

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

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: AC. Wilson
Name: KEITH C. WILSON
Title: PRESIDENT

USAPA:

US AIRLINE PILOTS ASSOCIATION

By: _____
Name: _____
Title: _____

American:

AMERICAN AIRLINES, INC.

By: _____
Name: _____
Title: _____

US Airways:

US AIRWAYS, INC.

By: _____
Name: _____
Title: _____

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.

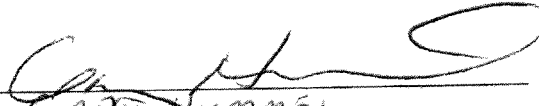
APA:

ALLIED PILOTS ASSOCIATION

By: _____
Name: _____
Title: _____

USAPA:

US AIRLINE PILOTS ASSOCIATION

By: 
Name: GARY HUMMEL
Title: PRESIDENT

American:

AMERICAN AIRLINES, INC.

By: _____
Name: _____
Title: _____

US Airways:

US AIRWAYS, INC.

By: _____
Name: _____
Title: _____

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: _____

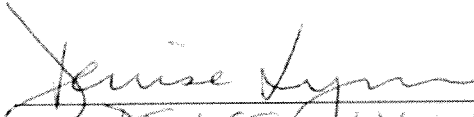
USAPA:

US AIRLINE PILOTS ASSOCIATION

By: _____
Name: _____
Title: _____

American:

AMERICAN AIRLINES, INC.

By: 
Name: DENISE LYNN
Title: SVP, People

US Airways:

US AIRWAYS, INC.

By: _____
Name: _____
Title: _____

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: J. Scott Kirby
Title: President

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.

ATTACHMENT C

COMMENCE JCBA PRE MERGER POR	MOU Execution	Board Approval -AMR -US Airways -APA → 21 Days For List of Valuation Modifications -USAPA → Recommendation Decision by 01/04/13; If Recommended, Membership Ratification Vote Completed Between AMR Board Approval Of Merger and 60 Days Thereafter	60 Days From APA list Of Valuation Modifications Agreement Reached On Valuation - Or - Conclusion Of Interest Arbitration	= MTA By agreement - Or - Arbitrator's Decision
	* JCBA NEGOTIATIONS			= JCBA ^{TD} 36 of 73

ON AND AFTER MERGER POR	POR MTA in effect For APA and USAPA If USAPA Ratifies or MTA In Effect For APA and USAPA Under Status Quo JCBA Negotiations Begin	4 months APA Petition For Single Carrier Status	At NMB Discretion, But Projected 6-8 Months From Petition NMB Single Carrier Finding	30 days * JCBA Negotiation Complete -Or- If Not Complete →	60 days 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.

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

**Integrated
= Seniority
List**

American Airlines

Denise Lynn
Senior Vice President
People

January 4, 2013

Keith Wilson
President
Allied Pilots Association
14600 Trinity Blvd., Suite 500
Ft. Worth, TX 76155-2512

RE: Reimbursement of Merger-related Expenses

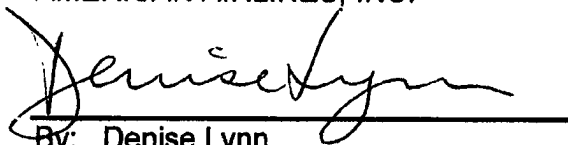
Dear President Wilson:

This will confirm our understanding regarding reimbursement of expenses incurred by APA in connection with a potential transaction involving such of those AMR Corp.-related debtors as are required to effect a combination (the "Merger") of American Airlines, Inc. ("American") and US Airways, Inc. ("U.S. Airways"). American is delivering this letter in connection with the negotiation of a memorandum of understanding among American, U.S. Airways, APA and USAPA that would become effective in connection with a Merger. Previously, American had limited any expense reimbursement provision or allowed claim provision to exclude expenses related to a Merger.

If the Merger is approved by the Bankruptcy Court in *In re AMR Corporation, et al.*, Case No. 11-15963 (SHL), then, subject to Bankruptcy Court approval after notice and an opportunity for a hearing, American shall reimburse the Allied Pilots Association ("APA") for actual and reasonable merger-related expenses within two business days of the effective date of the Plan of Reorganization, as confirmed by the Bankruptcy Court, provided that the Merger shall also have become effective. The expenses reimbursable pursuant to this letter shall have been incurred on and after November 9, 2012 (the date on which the APA Board of Directors gave preliminary approval to the collective bargaining agreement that was ratified and approved by the Bankruptcy Court on December 19, 2012) and shall not exceed \$7.5 million, of which not more than \$2.5 million shall be on account of expenses incurred in connection with the merger-related services of Lazard LTD.

