CUMULUS MEDIA INC
Form 8-K
November 07, 2006

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 8-K
CURRENT REPORT
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of report (Date of earliest event reported) November 7, 2006

CUMULUS MEDIA INC.

(Exact name of registrant as specified in its charter)

Delaware	000-24525	36-4159663
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS employer Identification No.)

14 Piedmont Center, Suite 1400, Atlanta, Georgia	30305
(Address of principal executive offices)	(Zip Code)

Registrant s telephone number, including area code (404) 949-0700

n/a

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

o Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
o Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
o Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
o Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Section 2 Financial Information

Item 2.02 Results of Operations and Financial Condition.

On November 7, 2006, Cumulus Media Inc. issued a press release announcing financial results for the quarter ended September 30, 2006. A copy of the press release is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

This information is furnished pursuant to Item 2.02 of Form 8-K and shall not be deemed to be filed for purposes of Section 18 of the Securities and Exchange Act of 1934 or otherwise subject to the liabilities of that section, unless we specifically incorporate it by reference in a document filed under the Securities Act of 1933 or the Securities Exchange Act of 1934.

Section 9 Financial Statements and Exhibits

Item 9.01 Financial Statements and Exhibits.

(c) Exhibits. The following exhibits are filed with this report:

Exhibit No.	Description
99.1	Press Release, dated November 7, 2006.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

CUMULUS MEDIA INC.

By: /s/ Martin R. Gausvik
Name: Martin R. Gausvik
Title: Executive Vice President and Chief Financial Officer

Date: November 7, 2006

EXHIBIT INDEX

Exhibit No.	Description
99.1	Press Release, dated November 7, 2006.

w Roman" SIZE="1">3,320 0

Codina

12,322 19,692 49,839

Ibargüen

0 13,280 25,705

Korologos

13,270 19,692 22,113

Miles

6,399 25,373 22,865

Purcell

8,532 25,373 29,433

Robinson

0 19,920 12,397

Rodin

12,798 25,373 13,692

Rose

0 23,240 17,918

Staubach

4,266 25,373 29,009

(c) Prior to 2006, AMR granted directors SARs under the 1999 directors stock appreciation rights plan. As of December 31, 2012, the aggregate number of outstanding SARs each director held was as follows:

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Mr. Bachmann (2,370), Mr. Bennett (0), Mr. Codina (2,370), Mr. Ibargüen (0), Mrs. Korologos (2,370), Mr. Miles (2,370), Mr. Purcell (2,370), Mr. Robinson (0), Dr. Rodin (2,370), Mr. Rose (0), and Mr. Staubach (2,370). AMR did not grant SARs to any directors in 2012.

(d) Since Mr. Codina and Mrs. Korologos were elected prior to May 15, 1996, each is entitled to receive a pension benefit of $20,000 per year from the date of retirement until the later of the death of the director or his or her spouse. The present value of their accumulated retirement benefits increased from December 31, 2011 to December 31, 2012 because the discount rate decreased from 5.20% at December 31, 2011 to 4.20% at December 31, 2012. The amounts have not been reduced for the possibility that the benefits will not be paid in full as a result of the Chapter 11 Cases.

(e) Amounts shown include: (i) the estimated aggregate incremental cost to AMR of the complimentary personal air travel on American and American Eagle that AMR provided to the directors and their respective family members in 2012 and (ii) the dollar value of insurance premiums AMR paid in 2012 for a $50,000 life insurance policy for the benefit of each director. The amounts also include the following tax reimbursements that AMR paid to its directors in 2012 for complimentary air travel AMR provided them in 2011: Mr. Bachmann ($93), Mr. Ibargüen ($180), Mr. Robinson ($890), and Dr. Rodin ($5,834). AMR also provided to some of its non-employee directors access to events or venues sponsored by AMR, at no incremental cost.

Compensation Risk Assessment

AMR assessed whether its employee compensation policies and practices create risks that are reasonably likely to have a material adverse impact on it. In doing so, AMR considered that its executive compensation programs were designed with what it believed was an appropriate focus on both its short-term and long-term performance. AMR also considered risk mitigation elements of these programs. For example, its incentive plans were tied to broad measures of its performance that cannot be directly influenced by individual employees, such as pre-tax earnings and stockholder return. Also, AMR s short-term incentive awards were capped, and its long-term awards vested over periods of three to five years. AMR has also adopted a recoupment policy (described in the section entitled AMR s Compensation Discussion and Analysis The Primary Components of AMR s Compensation Program Recoupment Policy beginning on page 231). The results of that assessment were that AMR s employee compensation policies and practices do not create risks that are reasonably likely to have a material adverse effect on AMR. With the assistance of its consultants, its chief executive officer, and its senior vice president of human resources, AMR discussed the assessment s findings with its compensation committee.

Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Equity Compensation Plan Information

	Number of securities to be issued upon exercise of outstanding options, warrants, and rights	Weighted-average exercise price of outstanding options, warrants, and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in the first column)
Equity compensation plans approved by security holders	11,270,062	$ 8.75	
Equity compensation plans not approved by security holders	12,679,356	$ 5.55	1,353,521
Total	23,949,418	$ 7.06	1,353,521

See Note 10 to the AMR 2012 consolidated financial statements for additional information regarding the equity compensation plans included above.

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Securities Owned by Directors and Executive Officers of AMR

The following table lists (as of March 29, 2013) the number and percentage of shares of AMR s common stock beneficially owned by its directors, its named executive officers, and its directors and executive officers as a group. The number and percentage of shares of common stock beneficially owned is determined under the rules of the SEC and is not necessarily indicative of beneficial ownership for any other purpose. To AMR s knowledge, and except as indicated in the footnotes to this table, each person named in the table has sole voting and investment power with respect to the shares opposite such person s name, and none of the individuals below has pledged any shares of AMR s common stock. The address for each individual listed below is c/o P.O. Box 619616, MD 5675, Dallas/Fort Worth International Airport, TX 75261-9616.

Name	AMR Common Stock(a),(b)(c) (#)	Percent of Class (%)
John W. Bachmann	26,500	*
Stephen M. Bennett	20,000	*
Armando M. Codina	1,000	*
Alberto Ibargüen	9,000	*
Ann M. Korologos	7,800	*
Michael A. Miles	15,000	*
Philip J. Purcell	10,000	*
Ray M. Robinson	3,000	*
Judith Rodin	1,000	*
Matthew K. Rose	1,000	*
Roger T. Staubach	5,000	*
Thomas W. Horton	724,538	*
Isabella D. Goren	421,442	*
Daniel P. Garton	670,724	*
Gary F. Kennedy	415,378	*
James B. Ream	198,510	*
Directors and executive officers as a group (15 persons)	2,529,892	*

* Less than 1%

(a) This column includes the following shares of common stock that may be acquired under stock options and SARs that are exercisable before March 31, 2013: 399,310 shares for Mr. Horton; 237,940 shares for Ms. Goren; 395,070 shares for Mr. Garton; 261,440 shares for Mr. Kennedy; and 85,980 shares for Mr. Ream.

(b) See the section entitled AMR s Compensation Discussion and Analysis Executive Compensation Outstanding Equity Awards at 2012 Fiscal Year-End Table beginning on page 236 for other outstanding equity awards held by AMR s named executive officers that are not included in this table.

(c) Upon the confirmation of the Plan, directors and officers of AMR who hold equity securities of AMR will have their existing equity securities of AMR eliminated and will otherwise be treated in the same manner as all other equity holders in accordance with the Plan.

Securities Owned by Certain Beneficial Owners

The following table presents information known to AMR about the beneficial ownership of its common stock as of March 29, 2013, by all persons and entities that beneficially own more than 5% of its outstanding common stock based on reports they filed with the SEC. The percentage is based upon the shares of AMR s common stock beneficially owned by each such entity according to those reports and the shares of its common stock outstanding on March 2, 2013.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership (#)	Percent of Class (%)

None

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Director Independence and Transactions with Related Persons

Director Independence

AMR s board of directors has determined that each director, other than Mr. Horton, is independent as defined by the NYSE listing standards and the AMR board s governance policies. As an employee, Mr. Horton is not considered independent under the NYSE rules and the AMR s board governance policies.

The board of directors of AMR has standing audit, compensation, diversity, and nominating/corporate governance committees. All members of the audit committee are independent under SEC and NYSE rules and the board s governance policies. All members of AMR s compensation, diversity, and nominating/corporate governance committees are also independent under NYSE rules and AMR s board governance policies. Although AMR s securities were delisted from the NYSE, AMR continues to determine the independence of directors under the NYSE listing standards. No member of its audit, compensation, diversity, or nominating/corporate governance committees is a current or former employee or officer of AMR or any of its affiliates. A copy of the governance policies of AMR s board of directors is available on the Investor Relations section of AMR s website located at *www.aa.com/investorrelations* by clicking on the Corporate Governance link.

In making these determinations, AMR s board of directors considered information provided by the directors, information from AMR s records, and advice from counsel.

Transactions with Related Persons

AMR s board of directors has adopted a written policy for the review, approval, or ratification of related party transactions. Under AMR s policy, a related party transaction is defined as a transaction or series of related transactions with AMR totaling $120,000 or more and in which any of its executive officers, directors, director nominees, persons owning five percent or more of AMR s outstanding common stock, or any of their immediate family members has a direct or indirect material interest. Certain interests and transactions are by their nature not material and are not subject to the policy. AMR s nominating/corporate governance committee considers related party transactions under the policy with the assistance of AMR s general counsel and chief compliance officer or corporate secretary. In doing so, the committee considers: (i) the size of the transaction, including the amount of compensation payable to or receivable by the related party; (ii) the nature of the related party s interest; and (iii) whether the transaction may involve a conflict of interest, among other factors. In 2012, AMR did not report any transactions with related persons.

Principal Accounting Fees and Services

Fees for professional services rendered by AMR s independent auditors in each of the last two fiscal years, in each of the following categories, including related expenses are:

	2012	**2011**
	(Amounts in thousands)	
Audit Fees	$ 3,939	$ 2,551
Audit-Related Fees	1,219	2,445
Tax Fees	77	200
All Other Fees	0	0
Total Fees	$ 5,235	$ 5,196

Audit Fees are fees for (i) the audit of AMR s consolidated financial statements; (ii) the audit of internal control over financial reporting; (iii) the review of the interim condensed consolidated financial statements included in quarterly reports; (iv) services that are normally provided by Ernst & Young in connection with statutory and regulatory filings or engagements and attest services, except those not required by statute or regulation; and (v) consultations related to financial accounting and reporting standards.

Audit-Related Fees are fees for assurance and other services that are reasonably related to the performance of the audit or review of AMR s consolidated financial statements and are not reported under

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Audit Fees. These services include (i) employee benefit plan audits; (ii) fees for services provided on proposed transactions; (iii) attest services that are not required by statute or regulation; and (iv) consultations related to financial accounting and reporting standards that do not impact the annual audit.

Tax Fees are tax compliance/preparation and other tax services. Tax compliance/preparation consists of fees for professional services related to (i) federal, state, and international tax compliance; (ii) assistance with tax audits and appeals; (iii) expatriate tax services; (iv) assistance related to the impact of mergers, acquisitions, and divestitures on tax return preparation; and (v) miscellaneous tax consulting and planning.

There were no fees for other services not included above.

In selecting Ernst & Young as AMR s independent auditors for the fiscal year ending December 31, 2012, AMR s audit committee considered whether services other than audit and audit-related services provided by Ernst & Young are compatible with the firm s independence.

AMR s audit committee pre-approves all audit and permissible non-audit services provided by Ernst & Young, including audit services, audit-related services, tax services, and other services. Pre-approval is generally provided for up to one year, and any pre-approval is detailed as to the particular service or category of services and includes an anticipated budget. In addition, the committee may also pre-approve particular services on a case-by-case basis. The committee has delegated pre-approval authority to its chairman. Under this delegation, the chairman must report any pre-approval decision by him to the committee. The committee pre-approved all such audit, audit-related, and permissible non-audit services in 2011 and 2012 in accordance with these procedures.

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AMR AUDIT COMMITTEE REPORT

The AMR audit committee reviewed and discussed the AMR 2012 audited consolidated financial statements with AMR s management, AMR s general auditor, and Ernst & Young. No members of AMR s management were present during several of the committee s discussions with Ernst & Young. The committee also met privately with AMR s general auditor several times in 2012.

The committee has also discussed with Ernst & Young the matters required to be discussed with the audit committee under Statement on Auditing Standards No. 61, Communication with Audit Committees, and Rule 2-07 of Regulation S-X, Communication with Audit Committees. The committee has received and reviewed the written disclosures and the letter from Ernst & Young required by the applicable requirements of the Public Company Accounting Oversight Board. The committee discussed with Ernst & Young its independence.

In reliance upon the reviews and discussions noted above, the committee recommended to AMR s board of directors that AMR s audited consolidated financial statements be included in AMR s Annual Report on Form 10-K for the fiscal year ended December 31, 2012.

AMR Audit Committee:

John W. Bachmann, Chairman

Alberto Ibargüen

Ray M. Robinson

This report of AMR s audit committee is not deemed to be soliciting material or to be filed with the SEC or subject to the SEC s proxy rules or the liabilities of Section 18 of the Exchange Act, and the report will not be deemed to be incorporated by reference into any prior or subsequent filing by AMR under the Securities Act or the Exchange Act.

PART IV US AIRWAYS GROUP ANNUAL MEETING PROPOSALS

PROPOSAL 4: ELECTION OF DIRECTORS

The US Airways Group board of directors currently consists of eight members. All directors are also directors of US Airways Group s principal operating subsidiary, US Airways.

Upon the recommendation of the corporate governance and nominating committee, US Airways Group s board of directors has nominated Denise M. O Leary and George M. Philip to serve as directors in Class II. Each nominee is currently a director of US Airways Group.

If re-elected as a director at the 2013 Annual Meeting of Stockholders, each of the nominees would serve a three-year term expiring at the US Airways Group 2016 annual meeting of stockholders and until his or her successor has been duly elected and qualified. If each of these nominees is elected, the board will consist of eight directors divided into three classes as follows: three directors in Class I (terms expiring in 2015), two directors in Class II (terms expiring in 2016), and three directors in Class III (terms expiring in 2014).

If US Airways Group s stockholders adopt the Merger Agreement, upon the Closing, US Airways Group will become a wholly-owned subsidiary of AAG, and the members of US Airways Group s board of directors will be replaced. See the section entitled The Merger Agreement Post-Merger Governing Documents, Directors and Officers, Corporate Name, and Headquarters beginning on page 107 for a detailed description of the composition of the AAG board upon the Closing.

Each of the nominees has consented to serve another term as a director, if re-elected. If any of the nominees should be unavailable to serve for any reason (which is not anticipated), the board of directors may designate a substitute nominee or nominees (in which event the persons named on the proxy card will vote the shares represented by all valid proxies for the election of the substitute nominee or nominees), or allow the vacancies to remain open until a suitable candidate or candidates are located.

The US Airways Group board of directors unanimously recommends that the stockholders vote **FOR** the proposal to re-elect Denise M. O Leary and George M. Philip to serve as directors of US Airways Group in Class II for a three-year term expiring at the US Airways Group 2016 annual meeting of stockholders and until their successors have been duly elected and qualified.

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Directors and Director Nominees

The following table lists US Airways Group s director nominees and continuing directors as of March 29, 2013, including their ages, their class and any committees of the US Airways Group board of directors on which they serve.

Name	Age	Class	Committee Service
Denise M. O Leary	55	II	audit and compensation and human resources committees
George M. Philip	65	II	audit and corporate governance and nominating committees
W. Douglas Parker	51	III	labor committee
Bruce R. Lakefield	69	III	finance and labor committees
William J. Post	62	III	corporate governance and nominating, finance, and labor committees
Matthew J. Hart	60	I	audit, compensation and human resources, and finance committees
Richard C. Kraemer	69	I	audit, compensation and human resources, and corporate governance and nominating committees
Cheryl G. Krongard	57	I	compensation and human resources and finance committees

Set forth below is certain information as of March 29, 2013 regarding US Airways Group s director nominees and continuing directors, including their qualifications, and principal occupations (which have continued for at least the past five years unless otherwise noted). There are no family relationships among the directors and executive officers.

Director Nominees

The two director nominees are listed below.

Denise M. O Leary

Ms. O Leary has been a private investor in early stage companies since 1996. From 1983 until 1996, she was employed at Menlo Ventures, a venture capital firm, first as an associate and then as a general partner. She serves as a director of Medtronic, Inc. and Calpine Corporation. Additionally, she serves on the boards of directors of the Corporation for Supportive Housing and the Denver Foundation and is a member of the boards of trustees of the Bonfils-Stanton Foundation and the University of Denver. Ms. O Leary served as a director of America West and AWA from 1998 to 2007 and became a member of the boards of US Airways Group and US Airways in 2005.

The board believes that Ms. O Leary s financial expertise, her experience in the oversight of risk management, her human resources expertise, her extensive service as a public company director, her success as an investor, and her airline industry expertise gained as a director of America West and US Airways Group make her qualified to serve as a director.

