

Memorandum of Understanding

Pursuant to this Memorandum of Understanding (this “Memorandum”), US Airways, Inc. and any successor (collectively, “US Airways”), American Airlines, Inc. (“American”), and the Transport Workers Union of America, AFL-CIO (“TWU”, and with US Airways and American, the “Parties”), hereby agree as follows:

1. In connection with a potential merger between US Airways and American, the TWU on behalf of American’s (i) Fleet Service Clerks (“FSCs”), (ii) Flight Simulator Technicians, (iii) Ground School and Simulator Instructors, (iv) Maintenance Control Technicians (“MCTs”), (v) Dispatchers, (vi) Material Logistics Specialists (former Stock Clerks) and (vii) Maintenance and Related (“M&R”) employees entered into seven binding term sheet agreements with US Airways (one for each workgroup) on April 6, 2012, which were amended on August 1, 2012 (collectively, the “Term Sheets”). The Term Sheets with FSCs, MCTs, M&R employees, and Material Logistics Specialists were then further amended by addendums executed on August 17, 2012 (collectively, the “Addendums”). This Memorandum supersedes and replaces the Term Sheets and the Addendums in their entirety.
2. On June 28, 2012, new collective bargaining agreements between American and the TWU on behalf of (i) FSCs, (ii) Flight Simulator Technicians, (iii) Ground School and Simulator Instructors, (iv) MCTs, and (v) Dispatchers were approved by the Bankruptcy Court in In Re AMR Corporation, et al., jointly administered Ch. 11 Case No. 11-15463 (SHL), and on September 12, 2012, new collective bargaining agreements between American and the TWU on behalf of (vi) Material Logistics Specialists and (vii) M&R employees were approved by such Court. These seven new collective bargaining agreements for each of the respective TWU-represented workgroups became effective on September 12, 2012 (collectively, the “New CBAs”).

Wage Increase

3. If a plan of reorganization becomes effective that includes the merger of American or an affiliate of American with US Airways or an affiliate of US Airways (“American/US Airways POR”) to effectuate a combination of American and US Airways (the “Merger”) into a single entity (“New American Airlines”), the terms and conditions of employment of each of the seven TWU-represented workgroups will continue to be governed by the New CBA applicable to such group and each such New CBA will remain in full force and effect in accordance with its terms; provided, however, on the date that the American/US Airways POR becomes effective (the “Effective Date”):
 - a. Each TWU-represented employee will receive a 4.3% increase in hourly base wage rates above those provided for each of the seven TWU-represented workgroups in the New CBAs. This 4.3% increase in hourly base wage rates will be provided in accordance with the tables attached hereto as Exhibit A; and
 - b. The following Letters of Memorandum (“LOMs”) will terminate and be of no further force and effect: (i) LOM nos. 7 and 8 in the New CBA for FSCs, (ii)

LOM nos. 6 and 7 in the New CBA for Flight Simulator Technicians, (iii) LOM nos. 3 and 4 in the New CBA for Ground School and Simulator Instructors, (iv) LOM nos. 7 and 8 in the New CBA for MCTs, (v) LOM nos. 14 and 16 in the New CBA for Dispatchers, (vi) LOM nos. 12 and 14 in the New CBA for Material Logistics Specialists, and (vii) LOM nos. 11 and 12 in the New CBA for M&R employees.

- c. Except for the changes in this Memorandum, all the terms and conditions of the New CBAs and all provisions in the New CBAs and accompanying LOMs will remain in full force and effect, and are in no way changed by this Memorandum, including but not limited to any pay rate increases in the New CBAs. For the avoidance of doubt, the August 22, 2012 Settlement Consideration and Bankruptcy Protections Letter Agreement between American and the TWU remains in full force and effect (which provides for, among other things, a 4.8% equity grant to the TWU), and is in no way changed by this Memorandum.