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

Sincerely,
AMERICAN AIRLINES, INC.

A handwritten signature in cursive script, appearing to read "Denise Lynn", written over a solid horizontal line.

By: Denise Lynn
Its: Senior Vice President, People

AGREED AND ACKNOWLEDGED:
ALLIED PILOTS ASSOCIATION

A handwritten signature in cursive script, appearing to read "K. Wilson", written over a solid horizontal line.

By: Keith Wilson
Its: President

Captain Gary Hummel
President
US Airline Pilots Association
200 East Woodlawn Rd., Ste. 250
Charlotte, NC 28217

Dear Captain Hummel:

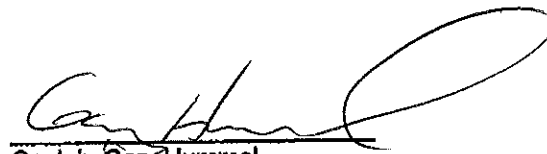
This will confirm our agreement regarding the vote being conducted among the US Airline Pilots Association ("USAPA") membership on whether to ratify the Memorandum of Understanding regarding Contingent Collective Bargaining Agreement (the "Memorandum") that has been agreed to by US Airways, Inc. ("US Airways"), American Airlines, Inc. ("American"), the Allied Pilots Association ("APA"), and USAPA. Notwithstanding any contrary provision in Paragraph 18.b. of the Memorandum, the ratification vote of USAPA's membership described in that paragraph may be completed prior to approval of the Merger by AMR Corporation's Board of Directors. In all other respects, Paragraph 18.b. and each of the other provisions of the Memorandum shall remain in full force and effect.

Please confirm your agreement by signing in the space below.


Allied Pilots Association


American Airlines, Inc.


US Airways, Inc.


Captain Gary Hummel
President
US Airline Pilots Association

January 7, 2013

Edgar James
General Counsel
Allied Pilots Association

**Re: Memorandum Of Understanding Regarding Contingent Collective
Bargaining Agreement**

Dear Ed:

The parties have contemporaneously executed a Memorandum Of Understanding Regarding Contingent Collective Bargaining Agreement ("MOU"). This letter sets forth certain understandings regarding the bargaining history of certain provisions of the MOU.

* * *

Paragraph 19 of the MOU describes the process(es) the parties have agreed to follow if the events described therein occur. This will confirm the parties' understanding that the language set forth below accurately describes the parties' intent with respect to Paragraph 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, are severable from the other terms of this Memorandum and shall remain in effect after the Effective Date even if this Memorandum is subsequently deemed to be unenforceable or nullified for any reason by a court of competent jurisdiction. If any of these specified provisions are deemed not to be severable or are otherwise denied enforcement, the Parties shall meet and confer within fifteen (15) days after the provision or provisions are denied enforcement to agree upon replacement provisions for the provisions held to be unenforceable or nullified. If replacement provisions are not agreed upon by the Parties within thirty (30) days thereafter, the Parties shall jointly submit the dispute to final and binding interest arbitration on an expedited basis in accordance with the procedure described in Paragraph 20 of this Memorandum. The interest arbitrator's jurisdiction shall be limited to reconstructing only the provision or provisions held to be otherwise unenforceable, and in no event shall the arbitrator impose or provide for any terms that have a greater cost to the Company or impose more onerous operational constraints than the provisions they are intended to reconstruct."

* * *

Paragraph 25 of the MOU notes the parties' agreement that Section 1 (Recognition and Scope) of the Merger Transition Agreement (as defined in the MOU) shall consist of Section 1 of the recently-approved 2012 collective bargaining agreement between American Airlines and the

APA with certain modifications as listed in Paragraph 25 of the MOU. One of the listed modifications, in Paragraph 25(d), is that "Existing CRJ900s and E175s fleet in operation at US grandfathered from 76 seat limitation." This will confirm the parties' understanding that the referenced "grandfather[ing]" of aircraft larger than 76 seats in the US Airways regional fleet is not intended to be limited to the 76 specific aircraft with greater than 76 seats currently in the US Airways regional fleet but instead is intended to apply to both the existing aircraft and to replacements for those aircraft.

