SECURITIES AND EXCHANGE COMMISSION

FORM SC 13D

Schedule filed to report acquisition of beneficial ownership of 5% or more of a class of equity securities

Filing Date: **1994-05-17**
SEC Accession No. 0000923167-94-000003

(HTML Version on secdatabase.com)

SUBJECT COMPANY

AMERICA WEST AIRLINES INC

CIK:**706270**| IRS No.: **860418245** | State of Incorp.:**DE** | Fiscal Year End: **1231**
Type: **SC 13D** | Act: **34** | File No.: **005-34444** | Film No.: **94529124**
SIC: **4512** Air transportation, scheduled

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400 EAST SKY HARBOR BOULEVARD
PHOENIX AZ 85034

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PHOENIX AZ 85003
6026930800

FILED BY

TPG PARTNERS LP

CIK:**923167**| State of Incorp.:**TX**
Type: **SC 13D**

Mailing Address
201 MAIN ST STE 2420
FT WORTH TX 76102

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 13D
Under the Securities Exchange Act of 1934

America West Airlines, Inc.

(Name of Issuer)

Common Stock, $.25 par value

(Title of Class of Securities)

023650104

(CUSIP Number)

Victor I. Lewkow, Esq.
Cleary, Gottlieb, Steen & Hamilton
One Liberty Plaza
New York, New York 10006
(212) 225-2000

(Name, Address and Telephone Number of Person
Authorized to Receive Notices and Communications)

May 5, 1994

(Date of Event which Requires
Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition which is the subject of this Schedule 13D, and is filing this Schedule because of Rule 13d-1(b)(3) or (4), check the following box [ ].

Check the following box if a fee is being paid with the statement [X].

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SCHEDULE 13D

CUSIP No. 023650104

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1 NAME OF REPORTING PERSON
S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON

TPG Partners, L.P.
75-2473270

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) |__|
(b) | x|

3 SEC USE ONLY

4 SOURCE OF FUNDS

WC

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED
PURSUANT TO ITEMS 2(d) or 2(e) |__|

6 CITIZENSHIP OR PLACE OF ORGANIZATION

DELAWARE

7 SOLE VOTING POWER

1,920,987.5

NUMBER OF

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SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	8	SHARED VOTING POWER NONE
	9	SOLE DISPOSITIVE POWER 1,920,987.5
	10	SHARED DISPOSITIVE POWER NONE

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

1,920,987.5

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

7.6%

14 TYPE OF REPORTING PERSON

PA

SCHEDULE 13D

CUSIP No. 023650104

1 NAME OF REPORTING PERSON
S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON

AmWest Partners, L.P.
75-2529331

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) |__| (b) | x|

3 SEC USE ONLY

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4	SOURCE OF FUNDS NA (see item 4)	
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e)	|__|
6	CITIZENSHIP OR PLACE OF ORGANIZATION TEXAS	

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH		
	7	SOLE VOTING POWER None
	8	SHARED VOTING POWER 2,322,000
	9	SOLE DISPOSITIVE POWER None
	10	SHARED DISPOSITIVE POWER 2,322,000

11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 2,322,000
12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 9.2%
14	TYPE OF REPORTING PERSON PA

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Item 1. Security and Issuer.

The security to which this statement relates is the Common Stock, $ 0.25 par value (the "Common Stock") of America West Airlines, Inc., a Delaware corporation (the "Company"). The principal offices of the Company are located at 4000 East Sky Harbor Boulevard, Phoenix, Arizona 85034. The Company is currently operating as a debtor-in-possession under Chapter 11 of the United States Bankruptcy Code.

Item 2. Identity and Background.

This Schedule 13D is filed by TPG Partners, L.P. ("TPG"), and AmWest Partners, L.P. ("AmWest"). TPG and AmWest are referred to collectively herein as the "Filing Parties". TPG and AmWest are making this single, joint filing because they may be deemed to be a group within the meaning of Section 13(d)(3) of the Securities Exchange Act of 1934 (the "Exchange Act").

TPG is a Delaware limited partnership, whose principal executive offices are located at 201 Main Street, Suite 2420, Fort Worth, Texas 76102. TPG is a limited partnership, formed in 1993 to invest in securities of entities to be selected by its general partner.

Pursuant to General Instruction "C" for Schedule 13D, set forth below is certain information concerning (i) the General Partner of TPG, (ii) the General Partner of the General Partner of TPG, and (iii) each person controlling such General Partner.

The General Partner of TPG is TPG GenPar, L.P. ("TPG GenPar"), a Delaware limited partnership, whose principal executive offices are located at 201 Main Street, Suite 2420, Fort Worth, Texas 76102. The principal business of TPG GenPar is to serve as the General Partner of TPG.

The General Partner of TPG GenPar is TPG Advisors, Inc. ("TPG Advisors"), a Delaware corporation, whose principal executive offices are located at 201 Main Street, Suite 2420, Fort Worth, Texas 76102. The principal business of TPG Advisors is to serve as the General Partner of TPG GenPar.

The executive officers and directors of TPG Advisors are: David Bonderman (director and President), James Coulter (director and Vice President), William Price (director and Vice President) and James O'Brien (Vice President, Treasurer and Secretary), each of whom is a natural person. No other persons control TPG, TPG GenPar, or TPG Advisors.

David Bonderman has his business address at 201 Main Street, Suite 2420, Fort Worth, Texas 76102. Mr. Bonderman's principal occupation is as a director and President of TPG Advisors, which

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has its business address at 201 Main Street, Suite 2420, Fort Worth, Texas 76102. Mr. Bonderman is a citizen of the United States.

James Coulter has his business address at 201 Main Street, Suite 2420, Fort Worth, Texas 76102. Mr. Coulter's principal occupation is as a director and Vice President of TPG Advisors, which has its business address at 201 Main Street, Suite 2420, Fort Worth, Texas 76102. Mr. Coulter is a citizen of the United States.

William Price has his business address at 201 Main Street, Suite 2420, Fort Worth, Texas 76102. Mr. Price's principal occupation is as a director and Vice President of TPG Advisors, which has its business address at 201 Main Street, Suite 2420, Fort Worth, Texas 76102. Mr. Price is a citizen of the United States.

James O'Brien has his business address at 201 Main Street, Suite 2420, Fort Worth, Texas 76102. Mr. O'Brien's principal occupation is as a Vice President, Secretary, and Treasurer of TPG Advisors, which has its business address at 201 Main Street, Suite 2420, Fort Worth, Texas 76102. Mr. O'Brien is a citizen of the United States.

AmWest is a Texas limited partnership, whose principal executive offices are located at 201 Main Street, Suite 2420, Fort Worth, Texas 76102. AmWest is a limited partnership, formed in March, 1994 to invest in the securities of the reorganized company ("New America West") upon the Company's emergence from bankruptcy.

Pursuant to General Instruction "C" for Schedule 13D, set forth below is certain information concerning (i) the General Partner of AmWest, and (ii) each person controlling such General Partner.

The General Partner of AmWest is AmWest GenPar, Inc. (AmWest GenPar"), a Texas corporation, whose principal executive offices are located at 201 Main Street, Suite 2420, Fort Worth, Texas 76102. The principal business of AmWest

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GenPar is to serve as the General Partner of AmWest.

The executive officers and directors of AmWest GenPar are David Bonderman (director and President), James Coulter (director and Vice President), William Price (director and Vice President) and James O'Brien (Vice President, Treasurer and Secretary), each of whom is a natural person. Information as to each of these individuals is set forth above. No other persons control AmWest or AmWest GenPar.

During the last five years, neither of the Filing Parties and to the best knowledge of the Filing Parties, none of the executive officers or directors of TPG Advisors or AmWest GenPar has been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors). During the last five years, neither of the Filing Parties and to the best knowledge of the Filing Parties, none of such individuals has been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of such proceeding was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violation with respect to such laws.

Item 3. Source and Amount of Funds or Other Consideration.

The aggregate amount of funds required by TPG to purchase the Common Shares and the Preferred Shares (as such terms are defined in Item 5) from Transpacific Enterprises, Inc., a Washington corporation, and all of

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Transpacific's affiliates ("Transpacific") will be $7,283,976.80. TPG paid Transpacific $500,000 of this amount as a deposit upon execution of the Transpacific Letter Agreement (as defined in Item 6), which contemplates that the balance of the funds shall be paid to Transpacific at the Closing, which is currently expected to occur on or prior to May 31, 1994. All funds to be used by TPG to purchase the Common Shares and the Preferred Shares are to be obtained (and in the case of the deposit, have been obtained) from the working capital of TPG, by means of contributions to be made by the partners of TPG in response to non-discretionary calls made by TPG GenPar on the capital committed to TPG by such partners in connection with their subscription to TPG and no part of the purchase price for the Preferred Shares and Common Shares will consist of borrowed funds.

No funds have been expended or are expected to be expended by AmWest in connection with its acquisition of what may be deemed to be shared beneficial ownership of the Common Stock owned by Lehman Brothers, Inc. ("Lehman Brothers") pursuant to the Subscription Agreement between AmWest and Lehman Brothers (the "Lehman Subscription Agreement"), as described in Item 6.

Item 4. Purpose of Transaction.

The purposes for the purchase of the Common Stock by TPG and AmWest's entrance into the Lehman Subscription Agreement described herein are for general investment purposes and potentially to facilitate the acquisition of a controlling interest in New America West in connection with the proposed reorganization of the Company into New America West, pursuant to

the terms of the Third Revised Investment Agreement between AmWest and the Company (the "Investment Agreement").

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TPG intends to review continuously its equity position in the Company. Depending upon future evaluations of the business prospects of the Company and upon other developments, including, but not limited to, general economic and business conditions and money market and stock market conditions, TPG may determine to increase or decrease its equity interest in the Company by acquiring additional shares of Common Stock, or by disposing of all or a portion of the Common Shares and the Preferred Shares.

The following is a brief description of certain provisions of the Investment Agreement, and is qualified in its entirety by reference to such agreement, a copy of which is filed as an exhibit hereto and incorporated herein by reference.

On April 21, 1994, AmWest and the Company entered into the Investment Agreement, dated as of such date, pursuant to which AmWest has agreed, in connection with and as part of the proposed joint plan of reorganization of the Company (the "Plan") and subject to the satisfaction or waiver of certain conditions (including confirmation of the Plan by the United States Bankruptcy Court for the District of Arizona (the "Bankruptcy Court")), to acquire certain voting securities, debt securities and warrants of New America West. Under the Investment Agreement, AmWest has the right to assign (in whole or in part) its rights to acquire such securities and warrants to other parties. If the transactions contemplated by the Investment Agreement are succcessfully completed, AmWest will own a controlling interest in the New America West. The Investment Agreement also contemplates that the board of directors, charter and bylaws of New America West will be different from those of the Company.

On April 21, 1994, the Company and AmWest entered into a Third Revised Interim Procedures Agreement (the "Procedures Agreement"). The following is a brief description of certain provisions of the Procedures Agreement, and is qualified in its entirety by reference to such agreement, a copy of which is filed as an exhibit hereto and incorporated herein by reference.

During the term of the Procedures Agreement, the Company has agreed not to intiate or solicit any offer or proposal providing for or in furtherance of any Prohibited Transaction, except under the circumstances expressly set forth in the Procedures Agreement, including the provision of notice and information to AmWest and the opportunity for AmWest to make a matching bid. Prohibited Transactions are defined in the Procedures Agreement, subject to certain express exceptions, as (a) transactions similar to the investment by AmWest contemplated by the Investement Agreeement, including the issuance and sale by the

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Company of any of the securities contemplated thereby; (b) the designation of the proposal of a plan of any party other than AmWest as a Lead Plan Proposal; (c) the execution of a contract with any other airline which would interfere with the operation of the Alliance Agreements between certain affiliates of AmWest and the Company which are contemplated by the Investment Agreement; (d) any merger or consolidation of the Company; (e) any issuance or sale of debt or equity securities by the Company, or (f) any sale, encumbrance, lease or other disposition of material assets of the Company or interest therein outside the ordinary and normal course of the Company's business.

The Company, AmWest, the Official Equity Committee and the Official Creditors Committee are currently working to prepare the Plan and an accompanying disclosure statement, which the Company currently expects to be filed with the Bankruptcy Court by May 17, 1994. After the Plan and disclosure statement have been filed with the Bankruptcy Court, TPG intends to vote the Common Stock owned by it in favor of the Plan. It is anticipated that, upon consummation of the Plan, the Common Stock would be cancelled and would cease to be authorized to be quoted in the National Association of Securities Dealers Automated Quotation System and listed on the Pacific Stock Exchange and its registration would be terminated pursuant to Section 12(g)(4) of the Securities Exchange Act of 1934 (the "Exchange Act").

Except as set forth above and in Item 6 and the exhibits hereto, TPG and AmWest do not have any plans or proposals which would relate to or result in:

(a) The acquisition of additional securities of the Company, or the disposition of securities of the Company;

(b) An extraordinary corporate transaction, such as a merger, reorganization or liquidation, involving the Company or any of its subsidiaries;

(c) A sale or transfer of a material amount of assets of the Company or of any of its subsidiaries;

(d) Any change in the present board of directors or management of the Company, including any plans or proposals to change the number or

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term of directors or to fill any existing vacancies on the board;

(e) Any material change in the present capitalization or dividend policy of the Company;

(f) Any other material change in the Company's business or corporate structure;

(g) Changes in the Company's charter, bylaws or instruments corresponding thereto or other actions which may impede the acquisition of control of the issuer by any person;

(h) Causing a class of securities of the Company to be delisted from a national securities exchange or to cease to be authorized to be quoted in an inter-dealer quotation system of a registered national securities association;

(i) A class of equity securities of the Company becoming eligible for termination of registration pursuant to Section 12(g)(4) of the Exchange Act; or

(j) Any action similar to any of those enumerated above.

Item 5. Interest in Securities of the Issuer

(a) - (b) At the date hereof, TPG has the right to acquire pursuant to the Tranpacific Letter Agreement (as defined in Item 6), and when executed and delivered by TPG and Transpacific, the Transpacific Purchase Agreement (as defined in Item 6) and upon such acquisition will have the sole power to vote

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and dispose of, 1,884,438 shares (the "Common Shares") and 36,549.5 shares (the "Preferred Shares") of the Series C 9.75% preferred stock, $0.25 par value per share (the "Preferred Stock") of the Company. The Preferred Shares are convertible into shares of Common Stock on a share-for-share basis, subject to certain adjustments. Assuming conversion of all of the Preferred Shares of Common Stock, the Common Shares and the Preferred Shares represent approximately 7.6% of the 25,294,870 shares of Common Stock reported to be outstanding as of April 30, 1994 in the Company's Form 10-Q for the quarterly period ended March 31, 1994, the most recently available filing with the Commission by the Company. TPG does not have shared power to vote or shared power to dispose of any shares of Common Stock.

