim protections for our pilots as we transition to a fully merged contract with the APA pilots and allows us to finally realize the increased compensation that we have deserved for so long.

As you review the MOU you will see many references to the 'Effective Date'. The 'Effective Date' is the date that the merger is actually complete after all government, regulatory; shareholder and bankruptcy court approvals have been obtained. This is the trigger for the new pay rates, protections and other elements of the MOU affecting us. In addition to the MOU, there is a

'Memorandum Side Letter' that provides additional benefits that are unique to the US Airways pilots.

Summary of Major MOU and Side Letter Elements

- Pay rates
 - ➔ US Airways pilots will be paid the same as American pilots starting on the Effective Date
 - ➔ After the Effective Date, US Airways pilots will receive a retrospective payment based on the new pay rates back to the date of pilot ratification
- Retirement Contribution Rates
 - ➔ 14% as of Effective Date
 - ➔ 16% as of January 1, 2014
- Joint Collective Bargaining Agreement (JCBA)
 - ➔ USAPA, APA and the subsequent designated single Collective bargaining Agent will jointly bargain with management to develop the MOU & MTA into a joint collective bargaining agreement that will apply to all pilots for the term of the agreement (Dec 31, 2018)
- MOU establishes interim flying protections
 - ➔ All existing AA aircraft, including orders and options, will be flown by current APA pilots
 - ➔ All existing US aircraft, including orders and options, will be flown by current USAPA pilots
 - ➔ Shuttle operations (BOS-LGA-DCA) will be flown by current USAPA pilots
 - ➔ Existing PHX-Hawaii flying will be flown by current USAPA pilots
 - ➔ All transpacific (Asia) flying will be performed by current APA pilots
 - ➔ Minimum block hour floors are established at US and AA to prevent the new company from disproportionately drawing down either operation at the expense of the other while protecting the current level of flying at both airlines
 - ➔ Minimum operating or pay protected widebody Captain and First Officer positions are established for US Airways pilots
- Pay protection is provided for pilots subject to displacements
- If either US Airways or American Airlines is hiring, furloughed pilots on either side may volunteer to fly for the other operation
- Provisions and procedures are established for a Seniority List Integration process in accordance with McCaskill-Bond
- Current West short-term disability plan is extended for 3 years.

- East pilots with sick leave balances in excess of 1000 hours will be able to retain the amount above 1000 but will not accrue additional sick
- The \$40 million lump sum payment provided in the side letter, will be paid to US Airways pilots as of the Effective Date
- The current East life insurance and survivor benefit plans are extended for 5 years
- The current West life insurance plan is extended for 5 years

Highlights

For background, The Conditional Labor Agreement (CLA or Term Sheet) that was negotiated between US Airways and the APA called for \$240 million in annual cost savings as opposed to the 2012 CBA that provided \$315 million in annual cost savings.

Using the 2012 CBA as a baseline allows APA to use the difference for contract **improvements**:

Agreement	Value in Annual Savings
2012 CBA	\$315,000,000.00
CLA (Term Sheet)	\$240,000,000.00
Difference	\$75,000,000.00
Credit for Profit Sharing not in CLA	\$12,000,000.00
TOTAL SAVINGS	\$87,000,000.00 For Improvements

The annual pay increases currently provided in the 2012 CBA are:

➤ 4% in 2013	➤ 2% in 2014
➤ 2% in 2015	➤ Higher of 2% or Parity Adjustment in 2016 (estimated 24%)
➤ 2% in 2017	➤ 2% in 2018

The additional pay raises based on the proposed \$87 million in contract improvements are projected to be:

- **6%** additional Pay Raise (total 8%) in January 2014 (this will reduce the estimated 24% Parity review increase listed above to approximately 16.5%)
- **1.0%** additional Pay Raise (total 3%) in January 2015 Applied to all Groups.
- **1.5%** additional Pay Raise (total 3.5%) in January 2017 Applied to all Groups.
- **1.5%** additional Pay Raise (total 3.5%) in January 2018 Applied to all Groups.

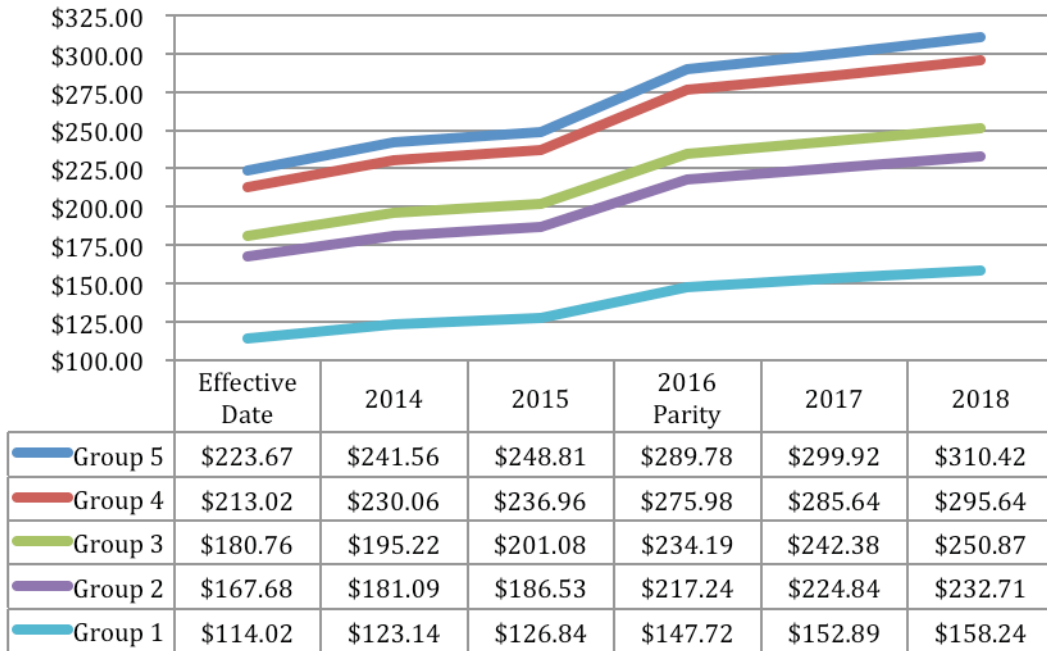
Additional improvements resulting from the \$87 million are:

- **Per Diem Increases:**
 - 2014= \$2.10 Domestic / \$2.30 International
 - 2015= \$2.20 Domestic / \$2.50 International
 - 2016= \$2.20 Domestic / \$2.50 International
 - 2017= \$2.25 Domestic / \$2.60 International
 - 2018= \$2.30 Domestic / \$2.70 International
- **16%** DC contribution rate effective January 2014.
- **1:2** pay for scheduled sit times in excess of two (2) hours.
- **1:3.25** pay for sequences with more calendar days than duty periods.
- **1:2** Pay for Distance Learning
- **Pay Protection** – Provided from July 2013 through January 2016
- **Training pay (CQT) - 4:00** per day effective January 2014
- Deadhead in Business Class or higher for transoceanic flights, deep South America flights and flights to Hawaii
- 2 Captains required for flights longer than sixteen hours flight time.

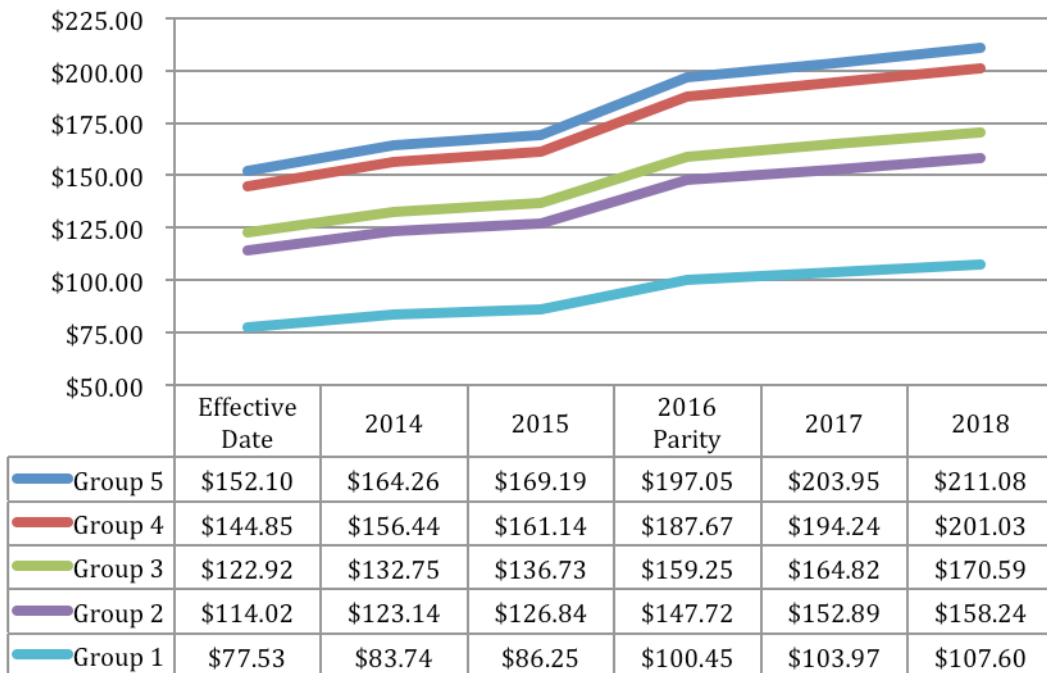
Aircraft Groups	
Equipment Group (Band) I	With the exception of aircraft identified in Groups II through V below, any aircraft configured (i.e. as operated by American Airlines) with greater than seventy-six (76) seats and less than one-hundred-eighteen (118) seats, including E190/195, CRJ-1000, MRJ-100, and Bombardier CS100.
Equipment Group (Band) II	Bombardier CS300, A319, A319neo, B737-700, B737 7MAX, MD80, B737-800, B737-8MAX, B737-900, B737-9MAX, A320, A320neo, A321, A321neo
Equipment Group (Band) III	B757, B767-200, B767-300, A300
Equipment Group (Band) IV	B767-400, B777-200, B777-200ER, B777-200LR, B777-300, B777-300ER, B787-8, B787-9, B787-10, A332, A333, A340, A350
Equipment Group (Band) V	A380, B747 (all variants)