Single Carrier/NMB

4. For each of the seven TWU-represented workgroups, the TWU shall file a single carrier application with the National Mediation Board as soon as it determines that the facts support the legal requirements for the filing of a petition following the Effective Date, but in no event later than six months after the Effective Date. The Parties, and each of them, shall support the application. If the single-carrier application results in the certification of the TWU as representative of any of the workgroups, the TWU and New American Airlines shall commence negotiations to achieve a joint collective bargaining agreement for such workgroup as soon as practicable following certification, but in no event later than 30 days after certification. The Parties also agree to negotiate the terms of a “transition planning agreement” to address issues related to the operational integration of each of the seven TWU-represented workgroups at American with their respective US Airways’ counterpart (including by way of example only, whether a “fence” is necessary or appropriate). The Parties shall use their best efforts to negotiate such an agreement as soon as reasonable and practical.

McCaskill-Bond

5. Seniority list integration between the TWU and the appropriate employee representative(s) of US Airways’ pre-Merger (i) fleet service employees, (ii) maintenance control technician employees, (iii) M&R employees, and (iv) stock clerk employees shall be accomplished pursuant to the requirements of the McCaskill-Bond Act, 49 U.S.C. § 42112 (2008) (“McCaskill-Bond”). American and US Airways have been informed that, as part of such process, as soon as practicable after the Effective Date, the TWU intends to and will offer the employee representative(s) a proposal for the integration of the seniority lists for each of these four groups based on the date of each employee’s entry into the basic classification; provided, however, that the TWU is only obligated to make such an offer if the employee representative(s) for such group agree that such offer shall not be admissible or referable in arbitration if arbitration is necessary to determine seniority integration pursuant to paragraph 5(b) of this Memorandum.

- a. If the employee representative(s) accept this offer for any of these groups and the TWU and the employee representative(s) agree on an integrated seniority list for New American Airlines on this basis for any of these groups, or if the TWU and the employee representative(s) agree on an integrated seniority list on another basis for any of these groups, the New American Airlines shall accept the resulting integrated seniority list, provided that:
 - i. The integrated seniority list shall have only prospective effect;
 - ii. There shall be no “system flush” whereby an employee may displace another employee from the latter’s position as a result of the implementation of the integrated seniority list or the implementation or expiration of any condition or restriction contained in the integrated seniority list;
 - iii. Employees on furlough status at the time the integrated seniority list is implemented may not bump or displace employees in active status at that time; and
 - iv. The integrated seniority list shall not contain conditions or restrictions that increase the costs associated with training above those normally associated with the merger of two airlines.
 - b. The TWU shall make all reasonable efforts to reach agreement on a merged seniority list with the employee representative(s) for each of these four groups within 120 days following the Effective Date. If the TWU and the employee representative(s) do not agree on an integrated seniority list for any of these four groups within 120 days following the Effective Date, either New American Airlines or the TWU may initiate an arbitration pursuant to the authority and requirements of McCaskill-Bond.
 - c. New American Airlines shall not implement the integrated seniority lists for any of these four groups until implementation of a single collective bargaining agreement governing the combined employee workforces for such group at pre-Merger US Airways and pre-Merger American.
6. Pursuant to McCaskill-Bond, because the TWU represents the remaining three work groups ((i) dispatchers, (ii) flight simulator technicians, and (iii) ground school and simulator instructors) at both pre-Merger American and pre-Merger US Airways, seniority integration of these three groups will be determined according to the TWU’s internal procedures. The TWU will complete such seniority integration process within 120 days after the Effective Date. The New American Airlines shall accept the resulting integrated seniority list provided that:
- a. The integrated seniority list shall have only prospective effect;
 - b. There shall be no “system flush” whereby an employee may displace another employee from the latter’s position as a result of the implementation of the

integrated seniority list or the implementation or expiration of any condition or restriction contained in the integrated seniority list;

- c. Employees on furlough status at the time the integrated seniority list is implemented may not bump or displace employees in active status at that time; and
- d. The integrated seniority list shall not contain conditions or restrictions that increase the costs associated with training above those normally associated with the merger of two airlines.
- e. New American Airlines shall not implement the integrated seniority lists for any of these four groups until implementation of a single collective bargaining agreement governing the combined employee workforces for such group at pre-Merger US Airways and pre-Merger American.