As set forth in Item 6, TPG has certain understandings regarding the Preferred Shares with Belmont Capital Partners II, L.P., a Delaware limited partnership ("Belmont"), but TPG disclaims that it and Belmont comprise a group within the meaning of Section 13(d)(3) of the Exchange Act. Insofar as TPG and Belmont may be deemed to comprise a group, each may be deemed to beneficially own the shares of Common Stock owned by the other. Information concerning Belmont's ownership of shares of Common Stock is contained in a separate Schedule 13D being filed by Belmont.

As set forth in Item 6, AmWest has entered into the Lehamn Subscription Agreement, and pursuant thereto has certain understandings regarding the Common Stock with Lehman Brothers. As a result, AmWest may be deemed to have shared power to vote or

shared power to dispose of 2,322,000 shares of Common Stock of the Company which are owned by Lehman Brothers, representing approximately 9.18% of the 25,294,870 shares of Common Stock reported to be outstanding as of April 30, 1994 in the Company's Form 10-Q for the quarterly period ended March 31, 1994. AmWest does not have sole power to vote or sole power to dispose of any shares

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of Common Stock, and AmWest disclaims that it and Lehman Brothers comprise a group within the meaning of Section 13(d)(3) of the Exchange Act.

Insofar as TPG and AmWest may be deemed to comprise a group within the meaning of Section 13(d)(3) of the Exchange Act, each may be deemed to beneficially own the shares beneficially owned by the other.

To the knowledge of the Filing Parties, none of the individuals named in Item 2 has the sole or shared power to vote or the sole or shared power to dispose of any shares of Common Stock.

(c) Except as stated herein, no transactions in shares of Common Stock were effected during the past 60 days by any Filing Party or to the best of their knowledge, any of the individuals identified in Item 2.

(d) Pursuant to the terms of the Transpacific Letter Agreement (as defined below), TPG has agreed to pay to Transpacific the amount of any dividends that it may receive as the holder of the Preferred Shares payable in respect of the period commencing on the date when dividends were last paid on the Preferred Stock through May 3, 1994.

(e) Not applicable.

Item 6. Contracts, Arrangements, Understandings or Relationships With Respect to Securities of the Issuer

On May 5, 1994, TPG and Transpacific entered into a letter agreement (the "Transpacific Letter Agreement"), dated as of May [6], 1994. The following is a brief description of the Letter Agreement, and is qualified in its entirety by reference to such agreement, a copy of which is filed as an exhibit hereto and incorporated herein by reference.

Pursuant to the Transpacific Letter Agreement, TPG has agreed, subject to the satisfaction or waiver of the conditions contained therein, to purchase the Common Shares from Transpacific at a price of $3.60 per share and the Preferred Shares at a price of $500,000. In addition, TPG has agreed to pay to Transpacific the amount of any dividends that it may receive as the holder of the Preferred Shares payable in respect

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of the period commencing on the date when dividends were last paid on the Preferred Stock through May 3, 1994.

Upon the execution of the Transpacific Letter Agreement, TPG paid to Transpacific the sum of $500,000 as a deposit to be applied against the aggregate purchase price to paid for the Common Shares and the Preferred Shares. TPG has agreed to pay Transapacific the balance of the purchase price at the Closing of the Transpacific Purchase Agreement (as defined below), which is expected to occur on or before May 31, 1994

Pursuant to the Transpacific Letter Agreement, TPG has agreed to keep Transpacific apprised of any information that it receives from the Company regarding the status of the payment of any dividends on the Preferred Shares, and at its own expense, to prosecute in the Company's bankruptcy proceedings any claim for the payment of dividends with respect to the Preferred Shares.

The Transpacific Letter Agreement also contains certain provisions pertaining to a claim which Transpacific currently estimates at $700,000, as to which a proof of claim was not submitted in the bankruptcy proceedings concerning the Company. TPG has agreed to discuss the quantification of this claim with the Company on Transpacific's behalf, and to use its best efforts to cause the claim to be treated as an allowed claim under the bankruptcy proceedings relating to the Company, notwithstanding the passage of any bar date for the submission or resolution of the claim.

As contemplated by the Transpacific Letter Agreement, Transpacific and TPG are currently negotiating the terms of a definitive stock purchase agreement (the "Transpacific Purchase Agreement") which is to conform with the terms and provisions of the Transpacific Letter Agreement and shall contain such other terms and provisions (including representations and warranties, covenants and indemnification provisions) as are customarily contained in stock purchase agreements and as may be reasonably acceptable to the parties and their respective counsel. In the event that despite their best efforts, the parties are unable to agree upon a mutually acceptable purchase agreement by May 21, 1994, either Transpacific or TPG may terminate the Transpacific Letter Agreement. The $500,000 deposit made by TPG would be returned to it by Transpacific upon any such termination which was not the result of a breach by TPG of the Transpacific Letter Agreement or the Transpacific Purchase Agreement.

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On April 7, 1994, Belmont, Fidelity Copernicus Fund, L.P., and Belmont Fund, L.P. (collectively the "Fidelity Entities") entered into a Subscription Agreement with AmWest (the "Fidelity Subscription Agreement"). The following is a brief description of the Fidelity Subscription Agreement, and is qualified in its entirety by reference to such agreement, a copy of which is filed

as an exhibit hereto and incorporated herein by reference. Pursuant to the Fidelity Subscription Agreement, the Fidelity Entities agreed, subject to the terms and conditions contained therein, to accept an assignment from AmWest of certain of its rights under the Investment Agreement, including the right to purchase certain voting securities, debt securities and warrants of New America West. In addition, the Fidelity Entities have agreed that, except with the consent of AmWest, neither they nor any of their affiliates shall, prior to the earlier of (i) the consummation of the Plan, or (ii) termination of the Investment Agreement, commit funds to, or otherwise become involved with any other entity which may attempt to acquire control of the Company.

On May 5, 1994, Belmont entered into a separate letter agreement with Transpacific, the terms of which are substantially similar to terms of the Transpacific Letter Agreement, with the exception of the agreement regarding Transpacific's bankruptcy claim. Pursuant to such letter agreement, Belmont has agreed, subject to the satisfaction or waiver of the conditions contained therein, to purchase from Transpacific an aggregate of 1,884,438 shares of Common Stock and 36,549.5 shares of Preferred Stock, which together with the Common Shares and Preferred Shares purchased by TPG, represent all of the securities of the Company owned by Transpacific. The acquisition by Belmont of such shares of Common Stock and Preferred Stock is the subject of a separate Schedule 13-D being filed by Belmont.

TPG and Belmont have agreed in principle that (i) TPG will reimburse Belmont for all expenses incurred by Belmont in connection with its

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prosecution in the Company's bankruptcy proceedings of any claim for the payment of dividends with respect to the Preferred Shares, and (ii) that such parties will cooperate in coordinating such prosecution. With the exception of this agreement in principle (to the extent that it may be deemed to be with respect to the Common Stock), there are no understandings, agreements, or arrangements among the Filing Parties, Belmont or the Fidelity Entities with respect to the Common Stock.

On May 11, 1994, AmWest and Lehman Brothers entered into a Subscription Agreement (the "Lehman Subscription Agreement"), dated as of such date. The following is a brief description of certain provisions of the Subscription Agreement, and is qualified in its entirety by reference to such agreement, a copy of which is filed as an exhibit hereto and incorporated herein by reference.

Pursuant to the Lehman Subscription Agreement, Lehman Brothers has agreed to accept an assignment from AmWest of certain of its rights under the Investment Agreement and the Procedures Agreement, including the right to purchase certain securities of New America West. Unless AmWest directs it to do otherwise, Lehman Brothers has agreed to purchase all shares of Class B Common of New America West to which it is entitled pursuant to the Investment Agreement in respect of the 2,322,000 shares of Common Stock owned by it, and has agreed to sell, on the Effective Date, all such purchased shares to AmWest at the price paid therefor by Lehman Brothers. In addition, Lehman Brothers has agreed to purchase from the Company a percentage of the Class B Common Stock which AmWest may be required to purchase pursuant to the terms of the Investment Agreement.

Lehman Brothers has also covenanted and agreed in the Lehman Subscription Agreement that for a specified period it will (i) support in all material respects AmWest's proposed investment in New America West, (ii) make all elections to acquire securities of New America West permitted to be made pursuant to the provisions of the Investment Agreement in respect of the 2,322,000 shares of Common Stock of the Company owned by it, (iii) not support any competing proposals to acquire all or any material interest in the business, stock or assets of New America West and (iv) not sell, assign, pledge or otherwise transfer any shares of the 2,322,000 shares of Common

Stock owned by it without the prior written consent of AmWest. With the exception of the agreements described herein, there are no understandings, agreements, or arrangements between AmWest and Lehman with respect to the Common Stock.

In connection with the transactions described above, the Company's Board of Directors adopted certain resolutions excepting the Filing Parties and certain of their affiliates from the application of Section 203 of the Delaware General Corporation Law, and approving the beneficial ownership by the Filing Parties and certain other entities and their respective affiliates of the Common Stock pursuant to the terms of the Company's Amended and

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Restated Rights Agreement.

Item 7. Material to be Filed as Exhibits.

Exhibit 1 -- Joint Filing Agreement

Exhibit 2 -- Investment Agreement

Exhibit 3 -- Procedures Agreement

Exhibit 4 -- Transpacific Letter Agreement

Exhibit 5 -- Fidelity Subscription Agreement

Exhibit 6 -- Lehman Subscription Agreement

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SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and accurate.

Dated: May 16, 1994

TPG PARTNERS, L.P.

By: TPG GenPar, L.P.
General Partner

By: TPG Advisors, Inc.
General Partner

By: /s/ James O'Brien
Name: James O'Brien
Title: Vice President

AMWEST PARTNERS, L.P.

By: AmWest GenPar, Inc.
General Partner

By: /s/ James O'Brien
Name: James O'Brien
Title: Vice President

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JOINT FILING AGREEMENT

JOINT FILING AGREEMENT, (this "Agreement"), dated as of May 16, 1994 between TPG PARTNERS, L.P., a Delaware limited partnership ("TPG"), and AMWEST PARTNERS, L.P., a Texas limited partnership ("AmWest").

W I T N E S S T H

WHEREAS, as of the date hereof, each of TPG and AmWest is filing a Schedule 13D under the Securities Exchange Act of 1934 (the "Exchange Act") with respect to the Common Stock of America West, Inc., a Delaware corporation (the "Schedule 13D";

WHEREAS, each of TPG and AmWest is individually eligible to file the Schedule 13D;

WHEREAS, each of TPG and AmWest wishes to file the Schedule 13D jointly and on behalf of each of TPG and AmWest, pursuant to Rule 13d-1(f)(1) under the Exchange Act;

NOW, THEREFORE, in consideration of these premises and other good and valuable consideration, the parties hereto agree as follows:

1. TPG and AmWest hereby agree that the Schedule 13D is filed on behalf of each of TPG and AmWest, pursuant to Rule 13d-1(f)(1)(iii) under the Exchange Act.

2. TPG hereby acknowledges that, pursuant to Rule 13d-1(f)(1)(i) under the Exchange Act, TPG is responsible for the timely filing of the Schedule 13D and any amendments thereto, and for the completeness and accuracy of the information concerning TPG contained therein, and is not responsible for the completeness and accuracy of the information concerning AmWest contained therein, unless TPG knows or has reason to know that such information is inaccurate.

3. AmWest hereby acknowledges that, pursuant to Rule 13d-1(f)(1)(i) under the Exchange Act, AmWest is responsible for the timely filing of the Schedule 13D and any amendments thereto, and for the completeness and accuracy of the information concerning TPG contained therein, and is not responsible for the completeness and accuracy of the information concerning TPG contained therein, unless AmWest knows or has reason to know that such information is inaccurate.

4. TPG and AmWest hereby agree that this Agreement shall be filed as an exhibit to the Schedule 13D, pursuant to Rule 13D-1(f)(1)(iii) under the Exchange Act.

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IN WITNESS WHEREOF, the parties have caused this Agreement to executed individually or by their respective directors hereunto duly authorized as of the day and year first above written.

TPG PARTNERS, L.P.

By: TPG GenPar, L.P.
General Partner

By: TPG Advisors, Inc.
General Partner

By: /s/ James O'Brien
Name: James O'Brien
Title: Vice President

AMWEST PARTNERS, L.P.

By: AmWest GenPar, Inc.
General Partner

By: /s/ James O'Brien
Name: James O'Brien
Title: Vice President

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THIRD REVISED INVESTMENT AGREEMENT

April 21, 1994

America West Airlines, Inc.
4000 East Sky Harbor Boulevard
Phoenix, AZ 85034

Attention: William A. Franke
Chairman of the Board

Gentlemen:

This letter agreement (this "Agreement") sets forth the agreement between America West Airlines, Inc., a Delaware corporation (including, on or after the effective date of the Plan, as defined herein, its successors, as reorganized pursuant to the Bankruptcy Code, as defined herein) (the "Company"), and AmWest Partners, L.P., a Texas limited partnership ("Investor").

The Company will issue and sell to Investor, and Investor hereby agrees and commits to purchase from the Company, a package of securities of the Company for $244,857,000 in cash (subject to adjustment as herein provided), consisting of (i) shares of Class A Common Stock of the Company ("Class A Common"), (ii) shares of Class B Common Stock of the Company ("Class B Common" and, together with the Class A Common, "Common Stock"), (iii) senior unsecured notes of the Company ("Notes") and (iv) warrants to purchase shares of Class B Common ("Warrants"), all on the terms and subject to the terms and conditions hereinafter set forth.

Investor's purchase of the securities referred to above (the "Investment") will be made in connection with and as part of the transactions to be consummated pursuant to a joint Plan of Reorganization of the Company (the "Plan") and an order (the "Confirmation Order") confirming the Plan issued by the Bankruptcy Court, as defined herein. The Plan will contain provisions called for by, or otherwise consistent with, this Agreement.

In consideration of the agreements of Investor hereunder, and as a precondition and inducement to the execution of this Agreement by Investor, the Company has entered into the Third Revised Interim Procedures Agreement with Investor, dated the date hereof (the "Procedures Agreement").

