

MEMORANDUM OF UNDERSTANDING

REGARDING

CONTINGENT COLLECTIVE BARGAINING AGREEMENT

The parties, US Airways, Inc. ("US Airways"), the Allied Pilots Association ("APA") for specified provisions, and the US Airline Pilots Association ("USAPA"), hereby agree as follows:

Process Elements

1. US Airways and APA have agreed to a Conditional Labor And Plan Of Reorganization Agreement executed April 13, 2012 and as amended from time-to-time (the "Term Sheet"), and a process to produce from the Term Sheet a collective bargaining agreement (the "JCBA") that would be applicable to the single carrier created by the operational merger between US Airways and the New American Airlines (as defined in the Term Sheet).
2. USAPA and US Airways agree that, except as modified herein and except as the Term Sheet requires that certain events occur earlier, the Term Sheet will be binding and apply to all US Airways pilots on the effective date of a plan of reorganization as described in Paragraph 14 (the "Effective Date"), including but not limited to the Term Sheet's provisions regarding pay, vacation, work rules, no-furlough protection, pay protection, scope, modifications to the Term Sheet, and the process to produce the JCBA. Subject to the express provisions of this Memorandum of Understanding, the schedule for implementation of the pre-JCBA changes in the terms and conditions of employment for US Airways pilots shall be determined by US Airways and USAPA following execution of this Memorandum of Understanding. Negotiations to convert the Term Sheet into the JCBA and any implementation or other interim agreement shall be conducted with USAPA and APA jointly. It is the parties' intention that the JCBA shall replace any and all prior collective bargaining agreements.
3. US Airways and its successor (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 (NMB).
4. During the period US Airways and its successor (if any) is obligated to bargain with USAPA, it will provide information requested by duly authorized representatives of USAPA's Negotiating Advisory and Merger Committees that is reasonably related to the consolidation of AMR Corp. and/or its affiliates with US Airways Group and/or its

affiliates, subject to the execution of standard confidentiality agreements by USAPA and/or affected individuals upon US Airways' request. US Airways shall continue to supply information pursuant to Attachment M of the Basic East Agreement in matters unrelated to the acquisition.

5. US Airways or its successor (if any) shall reimburse USAPA for expenses incurred after May 1, 2012, as well as for all flight pay loss, incurred in developing and carrying out the functions specified in this Memorandum and in integrating seniority lists in accordance with the procedures described in McCaskill-Bond, but not for any expenses or flight pay loss associated with litigation against US Airways, the New American Airlines, or their affiliates, related entities or successor(s), if any, or with respect to the current seniority dispute at issue in the United States District Court for the District of Arizona or to influence the representation choices of its employees or affect their organization rights under Section 2, Ninth of the Railway Labor Act. The reimbursement for expenses related to seniority list integration shall be made no later than 30 days after presentation of an integrated seniority list to US Airways or its successor that complies with the provisions of Paragraph 9 below. Reimbursement for expenses, other than for seniority list integration, shall be made no later than 30 days after USAPA's submission of an invoice in a form suitable to US Airways or its successor so long as USAPA has submitted the invoice within 45 days of the date when the expense was incurred or the date of execution of this Memorandum of Understanding, whichever is later. All expenses for flight pay loss shall be paid directly by US Airways or its successor and USAPA shall provide supporting information to support the flight pay loss claim. US Airways or its successor shall also make positive space transportation available to members of USAPA's Merger and Negotiating Advisory Committees when engaged in activities related to seniority list integration and contract negotiations.

Substantive Elements

6. Beginning on the Effective Date, or as soon thereafter as practicable for working conditions affecting compensation, pilots employed by US Airways shall be paid in accordance with the provisions of the "New APA CBA" (within the meaning of the Term Sheet) that are generally applicable to pilots employed by New American Airlines.
7. US Airways and its successor (if any) agrees to the following protections that will begin on the Effective Date and last until the earlier of expiration of any restrictions on the exercise of seniority rights generated through the merger process, or eighteen (18) months after US Airways and the New American Airlines obtain a single operating certificate. As used herein, references to "operational integration," "operational merger" and "single operating certificate" refer to the date on which the Federal Aviation Administration has issued a single operating certificate and there are no governmental regulatory impediments to US Airways and New American Airlines pilots performing flying previously conducted by the other carrier.