* * *

Paragraph 24(e) of the MOU states: "Flights over sixteen (16) hours will be manned with two (2) Captains and two (2) First Officers." This will confirm the parties' understanding that Paragraph 24(e) of the MOU is intended to reflect the pre-bankruptcy tentative agreement between American Airlines and the APA, and that, consistent with that intent, flights with a scheduled block time of greater than sixteen (16) hours will be scheduled with a crew complement of 2 Captains / 2 First Officers and nothing in the foregoing will require the Company to crew 2 Captains / 2 First Officers for flights with scheduled block times of less than or equal to 16:00 hours in instances where the flight plan exceeds 16:00 hours. APA is willing to discuss additional details and implementation issues regarding Paragraph 24(e).

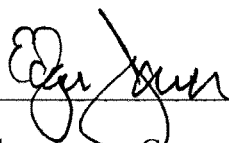
* * *

Please confirm APA's concurrence with the foregoing by execution in the space provided below.

Thank you.


Chris A. Hollinger
Counsel for US Airways, Inc.

Allied Pilots Association:



Edgar James, General Counsel

cc: John P. Furfaro (Counsel for UCC)
Neal D. Mollen (Counsel for American Airlines, Inc.)



LOA 13-08

March 20, 2013

Keith Wilson
President
Allied Pilots Association
14600 Trinity Blvd., Suite 500
Ft. Worth, TX 76155-2512

RE: 2012 APA Collective Bargaining Agreement Modifications Provided for in MOU

Dear President Wilson:

This letter sets forth our agreement regarding modifications to the 2012 AA/APA collective bargaining agreement valued at an average \$87 million/year over six years as provided in paragraphs 24 (a) and (b) of the Memorandum of Understanding Regarding Contingent Collective Bargaining Agreement.

1. Amendments to Section 3: Pay. The following amendments are hereby made to Section 3 of the 2012 CBA:

Section 3, Paragraph B. – replace the Captain 12th year pay rate table with the following:

	January 1 2013	January 1 2014	January 1 2015	January 1 2016	January 1 2017	January 1 2018
Group I	\$114.02	\$123.15	\$126.84	*	3.5%	3.5%
Group II	\$167.68	\$181.10	\$186.53	*	3.5%	3.5%
Group III	\$180.76	\$195.22	\$201.08	*	3.5%	3.5%
Group IV	\$213.02	\$230.06	\$236.96	*	3.5%	3.5%
Group V	\$223.67	\$241.56	\$248.81	*	3.5%	3.5%

Section 3, Paragraph C. – replace the First Officer 12th year pay rate table with the following:

	January 1 2013	January 1 2014	January 1 2015	January 1 2016	January 1 2017	January 1 2018
Group I	\$ 77.54	\$ 83.74	\$ 86.25	*	3.5%	3.5%
Group II	\$114.02	\$123.15	\$126.84	*	3.5%	3.5%
Group III	\$122.92	\$132.75	\$136.73	*	3.5%	3.5%
Group IV	\$144.85	\$156.44	\$161.14	*	3.5%	3.5%
Group V	\$152.10	\$164.26	\$169.19	*	3.5%	3.5%

*Per Supplement A, January 1, 2016 rates will be the greater of 2.0% or rate determined by the Industry Comparable Pay Rate Adjustment.





Section 3.H. - replace the pay tables for January 1, 2014, January 1, 2015 and January 1, 2016 in the 2012 collective bargaining agreement with the following tables respectively.

January 1, 2014
CAPTAIN

Seniority	Group I	Group II	Group III	Group IV	Group V
Year 2	\$113.91	\$167.51	\$180.58	\$212.81	\$223.45
Year 3	\$114.83	\$168.87	\$182.04	\$214.53	\$225.26
Year 4	\$115.76	\$170.23	\$183.51	\$216.26	\$227.07
Year 5	\$116.68	\$171.59	\$184.97	\$217.98	\$228.88
Year 6	\$117.60	\$172.95	\$186.44	\$219.71	\$230.69
Year 7	\$118.53	\$174.31	\$187.90	\$221.43	\$232.51
Year 8	\$119.45	\$175.66	\$189.37	\$223.16	\$234.32
Year 9	\$120.37	\$177.02	\$190.83	\$224.89	\$236.13
Year 10	\$121.30	\$178.38	\$192.29	\$226.61	\$237.94
Year 11	\$122.22	\$179.74	\$193.76	\$228.34	\$239.75
Year 12	\$123.15	\$181.10	\$195.22	\$230.06	\$241.56