SECTION 1. Definitions. For purposes of this Agreement, except as

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expressly provided herein or unless the context otherwise requires, the following terms shall have the

following respective meanings:

"Affiliate" shall mean (i) when used with reference to any partnership, any Person that, directly or indirectly, owns or controls 10% or more of either the capital or profit interests of such partnership or is a partner of such partnership or is a Person in which such partnership has a 10% or greater direct or indirect equity interest and (ii) when used with reference to any corporation, any Person that, directly or indirectly, owns or controls 10% or more of the outstanding voting securities of such corporation or is a Person in which such corporation has a 10% or greater direct or indirect equity interest. In addition, the term "Affiliate," when used with reference to any Person, shall also mean any other Person that, directly or indirectly, controls or is controlled by or is under common control with such Person. As used in the preceding sentence, (A) the term "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of the entity referred to, whether through ownership of voting securities, by contract or otherwise and (B) the terms "controlling" and "controls" shall have meanings correlative to the foregoing. Notwithstanding the foregoing, the Company will be deemed not to be an Affiliate of Investor or any of its partners or assignees.

"Alliance Agreements" shall have the meaning specified in Section 5.

"Approvals" shall have the meaning specified in Section 8(b).

"Bankruptcy Code" shall mean Chapter 11 of the United States Bankruptcy Code.

"Bankruptcy Court" shall mean the United States Bankruptcy Court for the District of Arizona.

"Business Combination" means:

(i) any merger or consolidation of the Company with or into Investor or any Affiliate of Investor;

(ii) any sale, lease, exchange, transfer or other disposition of all or any substantial part of the assets of the Company to Investor or any Affiliate of Investor;

(iii) any transaction with or involving the Company as a result of which Investor or any of Investor's Affiliates will, as a result of issuances of voting securities by the Company (or any other securities convertible into or exchangeable for

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such voting securities) acquire an increased percentage ownership of such voting securities, except pursuant to a transaction open on a pro rata basis to all holders of Class B Common; or

(iv) any related series or combination of transactions having or which will have, directly or indirectly, the same effect as any of the foregoing.

"Class A Common" shall have the meaning specified in the second paragraph of this Agreement.

"Class B Common" shall have the meaning specified in the second paragraph of this Agreement.

"Common Stock" shall have the meaning specified in the second paragraph of this Agreement.

"Company" shall have the meaning specified in the first paragraph of this Agreement.

"Confirmation Date" shall mean the date on which the Confirmation Order is entered by the Bankruptcy Court.

"Confirmation Order" shall have the meaning specified in the third paragraph of this Agreement.

"Continental" shall mean Continental Airlines, Inc.

"Creditors' Committee" shall mean the Official Committee of the Unsecured Creditors of America West Airlines, Inc. appointed in the Company's Chapter 11 case pending in the Bankruptcy Court.

"Disclosure Statement" shall mean a disclosure statement with respect to the Plan.

"Effective Date" shall mean the effective date of the Plan; provided that in no event shall the Effective Date be (a) earlier than 11 days after the Bankruptcy Court approves and enters the Confirmation Order providing for the confirmation of the Plan or (b) before all material Approvals are obtained.

"Electing Party" shall have the meaning specified in Section 4(a)(2)(ii).

"Equity Committee" shall mean the Official Committee of Equity Holders of America West Airlines, Inc. appointed in the Company's Chapter 11 case pending in the Bankruptcy Court.

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"Equity Holders" shall mean the Company's equity security holders (including holders of common stock and

preferred stock) of record as of the applicable record date fixed by the Bankruptcy Court.

"Governance Agreements" shall have the meaning specified in Section 6.

"GPA" shall mean GPA Group plc or, if applicable, any direct or indirect subsidiary thereof.

"GPA Put Agreement" shall have the meaning specified in Section 7(j).

"Independent Directors" shall have the meaning specified in Section 6(a)).

"Initial Order" shall have the meaning specified in Section 8(a).

"Investment" shall have the meaning specified in the third paragraph of this Agreement.

"Investor" shall have the meaning specified in the first paragraph of this Agreement.

"Mesa" shall mean Mesa Airlines, Inc.

"Monthly Targets" shall mean the amounts specified in the Monthly Targets Schedule.

"Monthly Targets Schedule" shall mean the letter agreement between the Company and Investor dated the date hereof.

"Notes" shall have the meaning specified in the second paragraph of this Agreement. The Notes shall be subject to the terms and conditions set forth in Exhibit B hereto.

"Outside Date" shall mean August 31, 1994; provided that Investor shall have the right from time to time to irrevocably extend the Outside Date to a date not later than November 30, 1994, but only if Investor gives the Company prior written notice of its election to extend the then current Outside Date (which notice shall specify the new Outside Date) and then only if, at the time of the giving of such notice, Investor is not in breach of any of its representations, warranties, covenants or obligations under this Agreement, the Procedures Agreement or any Related Agreement (excluding any breach by Investor which is not willful or intentional and which is capable of being cured on or before the new Outside Date). Unless waived by the Company, any notice given pursuant

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to this definition shall be delivered to the Company not less than 15 days prior to the then current Outside Date except that, in the event the Effective Date has not occurred for any reason arising

within such 15-day period not due to a breach by Investor of any of its representations, warranties, covenants or agreements hereunder, such notice shall be given as soon as practicable but in no event later than the then current Outside Date.

"Person" means a natural person, a corporation, a partnership, a trust, a joint venture, any Regulatory Authority or any other entity or organization.

"Plan" shall have the meaning specified in the third paragraph of this Agreement.

"Plan 9" means the Company's Plan Revision No. 9 which consists of the Summary Pro Forma Financial Statements: June 1993 Through December 1994, dated July 15, 1993.

"Plan R-2" shall mean the Company's Summary Pro Forma Financial Statements, 5 Year Plan: 1994 Through 1998, Plan No. R-2, dated January 13, 1994.

"Procedures Agreement" shall have the meaning specified in the fourth paragraph of this Agreement.

"Projections" shall mean the projections set forth in Plan 9 on pages 15 and 18 of Tab E and pages 7 and 8 of Tab F.

"Purchase Price" shall have the meaning specified in Section 2.

"Regulatory Approvals" shall mean all approvals, permits, authorizations, consents, licenses, rulings, exemptions and agreements required to be obtained from, or notices to or registrations or filings with, any Regulatory Authority (including the expiration of all applicable waiting periods, if any, under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended) that are necessary or reasonably appropriate to permit the Investment and the other transactions contemplated hereby and by the Related Agreements and to permit the Company to carry on its business after the Investment in a manner consistent in all material respects with the manner in which it was carried on prior to the Effective Date or proposed to be carried on by the reorganized Company.

"Regulatory Authority" shall mean any authority, agency, commission, official or other instrumentality of the United States, any foreign country or any domestic or foreign state, county, city or other political

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subdivision.

"Related Agreements" shall have the meaning specified in Section 3.

"Securities" shall mean the securities of the Company

issued to the Unsecured Parties, Investor and its assigns and GPA under this Agreement. The Securities are described in Section 4.

"Unsecured Creditors" shall mean, as of any date, the Persons holding of record as of such date the allowed or allowable prepetition unsecured claims without priority of the Company.

"Unsecured Parties" shall mean the Equity Holders and the Unsecured Creditors.

"Warrants" shall have the meaning specified in the second paragraph of this Agreement.

SECTION 2. Commitment to Make Investment. Subject to the terms and conditions of this Agreement and the Procedures Agreement, on the Effective Date, the Company shall issue and sell and Investor shall purchase Securities in accordance with this Agreement and the Plan. Such Securities shall be issued, sold and delivered to Investor, its designees and/or one or more third party investors, and the 244,857,000 purchase price therefor, as such purchase price may be adjusted pursuant hereto (the "Purchase Price"), shall be paid by wire transfer of immediately available funds on the Effective Date.

SECTION 3. Related Agreements. The agreements necessary to effect the Investment (the "Related Agreements", such term to include the Alliance Agreements and the Governance Agreements) shall be in form and substance reasonably satisfactory to Investor and the Company, and shall contain terms and provisions, including representations, warranties, covenants, warranty termination periods, materiality exceptions, cure opportunities, conditions precedent, anti-dilution provisions (as appropriate), and indemnities, as are in form and substance reasonably satisfactory to such parties; provided, however, that the Related Agreements shall contain provisions called for by, or otherwise consistent with, this Agreement.

SECTION 4. Capitalization. (a) Upon consummation of the Plan, the capitalization of the Company shall be as follows:

(1) Class A Common. There shall be 1,200,000 shares of Class A Common, all of which shares shall, in accordance with the Plan, be issued to Investor. Investor shall pay $8,960,400 for the Class A Common. At the option of the holders thereof, shares of Class A Common shall be convertible into shares of Class B Common on a share for share basis.

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(2) Class B Common. There shall be 43,800,000 shares of Class B Common, all of which shares shall, in accordance with the Plan, be issued as follows:

(i) Investor. Investor shall be issued 13,875,000 shares plus the number of shares (if any) to be acquired by Investor pursuant to clause (ii) below minus the number of shares, if any, purchased by the Equity Holders pursuant to the second sentence of clause (iii) below. For each share of Class B Common issued to it, Investor shall pay 7.467; provided that (A) for each share acquired by Investor pursuant to clause (ii) below and (B) for each share not purchased by the Equity Holders pursuant to clause (iii) below, Investor shall pay 8.889.

(ii) Unsecured Creditors. The Unsecured Creditors (or a trust created for their benefit) shall be issued 26,775,000 shares. Notwithstanding the foregoing, each Unsecured Creditor shall have the right to elect to receive cash equal to 8.889 for each share of Class B Common otherwise allocable to it under this clause (ii). The election of each such Person (the "Electing Party") must be made on or before the date fixed by the Bankruptcy Court for voting with respect to the Plan; provided, however, that in the event that such elections of all Electing Parties aggregate to more than $100 million, then (A) the amount of cash so paid shall be limited to $100 million and (B) the Electing Parties shall each receive proportionate amounts of cash and Class B Common in accordance with the Plan. Subject to the foregoing proviso, Investor shall increase the Investment by the amount necessary to pay all Electing Parties the cash amounts payable to them under this clause (ii) in respect of the shares of Class B Common specified in their elections and, upon payment of such amounts, such shares shall be issued to Investor without further consideration. Notwithstanding the foregoing, Investor's acquisition of shares of Class B Common pursuant to this clause (ii) shall, if permitted by applicable securities and other laws, be consummated immediately after the issuance of such shares to the Electing Parties on the Effective Date. If such shares are not so acquired post-consummation of the Plan, all shares of Class B Common acquired by Investor pursuant to this clause (ii) shall, for all purposes hereof, be deemed to be part of the Securities acquired by Investor hereunder.

(iii) Equity Holders. The Equity Holders (or a trust created for their benefit) shall be issued 2,250,000 shares. In addition, the Equity Holders shall have the right to purchase up to 1,615,179 shares allocable to Investor pursuant to clause (i) above at $8.889 per share. Such election must be made by each Equity Holder on or

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before the date fixed by the Bankruptcy Court for voting with respect to the Plan. The Plan shall set forth the terms and conditions on

which the foregoing rights may be exercised.

(iv) GPA. 900,000 shares shall be issued to GPA.

(3) Warrants. There shall be Warrants to purchase 10,384,615 shares of Class B Common at the exercise price as specified in and subject to the terms of Exhibit A hereto, and such Warrants shall, in accordance with the Plan, be issued as follows:

(i) Warrants to purchase up to 2,769,231 shares of Class B Common shall be issued to Investor; and

(ii) Warrants to purchase up to 6,230,769 shares of Class B Common shall be issued to the Equity Holders or a trust or trusts created for their benefit; and

(iii) Warrants to purchase up to 1,384,615 shares of Class B Common shall be issued to GPA.

(4) Senior Unsecured Notes. Investor shall, in accordance with the Plan and subject to the terms of Exhibit B hereto, be issued 100 million principal amount of Notes against payment in cash of not less than 100% of the principal amount thereof to the Company; provided, however, that the Company shall have the right, exercised at any time prior to the date fixed by the Bankruptcy Court for voting with respect to the Plan, to increase the principal amount of the Notes to be so purchased by Investor to up to 130 million. GPA shall, in accordance with the Plan, be issued 30,525,000 principal amount of Notes; provided, however, that GPA shall have the right to elect to receive cash in lieu of all or any portion of the Notes otherwise issuable to it under this paragraph (4), such election to be made on or before the date fixed by the Bankruptcy Court for voting with respect to the Plan.

(b) Holders of the Class A Common shall have fifty votes per share. Holders of Class B Common shall have one vote per share. Holders of Class A Common and holders of Class B Common shall vote together as a single class except as otherwise required by law or the provisions of this Agreement. Investor may elect, with respect to any shares of Class B Common held by it, to suspend the voting rights relating to such shares by giving prior written notice to the Company, which notice shall describe such shares in reasonable detail and state whether or not the voting suspension is permanent or temporary and, if temporary, specify the period thereof.

(c) Neither Investor nor any Affiliate of Investor or of any partner of Investor will transfer or otherwise dispose of any Common Stock (other than

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to an Affiliate of the transferor) if, after giving effect thereto and to any concurrent transaction, the total number of shares of Class B Common beneficially owned

by the transferor is less than 200% of the total number of shares of Class A Common beneficially owned by the transferor; provided, however, than nothing in this paragraph (c) shall prohibit any Person from transferring or otherwise disposing, in a single transaction or a series of concurrent transactions, of all shares of Common Stock owned by such Person.

SECTION 5. Business Alliance Agreements. Continental and the Company shall enter into mutually acceptable business alliance agreements on the Effective Date, which agreements may include, but shall not be limited to, agreements to share ticket counter space, ground handling agreements, agreements to link frequent flier programs, and combined purchasing agreements, and schedule coordination and code sharing agreements. On the Effective Date, Mesa shall enter into agreements with the Company extending the existing contractual arrangements between the Company and Mesa for five years from the Effective Date and modifying the termination provisions thereof consistent with such extension. Such agreements with Continental and Mesa are herein collectively referred to as the "Alliance Agreements".

SECTION 6. Governance Agreements. On the Effective Date, the Company, Investor and Investor's partners (other than any such partner holding shares of Class B Common the voting rights with respect to which have been suspended as contemplated by Section 4(b)) shall enter into one or more written agreements (the "Governance Agreements") effectively providing as follows:

(a) At all times during the three-year period commencing on the Effective Date, the Company's board of directors shall consist of 15 members designated as follows:

(i) nine members (at least 8 of whom are U.S. citizens) shall be designated by Investor, with certain of the partners of Investor having the right to designate certain of Investor's designated directors;

(ii) three members (at least two of whom are U.S. citizens) shall be designated bythe Creditors' Committee; provided that each such member shall be reasonably acceptable to Investor at the time of his or her initial designation;

(iii) one member shall be designated by the Equity Committee; provided that such member shall be a U.S. citizen reasonably acceptable to Investor at the time of his or her initial designation;

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(iv) one member shall be designated by the Company's board of directors as constituted on the date preceding the Effective Date; provided that such member shall be a U.S. citizen reasonably acceptable to Investor at the time of his or her initial designation; and

(v) one member shall be designated by GPA for so long as GPA shall own at least 2% of the voting equity securities of the Company; provided that such member shall be reasonably acceptable to Investor at the time of his or her initial designation.