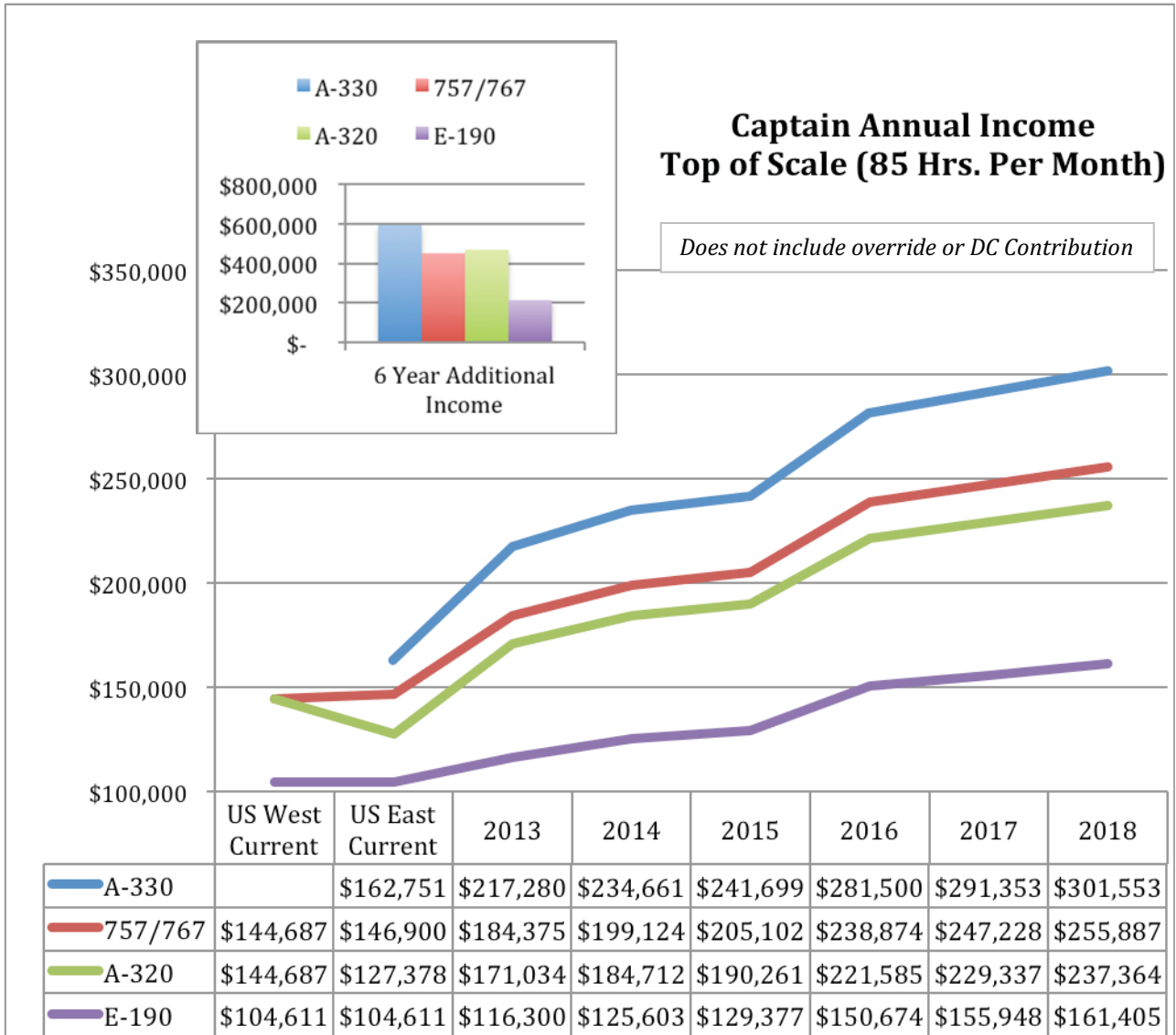
As approved by APA and USAPA Board of Pilot Representatives, the information presented below represents the use of 87 million dollars a year for contract improvements. Final agreements on the proposed valuations, which convert the MOU into the MTA, are subject to the approval process outlined in the MOU.

CAPTAIN RATES (Top of Scale)



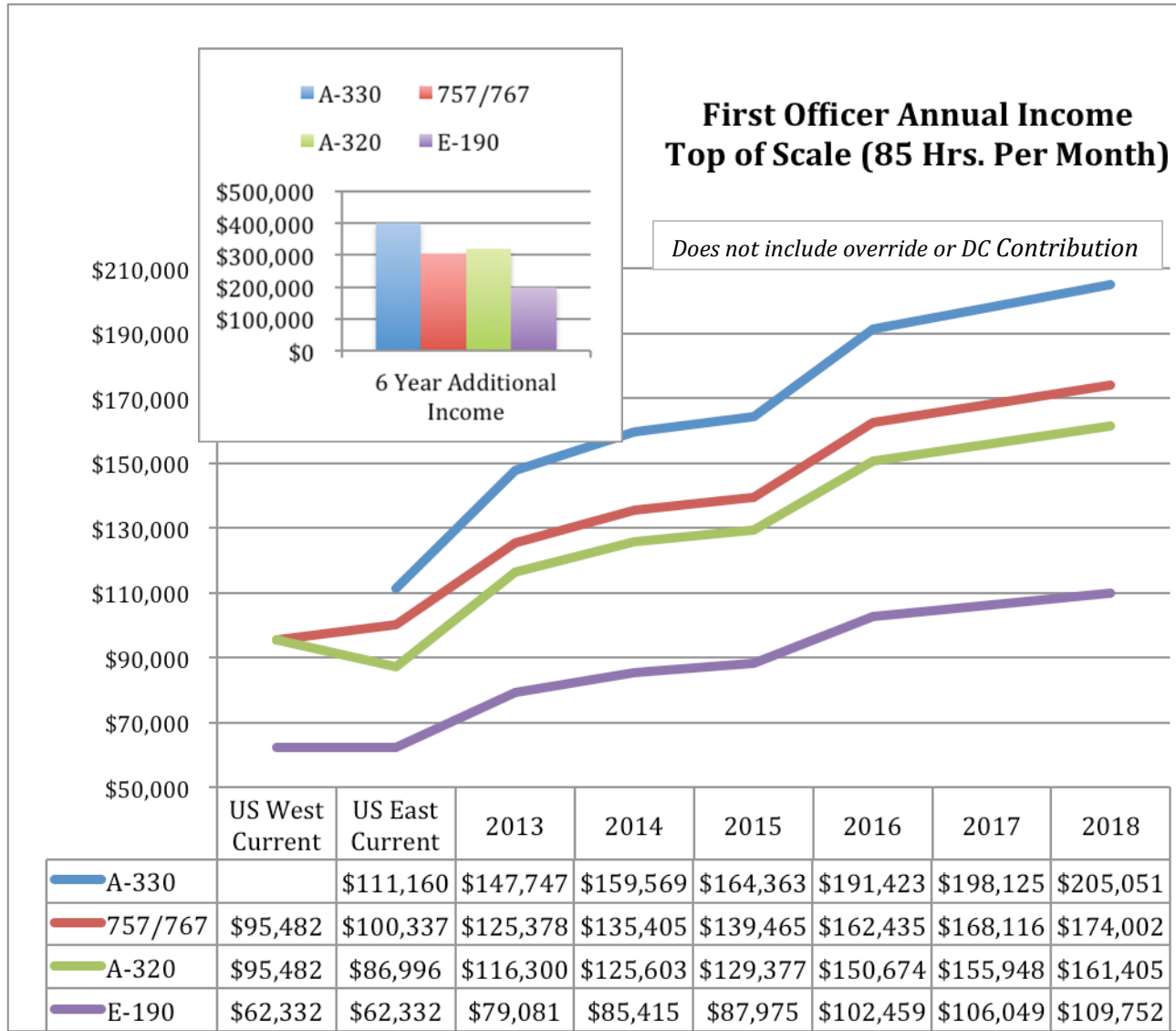
FIRST OFFICER RATES (Top of Scale)





MOU Captain - 6 Year Total AVERAGE Income (85 Hr. Month)				
	A-330	757/767	A-320	E-190
Additional Base Pay	\$591,500	\$450,000	\$470,000	\$212,000
Additional DC Contribution	\$92,300	\$70,200	\$73,300	\$33,000
Total Additional Income	\$683,800	\$520,200	\$543,300	\$245,600
Total Actual (Pay + DC)	\$1,601,500	\$1,356,000	\$1,261,000	\$851,500

Override and Fringe NOT included



MOU First Officer - 6 Year Total AVERAGE Income (85 Hr. Month)				
	A-330	757/767	A-320	E-190
Additional Base Pay	\$399,300	\$302,800	\$317,300	\$196,800
Additional DC Contribution	\$62,300	\$47,200	\$49,500	\$30,700
Total Additional Income	\$461,600	\$350,000	\$366,800	\$227,500
Total Actual (Pay + DC)	\$1,233,500	\$1,050,000	\$970,900	\$660,200

Override and Fringe NOT included

Scope – APA 2012 CBA with the following modifications

- A. The maximum number of commuter aircraft as a percentage of the Mainline Narrow-Body Fleet shall not exceed 75%.
- B. The maximum number of large regional commuter aircraft (66-76 seats + grandfathered CRJ-900 and E-175 aircraft and their replacements) as a percentage of the Mainline Narrow-Body Fleet shall not exceed 30% through 2014, 35% in 2015 and 40% thereafter.
- C. Codeshare modified to accommodate full AA/US codesharing plus 15% codesharing with domestic air carriers; both exclusive of Alaska Airlines and Hawaiian Airlines carve outs.
- D. 76 Existing CRJ900s and E175's (and their replacements) in operation at US Airways are grandfathered from 76-seat limitation.
- E. Accommodate US Shuttle as provided in CLA.
- F. Baseline for international flying set to number of international block hours scheduled during the previous 12 months by AA/US combined.

76 Seats - 86,000 lbs.
Maximum

** Based on APA 2012 CBA as
modified by the MOU*

Existing CRJ900s and E175s fleet in operation (and future replacements) at US grandfathered from 76 seat limitation (Current 76 Aircraft)

Accommodation of AA/US codesharing - plus 15% codesharing with domestic air carriers, both exclusive of Alaska and Hawaii carve outs.

The maximum number of commuter aircraft as a percentage of the Mainline Narrow-Body Fleet shall not exceed 75%

2012-2014: 30% NB Fleet
2015: 35% NB Fleet
2016 and beyond: 40% NB Fleet

International Baseline set to number of international block hours
Scheduled during the previous 12 months by AA/US combined

Side-By-Side Comparison

Since the 2012 CBA will form the framework of our new contract, we feel it is important for you to understand how this document relates to our present agreements. We believe this easy to read format will provide you the opportunity to quickly compare the major aspects of our current agreements against the APA 2012 CBA as further modified by the Memorandum. Please keep in mind this is only a partial list and we strongly encourage you to read the Memorandum, Memorandum Side Letter, APA 2012 CBA and the APA 2013 Benefits Summary.

