

Letter of Agreement
between
US Airways
and the
Flight Attendants in the service of
Shuttle, Inc.,
as represented by the
Association of Flight Attendants, AFL-CIO

SHUTTLE HEALTH, WELFARE AND RETIREMENT BENEFITS AGREEMENT

This Letter of Agreement is made and entered into in accordance with the provisions of Title II of the Railway Labor Act, as amended, by and between US Airways, Inc. (Hereinafter referred to as the "Company") and the Flight Attendants in the service of Shuttle, Inc., as represented by the Association of Flight Attendants, AFL-CIO (hereinafter referred to as the "AFA").

It is hereby agreed as follows:

1. All health, welfare and retirement benefits provisions of the Shuttle, Inc. Flight Attendant Agreement dated August 1, 1994, which have not been specifically altered by this Letter of Agreement shall remain in full force and effect for the duration of the fenced operations.
2. This Side Letter shall run concurrently with the Shuttle, Inc. Flight Attendant Agreement dated August 1, 1994, as modified on November 20, 1998, and will be incorporated into the USAir Flight Attendants Agreement dated April 1, 1993 and the new US Airways Flight Attendants Agreement upon ratification of a new agreement.
3. Welfare Benefits:
 - a. Shuttle Flight Attendants will continue to be covered by Shuttle, Inc. medical, dental and other welfare benefit plans through March 31, 1999. Claims incurred prior to April 1, 1999, will be administered under the present Shuttle, Inc. plans; such claims must be submitted no later than one year after the expense is incurred in the case of the Indemnity and Managed Care plans. The claims submission procedure for each HMO shall control the claims submission procedures for such HMO. The Shuttle, Inc. Short Term Disability Plan shall be extended through the end of the fence. The US Airways, Inc. Flight Attendant Long Term Disability Benefit Plan shall apply commencing at the end of the fence. There shall be no gap in coverage in the case of any welfare plan. For example, the Shuttle, Inc. Long Term Disability Plan shall continue until such time that a Shuttle flight attendant is eligible under the US Airways, Inc. Flight Attendant Long Term Disability Benefit Plan. Shuttle Flight Attendants will be covered by Company medical, dental, life insurance, AD&D, and any other welfare benefit plans (other than disability plans) applicable to the US Airways Flight Attendants as of April 1, 1999, with open enrollment taking place during the first quarter of 1999.
 - b. Service with Shuttle, Inc. will count toward satisfying any eligibility requirements and waiting periods under the Company's welfare benefit plans. During the calendar year in which benefits are integrated, any monies expended by former Shuttle Flight Attendants under the Shuttle health and welfare plans toward the deductible or out-of-pocket cap or similar payments shall be credited towards such payments under the US Airways Inc. health and welfare plans. The previous sentence shall not apply to HMO plans.
 - c. Once the Shuttle flight attendants are transitioned into the applicable US Airways health and welfare plans, in no event shall Shuttle flight attendants have different employee contributions, deductible, or other features in any of the welfare benefits offered to US Airways flight attendants.
 - d. HMOs. The HMOs in existence on September 19, 1998 for Shuttle, Inc. Flight Attendants shall continue to be offered to those Flight Attendants. As to those HMOs not currently extended to mainline flight

attendants, Shuttle flight attendants currently in those HMOs shall be allowed to continue in those HMOs for up to one year after the US Airways's Medical/Dental plan becomes applicable to Shuttle flight attendants. HMOs will have to be financially viable and meet the administrative standards that US Airways uses in selecting HMOs. Once the US Airways Medical/Dental plan becomes available to Shuttle flight attendants, a special open enrollment period will be offered to Shuttle flight attendants. Thereafter, open enrollment periods will be offered annually.

- e. Flex Spending Plans. There shall be no gap in coverage due to switching of Shuttle, Inc. Flight Attendants from the Shuttle, Inc. Flexible Spending plans to those at US Airways.