January 1, 2014
FIRST OFFICER

Seniority	Group I	Group II	Group III	Group IV	Group V
Year 2	\$ 56.95	\$ 83.76	\$ 90.29	\$106.40	\$111.72
Year 3	\$ 68.90	\$101.32	\$109.23	\$128.72	\$135.16
Year 4	\$ 70.61	\$103.84	\$111.94	\$131.92	\$138.51
Year 5	\$ 72.34	\$106.39	\$114.68	\$135.15	\$141.91
Year 6	\$ 74.09	\$108.96	\$117.46	\$138.42	\$145.34
Year 7	\$ 75.86	\$111.56	\$120.26	\$141.72	\$148.80
Year 8	\$ 77.64	\$114.18	\$123.09	\$145.05	\$152.31
Year 9	\$ 80.05	\$117.72	\$126.90	\$149.55	\$157.03
Year 10	\$ 81.88	\$120.41	\$129.80	\$152.96	\$160.61
Year 11	\$ 83.11	\$122.22	\$131.76	\$155.27	\$163.03
Year 12	\$ 83.74	\$123.15	\$132.75	\$156.44	\$164.26



January 1, 2015
CAPTAIN

Seniority	Group I	Group II	Group III	Group IV	Group V
Year 2	\$117.33	\$172.54	\$186.00	\$219.19	\$230.15
Year 3	\$118.28	\$173.94	\$187.51	\$220.97	\$232.02
Year 4	\$119.23	\$175.34	\$189.01	\$222.75	\$233.88
Year 5	\$120.18	\$176.74	\$190.52	\$224.52	\$235.75
Year 6	\$121.13	\$178.14	\$192.03	\$226.30	\$237.62
Year 7	\$122.08	\$179.53	\$193.54	\$228.08	\$239.48
Year 8	\$123.03	\$180.93	\$195.05	\$229.85	\$241.35
Year 9	\$123.99	\$182.33	\$196.55	\$231.63	\$243.21
Year 10	\$124.94	\$183.73	\$198.06	\$233.41	\$245.08
Year 11	\$125.89	\$185.13	\$199.57	\$235.19	\$246.95
Year 12	\$126.84	\$186.53	\$201.08	\$236.96	\$248.81

January 1, 2015
FIRST OFFICER

Seniority	Group I	Group II	Group III	Group IV	Group V
Year 2	\$ 58.66	\$ 86.27	\$ 93.00	\$109.60	\$115.08
Year 3	\$ 70.97	\$104.36	\$112.50	\$132.58	\$139.21
Year 4	\$ 72.73	\$106.96	\$115.30	\$135.87	\$142.67
Year 5	\$ 74.51	\$109.58	\$118.12	\$139.20	\$146.16
Year 6	\$ 76.31	\$112.23	\$120.98	\$142.57	\$149.70
Year 7	\$ 78.13	\$114.90	\$123.86	\$145.97	\$153.27
Year 8	\$ 79.97	\$117.61	\$126.78	\$149.41	\$156.88
Year 9	\$ 82.45	\$121.25	\$130.71	\$154.04	\$161.74
Year 10	\$ 84.33	\$124.02	\$133.69	\$157.55	\$165.43
Year 11	\$ 85.60	\$125.89	\$135.71	\$159.93	\$167.92
Year 12	\$ 86.25	\$126.84	\$136.73	\$161.14	\$169.19



January 1, 2016*
CAPTAIN

Seniority	Group I	Group II	Group III	Group IV	Group V
Year 2	\$119.67	\$175.99	\$189.72	\$223.58	\$234.75
Year 3	\$120.64	\$177.42	\$191.26	\$225.39	\$236.66
Year 4	\$121.61	\$178.84	\$192.79	\$227.20	\$238.56
Year 5	\$122.58	\$180.27	\$194.33	\$229.01	\$240.46
Year 6	\$123.55	\$181.70	\$195.87	\$230.83	\$242.37
Year 7	\$124.53	\$183.13	\$197.41	\$232.64	\$244.27
Year 8	\$125.50	\$184.55	\$198.95	\$234.45	\$246.17
Year 9	\$126.47	\$185.98	\$200.49	\$236.26	\$248.08
Year 10	\$127.44	\$187.41	\$202.02	\$238.08	\$249.98
Year 11	\$128.41	\$188.83	\$203.56	\$239.89	\$251.88
Year 12	\$129.38	\$190.26	\$205.10	\$241.70	\$253.79