The directors (and their successors) referred to in clauses (ii), (iii) and (iv) above are hereinafter referred to collectively as the "Independent Directors".

(b) In the case of the death, resignation, removal or disability of an Independent Director after the Effective Date, his or her successor shall be designated by the Stockholder Representatives, except that if such Independent Director was initially designated by the Creditors' Committee or the Equity Committee and if, at the time of such Independent Director's death, resignation, removal or disability (as the case may be), the Creditors' Committee or the Equity Committee (as the case may be) remains in effect, the successor to such Independent Director shall be designated by the Creditors' Committee or the Equity Committee (as the case may be). As used herein, "Stockholder Representatives" shall mean, collectively, (A) one individual who, on the date hereof, is serving as a director of the Company, (B) one individualwho, on the date hereof, is serving as a member of the Creditors' Committee and (C) one individual who, on the date hereof, is serving as a member of the Equity Committee. The initial Stockholder Representatives shall be selected on or before the Effective Date (x) by the Company's board of directors in the case of the individual referred to in clause (A) above, (y) by the Creditors' Committee in the case of the individual referred to in clause (B) above and (z) by the Equity Committee in the case of the individual referred to in clause (C) above. In case of the death, resignation, removal or disability of a Stockholder Representative after the Effective Date, his or her successor shall be designated by the remaining Stockholder Representatives.

(c) Until the third anniversary of the Effective Date, Investor will vote and cause to be voted all shares of Common Stock (other than those the voting rights of which have been suspended) owned by Investor or any of its partners or by the assignees or transferees of all or substantially all of the Common Stock owned by Investor or any of its partners (other than a Person who acquires such stock pursuant to a tender or exchange offer open to all stockholders of the Company) in favor of the election as directors of any and all individuals designated

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for such election as contemplated by clauses (ii), (iii), (iv) and (v) of paragraph (a) above.

(d) No director nominated by Investor shall be an

officer or employee of Continental. All Company directors, if any, who are selected by, or who are directors of, Continental shall recuse themselves from voting on, or otherwise receiving any confidential Company information regarding, matters in connection with negotiations between Continental and the Company (including, without limitation, those relating to the Alliance Agreements) and matters in connection with any action involving direct competition between Continental and the Company. All Company directors, if any, who are selected by, or who are directors, officers or employees of, Mesa shall recuse themselves from voting on, or otherwise receiving any confidential Company information regarding, matters in connection with negotiations between Mesa and the Company (including, without limitation, those relating to the Alliance Agreements) and matters in connection with any action involving direct competition between Mesa and the Company.

(e) During the three-year period commencing on the Effective Date, the Company will not consummate any Business Combination unless such transaction shall be approved in advance by at least three Independent Directors or by a majority of the stock voted at the meeting held to consider such transaction which is owned by stockholders of the Company other than Investor or any of its Affiliates; provided, however, that neither Mesa nor any fund or account managed or advised by Fidelity Management Trust Company or its Affiliates (or any of their non-Affiliated transferees) will be deemed an Affiliate of Investor for purposes of voting on any Business Combination involving Continental.

SECTION 7. Plan of Reorganization. The Plan shall (i) be proposed jointly by the Company and Investor, (ii) contain terms and conditions reasonably satisfactory to Investor and the Company, and (iii) include the following provisions; provided that Investor and the Company may, by mutual agreement, modify the Plan or otherwise restructure the Investment in a manner consistent with the contemplated economic consequences to the Company, Investor, the Unsecured Parties and GPA in order to enable the Company, as reorganized, to more fully utilize its existing tax attributes:

(a) Debtor-in-Possession Financing. The Company's debtor-in-possession financing shall be repaid in full in cash on the Effective Date.

(b) Administrative Claims. All allowed administrative claims shall be paid as required pursuant to Section 1129(a) of the Bankruptcy Code, provided that such claims do not exceed the amount set forth in Plan R-2 plus 15 million, and provided further that payment of such claims in excess of those set forth in Plan R-2 would not, if payment was to be

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made in the month immediately preceding the Effective Date, cause the Company to fail to meet any of the Monthly Targets for such month.

(c) Tax Claims. All priority tax claims shall be paid over the maximum term permitted by the Bankruptcy Code, as determined by the Bankruptcy Court, with interest accruing at a rate determined by the Bankruptcy Court, provided that such claims do not exceed the amounts set forth in Plan R-2 plus 8.5 million, and provided further that payment of such claims in excess of those set forth in Plan R-2 would not, if payment was to be made in the month immediately preceding the Effective Date, cause the Company to fail to meet any of the Monthly Targets for such month .

(d) Nontax Priority Claims. All nontax priority claims shall be paid as required pursuant to Section 507 of the Bankruptcy Code, provided that such claims do not exceed the amounts set forth in Plan R-2.

(e) Secured Claims. Secured debt claims shall be treated as provided in Plan R-2 subject to (i) modification based on updated appraisals of collateral values to be conducted by the Company and consistent with the applicable provisions of the Bankruptcy Code, or (ii) such other terms as shall be reasonably satisfactory to the Company and Investor.

(f) Unsecured Creditors. In consideration for the shares and cash issued or paid, as the case may be, to the Unsecured Creditors pursuant to Section 4(a)(2)(ii), the unsecured claims of the Unsecured Creditors shall be cancelled as specified in the Plan.

(g) Equity Holders. In consideration for (A) the right to purchase shares pursuant to Section 4(a)(2)(iii), (B) the shares issued to the Equity Holders pursuant to Section 4(a)(2)(iii), and (C) the Warrants issued to the Equity Holders pursuant to Section 4(a)(3)(ii), the equity interests of the Equity Holders shall be cancelled as specified in the Plan.

(h) Leases. All aircraft leases which have been assumed prior to the date hereof will be honored by the Company in accordance with their terms and without reduction of rentals thereunder, provided that with the consent of the Company, Investor and any applicable lessor, any such lease may be amended to reduce the rentals payable thereunder, it being understood that, in consideration of any such amendment and with the consent of the Creditors' Committee, securities of the Company may be issued to such lessors from securities otherwise allocable to the Unsecured Parties to the extent consistent with any agreement in writing entered into by Investor and the Equity Committee on or before the date hereof.

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(i) Kawasaki. The contractual right of Kawasaki Leasing

International Inc. ("Kawasaki") to require the Company to lease certain aircraft and aircraft engines shall be modified on terms satisfactory to the Company, Investor and Kawasaki or, in the absence of such modification, honored.

(j) GPA. In consideration for (A) the shares issued to GPA pursuant to Section 4(a)(2)(iv), (B) the Warrants issued to GPA pursuant to Section 4(a)(3)(iii), (C) the Notes and cash issued or paid, as the case may be, to GPA pursuant to Section 4(a)(4) and (D) the granting to GPA on the Effective Date of the right (the "New GPA Put") to require the Company to lease from GPA on or prior to June 30, 1999, up to eight aircraft of types consistent with the fleet currently operated by the Company, GPA shall, as specified in the Plan, cancel and waive all rights to put any aircraft to the Company which it may have pursuant to the Put Agreement between GPA and the Company, dated as of June 25, 1991 (the "GPA Put Agreement") and/or the related Agreement Regarding Rights of First Refusal for A320 Aircraft, dated as of September 1, 1992 (the "First Refusal Agreement") and all other claims of any kind or nature arising out of or in connection with the GPA Put Agreement and/or the First Refusal Agreement (other than claims for reimbursement of expenses incurred by GPA in connection therewith). Each such lease shall provide for the payment by the Company of a fair market rental (determined at or about the time of delivery of the related aircraft to the Company on the basis of rentals then prevailing in the marketplace for comparable leases of comparable aircraft to lessees of comparable creditworthiness); and each such lease shall have such other terms and provisions and be in such form as is agreed upon by the Company and GPA with the approval of Investor (which approval shall not be unreasonably withheld or delayed) and attached to the agreement pursuant to which GPA is granted the New GPA Put.

(k) Prepetition Aircraft Purchase Contracts. The prepetition contract for the purchase of aircraft between the Company and The Boeing Company shall either be modified on terms satisfactory to Investor, the Company and The Boeing Company or, in the absence of such agreement, rejected. The Company's aircraft purchase contract with AVSA, S.A.R.L. ("Airbus") shall be amended on terms consistent with the provisions of the AmWest - A320 Term Sheet, dated as of February 23, 1994 by and between Investor and Airbus.

(l) Employees. The Company shall have the right to release employees from all currently existing obligations to the Company in respect of shares of Company stock purchased by such employees pursuant to the Company's stock purchase plan, such release to be in consideration for the cancellation of such shares.

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(m) Exculpation. The Plan will contain customary exculpation provisions for the benefit of the Creditors' Committee and the Equity Committee and their respective professionals.

SECTION 8. Conditions to Investor's Obligations Relating to the Investment. The obligations of Investor to consummate the Investment and the other transactions contemplated herein shall be subject to the satisfaction, or the written waiver by Investor, of the following conditions:

(a) an initial order approving the Procedures Agreement, which order shall be in form and substance reasonably satisfactory to Investor (the "Initial Order"), shall have been entered by the Bankruptcy Court on or prior to May 6, 1994 and, once entered, shall be in effect and shall not be modified in any material respect or stayed;

(b) subject to Section 10(b), the Company and Investor, as applicable, shall have received all Regulatory Approvals, which shall have become final and nonappealable or any period of objection by Regulatory Authorities shall have expired, as applicable, and all other material approvals, permits, authorizations, consents, licenses and agreements from other third parties that are necessary or appropriate to permit the Investment and the other transactions contemplated hereby and by the Related Agreements and to permit the Company to carry on its business after the Effective Date in a manner consistent in all material respects with the manner in which it was carried on prior to the Effective Date (collectively with Regulatory Approvals, the "Approvals"), which Approvals shall not contain any condition or restriction that, in Investor's reasonable judgment, materially impairs the Company's ability to carry on its business in a manner consistent in all material respects with prior practice or as proposed to be carried on by the reorganized Company;

(c) the certificate of incorporation and bylaws of the Company shall contain the terms contemplated by this Agreement and shall otherwise be reasonably satisfactory to Investor;

(d) there shall be in effect no injunction, stay, restraining order or decree issued by any court of competent jurisdiction, whether foreign or domestic, staying the effectiveness of any of the Approvals, the Initial Order or the Confirmation Order, and there shall not be pending any request or motion for any such injunction, stay, restraining order or decree; provided, however, that the foregoing condition shall not apply to any such injunction, stay, order or decree requested, initiated or supported by Investor or any of its partners or other Affiliates or to any such request or motion made, initiated or supported by

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Investor or any its partners or other Affiliates;

(e) there shall not be threatened or pending any suit, action, investigation, inquiry or other proceeding (collectively, "Proceedings") by or before any court of competent jurisdiction or Regulatory Authority (excluding the Company's bankruptcy case, but including adversary proceedings and contested matters in such bankruptcy case, and excluding any such Proceedings fully and accurately disclosed by the Company in Schedule I hereto), or any adverse development occurring since December 31, 1993 in any such Proceedings, which Proceedings or development, singly or in the aggregate, in the good faith judgment of Investor, are reasonably likely to have a material adverse effect on the Company's ability to carry on its business in a manner consistent in all material respects with prior practices or are reasonably likely to impair in any material respect Investor's ability to realize the intended benefits and value of this Agreement, the Procedures Agreement or any Related Agreement; provided, however, that the foregoing condition shall not apply to any such Proceeding or development requested, initiated or supported by Investor or any of its partners or other Affiliates;

(f) the Company shall have delivered to Investor appropriate closing documents, including the instruments evidencing the Securities being issued to Investor, certifications of the Company officers (including, but not limited to, incumbency certificates, and certificates as to the truth and correctness of statements made in the Disclosure Statement or any other offering document distributed in connection with any securities issued in respect of this Agreement or the Related Agreements) and opinions of legal counsel, all of which shall be reasonably satisfactory to Investor;

(g) by no later than March 31, 1994, the Company shall have delivered to Investor audited financial statements as of December 31, 1993, and for the year then ended, which statements shall reflect a financial performance and a financial position of the Company consistent in all material respects with the unaudited results previously announced by the Company for such year, and, if requested by Investor, the Company shall have discussed such financial statements with Investor and provided an opportunity for Investor to discuss such financial statements with the Company's auditors;

(h) since December 31, 1993, except for the matters disclosed in Schedule I hereto, no material adverse change in the Company's condition (financial or otherwise), business, assets, properties, operations or relations with employees or labor unions shall have occurred and no matter (except for the matters disclosed in Schedule I hereto)

shall have occurred or come to the attention of Investor that, in the

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reasonable judgment of Investor, is likely to have any such material adverse effect;

(i) the following shall be true in all material respects (in each case based on the Company's actual monthly or daily financial statements, which shall be prepared by the Company in a manner consistent in all material respects with its historical monthly and daily financial statements previously furnished to Investor): (A) the Company's actual monthly Operating Cash Flow (as defined on the Monthly Targets Schedule) shall not, in any month, be less than the minimum amount therefor established as part of the Monthly Targets, (B) the Company's actual 4 month Rolling Cash Flow (as defined on the Monthly Targets Schedule) shall not be less, as of the end of any four calendar month period, than the minimum amount therefor established as part of the Monthly Targets, (C) the Company's actual end of month Reported Cash Balance (as defined in the Monthly Targets Schedule) shall not, as of the end of any calendar month, be less than the minimum amount therefor established as part of the Monthly Targets, (D) the Company's actual five-day average Minimum Cash Balance (as defined in the Monthly Targets Schedule) shall not be, as of the end of any five day period, less than the minimum amount therefor established as part of the Monthly Targets; (E) the Company shall not have taken any actions which the Company knew or reasonably should have known would likely impair or hinder in any material respect the Company's ability to achieve the Projections; (F) the amount and nature of the obligations and liabilities (including, without limitation, tax liabilities and administrative expense claims) required to be paid by the Company on the Effective Date or to be paid by the Company following the Effective Date pursuant to obligations assumed by the Company during the course of its bankruptcy proceedings shall not be in excess of the amounts reflected in Plan R-2 plus any additional allowances provided in Section 7 (as reduced by any repayments of the existing debtor-in-possession loan made on or prior to the Effective Date) and shall not be materially different in nature than those specified in Plan R-2 (except with respect to administrative claims not known to the Company when Plan R-2 was developed); and (G) the Company shall have paid all fees and expenses due Investor under the Procedures Agreement;