George M. Philip

Mr. Philip retired as president of the University at Albany, State University of New York, on January 2, 2013. From 1971 to 2007 he served in various positions with the New York State Teachers Retirement System and retired after 13 years as executive director. He also serves as a member of the board of directors of First Niagara Financial Group, Inc., vice chair of the St. Peter s Hospital board of directors, and chair of the Catholic Health East investment committee. Mr. Philip is a member of the Kentucky Teachers Retirement System Investment Advisory Committee and the board of directors of Fuller Road Management Corporation, a not-for-profit company. In past years, Mr. Philip was director of The Research Foundation at SUNY, president of the executive committee of the National Council on Teacher Retirement, chair of the Council of Institutional

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Investors, chair of the University at Albany Council, SUNY, a member of the board of Saratoga Performing Arts Center, and a member of the NYSE Pension Managers Advisory Committee and the State Academy of Public Administration. Mr. Philip has served as a director of US Airways Group and US Airways since 2004.

The board believes that Mr. Philip s financial expertise, his corporate governance expertise, his experience in working in and managing large, complex organizations, his experience in the oversight of risk management, his success as an investor, and his airline industry experience gained as a director of US Airways Group make him qualified to serve as a director.

Continuing Directors

The six directors whose terms will continue after the 2013 Annual Meeting of Stockholders and will expire at the 2014 annual meeting of stockholders (Class III) or the 2015 annual meeting of stockholders (Class I) are listed below.

W. Douglas Parker

Mr. Parker has served as chairman of the board and chief executive officer of US Airways Group and US Airways since 2005. Mr. Parker also served as president of US Airways Group and US Airways from 2005 to 2006. Mr. Parker served as chairman of the board and chief executive officer of America West and AWA from 2001 to 2007 and served as a director of America West and AWA from 1999 to 2007. Mr. Parker joined AWA as senior vice president and chief financial officer in 1995. He was elected president of AWA in 2000 and chief operating officer of AWA in 2000. Mr. Parker served on the board of directors of Pinnacle West Capital Corporation from 2007 until February 2012.

The board believes that Mr. Parker s financial and airline marketing expertise, his human resources and labor relations expertise, his nearly quarter century of experience in the airline industry, his 16 years experience as a senior airline executive charged with developing and executing America West s and US Airways Group s strategies, his more than ten years of experience as the chairman and chief executive officer of US Airways Group, his mergers and acquisitions experience, and his service as a public company director make him qualified to serve as a director.

Bruce R. Lakefield

Mr. Lakefield served as president and chief executive officer of US Airways Group and US Airways from 2004 to 2005. US Airways Group and US Airways filed for bankruptcy protection under Chapter 11 in September 2004 which case culminated in the Merger of US Airways Group and America West in 2005. After this, Mr. Lakefield served as vice chairman of the board of US Airways Group and US Airways. Mr. Lakefield served as chairman and chief executive officer of Lehman Brothers International from 1995 until 1999. He has served as a senior adviser to the investment policy committee of HGK Asset Management, Inc. from 2000 to 2004. Mr. Lakefield has served as a director of US Airways Group and US Airways since 2003.

The board believes that Mr. Lakefield s financial and financial services sector expertise, his experience as a senior executive working at large, complex organizations, his service as a public company director, his success as an investor, and his airline experience gained as the president and chief executive officer, vice chairman, and a director of US Airways Group make him qualified to serve as a director.

William J. Post

Mr. Post served as chairman of the board of Pinnacle West Capital Corporation, an energy holding company, from 2001, and chief executive officer from 1999, until he retired in April 2009. Mr. Post served as a director of Pinnacle West from 1997 and Arizona Public Service Company, its major subsidiary and an electric utility, from 1994 until May 2010. Mr. Post previously served in other management capacities at Pinnacle West,

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including as president from 1997 until 2008, as chief executive officer of Arizona Public Service Company from 1998 until 2002 and as its chairman from 2001 until April 2009. Currently, Mr. Post serves as chairman of Swift Transportation Company, a position he has held since January 2011, and as a director of First Solar, Inc. since June 2010. He previously served as member of the board of directors of Phelps Dodge Corporation (now Freeport McMoRan) from 2001 until November 2007. He also holds various positions at certain charitable and educational entities, including as chairman of the Arizona State University board of trustees and its foundation, and as chairman of the Translational Genomics Research Institute. Mr. Post has served as a director of US Airways Group and US Airways since September 2011.

The board believes that Mr. Post s extensive experience operating in a complex and highly regulated environment, as well as his broad business knowledge and strategic perspective, make him qualified to serve as a director.

Matthew J. Hart

Mr. Hart was president and chief operating officer of Hilton Hotels Corporation, a hotel developer and operator, from 2004 until the acquisition of Hilton by the Blackstone Group in 2007. He served as executive vice president and chief financial officer of Hilton from 1996 to 2004. Before joining Hilton in 1996, Mr. Hart was senior vice president and treasurer of The Walt Disney Company from 1995 to 1996, and was executive vice president and chief financial officer for Host Marriott Corp. from 1993 to 1995. He serves on the boards of directors of Great American Group, Inc. and Air Lease Corporation and is a member of the board of directors of Heal the Bay, a non-profit organization. Mr. Hart previously served on the board of directors of Kilroy Realty Corporation from 1997 to 2008. Mr. Hart served on the boards of directors of America West and AWA from 2004 to 2005, and was elected to the boards of US Airways Group and US Airways in 2006.

The board believes that Mr. Hart is qualified to serve as a director because of his financial expertise, his risk management experience, his extensive experience as a senior operating and finance executive in developing strategies for large public companies and, in particular, companies in the travel industry, his mergers and acquisitions experience, his service as a public company director, and his airline experience gained as a director of Air Lease, America West, and US Airways Group.

Richard C. Kraemer

Mr. Kraemer is president of Chartwell Capital, Inc., a private investment company. Mr. Kraemer served as a director of America West and AWA from 1992 to 2007. He became a member of the boards of US Airways Group and US Airways in 2005. Mr. Kraemer also serves as a member of the board of directors of Knight Transportation, Inc.

Mr. Kraemer, in his capacity as chairman of the corporate governance and nominating committee, has responsibility for a number of leadership duties customarily held by a lead independent director, including: (i) coordinating agendas for and presiding over regular meetings of the non-management directors of the board; (ii) communicating with Mr. Parker following those executive sessions and facilitating other communications between the board and Mr. Parker; (iii) coordinating the annual evaluation of the board and its committees and communicating the results of those evaluations; (iv) coordinating recommendations by the corporate governance and nominating committee for the assignment of directors to the board s committees; (v) discussing the nomination of each continuing director in advance of the end of that director s term; and (vi) leading the effort to recruit new directors.

The board believes that Mr. Kraemer is qualified to serve as a director because of his financial expertise, his corporate governance, human resources and labor relations expertise, his experience in developing strategy for, and managing, a large public company such as America West, his success as an investor, and his airline experience gained as a director of America West and US Airways Group.

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Cheryl G. Krongard

Ms. Krongard retired in 2004 as a senior partner of Apollo Management, L.P. At Apollo, her responsibilities included strategic planning, marketing, sales, and client communications. Ms. Krongard was the chief executive officer of Rothschild Asset Management Inc. from 1994 to 2000. She served as senior managing director for Rothschild North America Inc. from 1994 to 2000. Additionally, she served as a director of Rothschild North America, Rothschild Asset Management, Rothschild Asset Management BV, and Rothschild Realty Inc., and as managing member of Rothschild Recovery Fund L.P. She was elected a lifetime governor of the Iowa State University Foundation in 1997 and has served as chairperson of its investment committee. Ms. Krongard is also a member of the dean s advisory council, Iowa State University College of Business. Ms. Krongard also serves as a director of Legg Mason, Inc. and served as a director of Educate, Inc. (formerly Sylvan Learning) from June 2004 until June 2007. Ms. Krongard has served as a director of US Airways Group and US Airways since 2003.

The board believes that Ms. Krongard is qualified to serve as a director because of her financial and financial services sector expertise, her experience as a senior executive working at large, complex organizations, her service as a public company director, her success as an investor, and her airline experience gained as a director of US Airways Group.

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INFORMATION ABOUT US AIRWAYS GROUP S BOARD OF DIRECTORS AND CORPORATE GOVERNANCE

Corporate Governance Guidelines

US Airways Group s board of directors has adopted corporate governance guidelines to facilitate US Airways Group s mission and to set forth general principles and policies by which the board of directors will manage its affairs. The governance guidelines are reviewed annually by the corporate governance and nominating committee. The full text of the governance guidelines is posted on US Airways Group s website at *www.usairways.com*.

Director Independence

The governance guidelines adopted by US Airways Group contain standards for determining director independence that meet or exceed the existing listing standards adopted by the SEC and the NYSE. The governance guidelines define an independent director as one who:

- the board of directors has affirmatively determined not to have a material relationship with US Airways Group (either directly or as a partner, stockholder, or officer of an organization that has a relationship with US Airways Group);
- is not a member of US Airways Group s management or a US Airways Group employee and has not been a member of US Airways Group s management or a US Airways Group employee for a minimum of three years;
- is not, and in the past three years has not been, affiliated with or employed by a present or former auditor of US Airways Group (or of an affiliate);
- is not, and in the past three years has not been, part of an interlocking directorate in which one of US Airways Group s executive officers serves on the compensation committee of another company that concurrently employs the director;
- has no immediate family members meeting the descriptions set forth in the above bullets; and
- satisfies any additional requirements for independence promulgated from time to time by the NYSE.

The governance guidelines adopted by US Airways Group also note that the board of directors will consider all other relevant facts and circumstances, including issues that may arise as a result of any director compensation (whether direct or indirect), any charitable contributions US Airways Group makes to organizations with which a director is affiliated, and any consulting arrangement between US Airways Group and a director. The corporate governance and nominating committee reports annually to the full board of directors on these matters.

Pursuant to US Airways Group s governance guidelines, the corporate governance and nominating committee and the board of directors undertake an annual review of director independence. Based on the committee s review in 2013, the board of directors affirmatively determined that all of US Airways Group s directors are independent of US Airways Group and US Airways Group s management under the standards set forth in the governance guidelines and under the NYSE listing standards, except for Mr. Parker, US Airways Group s chairman and chief executive officer. All of the members of the audit committee, the compensation and human resources committee, and the corporate governance and nominating committee are independent under the standards set forth in the governance guidelines and under applicable NYSE listing standards.

Board Meetings

The board of directors conducts its business through meetings of the full board and through committees of the board of directors. The board of directors regularly meets with only non-management directors of the board of directors present. During 2012, US Airways Group s board of directors held 17 meetings. In 2012, each

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incumbent director attended at least 75% of the aggregate number of meetings of the board of directors held during the period for which he or she has been a director and of the committees on which he or she served.

Board Committees

The board of directors currently has five standing committees: the audit committee, the compensation and human resources committee, the corporate governance and nominating committee, the finance committee, and the labor committee.

Audit Committee

The audit committee currently is comprised of four non-employee directors, Messrs. Philip (chair), Hart and Kraemer, and Ms. O Leary. In 2012, the audit committee met ten times. The audit committee oversees US Airways Group s internal accounting function and oversees and reports to the board of directors with respect to other auditing and accounting matters, including the selection of its independent auditors, the scope of annual audits, fees to be paid to its independent auditors, and the performance of its independent auditors. US Airways Group s audit committee is also responsible for reviewing and approving all material transactions with any related party. A copy of the audit committee charter is available on US Airways Group s website at *www.usairways.com*.

The audit committee meets the NYSE composition requirements, including the requirements dealing with financial literacy and financial sophistication. US Airways Group s board of directors has determined that all members of the committee are independent directors under the current NYSE listing standards, satisfy the independence requirements of Section 10A of the Exchange Act and Rule 10A-3(b)(1), and are independent within the meaning set forth in US Airways Group s governance guidelines. In addition, the board of directors has determined that each member of the committee is an audit committee financial expert as defined by the SEC.

Compensation and Human Resources Committee

The compensation and human resources committee currently is comprised of four non-employee directors, Messrs. Hart (chair) and Kraemer and Mses. Krongard and O Leary. The compensation and human resources committee met six times in 2012. The committee reviews and approves the compensation for US Airways Group s executive officers. The committee also administers the 2008 Plan, the 2011 Plan, and other employee benefit plans. A copy of the compensation and human resources committee charter is available on US Airways Group s website at *www.usairways.com*.

US Airways Group s board of directors has determined that all members of the compensation and human resources committee are independent within the meaning of NYSE listing standards and US Airways Group s governance guidelines, are non-employee directors as defined by Rule 16b-3 under the Exchange Act, and are outside directors within the meaning of Section 162(m) of the Code and related regulations.

Compensation and Human Resources Committee Process for Executive Compensation. US Airways Group s compensation and human resources committee s charter gives the compensation and human resources committee the authority and responsibility to review and approve US Airways Group s overall compensation strategy and policies, including performance goals for executive officers. The compensation and human resources committee is responsible for reviewing and approving the compensation and other terms of employment of US Airways Group s chief executive officer and for evaluating his performance. The committee is also responsible for reviewing and approving the compensation and other terms of employment of the other executive officers, with input from the chief executive officer. The committee periodically reviews and assesses the performance of US Airways Group s executive officers, with input from individual members of senior management, the full board of directors, and any other appropriate persons. The committee administers US Airways Group s incentive plans and approves awards under those plans, determines the general design of non-executive compensation plans, and makes recommendations to the board of directors regarding changes to US Airways Group s executive compensation and benefit plans. The committee is also responsible for oversight of US Airways Group s significant human resources policies, compensation risk management, and succession planning, as well as oversight of US Airways Group s workforce diversity.

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The committee has the authority to delegate its duties to subcommittees, but to date has not done so. The committee has delegated a limited amount of its authority to administer, interpret, and amend US Airways Group s general employee benefit plans to US Airways Group s senior-most human resources officer (currently the executive vice president people, communications, and public affairs) and the administration of the 2011 Plan to US Airways Group s chief executive officer, the executive vice president corporate and government affairs, and the executive vice president people, communications, and public affairs in connection with the assignment by persons who are not executive officers of certain awards, but did not delegate the authority to approve changes that would materially change the cost of the plans or any authority regarding US Airways Group s incentive compensation plans.

Early in the calendar year, the committee reviews the annual incentive program results from the prior year, establishes the performance goals for the current year, evaluates US Airways Group s executive officers individual performance and approves the compensation and human resources committee s report for US Airways Group s proxy statement. The committee has adopted an equity grant policy to standardize the timing, practices, and procedures in granting equity awards. The policy provides that equity grants, other than new hire, promotion, or special purpose grants, will be granted once per year at the second regularly scheduled meeting of the committee or at a special meeting held for this purpose as close in time to the regularly scheduled meeting as possible. Throughout the year, as needed or appropriate, the committee considers merit increases in base salaries for executive officers, authorizes equity grants associated with internal promotions and new hires of all employees, and approves compensation for internal promotions and new hires of officers. The committee also monitors and evaluates US Airways Group s benefit plans and agreements with executive officers and management employees throughout the year and recommends adjustments as needed.

The committee generally receives information from US Airways Group s chief executive officer, US Airways Group s senior-most human resources officer (currently the executive vice president people, communications, and public affairs), and compensation consultants engaged by the committee for its consideration regarding officer compensation. The committee has sole authority to retain and terminate any outside advisers, such as compensation consultants and legal counsel, and to determine their compensation. In 2012, the compensation and human resources committee continued to engage Towers Watson as its independent compensation consultant to assist in administering executive compensation programs. In 2012, the committee asked Towers Watson to review and provide assistance for the 2012 performance metrics of the incentive compensation plan and long-term incentive performance program, as well as counsel in allocating the annual equity grants for 2012. The committee also used Towers Watson s services to assist in analyzing other executive compensation matters and provide briefings from time to time on legislative and regulatory matters concerning or related to executive compensation. The total annual expense for the executive compensation advising services provided by Towers Watson to the committee during 2012 was approximately $125,000.

In 2012, management engaged Towers Watson to perform other services for US Airways Group that are not part of the executive compensation services provided to the committee. US Airways Group used Towers Watson as its actuary to measure certain obligations for self-insured employee long-term disability, workers compensation claims, and employee post-retirement medical benefits. This was performed on an interim and annual basis for financial reporting purposes. Additionally, US Airways Group used Towers Watson as its actuary to annually measure US Airways Group s obligations related to a defined benefit pension plan covering certain Canadian employees. The total annual expense for this work was approximately $400,000 in 2012. The committee did not participate in management s decision to engage Towers Watson for these additional services. The committee has assessed whether the services provided by Towers Watson raised any conflicts of interest pursuant to the SEC and NYSE rules, and has concluded that no such conflicts of interest exist.

Compensation Committee Interlocks and Insider Participation

None of US Airways Group s executive officers or directors serves as a member of the board of directors or compensation committee of any entity that has one or more of its executive officers serving as a member of US Airways Group s board of directors or compensation and human resources committee.