	US Airways East	US Airways West	MOU/MTA
First Year Pay All Aircraft	\$3000 per month or \$42.05 /hr for E-190	\$39.14 per hour	\$40.00 per hour
First Officers who have completed one year of service shall be paid at a rate based on a percentage of Captain pay for the same year of service as follows	Year in which serving 2- 50% 3- 54% 4- 63.1% 5- 64.1% 6- 65.2% 7- 66.5% 8- 67.5% 9- 67.7% 10- 68.1% 11-68.2% 12 and thereafter- 68.3%	Year in which serving 2- 50% 3- 55% 4- 60% 5- 65% 6- 66% 7- 66% 8- 66% 9- 66% 10- 66% 11-66% 12 and thereafter- 66%	Year in which serving 2- 50% 3- 60% 4- 61% 5- 62% 6- 63% 7- 64% 8- 65% 9- 66.5% 10- 67.5% 11-68% 12 and thereafter- 68%
Aircraft Groups	A 330 Group 1 – B 757/B767 Group 2 – A320 series, B 737 E-190	All aircraft pay the same	Group I (E-190) Group II (A-319-321NEO, B-737) Group III (B757, B767-200-300, A-300) Group IV (B767-400, B-777, B-787, A332-340, A350) Group V (A-380, B-747)
Equipment Group Pay Relationship	None	None	Neither party shall, without the express consent of the other party, seek to modify the pay relationship between Group I and Groups II – V thru the RLA for a period of two (2) contract cycles or 10 years whichever is later.

	US Airways East	US Airways West	MOU/MTA
3 Year Parity Review	N/A	N/A	The MTA provides for a parity review that compares DAL and UAL rates as of January 1, 2016. The parity review will use the average of the DL and UA pay rates of the A 320 & B 737-800 aircraft, weighted for the ASM's flown by each airline. That average will be applied to all aircraft groups.
DC Contribution	10%	10%	14% - 2013 The MTA Provides for 16% - January 2014 & thereafter <i>(DAL – 15%) (UAL - 16%)</i>
Per Diem Domestic/International	\$2.00/\$2.20	\$2.00/\$2.20	2013 \$1.80/\$2.00 The MTA provides for: 2014 \$2.10/\$2.30 2015 \$2.20/\$2.50 2016 \$2.20/\$2.50 2017 \$2.25/\$2.60 2018 \$2.30/\$2.70)
Profit Sharing	YES Profit Sharing for 2012 and 2013 will continue to accrue and be paid up to the Effective Date	YES Profit Sharing for 2012 and 2013 will continue to accrue and be paid up to the Effective Date	The MTA eliminates profit sharing for a \$12 million annual credit. <i>(UAL & DAL have Profit Sharing)</i>
Premium Pay	No	Red Flagged parings paid at 125% Involuntary Assignment 150%	Company may assign Premium pay 150% to a trip or paid if reassigned over IMAX (Individual Monthly Maximum). <i>(UAL 125% reassignment pay, DAL double pay for involuntary premium pay flying)</i>
Deadhead Pay	50% of the Hourly Rate	Full Hourly Rate	Full Hourly Rate <i>(Same as DAL & UAL)</i>

	US Airways East	US Airways West	MOU/MTA
International Override Pay (per hour)	CA - \$5.33 FO - \$3.53 For pilots holding an international bid position, applies to all flying including domestic plus all other pay (sick, vacation, deadhead, soft time etc.)	CA - \$4.00 FO - \$3.00	CA - \$6.00 FO – varies from \$3.00 to \$4.15 based on longevity Only applies to International Flights (same as Delta) <i>(DAL pays \$4.50, eliminated at UAL)</i>
Distance Learning (DL) Pay	16 hours free – 25% of hourly rate above 16 hours	\$40.00 per hour	50% of hourly rate
Training Pay	Trips missed or 2:50 per day for qualification training 2:50 per day for CQT (2 days PNC)	4:17 for PC or PT Simulator Training 2:45 for partial month Training & 2:50 for a full month of training.	CQT: 3:00 pay/2:45 credit 4:00 per day January 2014 per the MTA Average line value for qualification training <i>(DAL 3:45 per day, UAL 3.75 per day & 3:00 for training 5 days or greater)</i>
AQP Training Cycle	12 Months	12 Months	9 Months
Parking	Company paid in domicile or equivalent amount applied to commuting station parking	Company paid in Domicile	Company paid in Domicile or the AMR station of his/her choice if available.
Fatigue Calls Paid	No	No	Yes
Furlough Protection	No	No	Yes
Sequence Protection (trip loss)	Yes - compensated for last trip of the month cancelation.	Yes - compensated for all canceled trips.	Yes, fully compensated for all canceled trips. Provided the pilot is qualified legal and available (QLA) the company may assign Replacement Flying that fits within the Replacement Flying window. Pilots may opt out of obligation. <i>(Very similar to West AT system)</i>

	US Airways East	US Airways West	MOU/MTA
Sequence Protection	Better of scheduled or actual on a leg by leg basis	Better of scheduled or actual on a leg by leg basis	Better of scheduled or actual on a sequence basis
Calendar Day	2400 to 2359	02:31 PHX Time until 02:30 with an additional 1:00 for Irregular operations	02:00 Home Base Time (HBT) until 01:59 HBT
Monthly Line Bid Range	70 to 85 hours 75 to 90 hours 80 to 95 hours	78 to 92 hours	Group I – 72 to 88 Group II thru V - 72 to 84 Monthly Average Line Value (MALV) <i>(DAL & UAL 72 to 84)</i>
Lineholder Monthly Guarantee	71 Hours	78 Hours	No bid line shall have a pay value less than the MALV minus the line construction window, the lowest possible value: 65 hours. <i>(DAL 65, UAL 70)</i>
Drop below Minimum Pay Guarantee	15 Hours Below Cap during SAP process	Yes Drop to 40 hours	Yes Drop to 1 hour with no requirement to pick up to a higher value in the next bid. Drop to zero and must fly half of next months schedule.
Rolling Average Line Value (RALV)	No	No	The RALV is a 12 month look back by: Group I – 74 to 86 hours Group II thru V - 74 to 82 The company has the authority to increase the upper limit of the MALV and RALV in Groups II thru V by one (1) hour commencing with calendar year 2015 if the conditions in the CBA section 15 D, 1e have been met

	US Airways East	US Airways West	MOU/MTA
Line Construction Minimum Value	70 hours	78 hours	An awarded bid line shall have a minimum value for pay purposes equal to the lower of the bid line limit (i.e. MALV less 7 hours assuming a Line Construction Window of +/- 7 hours) for the applicable bid status. <i>(Same as DAL)</i>
Voluntary Pick Up Maximum	85 hours in a non-flex month (every month the company publishes the max whether 85, 90 or 95) the default is 85 hours. Can pick up over the max based on underfly for the month and any claim time on last trip of the month	99 hours	90 hours – may pick up to FARs in any month as long as the pilot’s 12 month rolling average does not exceed 90 hours projected Individual Monthly Maximum (IMAX) <i>(UAL 90 Hours, DAL 91.5 may pick up to FAR’s)</i>
Individual Monthly Maximum (IMAX)	None	None	The IMAX is intended to limit a pilot to an average of ninety (90) credited hours per month in a rolling twelve (12) month period
Home Base Concept	No	No	With mutual agreement the company may create a “home base” in cities that could support such flying
Bidding System	Paper Line Bid	Preferential Bidding System (PBS)	PBS to begin in the first quarter of 2014. The TA requires a PBS Memorandum to be negotiated no later than June 30, 2013. This Memorandum will determine the bid window and all PBS parameter (vendor has not been determined). <i>(DAL – PBS – Navtech, UAL – PBS – Carmen/Jeppesen)</i>

	US Airways East	US Airways West	MOU/MTA
Trip Trade System (TTS)	Yes Seniority Based	Yes Jungle Rules	Yes, a new automated TTS will be developed that will be Seniority based, allow multiple pilot trades, conditional, pick-up, trade or drop with open time or other pilots, manual trades.
Duty Period (APA, E-Time)	1:2	1:2	1:2 (DAL 1:2, UAL 1:2 0600-2159, 1:1.75 2200-0600)
Time Away From Base (Trip Rig) (APA, F-Time)	1:3.5	1:3.75	1:3.5 (DAL 1:3.5, UAL 1:3.5)
Duty Period – Average & Minimum (APA, G-Time)	5:00	5:15	Minimum Day 3:00 Average Day – 5:00 Average Daily Guarantee – N/A (DAL 5:25, UAL 5.00)
Sit Time	No	No	The MTA Provides for a 1:2 for sit time in excess of two (2) hours
Long Rate	No	Yes, 5:15 for a layover of twenty-four (24) hours or more	The MTA provides for a 1:3.25 pay for sequences with more calendar days than duty periods
Fees to Access Scheduling System	Yes - \$9.99 per month	Yes - \$11.95 per month	None
Reserve Days of Availability	20 in 31 Day Month and 19 in a 30 Day Month (11 Days Off with 4 Golden - immoveable)	18 Days (12 Days Off in a 30 day bid and 13 in a 31 day bid period with 10 Golden)	18 Days per month (12 days Off in a 30 day bid and 13 in a 31 day bid period with up to 4 Golden) (DAL & UAL 12, 13 in a 31 day month)
Reserve Guarantee	72 Long call 76 Short Call	77 Hours	73 Hours (DAL 72, UAL 73)

	US Airways East	US Airways West	MOU/MTA
Reserve Maximum	285 hour max in a 3 month (90 day) look back	99 hours	85 Hours
Reserve Assignments	Bucket System	Bucket System	Reserve Priority Value (RPV) – A scoring system. That takes into account hours remaining vs. remaining days available in the month plus a factor for recent days worked
Reserve Callout	90 minutes normal driving time to airport	2 hours to report to operations	Reasonably available by ground transportation
Sick if Needed	No	No	A reserve pilot who is sick may call and so notify the Company. The pilot will not be charged sick leave until such pilot is assigned to fly. At the time the pilot is needed to fly (by assignment – not by proffer) such pilot will be so notified and will be placed on sick leave effective that date.
Sick Leave	<p>5 hours max sick 60-hour short-term bank and 1440 split bank, 1500 total.</p> <p>Sick verification if sick over a holiday or is the company has reasonable cause to believe a misuse of sick has occurred.</p> <p>The MTA imposes a 1000 hour cap but for those with a sick bank in excess of 1000 hours, they will be allowed the use of accrued sick over 1000 hours but cannot accrue any sick leave over 1000 hours</p>	<p>5 hours per month reduced to 4 if sick used or if bank exceeds 154 hours, max bank 500 hours</p> <p>Sick Verification if calling in sick within 5 days of a vacation or on a holiday or if the company believes a misuse of sick leave has occurred.</p>	<p>5 hours per month 60-hour short-term bank and 940-split bank, 1000 total.</p> <p>Sick verification for absences greater than 14 consecutive days or to access the long-term sick bank.</p> <p>(Same Short Term Bank and Accrual as UAL – Max 1300, DAL 50 hours in first year increases annually maximum 270 hours at 20 years– no year over year rollover)</p>