Additional Terms

- 7. The Parties affirm that, upon the Effective Date of the American/US Airways POR, the April 26, 2012 Me Too letters between American and the TWU (on behalf of the FSCs, Flight Simulator Technicians, Ground School and Simulator Instructors, MCTs and Dispatchers, respectively) and the July 10, 2012 Me Too letters between American and the TWU (on behalf of the M&R employees and Material Logistics Specialists) executed in connection with the New CBAs, which were subsequently incorporated into the New CBAs as LOMs identified above in paragraph 3(b) of this Memorandum (collectively, the "Me Too Letters") will not apply and will have no force and effect; provided, however, that the TWU shall reserve its right to maintain and/or assert (in accordance with the terms of the Me Too Letters) a claim solely in regards to American's collective bargaining agreements with the APA and APFA in the form and substance approved by the Bankruptcy Court through December 19, 2012, or any new agreement entered between American and the APA or APFA after the date of this Memorandum and prior to the Merger.
- 8. This Memorandum will only apply to, and as of the Effective Date of, an American/US Airways POR that includes provisions for the Merger, and will apply to a American/US Airways POR that includes the Merger regardless of the corporate structure used to effectuate the Merger. This Memorandum shall not affect or have any applicability to American's stand-alone plan or any merger or transaction other than the Merger. For the avoidance of doubt, if the Merger does not occur, the Me Too Letters shall remain in full force and effect until their expiration in accordance with their terms.
- 9. Any dispute over the interpretation or application of this Memorandum shall be arbitrated on an expedited basis directly before a specially-created one-person System Board of Adjustment consisting of arbitrator Gil Vernon. If Arbitrator Vernon declines to serve in this capacity or is not available to resolve the dispute, another mutually-agreeable neutral arbitrator shall be selected. The dispute shall be heard no later than 30 days following the submission to the System Board (subject to the availability of the arbitrator), and shall be

decided no later than 30 days following the first day of the hearing, unless otherwise agreed in writing.

10. 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.

Transport Workers Union of America, AFL-CIO

By: 

January 2013

Name: James C. Little

Title: International President

US Airways, Inc.

By: 

January 25, 2013

Name: Robert Isom

Title: Chief Operating Officer

American Airlines, Inc.

By: 

January __, 2013

Name: Laura A. Einspanier

Title: Vice President – Employee Relations

EXHIBIT A

FSC - Memorandum of Understanding - Exhibit A Pay Charts*

*Assumes POR date before 09/01/2013

	Previously	Effective Date	9/12/2013	9/12/2014	9/12/2015	9/11/2016	9/11/2017
Structural Increases		4.30%	2.10%	2.10%	2.10%	2.10%	2.10%
1st Step	8.64	9.01	9.20	9.39	9.59	9.79	10.00
2nd Step	9.58	9.99	10.20	10.41	10.63	10.85	11.08
3rd Step	10.69	11.15	11.38	11.62	11.86	12.11	12.36
4th Step	11.79	12.30	12.56	12.82	13.09	13.36	13.64
5th Step	12.92	13.48	13.76	14.05	14.35	14.65	14.96
6th Step	14.03	14.63	14.94	15.25	15.57	15.90	16.23
7th Step	15.13	15.78	16.11	16.45	16.80	17.15	17.51
8th Step	16.26	16.96	17.32	17.68	18.05	18.43	18.82
9th Step	17.37	18.12	18.50	18.89	19.29	19.70	20.11
Thereafter	21.16	22.07	22.53	23.00	23.48	23.97	24.47

FSC - Memorandum of Understanding - Exhibit A Pay Charts*

*Assumes POR date before 09/01/2013

Crew Chief

	Previously	Effective Date	9/12/2013	9/12/2014	9/12/2015	9/11/2016	9/11/2017
Structural Increases		4.30%	2.10%	2.10%	2.10%	2.10%	2.10%
Thereafter	23.25	24.16	24.62	25.09	25.57	26.06	26.56

Sim Tech - Memorandum of Understanding - Exhibit A Pay Charts*

*Assumes POR date before 09/01/2013

	Previously	Effective Date	9/12/2013	9/12/2014	9/12/2015	9/11/2016	9/11/2017
Structural Increases		4.30%	3.10%	3.10%	3.10%	3.10%	3.10%
1st Year	21.82	22.76	23.47	24.20	24.95	25.72	26.52
2nd Year	23.21	24.21	24.96	25.73	26.53	27.35	28.20
3rd Year	24.59	25.65	26.45	27.27	28.12	28.99	29.89
4th Year	25.96	27.08	27.92	28.79	29.68	30.60	31.55
5th Year	27.35	28.53	29.41	30.32	31.26	32.23	33.23
6th Year	28.74	29.98	30.91	31.87	32.86	33.88	34.93
7th Year	30.12	31.42	32.39	33.39	34.43	35.50	36.60
8th Year	31.50	32.85	33.87	34.92	36.00	37.12	38.27
Thereafter	34.86	36.36	37.49	38.65	39.85	41.09	42.36