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Corporate Governance and Nominating Committee

The corporate governance and nominating committee currently is comprised of three non-employee directors, Messrs. Kraemer (chair), Philip, and Post. The corporate governance and nominating committee met five times in 2012. The committee oversees all aspects of US Airways Group s corporate governance functions on behalf of the board of directors, including (i) identifying individuals qualified to become board members; (ii) recommending to the board of directors the selection of director nominees; (iii) reviewing and assessing US Airways Group s governance guidelines; (iv) taking actions with respect to incumbent directors who fail to receive the required vote for re-election in uncontested elections, including accepting or not accepting previously tendered resignations or requesting that such directors submit resignations; and (v) overseeing the monitoring and evaluation of US Airways Group s corporate governance practices. The committee s role includes oversight of the procedures for compliance with significant applicable legal, ethical, and regulatory requirements that impact corporate governance. A copy of US Airways Group s corporate governance and nominating committee charter is available on US Airways Group s website at *www.usairways.com*.

The board of directors has determined that all members of the committee are independent within the meaning of NYSE listing standards and US Airways Group s governance guidelines.

Corporate Governance and Nominating Committee Process for Director Compensation. The corporate governance and nominating committee s charter gives the committee the authority and responsibility for reviewing the compensation of US Airways Group s non-employee directors and making recommendations regarding changes to the full board of directors. On an annual basis, the committee reviews director compensation and determines whether adjustments in compensation levels are needed.

The corporate governance and nominating committee generally receives proposals and information from US Airways Group s chief executive officer, outside consultants, and publications in connection with its review of director compensation. The committee has authority to retain and terminate any outside advisers, such as compensation consultants and legal counsel, and to determine their compensation. In 2012, the committee did not engage an outside compensation consultant.

Director Nominees

Each of the two current nominees for director in Class II recommended for election by the stockholders at the 2013 Annual Meeting of Stockholders are current members of the board of directors. The effectiveness of the board of directors and the recruitment of directors are overseen by the corporate governance and nominating committee. In evaluating candidates for director, the committee considers the qualifications described below. Based on the committee s evaluation of each of the current nominees qualifications and his or her prior performance as a director, the committee determined to recommend the two Class II directors for re-election. The committee received no nominations from stockholders for the 2013 Annual Meeting of Stockholders.

Consistent with its charter, the committee proposes for nomination existing directors and new candidates who have the highest personal and professional integrity, have demonstrated exceptional intelligence and judgment, have proven leadership skills, are committed to US Airways Group s success, and have the ability to work effectively with US Airways Group s chief executive officer and other members of US Airways Group s board of directors. Also, a nominee must possess skills, experience, and expertise appropriate to best serve the long-term financial interests of US Airways Group s stockholders.

US Airways Group s board of directors currently includes a group of individuals who have demonstrated success and leadership in a variety of fields and endeavors, with a broad diversity of experience, professions, skills, expertise, education, geographic representation, and backgrounds. Importantly, the board of directors includes, and the committee continues to seek, individuals with a diversity of opinions, personal experiences, and perspectives, and the board of directors believes that US Airways Group s board does, and should continue to, be comprised of persons who can contribute experience in public company board service and areas such as strategic

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planning, leadership of large, complex organizations, mergers and acquisitions, finance, risk management, customer service, consumer marketing, labor relations, human resources, leadership assessment and diversity, safety, investing, information technology, and community service. The committee does not assign specific weights to particular criteria and no particular criterion is necessarily applicable to all prospective nominees.

US Airways Group s corporate governance guidelines specify that it is the board of directors objective that it be composed of individuals who have, among other things, a diversity of skills, expertise, and perspective appropriate for the business and operation of US Airways Group. The committee believes that the backgrounds and qualifications of US Airways Group s directors provide a significant mix of those experiences, expertise, and abilities. Once a year, the committee evaluates the performance of the board of directors and committees in an effort to facilitate the continuous improvement of the board of directors as well as to assess the specific qualifications, experiences, and perspectives of future director candidates that would be most valuable and impactful to US Airways Group s success.

In accordance with NYSE listing standards, the board of directors ensures that at least a majority of US Airways Group s board is independent under the NYSE definition of independence, and that the members of the board of directors, as a group, maintain the requisite qualifications under NYSE listing standards for populating the audit, compensation and human resources, and corporate governance and nominating committees.

US Airways Group has a classified board of directors. However, US Airways Group has undertaken that, if US Airways Group is an independent public company in 2014, US Airways Group will submit to the 2014 annual meeting of stockholders of US Airways Group a proposal to transition to an unclassified board. Pursuant to the AAG Certificate of Incorporation, AAG s board will not be classified.

Any stockholder wishing to nominate a director candidate should submit in writing the candidate s name, biographical information, and business qualifications, and any other information as required by US Airways Group s amended and restated bylaws, to Richard C. Kraemer, chairman of the corporate governance and nominating committee, US Airways Group, Inc., 111 West Rio Salado Parkway, Tempe, Arizona 85281. All submissions must be accompanied by the written consent of the proposed nominee to be named as a nominee, if nominated by the corporate governance and nominating committee, and to serve as a director, if elected. US Airways Group s amended and restated bylaws require that written recommendations be received by US Airways Group no sooner than 120 days and no later than 90 days prior to the first anniversary of the preceding year s annual meeting of stockholders. For the 2014 annual meeting of stockholders, notice must be delivered no sooner than , 2014, and no later than , 2014. All qualified submissions are reviewed by the committee at the next appropriate meeting. The committee has a policy of considering candidates who are nominated by stockholders for membership to the board of directors in the same manner as candidates recommended by members of the board of directors.

If the Merger is consummated, there will be no annual meeting of US Airways Group s stockholders in 2014. Instead, AAG will hold an annual meeting of stockholders in 2014, in which case AAG will disclose in a filing with the SEC, such as a current report on Form 8-K, the deadline for submitting stockholder nominations to be considered for inclusion in the proxy statement for AAG s 2014 annual meeting of stockholders. Such nominations must comply with SEC regulations regarding the inclusion of stockholder nominations in AAG s proxy materials. Pursuant to the AAG Bylaws, in order for a stockholder to present a nomination at the AAG 2014 annual meeting of stockholders, other than nominations to be included in AAG s proxy statement as described above, the stockholder must deliver proper notice to AAG s corporate secretary at AAG s principal executive offices not later than the 90th day prior to such annual meeting of stockholders or, if later, the tenth day following the day on which public disclosure of the date of such annual meeting of stockholders is first made. Stockholders are advised to review the AAG Bylaws, the form of which is attached to this proxy statement/prospectus as Annex D, because they contain additional requirements with respect to advance notice of stockholder nominees.

The finance committee currently is comprised of four non-employee directors, Messrs. Lakefield (Chair), Hart, and Post, and Ms. Krongard. The finance committee met six times in 2012. The committee assists the board

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of directors through oversight of US Airways Group s financial affairs and recommends to the board financial policies and courses of action, including operating and capital budgets, to accommodate US Airways Group s goals and operating strategies. A copy of US Airways Group s finance committee charter is available on US Airways Group s website at *www.usairways.com*.

The labor committee currently is comprised of Messrs. Parker (Chair), Lakefield, and Post. The labor committee met five times in 2012. The committee meets with representatives of US Airways Group s labor organizations to discuss ideas and concerns of the labor organizations. A copy of US Airways Group s labor committee charter is available on US Airways Group s website at *www.usairways.com*.

Board Leadership and Structure

US Airways Group has combined the roles of chairman of the board of directors and chief executive officer because US Airways Group believes that to be the most advantageous leadership structure for US Airways Group and the structure that strikes the appropriate balance between effective and efficient company leadership and oversight by non-management directors.

The leadership of US Airways Group s board of directors is the responsibility of US Airways Group s chairman of the board and chief executive officer, W. Douglas Parker. In addition, Richard C. Kraemer, in his capacity as chairman of the corporate governance and nominating committee, has responsibility for a number of leadership duties customarily held by a lead independent director, including (i) coordinating agendas for and presiding over regular meetings of the non-management directors of the board of directors; (ii) communicating with Mr. Parker following those executive sessions and facilitating other communications between the board of directors and Mr. Parker; (iii) coordinating the annual evaluation of the board of directors and its committees and communicating the results of those evaluations; (iv) coordinating recommendations by the corporate governance and nominating committee for the assignment of directors to the board s committees; (v) discussing the nomination of each continuing director in advance of the end of that director s term; and (vi) leading the effort to recruit new directors. US Airways Group believes that this leadership structure is in the best interests of US Airways Group and its stockholders.

US Airways Group believes its current board of directors leadership structure is optimal for US Airways Group because it demonstrates strong and experienced leadership to US Airways Group s stockholders, employees, customers, and other stakeholders, with a single person setting the tone and having primary responsibility for managing US Airways Group s strategy and operations. Mr. Parker brings to US Airways Group a comprehensive knowledge of US Airways Group s business, a unique combination of financial, marketing, human resources, and labor relations expertise and leadership skills, mergers and acquisitions experience, nearly a quarter century of experience in the airline industry, 17 years experience as a senior airline executive charged with developing and executing America West s and US Airways Group s strategies, more than ten years of experience as the chairman and chief executive officer of America West and/or US Airways Group, and prior service as a director of another large public company.

In his position as chief executive officer, Mr. Parker has primary responsibility for the day-to-day operations of US Airways Group and provides consistent leadership on US Airways Group s key strategic objectives. In his role as chairman of the board, he sets the strategic priorities for the board of directors, presides over its meetings, and communicates its recommendations, decisions, and guidance to the other members of senior management. The board of directors believes that the combination of these two roles with Mr. Parker provides consistent communication and coordination throughout the organization, is an effective and efficient implementation of corporate strategy, and is important in unifying US Airways Group s employees behind a single vision. In addition, Mr. Parker is the most knowledgeable member of the board of directors regarding US Airways Group s business, challenges, and the risks US Airways Group faces and, in his role as chairman, Mr. Parker is able to most effectively facilitate the board s oversight of those matters.

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The board of directors believes US Airways Group s combined leadership structure is appropriately balanced by (i) the independence of all of US Airways Group s directors, other than Mr. Parker, each of whom has significant experience as a director of US Airways Group and working in leadership roles at public companies and other large, complex organizations; (ii) the four principal committees of the board, each of which is chaired by an independent director; and (iii) the role of Mr. Kraemer as chairman of the corporate governance and nominating committee, which includes many of the responsibilities customarily held by a lead independent director.

Board Self-Evaluation

The corporate governance and nominating committee conducts an annual assessment of the performance of the board of directors, including board committees, and provides the results to the full board of directors for discussion. The purpose of the review is to increase the effectiveness of US Airways Group s board of directors as a whole and of each of US Airways Group s committees. The assessment includes evaluation of the board of directors and each committee s contribution as a whole, specific areas in which the board of directors, the committee, and/or management believe better contributions could be made, and overall board of directors and committee composition and makeup.

Code of Ethics

All of US Airways Group s employees, including its principal executive officer, its principal financial and accounting officer, and its directors are required by US Airways Group s Code of Business Conduct and Ethics, or Code of Ethics, to conduct US Airways Group s business in the highest legal and ethical manner. US Airways Group s Code of Ethics meets the requirements of a code of ethics as defined by Item 406 of Regulation S-K and the requirements of a code of business conduct and ethics under NYSE listing standards. The full text of US Airways Group s Code of Ethics is available on US Airways Group s website at *www.usairways.com* under the links Company info About US Investor relations Corporate governance. US Airways Group will also provide a copy of its Code of Ethics to stockholders, free of charge, upon request to its corporate secretary. US Airways Group intends to post amendments to or waivers from the Code of Ethics as required by applicable SEC and NYSE rules at this location on its website.

US Airways Group s employees are required to report any conduct that they believe in good faith to be an actual or apparent violation of the Code of Ethics. The audit committee has established procedures to receive, retain, and address complaints regarding accounting, internal accounting controls, or auditing matters and to allow for the confidential and anonymous submission by employees of related concerns.

Board of Directors Role in Risk Oversight

US Airways Group s board of directors oversees an enterprise-wide approach to risk management, designed to support the achievement of organizational objectives, including strategic objectives, to improve long-term organizational performance, and to enhance stockholder value. A fundamental part of risk management is not only understanding the risks US Airways Group faces and what steps management is taking to manage those risks, but also understanding what level of risk is appropriate for US Airways Group. Management is responsible for establishing US Airways Group s business strategy, identifying and assessing the related risks, and establishing appropriate risk management practices. US Airways Group s board of directors, either directly or through one or more of its committees, reviews US Airways Group s business strategy and management s assessment of the related risk and discusses with management the appropriate level of risk for US Airways Group. US Airways Group has not established a separate risk committee because US Airways Group s board of directors believes that the most significant risks faced by US Airways Group (*e.g.*, general economic conditions, fuel prices, and the industry competitive environment) are most properly addressed by the full board.

The board administers its risk oversight function and meets with management at least five times per year to receive updates with respect to US Airways Group s operations, business strategies, and the monitoring of related

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risks. In 2012, the board, in its oversight of US Airways Group s risk management process, continued to focus on the risk management processes resulting from US Airways Group s comprehensive risk study prepared in 2011 to help mitigate enterprise risk and to enhance risk management. US Airways Group s executive vice president corporate and government affairs is tasked with coordinating and supporting the board s and the committee s oversight of risk management generally. In respect of certain issues, the board also oversees directly or delegates oversight to board committees, and is supported by other members of senior management, in respect of selected elements of risk:

The board directly oversees the management of several important risks faced by US Airways Group, including risks associated with the day-to-day operation of the airline and the interruption of airline service, airline market perception, revenue production, US Airways Group s information technology systems, political developments and industry regulation, environmental compliance, and labor issues and costs;

US Airways Group s audit committee oversees financial risk exposures, including monitoring the integrity of the financial statements, internal controls over financial reporting, and the independence of the independent auditor of US Airways Group, and meets at least five times per year with US Airways Group s internal auditors, independent auditors, chief financial officer, vice president and controller, and legal advisers. The audit committee receives regular risk and internal controls assessment reports US Airways Group s independent auditors and internal auditors. The audit committee also assists the board of directors in fulfilling its oversight responsibility with respect to legal exposures and compliance with regulatory matters related to the preparation of US Airways Group s financial statements. The audit committee also monitors US Airways Group s whistleblower hot line with respect to financial reporting matters;

US Airways Group s finance committee oversees financial, credit, debt covenant, liquidity, and fuel price risk by working with US Airways Group s finance and treasury functions to evaluate elements of financial risk, monitor debt covenant compliance, and advise on financial strategy, capital structure, long-term liquidity needs, and the implementation of risk mitigation strategies. US Airways Group s chief financial officer and treasurer meet five times per year with US Airways Group s finance committee to discuss and advise on elements of these risks;

US Airways Group s corporate governance and nominating committee oversees governance related risks by working with US Airways Group s chief executive officer, executive vice president corporate and government affairs, and outside counsel to establish corporate governance guidelines applicable to US Airways Group, including recommendations regarding director nominees, the determination of director independence, board leadership structure, and membership on board committees. The corporate governance and nominating committee meets five times per year with those executives to monitor and advise regarding those risks; and

US Airways Group s compensation and human resources committee oversees risk management by participating in the creation of, and approving, compensation structures that create incentives that encourage a level of risk-taking behavior consistent with US Airways Group s business strategy as is further described in the section entitled Risk Assessment with Respect to Compensation Practices below. The compensation and human resources committee also works with US Airways Group s chief executive officer and executive vice president people, communications and public affairs to oversee risks associated with the retention of US Airways Group s most senior executives. The committee meets five times per year with those executives to monitor and advise regarding those risks.