(j) since the date hereof, there shall have occurred no outbreak or escalation of hostilities or other international or domestic calamity, crisis or change in political, financial or economic conditions or other adverse change in the financial markets that impairs (or could reasonably be expected to impair) in any material respect the Company's ability to carry on its business in a manner consistent in all material respects with prior practice or impairs (or could reasonably be expected to impair) in any material

respect Investor's ability to realize the intended benefits and value of this Agreement or any Related Agreement;

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(k) the Related Agreements, including all Alliance Agreements, to be executed by the Company shall have been executed by the Company on or before the Effective Date and, once executed, shall not have been modified without the consent of Investor, shall be in effect and shall not have been stayed;

(l) the Company shall have performed in all material respects all obligations on its part required to be performed on or before the Effective Date under this Agreement, the Procedures Agreement and the Related Agreements and all orders of the Bankruptcy Court in respect thereof that are consistent with the provisions of such intruments;

(m) all representations and warranties of the Company under this Agreement, the Procedures Agreement and the Related Agreements shall be true in all material respects as of the Effective Date;

(n) the Plan and Disclosure Statement each shall have been filed by the Company on or prior to May 15, 1994, and, once filed, shall have been served by the Company on all appropriate parties and, once served, shall not have been modified in any material respect without the prior consent of Investor (which consent shall not be unreasonably withheld), withdrawn by the Company or dismissed;

(o) the Disclosure Statement (in the form approved by the Bankruptcy Court and as amended or supplemented, if applicable) shall have been true and correct in all material respects as of the date first mailed to Unsecured Parties and as of the date fixed by the Bankruptcy Court for voting on the Plan and such Disclosure Statement shall not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein (taken as a whole), in light of the circumstances under which they were made, not misleading; provided, however, that the foregoing condition shall not apply to statements or other information furnished or provided by Investor or any of its Affiliates for use in the Disclosure Statement;

(p) the order approving the Disclosure Statement shall have been entered by the Bankruptcy Court on or prior to June 30, 1994, and, once entered, shall not have been modified in any material respect, shall be in effect and shall not have been stayed;

(q) the Plan (including all securities of the Company to be issued pursuant thereto and all contracts, instruments,

agreements and other documents to be entered into in connection therewith), the Disclosure Statement and the Confirmation Order shall be consistent with the terms of this Agreement and otherwise reasonably satisfactory in form and substance to Investor;

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(r) the Confirmation Order shall have been entered by the Bankruptcy Court in form reasonably satisfactory to Investor on or before August 15, 1994, and, once entered, shall not have been modified in any material respect, shall be in effect and shall not have been stayed and shall not be subject to any appeal;

(s) the Effective Date shall have occurred on or prior to the Outside Date unless the reason therefor shall be attributable to the breach by Investor or its Affiliates of any of their respective representations, warranties, covenants or obligations contained herein or in the Procedures Agreement or any Related Agreement;.

(t) either pursuant to the Confirmation Order or otherwise, the Bankruptcy Court shall have established one or more bar dates for administrative expense claims pursuant to an order reasonably acceptable to Investor, which bar date or dates shall occur on or before dates reasonably acceptable to Investor; and

(u) the Securities and Exchange Commission shall have declared effective a shelf registration statement with respect to the Securities issuable to Investor.

In the event any of the conditions set forth in clause (a) (n), (p) or (r) is not satisfied by the date specified in such clause (the "Deadline"), then, on the 15th day following the then current Deadline, the Deadline shall be automatically extended on a day-to-day basis unless the Company and Investor otherwise agree in writing or unless Investor gives a notice of termination to the Company pursuant to Section 20(b) of the Procedures Agreement within such 15-day period. If any Deadline is automatically extended as aforesaid, Investor may thereafter establish a new Deadline by giving notice to the Company specifying the new Deadline, provided that the new Deadline may not be sooner than 30 days after the date of such notice.

SECTION 9. Conditions to Company's Obligations Relating to Investment. The Company's obligations to consummate or to cause the consummation of the issuance and sale of the Securities and the other transactions contemplated by this Agreement shall be subject to the satisfaction, or to the effective written waiver by the Company, of the condition described in Section 8(b) and the following additional conditions:

(a) payment of the Purchase Price;

(b) Investor shall have delivered to the Company appropriate closing documents, including, but not limited to, executed counterparts of the Related Agreements and certifications of officers, and opinions of legal counsel, all of which shall be reasonably satisfactory to the Company;

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(c) there shall be in effect no injunction, stay, restraining order or decree issued by any court of competent jurisdiction, whether foreign or domestic, staying the effectiveness of any of the Approvals, the Initial Order or the Confirmation Order, and there shall not be pending any request or motion for any such injunction, stay, restraining order or decree; provided, however, that the foregoing condition shall not apply to any such injunction, stay, order or decree requested, initiated or supported by the Company or to any such request or motion made, initiated or supported by the Company;

(d) the Related Agreements to be executed by Investor or any of its partners shall have been executed by such parties on or before the Effective Date and, once executed, shall not have been modified without the consent of the Company, shall be in effect and shall not have been stayed;

(e) Investor, Continental and Mesa shall have performed in all material respects all obligations on their part required to be performed on or before the Effective Date under this Agreement, the Procedures Agreement and the Related Agreements and all orders of the Bankruptcy Court in respect thereof that are consistent with the provisions of such instruments;

(f) all representations and warranties of Investor, Continental and Mesa under this Agreement, the Procedures Agreement and the Related Agreements shall be true and correct in all material respects as of the Effective Date;

(g) the Company shall be reasonably satisfied that the Alliance Agreements, when fully implemented, shall result in an increase to the Company's pretax income of not less than $40 million per year; provided, however, that Investor shall have no liability for any failure of the Company to achieve any such increase in net income except to the extent such failure results from a default by Investor or its partners pursuant to the terms of such Alliance Agreements;

(h) since the date hereof, there shall have occurred (A) no outbreak or escalation of hostilities or other international or domestic calamity, crisis or change in political, financial or economic conditions or other adverse change in the financial markets or (B) any adverse change in the condition (financial or otherwise), business, assets, properties or prospects of Continental or Mesa, in each case

that materially impairs the ability of either Continental or Mesa to perform its obligations under the Alliance Agreements or the Company's ability to realize the intended benefits and value of this Agreement, the Alliance Agreements (as contemplated by clause (g) above) or the other Related Agreements;

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(i) since the time of their initial filing by the Company, neither the Plan nor the Disclosure Statement shall have been modified in any material respect without the prior consent of the Company (which consent shall not be unreasonably withheld or delayed), withdrawn by Investor or dismissed;

(j) the certificate of incorporation and bylaws of the Company shall contain the terms contemplated by this Agreement and shall otherwise be reasonably satisfactory to the Company;

(k) the Plan (including all Securities to be issued pursuant thereto and all contracts, instruments, agreements and other documents to be entered into in connection therewith), the Disclosure Statement and the Confirmation Order shall be consistent with the terms of this Agreement and otherwise reasonably satisfactory in form and substance to the Company;

(l) the Confirmation Order shall have been entered by the Bankruptcy Court in form reasonably acceptable to the Company and, once entered, shall not have been modified in any material respect, shall be in effect and shall not have been stayed and shall not be subject to any appeal; and

(m) the Effective Date shall have occurred on or prior to the Outside Date unless the reason therefor shall be attributable to the breach by the Company of any of its representations, warranties, covenants or obligations contained herein or in the Procedures Agreement or any Related Agreement.

SECTION 10. Cooperation. (a) The Company and Investor will cooperate in a commercially reasonable manner, and will use their respective commercially reasonable efforts, to consummate the transactions contemplated hereby, including all commercially reasonable efforts to satisfy the conditions specified in this Agreement. The Company will use commercially reasonable efforts, and Investor will cooperate in a commercially reasonable manner in seeking, to obtain all Approvals.

(b) Notwithstanding anything in Section 8 or 9 to the contrary, if prior to the Outside Date, the Department of Justice or any other Regulatory Authority raises any antitrust objection to the consummation of the Investment or the implementation of any Alliance Agreement, which objection has not been resolved on or before the Outside Date, Investor nevertheless shall be

required to consummate the Investment and, to that end, agrees to timely make such adjustment to the composition of its partnership and to the Alliance Agreements as required to resolve such antitrust objection; provided, however, that nothing in this paragraph (b) shall affect the rights of the Company

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under Section 9(g) or obligate the Company to enter into or approve any adjustment or modification of the Alliance Agreements which, in the Company's reasonable judgment, is prejudicial to the Company or the Unsecured Parties in any material respect and which, if entered into or approved, would materially impair the Company's ability to realize the reasonably anticipated benefits of such Alliance Agreements.

SECTION 11. Registration Rights Agreement. Investor and the Company will enter into a registration rights agreement on terms acceptable to Investor and the Company. The registration rights agreement will reflect the understanding of the parties with respect to their registration rights and obligations and will provide that Investor, its partners and any assignees and transferees, shall have the right to cause the Company to (i) include the Securities issuable to Investor pursuant to the Plan (including any such Securities issued or issuable in respect of the Warrants or by way of any stock dividend or stock split or in connection with any combination of shares, merger, consolidation or similar transaction), on customary terms, in "piggyback" underwritings and registrations and (ii) to effect, on customary terms, one demand registration under the Securities Act for the public offering and sale of the Securities issued to Investor under the Plan at any time after the third anniversary of the Effective Date.

SECTION 12. Applicable Provisions of Law and Regulations. It is understood and agreed that this Agreement shall not create any obligation of, or restriction upon, the Company or Investor or the partners of Investor that would violate applicable provisions of law or regulation relating to ownership or control of a U.S. air carrier. At all times after the Effective Date, the certificate of incorporation of the Company shall provide that, in the event persons who are not U.S. citizens shall own (beneficially or of record) or have voting control over shares of Common Stock, the voting rights of such persons shall be subject to automatic suspension as required to ensure that the Company is in compliance with applicable provisions of law or regulation relating to ownership or control of a U.S. air carrier.

SECTION 13. Representations and Warranties of the Company. The Company represents and warrants to Investor as follows:

(a) The Company has complied in all material respects with the terms of all orders of the Bankruptcy Court in respect of the Investment, this Agreement and the Procedures Agreement.

(b) The Company has delivered to Investor copies of the audited balance sheets of the Company as of December 31, 1992 and the statements of income, stockholders' equity and cash flows for the years then ended, together with the notes thereto. Such financial statements, and when delivered to Investor the financial statements of the Company referred to in Section 8(g) will, present fairly, in accordance with generally

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accepted accounting principles (applied on a consistent basis except as disclosed in the footnotes thereto), the financial position and results of operations of the Company as of the dates and for the periods therein set forth.

(c) When delivered to Investor, the unaudited financial statements of the Company referred to in Section 15(b)(ii) will (i) present fairly, in accordance with generally accepted accounting principles (applied on a consistent basis except as disclosed therein and subject to normal year-end audit adjustments), the financial position and results of operations of the Company as of the date and for the period therein set forth, it being understood and agreed, however, that the foregoing representation relating to conformity with generally accepted accounting principles is being made only to the extent such principles are applicable to interim unaudited reports and (ii) reflect a financial position and results of operations not materially worse than those set forth in the pro forma financial statements contained in Plan 9.

(d) The Projections and the Monthly Targets were prepared in good faith on a reasonable basis, and when prepared represented the Company's best judgment as to the matters set forth therein, taking into account all relevant facts and circumstances known to the Company. Nothing has come to the Company's attention since the dates on which the Projections and the Monthly Targets, respectively, were prepared which causes the Company to believe that any of the projections and other information contained therein were misleading or inaccurate in any material respect as of such dates. It is specifically understood and agreed that the delivery of the Projections and the Monthly Targets shall not be regarded as a representation, warranty or guarantee that the particular results reflected therein will in fact be achieved or are likely to be achieved.

(e) No written statement, memorandum, certificate, schedule or other written information provided (or to be provided) to Investor or any of its representatives by or on behalf of the Company in connection with the transactions contemplated hereby, when viewed together with all other written statements and information provided to Investor and its representatives by or on behalf of the Company, in light of the circumstances under which they were made, (i)

contains or will contain any materially misleading statement or (ii) omits or will omit to state any material fact necessary to make the statements therein not misleading.

(f) The board of directors of the Company has approved the Investment and Investor's acquisition of Securities hereunder for purposes of, and in accordance with the provisions and requirements of, Section 203(a)(1) of the General Corporation Law of the State of Delaware and, as a

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consequence, Investor will not be subject to the provisions of such Section with respect to any "business combination" between Investor and the Company (as such term is defined in said Section 203).

SECTION 14. Representations and Warranties of Investor. Investor represents and warrants to the Company as follows:

(a) The general and limited partners of Investor (other than one such partner which will elect to suspend the voting rights of its Securities as contemplated by Section 4(b)) are U.S. citizens within the meaning of Section 101(16) of the Federal Aviation Act of 1958, as amended.

(b) Investor has, or has commitments for, sufficient funds to pay the Purchase Price and otherwise perform its obligations under this Agreement.

(c) No written statement, memorandum, certificate, schedule or other written information provided (or to be provided) to the Company or any of its representatives by or on behalf of Investor in connection with the transactions contemplated by the Alliance Agreements, when viewed together with all other written statements and information provided to the Company and its representatives by or on behalf of Investor, in light of the circumstances under which they were made, (i) contains or will contain any materially misleading statement or (ii) omits or will omit to state any material fact necessary to make the statements therein not misleading.

SECTION 15. Covenants. (a) Investor covenants (i) to support, subject to management's recommendation, increases in employee compensation through 1995 at least equal to those set forth in Plan R-2 and (ii) after the Effective Date, to cause the board of directors of the Company to consider implementation of a broad based employee incentive compensation plan and a management stock incentive plan.

(b) The Company covenants (i) to use commercially reasonable efforts to cause the shelf registration statement referred to in Section 8(u) to remain effective for three years following its effective date and (ii) as soon as available, to deliver to Investor a copy of the unaudited balance sheet of the Company as of the end of each fiscal quarter of the Company prior

to the Effective Date and the unaudited statements of income and cash flows for the periods then ended.