	US Airways East	US Airways West	MOU/MTA
Sick Rapid Accrual	No	No	Rapid Reaccrual at 7.5 hours per month until the pilot accrues the number of hours used before the triggering event, an illness of 30 days or more. <i>(UAL 7 hours, DAL none)</i>
Sick Leave Sell Back	At retirement a pilot may sell unused sick for \$13.50 for cash and \$18.50 if used for retiree medical.	None	Pilot may be paid up to 50% of annual unused short-term sick bank. If used for On the Job Injury all sick used will be replaced upon return to active service
Check Airman Pay	5:17 per event	6:00 per event	5:11 per event
Days scheduled	18 up to max of 22	15	17 up to max of 20 16 up to max of 21
Pay override	CKAM - 5% FO Instructors – 5%	CKAM - \$18,500 per year FO Instructors - 0	CKAM – 0 Do not have FO IPs
Proficiency Flying	Minimum of 3 days per month	Cannot be scheduled for non flying duties more than 6 months per year	Minimum of 73 hours per year - Rotate to line one month a year
Medical Contribution Percentage	PPO: Plan 1 – 15% Plan 2 – 21.7% Plan 3 – 26.6%	PPO: Low – 10% High- 17% Choice: 13%	Two options; Standard (PPO) medical and the Core (non-contractual HSA). Employee contributions for the Standard and Core options for; 2013 – 18% 2014 – 19% 2015 – 20% 2016 and thereafter – 21%
Medical Contributions Single/ Family US Airways APA Standard (2013 rate)	PPO: Plan 1- \$50/\$169 Plan 2- \$88/\$299 Plan 3 - \$182/\$621	PPO: Low -\$32/\$95 High - \$91/\$271 Choice (In-Network Only): \$48/\$145	EE Only \$70.69 EE + Spouse/Domestic Partner \$183.81 EE + Children \$127.25 EE + Family \$247.43 <i>(UAL \$311 for Family standard PPO, DAL \$340)</i>

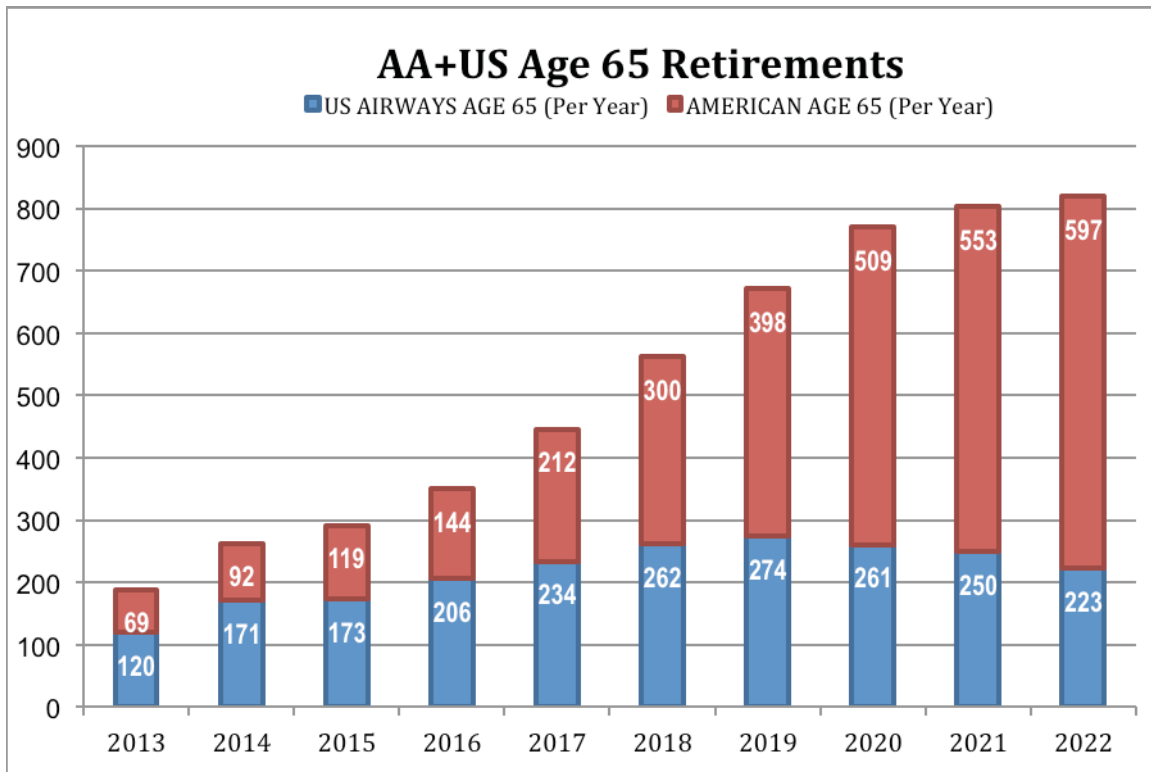
	US Airways East	US Airways West	MOU/MTA
Medical Deductible	In Network Plan 1 - \$900 Plan 2 – \$450 Plan 3 – \$450 Out of Network Plan 1 \$1,800 Plan 2 - \$900 Plan 3 - \$900	In Network High Option; \$500 Single \$1,500 Family Out of Network High Option \$1,500 Single \$4,500 Family In Network Low Option; \$1000 Single \$2000 Family Out of Network Low Option \$2000 Single \$6000 Family	In Network Standard; \$750 Single \$2,250 Family Out of Network Standard; \$3000 Single \$9000 Family <i>(DAL In Network deductible \$700, \$4000 Out of Network)</i> <i>(UAL In Network deductible \$600, \$4000 Out of Network)</i>
Pharmacy Retail 30 day supply	Generic \$15 Formulary \$30 Non-Formulary \$50	Generic \$15 Formulary \$30 Non-Formulary \$45	Generic \$10 min / \$40 max Formulary \$30 min / \$100 max Non-Formulary \$45 min / \$150 max
Pharmacy Mail 3 month supply	Generic \$30 Formulary \$60 Non-Formulary \$100 min	Generic \$30 Formulary \$60 Non-Formulary \$90 min	Generic \$5 min / \$80 max Formulary \$60 min / \$200 max Non-Formulary \$90 min / \$300 max
Dental Plan / Cost	PPO: \$15.00	PPO: Low - \$13 High - \$30	Indemnity: Plan 1 - \$16 Plan 2 – None <i>(DAL \$12 up to \$34, UAL \$30)</i>
Dental Deductible In network / Out of Network	None/\$100	Low – none/\$300 High - \$150	\$50 per person all classes <i>(UAL \$100, DAL none for preventative \$240 other)</i>
Dental Maximum Annual Benefit In network / Out of Network	\$1,500/\$1,000	Low - \$1,000/\$500 High- \$1,000	\$1,000 <i>(DAL \$2000 to \$3000, UAL \$2000)</i>

	US Airways East	US Airways West	MOU/MTA
Dental Maximum Ortho Lifetime Benefit	\$2,000/N/A	Low- \$1,000/\$500 High - \$1,000	\$1,000/\$1,000
Vision Care	Voluntary vision available for purchase with scheduled benefits once every 12 months	Basic vision at no cost (scheduled benefits once every 24 months). Buy-up available to upgrade to once every 12 months.	Voluntary vision available
Vacation	21 Days Paid at 3:45 per day	31 days Paid at 3:40 per day	The Memorandum states the accrual and value shall be in accordance with the existing program for US Airways (West) pilots (31 days @3:40 per Day). (Note - This replaces the APA 2012 vacation provision of 35 days for 23 years of service paid at 3:15 per day.) Pilot may float or be paid for all but one week. Pilots can drop trips and charge to vacation bank. Vacation cash out is paid in January. Pilot can borrow from the next year's accrued vacation for personal or medical leave.
Survivor Income	30% of FAE paid to spouse for life or remarriage or 35% paid to 2 or more eligible dependents under basic life insurance benefit The Memorandum Side Letter provides a 5-year extension of coverage	None	Tied to frozen A fund. None for those not covered by an A fund.

	US Airways East	US Airways West	MOU/MTA
Company Paid Life Insurance	\$36,000-\$150,000 depending on salary The Memorandum Side Letter provides a 5 year extension of coverage	2x base annual salary (hourly rate x 82.5 x 12), rounded to next higher \$1,000, up to \$400,000 The Memorandum Side Letter provides a 5 year extension of coverage	\$70,000 <i>(DAL 2,500 times the 12-year CA hourly rate on the highest paying aircraft – current value \$637,000, UAL 1 x earnings never less than \$100,000)</i>
Retiree Medical	Choice between Access Retiree Medical (active plan, but premiums based on retiree only experience) or COBRA	Same plan as actives to age 65	Access to Medicare supplement plan, Pilot pays 100%. Pilots retiring between 60 and 65 are eligible for up to \$25,000 in a company HRA account for pilots with a fully (1,000) accrued sick bank. Pilots with less than 1000 hours will receive a \$25 credit for each hour of sick applied to the HRA. Funds can be used to purchase medical coverage from the company or a third party for the retiree and/or spouse. <i>(DAL 51% of active rate for PPO for age 60 to Medicare eligibility, UAL 40%, 60%, or 80% of active rate based on years of service)</i>
Short Term Disability (STD) Benefit	None	66% of salary at 82.5 for 6-months The Memorandum provides a 3-year extension of coverage that begins when the pilots become eligible for the APA LTD plan.	\$50.00 per week
Long Term Disability (LTD) Premium	\$100 per month	Variable - pilot pays 17% of premium for cost of coverage (CA \$103.80 mo. / FO \$67.14 mo.)	None <i>(DAL – None -UA - \$1.39 per \$100 Capped at \$220 per month)</i>

	US Airways East	US Airways West	MOU/MTA
LTD Benefit	50% of average monthly earnings	60% of salary at 82.5 hours/month	60% of average monthly earnings
	Max benefit \$8000	Max benefit \$8000	Max benefit \$8000
	Numerous offsets	Numerous offsets	Offsets; Workers Comp State Disability Earned income after 48 months APA Letter – KK (...shall receive medical and dental coverage under the active medical plan in accordance with provisions of Supplement (K) APA sponsored Occupational Disability Plan can be purchased to receive an additional monthly benefit from \$1000 to \$6000. <i>(DAL 50% FAE no pilot cost, UAL 50% x 85.5 hours (tax-free))</i>

In order to fully evaluate positives and negatives described in this document, it is necessary to consider the massive attrition about to unfold:



Economic Discussion Points

- The Memorandum Side Letter provides for a one-time \$40 million lump sum payment to the pilots of US Airways. If paid out in the same manner as Profit Sharing it would provide each pilot with approximately \$10,000 before taxes.
- Additionally the Memorandum Side Letter states that as soon as practicable, following the Effective Date, a lump sum payment for retrospective wages shall be paid by US Airways to active pilots represented by USAPA. This payment will be calculated by multiplying:

	APA Pay Rate	<i>Per the 2012 CBA</i>
Minus	USAPA Pay Rate	<i>Current East and West</i>
Equals	Pay Difference	
Times	Hours Flown	<i>Between Ratification Date and Effective Date</i>
Equals	Retroactive Payment	<i>Due at POR</i>

- ➔ The Retrospective Wage Payment for each eligible pilot shall be the total amount paid, and no additional fringe benefits or other payments (e.g., DC retirement contributions) shall be made.
- This retrospective pay is valued at approximately \$12 million dollars per month, and will ensure the US Airways pilots will be equally compensated regardless of when the Effective Date occurs (when the Bankruptcy court approves the plan of reorganization).
- **NOTE:** The Parity Review date will be January 1, 2016 and will not change even if the Effective Date is pushed into 2014.