Risk Assessment with Respect to Compensation Practices

US Airways Group s management and the compensation and human resources committee have reviewed US Airways Group s compensation policies and practices for US Airways Group s employees as they relate to US Airways Group s risk management and, based upon these reviews, US Airways Group believes that any risks

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arising from such policies and practices are not reasonably likely to have a material adverse effect on US Airways Group in the future. US Airways Group s basis for this conclusion includes that US Airways Group s compensation programs, and especially its executive compensation programs, are designed to include the following features:

Compensation payments are subject to maximums or guidelines as contrasted with purely discretionary pay-out decisions. While US Airways Group s annual cash incentive program and annual equity grants include an individual modifier component, those are subject to maximums and can only be implemented upon approval by the compensation and human resources committee;

Cash bonus and equity compensation plans contain defined, overlapping, and concurrent performance or time based vesting periods which are intended to extend the measurement of pre-defined goals for long-term results versus short-term results;

US Airways Group s incentive compensation plans include a diverse and blended set of pre-established goals and metrics that focus on a variety of areas across US Airways Group, including financial, operational (for employees who are not executive officers), TSR and the achievement of individual goals. In addition, the goals established in US Airways Group s executive compensation programs are not subject to mid-period adjustment. US Airways Group s all-employee incentive compensation program is also not subject to mid-year adjustment;

While US Airways Group s operational goals could drive significant short-term compensation for employees who are not executive officers, these are balanced by other programs that are designed to deliver longer-term compensation. In addition, US Airways Group s achievement of operational goals to the detriment of financials goals is intended to be avoided by more heavily weighting senior (non-executive) compensation to financial goal achievement and equity-linked compensation; executive officers do not have short-term compensation linked to operational goals;

Incentive compensation payments or awards are made at a reasonable period after the end of the performance period, and routinely at the same time each year;

Actual US Airways Group performance results are reviewed and verified by a variety of departments (including finance, human resources, internal audit, and legal) and are also reviewed by US Airways Group s external advisers. These results are reported to the compensation and human resources committee, the audit committee, and the board of directors;

US Airways Group has in place a claw-back policy in accordance with SOX, and plans to further amend that policy to comply with the requirements of the Dodd-Frank Act upon the SEC s completion of the rulemaking process required by the statute;

US Airways Group has in place stock ownership guidelines for members of its board of directors and for US Airways Group s named executive officers;

US Airways Group has in place a policy that prohibits trading activity in US Airways Group s stock by employees deemed improperly risky, including short-term trading, short sales, trading in publicly-traded options, and hedging transactions; and

There is no individual business unit within US Airways Group that carries a significant portion of US Airways Group s risk profile or that has compensation that is structured differently than other business units within US Airways Group.

For a discussion of the principles underlying US Airways Group s compensation policies of its executive officers who are named in the US Airways Group Executive Compensation Summary Compensation Table, see the section entitled US Airways Group Compensation Discussion and Analysis beginning on page 282, which is incorporated by reference herein.

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Annual Meeting Attendance

All of US Airways Group s directors attended the 2012 annual meeting of stockholders held on June 14, 2012. US Airways Group does not have a policy regarding its directors attendance at US Airways Group s annual meetings of stockholders.

Communications with the Board and Non-Management Directors

US Airways Group stockholders and other interested parties may communicate directly with any of US Airways Group s senior management, the members of the US Airways Group board of directors, or any chairman of a board committee, including Richard C. Kraemer, the chairman of US Airways Group s corporate governance and nominating committee, by writing directly to those individuals at US Airways Group s principal executive office at 111 West Rio Salado Parkway, Tempe, Arizona 85281. Stockholder communications related to director candidate recommendations should be directed to Mr. Kraemer. In addition, any concerns related to US Airways Group s financial or accounting practices may be communicated directly to George M. Philip, the chairman of the audit committee, at the same address.

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US AIRWAYS GROUP DIRECTOR COMPENSATION

The table below sets forth information regarding compensation paid to non-employee directors of US Airways Group in 2012. The compensation elements are described in the narrative following the table.

Name[(a)]	Fees Earned or Paid in Cash ($)	Stock Awards ($)[(b)]	All Other Compensation ($)[(c)]	Total ($)
Herbert M. Baum [(d)]	23,000	0	10,148	33,148
Matthew J. Hart	62,000	60,000	29,360	151,360
Richard C. Kraemer	61,000	60,000	29,481	150,481
Cheryl G. Krongard	47,000	60,000	5,391	112,391
Bruce R. Lakefield	51,000	60,000	10,268	121,268
Denise M. O Leary	50,000	60,000	15,727	125,727
George M. Philip	61,000	60,000	6,076	127,076
William J. Post	42,000	60,000	7,387	109,387

(a) The aggregate number of option awards outstanding at December 31, 2012 for each of the directors was as follows:

Name	Options
Herbert M. Baum	20,625
Matthew J. Hart	7,906
Richard C. Kraemer	20,625
Cheryl G. Krongard	8,250
Bruce R. Lakefield	8,250
Denise M. O Leary	20,625
George M. Philip	8,250
William J. Post	0

(b) Amounts in this column represent the aggregate grant date fair value, as calculated in accordance with ASC Topic 718, Compensation Stock Compensation, of fully vested share awards granted in 2012. The grant date fair value, as calculated in accordance with ASC Topic 718, of fully vested share awards is equal to the closing price of US Airways Group s common stock on the date of grant.

(c) Includes the value of flight benefits received in 2012, tax gross-up amounts received in 2012 for flight benefits used in 2011, and insurance premiums paid under the charitable contribution program described below as follows:

Name	Flight Benefits ($)	Tax Gross-Up ($)	Insurance Premiums ($)
Herbert M. Baum [(d)]	2,301	1,607	6,240
Matthew J. Hart	2,883	2,353	24,124
Richard C. Kraemer	8,974	8,491	12,016
Cheryl G. Krongard	2,345	3,046	0
Bruce R. Lakefield	5,466	4,802	0
Denise M. O Leary	4,130	7,631	3,966
George M. Philip	4,475	1,601	0
William J. Post	5,781	1,606	0

(d) Mr. Baum resigned as a member of the board of directors effective June 14, 2012.

Board of Directors Fees

Non-employee directors of US Airways Group are paid an annual retainer of $20,000 in cash in four quarterly payments, plus $1,000 for each board or committee meeting attended in person or by telephone. In

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addition, non-employee directors who serve as committee chairs, other than the audit committee, receive an additional annual retainer of $4,000. The audit committee chair receives an additional annual retainer of $10,000. Non-employee directors are also reimbursed for their reasonable out-of-pocket expenses incurred in connection with US Airways Group business. Because he is an employee of US Airways Group, Mr. Parker, the chairman of the board and chief executive officer, receives no directors fees and does not participate in any other elements of director compensation programs (other than the Directors Charitable Contribution Program described below).

Equity Compensation Awards

US Airways Group s policy provides that each incumbent non-employee director receives, subject to the discretion of the board, an annual equity award of fully vested shares of common stock following each annual meeting of stockholders, with such shares having an aggregate fair market value on the date of grant of $60,000, rounded down to the next whole number of shares. The corporate governance and nominating committee believes that by granting shares of US Airways Group s common stock in a fixed dollar amount of equity compensation, and maintaining requirements for ownership of equity by US Airways Group s directors, the equity component of the directors compensation is consistent with current best practices aligned with the interests of US Airways Group s stockholders and competitive with other airlines and public companies with similar size to allow US Airways Group to most effectively retain and recruit qualified board members.

Flight Benefits

US Airways Group s non-employee directors and their immediate family members, including dependent children, are provided free transportation on US Airways and US Airways Express, along with a gross-up for federal and state income taxes in connection with that travel. Each non-employee director is responsible for reimbursing US Airways for any international taxes and fees US Airways is required to pay related to international travel. Non-employee directors are also granted 12 round-trip or 24 one-way passes each year for free transportation on US Airways and US Airways Express (along with a gross-up of related taxes) that they may distribute to non-eligible family and non-family members, and have access to lounges in various airports.

Upon separation of service, non-employee directors continue to receive the same flight benefits for a period of five years, if they served at least two years on the board, or for their lifetime, if they served at least seven years on the board. As of December 31, 2012, all but one of the non-employee directors was already fully vested in lifetime flight privileges. These post-separation flight benefits, however, do not include a gross-up for related taxes in connection with the travel. In addition, the post-separation flight benefits are suspended as to a former director if, and for such time as, such former director is an employee, director, 10% or more stockholder of, or partner in, or a consultant to, any other airline.

Stock Ownership Guidelines

Each non-employee director who was serving in June 2008 (all current directors other than Mr. Post) is required to retain, until his or her completion of service with the board, a number of shares of common stock equal to at least 50% of the cumulative shares of common stock granted to that director pursuant to the annual equity award granted between June 2008 and September 2010. Similarly, Mr. Post and any other new non-employee director will be required to retain at least 50% of the cumulative shares of common stock granted to that director pursuant to the annual equity award granted in his or her first three years of service.

Directors Charitable Contribution Program

America West in 1994 established the America West Directors Charitable Contribution Program under which all directors of America West were invited to participate. This program was discontinued for new directors following the merger between America West and US Airways Group in 2005. Under the Charitable Contribution Program, upon the death of a participant, America West (or its successor) is required to donate $1 million to one

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or more qualifying charitable organizations chosen by the participant. All participants serving as directors of America West at the time of the merger became vested in the Charitable Contribution Program, and the Charitable Contribution Program may not be terminated with respect to these individuals. Ms. O Leary and Messrs. Baum, Hart, Kraemer, and Parker are participants in the Charitable Contribution Program. The charitable contributions will be substantially funded by life insurance proceeds from policies maintained on the lives of the participants. Under the terms of the Charitable Contribution Program, America West was allowed to place joint life insurance on two directors. The life insurance policies currently in place under the Charitable Contribution Program are structured as joint policies on the lives of two directors and the insurance benefits are payable at the death of the last survivor. Individual directors derive no direct financial benefit from the Charitable Contribution Program because all insurance proceeds are to be paid and all tax deductions for the charitable contributions accrue solely to US Airways Group.

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SECURITY OWNERSHIP OF CERTAIN US AIRWAYS GROUP BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth information regarding the beneficial ownership of US Airways Group s common stock as of March 29, 2013, by (i) each of US Airways Group s directors and nominees for director, (ii) each of the individuals named in the Summary Compensation Table in this proxy statement/prospectus, and (iii) all of US Airways Group s directors and executive officers as a group, based in each case on information furnished to US Airways Group by these persons. US Airways Group believes that each of the named individuals and each director and executive officer included in the group has sole voting and investment power with regard to the shares shown, except as otherwise noted.

	Common Stock Beneficially Owned[(a)]	
Name of Beneficial Owner and Relationship to Company	**Amount and Nature of Beneficial Ownership**	**Percent of Class**
W. Douglas Parker *Chairman of the Board and Chief Executive Officer*	950,604[(b)]	*
J. Scott Kirby *President*	171,974[(c)]	*
Robert D. Isom, Jr. *Executive Vice President and Chief Operating Officer*	88,643[(d)]	*
Stephen L. Johnson *Executive Vice President Corporate and Government Affairs*	68,114[(e)]	*
Derek J. Kerr *Executive Vice President and Chief Financial Officer*	77,049[(f)]	*
Matthew J. Hart *Director*	55,533[(g)]	*
Richard C. Kraemer *Director*	84,942[(h)]	*
Cheryl G. Krongard *Director*	51,827[(i)]	*
Bruce R. Lakefield *Vice Chairman and Director*	51,827[(j)]	*
Denise M. O Leary *Director*	69,645[(k)]	*
George M. Philip *Director*	51,827[(l)]	*
William J. Post *Director*	4,807[(m)]	*
All directors and executive officers as a group (13 persons)	1,797,894[(n)]	1.1%

* Represents less than 1% of the outstanding shares of US Airways Group s common stock.

(a) Beneficial ownership as reported in the table has been determined in accordance with SEC rules and regulations and includes shares of US Airways Group s common stock that may be issued upon the exercise of stock options that are exercisable within 60 days of March 29, 2013 and RSUs that vest within 60 days of March 29, 2013. Pursuant to SEC rules and regulations, all shares not currently outstanding which are subject to stock options exercisable within 60 days of March 29, 2013 and RSUs that vest within 60 days of March 29, 2013, are deemed to be outstanding for the purpose of computing Percent of Class held by the holder thereof but are not deemed to be outstanding for the purpose of computing the Percent of Class held by any other stockholder. Beneficial ownership as reported in the table above excludes shares of US Airways Group s common stock that may be issued upon the exercise of SARs that are exercisable within 60 days of March 29, 2013. The number of shares that will be received upon exercise of such SARs is not

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currently determinable and therefore is not included in the table above because each SAR gives the holder the right to receive the excess of the market price of one share of stock at the exercise date over the exercise price, which is not determinable until the date of exercise.

(b) Includes 526,180 shares held directly, 309,375 shares underlying stock options and 115,049 shares underlying vested RSUs. Excludes 173,973 unvested RSUs. Excludes the following SARs: (i) 196,000 SARs at an exercise price of $19.30; (ii) 120,000 SARs at an exercise price of $38.44; (iii) 90,000 SARs at an exercise price of $45.01; (iv) 196,820 SARs at an exercise price of $8.84; (v) 275,000 SARs at an exercise price of $6.70; (vi) 849,000 SARs at an exercise price of $3.10; (vii) 231,060 SARs at an exercise price of $7.42; (viii) 160,357 SARs at an exercise price of $8.14; and (ix) 98,250 SARs at an exercise price of $7.62.

(c) Includes 70,807 shares held directly, 20,625 shares underlying stock options, and 80,542 shares underlying vested RSUs. Excludes 121,794 unvested RSUs. Excludes the following SARs: (i) 82,500 SARs at an exercise price of $19.30; (ii) 18,000 SARs at an exercise price of $38.44; (iii) 37,500 SARs at an exercise price of $46.11; (iv) 31,500 SARs at an exercise price of $45.01; (v) 70,881 SARs at an exercise price of $8.84; (vi) 95,753 SARs at an exercise price of $6.70; (vii) 352,781 SARs at an exercise price of $3.10; (viii) 126,025 SARs at an exercise price of $7.42; (ix) 112,262 SARs at an exercise price of $8.14; and (x) 68,782 SARs at an exercise price of $7.62.

(d) Includes 42,863 shares held directly and 45,780 shares underlying vested RSUs. Excludes 69,227 unvested RSUs. Excludes the following SARs: (i) 70,000 SARs at an exercise price of $31.14; (ii) 101,630 SARs at an exercise price of $8.84; (iii) 143,855 SARs at an exercise price of $6.70; (iv) 292,000 SARs at an exercise price of $3.10; (v) 63,809 SARs at an exercise price of $8.14; and (vi) 39,096 SARs at an exercise price of $7.62.

(e) Includes 22,334 shares held directly and 45,780 shares underlying vested RSUs. Excludes 69,227 unvested RSUs. Excludes the following SARs: (i) 175,000 SARs at an exercise price of $2.80; (ii) 275,000 SARs at an exercise price of $3.10; (iii) 63,809 SARs at an exercise price of $8.14; and (iv) 39,096 SARs at an exercise price of $7.62.

(f) Includes 31,269 shares held directly and 45,780 shares underlying vested RSUs. Excludes 69,227 unvested RSUs. Excludes the following SARs: (i) 51,500 SARs at an exercise price of $19.30; (ii) 12,500 SARs at an exercise price of $38.44; (iii) 12,500 SARs at an exercise price of $45.01; (iv) 26,020 SARs at an exercise price of $8.84; (v) 51,020 SARs at an exercise price of $6.70; (vi) 25,000 SARs at an exercise price of $7.65; (vii) 292,000 SARs at an exercise price of $3.10; (viii) 63,809 SARs at an exercise price of $8.14; and (ix) 39,096 SARs at an exercise price of $7.62.

(g) Includes 45,077 shares held directly, 2,550 shares held indirectly for the benefit of Mr. Hart s children, and 7,906 shares underlying stock options.

(h) Includes 58,317 shares held directly, 6,000 shares held indirectly for the benefit of Chartwell Investments, LLLP, and 20,625 shares underlying stock options.

(i) Includes 43,577 shares held directly and 8,250 shares underlying stock options.

(j) Includes 43,577 shares held directly and 8,250 shares underlying stock options.

(k) Includes 49,020 shares held directly and 20,625 shares underlying stock options.

(l) Includes 43,577 shares held directly and 8,250 shares underlying stock options.

(m) Includes 4,807 shares held directly.

(n) Includes 1,006,727 shares held directly, 2,550 shares held indirectly for the benefit of a director s children, 6,000 shares held indirectly for the benefit of Chartwell Investments, LLLP, 403,906 shares underlying stock options, and 378,711 shares underlying vested RSUs held by US Airways Group s executive officers and directors as a group. Excludes 572,675 shares underlying unvested RSUs and 5,408,822 SARs.

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The following table sets forth information regarding the beneficial ownership of US Airways Group s common stock as of March 29, 2013 for each person known to US Airways Group to be the beneficial owner of more than 5% of US Airways Group s outstanding common stock.

Name of Beneficial Owner and Relationship to Company	Common Stock Beneficially Owned: Amount and Nature of Beneficial Ownership	Percent of Class
FMR, LLC 82 Devonshire Street Boston, MA 02109	16,857,109[(a)]	10.3%
Appaloosa Management L.P. 51 John F. Kennedy Parkway Short Hills, NJ 07078	12,069,029[(b)]	7.4%
Whitebox Advisors, LLC 3033 Excelsior Boulevard, Suite 300 Minneapolis, MN 55416	11,807,340[(c)]	7.2%
The Vanguard Group 100 Vanguard Boulevard Malvern, PA 19355	10,931,725[(d)]	6.7%
BlackRock, Inc. 40 East 52nd Street New York, NY 10022	9,778,094[(e)]	6.0%
Wellington Management Company, LLP 280 Congress Street Boston, MA 02210	9,030,353[(f)]	5.5%
Caxton International Limited Maples Corporate Services (BVI) Ltd. Kingston Chambers P.O. Box 173 Road Town, Tortola B.V.I.	8,762,849[(g)]	5.4%

(a) The amount shown and the following information are derived solely from Amendment No. 11 to the Schedule 13G filed by FMR, LLC (FMR), reporting beneficial ownership as of December 31, 2012. According to the amended Schedule 13G, FMR has sole dispositive power over 16,857,109 shares and sole voting power over 2,300 shares of US Airways Group s common stock. Fidelity Management & Research Company (Fidelity), 82 Devonshire Street, Boston, Massachusetts 02109, a wholly-owned subsidiary of FMR and an investment adviser registered under Section 203 of the Investment Advisers Act of 1940, is the beneficial owner of 16,857,109 shares of US Airways Group s common stock as a result of acting as investment adviser to various investment companies (the Funds). Each of Edward C. Johnson 3d (Chairman of FMR), FMR (through its control of Fidelity), and the Funds has sole power to dispose of the 16,857,109 shares owned by the Funds. Members of Mr. Johnson s family may be deemed to form a controlling group with respect to FMR. Neither FMR nor Mr. Johnson has the sole power to vote or direct the voting of the shares owned directly by the Fidelity Funds, which power resides with the Funds Boards of Trustees.