Instructors - Memorandum of Understanding - Exhibit A Pay Charts*

*Assumes POR date before 09/01/2013

Instructor Flight Engineer

	Previously	Effective Date	9/12/2013	9/12/2014	9/12/2015	9/11/2016	9/11/2017
Structural Increases		4.30%	3.10%	3.10%	3.10%	3.10%	3.10%
Thereafter	6,917	7,214	7,438	7,669	7,906	8,151	8,404

Instructors - Memorandum of Understanding - Exhibit A Pay Charts*

*Assumes POR date before 09/01/2013

Instructor Ground School

	Previously	Effective Date	9/12/2013	9/12/2014	9/12/2015	9/11/2016	9/11/2017
Structural Increases		4.30%	3.10%	3.10%	3.10%	3.10%	3.10%
1st Year	3,617	3,773	3,889	4,010	4,134	4,263	4,395
2nd Year	3,771	3,933	4,055	4,181	4,310	4,444	4,582
3rd Year	4,039	4,213	4,343	4,478	4,617	4,760	4,907
4th Year	4,305	4,490	4,629	4,773	4,921	5,073	5,231
5th Year	4,570	4,767	4,914	5,067	5,224	5,386	5,553
6th Year	4,836	5,044	5,200	5,362	5,528	5,699	5,876
7th Year	5,105	5,325	5,490	5,660	5,835	6,016	6,203
8th Year	5,371	5,602	5,776	5,955	6,139	6,330	6,526
9th Year	5,636	5,878	6,061	6,248	6,442	6,642	6,848
10th Year	5,905	6,159	6,350	6,547	6,750	6,959	7,175
Thereafter	6,381	6,655	6,862	7,074	7,294	7,520	7,753

Instructors - Memorandum of Understanding - Exhibit A Pay Charts*

*Assumes POR date before 09/01/2013

Instructor Pilot Sim

	Previously	Effective Date	9/12/2013	9/12/2014	9/12/2015	9/11/2016	9/11/2017
Structural Increases		4.30%	3.10%	3.10%	3.10%	3.10%	3.10%
1st Year	4,071	4,246	4,378	4,513	4,653	4,798	4,946
2nd Year	4,245	4,428	4,565	4,706	4,852	5,003	5,158
3rd Year	4,544	4,739	4,886	5,038	5,194	5,355	5,521
4th Year	4,843	5,051	5,208	5,369	5,536	5,707	5,884
5th Year	5,141	5,362	5,528	5,700	5,876	6,059	6,246
6th Year	5,444	5,678	5,854	6,036	6,223	6,416	6,614
7th Year	5,742	5,989	6,175	6,366	6,563	6,767	6,977
8th Year	6,042	6,302	6,497	6,699	6,906	7,120	7,341
9th Year	6,341	6,614	6,819	7,030	7,248	7,473	7,704
10th Year	6,643	6,929	7,143	7,365	7,593	7,829	8,071
Thereafter	7,179	7,488	7,720	7,959	8,206	8,460	8,723

MCT - Memorandum of Understanding - Exhibit A Pay Charts*

*Assumes POR date before 09/01/2013

	Previously	Effective Date	9/12/2013	9/12/2014	9/12/2015	9/11/2016	9/11/2017
Structural Increases		4.30%	3.40%	3.40%	3.30%	3.00%	3.00%
1st Year	28.39	29.61	30.62	31.66	32.70	33.68	34.69
2nd Year	28.86	30.10	31.12	32.18	33.24	34.24	35.27
3rd Year	29.28	30.54	31.58	32.65	33.73	34.74	35.78
4th Year	29.87	31.15	32.21	33.31	34.41	35.44	36.50
Thereafter	34.11	35.58	36.79	38.04	39.30	40.48	41.69