Total Economic increase for US Airways Pilots Wage and DC contribution over 6 Years

= \$1,600,000,000.00
(1.6 Billion)

The Following pay tables and graphs estimate that the parity review process on January 1, 2016 will average approximately 16.5%, and may vary on an individual group between 15-24%. The review process looks at pay rates of B-737 and A-320 Captains at Delta and United.

The resultant parity adjustment derived from this review will then be applied to all other groups-not to exceed the average of United and Delta in any single Group. The final result may change depending on potential early pay increases at Delta and United Rates prior to the 2016 review.

CAPTAIN HOURLY RATES

WITH 4% RAISE		EFFECTIVE DATE			
Pay Year	Group 5	Group 4	Group 3	Group 2	Group 1
2	\$206.89	\$197.04	\$167.20	\$155.10	\$105.47
3	\$208.57	\$198.64	\$168.56	\$156.36	\$106.32
4	\$210.25	\$200.24	\$169.91	\$157.62	\$107.18
5	\$211.93	\$201.84	\$171.27	\$158.88	\$108.03
6	\$213.60	\$203.43	\$172.63	\$160.13	\$108.89
7	\$215.28	\$205.03	\$173.98	\$161.39	\$109.74
8	\$216.96	\$206.63	\$175.34	\$162.65	\$110.60
9	\$218.64	\$208.23	\$176.69	\$163.91	\$111.45
10	\$220.31	\$209.82	\$178.05	\$165.16	\$112.31
11	\$221.99	\$211.42	\$179.40	\$166.42	\$113.16
12	\$223.67	\$213.02	\$180.76	\$167.68	\$114.02

FIRST OFFICER HOURLY RATES

WITH 4% RAISE		EFFECTIVE DATE			
Pay Year	Group 5	Group 4	Group 3	Group 2	Group 1
2	\$103.45	\$98.52	\$83.60	\$77.55	\$52.73
3	\$125.14	\$119.18	\$101.14	\$93.82	\$63.79
4	\$128.25	\$122.15	\$103.65	\$96.15	\$65.38
5	\$131.39	\$125.14	\$106.19	\$98.50	\$66.98
6	\$134.57	\$128.16	\$108.75	\$100.88	\$68.60
7	\$137.78	\$131.22	\$111.35	\$103.29	\$70.24
8	\$141.02	\$134.31	\$113.97	\$105.72	\$71.89
9	\$145.39	\$138.47	\$117.50	\$109.00	\$74.12
10	\$148.71	\$141.63	\$120.18	\$111.49	\$75.81
11	\$150.95	\$143.77	\$121.99	\$113.17	\$76.95
12	\$152.10	\$144.85	\$122.92	\$114.02	\$77.53

CAPTAIN HOURLY RATES

WITH 8% RAISE		2014			
Pay Year	Group 5	Group 4	Group 3	Group 2	Group 1
2	\$223.45	\$212.81	\$180.58	\$167.51	\$113.91
3	\$225.26	\$214.53	\$182.04	\$168.87	\$114.83
4	\$227.07	\$216.26	\$183.51	\$170.23	\$115.75
5	\$228.88	\$217.98	\$184.97	\$171.59	\$116.68
6	\$230.69	\$219.71	\$186.44	\$172.95	\$117.60
7	\$232.50	\$221.43	\$187.90	\$174.30	\$118.52
8	\$234.32	\$223.16	\$189.36	\$175.66	\$119.45
9	\$236.13	\$224.89	\$190.83	\$177.02	\$120.37
10	\$237.94	\$226.61	\$192.29	\$178.38	\$121.29
11	\$239.75	\$228.34	\$193.76	\$179.74	\$122.22
12	\$241.56	\$230.06	\$195.22	\$181.09	\$123.14

FIRST OFFICER HOURLY RATES

WITH 8% RAISE		2014			
Pay Year	Group 5	Group 4	Group 3	Group 2	Group 1
2	\$111.72	\$106.40	\$90.29	\$83.76	\$56.95
3	\$135.15	\$128.72	\$109.23	\$101.32	\$68.90
4	\$138.51	\$131.92	\$111.94	\$103.84	\$70.61
5	\$141.91	\$135.15	\$114.68	\$106.38	\$72.34
6	\$145.34	\$138.42	\$117.45	\$108.96	\$74.09
7	\$148.80	\$141.72	\$120.26	\$111.55	\$75.86
8	\$152.31	\$145.05	\$123.09	\$114.18	\$77.64
9	\$157.03	\$149.55	\$126.90	\$117.72	\$80.05
10	\$160.61	\$152.96	\$129.80	\$120.41	\$81.87
11	\$163.03	\$155.27	\$131.75	\$122.22	\$83.11
12	\$164.26	\$156.44	\$132.75	\$123.14	\$83.74

CAPTAIN HOURLY RATES

WITH 3% RAISE		2015			
Pay Year	Group 5	Group 4	Group 3	Group 2	Group 1
2	\$230.15	\$219.19	\$186.00	\$172.54	\$117.32
3	\$232.02	\$220.97	\$187.50	\$173.94	\$118.27
4	\$233.88	\$222.75	\$189.01	\$175.34	\$119.23
5	\$235.75	\$224.52	\$190.52	\$176.73	\$120.18
6	\$237.61	\$226.30	\$192.03	\$178.13	\$121.13
7	\$239.48	\$228.08	\$193.54	\$179.53	\$122.08
8	\$241.35	\$229.85	\$195.05	\$180.93	\$123.03
9	\$243.21	\$231.63	\$196.55	\$182.33	\$123.98
10	\$245.08	\$233.41	\$198.06	\$183.73	\$124.93
11	\$246.94	\$235.19	\$199.57	\$185.13	\$125.88
12	\$248.81	\$236.96	\$201.08	\$186.53	\$126.84

FIRST OFFICER HOURLY RATES

WITH 3% RAISE		2015			
Pay Year	Group 5	Group 4	Group 3	Group 2	Group 1
2	\$115.07	\$109.60	\$93.00	\$86.27	\$58.66
3	\$139.21	\$132.58	\$112.50	\$104.36	\$70.96
4	\$142.67	\$135.87	\$115.30	\$106.95	\$72.73
5	\$146.16	\$139.20	\$118.12	\$109.58	\$74.51
6	\$149.70	\$142.57	\$120.98	\$112.22	\$76.31
7	\$153.27	\$145.97	\$123.86	\$114.90	\$78.13
8	\$156.88	\$149.41	\$126.78	\$117.61	\$79.97
9	\$161.74	\$154.04	\$130.71	\$121.25	\$82.45
10	\$165.43	\$157.55	\$133.69	\$124.02	\$84.33
11	\$167.92	\$159.93	\$135.71	\$125.89	\$85.60
12	\$169.19	\$161.14	\$136.73	\$126.84	\$86.25

Parity rates on 1/1/2016 are subject to known comparator contractual rates and ASM weighting at that time.

CAPTAIN HOURLY RATES

WITH 16.5% RAISE		01/01/2016 PARITY REVIEW			
Pay Year	Group 5	Group 4	Group 3	Group 2	Group 1
2	\$268.05	\$255.28	\$216.62	\$200.95	\$136.64
3	\$270.22	\$257.35	\$218.38	\$202.58	\$137.75
4	\$272.39	\$259.42	\$220.13	\$204.21	\$138.86
5	\$274.57	\$261.49	\$221.89	\$205.83	\$139.96
6	\$276.74	\$263.56	\$223.65	\$207.46	\$141.07
7	\$278.91	\$265.63	\$225.40	\$209.09	\$142.18
8	\$281.09	\$267.70	\$227.16	\$210.72	\$143.29
9	\$283.26	\$269.77	\$228.92	\$212.35	\$144.40
10	\$285.43	\$271.84	\$230.67	\$213.98	\$145.50
11	\$287.61	\$273.91	\$232.43	\$215.61	\$146.61
12	\$289.78	\$275.98	\$234.19	\$217.24	\$147.72

FIRST OFFICER HOURLY RATES

WITH 16.5% RAISE		01/01/2016 PARITY REVIEW			
Pay Year	Group 5	Group 4	Group 3	Group 2	Group 1
2	\$134.02	\$127.64	\$108.31	\$100.47	\$68.32
3	\$162.13	\$154.41	\$131.03	\$121.55	\$82.65
4	\$166.16	\$158.25	\$134.28	\$124.57	\$84.70
5	\$170.23	\$162.12	\$137.57	\$127.62	\$86.78
6	\$174.35	\$166.04	\$140.90	\$130.70	\$88.88
7	\$178.50	\$170.00	\$144.26	\$133.82	\$91.00
8	\$182.71	\$174.01	\$147.65	\$136.97	\$93.14
9	\$188.37	\$179.40	\$152.23	\$141.21	\$96.02
10	\$192.67	\$183.49	\$155.70	\$144.44	\$98.22
11	\$195.57	\$186.26	\$158.05	\$146.62	\$99.70
12	\$197.05	\$187.67	\$159.25	\$147.72	\$100.45

CAPTAIN HOURLY RATES

WITH 3.5% RAISE		2017			
Pay Year	Group 5	Group 4	Group 3	Group 2	Group 1
2	\$277.43	\$264.22	\$224.20	\$207.98	\$141.42
3	\$279.68	\$266.36	\$226.02	\$209.67	\$142.57
4	\$281.93	\$268.50	\$227.84	\$211.35	\$143.72
5	\$284.17	\$270.64	\$229.66	\$213.04	\$144.86
6	\$286.42	\$272.79	\$231.48	\$214.73	\$146.01
7	\$288.67	\$274.93	\$233.29	\$216.41	\$147.16
8	\$290.92	\$277.07	\$235.11	\$218.10	\$148.30
9	\$293.17	\$279.21	\$236.93	\$219.78	\$149.45
10	\$295.42	\$281.36	\$238.75	\$221.47	\$150.60
11	\$297.67	\$283.50	\$240.56	\$223.16	\$151.74
12	\$299.92	\$285.64	\$242.38	\$224.84	\$152.89