- a. The number of aircraft block hours scheduled to be flown by mainline US

Airways pilots and the number of aircraft block hours scheduled to be flown by mainline American Airlines pilots during the 12-month period prior to the Effective Date shall be known as the "US Airways Baseline" and the "New American Airlines Baseline," respectively. For each month after the Effective Date, the change in aircraft block hours scheduled to be flown by mainline US Airways pilots in the preceding rolling 12 months relative to the US Airways Baseline shall be within 5 percentage points of the change in aircraft block hours scheduled to be flown by mainline New American Airlines pilots in the preceding rolling 12 months relative to the New American Airlines Baseline. For example, assume the US Airways Baseline is 100,000 and the New American Airlines Baseline is 200,000, and the Effective Date is January 1, 2013. If the scheduled block hours for New American Airlines during the 12-month period ended June 30, 2013 was 250,000 (i.e., a 25% increase), then the scheduled block hours for US Airways during the same 12-month period must increase between 20% and 30% (i.e., 120,000 - 130,000). *Provided*, the block hours scheduled to be flown by mainline US Airways pilots and mainline New American Airlines pilots in each month following the Effective Date shall be at least 85% of the block hours scheduled for mainline US Airways and mainline New American Airlines pilots, respectively, during the same calendar month in the preceding year.

- b. The number of aircraft block hours scheduled to be flown by mainline US Airways pilots on the B-767 and A-330 aircraft and the number of aircraft block hours scheduled to be flown by mainline American Airlines pilots on the B-767 and B-777 during the 12-month period prior to the Effective Date shall be known as the "US Airways Widebody Baseline" and the "New American Airlines Widebody Baseline," respectively. For each month after the Effective Date, the change in aircraft block hours scheduled to be flown by mainline US Airways pilots on the widebody aircraft in the preceding rolling 12 months relative to the US Airways Widebody Baseline shall be within 10 percentage points of the change in aircraft block hours scheduled to be flown by mainline New American Airlines pilots on the widebody aircraft in the preceding rolling 12 months relative to the New American Airlines Widebody Baseline. For example, assume the US Airways Widebody Baseline is 100,000 and the New American Airlines Widebody Baseline is 200,000, and the Effective Date is January 1, 2013. If the scheduled block hours for New American Airlines widebody flying during the 12-month period ended June 30, 2013 was 250,000 (i.e., a 25% increase), then the scheduled block hours for US Airways widebody flying during the same 12-month period must increase between 15% and 35% (i.e., 115,000 - 135,000). *Provided*, the widebody block hours scheduled to be flown by mainline US Airways pilots and mainline New American Airlines pilots in each month following the Effective Date shall be at least 80% of the widebody block hours scheduled for mainline US Airways and mainline New American Airlines pilots, respectively, during the same calendar month in the preceding year.

- c. Commencing when the total number of US Airways aircraft in Category C (within the meaning of the Term Sheet) equals 31, the ratio of aircraft block hours scheduled to be flown by US Airways pilots on a monthly basis in the 31st and subsequently inducted Category C aircraft to the aircraft block hours scheduled to be flown by New American Airlines pilots on a monthly basis in the 31st and subsequently inducted Category C aircraft shall, within 6 months of the induction of the 31st Category C aircraft, be within 10 percentage points of the ratio of the US Airways Baseline to the New American Airlines Baseline (as defined above in Paragraph 7.a).
 - d. For purposes of this Paragraph 7, scheduled block hours 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 or its successor shall furnish the scheduled block hour data to USAPA and APA no later than 30 days prior to the first day of each month.
 - e. Shuttle flying between DCA, LGA and BOS shall be performed by US Airways pilots.
 - f. The existing flying between PHX and Hawaii shall be performed by US Airways pilots.
8. Nothing herein shall prevent placement of the "US" code on flights operated by American Airlines or the New American Airlines (or by any other airline when displaying the "AA" code) immediately upon the Effective Date, and it is expressly agreed that US Airways may do so. Subject to the provisions of this Memorandum of Understanding, immediately upon the Effective Date, US Airways and the 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.
9. The pilot representatives shall deliver an integrated seniority list in accordance with the McCaskill-Bond process within 24 months of the Effective Date. US Airways and the New American Airlines, and their successors (if any), agree to implement that seniority list if it complies with the following criteria: (i) no "system flush" whereby an active pilot may displace any other active pilot from the latter's position; and (ii) furloughed pilots may not bump/displace active pilots; and (iii) except as set forth in paragraphs 11 and 12 below, no requirement for pilots to be compensated for flying not performed (e.g., differential pay for a position not actually flown); and (iv) 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) to be assigned to the position for which they have been trained, regardless of their relative standing on

the integrated seniority list; and (v) does not contain conditions and restrictions that materially increase costs associated with training or company paid move as specified in the JCBA.

10. US Airways or its successor (if any) shall not furlough any pilots, who have established and maintain seniority on the US Airways mainline system as of the Effective Date, during the term of the New APA CBA – except those pilots on furlough as of the Effective Date. Nor shall the carrier furlough any such pilot in anticipation of the transaction that results in the formation of the New American Airlines or of the operationally merged carrier consisting of the New American Airlines and US Airways.