Dispatch - Memorandum of Understanding - Exhibit A Pay Charts*

*Assumes POR date before 09/01/2013

Dispatchers

	Previously	Effective Date	9/12/2013	9/12/2014	9/12/2015	9/11/2016	9/11/2017
Structural Increases		4.30%	3.00%	3.00%	2.50%	1.50%	2.00%
1st Year	2,793	2,913	3,000	3,091	3,168	3,215	3,280
2nd Year	3,537	3,689	3,800	3,914	4,012	4,072	4,153
3rd Year	3,814	3,978	4,097	4,220	4,326	4,391	4,478
4th Year	4,142	4,320	4,450	4,583	4,698	4,768	4,864
5th Year	4,467	4,659	4,799	4,943	5,066	5,142	5,245
6th Year	4,796	5,002	5,152	5,307	5,440	5,521	5,632
7th Year	5,120	5,340	5,500	5,665	5,807	5,894	6,012
8th Year	5,451	5,685	5,856	6,032	6,182	6,275	6,401
9th Year	5,777	6,025	6,206	6,392	6,552	6,650	6,783
10th Year	6,106	6,369	6,560	6,756	6,925	7,029	7,170
Thereafter	6,753	7,043	7,255	7,472	7,659	7,774	7,930

Dispatch - Memorandum of Understanding - Exhibit A Pay Charts*

*Assumes POR date before 09/01/2013

Operations Specialists

	Previously	Effective Date	9/12/2013	9/12/2014	9/12/2015	9/11/2016	9/11/2017
Structural Increases		4.30%	3.00%	3.00%	2.50%	1.50%	2.00%
1st Year	12.73	13.28	13.68	14.09	14.44	14.66	14.95
2nd Year	16.12	16.81	17.31	17.83	18.28	18.55	18.92
3rd Year	17.39	18.14	18.68	19.24	19.72	20.02	20.42
4th Year	18.88	19.69	20.28	20.89	21.41	21.73	22.16
5th Year	20.36	21.24	21.88	22.54	23.10	23.45	23.92
6th Year	21.86	22.80	23.48	24.18	24.78	25.15	25.65
7th Year	23.34	24.34	25.07	25.82	26.47	26.87	27.41

Stores - Memorandum of Understanding - Exhibit A Pay Charts*

*Assumes POR date before 09/01/2013

	Previously	Effective Date	9/12/2013	9/12/2014	9/12/2015	9/11/2016	9/11/2017
Structural Increases		4.30%	2.00%	2.00%	1.50%	1.50%	0.00%
1st Year	9.49	9.90	10.10	10.30	10.45	10.61	10.61
2nd Year	10.63	11.09	11.31	11.54	11.71	11.89	11.89
3rd Year	12.21	12.74	12.99	13.25	13.45	13.65	13.65
4th Year	13.38	13.96	14.24	14.52	14.74	14.96	14.96
5th Year	14.54	15.17	15.47	15.78	16.02	16.26	16.26
6th Year	15.69	16.36	16.69	17.02	17.28	17.54	17.54
7th Year	16.84	17.56	17.91	18.27	18.54	18.82	18.82
8th Year	17.99	18.76	19.14	19.52	19.81	20.11	20.11
Thereafter	21.90	22.84	23.30	23.77	24.13	24.49	24.49

M&R - Memorandum of Understanding - Exhibit A Pay Charts*

*Assumes POR date before 09/01/2013

AMT

	Previously	Effective Date	9/12/2013	9/12/2014	9/12/2015	9/11/2016	9/11/2017
Structural Increases		4.30%	3.00%	3.00%	3.00%	1.50%	1.50%
1st 18 Months	15.18	15.83	16.30	16.79	17.29	17.55	17.81
2nd 18 Months	16.72	17.44	17.96	18.50	19.06	19.35	19.64
3rd 18 Months	18.20	18.98	19.55	20.14	20.74	21.05	21.37
Last 6 Months	19.72	20.57	21.19	21.83	22.48	22.82	23.16
Thereafter	28.02	29.22	30.10	31.00	31.93	32.41	32.90