FIRST OFFICER HOURLY RATES

WITH 3.5% RAISE		2017			
Pay Year	Group 5	Group 4	Group 3	Group 2	Group 1
2	\$138.71	\$132.11	\$112.10	\$103.99	\$70.71
3	\$167.81	\$159.82	\$135.61	\$125.80	\$85.54
4	\$171.97	\$163.79	\$138.98	\$128.93	\$87.67
5	\$176.19	\$167.80	\$142.39	\$132.08	\$89.82
6	\$180.45	\$171.86	\$145.83	\$135.28	\$91.99
7	\$184.75	\$175.95	\$149.31	\$138.50	\$94.18
8	\$189.10	\$180.10	\$152.82	\$141.76	\$96.40
9	\$194.96	\$185.68	\$157.56	\$146.16	\$99.38
10	\$199.41	\$189.91	\$161.15	\$149.49	\$101.65
11	\$202.42	\$192.78	\$163.58	\$151.75	\$103.19
12	\$203.95	\$194.24	\$164.82	\$152.89	\$103.97

CAPTAIN HOURLY RATES

WITH 3.5% RAISE		2018			
Pay Year	Group 5	Group 4	Group 3	Group 2	Group 1
2	\$287.14	\$273.46	\$232.05	\$215.26	\$146.37
3	\$289.46	\$275.68	\$233.93	\$217.00	\$147.56
4	\$291.79	\$277.90	\$235.81	\$218.75	\$148.75
5	\$294.12	\$280.12	\$237.70	\$220.50	\$149.93
6	\$296.45	\$282.33	\$239.58	\$222.24	\$151.12
7	\$298.78	\$284.55	\$241.46	\$223.99	\$152.31
8	\$301.11	\$286.77	\$243.34	\$225.73	\$153.49
9	\$303.43	\$288.99	\$245.22	\$227.48	\$154.68
10	\$305.76	\$291.20	\$247.10	\$229.22	\$155.87
11	\$308.09	\$293.42	\$248.98	\$230.97	\$157.05
12	\$310.42	\$295.64	\$250.87	\$232.71	\$158.24

FIRST OFFICER HOURLY RATES

WITH 3.5% RAISE		2018			
Year	Group 5	Group 4	Group 3	Group 2	Group 1
2	\$143.57	\$136.73	\$116.03	\$107.63	\$73.19
3	\$173.68	\$165.41	\$140.36	\$130.20	\$88.54
4	\$177.99	\$169.52	\$143.85	\$133.44	\$90.74
5	\$182.36	\$173.67	\$147.37	\$136.71	\$92.96
6	\$186.76	\$177.87	\$150.93	\$140.01	\$95.21
7	\$191.22	\$182.11	\$154.53	\$143.35	\$97.48
8	\$195.72	\$186.40	\$158.17	\$146.73	\$99.77
9	\$201.78	\$192.18	\$163.07	\$151.27	\$102.86
10	\$206.39	\$196.56	\$166.79	\$154.73	\$105.21
11	\$209.50	\$199.53	\$169.31	\$157.06	\$106.80
12	\$211.08	\$201.03	\$170.59	\$158.24	\$107.60

Memorandum
Of
Understanding

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 the Memorandum Approval Date (as defined in Paragraph 18), this Memorandum shall supersede and replace the CLA. This Memorandum provides a process for reaching:

(a) a Merger Transition Agreement (the "MTA") between APA and an entity ("New American Airlines") formed in connection with a plan of reorganization ("POR") for such of those AMR Corporation-related debtors required to effectuate a combination of American and US Airways (the "Merger"). The MTA shall consist of the collective bargaining agreement between American and APA approved on December 19, 2012 by the Bankruptcy Court in In Re AMR Corporation, et al., jointly administered Ch. 11 Case No. 11-15463 (SHL) (the "2012 CBA"), as amended pursuant to the provisions of this Memorandum;

(b) a Joint CBA (the "JCBA") to apply to a merged workforce composed of pilots employed by American and US Airways.

2. The negotiation and interest arbitration processes provided in this Memorandum will be binding and apply to all Parties as of the Memorandum Approval Date. The results of the negotiation and interest arbitration processes will be binding and apply to all Parties as provided herein. Notwithstanding the foregoing, any changes made to the MTA prior to the implementation of the JCBA will apply with equal force to all pilots.

3. Beginning on the effective date of the POR (the "Effective Date"), pilots employed by US Airways shall be paid in accordance with the provisions of the MTA that are generally applicable to pilots employed by New American Airlines. The eligibility of US Airways pilots for a defined contribution plan accrual shall commence on the Effective Date, and US Airways' contribution to the retirement plan beginning on the Effective Date shall be calculated by multiplying an eligible pilot's eligible compensation under the applicable retirement plan by the percentage contribution made by New American Airlines to its pilots' defined contribution retirement plan.

4. 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 MTA (as defined in Paragraph 1(a)) 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, except for those terms specifically identified in Paragraph 3, the Parties agree that each term of the MTA 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. Once the MTA has been fully implemented, it shall fully displace and render a nullity any prior collective bargaining agreements applicable to US Airways pilots and any *status quo* arising thereunder.

5. US Airways, and its successors, if any, 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"). Subject to the provisions of Paragraph 27, negotiations to convert this Memorandum and the MTA into the JCBA and any implementation or other interim agreement, if any, shall be conducted with USAPA and APA 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 for USAPA; however, for APA, the JCBA shall be an amendment to the MTA.

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 Merger, subject to the execution of standard confidentiality agreements by USAPA and/or affected individuals upon US Airways' request. US Airways will similarly provide such information on such conditions to APA. Notwithstanding the foregoing, US Airways shall continue to supply information pursuant to Attachment M of the Basic East Agreement in matters unrelated to the Merger.

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. The reimbursement provided to USAPA pursuant to the preceding provisions shall not be more than \$1.5 million. In addition, New American Airlines and US Airways shall reimburse the merger representatives involved in the seniority integration process in an aggregate not to exceed \$4 million. However, any such reimbursement shall not include expenses or flight pay loss associated with litigation against US Airways, American, 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 their 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 and New American Airlines that complies with the provisions of Paragraph 10, including the obligation to produce an integrated seniority list within the time limitations in Paragraph 10 unless such failure is caused by the airline(s). Reimbursement for expenses, other than for seniority list integration, shall be made no later than 30 days after submission of an invoice in a suitable form so long as USAPA or APA have submitted the invoice within 45 days of the later of the date when the expense was incurred or the date when APA's Board of Directors approves this Memorandum, or USAPA's membership ratifies this Memorandum, as applicable. All expenses for flight pay loss shall be paid directly by the airlines and USAPA and APA shall provide supporting information to support the flight pay loss claim. US Airways and New American Airlines shall also make positive space transportation available to members of USAPA's

Merger and Negotiating Advisory Committees, and similar APA committee members, when engaged in activities related to seniority list integration and contract negotiations.

8. The protections in this Paragraph 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 the date on which a JCBA and integrated seniority list are in effect. From the Effective Date until the effective date of the JCBA, the terms and conditions of employment of the New American Airlines and US Airways pilots shall be governed by the MTA.

a. The New American Airlines pilots and US Airways pilots will perform work in accordance with the MTA, including flying and training, and neither airline will interchange pilots between their operations. Neither New American Airlines nor US Airways may utilize in its flight operations or flight training operations a pilot employed by the other airline, except : (i) for pilots hired from one airline by the other pursuant to Paragraphs 8(i) and 8(j); (ii) as may be needed to comply with conditions prescribed by the Federal Aviation Administration for the purpose of transition to, and eventual operation under, a single operating certificate; or (iii) to train pilots who will make up the initial cadre of check airmen for a new fleet type. APA and USAPA, as applicable, shall support the efforts of US Airways and New American Airlines to obtain regulatory approval for the Merger and issuance of the single operating certificate.

b. Except for the circumstances described in paragraph (a) above, no pilot of New 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 the service of or stored by the airline, or on order or option by the airline, on the Memorandum Approval Date. A list of all aircraft in the respective Fleets of American and US Airways as of the Memorandum Approval Date is included as Attachment A. All orders, options, and anticipated returns set forth in the airlines' fleet plans as of the Memorandum Approval Date are included as Attachment B.

c. In the event that American/New American Airlines or US Airways acquires aircraft not listed in Attachments A or B 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 a 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 listed on Attachments A or B and not assigned under Paragraph 8(c) above, the pilots of each airline will operate any of their respective unique aircraft types. As to all other aircraft, the following procedure will be applied: the airline will provide notice to APA and USAPA, if applicable, of its intent to acquire any such aircraft not less than 270 days prior to such aircraft entering service, and will inform the organization(s), to the extent known, of the type, model and number of such aircraft, the type of engines on them, their ETOPS capability, if any, and the extent to which such aircraft will be used as replacements for other aircraft then or previously operated. The representative(s) of the New American Airlines and US Airways pilots will promptly determine which pilot group will operate such aircraft or will implement binding arbitration, if necessary, to determine the allocation of such flying; the pilot representative(s) shall notify the airlines of the results of this process no later than thirty (30) days after receiving notice from the airlines. If the airlines do not agree with the position of the labor representative(s), the dispute will be resolved pursuant to final and binding interest arbitration with a decision issued no later than 120 days prior to the date when the aircraft is scheduled to be placed in service. The standard to be applied by the arbitrator will be the fair and equitable allocation of flying between the two pilot groups giving

due consideration to the airline business plans. Nothing in this Paragraph will delay or prevent the planned implementation of such aircraft into revenue service.

e. The total number of aircraft block hours scheduled to be flown by mainline US Airways East pilots (excluding Group I aircraft) during any rolling 12-month look-back period shall be no less than 664,426. The total number of aircraft block hours scheduled to be flown by mainline US Airways West pilots during any rolling 12-month look-back period shall be no less than 436,850. The number of widebody positions, either maintained or pay protected, for US Airways pilots shall be no less than 291 US Airways widebody captain positions and 475 US Airways widebody first officer positions. A pay-protected pilot under this Paragraph 8(e) shall not be eligible for additional pay protection under Paragraph 12(a). In the event a pilot is eligible for pay protection under both Paragraphs 8(a) and 12(a), such pilot shall be entitled to whichever pay protection produces the higher pay and shall also fulfill one of the minimum number of widebody positions required herein.

f. The total number of aircraft block hours scheduled to be flown by mainline New American Airlines pilots (excluding Group I) in any rolling twelve month look back period shall be no less than 1,995,663 hours.

g. Commencing when the total number of US Airways aircraft in Equipment Group I equals 31, subsequent Group I aircraft shall be delivered on a ratio of two (2) Group I aircraft to New American Airlines for every one (1) Group I aircraft to US Airways.

h. For purposes of this Paragraph 8, block hours scheduled to be flown for a given month shall be determined by reference to an airline's flight schedule as published for sale 30 days prior to the first day of the month. US Airways shall furnish the block hour data to USAPA, if applicable, and APA no later than 30 days prior to the first day of each month.

i. New American Airlines will not hire new pilots if pilots at US Airways are on furlough unless the most junior pilot on the American Airlines Pilots' System Seniority List has been offered a position at the New American Airlines.