4. Retirement Benefits

- a. 401(k) Plan. Shuttle Flight Attendants will continue to participate in the Shuttle, Inc. Investment Plan for Flight Attendants ("Shuttle AFA 401(k) Plan") through March 31, 1999. Effective April 1, 1999, Shuttle Flight Attendants who have completed 90 days of service with Shuttle, Inc. and the Company will be eligible to participate in the US Airways, Inc. 401(k) Savings Plan ("US Airways 401(k) Plan"). Shuttle Flight Attendants with less than 90 days service with Shuttle, Inc. and the Company as of March 31, 1999, will be eligible to enter the US Airways 401(k) Plan on the first entry date after completing 90 days of combined service with Shuttle, Inc. and the Company. The Company may merge the Shuttle AFA 401(k) Plan with the US Airways 401(k) Plan, or may maintain the Plans as separate plans. In no event shall there be a gap in coverage due to the switch between the two plans.
- b. ESOP. Shuttle Flight Attendants will be eligible to participate in the US Airways, Inc. Employee Stock Ownership Plan ("US Airways ESOP") effective April 1, 1999. Shuttle Flight Attendants will be credited with service with Shuttle, Inc. for purposes of eligibility and vesting in the US Airways ESOP.
- c. Defined Benefits Plans. Shuttle Flight Attendants will become participants in the Retirement Plan for Flight Attendants in the Service of US Airways, Inc. ("US Airways AFA Plan") as of April 1, 1999, and will accrue benefits based on service with the Company on and after that date. As of March 31, 1999, the Shuttle, Inc. Retirement Income Plan for Flight Attendants (the "Shuttle AFA Plan") shall be frozen, and Shuttle Flight Attendants shall accrue no additional benefit under the Shuttle AFA Plan. The Company intends to merge the Shuttle AFA Plan with and into the US Airways AFA Plan. The date of the merger of the plans shall be determined by the Company in its discretion.

5. Retirement Benefit Formula:

Flight attendants shall receive the following retirement benefit:

The greater of a, b, c, d:

- a. The benefit accrued under the Shuttle AFA Plan as of the date of the merger of the plans. For purposes of this calculation, Years of Service under the Shuttle AFA Plan prior to April 1, 1999, and Service under the US Airways AFA Plan on or after April 1, 1999, shall be included for purposes of vesting and application of actuarial reduction factors. Credited Pension Service under the Shuttle AFA Plan prior to April 1, 1999, and Credited Service under the US Airways AFA Plan on and after April 1, 1999, shall be included for purposes of eligibility for early retirement and related subsidies. For example, once a flight attendant has a total of 20 years of Credited Pension Service under the Shuttle AFA Plan and Credited Service under the US Airways AFA Plan and has reached age 52, the enhanced early retirement subsidies for both the regular (non-Eastern) benefit under the Shuttle AFA Plan and the minimum benefit payable (the Eastern hypothetical benefit) will apply.
- b. The sum of the benefit accrued under the US Airways AFA Plan on or after April 1, 1999, and the benefit accrued under the Shuttle AFA Plan for Years of Service at Shuttle from June 7, 1989 to March 31, 1999, excluding the minimum benefit payable (the Eastern hypothetical benefit). For each year that the total combined years of Credited Service under the US Airways AFA Plan and Credited Pension Service under the Shuttle AFA Plan exceeds 30 years, the year with the smallest benefit accrual under the Shuttle AFA

Plan will be excluded. For purposes of the early retirement subsidy under the Shuttle AFA Plan, all years of Credited Pension Service under the Shuttle AFA Plan and Credited Service under the US Airways AFA Plan will count. For purposes of eligibility, vesting and actuarial reductions for early retirement under the US Airways AFA Plan, all Years of Service under the Eastern Plan, and the Shuttle AFA Plan will be included as well as years of Service under the US Airways AFA Plan. Final Average Earnings shall be defined as the three highest years (which need not be consecutive) out of the last 10 years at US Airways and the Shuttle or its predecessors before Service ceases.

- c. The Eastern minimum benefit payable under the Shuttle AFA Plan, counting all years of Credited Service under the Eastern Plan, Credited Pension Service under the Shuttle AFA Plan and all years of Credited Service under the US Airways AFA Plan. The benefit shall be reduced by the Eastern pension benefit payable by the PBGC. Earnings attributable to US Airways service shall be as defined in the US Airways AFA Plan. There will be no 30 year cap applicable to this calculation.

For example, if a flight attendant had 18 years of Credited Service at Eastern and 10 years of Credited Pension Service at the Shuttle and 5 years of Credited Service at US Airways, her/his benefit would be calculated as follows:

Using the Eastern formula in effect on June 6, 1989:

The Normal Retirement Benefit formula was .75% of Annualized Earnings up to \$1200 plus 1.25% of the next \$1800 of Annualized Earnings, plus 1.75% of Annualized Earnings over \$3000.