SECTION 16. Certain Taxes. The Company shall bear and pay all transfer, stamp or other similar taxes (if any are not exempted under Section 1146 of the Bankruptcy Code) imposed in connection with the issuance and sale of the Securities.

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SECTION 17. Administrative Expense. All amounts owed to Investor or its assignees by the Company under this Agreement, the Related Agreements, the Procedures Agreement and all orders of the Bankruptcy Court in respect thereof shall be treated as an allowed administrative expense priority claim under Section 507(a)(1) of the Bankruptcy Code.

SECTION 18. Incorporation by Reference. The provisions set forth in the Procedures Agreement, including, but not limited to, the provisions regarding confidentiality, liability indemnity and termination, are hereby incorporated by reference and such provisions shall have the same force and effect herein as if they were expressly set forth herein in full.

SECTION 19. Notices. All notices, requests and other communications hereunder must be in writing and will be deemed to have been duly given only if delivered personally or by facsimile transmission or mailed (first class postage prepaid) or by prepaid express courier to the parties at the following addresses or facsimile numbers:

If to the Company: America West Airlines, Inc. 4000 East Sky Harbor Boulevard Phoenix, Arizona 85034
Attention: William A. Franke and
Martin J. Whalen Fax Number: (602) 693-5904

with a copy to: LeBoeuf, Lamb, Greene & MacRae
633 17th Street, Suite 2800 Denver, Colorado 80202
Attention: Carl A. Eklund Fax Number: (303) 297-0422

and a copy to: Andrews & Kurth L.L.P. 4200 Texas Commerce Tower Houston, Texas 77002 Attention: David G. Elkins Fax Number: (713) 220-4285

and a copy to: Murphy, Weir & Butler
101 California Street, 39th Floor
San Francisco, California 94111
Attention: Patrick A. Murphy
Fax Number: (415) 421-7879

and a copy to: Lord, Bissell and Brook 115 South LaSalle Street
Chicago, IL 60603
Attention: Benjamin Waisbren
Fax Number: (312) 443-0336

If to Investor: AmWest Partners, L.P. 201 Main Street, Suite 2420 Fort Worth, Texas 76102 Attention: James G. Coulter Fax Number: (817) 871-4010

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with a copy to: Arnold & Porter
1200 New Hampshire Ave., N.W. Washington, D.C. 20036
Attention: Richard P. Schifter
Fax Number: (202) 872-6720

and a copy to: Jones, Day, Reavis & Pogue
North Point 901 Lakeside Avenue
Cleveland, Ohio 44114
Attention: Lyle G. Ganske
Fax Number: (216) 586-7864

and a copy to: Goodwin, Procter &Hoar
Exchange Place
Boston, MA 02109
Attention: Laura Hodges Taylor, P.C.
Fax Number: (617) 523-1231

and a copy to: Murphy, Weir & Butler
101 California Street, 39th Floor
San Francisco, California 94111
Attention: Patrick A. Murphy
Fax Number: (415) 421-7879

and a copy to: Lord, Bissell and Brook 115 South LaSalle Street
Chicago, IL 60603
Attention: Benjamin Waisbren
Fax Number: (312) 443-0336

All such notices, requests and other communications will (i) if delivered personally to the address as provided in this Section, be deemed given upon delivery, (ii) if delivered by facsimile transmission to the facsimile number as provided in this Section, be deemed given upon receipt, and (iii) if delivered by mail or by express courier in the manner described above to the address as provided in this Section, be deemed given upon receipt (in each case regardless of whether such notice is received by any other person to whom a copy of such notice, request or other communication is to be delivered pursuant to this Section). Either party from time to time may change its address, facsimile number or other information for the purpose of notices to that

party by giving notice specifying such change to the other party hereto.

SECTION 20. Governing Law. Except to the extent inconsistent with the Bankruptcy Code, this Agreement shall in all respects be governed by and construed in accordance with the laws of the State of Arizona, without reference to principles of conflicts or choice of law under which the law of any other jurisdiction would apply.

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SECTION 21. Amendment. This Agreement may only be amended, waived, supplemented or modified by a written instrument signed by authorized representatives of Investor and the Company. Investor may extend the time for satisfaction of the conditions set forth in Section 8 (prior to or after the relevant date) by notifying the Company in writing. The Company may extend the time for satisfaction of the conditions set forth in Section 9 (prior to or after the relevant date) by notifying Investor in writing.

SECTION 22. No Third Party Beneficiary. This Agreement and the Procedures Agreement are made solely for the benefit of the Company and Investor and their respective permitted assigns, and no other Person (including, without limitation, employees, stockholders and creditors of the Company) shall have any right, claim or cause of action under or by virtue of this Agreement or the Procedures Agreement, except to the extent such Person is entitled to protection as contemplated by Section 28(b) or to expense reimbursement pursuant to the Procedures Agreement or may assert a claim for indemnity pursuant to the Procedures Agreement.

SECTION 23. Assignment. Except as otherwise provided herein, Investor may assign all or part of its rights under this Agreement to any of its partners (each of whom may assign all or part to its Affiliates) or to any fund or account managed or advised by Fidelity Management Trust Company or any of its Affiliates and may assign any Securities (or the right to purchase any Securities) to any lawfully qualified Person or Persons, and the Company may assign this Agreement to any Person with which it may be merged or consolidated or to whom substantially all of its assets may be transferred in facilitation of the consummation of the Plan and the effectuation of the issuance and sale of the Securities as contemplated hereby or by the Related Agreements. None of such assignments shall relieve the Company or Investor of any obligations hereunder, under the Procedures Agreement or under the Related Agreements.

SECTION 24. Counterparts. This Agreement may be executed by the parties hereto in counterparts and by telecopy, each of which shall be deemed to constitute an original and all of which together shall constitute one and the same instrument. With respect to signatures transmitted by telecopy, upon request by either party to the other party, an original signature of such

other party shall promptly be substituted for its facsimile.

SECTION 25. Invalid Provisions. If any provision of this Agreement is held to be illegal, invalid or unenforceable under any present or future laws, rules or regulations, and if the rights or obligations of Investor and the Company under this Agreement will not be materially and adversely affected thereby, (a) such provision will be fully severable, (b) this Agreement will be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part hereof, (c) the remaining provisions of

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this Agreement will remain in full force and effect and will not be affected by the illegal, invalid or unenforceable provision or by its severance herefrom, and (d) in lieu of such illegal, invalid or unenforceable provision, there will be added automatically as a part of this Agreement a legal, valid and enforceable provision as similar in terms to such illegal, invalid or unenforceable provision as may be possible. If the rights and obligations of Investor or the Company will be materially and adversely affected by any such provision held to be illegal, invalid or unenforceable, then unless such provision is waived in writing by the affected party in its sole discretion, this Agreement shall be null and void.

SECTION 26. Tagalong Rights. On the Effective Date, Investor shall enter into a written agreement for the benefit of all holders of Class B Common (other than Investor and its Affiliates) whereby Investor shall agree, for a period of three years after the Effective Date, not to sell, in a single transaction or related series of transactions, shares of Common Stock representing 51% or more of the combined voting power of all shares of Common Stock then outstanding unless such holders shall have been given a reasonable opportunity to participate therein on a pro rata basis and at the same price per share and on the same economic terms and conditions applicable to Investor; provided, however, that such obligation of Investor shall not apply to any sale of shares of Common Stock made by Investor (i) to any Affiliate of Investor, (ii) to any Affiliate of Investor's partners, (iii) pursuant to a bankruptcy or insolvency proceeding, (iv) pursuant to judicial order, legal process, execution or attachment, (v) in a widespread distribution registered under the Securities Act of 1933, as amended ("Securities Act") or (vi) in compliance with the volume limitations of Rule 144 (or any successor to such Rule) under the Securities Act.

SECTION 27. Stock Legend. All securities issued to Investor pursuant to the Plan shall be conspicuously endorsed with an appropriate legend to the effect that such securities may not be sold, transferred or otherwise disposed of except in compliance with (i) Section 26 and (ii) applicable securities laws.

SECTION 28. Directors' Liability and Indemnification. (a) Upon, and at all times after, consummation of the Plan, the

certificate of incorporation of the Company shall contain provisions which (i) eliminate the personal liability of the Company's former, present and future directors for monetary damages resulting from breaches of their fiduciary duties to the fullest extent permitted by applicable law and (ii) require the Company, subject to appropriate procedures, to indemnify the Company's former, present and future directors and executive officers to the fullest extent permitted by applicable law. In addition, upon consummation of the Plan, the Company shall enter into written agreements with each person who is a director or executive officer of the Company on the date hereof providing for similar indemnification of such person and providing that no recourse or liability

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whatsoever with respect to this Agreement, the Procedures Agreement, the Related Agreements, the Plan or the consummation of the transactions contemplated hereby or thereby shall be had, directly or indirectly, by or in the right of the Company against such person. Notwithstanding anything contained herein to the contrary, the provisions of this Section 28(a) shall not be applicable to any person who ceased being a director of the Company at any time prior to March 1, 1994.

(b) Investor agrees, on behalf of itself and its partners, that no recourse or liability whatsoever (except as provided by applicable law for intentional fraud, bad faith or willful misconduct) shall be had, directly or indirectly, against any person who is a director or executive officer of the Company on the date hereof with respect to this Agreement, the Procedures Agreement, the Related Agreements, the Plan or the consummation of the transactions contemplated hereby or thereby, such recourse and liability, if any, being expressly waived and released by Investor and its partners as a condition of, and in consideration for, the execution and delivery of this Agreement.

SECTION 29. Jurisdiction of Bankruptcy Court. The parties agree that the Bankruptcy Court shall have and retain exclusive jurisdiction to enforce and construe the provisions of this Agreement.

SECTION 30. Interpretation. In this Agreement, unless a contrary intention appears, (i) the words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Section or other subdivision and (ii) reference to any Section means such Section hereof. The Section headings herein are for convenience only and shall not affect the construction hereof. No provision of this Agreement shall be interpreted or construed against either party solely because such party or its legal representative drafted such provision.

SECTION 31. Termination. This Agreement shall terminate concurrently with the termination of the Procedures Agreement.

SECTION 32. Entire Agreement. The Agreement supersedes

any and all other agreements (oral or written) between the parties in respect to the subject matter hereof other than the Procedures Agreement.

AMWEST PARTNERS, L.P.

By: AmWest Genpar, Inc.,
its General Partner

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By:

Title:

Accepted and Agreed to
this 21th day of April, 1994.

AMERICA WEST AIRLINES, INC.
as Debtor and Debtor-in-Possession

By:

Title:

EXHIBIT A

Stock Purchase Warrants

Indicative Summary of Key Terms and Conditions

Issuer	America West (the "Company").
Issue	Stock Purchase Warrants (the "Warrants").
Number	Warrants to purchase 10,384,615 shares of the Company's Class B Common Stock ("Common Stock").
Exercise Price	The Exercise Price for the Warrants will be determined by the Bankruptcy Court based on a value equal to total prepetition unsecured claims divided by .595 times 1.1.
Expiration	The Warrants will be exercisable by the holders thereof at any time on or prior to the fifth anniversary of the Effective Date.
Redemption	The Warrants will not be redeemable.
Anti-Dillution Adjustments	The number of shares of Common Stock purchasable upon exercise of each Warrant will be adjusted

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	upon (i) payment of a dividend payable in, or other distribution of, Common Stock to all of the then current holders of Common Stock, (ii) a combination, subdivision or reclassification of Common Stock, and (iii) rights issuances.
Common Stock	When delivered, the Common Stock purchased upon exercise of the Warrants will be fully paid and nonassessable.
Voting Rights	The holders of the Warrants will not have any voting rights in respect thereof.
Merger	The holders of the Warrants will be protected in the case of a merger

or other similar transaction involving the Company.

Exhibit B

Senior Unsecured Notes

Indicative Summary of Key Terms and Conditions

Issuer	(Reorganized) America West Airlines, Inc. (the "Company").
Issue	Senior Unsecured Notes (the "Notes").
Principal Amount	Up to $130,000,000, subject to 1% fee.
Maturity	Seven years from issuance.
Interest Rate	The Notes will bear interest, payable semiannually, in arrears at a rate equal to 425 basis points over seven year treasuries at time of closing but not to exceed 11.05% per annum.
Ranking	The Notes will rank pari passu with all existing and future senior unsecured indebtedness of the Company.
OptionalRedemption	The Notes will not be redeemable during the

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first three years except that the Company may redeem up to 30 million in principal amount of the Notes issued to Investor and up to 10 million in principal amount of the Notes issued to GPA, in each case from the Net Proceeds of any underwritten offering of primary shares of the Company's Class B Common Stock at a purchase price equal to 108% of principal plus accrued interest as of the date of redemption. Thereafter, the Notes are redeemable at the Company's option, in whole or in part, after 30 days notice. The redemption price will be equal to the following percentage of the principal amount redeemed in each of the following years plus accrued interest:

Year 4:	108%
Year 5:	105.3%
Year 6:	102.7%
Year 7:	100.1%

Mandatory Redemption — None.

Covenants and Other Provisions — Purchasers will negotiate in good faith standard covenants and provisions, including, but not limited to, limitations on additional indebtedness, liens, restricted payments, investments, mergers, asset sales, transactions with affiliates, and the like.

SCHEDULE I
TO
INVESTMENT AGREEMENT

1. On October 26, 1993, the National Mediation board certified the Airline Pilots Association as collective bargaining agent for the Company s flight deck crew members in NMB Case No. R-6213. As of March 3, 1994, the union remained in a process of internal organization consisting of a membership drive and election of local

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union officers. No proposals for a collective bargaining agreement have yet been tendered. The Company anticipates a formal exchange of opening proposals as contemplated by the Railway Labor Act to occur in mid-April.

2. On February 15, 1989 in NMB Case No. R-5817, the Association of Flight Attendants lost an election to determine whether the Association would be the bargaining agent for certain of the Company s Customer Service Representatives. The NMB has ordered a rerun election and a determination of eligibility to vote in such a rerun election is on-going. No date for a rerun election has yet been set by the NMB.

3. The Company is subject to an informal inquiry by a governmental agency as described in the letter, dated February 22, 1994, from Martin J. Whalen, Sr. Vice President and General Counsel of the Company, to Richard P. Schifter, counsel for Investor.