Effective when the most junior pilot on the American Airlines Pilots' System Seniority List has been offered a position at New American Airlines, future positions at New American Airlines will be offered to furloughed US Airways pilots to the extent consistent with the terms of the April 9, 2010 Opinion and Award in FLO-0108 and September 14, 2011 Preferential Hiring Agreement entered into pursuant to that Award. Prior to making offers under this provision, US Airways, New American Airlines and the pilot representative(s) shall agree to the order in which any such offers shall be made to US Airways pilots. A furloughed US Airways pilot who declines a position as a New American Airlines pilot retains the right to be offered a position in a future New American Airlines new-hire class and also retains the right to be recalled to, or otherwise offered a position with, US Airways.

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

(1) will be treated as junior to all pilots who are on the American Airlines Pilots' System Seniority List on the Effective Date, but pilots on the US Airways seniority list employed by New American Airlines under this provision will be ranked among themselves in the order of their acceptance of positions with New American Airlines, and

(2) will be considered an employee of New American Airlines during the period prior to the expiration of the protections in this Paragraph 8 and be subject to the MTA, and

- (3) will retain, accrue and be entitled to use his/her combined longevity at both airlines for all purposes, including but not limited to, pay (excluding furlough pay, which will be calculated based on time at New American Airlines only), benefits, vacation accrual, and eligibility towards retirement contributions and health and welfare participation, and
- (4) cannot return to US Airways for up to eighteen (18) months from the date of employment as a pilot for New American Airlines, and
- (5) will retain his/her position on the US Airways seniority list, and
- (6) will not be required to serve a probation period as a pilot for New American Airlines, and
- (7) will not receive furlough pay from US Airways with respect to the period of service as a pilot for New American Airlines, and
- (8) will be subject to any applicable background checks and employment requirements for New American Airlines pilots returning from furlough.

j. US Airways will not hire new pilots if pilots at New American Airlines are on furlough unless the most junior US Airways pilot has been offered recall or another position with US Airways and all New American Airlines pilots on furlough have been offered a position at US Airways.

Effective when the most junior US Airways pilot has been offered recall or another position with US Airways, future positions at US Airways will be offered to furloughed New American Airlines in seniority order. A furloughed New American Airlines pilot who declines a position as an US Airways pilot retains the right to be offered a position in a future US Airways new-hire class and also retains the right to be recalled to New American Airlines in accordance with his/her American Airlines seniority.

A New 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, but pilots on the American Airlines Pilots' System Seniority List employed by US Airways under this provision will be ranked among themselves in seniority order, and
- (2) will be considered an employee of US Airways during the period prior to the expiration of the protections in this Paragraph 8 and be subject to the terms and conditions set forth in the MTA (as provided in Paragraphs 3-4 of this Memorandum), and
- (3) will retain, accrue and be entitled to use his/her combined longevity at both airlines for all purposes, including but not limited to, pay (excluding furlough pay, which will be calculated based on time at New American Airlines only), benefits, vacation accrual, and eligibility towards retirement contributions and health and welfare participation, and
- (4) cannot return to New American Airlines for up to eighteen (18) months from the date of employment as a pilot for US Airways, and
- (5) will retain his/her position on the American Airlines Pilots' System Seniority List, and
- (6) will not be required to serve a probation period as a pilot for US Airways, and
- (7) will not receive furlough pay from New American Airlines with respect to the period of service as a pilot for US Airways, and

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

k. No pilot base other than St. Louis shall be closed prior to October 1, 2013.

l. Neither New American Airlines nor US Airways will establish TDY positions at a pilot domicile of the other airline.

m. All Shuttle flying between DCA, LGA and BOS shall be performed by US Airways pilots.

n. All existing flying between PHX and Hawaii shall be performed by US Airways pilots.

o. All Trans-Pacific (Asia) flying shall be performed by pilots on the American Airlines Pilots' System Seniority List.

p. All of the provisions of this Paragraph 8 shall be subject to Paragraph 21.

9. 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.

10. a. A seniority integration process consistent with McCaskill-Bond shall begin as soon as possible after the Effective Date. If, on the date ninety (90) days following the Effective Date, direct negotiations have failed to result in a merged seniority list acceptable to the pilots at both airlines, a panel of three neutral arbitrators will be designated within fifteen (15) days to resolve the dispute, pursuant to the authority and requirements of McCaskill-Bond. That arbitration proceeding will commence no later than 60 days after the designation of the arbitrators, or as soon thereafter as practicable given the availability of the designated arbitrators, provided that it is understood that, in no event, shall the seniority integration arbitration proceeding commence prior to final approval of the JCBA pursuant to the deadlines and procedures in Paragraph 27 below. The panel of arbitrators will render its award within six (6) months of the commencement of the arbitration, and in any event not later than 24 months after the Effective Date.

b. The panel of arbitrators may not render an award unless it complies with all of the following criteria: (i) the list does not require any active pilot to 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 12 and 13 below, the list does not require that pilots be compensated for flying not performed (e.g., differential pay for a position not actually flown); (iv) the list allows 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), to be assigned to the positions for which they have been trained or successfully bid, regardless of their relative standing on the integrated seniority list; and (v) it does not contain conditions and restrictions that materially increase costs associated with training or company paid move as specified in the JCBA.

c. The integrated seniority list resulting from the McCaskill-Bond process shall be final and binding on APA and USAPA (and/or the certified bargaining representative of the combined pilot group), the company(ies) and its(their) successors (if any), and all of the pilots of American/New American Airlines and US Airways.

d. During the McCaskill-Bond process, including any arbitration proceeding, US Airways, American or New American Airlines, or their successors (if any), shall remain neutral regarding the order in which pilots are placed on the integrated seniority list, but such neutrality shall not prevent said carriers from insuring that the award complies with the criteria in Paragraph 10(b)(i)-(v).

e. The obligations contained in this Paragraph shall be specifically enforceable on an expedited basis before a System Board of Adjustment in accordance with Paragraph 20, provided that the obligations imposed by McCaskill-Bond may be enforced in a court of competent jurisdiction.

f. A Seniority Integration Protocol Agreement ("Protocol Agreement") consistent with McCaskill-Bond and this Paragraph 10 will be agreed upon within 30 days of the Effective Date. The Protocol Agreement will set forth the process and protocol for conducting negotiations and arbitration, if applicable, and will include a methodology for allocating the reimbursement provided for in Paragraph 7. The company(ies) will be parties to the arbitration, if any, in accordance with McCaskill-Bond. The company(ies) shall provide information requested by the merger representatives for use in the arbitration, if any, in accordance with requirements of McCaskill-Bond, provided that the information is relevant to the issues involved in the arbitration, and the requests are reasonable and do not impose undue burden or expense, and so long as the merger representatives agree to appropriate confidentiality terms.

g. This Memorandum is not a waiver of any argument that participants may make in the seniority integration process. Nor do the provisions of this Memorandum constitute an admission as to the appropriate allocation of flying following the expiration of the protections in Paragraph 8 of this Memorandum, or the manner in which the respective pre-merger 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. This Memorandum may be offered into evidence or shown to a mediator as background information and to describe the actual operations of the separate carriers prior to expiration of the protections in Paragraph 8 of this Memorandum.

h. US Airways agrees that neither this Memorandum nor the JCBA shall provide a basis for changing the seniority lists currently in effect at US Airways other than through the process set forth in this Paragraph 10.

i. Nothing in this Paragraph 10 shall modify the decision of the arbitration panel in Letter of Agreement 12-05 of the 2012 CBA.

11. a. During the term of the MTA, US Airways shall not furlough any pilots who have established and maintain seniority on the US Airways mainline system as of the Effective Date. 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. The parties intend that this furlough protection will be part of the status quo during contract negotiations pursuant to Section 6 of the Railway Labor Act for a successor agreement to the JCBA.

b. New American Airlines shall not furlough any pilots during the term of the MTA whose names appear on the American Airlines' Pilots System Seniority List as of the Effective Date and who are not: (i) on furlough as of the Effective Date; (ii) junior to the least senior active pilot on the Effective Date. This protection includes American Eagle pilots with American Airlines seniority numbers when they flow up and become active employees at New American Airlines and who are senior to the most junior active pilot on the Effective Date. The parties intend that this furlough protection will be part of the status quo during contract negotiations pursuant to Section 6 of the Railway Labor Act for a successor agreement to the JCBA.

c. This Paragraph 11 is subject to Paragraph 21.

12. a. Any US Airways pilot as of the Effective Date who is thereafter 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. 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 MTA.

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.

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 any base at the same or higher pay rate from which the pilot was initially displaced.

The value and treatment of this pay protection shall be governed by Paragraph 24.

13. Commencing on the date of single operating certificate for US Airways and New American Airlines or their successors (if any), all pilots, who have established and maintain seniority on the US Airways mainline system and who are eligible for furlough protection pursuant to Paragraph 11 above, will be paid in accordance with the Group I pay rates as set forth in Paragraph 22 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.

14. 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 requirements in the East and West collective bargaining agreements and in the Transition Agreement conditioned upon the occurrence of the Effective Date.

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

16. 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.

17. 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 MTA.

18. a. This Memorandum shall become effective (the "Memorandum Approval Date") upon the date when all of the following have occurred: (i) approval by APA's Board of Directors; (ii) approval by US Airways' Board of Directors; and (iii) approval by AMR Corporation's Board of Directors. If all of these approvals do not occur, this Memorandum shall be null and void in its entirety and as to all Parties.

b. This Memorandum shall become applicable to USAPA upon the later of (i) the

Memorandum Approval Date, and (ii) USAPA's Board of Pilot Representatives' recommending that USAPA's membership ratify this Memorandum and USAPA's membership's subsequent ratification of this Memorandum. USAPA will inform the Parties whether its Board of Pilot Representatives has agreed to recommend that its membership ratify the MTA on or before January 4, 2013. If recommended, the ratification vote of USAPA's membership shall be completed no earlier than approval of the Merger by AMR Corporation's Board of Directors and no later than 60 days after such approval (if any). If such recommendation and ratification do not timely occur, 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.

c. For purposes of clarity, this Memorandum shall be null and void in its entirety and as to all Parties if the Merger is not consummated.

d. This Memorandum will only apply to this Merger, and will apply to this Merger regardless of its corporate structure. This Memorandum shall not affect or have any applicability to American's stand-alone plan or any merger or transaction other than this Merger.

e. If this Memorandum or the MTA is deemed to be unenforceable or nullified, in whole or in part, for any reason after the Effective Date, USAPA and APA agree that the terms and conditions of employment for the pilots employed by US Airways and New American Airlines will be as provided in the 2012 CBA as modified by the process in Paragraph 24 of this Memorandum.