Using the example in the Summary Plan Description, a flight attendant had \$4059 total annual benefit under the Shuttle AFA Plan after June 6, 1989, plus \$10,000 annual benefit under the Eastern Plan prior to June 6, 1989. The flight attendant had 18 years of Credited Pension Service through June 6, 1989 under the Eastern Plan and 10 years of Credited Pension Service with Trump.

The flight attendant also had five years of Credited Service at US Airways.

Assuming the flight attendant earned \$40,000 each year from US Airways, the \$40,000 would be plugged into the Eastern formula. The calculation would be .75% of Annualized Earnings up to \$1200 plus 1.25% of the next \$1800 of Annualized Earnings plus 1.75% of Annualized Earnings over \$3000 or: \$9 plus \$22.50 plus \$647.50 for a total of \$679 a year accrued. This benefit would be added to the benefit accrued as of the date of the merger. The flight attendant would now receive five times \$679 or \$3395 added to her/his benefit of \$14,059 or \$17,454 at age 62 (reduced by the Eastern pension benefit payable by the PBGC).

- d. The sum of the benefit accrued under the US Airways AFA Plan for years of Credited Service after March 31, 1999, plus the Eastern minimum benefit payable under the Shuttle AFA Plan. For each year that the total combined years of Credited Service under the US Airways AFA Plan and Credited Pension Service under the Shuttle AFA Plan exceeds 30 years (including years of service with Eastern), the year with the smallest benefit accrual under the Shuttle AFA Plan will be excluded. For purposes of eligibility, vesting and reduction for early retirement under the US Airways AFA Plan, all Years of Service under the Eastern Plan and the Shuttle AFA Plan will be included as well as years of Service under the US Airways AFA Plan. For purposes of the early retirement subsidy provide in conjunction with the minimum benefit payable, all years of Credited Pension Service under the Shuttle AFA Plan (including years with Eastern) and all years of Credited Service under the US Airways AFA Plan will be included.
6. Disability. With respect to those disabilities that occur prior to the effective date of the Shuttle Flight Attendants participation in the US Airways Inc. Flight Attendant Long Term Disability Benefit Plan, Shuttle Flight Attendants shall be covered by the provisions in the current Shuttle Agreement and Shuttle, Inc. Long Term Disability Plan.
 7. Disability Retirement. With respect to those disabilities occurring on or after the effective date of the Shuttle Flight Attendants participation in the US Airways Inc. Flight Attendant Long Term Disability Benefit Plan, Shuttle Flight Attendants shall be ineligible for the disability retirement benefit under the Shuttle AFA Plan.

The Shuttle AFA Plan shall be amended in accordance with the above Paragraph. The Company shall apply for a determination letter on the tax qualified status of the amended Shuttle AFA Plan by December 31, 2000, or later in accordance with IRS requirements. In the event the IRS determines that the elimination of the disability retirement provision will impact the tax qualified status of the Shuttle AFA Plan, the disability retirement provision shall be reinstated retroactively to its date of elimination. Any Shuttle Flight Attendant who would have been eligible for disability retirement but for the elimination of the benefit shall receive benefits under the disability retirement provision (if so elected) retroactive to the date of eligibility for such benefit, less any benefits received under the Flight Attendant Long Term Disability Plan since the date of eligibility for benefits. If the disability retirement provision is reinstated, the benefit a participant receives under the Flight Attendant Long Term Disability Plan shall be offset by any benefit received under the disability retirement provision of the Shuttle AFA Plan.

8. Retiree Benefits. All retired Shuttle flight attendants shall be entitled to receive retiree medical benefits immediately at age 52 as well as retiree passes immediately at age 52 as well as any other welfare benefit provided normally to US Airways flight attendants at age 55.

In Witness Whereof the parties have signed this Letter of Agreement this 21st day of July, 1999.

For the Association of For US Airways, Inc.:

Flight Attendants, AFL-CIO:

/s/ Patricia A. Friend

International President

/s/ John M. Hedblom

Vice President, Labor Relations

/s/ Laurie Bergeron

MEC Secretary-Treasurer

/s/ Anthony J. Bralich Jr.

Director, Labor Relations – Flight

/s/ Sharon Frankie

Negotiating Committee

/s/ Michael J. Minerva Jr.

Director, Labor Relations – Flight

/s/ Katie Whitney

Negotiating Committee

/s/ Robert A. Fuhr Jr.

Senior Director, Inflight Services

/s/ Beth Deprospero-Bohlander

AFA Staff Negotiator

/s/ Ernest J. Pickell

Manager, Business Development and Staff Services

/s/ Laurie Borman

Senior Benefits Attorney