As is the case for the no-furlough provision in the Term Sheet, this no-furlough provision shall be subject to a *force majeure* exception. The final version of the no-furlough protections for US Airways pilots (including the *force majeure* exception) will be substantively the same as those in the New APA CBA.

11. Any US Airways pilot who is in a non-furlough status as of the Effective Date and thereafter is involuntarily displaced to a lower paying position shall be pay protected. The pay protections of this paragraph shall continue unchanged if the affected pilot[s] suffer[s] multiple displacements, but shall end whenever such pilot[s] can hold the position from which the pilot was originally displaced or an equivalent or greater pay position. The final version of this pay protection provision, including its duration, will be substantively the same as in the New APA CBA.
12. Commencing on the date of single operating certificate, all pilots, who have established and maintain seniority on the US Airways mainline system and who are in a non-furlough status as of the signing of this Memorandum of Understanding, will be paid in accordance with the Group I pay rates (within the meaning of the Term Sheet) 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.

13. Parity.

US Airways agrees that the pay-rate parity provisions of the Term Sheet (pages 4-5) will be modified to change the six year review to three years.

14. USAPA agrees to waive all change of control provisions, LPPs, daily minimum utilization, and minimum fleet requirements in the East and West collective bargaining agreements and in the Transition Agreement conditioned upon the subsequent event of the occurrence of the effective date of a plan of reorganization for such of those AMR Corp.-related debtors required to effectuate a combination of American Airlines, Inc. and US Airways Inc. to which the JCBA (within the meaning of this Memorandum of Understanding) shall apply.

15. The Term Sheet will be modified to permit negotiations for a new collective bargaining agreement to begin on the fourth anniversary of the New APA CBA.
16. The JCBA will apply to any merger between AMR and US Airways that occurs in bankruptcy regardless of the corporate structure.
17. US Airways shall provide a bridge of Short Term Disability ("STD") coverage for thirty-six (36) months for eligible former America West pilots who remain employed by US Airways and have not forfeited their seniority rights as of the Effective Date. This STD coverage shall begin at the time the eligible former America West pilots are covered by the New American Airlines' long-term disability plan. Eligibility for this coverage shall be determined according to the terms of the America West STD plan; the coverage shall contain, at a minimum, the plan design features in Appendix B of the current America West collective bargaining agreement except that the Maximum Benefit Duration shall be up to 90 days of a disability.
18. Any US Airways pilot with a sick leave balance in excess of 1000 hours as of the Effective Date shall be allowed to use the sick leave in excess of 1000 hours until the pilot's sick leave balance is reduced to 1000 hours or less. For US Airways pilots with a sick leave balance in excess of 1000 hours, their sick leave accruals on or after the Effective Date will be treated the same as American Airlines pilots under the New APA CBA.
19. APA shall be a party to this Memorandum of Understanding for purposes of paragraphs 1, 2, 7, 8, 9, 13, 15, 16, 19, 20 and the Enforcement and Termination provisions.
20. This Memorandum of Understanding, including its incorporation and modification of the Term Sheet, shall be subject to ratification by USAPA's membership, and approval by US Airways' and APA's respective Board of Directors.

Enforcement

Any dispute over the interpretation or application of Paragraphs 2, 7-9, 13, 15-16, and the Enforcement and Termination provisions of this Memorandum of Understanding that involves the rights of the US Airways or New American Airlines pilots as a group, except insofar as it pertains to disputes under the Term Sheet that are to be resolved through interest arbitration, shall be resolved in accordance with this provision. The parties hereto agree to arbitrate any such grievance 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. The dispute shall be heard no later than thirty (30) days following the submission to the System Board (subject to the availability of the arbitrator), and shall be decided no later than thirty (30) days following submission, unless the parties agree otherwise in writing. Any other dispute over the interpretation or application of this Memorandum of Understanding, including disputes that involve the specific application of this Memorandum of Understanding to the circumstances of individual pilots (e.g., a dispute

over the pay protection provisions in Paragraphs 11 and 12), shall be resolved according to the procedures governing non-disciplinary grievances set forth in their respective collective bargaining agreements until a JCBA is in effect.

Termination

This Memorandum of Understanding shall become effective upon execution by the parties, and shall continue in full force and effect until the earlier of full performance of the foregoing undertakings or termination of the Term Sheet before the effective date of the Plan of Reorganization. Upon termination of the Term Sheet before the effective date of the Plan of Reorganization, this Memorandum of Understanding shall be null and void.