19. It is the intent of the Parties that, notwithstanding anything to the contrary in this Memorandum, Paragraphs 8, 9, 18(e), and the results obtained through the process identified in Paragraph 24, shall remain in effect after the Effective Date even if this Memorandum is subsequently deemed to be unenforceable or nullified for any reason, and that these provisions are severable from the other terms of this Memorandum. The parties shall meet and confer within fifteen (15) days after this provision is triggered to agree upon replacement protections for the provisions held to be unenforceable or nullified, and provided further that if replacement protections are not agreed upon by the Parties within thirty (30) days thereafter, either party may submit the dispute to binding arbitration on an expedited basis in accordance with the procedure described in Paragraph 20 of this Memorandum. The interest arbitrator shall be charged with constructing alternatives having the same economic value as, and operating effects comparable to, the unenforceable or nullified MOU provisions they are replacing.

20. Except as expressly provided otherwise in this Memorandum, any dispute over the interpretation or application of this Memorandum 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 Bloch or Ira Jaffe, whoever shall be available to hear the dispute earliest. If Arbitrator Bloch or Jaffe 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 the first day of the hearing, unless otherwise agreed to in writing.

21. The provisions described in Paragraphs 8 and 11 shall not apply in circumstances where the Company's non-compliance is caused in substantial part by Conditions Beyond The Company's Control. "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.

22. Pilot hourly pay rates shall be in accordance with the 2012 CBA Section 3 and Supplement A.

23. Section 9 of the 2012 CBA shall be modified as follows: (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.

24. a. APA is entitled to modifications to the 2012 CBA valued at an average of \$87 million/year over six years.

b. APA will provide its list of proposed modifications, and corresponding valuations with underlying documentation and modeling, within twenty-one (21) days of APA's Board of Directors' approval of this Memorandum. APA, American, and US Airways will negotiate with respect to the means by which the modifications identified in Paragraph 24(a) will be achieved and the appropriate valuation of each APA proposed modification. To the extent the parties are unable to reach an agreement as to the appropriate modifications and valuations, US Airways and American shall offer final and binding interest arbitration, and the APA shall accept such proffer, to resolve the dispute. Richard Bloch shall serve 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 modifications or valuation issues shall be issued no later than 60 days after APA provides its list of proposed modifications and corresponding valuations with underlying documentation and modeling; provided, however, that the arbitrator shall not have jurisdiction to modify any of the provisions of Paragraph 25 of this Memorandum. In resolving contested valuation issues, the arbitrator will take into consideration economic cost and, where warranted, balance sheet liability. For example, with regard to an item such as retiree medical benefits, balance sheet liability will be considered in addition to economic cost.

c. APA agrees that Supplement X regarding profit sharing is hereby eliminated from the 2012 CBA, and that profit sharing shall not be part of APA's proposed modifications referred to in this Paragraph.

d. The pay protection described in Paragraph 12 shall be valued at \$12 million for each year of protection, and shall count against the total value of the modifications provided for in Paragraph 24(a).

e. Flights over sixteen (16) hours will be manned with two (2) Captains and two (2) First Officers.

25. Section 1 (Recognition and Scope) of the MTA shall be the 2012 CBA as modified in a. through f. below.

- a. The maximum number of commuter aircraft as a percentage of the Mainline Narrow-Body Fleet shall not exceed 75%.
- b. The maximum number of large regional commuter aircraft as a percentage of the Mainline Narrow-Body Fleet shall not exceed 30% through 2014, 35% in 2015 and 40% thereafter.
- c. Codeshare modified to accommodate full AA/US codesharing plus 15% codesharing with domestic air carriers, both exclusive of AS and HA carve outs.
- d. Existing CRJ900s and E175s fleet in operation at US grandfathered from 76 seat limitation.
- e. Accommodate US Shuttle as provided in CLA.

f. Baseline for international flying set to number of international block hours scheduled during the previous 12 months by AA/US combined.

26. 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 four 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.

27. If and when the NMB makes a single-carrier finding, the organization certified to represent the pilots of the single carrier, the single carrier acknowledged by the NMB and the certified organization shall promptly engage or re-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 30 days of the NMB's certification, New American Airlines will offer final and binding interest arbitration under Section 7 of the RLA, and the organization will accept such proffer, to resolve once and for all the terms of the JCBA. The arbitration decision shall be issued no later than 60 days after the close of the 30-day negotiation period. A panel of three arbitrators led by Richard Bloch shall serve as the arbitrators for this process. If Arbitrator Bloch declines to serve in this capacity or is unable to resolve the parties' dispute, the parties shall select another arbitrator. The arbitrator's jurisdiction and award will be limited to fashioning provisions which are consistent with the terms of the MTA, including provisions which implement the terms of the MTA or facilitate the integration of pilots under the terms of the MTA. The arbitrator's award specifically shall adhere to the economic terms of the MTA and shall not change the MTA's Scope terms (Paragraph 25 of this Memorandum) or the modifications generated through the process set forth in Paragraph 24 of this Memorandum.

28. US Airways and USAPA agree to be bound and abide by the arbitration decision contemplated by Letter of Agreement 12-05 of the 2012 CBA. Nothing in the MTA shall modify the decision of the arbitration panel thereunder.

29. Attachment C summarizes the timelines prescribed by this Memorandum for the creation of the MTA, JCBA, and integrated seniority list and shall not prevent the Parties from developing the JCBA earlier.

30. This Memorandum is ultimately subject to approval by the Bankruptcy Court in In Re AMR Corporation, et al., jointly administered Ch. 11 Case No. 11-15463 (SHL) in connection with the Merger.

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: _____

ATTACHMENT A

A list of all aircraft in the service of or stored by American Airlines, Inc., and US Airways, Inc. as of the Memorandum Approval Date will be provided to APA and USAPA within two days after the Memorandum Approval Date and be made a part of this Memorandum.

ATTACHMENT B

A list of all aircraft orders, options, and anticipated returns set forth in the fleet plans of American Airlines, Inc. and US Airways, Inc. as of the Memorandum Approval Date will be provided to APA and USAPA within two days after the Memorandum Approval Date and be made a part of this Memorandum.

Side Letter

January 7, 2013

Dear Captain Hummel:

This will confirm our agreement regarding a potential transaction involving such of those AMR Corporation-related debtors that are required to effectuate a combination (the "Merger") of American Airlines, Inc. ("American") and US Airways, Inc. ("US Airways," or the "Company").

1. 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 of the Plan of Reorganization as confirmed by the Bankruptcy Court (the "Effective Date"), by US Airways to pilots currently or previously represented by the US Airline Pilots Association ("USAPA," or the "Association").

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.

2. As soon as practicable following the Effective Date, a lump sum payment representing certain retroactive wage payments (the "Retroactive Wage Payment") shall be paid by US Airways to then-active pilots represented by USAPA. The Retroactive Wage Payment shall be payable to each such pilot calculated by multiplying the Applicable Rate (as defined herein) by the Applicable Time (as defined herein). For purposes of this letter, the Applicable Rate shall be equal to the difference between the wage rate for each such pilot in effect (a) immediately prior to the Effective Date and (b) upon the Effective Date. For purposes of this letter, the Applicable Time shall be the pilot's total hours of active duty between the date of ratification by the US Airways pilots of the parties' Memorandum Of Understanding Regarding Contingent Collective Bargaining Agreement and the Effective Date.

The Retroactive Wage Payment for each eligible pilot shall be the total amount paid, and no additional fringe benefits or other payments (e.g., DC retirement contributions) shall be made.

3. a. For those former America West pilots who are eligible to participate in the life insurance program pursuant to the America West collective bargaining agreement as of the time immediately before the Effective Date, such pilots shall continue to be eligible for such benefits until the five-year anniversary of the Effective Date.

b. For those US Airways East pilots who are eligible to participate in the life insurance and survivor benefits programs pursuant to the US Airways collective bargaining agreement as of the time immediately before the Effective Date, such pilots shall continue to be eligible for such benefits until the five-year anniversary of the Effective Date.

4. Association Business Travel

a. In addition to travel provided to Association officials pursuant to the Company's Union Business Travel Policy, travel for US Airline Pilots Association business shall be in accordance with this Letter.

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b. Association union officials who are employees of the Company will be authorized space positive travel on any US Airways flight (mainline or express) where the purpose of the union travel is all, or substantially all directly related to the Company and where space is available at the time of booking. Examples of this type of travel include but are not limited to: travel to/from Board of Pilot Representatives (BPR) regular and special meetings (not to exceed eight (8) meetings in any calendar year of which no more than two (2) meetings may be in any calendar month), Negotiating Advisory, Grievance and Merger (during active merger discussions) committee meetings, meetings with the Company and negotiations with the Company.

c. Space positive travel is not applicable for the following types of travel:

- i. Personal or vacation travel;
- ii. Commuting to/from work (i.e., commuting between the pilot's home and his domicile to perform flying or between his home and the union office);
- iii. Union conventions and training;
- iv. Union business where the agenda is not all or substantially all related to the Company, unless approved by the Company;
- v. Informational picketing/strike activity;
- vi. Travel between a meeting location and a location other than the pilot's home, domicile or union office unless approved in advance by the Company;
- vii. Travel that is not reported to the Company on the monthly activity report for those who have self-booking capability.

d. The Association may request space positive authorization for other purposes; the Company shall consider all such requests on their individual merits.

e. The Company shall provide authority for the following Association representatives to book themselves space positive travel in accordance with the Company's Union Business Travel Policy and this letter: President, Vice President, Executive Vice President, Secretary Treasurer, Grievance Chairman, Grievance Vice Chairman, Safety Committee Chairman, Negotiating Committee Members, and Merger Committee Members any time merger/seniority integration is being contemplated or in progress.

f. The Association shall provide the Company's Vice President, Labor Relations with a monthly summary detailing the names, itineraries and brief statement of purpose for any such self-booked space positive travel.

g. One (1) Association staff representative will be provided space positive transportation over the Company's system for the purpose of attending negotiations with the Company.

h. The above Association Business Travel policy shall remain in effect as long as the US Airline Pilots Association is certified as the bargaining agent for US Airways pilots.

Please confirm your agreement to the foregoing by signing in the space provided below.

Sincerely,

Scott Kirby
President, US Airways, Inc.

US Airline Pilots Association:

Gary Hummel, President