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THIRD REVISED INTERIM PROCEDURES AGREEMENT

THIS THIRD REVISED INTERIM PROCEDURES AGREEMENT, entered into and dated as of April 21, 1994 (this "Agreement"), between America West Airlines, Inc., a Delaware corporation (including, on or after the effective date of the Plan, as hereinafter defined, its successors, as reorganized pursuant to Chapter 11 of the Bankruptcy Code, as hereinafter defined) (hereinafter, the "Company"), operating as debtor-in-possession under Chapter 11 of the United States Bankruptcy Code, 11 U.S.C. Sections 101-1330 (the "Bankruptcy Code") and AmWest Partners, L.P., a Texas limited partnership (hereinafter the "Investor"). All capitalized terms used in this Agreement without definition shall have the meanings assigned to them in the Third Revised Investment Agreement between the Company and Investor dated as of the date hereof (the "Investment Agreement").

W I T N E S S E T H:

WHEREAS, the Company has filed a case seeking relief under Chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the District of Arizona (the "Bankruptcy Court"), and is operating its business as debtor-in-possession;

WHEREAS, on December 8, 1993, the Bankruptcy Court entered an Order on Motion to Establish Procedures for Submission of Investment Proposals (the "Procedures Order");

WHEREAS, in accordance with the Procedures Order, Investor submitted on February 22, 1994 a proposal for making an investment in the Company (the "Investment") which, subject to certain changes approved by the Company, Investor, the Creditors Committee and the Equity Committee, is set forth in the Investment Agreement;

WHEREAS, pursuant to the Procedures Order, the Company has selected the Investment Agreement as the Lead Plan Proposal (as defined in the Procedures Order) and has provided appropriate notification of such selection to all persons entitled to receive such notification; and

WHEREAS, the Investment Agreement contemplates, among other things, the consummation of a plan of reorganization (the "Plan") that would, subject to the terms and conditions set forth in the Investment Agreement, provide for (i) a recapitalization of the Company, (ii) the execution and delivery of the Alliance Agreements, the intended effect of which would be to improve the financial performance of the Company and (iii) the execution and delivery of the Governance Agreements;

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NOW, THEREFORE, in consideration of the premises, and for other good and valuable consideration, the receipt and

sufficiency of which are hereby acknowledged, the Company hereby agrees with Investor as follows:

SECTION 1. No Solicitation, etc. (a) Prior to the termination of this Agreement, the Company shall not directly, or indirectly through any of its officers, directors, employees, agents or otherwise, initiate or solicit any offer or proposal providing for or in furtherance of any Prohibited Transaction. The term "Prohibited Transaction" shall mean (i) any transaction or transactions (A) similar to or in substitution for the Investment contemplated by the Investment Agreement or (B) similar to or in substitution for the issuance and sale by the Company of any of the Contemplated Securities (as defined below); (ii) the designation as a Lead Plan Proposal of any other proposal made by a party other than Investor; or (iii) the execution of a contract with another airline or affiliate thereof which would interfere with full implementation of the Alliance Agreements, it being understood that normal course of business arrangements between and among carriers that are either terminable on not more than 60 days notice or entered into or continued with the consent of Investor (which consent shall not be unreasonably withheld) shall not constitute Prohibited Transactions. The "Prohibited Transactions", as defined above, shall also include, without limitation, (1) any merger or consolidation of the Company, (2) any issuance or sale of equity or debt securities of the Company, and (3) any sale, encumbrance, lease or other disposition of material assets of the Company or interest therein outside the ordinary and normal course of the Company's business. Notwithstanding the foregoing, "Prohibited Transactions" shall not include any Permitted Transaction (as hereinafter defined).

(b) Nothing in this Agreement shall be construed to prohibit the Company from soliciting proposals or entering negotiations for a Prohibited Transaction if, at any time after the date hereof and prior to the Effective Date, Investor or any of its partners shall (1) initiate proceedings in bankruptcy or receivership or, voluntarily or involuntarily, be or become subject to proceedings for protection from its creditors or (2) shall suffer an adverse change in its condition (financial or otherwise), business, assets, properties or prospects that, in the reasonable judgment of the Company s board of directors, materially impairs (A) the ability of Investor or such partner, as the case may be, to perform its obligations under this Agreement, the Investment Agreement or the Related Agreements or (B) the Company s ability to realize (1) the intended benefits and value of this Agreement, the Investment Agreement or, the Related Agreements (other than the Alliance Agreements) and (2) an increase in the Company s pretax income of not less than 40 million per year from the Alliance Agreements as contemplated by Section 9(g) of the Investment Agreement; provided, however, that

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in no event shall the Company be entitled under this paragraph (b) to solicit proposals for a Prohibited Transaction until after the Company shall have given Investor not less than one business day s advance written notice of the Company s intention to do so.

(c) If both of the following conditions are satisfied:

(i) the Company receives either (A) a proposal for a Prohibited Transaction prior to the date (the "Cut-off Date") on which the Bankruptcy Court enters an order approving a disclosure statement with respect to the Plan (the "Disclosure Statement Order") or (B) a proposal for a Prohibited Transaction after the Cut-off Date under the circumstances contemplated by paragraph (b) above; and

(ii) the Company s board of directors (A) determines in good faith, based on advice from the Company s independent financial advisor, that such proposal (the "Alternate Proposal") satisfies the criteria for qualification as an Overbid (as set forth below) and (B) desires to accept the Alternate Proposal as being in the best interests of the Company and its constituents,

then the Company shall promptly disclose the Alternate Proposal to Investor and within two business days submit to Investor copies of all documents or written information received by the Company from or on behalf of the party making such proposal setting forth the terms of such Alternate Proposal (the "Related Documentation"). In making the determination required in clause (ii)(B) above, the Company's board of directors shall consider all relevant considerations and factors,

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including, without limitation, the form and value of consideration, the extent to which the economic benefits of the Alternate Proposal, taken as a whole, differ from the economic benefits to the Company contemplated to be provided by the Investment Agreement, taken as a whole, the likelihood that the party making the Alternate Proposal is able to obtain financing to consummate the Alternate Proposal, the proposed closing date, the certainty of consummation, competitive issues and closing conditions. If within seven business days of receipt by Investor of all Related Documentation and notice that the Company deems such seven-day period to have started, Investor offers amendments to the Investment Agreement and/or the Alliance Agreements that, taken as a whole, satisfy the criteria for qualification as a Matching Bid in respect of the Alternate Proposal, then Investor's offer will continue as the Lead Plan Proposal and all the terms of

this Agreement and the Investment Agreement, as so amended, will continue in full force and effect. If (A) Investor offers no such amendments within such seven business days or (B) in the event the Company disagrees with Investor's characterization of its offer as a Matching Bid and the Bankruptcy Court determines, upon petition by the Company, that Investor's amended offer does not qualify as Matching Bid or (C) in the event Investor disagrees with the Company's determination referred to in clause (ii) above and the Bankruptcy Court determines, upon petition by Investor, that the Alternate Proposal does qualify as an Overbid, then the Company may terminate this Agreement in accordance with Section 20(a)(v), provided that the Expenses have been paid to Investor as provided in Section 2.

(d) For purposes of paragraph (c) above, the term "Overbid" shall

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mean a proposal or offer that is presented to the Company entirely in writing from one or more parties reasonably believed by the Company to be financially capable of performing in full the provisions of its proposal, which proposal:

(A) must provide overall economic benefits to the Company and its constituents which are materially greater, in the Company's reasonable judgment, than the overall economic benefits to be provided under this Agreement, the Investment Agreement and the Related Agreements, taken as a whole;

(B) is otherwise on terms and conditions that, taken as a whole, are more favorable to the Company than those contained in this Agreement, the Investment Agreement and the Related Agreements, taken as a whole; and

(C) is not subject to any due diligence, litigation, environmental or regulatory approval condition that is more favorable to the proponent than those contained in this Agreement, the Investment Agreement and the Related Agreements, taken as a whole.

(e) For purposes of paragraph (c) above, the term "Matching Bid" shall mean an offer by Investor to amend the Investment Agreement and/or the Related Agreements such that, after giving effect to such amendments, the Investment Agreement and the Related Agreements, taken as a whole, will:

(A) provide overall economic benefits to the Company and its constituents which are not less, in the Company's reasonable judgment, than the overall economic benefits to be provided under the Alternate Proposal;

(B) contain terms and conditions that, taken as a whole, are at least as favorable to the Company as those

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contained in the Alternate Proposal; and

(C) not be subject to any due diligence, litigation, environmental or regulatory approval condition that is more favorable to Investor than those contained in the Alternate Proposal.

Such offer shall be in writing and shall specify, in reasonable detail, the amendments referred to therein.

(f) After the Cut-off Date and prior to the termination of this Agreement in accordance with its terms, the Company shall not consider, entertain or negotiate, or enter into or consummate any agreement in furtherance of, any Prohibited Transaction except as expressly permitted by paragraph (b) above.

(g) Nothing in this Agreement shall prohibit the Company from consummating any Permitted Transaction (as defined in Section 4.2).

SECTION 2. Expenses. (a) Following the entry of the order referred to in Section 16, the Company shall, immediately upon request and upon receipt of an accounting reasonably acceptable to the Company, reimburse Investor for all reasonable out-of-pocket or third-party expenses actually paid by Investor or its partners in connection with efforts to consummate the Investment, including the negotiation and preparation of documents necessary or appropriate to consummate the Investment, and including, without limitation, legal, investment banking, appraisal, accounting and other similar professional fees (collectively, the "Expenses"). Notwithstanding the preceding sentence, the aggregate of the Expenses reimbursable in full to Investor and its partners pursuant to this Agreement shall not exceed (i) 550,000 for the period prior to March 1, 1994 or (ii) 300,000 for any

calendar month commencing on or after March 1, 1994; provided, that any unused portion of such 300,000 amount for any month shall accumulate and be carried forward and be available in any subsequent month to reimburse any Expenses. No inference shall be drawn that the limitations set forth in the preceding sentence are indicative of a reasonable level of expenses.

(b) In the event this Agreement is terminated pursuant to Section 20(a) (other than pursuant to clause (iv)(B) thereof) or pursuant to Section 20(c) for any reason, the Company shall pay to Investor, within 15 days of such termination but subject to paragraph (f) below, all Expenses not previously reimbursed under paragraph (a) above without regard to the limitations set

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forth in the second sentence of such paragraph (a).

(c) Upon the Effective Date, the Company shall pay to Investor all Expenses not previously reimbursed under paragraph (a) above subject only to the limitation set forth in clause (i) of the second sentence of such paragraph (a).

(d) Except to the extent otherwise provided herein, the Expenses payable under this Agreement by the Company shall not be subject to any offset, return, recoupment or counterclaim and shall be an allowed administrative expense under Section 507(a)(1) of the Bankruptcy Code.

(e) The Company and Investor agree that the Expenses payable hereunder are commercially reasonable and necessary to induce Investor to continue pursuing and to attempt to consummate the transactions contemplated by the Investment Agreement. The Company shall use all commercially reasonable efforts, and endeavor in good faith and without unreasonable delay, to obtain Bankruptcy Court approval of all Expenses payable to Investor in accordance with paragraph (a), (b) or (c) above.

(f) Notwithstanding any provision of this Agreement to the contrary, the Company shall have no obligation under this Agreement to pay, or reimburse Investor or any other Person for, any Expenses unless specifically approved by the Bankruptcy Court.

SECTION 3. Additional Payments. If (i) this Agreement is terminated in accordance with the provisions of Section 20(a)(v) or (ii) a competing plan of reorganization proposed by another party in interest (excluding any Affiliate of Investor) is confirmed by the Bankruptcy Court and Investor has not previously terminated this Agreement or breached any of its obligations

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hereunder or under the Investment Agreement in any material respect, then

Investor shall be entitled, on a substantial contribution basis consistent with 11 U.S.C. Section 503(b), to seek recovery of an additional amount (not to exceed $4,000,000) as reasonable compensation for Investor's actions in connection with the Investment and the benefits it provided to the Company and its constituents in connection therewith and with the Company's bankruptcy proceedings; provided, however, that making the proposed Investment will not, in and of itself, entitle Investor to any additional payment. Notwithstanding the termination of this Agreement as aforesaid, the Company agrees (i) to cooperate in good faith as reasonably requested by Investor in obtaining Bankruptcy Court approval of any additional

amount sought by Investor as contemplated by the preceding sentence and (ii) in the event such approval is obtained, to promptly pay the amount so approved by the Bankruptcy Court to Investor without offset. Any such additional amount so approved by the Bankruptcy Court shall be an allowed administrative expense under Section 507(a)(1) of the Bankruptcy Code.

SECTION 4. Interim Period. The Company covenants as follows with respect to the period prior to the earlier of (a) the Effective Date and (b) the termination of this Agreement:

4.1. The Company shall use all commercially reasonable efforts and shall take all actions reasonably necessary or appropriate to preserve the value of the business, assets and goodwill of the Company and to operate the business of the Company in the ordinary and normal course consistent in all material respects with prior practices.