M&R - Memorandum of Understanding - Exhibit A Pay Charts*

*Assumes POR date before 09/01/2013

OSM

	Previously	Effective Date	9/12/2013	9/12/2014	9/12/2015	9/11/2016	9/11/2017
Structural Increases		4.30%	3.00%	3.00%	3.00%	1.50%	1.50%
1st Year	9.87	10.29	10.60	10.92	11.25	11.42	11.59
2nd Year	10.69	11.15	11.48	11.82	12.17	12.35	12.54
3rd Year	11.78	12.29	12.66	13.04	13.43	13.63	13.83
4th Year	12.84	13.39	13.79	14.20	14.63	14.85	15.07
5th Year	13.92	14.52	14.96	15.41	15.87	16.11	16.35
6th Year	15.00	15.65	16.12	16.60	17.10	17.36	17.62
7th Year	16.07	16.76	17.26	17.78	18.31	18.58	18.86
8th Year	17.14	17.88	18.42	18.97	19.54	19.83	20.13
9th Year	18.20	18.98	19.55	20.14	20.74	21.05	21.37
Thereafter	22.68	23.66	24.37	25.10	25.85	26.24	26.63

M&R - Memorandum of Understanding - Exhibit A Pay Charts*

*Assumes POR date before 09/01/2013

Cleaner

	Previously	Effective Date	9/12/2013	9/12/2014	9/12/2015	9/11/2016	9/11/2017
Structural Increases		4.30%	3.00%	3.00%	3.00%	1.50%	1.50%
1st Year	9.81	10.23	10.54	10.86	11.19	11.36	11.53
2nd Year	10.32	10.76	11.08	11.41	11.75	11.93	12.11
3rd Year	10.84	11.31	11.65	12.00	12.36	12.55	12.74
4th Year	11.33	11.82	12.17	12.54	12.92	13.11	13.31
5th Year	11.86	12.37	12.74	13.12	13.51	13.71	13.92
6th Year	12.34	12.87	13.26	13.66	14.07	14.28	14.49
7th Year	12.85	13.40	13.80	14.21	14.64	14.86	15.08
8th Year	14.01	14.61	15.05	15.50	15.97	16.21	16.45
9th Year	15.14	15.79	16.26	16.75	17.25	17.51	17.77
Thereafter	19.68	20.53	21.15	21.78	22.43	22.77	23.11

M&R - Memorandum of Understanding - Exhibit A Pay Charts*

*Assumes POR date before 09/01/2013

PM Mech

	Previously	Effective Date	9/12/2013	9/12/2014	9/12/2015	9/11/2016	9/11/2017
Structural Increases		4.30%	3.00%	3.00%	3.00%	1.50%	1.50%
1st 18 Months	15.18	15.83	16.30	16.79	17.29	17.55	17.81
2nd 18 Months	16.72	17.44	17.96	18.50	19.06	19.35	19.64
3rd 18 Months	18.20	18.98	19.55	20.14	20.74	21.05	21.37
Last 6 Months	19.72	20.57	21.19	21.83	22.48	22.82	23.16
Thereafter	28.02	29.22	30.10	31.00	31.93	32.41	32.90

M&R - Memorandum of Understanding - Exhibit A Pay Charts*

*Assumes POR date before 09/01/2013

MSP

	Previously	Effective Date	9/12/2013	9/12/2014	9/12/2015	9/11/2016	9/11/2017
Structural Increases		4.30%	3.00%	3.00%	3.00%	1.50%	1.50%
1st Year	8.64	9.01	9.28	9.56	9.85	10.00	10.15
2nd Year	9.58	9.99	10.29	10.60	10.92	11.08	11.25
3rd Year	10.69	11.15	11.48	11.82	12.17	12.35	12.54
4th Year	11.79	12.30	12.67	13.05	13.44	13.64	13.84
5th Year	12.92	13.48	13.88	14.30	14.73	14.95	15.17
6th Year	14.03	14.63	15.07	15.52	15.99	16.23	16.47
7th Year	15.13	15.78	16.25	16.74	17.24	17.50	17.76
8th Year	16.26	16.96	17.47	17.99	18.53	18.81	19.09
9th Year	17.37	18.12	18.66	19.22	19.80	20.10	20.40
Thereafter	21.16	22.07	22.73	23.41	24.11	24.47	24.84