January 1, 2016*
FIRST OFFICER

Seniority	Group I	Group II	Group III	Group IV	Group V
Year 2	\$ 59.84	\$ 88.00	\$ 94.86	\$111.79	\$117.38
Year 3	\$ 72.39	\$106.45	\$114.75	\$135.23	\$141.99
Year 4	\$ 74.18	\$109.10	\$117.60	\$138.59	\$145.52
Year 5	\$ 76.00	\$111.77	\$120.49	\$141.99	\$149.09
Year 6	\$ 77.84	\$114.47	\$123.40	\$145.42	\$152.69
Year 7	\$ 79.70	\$117.20	\$126.34	\$148.89	\$156.33
Year 8	\$ 81.57	\$119.96	\$129.32	\$152.39	\$160.01
Year 9	\$ 84.10	\$123.68	\$133.32	\$157.12	\$164.97
Year 10	\$ 86.02	\$126.50	\$136.37	\$160.70	\$168.74
Year 11	\$ 87.32	\$128.41	\$138.42	\$163.13	\$171.28
Year 12	\$ 87.98	\$129.38	\$139.47	\$164.36	\$172.58

*Per Supplement A, January 1, 2016 rates will be the greater of 2.0% or rate determined by the Industry Comparable Pay Rate Adjustment.



Section 3: Transition to Equipment Groups

Replace the transition pay rate table for incumbent pilots with the following table:

12-Year Rate Summary

	Jan. 1 2013	Jan. 1 2014	Jan. 1 2015
Captain			
B-763 Incumbent	\$186.57	\$201.49	\$207.54
B-762 Incumbent	\$184.51	\$199.27	\$205.24
B-738 Incumbent	\$172.33	\$186.11	\$191.70
First Officer			
B-763 Incumbent	\$126.86	\$137.01	\$141.12
B-762 Incumbent	\$125.46	\$135.50	\$139.57
B-738 Incumbent	\$117.18	\$126.56	\$130.35

2. Amendments to Section 6: Training and Miscellaneous Flying. The following amendments are hereby made to Section 6 of the 2012 CBA:

Amend Section 6, paragraph D. 1. b. to read in its entirety as follows:

“A regularly scheduled pilot who is scheduled for Continuing Qualification (i.e. requalification or recurrent training) training shall be paid three hours per day (effective January 1, 2014, four hours (4:00) per day) and credited two hours and forty-five minutes (2:45) per day for each day of such training.”

Amend Section 6, paragraph H. 9, Distance Learning pay to read in its entirety as follows:

“Pilots will be paid for the completion of all required Distance Learning at one-third (1/3rd) the pilot’s base hourly pay rate. Effective January 1, 2014, pilots will be paid for the completion of all required Distance Learning at one-half (1/2) the pilot’s base hourly pay rate. Time durations for completion of the required Distance Learning assignments shall initially be determined by the Company, with input from the APA Training Committee Chairman, and monitored at regular intervals to ensure adequate time is allotted for the successful completion of each assignment.”

Insert a new paragraph at the end of Section 6.E. to read as follows:



“Deadheading on Company Aircraft: Effective January 1, 2014, pilots who are scheduled (allocated or rescheduled/reassigned) to deadhead on transoceanic International flights, on flights to or from Hawaii and Alaska, and on flights south of the equator (as defined below) will be provided business class accommodations (or first class accommodations if the aircraft is not configured with business class). Such pilots will not be required to deadhead in economy. If a pilot scheduled to deadhead to base on the last leg of a sequence chooses to deviate from the scheduled deadhead in order to deadhead to the pilot’s residence or designated city, business class accommodations will be provided, if available at the time of booking. If business class is unavailable, such pilot will be booked in economy. The countries that qualify as flights south of the equator are Chile, Brazil, Argentina, Bolivia, Peru, Ecuador, Uruguay and Paraguay.

Deadheading on Other Airlines: Effective January 1, 2014, pilots who deadhead on transoceanic International flights and on flights south of the equator (as defined above) will be provided business class accommodations, if available. If business class is unavailable, seats will be provided in economy.”