(b) The amount shown and the following information is derived solely from the Schedule 13G filed by Appaloosa Investment Limited Partnership (AILP), Palomino Fund Ltd. (Palomino), Thoroughbred Fund L.P. (TFLP), Thoroughbred Master Ltd. (TML), Appaloosa Management L.P. (AMLP), Appaloosa Partners Inc. (API), and David A. Tepper (collectively, the Appaloosa Entities), reporting beneficial ownership as of December 31, 2012. According to the Schedule 13G, AILP is the beneficial owner of 3,725,004 shares of US Airways Group s common stock and has shared voting power and dispositive power over 3,725,004 shares of US Airways Group s common stock. Palomino is the beneficial owner of 5,656,864 shares of US Airways Group s common stock and has shared voting power and dispositive power over 5,656,864 shares of US Airways Group s common stock. TFLP is the beneficial owner of 1,306,230 shares of US Airways Group s common stock and has shared voting power and dispositive power over 1,306,230 shares of US Airways Group s common stock. TML is the beneficial owner of 1,308,931 shares of US Airways Group s common stock and has shared voting power and dispositive power over 1,308,931 shares of US Airways

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Group s common stock. Each of AMLP, API, and Mr. Tepper is the beneficial owner of 12,069,029 shares of US Airways Group s common stock and has shared voting power over 12,069,029 shares and shared dispositive power over 12,069,029 shares of US Airways Group s common stock. Mr. Tepper is the sole stockholder and the President of API. API is the general partner of, and Mr. Tepper owns a majority of the limited partnership interest in, AMLP. AMLP is the general partner of AILP and TFLP, and acts as investment adviser to Palomino and TML.

(c) The amount shown and the following information is derived solely from the Schedule 13G filed by Whitebox Advisors, LLC (WA), Whitebox Multi-Strategy Advisors, LLC (WMSA), Whitebox Multi-Strategy Partners, L.P. (WMSP), Whitebox Multi-Strategy Fund, L.P. (WMSFLP), Whitebox Multi-Strategy Fund, Ltd. (WMSFLTD), Whitebox Concentrated Convertible Arbitrage Advisors, LLC (WCCAA), Whitebox Concentrated Convertible Arbitrage Partners, L.P. (WCCAP), Whitebox Concentrated Convertible Arbitrage Fund , L.P. (WCCAFLP), Whitebox Concentrated Convertible Arbitrage Fund, Ltd. (WCCAFLTD), Pandora Select Advisors, LLC (PSA), Pandora Select Partners, L.P. (PSP), Pandora Select Fund, L.P. (PSFLP), Pandora Select Fund, Ltd. (PSFLTD), Whitebox Long Short Equity Fund (WLSEF), and HFR RVA Combined Master Trust (HFR) (collectively, the Whitebox Entities), reporting beneficial ownership as of December 31, 2012. According to the Schedule 13G/A, WA, in its capacity as investment adviser to its client, is the beneficial owner of 11,807,340 shares of US Airways Group s common stock and has shared voting power and dispositive power over 11,807,340 shares of US Airways Group s common stock. Each of WMSA, WMSP, WMSFLP, and WMSFLTD is the beneficial owner of 4,499,107 shares of US Airways Group s common stock and has shared voting power and dispositive power over 4,499,107 shares of US Airways Group s common stock. Each of WCCAA, WCCAP, WCCAFLP, and WCCAFLTD is the beneficial owner of 5,114,661 shares of US Airways Group s common stock and has shared voting power over 5,114,661 shares and shared dispositive power over 5,114,661 shares of US Airways Group s common stock. Each of PSA, PSP, PSFLP and PSFLTD is the beneficial owner of 1,771,773 shares of US Airways Group s common stock and has shared voting power and dispositive power over 1,771,773 shares of US Airways Group s common stock. WLSEF is the beneficial owner of 11,101 shares of US Airways Group s common stock and has shared voting power and dispositive power over 11,101 shares of US Airways Group s common stock. HFR is deemed to beneficially own 410,698 shares of US Airways Group s common stock as a result of its ownership of debt securities convertible into shares of US Airways Group s common stock. As a result of the relationship described in the Schedule 13G filed by the Whitebox Entities, each of WA, WMSA, WMSFLP, WMSFLTD, WCCAA, WCCAFLP, WCCAFLTD, PSA, PSFLP, and PSFLTD may be deemed to possess indirect beneficial ownership of the shares of US Airways Group s common stock owned by each of WMSP, WLSEF, WCCAP, PSP, and HFR. The Whitebox Entities may be deemed to constitute a group within the meaning of Rule 13d-5(b)(1) under the Exchange Act. Each of WA, WMSA, WMSFLP, WMSFLTD, WCCAA, WCCAFLP, WCCAFLTD, PSA, PSFLP, and PSFLTD disclaims indirect beneficial ownership of the shares of US Airways Group s stock except to the extent of its pecuniary interest in such shares. The address of the business office of WA, WMSA, WMSFLP, WCCAA, WCCAFLP, WLSEF, PSA, and PSFLP is 3033 Excelsior Boulevard, Suite 300, Minneapolis, MN 55416. The address of the business office of WMSP, WMSFLTD, WCCAP, WCCAFLTD, PSP, and PSFLTD is Appleby Corporate Services (BVI) Limited, Jayla Place, P.O. Box 3190, Road Town, Tortola, British Virgin Islands. The address of the business office of HFR is HFR RVA Combined Master Trust, 65 Front Street, Hamilton, HM 11, Bermuda.

(d) The amount shown and the following information is derived solely from the Schedule 13G filed by The Vanguard Group, reporting beneficial ownership as of December 31, 2012. According to the Schedule 13G, Vanguard, in its capacity as investment adviser, has sole voting power over 225,421 shares, sole dispositive power over 10,707,904 shares, and shared dispositive power over 223,821 shares of US Airways Group s common stock. Vanguard Fiduciary Trust Company (VFTC), a wholly-owned subsidiary of The Vanguard Group is the beneficial owner of 223,821 shares of US Airways Group s common stock as a result of VFTC serving as an investment manager of collective trust accounts. Vanguard Investments Australia, Ltd. (VIA), a wholly-owned subsidiary of The Vanguard Group is the beneficial owner of 1,600 shares of the outstanding shares of US Airways Group s common stock as a result of VIA serving as investment manager of Australian investment offerings.

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(e) The amount shown and the following information is derived solely from the Schedule 13G/A filed by BlackRock, Inc., reporting beneficial ownership as of December 31, 2012. According to the Schedule 13G/A, BlackRock, in its capacity as a parent holding company or control person, has sole voting power over 9,778,094 shares and sole dispositive power over 9,778,094 shares of US Airways Group s common stock. The following subsidiaries acquired the shares being reported on the Schedule 13G by BlackRock, none of which owns 5% or greater of the outstanding shares of US Airways Group s common stock: BlackRock Advisors, LLC, BlackRock Financial Management, Inc., BlackRock Investment Management, LLC, BlackRock Life Limited, BlackRock Asset Management Australia Limited, BlackRock Asset Management Canada Limited, BlackRock Advisors (UK) Limited, BlackRock Fund Advisors, BlackRock International Limited, BlackRock Institutional Trust Company, N.A., and BlackRock Japan Co. Ltd.

(f) The amount shown and the following information is derived solely from the Schedule 13G filed by Wellington Management Company, LLP, reporting beneficial ownership as of December 31, 2012. According to the Schedule 13G, Wellington Management, in its capacity as investment adviser, has shared voting power over 6,783,848 shares and shared dispositive power over 9,030,353 shares of US Airways Group s common stock. These shares of common stock are owned of record by clients of Wellington Management. Those clients have the right to receive, or the power to direct the receipt of, dividends from, or the proceeds from the sale of, such shares.

(g) The amount shown and the following information is derived solely from the Schedule 13G filed by Caxton International Limited (Caxton International), Caxton Associates LP (Caxton Associates), Andrew E. Law, Timothy A. Tacchi, and TT International, reporting beneficial ownership as of December 31, 2012. According to the Schedule 13G, Caxton International, in its capacity as investment adviser, has shared voting power over 8,762,849 shares and shared dispositive power over 8,762,849 shares of US Airways Group s common stock. Each of Caxton Associates, trading adviser to Caxton International, and Mr. Law, chairman and chief executive officer of Caxton Associates, could be deemed to beneficially own 8,762,849 shares of US Airways Group s common stock by reason of their voting and dispositive power with respect to Caxton International and each has shared voting power over 8,762,849 shares and shared dispositive power over 8,762,849 shares of US Airways Group s common stock. Each of Mr. Tacchi, Senior General Partner of TT International, and TT International could be deemed to beneficially own 1,292,672 shares of US Airways Group s common stock by reason of their voting and dispositive power with respect to Caxton International and 772,241 shares of US Airways Group s common stock by reason of their voting and dispositive power with respect to certain assets of other clients of TT International and each has shared voting power over 2,064,913 shares and shared dispositive power over 2,064,913 shares of US Airways Group s common stock.

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PROPOSAL 5: US AIRWAYS GROUP AUDITOR RATIFICATION

The audit committee of US Airways Group s board of directors, in accordance with its charter and authority delegated to it by the board of directors, has appointed the firm of KPMG LLP to serve as US Airways Group s independent registered public accounting firm for the fiscal year ending December 31, 2013, and the US Airways Group board of directors has directed that such appointment be submitted to US Airways Group s stockholders for ratification at the 2013 Annual Meeting of Stockholders. KPMG LLP has served as US Airways Group s independent auditors for more than 17 years. US Airways Group s audit committee considers KPMG LLP to be well qualified. If the stockholders do not ratify the appointment of KPMG LLP, the audit committee will reconsider the appointment.

A representative of KPMG LLP will be present at the 2013 Annual Meeting of Stockholders and will have an opportunity to make a statement if he or she desires to do so. The representative will also be available to respond to appropriate questions from stockholders.

The audit committee of the board of directors of US Airways Group and the board of directors of US Airways Group unanimously recommend that the stockholders vote **FOR** the proposal to ratify the appointment of KPMG LLP as US Airways Group s independent registered public accounting firm.

Independent Registered Public Accounting Firm Fees

The following table presents fees for professional services rendered by KPMG LLP for the audits of the financial statements of US Airways Group and its subsidiaries as of and for the fiscal years ended December 31, 2012 and 2011, as well as fees for other services rendered by KPMG LLP during these periods.

	Fiscal 2012	Fiscal 2011
Audit Fees	$ 2,190,000	$ 2,169,700
Audit-Related Fees	371,900	428,100
Tax Fees	34,700	22,400
All Other Fees		
Total	$ 2,596,600	$ 2,620,200

Audit Fees for the fiscal years ended December 31, 2012 and 2011 were for professional services rendered for the audits of the annual financial statements included in US Airways Group s annual report on Form 10-K (including fees for the audits of internal control over financial reporting as required by Section 404 of SOX), quarterly review of the financial statements included in US Airways Group s quarterly reports on Form 10-Q and services rendered in connection with SEC filings.

Audit-Related Fees for the fiscal years ended December 31, 2012 and 2011 were for statutory audits, services rendered in connection with securities offerings and other SEC filings, significant auditing work on transactions and consultations concerning financial accounting and reporting standards.

Tax Fees for the fiscal years ended December 31, 2012 and 2011 were for U.S. and international tax compliance.

There were no fees that fall into the classification of All Other Fees for the fiscal years ended December 31, 2012 and 2011.

Audit Committee Disclosure

The audit committee of the US Airways Group board of directors has determined that the rendering of the permitted non-audit services during the 2012 fiscal year by KPMG LLP is compatible with maintaining the independent registered accounting firm s independence.

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Policy on Audit Committee Pre-Approval

The audit committee of the US Airways Group board of directors is responsible for appointing, setting compensation for, and overseeing the work of the independent registered public accounting firm. The audit committee has adopted policies and procedures for the pre-approval of audit and non-audit services rendered by US Airways Group s independent registered public accounting firm. The policy generally pre-approves certain specified services in the defined categories of audit services, audit-related services, tax services and permitted non-audit services up to specified amounts, and sets requirements for specific case-by-case pre-approval of discrete projects. Pre-approval may be given as part of the audit committee s approval of the scope of the engagement of US Airways Group s independent registered public accounting firm or on an individual basis. The chair of the audit committee has been delegated the authority by the audit committee to pre-approve the engagement of the independent auditors when the entire audit committee is unable to do so, but any pre-approval decisions must be presented to the full audit committee at its next scheduled meeting. The audit committee has delegated US Airways Group s vice president and controller to monitor the performance of all services provided by the independent auditor and to determine whether these services are in compliance with the pre-approval policy. The vice president and controller is required to report the results of his monitoring to the audit committee on a periodic basis. The policy prohibits retention of the independent registered public accounting firm to perform prohibited non-audit functions as defined in Section 201 of SOX or the rules of the SEC, and also considers whether the proposed services are compatible with the independence of the independent registered public accounting firm. All non-audit services provided by KPMG LLP during fiscal years 2012 and 2011 were pre-approved in accordance with the pre-approval policy described above.

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US AIRWAYS GROUP AUDIT COMMITTEE REPORT

The audit committee of the US Airways Group board of directors has reviewed and discussed with US Airways Group s management US Airways Group s audited consolidated financial statements for the fiscal year ended December 31, 2012.

The audit committee has discussed with KPMG LLP, US Airways Group s independent registered public accounting firm for the fiscal year ending December 31, 2012, the matters required to be discussed with the audit committee under Statement on Auditing Standards No. 61, Communication with Audit Committees, and Rule 2-07 of Regulation S-X, Communication with Audit Committees.

The audit committee has received the written disclosures and the letter from KPMG LLP regarding its independence as required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent auditor s communications with the audit committee that might bear on the firm s independence, and has discussed with KPMG LLP its independence and has considered the compatibility of the non-audit services provided by KPMG LLP with respect to maintenance of that independence.

In reliance on the reviews and discussions referred to above, the audit committee recommended to the board of directors of US Airways Group, and the board of directors of US Airways Group has approved, that the audited consolidated financial statements of US Airways Group for the fiscal year ended December 31, 2012 be included in US Airways Group s Annual Report on Form 10-K for the year ended December 31, 2012, for filing with the SEC.

Respectfully submitted,

US Airways Group Audit Committee

George M. Philip (Chair)

Matthew J. Hart

Richard C. Kraemer

Denise M. O Leary

This report of the audit committee of US Airways Group s board of directors is not deemed to be soliciting material or to be filed with the SEC or subject to the SEC s proxy rules or the liabilities of Section 18 of the Exchange Act, and the report will not be deemed to be incorporated by reference into any prior or subsequent filing by US Airways Group under the Securities Act or the Exchange Act.

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PROPOSAL 6: US AIRWAYS GROUP SAY-ON-PAY ADVISORY VOTE

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 enables US Airways Group s stockholders to vote to approve, on a non-binding, advisory basis, the compensation of its named executive officers as disclosed in this proxy statement/prospectus pursuant to the compensation disclosure rules of the SEC.

The compensation and human resources committee and the board of directors of US Airways Group believe that the compensation practices of US Airways Group align its executive compensation structure with stockholders interests and current market practices. US Airways Group s compensation strategy is designed to provide a total compensation package that will not only attract and retain high-caliber executive officers and employees, but will also align employee contributions with corporate objectives and stockholder interests. US Airways Group s compensation programs are designed to be flexible and complementary and to collectively meet its compensation objectives.

