

**UNITED STATES BANKRUPTCY COURT  
FOR THE EASTERN DISTRICT OF VIRGINIA  
Alexandria Division**

In re:	)	Case No. 04-13819
	)	Jointly Administered
US AIRWAYS, INC., <i>et al.</i> ,	)	Chapter 11
	)	
Debtors.	)	
_____	)	

**ORDER AUTHORIZING INTERIM RELIEF PURSUANT TO SECTION 1113(e)  
OF THE BANKRUPTCY CODE**

This matter comes before the Court on the Debtors' Motion for Interim Relief Pursuant to Section 1113(e) of the Bankruptcy Code (the "Motion").<sup>1</sup> Hearings were held in open court on October 7, 12, 14, and 15, 2004.

Upon consideration of the pleadings, testimony, exhibits, and argument of counsel, and for the reasons stated orally on the record, the Court finds as follows: (1) This Court has jurisdiction over the Motion and the affected parties pursuant to 28 U.S.C. § 1334 and 157(a) and the general order of reference from the U.S. District Court for the Eastern District of Virginia; (2) The Motion constitutes a core proceeding pursuant to 28 U.S.C. § 157(b)(2); (3) Proper and adequate notice of the Motion has been given to all persons entitled to receive such notice and no further notice is required; and (4) The relief sought in the Motion, to the extent granted by this Order, including the interim modifications to the Debtors' collective bargaining agreements ("CBAs") set forth below, are essential to the continuation of the Debtors' business.

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<sup>1</sup> Unless otherwise defined herein, all capitalized terms shall have the meaning ascribed to them in the Motion.

Therefore, it is:

ORDERED that the Motion is GRANTED to the extent set forth in this order; and it is further

ORDERED that, pursuant to 11 U.S.C. § 1113(e), the Debtors are authorized to make the following interim modifications to the relevant CBA:

1. **ALPA**: (1) a reduction in base rates of pay by 21% frozen at the reduced level for all longevity steps in all classifications (excluding MidAtlantic Airways); (2) replacement of the current pilot defined contribution pension plan contribution rate with an across the board ten percent (10%) employer contribution, not to exceed qualified limits; (3) suspension of the Company's obligation under the ALPA Agreement regarding Minimum Aircraft (including the daily utilization rate measured monthly) and Minimum Block Hours, as set forth in the July 2002 Restructuring Agreement as amended by Letter of Agreement #84, and other productivity provisions of Letter of Agreement #84 that are contingent on such Minimum Aircraft and Minimum Block Hour provisions will remain in full force and effect, except to the extent amended by the interim relief, as if such Minimum Aircraft and Minimum Block Hour provisions were satisfied; and (4) a provision allowing the Company's Vice President of Flight Operations to, for each month, and at any time prior to or during such month, establish the monthly pay cap at 85, 90 or 95 hours by Position (as such term is defined in the US Airways-ALPA Agreement); provided, however, that such establishment of a revised monthly pay cap will not result in furloughs, but would be used to balance staffing in the event of attrition or staffing shortages that might disrupt flight operations.

2. **AFA**: (1) a reduction in base rates of pay by 21% frozen at the reduced level for all longevity steps (excluding MidAtlantic Airways); (2) suspension of the Company's

obligation under the provisions of the parties' January 2003 Restructuring Agreement regarding Minimum Aircraft (including the daily utilization rate measured monthly); and (3) a provision allowing the Company's Vice President of Inflight to, for each month, at any time prior to or during such month, increase the monthly obligation for all flight attendants in a given base by either five (5) or ten (10) hours (or by one (1) additional trip for flight attendants in the ITD); provided, however, that such establishment of a revised monthly pay obligation will not result in furloughs, but would be used to balance staffing in the event of attrition or staffing shortages that might disrupt flight operations.

3. **CWA**. (1) a reduction in base rates of pay for all longevity steps in all classifications (excluding MidAtlantic Airways or Mainline Express CWA-represented employees) by 21% frozen at the reduced level; (2) suspension of the employer match contribution to the defined contribution retirement plan and suspension of the current employer base contribution, to be replaced with a flat 3% employer base contribution; and (3) non-applicability of the Company's obligations to maintain a minimum number of aircraft (including the daily utilization rate measured monthly) as set forth in the groups' January 2003 Restructuring Agreements.

4. **IAM Mechanics**: (1) a reduction in base rates of pay for all longevity steps in all classifications by 21% frozen at the reduced level; (2) suspension of the employer match to the employees' 401K plans; (3) non-applicability of the Company's obligations to maintain a minimum number of aircraft as set forth in the group's January 2003 Restructuring Agreement; and (4) to the extent not already permitted under the terms of the basic agreement between the parties, a provision permitting the Company to outsource all heavy base maintenance

activities on all Airbus narrow-bodied and wide-bodied aircraft, provided that no mechanic and related employees will be furloughed as a result of the outsourcing.

5. **IAM Fleet Service:** (1) a reduction in base rates of pay for all longevity steps in all classifications (excluding MidAtlantic Airways and Mainline Express) by 21% frozen at the reduced level; (2) reduction of employer contributions to the IAM National Pension Fund to a flat 3%; and (3) non-applicability of the Company's obligations to maintain a minimum number of aircraft as set forth in the group's January 2003 Restructuring Agreement.

6. **IAM Maintenance Training Specialists:** (1) a reduction in base rates of pay for all longevity steps in all classifications by 21% frozen at the reduced level; (2) reduction of employer contributions to the IAM National Pension Fund to a flat 3%; and (3) non-applicability of the Company's obligations to maintain a minimum number of aircraft as set forth in the group's January 2003 Restructuring Agreement.

The interim relief authorized by this order shall extend through February 15, 2005, except to the extent such relief is earlier superceded as to any particular labor group by changes to the collective bargaining agreement agreed to by the parties or approved by the court under § 1113(c).

Dated: Alexandria, Virginia  
October 15, 2004

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Honorable Stephen S. Mitchell  
UNITED STATES BANKRUPTCY JUDGE

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