3. Amendments to Section 7: Expenses Away from Base. The following amendments are hereby made to Section 7 of the 2012 CBA:

Amend Section 7, paragraph B.1 to read in its entirety as follows:

Pilots on duty or when away from their bases on regular assignment, shall be reimbursed for meals and incidentals at the below listed rates per hour, commencing with the first trip sequence originating after the effective date of the rate increase:

	Dom	Intl
i. Effective 1/1/13	\$1.80	\$2.00
ii. Effective 1/1/14	\$2.10	\$2.40
iii. Effective 1/1/15	\$2.25	\$2.75
iv. Effective 1/1/16	\$2.30	\$2.80
v. Effective 1/1/17	\$2.30	\$2.80
vi. Effective 1/1/18	\$2.30	\$2.80

(prorated to the nearest minute) from the reporting time of a trip sequence through the debriefing period following the trip that returns the pilot to base. Pilots must fly (including deadheading) to be covered under the provisions of this paragraph.

Amend Section 7, paragraph B.2 to read in its entirety as follows:

Pilots on temporary assignment, special duty, or training shall be reimbursed for meals and incidentals at the below listed rates per hour, commencing with the first trip sequence originating or duty period commencing after the effective date of the rate increase:



Hourly Rate

vii.	Effective 1/1/13	\$1.80
viii.	Effective 1/1/14	\$2.10
ix.	Effective 1/1/15	\$2.25
x.	Effective 1/1/16	\$2.30
xi.	Effective 1/1/17	\$2.30
xii.	Effective 1/1/18	\$2.30

(prorated to the nearest minute) from the departure time of the trip which takes them to their assignment and continues until the arrival time at their base at the termination of the assignment. If a pilot returns to base during the course of a temporary assignment, special duty or training, during scheduled duty-free periods, such time spent at the base shall not be compensable under this paragraph.

4. Amendment to Section 15: Scheduling / Work Rules. The following amendment is hereby made to Section 15 of the 2012 CBA:

A new paragraph is hereby added following Section 15.E.3. to read in its entirety as follows:

Section 15.E.4. - 1:2 Pay For Scheduled Sit-Times over 2 hours

Effective January 1, 2014, duty periods with scheduled sit times greater than two (2) hours shall receive one (1) minute of pay for every two (2) minutes of sit time in excess of two (2) hours. This provision applies to scheduled sit-times only (i.e. as allocated), the time is not credited and the pay only applies to the time above the first two (2) hours and will be paid in addition to any other pay earned in accordance with Section 15.E., F. or G.

5. Amendment to Supplement F(6) Retirement Income Benefits. The following amendment is hereby made to Supplement F(6) of the 2012 CBA:

Amend paragraph 6 (C) to read in its entirety as follows:

For each pilot who has earned one year of Eligibility Service (as defined in Super Saver) on or after November 1, 2012, the Company will contribute an amount equal to fourteen percent (14%) of the pilot's Eligible Compensation (as defined in Super Saver) for service performed on or after November 1, 2012 through December 31, 2013. Any 14% contribution under this Paragraph (6) shall be reduced by any discretionary contributions the Company has made to pilots' Super Saver accounts in anticipation of a ratified and Court approved new collective bargaining agreement. Effective January 1, 2014, for each pilot who has earned one year of Eligibility Service (as defined in Super Saver) the



Company will contribute an amount equal to sixteen percent (16%) of the pilot's Eligible Compensation (as defined in Super Saver) for service performed on or after January 1, 2014. Such Company contributions shall be made as soon as administratively practicable following the date the pilot is paid."

6. Pay Protection:

Paragraph 24(d) of the Memorandum of Understanding Regarding Contingent Collective Bargaining Agreement ("MOU") is deleted. Paragraph 12 in its entirety, specifically including sub-paragraphs (a), (b), (1), (2), and all undesignated sub-paragraphs, shall be replaced with the following:

"If any currently active New American Airlines pilot is involuntarily displaced to a Group 1 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."

This Letter of Understanding 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.

Sincerely,

A handwritten signature in black ink, appearing to read "Dennis A. Newgren".

Dennis A. Newgren
Managing Director
Employee Relations, Flight
American Airlines

A handwritten signature in black ink, appearing to read "Beth Holdren".

Beth Holdren
Managing Director
Labor Relations, Flight
US Airways

Agreed and Accepted:

A handwritten signature in black ink, appearing to read "Keith Wilson".

Keith Wilson, President
Allied Pilots Association