Highlights of US Airways Group s compensation program include:

- a commitment to pay-for-performance with a substantial portion of each named executive officer s compensation being at-risk and subject to important financial performance measures aligned with stockholder interests. US Airways Group makes a significant portion of its executives compensation variable, at risk, and tied directly to measurable performance. Consistent with this focus, the largest portion of the executives compensation is in the form of performance-based annual cash and long-term equity incentives;

- a compensation package that focuses on both short and long-term goals, encouraging executives to focus on the success of US Airways Group both during the immediate fiscal year and for the future;

- consistent with US Airways Group s focus on maintaining a cost advantage versus its principal competitors, compensation that is targeted below that of the other large network airlines. For instance, for 2012, total direct compensation for its chief executive officer, as reported in the US Airways Group Executive Compensation Summary Compensation Table beginning on page 298, was the lowest of, and 53% below the average for, the other large network airlines (using 2011 proxy compensation data reported in 2012 for Delta Air Lines and United Airlines);

- a continued commitment to good compensation governance practices where compensation packages are consistent with market practice and are reasonable in light of US Airways Group s and each individual officer s performance, as well as good disclosure practices; and

- clawback provisions for all incentive compensation paid to the named executive officers and stock ownership guidelines that further align its named executive officers long-term interests with those of its stockholders.

Stockholders are urged to read the section entitled US Airways Group Compensation Discussion and Analysis beginning on page 282 for more information about US Airways Group s compensation practices, which reflect its compensation philosophy.

US Airways Group is asking its stockholders to indicate their support for US Airways Group s named executive officer compensation as described in this proxy statement/prospectus pursuant to the compensation disclosure rules of the SEC. This proposal, commonly known as a say-on-pay proposal, gives stockholders the opportunity to express their views on the named executive officers compensation. This vote is not intended to address any specific item of compensation, but rather the overall compensation of US Airways Group s executive officers and the philosophy, policies, and practices of US Airways Group described in this proxy statement/prospectus. Accordingly, US Airways Group is asking its stockholders to vote **FOR** the following resolution at the 2013 Annual Meeting of Stockholders:

RESOLVED, that US Airways Group s stockholders approve, on a non-binding, advisory basis, the compensation of US Airways Group s named executive officers pursuant to the compensation disclosure

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rules of the SEC as described in the US Airways Group Compensation Discussion and Analysis section, the compensation tables, narrative discussion, and any related material disclosed in US Airways Group s proxy statement/prospectus for the 2013 Annual Meeting of Stockholders.

The say-on-pay vote is advisory, and therefore not binding on US Airways Group, the compensation and human resources committee, or its board of directors. US Airways Group s board of directors and compensation and human resources committee value the opinions of US Airways Group s stockholders and will consider the outcome of this advisory vote when making future decisions about executive compensation.

The US Airways Group board of directors has adopted a policy providing for an annual say-on-pay advisory vote. Unless the US Airways Group board of directors modifies its policy on the frequency of future say-on-pay advisory votes or the Merger is completed, the next say-on-pay advisory vote will be held at the 2014 annual meeting of stockholders of US Airways Group.

The US Airways Group board of directors unanimously recommends that the stockholders vote **FOR** the approval of the compensation of the US Airways Group named executive officers.

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US AIRWAYS GROUP COMPENSATION DISCUSSION AND ANALYSIS

General

This section discusses the principles underlying the compensation policies of the executive officers of US Airways Group who are named in the US Airways Group Executive Compensation Summary Compensation Table beginning on page 298. The named executive officers for 2012 are W. Douglas Parker, chairman of the board and chief executive officer; J. Scott Kirby, president; Robert D. Isom, Jr., executive vice president and chief operating officer; Stephen L. Johnson, executive vice president corporate and government affairs; and Derek J. Kerr, executive vice president and chief financial officer.

The compensation strategy of US Airways Group is designed to provide a total compensation package that will not only attract and retain high-caliber executive officers and employees, but one that will also align employee contributions with the corporate objectives and stockholder interests. The compensation programs of US Airways Group are designed to be flexible and complementary and to collectively meet the compensation objectives discussed below.

Outstanding 2012 Results

2012 was an outstanding year for US Airways Group strategically, financially and operationally, and for its 32,000 employees, customers, and stockholders. US Airways Group achieved the following results:

- Following extensive work during 2012, in February 2013, US Airways Group reached agreement with AMR regarding the Merger. The Merger will create a premier global airline that will have the scale, breadth, and capabilities to compete more effectively and profitably in the global marketplace.

- Full year 2012 net profit excluding net special items of a record $537 million, or $2.79 per diluted share. This is a 384% improvement over the 2011 net profit of $111 million excluding net special items, or $0.68 per diluted share. On a GAAP basis, US Airways Group reported a record net profit of $637 million, or $3.28 per diluted share, for 2012, up 797% over the 2011 net profit of $71 million, or $0.44 per diluted share.

- Full year 2012 total revenues of a record $13.8 billion, up 5.9% versus 2011.

- $19 million in operational performance payouts and $61 million in profit share payouts to US Airways Group employees as a result of consistently excellent operating and customer service results including new monthly baggage performance records for 12 consecutive months since December 2011, three first place DOT baggage handling rankings in 2012 and three first place DOT on-time performance rankings among the large network hub-and-spoke airlines.

- During 2012 and through the beginning of 2013, US Airways Group agreed to and ratified four new CBAs with unions representing US Airways Group employees and entered into contingent labor agreements with the three unions representing AMR s employees.

- US Airways Group s stock price increased from $5.07 to $13.50 during 2012, reflecting a one-year TSR of 166%. The stock appreciation also yielded a three-year TSR of 179%. Following year end, US Airways Group s stock price has continued to rise, closing at $16.14 per share on April 12, 2013.

For a reconciliation of the non-GAAP net profit metric discussed above to GAAP financial measures, see pages 41-42 of the Annual Report on Form 10-K filed on February 20, 2013 by US Airways Group.

Executive Compensation and Cost Advantage

Consistent with the focus on maintaining a cost advantage versus its principal competitors, in 2012 US Airways Group paid total compensation to the named executive officers that was well below that of the other large network airlines. For instance, for 2012, total direct compensation for the chief executive officer, as reported in the US Airways Group Executive Compensation Summary Compensation Table beginning on page 298, was the

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lowest of, and 53% below the average for, the other large network airlines (using 2011 proxy compensation data reported in 2012 for Delta Air Lines and United Airlines).

Continued Commitment to Pay-for-Performance

US Airways Group believes that a significant portion of its executives compensation should be variable, at risk, and tied directly to measurable performance. Consistent with this focus, the largest portion of the executives compensation is in the form of variable cash and long-term equity incentives. For 2012, 90% of the chief executive officer s total compensation was variable (pay elements other than fixed base pay) and dependent on company results. For the other named executive officers, on average, 87% of their 2012 compensation was comprised of variable pay. Of the variable amount, 70% (or 61% of total compensation) was tied to increasing long-term stockholder value by directly linking compensation to TSR or increased share price. This compensation is in the form of long-term cash compensation that will be earned, if at all, subject to US Airways Group s TSR relative to that of other airlines, or is in the form stock-based compensation that is subject to vesting over time. As a result, the compensation ultimately realized by the named executive officers will be significantly determined by the financial performance, and the performance of the stock, of US Airways Group and, therefore, very significantly aligned with the interests of US Airways Group s stockholders.

Strong 2012 Performance Resulted in Higher Cash Incentive Compensation

The cash incentive compensation received by the named executive officers for their service during 2012 was largely driven by US Airways Group s strong 2012 financial performance. US Airways Group 2012 AIP payments to the named executive officers were at maximum because payouts under that program were determined based on pre-established pre-tax income goals that were fully realized at above the maximum level. For 2012, US Airways Group achieved $635 million in pre-tax income excluding special items and profit sharing and annual incentive programs, significantly exceeding the maximum pre-tax income goal of $400 million under the US Airways Group 2012 AIP. As a result, the named executive officers received bonus payouts under the program at 200% of target, which is capped at 200% of base pay. Also, maximum payouts were made under the 2010-2012 cash-based LTIPP, which provides a cash incentive tied to the ranking of US Airways Group for relative TSR over rolling three-year performance cycles as measured against a pre-defined competitive peer group. For the cycle ended December 31, 2012, the TSR of US Airways Group ranked number one out of the ten airlines resulting in payouts made under this program at 200% of base salary for the chief executive officer, 200% of base salary for the president and 175% of base salary for the executive vice presidents.

Continued Commitment to Good Compensation Governance

US Airways Group maintains several policies to ensure that its compensation policies are consistent with good governance standards. These include:

- ensuring named executive officers will not be entitled to guaranteed, non-performance-based bonuses;
- ensuring perquisites and other personal benefits do not constitute a significant portion of a named executive officer s compensation and are consistent with customary senior executive benefits within the airline industry;
- a policy against entering into agreements with any current or future named executive officer that provides for home loss buyout relocation benefits; and
- a policy against entering into new agreements with any named executive officer that contains tax gross-up provisions with respect to payments contingent upon a change in control (subject to certain exceptions applicable to newly-hired executives).

In addition, unlike several of the airline competitors, US Airways Group does not offer any defined benefit pension arrangement or nonqualified deferred compensation plans or arrangements to any of its named executive officers. US Airways Group discourages excessive risk-taking and prohibits executive officers from hedging its

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stock. Also, to further align compensation programs with leading practices, US Airways Group s board of directors has implemented clawback provisions for all incentive compensation paid to the named executive officers, including payouts under the cash incentive programs and all equity awards, and has implemented stock ownership guidelines that further align the named executive officers long-term interests with those of US Airways Group s stockholders. Consistent with leading practices and US Airways Group s policy to do so annually, early in 2013, management conducted a comprehensive compensation risk assessment process, discussed the process and results with outside counsel and the compensation and human resources committee s compensation consultant, and reported to the committee that, in management s opinion, the compensation programs of US Airways Group do not create excessive risk-taking incentives that could have a material adverse effect on US Airways Group.

2012 Stockholder Approval of US Airways Group s Executive Compensation

At the 2012 annual meeting of stockholders, US Airways Group s stockholders voted, in non-binding advisory votes, to approve the compensation of the named executive officers (with an approval representing over 81% of the shares represented in person or by proxy at the meeting and entitled to vote). US Airways Group s compensation and human resources committee reviewed the result of the stockholders advisory vote on executive compensation and in light of the approval by a substantial majority of stockholders, did not implement changes to the executive compensation programs as a result of the vote. The committee will continue to endeavor to ensure that management s interests are aligned with those of stockholders and support long-term value creation.

Total Realized Compensation

The Total Realized Compensation Table below shows the compensation actually realized by the named executive officers in each of the last three years. This information is not intended as, nor should it be considered as, a substitute for the Summary Compensation Table on page 298, which is required by SEC regulations. The primary difference between the two tables arises from the accounting value attributed to equity awards at grant in the Summary Compensation Table while the Total Realized Compensation Table below shows the cash value actually realized by an executive officer exercising equity awards or having equity awards vest in a given year.

Total Realized Compensation Table

Name and Principal Position	Year	Salary ($)	Bonus ($)	Stock Awards[(a)] ($)	Option Awards[(a)] ($)	Non-Equity Incentive Plan Compen-sation[(b)] ($)	All Other Compen-sation ($)	Total Realized Compen-sation ($)	Total Compen-sation as Reported in SCT[(c)] ($)	Difference Between Realized Compen-sation and Reported Compen-sation ($)
W. Douglas Parker	2012	550,000	0	524,208	0	2,200,000	47,821	3,322,029	5,491,616	(2,169,587)
Chairman of the Board and	2011	550,000	0	136,242	0	466,813	63,915	1,216,970	3,824,762	(2,607,792)
Chief Executive Officer	2010	550,000	0	185,489	0	987,800	100,762	1,824,051	2,757,981	(933,930)
J. Scott Kirby	2012	535,604	0	366,987	0	2,164,236	26,879	3,093,706	4,612,574	(1,518,868)
President	2011	519,415	0	94,510	0	392,347	24,002	1,030,274	2,856,791	(1,826,517)
	2010	510,000	0	129,044	0	775,200	30,772	1,445,016	2,092,579	(647,563)
Robert D. Isom, Jr.	2012	472,592	0	208,600	0	1,790,269	49,502	2,520,963	3,384,280	(863,317)
Executive Vice President	2011	458,308	0	70,372	0	314,717	34,372	877,769	1,899,304	(1,021,535)
and Chief Operating Officer	2010	450,000	0	181,187	1,222,020	684,000	42,991	2,580,198	1,754,480	825,718
Stephen L. Johnson	2012	446,337	0	208,600	0	1,690,809	24,762	2,370,508	3,233,825	(863,317)
Executive Vice President	2011	432,846	0	0	0	297,232	34,476	764,554	1,856,461	(1,091,907)
Corporate & Gov t Affairs	2010	425,000	0	0	0	1,150,688	35,919	1,611,607	2,189,096	(577,489)

Derek J. Kerr	2012	420,081	0	229,831	0	1,591,350	28,341	2,269,603	3,111,689	(842,086)
Executive Vice President	2011	407,385	0	50,779	0	319,748	26,951	804,863	1,845,991	(1,041,128)
and Chief Financial Officer	2010	388,750	0	42,475	1,259,980	608,000	28,700	2,327,905	1,602,939	724,966

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(a) Total realized compensation represents the value realized from the exercise of SARs and the vesting of RSUs (as reflected in the Option Exercises and Stock Vested table on page 301).
(b) Consists of payments under the annual incentive program and under the LTIPP as a result of the performance of US Airways Group.
(c) Reflects total compensation as reported in the section entitled US Airways Group Executive Compensation Summary Compensation Table beginning on page 298, in accordance with SEC regulations.

Determination of Compensation

Role of the Compensation and Human Resources Committee in Compensation Decisions

The compensation and human resources committee of US Airways Group administers the compensation program for all officers, including the named executive officers. The committee is comprised of four independent directors, each of whom is a non-employee director under Rule 16b-3 of the Exchange Act and an outside director for purposes of Section 162(m) of the Code. The committee s overarching goal is to create executive compensation programs that align management and stockholder interests over the long-term and that allow US Airways Group to recruit and retain a highly capable management team. The committee considers management input on its executive compensation programs but relies on its outside consultant, Towers Watson, for perspective and leading practice guidance. Towers Watson also provides leading practice data for the airline industry and Fortune 500 companies generally.

Some of the elements US Airways Group considers when designing compensation policies include attrition, diversity, and executive development needs. Management also will from time to time bring matters to the attention of the committee that might require alterations to compensation policies, especially when they have identified specific areas that require additional executive talent or unique executive skills that US Airways Group may not currently have in place.

Use of Compensation Consultants

The compensation and human resources committee has worked since 2007 with Towers Watson as its independent compensation consultant to assist in administering the executive compensation program. Since that time, Towers Watson has provided compensation counsel and helped establish performance metrics for the annual and long-term incentive programs.

Towers Watson assists US Airways Group by comparing specific elements of its compensation programs to other airlines, including American, Delta Air Lines, Southwest Airlines, and United Airlines, as well as to other broader market data covering companies of similar size (generally between $10 billion and $15 billion in revenue). It is relevant to review compensation programs at other airlines because US Airways Group competes with them for executive talent, as well as to review broader market data as its executives skills are transferable to other industries. The compensation and human resources committee has sole authority with regard to the decision to retain Towers Watson and, while Towers Watson interacts with management from time to time in order to best coordinate with and deliver services to the committee, Towers Watson ultimately reports directly to the committee with respect to its executive compensation consulting advice. The total annual expense for the executive compensation advising services provided by Towers Watson to the committee during 2012 was approximately $125,000.

Management also engages Towers Watson to perform actuarial and benefit valuation services for US Airways Group that are not part of the executive compensation services provided to the committee. US Airways Group uses Towers Watson as its actuary to measure certain obligations for self-insured employee long-term disability, workers compensation claims, and employee post-retirement medical benefits for financial reporting purposes. Additionally, US Airways Group uses Towers Watson as its actuary to measure US Airways Group s obligations related to a defined benefit pension plan covering certain Canadian employees. The total annual expense for this work during 2012 was approximately $400,000. To further strengthen the independence of the work being performed for the committee and for US Airways Group there is separation between the personnel at

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Towers Watson that provide both of these services. The work conducted for management is generally provided by personnel at Towers Watson s Calgary and Philadelphia offices while the services provided to the committee are provided by personnel in their Chicago and Los Angeles offices. The compensation and human resources committee has assessed whether the services provided by Towers Watson raised any conflicts of interest pursuant to the SEC and NYSE rules, and has concluded that no such conflicts of interest exist.

Compensation Policies and Objectives

The compensation programs of US Airways Group should motivate the management team to maximize stockholder value over time without creating unnecessary or excessive risk-taking that would have a material adverse effect on it. US Airways Group attempts to accomplish this by creating compensation programs that are designed to:

- attract and retain high-quality, results-oriented leaders from within and outside of the airline industry;
- align the interests of the leadership team and stockholders through stock-based compensation, subject to vesting over time, as well as annual and long-term performance incentive awards;
- motivate the achievement of strategic, operational, and financial goals that are consistent with stockholder interests;
- increase variable compensation as management responsibilities increase; and
- provide a total compensation package that recognizes both individual and corporate performance.

