

Special MEC Meeting

January 18, 2001—

CLT Marriott Executive Park



Philip Osterhus
MEC Secretary-Treasurer

Day One, Thursday, January 18, 2001

1005 MEC Vice Chair Bill Pollock convenes meeting.

MEC Chair Beebe absent, Secretary-Treasurer Osterhus present;

Roll call:

Council 32	Milkey	DiOrio
Council 41	Tosi	Greenhall
Council 90	McKee	Kelly
Council 94	Starnes	Baker
Council 135	Belz	Smith (Kudey's proxy)
Council 138	Baier proxy	Hocking
Council 148	Stephan	Gillespie

1014 Baier arrives.

1015 Belz violates audible devices decorum policy.

AI 01-03 Disposition of Third Grant of Stock Options

Pollock reviews issue with MEC.

1025 Recess

1050 Reconvene

Skinner reviews issue with MEC.

1109 Belz violates audible devices decorum policy.

Motion Baier/Starnes:

Point of order DiOrio: DiOrio had floor

Chair: Well taken, previous motion out of order

1130 Recess

1140 Reconvene

Without objection, further discussion on item is deferred until later.

1150 Without objection, chair closes meeting.

1832 Body returns to open session. Following resolution is on the floor:

AI 00-247 Stock Option Allocation Principles

BE IT RESOLVED that no changes are required for allocations of options for pilots on leave of absence for the 1st, 2nd, and 3rd grant, and

BE IT FURTHER RESOLVED that for the 4th and subsequent grants, options will be granted to pilots who were on the Seniority List in any pilot scheduling month during the preceding Allocation Period if, as of the Grant Date, such pilots have not separated from the Company (with the exception of death, disability, and retirement), and

BE IT FURTHER RESOLVED that if the strike price for the 4th grant based upon the then current market price for the Company stock is less favorable than the Acquisition Allocation strike price, the MEC chairman is directed to file with the Company an Acquisition Allocation schedule that will have the effect of having the 4th grant rolled into the Acquisition Allocation grant, and

BE IT FINALLY RESOLVED that the MEC amends the Allocation Principles for the 3rd, 4th, and all future grants to encompass the recommendations described in the Stock Update on Administrative Issues with the understanding that the Reserve pilots on MetroJet will be compared against the equivalent pay hours (corresponding Reserve guarantee) of a Reserve pilot in similar Mainline Reserve status in the event that a MetroJet Reserve pilot does not make his/her monthly guarantee.

Amendment Baier/Hocking: Insert the following as the fourth paragraph:

BE IT FURTHER RESOLVED that the MEC instructs the master chairman to advise the Company that all future forfeitures (4th grant and beyond) be reallocated for redistribution in the same grant wherein they occur, and

Amendment passes.

Motion as amended reads:

AI 00-247 Stock Option Allocation Principles

BE IT RESOLVED that no changes are required for allocations of options for pilots on leave of absence for the 1st, 2nd, and 3rd grant, and

BE IT FURTHER RESOLVED that for the 4th and subsequent grants, options will be granted to pilots who were on the Seniority List in any pilot scheduling month during the preceding Allocation Period if, as of the Grant Date, such pilots have not separated from the Company (with the exception of death, disability, and retirement), and

BE IT FURTHER RESOLVED that if the strike price for the 4th grant based upon the then current market price for the Company stock is less favorable than the Acquisition Allocation strike price, the MEC chairman is directed to file with the Company an Acquisition Allocation schedule that will have the effect of having the 4th grant rolled into the Acquisition Allocation grant, and

BE IT FURTHER RESOLVED that the MEC instructs the master chairman to advise the Company that all future forfeitures (4th grant



and beyond) be reallocated for redistribution in the same grant wherein they occur, and

BE IT FINALLY RESOLVED that the MEC amends the Allocation Principles for the 3rd, 4th, and all future grants to encompass the recommendations described in the Stock Update on Administrative Issues with the understanding that the Reserve pilots on MetroJet will be compared against the equivalent pay hours (corresponding Reserve guarantee) of a Reserve pilot in similar Mainline Reserve status in the event that a MetroJet Reserve pilot does not make his/her monthly guarantee.