The philosophy of US Airways Group centers on creating a total compensation program that is competitive with the airline industry and general industry, but one that recognizes the smaller size, scope, and breadth (and the consequent weaker profitability) of the network of US Airways Group versus other network peer airlines. US Airways Group maintains total direct compensation levels for its chief executive officer and the named executive officers that are below the network peers, which include American, Delta Air Lines, and United Airlines, but that do not fall so behind those airlines that US Airways Group risks key executive attrition. Some of the data US Airways Group considered during its discussions on retention focused on total direct compensation and how that amount compares to executive compensation at the network peers. For 2012, total direct compensation for US Airways Group s chief executive officer, as reported in the section entitled US Airways Group Executive Compensation Summary Compensation Table beginning on page 298, was the lowest of, and 53% below the average for, the other large network airlines (using 2011 proxy compensation data reported in 2012 for Delta Air Lines and United Airlines).

Executive Compensation Mix with an Emphasis on Performance-Based Pay

US Airways Group s executive compensation structure includes fixed and performance-based pay. Specifically, the executive compensation consists of:

- a base salary paid in cash;
- an annual incentive program paid in cash;
- a long-term incentive performance program paid in cash but calculated based on the relative performance of US Airways Group s share price over a three-year period;

- stock-based compensation that is subject to vesting over time; and

- other employee benefits that the compensation and human resources committee has determined to be prevalent in the airline industry.

The overarching goal is to align executive and stockholder interests, so the executive compensation programs emphasize pay for performance (such that compensation is paid only if US Airways Group meets pre-determined performance targets) and equity-based compensation tied to the stock performance of US Airways

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Group. For 2012, 90% of the chief executive officer s total compensation was variable (pay elements other than fixed base pay) and dependent on company results. Of the variable amount, 70% (or 61% of total compensation) was tied to increasing long-term stockholder value by directly linking compensation to TSR or increased share price.

Salaries, annual incentive at target, and long-term incentives at target are each designed to provide on a combined basis a level of total cash compensation that ensures US Airways Group is competitive with other major airlines and reflects the relative responsibilities of its executives.

Base Salary

Base salaries provide fixed compensation that focuses on rewarding an executive s scope of responsibility, competence, and performance. When setting base salaries, US Airways Group considers the following:

- the executive s level of responsibility, experience, and officer status;
- the range of salaries for the particular level of executive in relation to that of the chief executive officer;
- levels of market salaries among general industry and aviation industry; and
- the evaluation of the executive s performance over time.

While the goal is to establish competitive base salaries, US Airways Group is more focused on establishing a culture where creating value for its stockholders is always at the forefront of its leadership team s decision-making. Over time, US Airways Group has reduced the emphasis on fixed compensation by establishing competitive base salaries that allow US Airways Group to recruit from other network airlines and general industry, but that also establish a heavier weighting towards pay-for-performance components.

This year, each of the named executive officers, other than the chief executive officer, received merit-based increases of 3% of their base salaries. This increase was comparable to percentage increases received by the other non-unionized work groups in 2012. At his own request, the chief executive officer continues to receive a base salary that has remained the same since he first took his position in September 2001. That base salary is $550,000. The base salaries earned by all of the named executive officers during 2012 are set forth in the US Airways Group Executive Compensation Summary Compensation Table on page 298.

Annual Incentive Program

The executive officers and other key salaried employees have the opportunity to earn annual cash incentive awards under an annual incentive program if annual corporate goals are achieved and individual performance is consistent with predetermined performance criteria. Annual incentives also provide US Airways Group with a retention tool as employees in most cases generally must remain employed through the payment date in order to receive payment of any potential annual incentive program awards.

The US Airways Group 2012 AIP used pre-established financial and operational goals to drive results. In designing the performance criteria for the US Airways Group 2012 AIP, the compensation and human resources committee focused on establishing incentives designed to continue driving improved operational and financial performance so that, over the long-term, US Airways Group s share price would ultimately reflect these positive results. For 2012, for the named executive officers, payouts under the US Airways Group 2012 AIP were tied solely to the achievement of pre-established financial goals.

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The committee established a corporate financial performance goal for the US Airways Group 2012 AIP of pre-tax income excluding special items and profit sharing and annual incentive programs. For 2012, the threshold, target, and maximum performance levels for the financial metrics, as well as the corresponding annual incentive funding level, weighted in the manner described above, were as follows:

Financial Metric

	2012 Pre-tax Income Excluding Special Items and Profit Sharing and Annual Incentive Programs	Funding Level (100% of Total)
Threshold	$0	0%
Target	$ 200,000,000	100%
Maximum	$ 400,000,000	200%

Any performance falling between threshold, target, and maximum levels would result in a pro rata adjustment of funding level based on straight-line interpolation. Also in January 2012, the committee, after engaging in a review of compensation programs utilized by the network peer airlines and the airline industry in general, established the following target payout levels for the US Airways Group 2012 AIP. In addition, bonuses were capped at 200% of base salary.

Named Executive Officer	2012 Target Payout Level as a Percentage of Base Salary
W. Douglas Parker	125%
J. Scott Kirby	110%
Robert D. Isom, Jr.	100%
Derek J. Kerr	100%
Stephen L. Johnson	100%

Annual Incentive Program Results

As a result of the increase in profitability in 2012, US Airways Group achieved pre-tax income (as adjusted for special items and profit sharing and annual incentive programs) of $635 million, resulting in achievement of the pre-tax income goal at above the maximum level.

Performance Goal	2012 Target Performance Goal	Actual Performance	Funding Level (% of target)
2012 Pre-tax Income Excluding Special Items and Profit Sharing and Annual Incentive Programs [(a)]	$ 200,000,000	$ 635,000,000	200%

(a) Represents income before income taxes for the year ended December 31, 2012 excluding special items (as detailed in the Current Report on Form 8-K filed by US Airways Group on January 23, 2013) and profit sharing and annual incentive programs.

Based on the funding level as described above, and subject to the discretion of the committee, each named executive officer was entitled to and received the maximum bonus capped at 200% of base salary.

US Airways Group s 2013 annual incentive program is substantially similar to the US Airways Group 2012 AIP, except that the financial target and maximum pre-tax income levels have been increased.

Long-Term Incentive Performance Program

US Airways Group has a cash-based long-term incentive performance program to focus the management team s efforts on stockholder return over a multi-year period. This program motivates executives to achieve long-term strategic goals consistent with stockholder interests and aligns the interests of management and stockholders by tying payment directly to the stock price performance of US Airways Group relative to that of other airlines, a measure which represents tangible returns for stockholders. In addition, long-term incentives provide a valuable retention tool,

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as employees in most cases must remain employed through the payment date, generally three years after grant, in order to receive payment of their long-term incentive program awards. In limited cases, there are exceptions for termination of employment due to retirement, death, or disability, as described under the section entitled US Airways Group Executive Compensation Potential Payments upon Termination or Change in Control beginning on page 302.

The LTIPP provides a cash incentive if US Airways Group achieves a minimum threshold ranking for relative TSR, over rolling three-year performance cycles. The relative performance is ranked over the three-year period against a pre-defined group of airlines. At the end of each performance cycle, the amount of TSR, as calculated based on the price appreciation of the common stock of US Airways Group and the amount of any dividends paid during the performance cycle, is compared against the TSR of these airlines. The price appreciation component of TSR for each company is calculated by taking the average of the daily closing prices over the three-month period before the measurement date. The compensation and human resources committee chose TSR as measured over a multi-year period as the performance measure for the LTIPP because it is a measure commonly used in the airline industry. Establishing multi-year cycles makes the program effective on a long-term basis because it accommodates the highly volatile and cyclical nature of US Airways Group s industry. Measuring TSR in relation to other airlines also encourages management to not only drive returns for stockholders but also to outperform the other U.S.-based airlines. The LTIPPs for awards beginning in 2011 are comprised of cash awards granted under the 2008 Plan. For performance periods commencing in 2012 and 2013, cash awards will be granted under the 2011 Plan.

At the beginning of each LTIPP cycle, incentive awards are set as a percentage of base salary, with higher percentages payable for higher level executives. This structure was designed to further the compensation goal of increasing the relative amount of compensation at risk as management responsibilities increase, and by making a higher proportion of the total compensation for higher level executives contingent upon achieving stated long-term corporate goals. The committee assigns a threshold, target, and maximum performance goal. A certain percentage of base salary is paid upon achieving each goal, and straight-line interpolation is applied to determine payouts for performance that falls between threshold and target and between target and maximum. Payment is generally made in cash within 60 days after the end of the performance cycle, but in no event later than March 15th following the year in which the performance cycle ends. The committee does not have discretion to increase or decrease the awards once a performance cycle has begun. However, the committee may discretionarily determine special performance cycles other than the usual three-year periods beginning each January 1, if it deems that action appropriate.

Cycle Ended December 31, 2012

In early 2010, the compensation and human resources committee established a three-year performance cycle commencing on January 1, 2010 and ending on December 31, 2012, and, with the assistance and advice of Watson Wyatt, the committee established TSR rankings in comparison to the following publicly traded airlines: AirTran Airways, Alaska Airlines, American, Continental Airlines, Delta Air Lines, Hawaiian Airlines, JetBlue Airways, Southwest Airlines, and United Airlines. These companies were chosen at the start of the cycle because at that time they reflected reasonable choices for potential investor capital. The committee also set target payout levels for the 2010-2012 performance cycle, which would have been achieved at a TSR rank of five out of the ten airlines at 125% of base salary at the chief executive officer level, 115% of base salary at the president level, and 100% of base salary at the executive vice president level, as shown in the chart below. US Airways Group s TSR for the cycle ended December 31, 2012 ranked number one among the peer airlines resulting in maximum payments under this program for those results, as shown below.

	Payout as a % of Base Salary		
TSR Relative Rank	**CEO**	**President**	**EVP**
1-2 of 10 (Maximum)	200%	200%	175%
3 of 10	175%	172%	150%
4 of 10	150%	143%	125%
5 of 10 (Target)	125%	115%	100%
6 of 10	90%	82%	72%
7 of 10 (Threshold)	54%	49%	43%
8-10 of 10	0%	0%	0%

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Current Cycles

In 2012 there were two other cycles running under the LTIPP. The first cycle began January 1, 2011 and ends December 31, 2013, the second began January 1, 2012 and ends December 31, 2014. For the cycle that began January 1, 2011 and ends December 31, 2013, US Airways Group s TSR will be compared to the following eight airlines: AirTran Airways, Alaska Airlines, American, Delta Air Lines, Hawaiian Airlines, JetBlue Airways, Southwest Airlines, and United Airlines. For the cycle that began January 1, 2012 and ends December 31, 2014, US Airways Group s TSR will be compared to the following nine airlines: Alaska Airlines, American, Delta Air Lines, Hawaiian Airlines, JetBlue Airways, Republic, Spirit Airlines, Southwest Airlines, and United Airlines. To the extent one or more of these companies are no longer publicly traded due to industry consolidation (as was the case for Continental Airlines and AirTran Airways), then the TSR for that company is calculated by using a fixed exchange ratio equal to the ratio at which stock of the surviving company was exchanged at the time of consolidation (for example, Continental Airlines TSR is calculated using an exchange ratio of 1.05 to give effect to the change in the TSR in connection with the merger with United Airlines).

The following chart provides payment levels for the performance cycle beginning January 1, 2011 through December 31, 2013:

	Payout as a % of Base Salary		
TSR Relative Rank	**CEO**	**President**	**EVP**
1-2 of 9 (Maximum)	200%	200%	175%
3 of 9	175%	172%	150%
4 of 9	150%	143%	125%
5 of 9 (Target)	125%	115%	100%
6 of 9	82%	75%	65%
7 of 9 (Threshold)	38%	35%	30%
8-9 of 9	0%	0%	0%

Although executives are generally required to remain employed through the payment date in order to receive payment of an LTIPP, there are exceptions for termination of employment due to retirement, death, or disability, as described under the section entitled US Airways Group Executive Compensation Potential Payments upon Termination or Change in Control beginning on page 302.

Stock-Based Compensation

A fourth component of the compensation programs consists of stock-based compensation subject to vesting over time. US Airways Group makes annual awards of stock-based compensation to focus key employees on US Airways Group s performance over time and to further link the interests of recipients and stockholders. The compensation and human resources committee believes that stock-based awards, coupled with vesting requirements, provide an appropriate incentive to employees to meet the long-term goal of maximizing stockholder value. US Airways Group s insider trading policy prohibits executive officers from hedging the economic risk of security ownership, and its stock ownership guidelines help further align its compensation policies with stockholder interests.

The compensation and human resources committee determines the number of awards to be granted to an individual based upon a variety of factors, including:

- level of responsibility and job classification level;
- job performance;
- retention value; and
- the results of compensation analyses described earlier in this proxy statement/prospectus.

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The equity grants generally consist of RSUs and SARs. These grants historically have been made under the 2005 Plan and the 2008 Plan and, commencing in 2012, were made under the 2011 Plan. All three plans are long-term compensation plans that provide for the award of ISOs, NSOs, SARs, stock purchase awards, stock incentive awards, stock unit awards, and other forms of equity compensation (including performance-based stock awards), as well as performance-based cash awards, to executives and other key salaried employees.

Vesting requirements are designed to increase retention and create incentives for the achievement of long-term strategic goals, as well as provide an incentive to create stockholder value over time since the full benefit of the SARs cannot be realized unless stock appreciation occurs over a number of years. In recent years, equity awards have been granted subject to a three-year vesting period. RSUs serve as a complementary retention tool to SARs and stock options, and may provide for dividend equivalents if so determined by the committee. While US Airways Group does not currently declare dividends, providing for dividend equivalents if and when dividends are declared better aligns the executive s incentives with those of stockholders, who receive the actual dividend payment.

In April 2007, the committee adopted an equity grant policy to standardize the timing, practices, and procedures in granting equity awards. The policy provides that equity grants, other than new hire, promotion, or special purpose grants, will be granted once per year at the second regularly scheduled meeting of the committee or at a special meeting held for this purpose as close in time to the regularly scheduled meeting as practicable. Grants of equity compensation may also be affected by employment agreement provisions. Mr. Parker s employment agreement provides that Mr. Parker will be granted equity-based awards commensurate with his status as the most senior executive officer, at the times when equity grants are made to other senior executive officers as a group. The committee also establishes the target of equity value to be granted each year to level of responsibility and job classification. For 2012, this included the objective of providing approximately $2,694,000 of equity-based compensation to the chief executive officer.

Because US Airways Group s base salary structure is low relative to its peer network airlines and to other industries, its target incentive opportunity and target cash long-term incentive performance program opportunity (both of which are driven by multiples of base salary) are lower than the network peers and other industries. In April 2011, as part of US Airways Group s continued focus on performance-based compensation and after considering the total compensation of executives at peer network airlines, US Airways Group determined to increase the amount of at-risk compensation for its executives to levels more in line with its network peers by increased equity grant opportunities.

Similar to 2011, 2012 equity grants were in the form of a value mix of 50/50 SARs and RSUs. US Airways Group considered general industry data in reaching this mix as well as the mix typically granted in the airline industry. For 2012, total direct compensation for US Airways Group s chief executive officer, as reported in the US Airways Group Executive Compensation Summary Compensation Table beginning on page 298, was 53% below the average for the other large network airlines (using 2011 proxy compensation data reported in 2012 for Delta Air Lines and United Airlines). Please see the US Airways Group Executive Compensation Grants of Plan-Based Awards in 2012 table on page 299 for a description of the grants awarded to the named executive officers during 2012.

Other Benefits and Perquisites

US Airways Group maintains broad-based employee benefit plans in which all employees, including the named executive officers, participate, such as group life and health insurance plans and a 401(k) plan. These benefits are provided as part of the basic conditions of employment that US Airways Group offers to all employees.

Flight Benefits

As is standard airline industry practice, US Airways Group provides certain flight benefits to its employees. Free flights on its airline are available to all employees, although positive space travel benefits are provided to

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the named executive officers and other senior employees, and US Airways Group covers the income tax liabilities related to those enhanced flight benefits. US Airways Group believes that such enhanced flight benefits for the named executive officers are consistent with airline industry practice and are critical for the retention of the most senior employees. By providing positive space travel without tax consequences to its executives, US Airways Group is able to offer a unique and highly valued benefit at a low cost. This benefit also encourages executives to travel on the airline frequently, and while doing so, meet and listen to employees, solicit feedback from employees and customers, and audit aircraft appearance and quality, and monitor operational performance throughout the domestic and international route system.

The flight benefits provided to executive officers include unlimited reserved travel in any class of service, for the executive and his or her immediate family, including eligible dependent children, for personal purposes. The executive officer and his or her immediate family, including eligible dependent children, also have access to travel lounges at various airports. The executive officer s parents may also travel in any class of service if space is available, subject to a service fee and payment of any applicable security fees and international taxes. The executives are also eligible for 12 free round-trip passes or 24 free one-way passes each year for reserved travel for non-eligible family members and friends, and US Airways Group covers the income tax liability related to these flight benefits. The executive officers are required to pay any international fees and taxes, if applicable.

Other Enhanced Benefits to Named Executive Officers

US Airways Group also provides certain of its executives, including the named executive officers, with other enhanced benefits and perquisites in order to provide convenience and support services that allow them to more fully focus attention on carrying out their responsibilities to US Airways Group s stockholders. In addition, these benefits and perquisites are common in the airline industry and consequently are necessary for US Airways Group to be competitive in recruiting and retaining talented executives. The incremental cost to US Airways Group of the benefits is not material.

Executive officers receive life insurance and long-term disability benefits that are at an enhanced level compared to what is provided for other employees. US Airways Group also makes additional cash payments to certain named executive officers to cover their income tax liabilities associated with taxable life insurance benefits. These are grandfathered benefits for three of five named executive officers; US Airways Group does not offer this benefit to other named executive officers nor does US Airways Group have plans to offer this benefit to newly hired named executive officers. US Airways Group also offers executives perquisites in the form of financial advisory services and executive physicals. Each year, US Airways Group will reimburse up to $4,500 for senior vice presidents or higher level officers to receive personal tax planning, estate planning, and retirement planning services from a certified financial planner, certified public accountant, or attorney. US Airways Group also pays the full cost of executive physicals and up to $2,500 of additional diagnostic tests elected by the executive. Executives also have the opportunity to use tickets that US Airways Group receives pursuant to marketing agreements with sports franchises and sky boxes at various athletic stadiums for personal use at no cost to the executive.

Parker Enhanced Benefits

As required under Mr. Parker s employment agreement as last amended and restated in 2007, US Airways Group presently pays monthly dues and assessments for one club membership. In addition, Mr. Parker is a participant in the America West Directors Charitable Contribution Program, under which US Airways Group pays annual premiums on a joint life insurance policy. Under the program established by America West in 1994, a $1 million death benefit will be donated to one or more qualifying charitable organizations chosen by Mr. Parker. For a more detailed description of the charitable contribution program, see the narrative above under the Director Compensation table.

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For additional information on any individual benefits provided to the named executive officers on an individual basis, see the section entitled US Airways Group Executive Compensation Summary Compensation Table beginning on page 298 and the section entitled US Airways Group Executive Compensation Employment and Other Executive Agreements beginning on page 301.

Severance Arrangements

Change in control and severance benefits are essential for US Airways Group to fulfill its objective of attracting and retaining key managerial talent. As such, US Airways Group has entered into executive change in control agreements with the named executive officers and has entered into an employment agreement with Mr. Parker that provides for severance payments upon qualifying terminations. These agreements were adopted to reinforce and encourage the continued attention and dedication of members of management to their assigned duties without the distraction arising from the possibility of a change in control, and to enable and encourage management to focus their attention on obtaining the best possible outcome for stockholders without being influenced by their personal concerns regarding the possible impact of various transactions on the security of their jobs and benefits. In addition to providing severance benefits to any participant who incurs a termination of employment under certain circumstances following a change in control, Mr. Parker s agreement provides for severance benefits in the event of termination other than for misconduct or termination by Mr. Parker for good reason under circumstances not involving a change in control. Under the agreements, in the event of a change in control or a qualifying termination, eligible executives may be entitled to receive a multiple of their salary, equity award acceleration, lifetime flight privileges, and certain other benefits as more fully described in the section entitled US Airways Group Executive Compensation Potential Payments upon Termination or Change in Control beginning on page 302.

In connection with the Merger, each US Airways Group named executive officer has agreed to waive his or her rights under such agreement to accelerated vesting of US Airways Group stock options, RSUs, and/or SARs, in each case, solely as a result of the Closing, and instead has agreed to a right to double trigger accelerated vesting of such equity awards upon a qualifying termination in connection with the Closing.

Continuing Focus on Leading Practices

Stock Ownership Guidelines

US Airways Group has a stock ownership policy for the named executive officers. Executives are required to hold a number of shares of stock equal to the lesser of either (i) a fixed number of shares or (ii) a number of shares with a total value equal to a designated multiple of their base salary, as set forth in the table below. Ownership is determined based on the combined value of the following executive holdings: (a) shares owned outright or in a trust for their benefit; (b) shares held in benefit plans; and (c) restricted stock or RSUs subject to time-vesting. Executives have five years from the date of implementation of the policy or the time of appointment or promotion to comply with the ownership policy. The compensation and human resources committee will annually review the executive officers stock ownership status and the timeline for compliance. Under the policy, executives who are not in compliance with the stock ownership levels must hold after-tax post-exercise shares upon any stock option exercise or vesting of RSUs until compliance with their respective stock ownership level is reached.

Stock Ownership Guidelines

Position/Levels	Multiple of Base Salary	Fixed Shares or Units
Chief Executive Officer	5X	400,000
President	2X	133,333
Executive Vice President	1X	50,000

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Clawback Policy

US Airways Group has a clawback policy that applies to all named executive officers and covers all compensation under the cash incentive programs and all equity awards. The policy applies in the event US Airways Group s financial statements are restated as a result of material non-compliance with financial reporting rules and provides the board with broad discretion as to what actions may be taken based on circumstances leading to the restatement, including recovery of incentive-based compensation received by an executive officer during the three-year period preceding the restatement in excess of what the executive officer would have been paid under the restatement. The compensation and human resources committee is monitoring regulatory developments with respect to compensation recoupment policies and will recommend to the board any changes to the current policy that are necessary or appropriate in light of guidance issued by the SEC.

Tax and Accounting Considerations

Section 162(m) of the Code generally disallows a tax deduction to public companies for compensation in excess of $1.0 million paid to the chief executive officer or the next three most highly compensated executive officers (other than the chief financial officer). Performance-based compensation arrangements may qualify for an exemption from the deduction limit if they satisfy various requirements under Section 162(m) of the Code. The compensation and human resources committee considers the impact of this rule when developing and implementing executive compensation programs and attempts to structure the programs to comply with these requirements. However, the committee believes that it is important to preserve flexibility in designing compensation programs and in some cases has adopted compensation components that do not meet the requirements of Section 162(m) of the Code. While SARs granted under the 2011 Plan, and previously under the 2008 Plan and the 2005 Plan and LTIPP awards are intended to qualify as performance-based (as defined in the Code), amounts paid under the other compensation programs may not qualify.

The committee also considers the manner in which compensation is treated for accounting purposes when developing and implementing executive compensation programs. In particular, the committee considers the accounting treatment of alternative forms of stock-based compensation under ASC Topic 718 when approving awards of stock-based compensation.

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US AIRWAYS GROUP COMPENSATION AND HUMAN RESOURCES COMMITTEE REPORT

The US Airways Group compensation and human resources committee has reviewed and discussed with US Airways Group management the US Airways Group Compensation Discussion and Analysis included in this proxy statement/prospectus. Based on this review and discussion, the compensation and human resources committee recommended to the board of directors of US Airways Group that the Compensation Discussion and Analysis be included in this proxy statement/prospectus.

Respectfully submitted,

US Airways Group Compensation and Human Resources

Committee

Matthew J. Hart (Chair)

Richard C. Kraemer

Cheryl G. Krongard

Denise M. O Leary

This report of the compensation and human resources committee of the US Airways Group s board of directors is not deemed to be soliciting material or to be filed with the SEC or subject to the SEC s proxy rules or the liabilities of Section 18 of the Exchange Act, and the report will not be deemed to be incorporated by reference into any prior or subsequent filing by US Airways Group under the Securities Act or the Exchange Act.

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US AIRWAYS GROUP EXECUTIVE OFFICERS

The following table lists US Airways Group s executive officers as of March 29, 2013, including their ages and principal occupations. Each of the executive officers is also an executive officer of US Airways Group s principal operating subsidiary, US Airways.

Name	Age	Title
W. Douglas Parker	51	Chairman of the Board and Chief Executive Officer
J. Scott Kirby	45	President
Elise R. Eberwein	47	Executive Vice President People, Communications, and Public Affairs
Robert D. Isom, Jr.	49	Executive Vice President and Chief Operating Officer
Stephen L. Johnson	56	Executive Vice President Corporate and Government Affairs
Derek J. Kerr	48	Executive Vice President and Chief Financial Officer

Set forth below is certain information as of March 29, 2013 regarding US Airways Group s executive officers.

See the section entitled Proposal 4: Election of Directors beginning on page 254 for similar information regarding W. Douglas Parker as of March 29, 2013.

J. Scott Kirby

Mr. Kirby joined AWA as senior director schedules and planning in 1995. In 1997, Mr. Kirby was elected to the position of vice president planning, and in 1998 he was elected to the position of vice president revenue management. In 2000, he was elected to the position of senior vice president e-business and technology of AWA. He was elected as executive vice president sales and marketing of AWA in 2001. Mr. Kirby served as executive vice president sales and marketing of US Airways Group in 2005 until his promotion to President in 2006.

Elise R. Eberwein

Ms. Eberwein joined AWA in 2003 as vice president corporate communications. From September 2005 through October 2005, Ms. Eberwein served as vice president corporate communications of US Airways Group. She served as senior vice president corporate communications from 2005 to 2006, when she was appointed as senior vice president people, communication, and culture. In 2009, Ms. Eberwein was appointed as executive vice president people and communications, and in 2010, Ms. Eberwein assumed the public affairs responsibilities. Prior to joining AWA, Ms. Eberwein held various communications positions for three other airlines, including Frontier Airlines, where she served as vice president communications from 2000 until she joined AWA. Ms. Eberwein began her career at Trans World Airlines, where she served in various positions, including director of communication support services, sales promotion manager, in-flight services new hire supervisor, flight service manager, and flight attendant.

Robert D. Isom

Mr. Isom joined AWA as senior director financial planning and analysis in 1995. He was elected to vice president operations planning for AWA in 1997. In 2000, Mr. Isom was elected to the position of vice president revenue management. Mr. Isom left AWA in 2000 to serve as vice president finance for Northwest Airlines, Inc. In 2001, he was appointed vice president international for Northwest Airlines, and in 2003 he was appointed senior vice president ground operations and customer service. Mr. Isom left Northwest Airlines in 2005 to serve as chief operating officer of Residential Capital, LLC, a real estate finance company. He was appointed chief restructuring officer of GMAC LLC, a financial services company, in 2006. In 2007, Mr. Isom was elected executive vice president and chief operating officer of US Airways Group.

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Stephen L. Johnson

Between 1995 and 2003, Mr. Johnson held a variety of positions with America West and AWA, including senior vice president corporate affairs and executive vice president corporate. From 2003 to 2009, Mr. Johnson was a partner at Indigo Partners LLC, a private equity firm, which specializes in acquisitions and strategic investments in the airline, aircraft finance, and aerospace industries. In March 2009, Mr. Johnson was appointed executive vice president corporate of US Airways Group. In 2010, Mr. Johnson s responsibilities were expanded to include government affairs.

Derek J. Kerr

Mr. Kerr joined AWA as senior director financial planning in 1996. He was elected to the position of vice president financial planning and analysis in 1998. In 2002, Mr. Kerr was elected senior vice president financial planning and analysis. He was elected senior vice president and chief financial officer of AWA and America West in 2002. Beginning in 2005, he served as senior vice president and chief financial officer of US Airways Group. In 2009, Mr. Kerr was appointed as executive vice president and chief financial officer. In 2010, Mr. Kerr s responsibilities were expanded to include information technology.

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US AIRWAYS GROUP EXECUTIVE COMPENSATION

Summary Compensation Table

The following table sets forth compensation earned by US Airways Group named executive officers in the years ended December 31, 2012, 2011, and 2010.

Name and Principal Position	Year	Salary ($)	Stock Awards ($)[a]	Option Awards ($)[b]	Non-Equity Incentive Plan Compensation ($)	All Other Compensation ($)[d]	Total ($)
W. Douglas Parker	2012	550,000	1,347,003	1,346,792	2,200,000[c]	47,821	5,491,616
Chairman of the Board and	2011	550,000	1,370,573	1,373,461	466,813	63,915	3,824,762
Chief Executive Officer	2010	550,000	0	1,119,419	987,800	100,762	2,757,981
J. Scott Kirby	2012	535,604	942,998	942,857	2,164,236[c]	26,879	4,612,574
President	2011	519,415	959,503	961,524	392,347	24,002	2,856,791
	2010	510,000	0	776,607	775,200	30,772	2,092,579
Robert D. Isom, Jr.	2012	472,592	535,998	535,919	1,790,269[c]	49,502	3,384,280
Executive Vice President and	2011	458,308	545,380	546,527	314,717	34,372	1,899,304
Chief Operating Officer	2010	450,000	0	577,489	684,000	42,991	1,754,480
Stephen L. Johnson	2012	446,337	535,998	535,919	1,690,809[c]	24,762	3,233,825
Executive Vice President	2011	432,846	545,380	546,527	297,232	34,476	1,856,461
Corporate and Government Affairs	2010	425,000	0	577,489	1,150,688	35,919	2,189,096
Derek J. Kerr	2012	420,081	535,998	535,919	1,591,350[c]	28,341	3,111,689
Executive Vice President and	2011	407,385	545,380	546,527	319,748	26,951	1,845,991
Chief Financial Officer	2010	388,750	0	577,489	608,000	28,700	1,602,939

(a) Amounts in this column represent the aggregate grant date fair value, as calculated in accordance with ASC Topic 718, of RSUs granted during 2012 and 2011 to the named executive officers. The grant date fair value, as calculated in accordance with ASC Topic 718, of RSUs is equal to the closing price of US Airways Group common stock on the date of grant.

(b) Amounts in this column represent the aggregate grant date fair value, as calculated in accordance with ASC Topic 718, of SARs granted during 2012, 2011, and 2010 to the named executive officers. For a description of the assumptions made to arrive at these amounts, please see Note 12 to US Airways Group s consolidated financial statements in its 2012 Annual Report on Form 10-K.

(c) Amount represents payments for the US Airways Group 2012 AIP and the 2012 LTIPP. For additional information on the payouts under the US Airways Group 2012 AIP, see the sections entitled US Airways Group Compensation Discussion and Analysis Annual Incentive Program beginning on page 287 and US Airways Group Compensation Discussion and Analysis Long-Term Incentive Performance Program beginning on page 288.

(d) The following table sets forth the amounts of other compensation, including perquisites, paid to, or on behalf of, named executive officers during 2012 included in the All Other Compensation column. Perquisites and other personal benefits are valued on the basis of the aggregate incremental cost to US Airways Group.

	W. Douglas Parker	J. Scott Kirby	Robert D. Isom, Jr.	Stephen L. Johnson	Derek J. Kerr
Flight Benefits and Privileges [a]	$ 13,182	$ 11,813	$ 18,490	$ 5,979	$ 10,161
US Airways Group Payment of Life Insurance and Long-Term Disability Premiums [b]	11,509	3,977	2,299	2,299	3,999
Financial Advisory Services	0	2,750	2,965	4,500	3,150

Reimbursement of Club Membership Dues	4,259	0	0	0	0
Physical Exams and Medical Services	0	0	4,380	0	2,681
Gross-Up Payments [c]	11,371	839	13,868	4,484	850
401(K)	7,500	7,500	7,500	7,500	7,500
Total	$ 47,821	$ 26,879	$ 49,502	$ 24,762	$ 28,341

(a) Amount represents flight benefits provided to named executive officers for unlimited, top-priority reserved travel in any class of service, for the executive and his or her immediate family, and up to 12

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round-trip or 24 one-way passes for non-eligible family members and friends. Amounts for Messrs. Parker, Isom, and Johnson represent the actual value of travel utilized by those named executive officers and their respective eligible dependents during 2012. Amounts for Messrs. Kirby and Kerr, who are entitled to lifetime flight benefits, represent the 2012 annuitized value of their lifetime flight benefits.

(b) Amount represents (i) premium payments with respect to group term life insurance, accidental death and dismemberment, and long-term disability, (ii) with respect to Messrs. Parker, Kirby, and Kerr, premium payments made in excess of the amount of company-paid premiums for employees generally with respect to coverage of the named executive officer under a life insurance policy, and (iii) with respect to Mr. Parker only, the portion of the premiums paid attributable to Mr. Parker for a life insurance policy under the America West Directors Charitable Contribution Program.

(c) Amount represents tax gross-up payments with respect to flight benefits and privileges and life insurance.

Grants of Plan-Based Awards in 2012

The following table sets forth information regarding grants of plan-based awards made to US Airways Group named executive officers during the year ended December 31, 2012.

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards Threshold ($)	Target ($)	Maximum ($)	All Other Stock Awards: Number of Shares of Stock or Units (#)	All Other Option Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards ($/Sh)	Grant Date Fair Value of Stock and Option Awards ($)[(e)]
W. Douglas Parker	(a)		687,500	1,100,000				
	4/11/2012(b)				176,772			1,347,003
	4/11/2012(c)					294,748	7.62	1,346,792
	(d)	297,000	687,500	1,100,000				
J. Scott Kirby	(a)		595,165	1,082,118				
	4/11/2012(b)				123,753			942,998
	4/11/2012(c)					206,346	7.62	942,857
	(d)	265,119	622,218	1,082,118				
Robert D. Isom, Jr.	(a)		477,405	954,810				
	4/11/2012(b)							