Motion as amended passes unanimously.

1847 Stephan calls for the orders of the day.

1850 Recess until 1000

Day Two, Friday, January 19, 2001

1000 Pollock reconvenes meeting.

Beebe absent; Osterhus present

Roll call: All MEC members present

EVP Morrow information requested by MEC on IACP/ALPA integration is distributed to MEC. Chair states Friday, January 26, at 4:30 p.m. is deadline for objections, and the material is not to be distributed because it will be an article in *US AIRWAVES*.

Chair informs MEC of Thursday Labor Coalition meeting, and Monday Strategic Planning development meeting.

1015 Recess

1020 Reconvene

AI 01-02 Merger Committee Update

Merger Committee briefs MEC in open session, Q&A period with MEC.

Chair rules Gillespie out of order.

1135 Recess

1143 Reconvene

Kelly requests roll call; all MEC members present except Milkey proxy DiOrio

1155 Recess

1208 Reconvene

Without objection, meeting is closed.

1600 Body returns to open session.

Following Tosi/McKee resolution (with Gillespie/Stephan amendment) is on the floor:

WHEREAS on Tuesday, January 9, 2001, UAL Corp. and AMR Corp., in a Memorandum of Understanding (MOU), agreed to certain proposed sales, transfers, and other dispositions of various assets of US Airways and US Airways Group from UAL to AMR in conjunction with the Yellow Jacket transaction, and

WHEREAS these transactions constitute a "Triggering Event" as defined in the US Airways Pilots' Collective Bargaining Agreement, and

WHEREAS the MOU between UAL and AMR contemplates divesting these assets in conjunction with the Yellow Jacket transaction and provides for an aggressive delivery schedule, and

WHEREAS it is in the interest of the US Airways pilots to begin discussions with the American Airlines pilots as represented by the Allied Pilots Association (APA) to achieve a "fair and equitable" seniority integration for US Airways pilots who may elect to transfer to AMR,

THEREFORE BE IT RESOLVED that the US Airways MEC authorizes the US Airways Merger Committee to initiate discussions with the APA Merger and Acquisitions Committee, and

BE IT FURTHER RESOLVED that the Merger Committee will give timely and complete reports on the progress of these discussions to the MEC, and

BE IT FURTHER RESOLVED that the MEC reserves the right to approve or disapprove any agreements reached by the US Airways Merger Committee and the APA.

BE IT FINALLY RESOLVED that any agreed-upon integration will provide adequate protections for all US Airways pilots.

Motion passes unanimously.

DiOrio calls for orders of day.

Motion Greenhall/Starnes: Move to extend orders of day until 1730 or completion of business, whichever occurs sooner.

Motion passes

1604 Without objection, chair closes meeting.

1724 Return to open session

1729 Roll call asked by DiOrio; request for roll call withdrawn.

Motion Greenhall/Milkey:

WHEREAS the MEC recently began a Communications Strategy, and

WHEREAS the fleet plan is projected to continue shrinking, the airline is understaffed while there has been a loss of almost 300 pilot positions and US Airways is not presently hiring, and

WHEREAS the numerous contractual abuses and incorrect scheduling interpretations that negatively affect the lifestyle of all US Airways pilots have not been corrected,

THEREFORE BE IT RESOLVED that the MEC tasks the Communications Committee to aggressively escalate its efforts with respect to the Communication Strategy to possibly include Code-a-Phone messages, additional posters, stickers, etc.

Chair rules item as a late agenda item, therefore out of order.

Motion Greenhall/Kelly: Move to accept it as a late agenda item for this meeting.

Point of order Greenhall: Tosi speaking without floor.

Chair: Well taken

Point of order Milkey: Member speaking without floor.

Chair: Well taken

1740 Recess

1758 Reconvene

Without objection, chair rules item is in order.

Motion passes unanimously.

1805 Motion Milkey/Baker: Move to adjourn

Motion passes.