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4.2. Except as expressly permitted hereunder or with the written consent of Investor (which consent shall not be unreasonably withheld or delayed), the Company (a) shall not implement any material changes to the

operation of its business (such as material route deletions, transfers of international route authorities, material changes in marketing or advertising, or abandoning material franchises); (b) shall not enter into any new material contracts (such as labor union contracts and employment contracts) or amend, modify or terminate any such contracts, or waive any of its material rights thereunder; and (c) shall not modify its business plans or budgets in any material respect; provided, however, that nothing in this Agreement shall be construed to prohibit the Company from taking any of the following actions (collectively, the "Permitted Transactions"), none of which will be deemed to be a Prohibited Transaction:

(i) entering into any material modification of any existing leases,

loan agreements and/or security agreements provided that the Company will obtain the approval of Investor (which approval shall not be unreasonably withheld or delayed) before entering into any such modification;

(ii) renewing or extending existing contracts for products and services, or entering into replacement contracts for such products and services, in the ordinary course of business and upon terms and conditions available in the market place in arms'-length transactions with non-affiliates;

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(iii) entering into agreements with respect to 11 leased aircraft which provide in August 1994 for reset of lease rentals (as heretofore stipulated in the Bankruptcy Court and as described in Plan R-2) to the higher of the current rate and fair market rental value;

(iv) entering into a 3-year lease agreement, on terms currently available, for a Boeing 757-200 aircraft in replacement of an A-320 aircraft to be returned in April 1994;

(v) selling to AVSA, S.A.R.L. or its affiliates surplus A-320 parts for approximately 1.3 million, with the proceeds thereof to be applied against amounts due to AVSA, S.A.R.L. or its affiliates under existing spare parts agreements with the Company;

(vi) entering into a 12.8 million settlement with the Internal Revenue Service relating to certain priority tax claims for pre-petition transportation taxes, with approximately 1 million of the settlement amount payable prior to the Effective Date and the balance payable after

the Effective Date in accordance with the provisions of the Bankruptcy Code;

(vii) entering into one or more settlement agreements with taxing authorities relating to certain priority tax claims for prepetition ad valorem taxes as contemplated by Plan R-2, provided that the Company will not be permitted to enter into settlement agreements pursuant to this clause (vii) for more than 11.5 million without the prior consent of Investor;

(viii) extending the Company's existing approximately 83.6 debtor-in-possession loan ("Present DIP Financing") through December 31, 1994, provided that at no time will the principal amount of the Present DIP Financing, together with any other loan for similar purposes, including any renewal, extension, modification or replacement thereof, exceed $83.6 million;

(ix) extending the terms of the existing leases between the Company and Canadian Airlines covering three Boeing 737-200 aircraft as contemplated by Plan R-2 but in no event at rentals greater than as currently provided for in such leases;

(x) entering into an employment contract with the

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individual to be hired by the Company to fill the vacancy created by the resignation of the Company's Senior Vice President - Operations;

(xi) entering into a settlement agreement or stipulation with International Aero Engines relating to the terms under which the Company will exercise its existing purchase option for one aircraft engine currently held by the Company under lease, provided that the Company will consult with Investor before entering into any such settlement agreement or stipulation;

(xii) consummating the "Real Property Consolidation Project" initiated in 1993 with the approval of the Bankruptcy Court;

(xiii) making the capital expenditures contemplated by Plan R-2, provided that the Company shall consult with Investor before making any such capital expenditure in excess of $250,000;

(xiv) selling or otherwise disposing of surplus assets within the limits specified in the Present DIP Financing;

(xv) implementing increases in employee compensation through 1995 as contemplated by Plan R-2, provided that the Company will consult with Investor before implementing any such increases;

(xvi) issuing common stock of the Company upon the exercise of options or conversion rights under securities of the Company currently outstanding;

(xvii) paying and/or compromising administrative claims as contemplated by Plan R-2; or

(xviii) negotiating a collective bargaining agreement with the International Air Line Pilots Association on behalf of the Company's flight deck crew members prusuant to the Railway Labor Act, as amended,

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provided that the terms, conditions and provisions of such collective bargaining agreement shall be subject to the approval of Investor (which approval shall not be unreasonably withheld or delayed). It is understood and agreed that Investor's approval of the matters set forth in this clause (xviii) is without prejudice to the position of any party regarding whether such approval is or is not in conformity with the provisions of the Railway Labor Act, as amended.

4.3. The Company shall provide Investor and its Representatives (as hereinafter defined) with full access to all

the Company data reasonably requested by them, with reasonable access to the Company officers and with full opportunity to complete an investigation of the Company's business and assets and shall keep Investor fully informed in reasonable detail and with all reasonable promptness regarding (i) negotiations with its creditors, employees, labor unions and other interested parties in the Company's bankruptcy case; (ii) the nature of, and any material

changes to, its condition (financial or other), business, assets, liabilities (including contingencies), properties, prospects (including forecasts and projections), net worth, working capital, results of operations and cash flows; and (iii) the nature of any material actions to be taken or omitted by the Company with respect to any environmental claim or threatened claim, proceedings or notifications and all known material instances of noncompliance with environmental laws.

4.4. The Company shall provide Investor with reports that include a comparison of actual operating performance with the Projections and Monthly Targets, in form and substance reasonably satisfactory to Investor, on a

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monthly basis no later than 30 days after the end of each month or daily basis not less than the end of the business day following each day, as appropriate.

4.5. The Company will promptly advise Investor, and (other than with respect to actions respecting environmental concerns and actions which are disclosed in Plan R-2) will afford Investor with reasonable and timely opportunities to consult (as deemed appropriate by Investor), regarding any material actions to be taken or omitted by the Company with respect to the proceedings in the Bankruptcy Court or with respect to any material changes in its charter or bylaws, material capital commitments, material capital expenditures, material financing transactions (including renegotiations or other modifications to existing material debt, credit or lease liabilities or arrangements, material purchases or sales of assets, material contracts or material litigation); provided, however, that, notwithstanding anything else

in this Agreement, ultimate control of the business of the Company shall remain exclusively with the Company until the Effective Date.

4.6. As soon as practicable, the Company and Investor will make, and cooperate in making, all filings, applications, requests for consents or similar authorizations for Regulatory Approvals; provided that the Company and Investor each agrees to make such filings and request any such Regulatory Approvals required on its part by the Hart-Scott-Rodino Antitrust

Improvements Act of 1976, as amended, or from the United States Department of Transportation no later than May 15, 1994.

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SECTION 5. Cooperation. (a) The Company shall use all commercially reasonable efforts and endeavor in good faith and without unreasonable delay (i) to develop with Investor and jointly file a Plan consistent with the

provisions of the Investment Agreement, (ii) to obtain the order described in Section 16, (iii) to obtain the Disclosure Statement Order, (iv) to obtain the Confirmation Order and (v) subject to the entry of the Confirmation Order, to consummate the transactions contemplated by the Investment Agreement and the Related Agreements, all within the respective time periods set forth in the Investment Agreement. Investor agrees to cooperate in good faith as reasonably requested by the Company in performing the obligations in the preceding sentence.

(b) The Company shall consult and coordinate with Investor with respect to all material filings, hearings and other proceedings in the Bankruptcy Court, including, without limitation, those that are pertinent (i) to the Company's performance of its obligations under the Investment

Agreement, this Agreement and the Related Agreements, or to the satisfaction of the conditions to the consummation of the transactions contemplated hereby or thereby or (ii) to the entry of the orders described above. Such consultation and coordination shall include providing Investor with reasonable opportunity to review and comment on all significant drafts of the Plan and the disclosure statement accompanying the Plan (the "Disclosure Statement").

(c) Anything in this Agreement or elsewhere to the contrary notwithstanding, neither the refusal or failure of the Bankruptcy Court to enter the Disclosure Statement Order or the Confirmation Order nor the confirmation of a plan of reorganization relating to the Company (other than the Plan) shall consitute a breach of this Agreement or the Investment

Agreement by either party except to the extent that such refusal or failure resulted primarily from the breach by such party of one or more of its obligations under this Agreement.

SECTION 6. Public Announcements. Unless otherwise mutually agreed, neither party hereto shall make or authorize any public release of information regarding the matters contemplated by this Agreement, the Investment Agreement and any Related Agreement except (i) that a press release or press releases in mutually agreed-upon form shall be issued by the parties as

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promptly as is practicable following the execution of this Agreement, (ii) that the parties may communicate with employees, creditors and other parties in interest in the Company's bankruptcy case, customers, suppliers, stockholders, bondholders, lenders, lessors, regulatory authorities, analysts, stock exchanges and other particular groups including prospective lenders and investor groups, as may be necessary or appropriate and not inconsistent with

the provisions of Section 1 and the prompt consummation of the transactions contemplated by this Agreement, the Investment Agreement and any Related Agreement, it being understood that each party hereto will keep the other reasonably informed with respect to such communications which are material and not confidential and (iii) as either party on advice of legal counsel shall reasonably deem necessary in complying with applicable law.

SECTION 7. Confidentiality. (a) Neither party (the "Recipient") will in any manner, directly or indirectly, disclose in whole or in part, any confidential or proprietary information (including, without limitation, information concerning the Alliance Agreements) of the other party (the "Protected Party") that comes, or has come, into the possession of the Recipient in connection with the transactions contemplated hereby (the

"Confidential Information") to any Person or use such Confidential Information for commercial gain or competitive advantages or in any way detrimental to the Protected Party; provided, however, that Confidential Information may be disclosed to Representatives (as defined below) of the Recipient, to any prospective investor in the Contemplated Securities or to any prospective lender to Investor or the Company who needs to know the Confidential Information for purposes of participating in or financing the transactions contemplated hereby, it being understood that all such Representatives will be advised by the Recipient of the confidential nature of such Confidential Information and that, by receiving such Confidential Information, they are agreeing to be bound by this Section. The Company and Investor shall use their commercially reasonable efforts to assure that their respective

Representatives adhere to the terms of this Section.

(b) As used herein with respect to any Person, the term

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"Representative" shall include (i) any and all officers, directors, employees, affiliates, agents, partners and representatives of such Person, (ii) all lawyers, financial advisers, appraisers, accountants, other professionals or consultants (and their respective officers, directors, employees, affiliates, agents, partners and representatives) engaged by such

Person and (iii) any prospective purchaser of any Contemplated Securities and any prospective lender that is considering making a loan to the Company or Investor to assist in the consummation of the transactions contemplated hereby, by the Investment Agreement or by the Related Agreements and their respective lawyers, financial advisers, appraisers, accountants, other professionals or consultants (and their respective officers, directors,

employees, affiliates, agents, partners and representatives) engaged by such prospective purchaser or lender.

(c) The Recipient shall not be obligated to maintain any Confidential Information in confidence to the extent that (i) the Confidential Information is or becomes public knowledge other than through the breach by the Recipient of this Section or any other similar agreement binding on the Recipient, (ii) the Confidential Information is or becomes available on an unrestricted basis to the Recipient from a source other than the Protected Party (or its Representatives), or (iii) the Confidential Information is required to be disclosed pursuant to court order or government action.

(d) Upon termination of this Agreement (i) if requested by the Company, and if no dispute between Investor and the Company or any other

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Person is pending or in the reasonable judgment of Investor foreseeable, Investor will destroy all Confidential Information (including any analyses or reports that incorporate any Confidential Information) in its possession relating to the Company and shall certify such destruction and (ii) if requested by Investor, and if no dispute between Investor or any other Person and the Company is pending or in the reasonable judgment of the Company foreseeable, the Company will destroy all Confidential Information (including any analyses or reports that incorporate any Confidential Information) in its possession relating to Investor and shall certify such destruction.

(e) The foregoing provisions of this Section shall not apply to any partner of Investor if and to the extent such provisions are inconsistent with

any written agreement relating to the subject matter of this Section between the Company and such partner.

(f) The Company shall, upon the request of the Creditors' Committee or Equity Committee, provide such Committee with copies of the Confidential Information which is provided to and/or by Investor pursuant to the provisions of this Agreement, the Investment Agreement and the Related Agreements following

receipt from such Committee and each of its Representatives who will have access to such Confidential Information of a written confidentiality agreement which contains provisions which provide the Company and Investor protection for such Confidential Information at least equivalent, in all material respects, to that provided pursuant to this Section 7 and which contains other

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terms and conditions which are reasonably required by the Company and

Investor.

(g) This Section shall survive termination of this Agreement.

SECTION 8. Liability. Notwithstanding any provision hereof or in the Investment Agreement (or any implication of such provision) to the contrary, it is expressly agreed that:

8.1. Investor and its permitted assigns (including any affiliate, partner, agent, advisor or Representative thereof) shall not have nor be under any liability of any nature whatsoever to the Company, the estate of the Company, any trustee, any committee of creditors or of equity security holders or any party in interest in the bankruptcy case

concerning the Company, nor to any other Person whatsoever, arising out of or in any manner connected with this Agreement, the Investment Agreement or any Related Agreement, or any actions, inactions or omissions in any manner relating hereto or thereto or to any actions or transactions contemplated hereby or thereby, whether occurring prior to or after the date hereof, except to the extent that Investor is liable to the Company for damages which are found in a final judgment by a court of competent jurisdiction to have resulted from (i) any material breach by Investor of an express obligation or undertaking contained in this Agreement, the Investment Agreement or any Related Agreement or any material breach (as of the date made) by Investor of an express representation or warranty contained in this Agreement, the Investment

Agreement or any Related Agreement or for any act of bad faith or willful or deliberate wrongdoing by Investor, which bad faith, breach or wrongdoing is not discontinued or remedied promptly (and in any event within seven days) after written notice thereof specifying the same in reasonable detail from the Company or (ii) any untrue statement or alleged untrue statement of a material fact contained in the Disclosure Statement or in any offering document pursuant to which any or all of the securities of the Company in connection with and as part of the transactions contemplated by the Agreements (the

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"Contemplated Securities") may be placed or offered or the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was made in such offering document in reliance upon and in conformity with written information furnished by

Investor or any of its partners specifically for inclusion therein or (iii) any action or inaction in respect of which the Company is entitled to indemnification under Section 9.

8.2. The Company and its permitted assigns (including any affiliate, stockholder, director, officer, agent, advisor or Representative thereof) shall not have nor be under any liability of any nature whatsoever to Investor or any of its partners or affiliates, nor to any other Person whatsoever, arising out of or in any manner connected with this Agreement, the Investment Agreement or any Related Agreement, or any actions, inactions or omissions in any manner relating hereto or thereto or to any actions or transactions contemplated hereby or thereby, whether occurring prior to or after the date hereof, except to the extent

that the Company is liable to Investor for damages which are found in a final judgment by a court of competent jurisdiction to have resulted from (i) any material breach by the Company of an express obligation or undertaking contained in this Agreement, the Investment Agreement or any Related Agreement or any material breach (as of the date made) by the Company of an express representation or warranty contained in this Agreement, the Investment Agreement or any Related Agreement or for any act of bad faith or willful or deliberate wrongdoing by the Company, which bad faith, breach or wrongdoing is not discontinued or remedied promptly (and in any event within seven days) after written notice thereof specifying the same in reasonable detail from Investor or (ii) any untrue statement or alleged untrue statement of a material fact

contained in the Disclosure Statement or in any offering document pursuant to which any or all of the Contemplated Securities may be placed or offered or the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, except to the extent, but only to the extent, that such untrue statement or alleged untrue statement or

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omission or alleged omission was made in such offering document in reliance upon and in conformity with written information

furnished by Investor or any of its partners specifically for inclusion therein or (iii) any action or inaction in respect of which Investor is entitled to indemnification under Section 9.

8.3. No partner or assignee of the Investor shall have or be under any liability by reason of any negligence or asserted negligence or any material breach or willful or deliberate wrongdoing of any other partner or assignee of Investor.

8.4. No consequential, exemplary or punitive damages shall under any circumstances be recoverable against Investor, the Company or any other Indemnified Party (as defined in Section 9) in respect of any claim relating to this Agreement or the Investment Agreement or in connection with the consummation of or any failure to consummate the transactions contemplated hereby or thereby.

8.5. If Investor seeks Bankruptcy Court approval of an additional amount as contemplated by Section 3 and if such additional amount is approved by the Bankruptcy Court and paid to Investor by the Company, such payment shall be in full satisfaction of any and all claims (other than for Expense reimbursement under Section 2 and for indemnification under Section 9) that Investor shall have against the Company.

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8.6. In no event will Investor seek to recover damages against the Company, nor will the Company be liable under any circumstances for, more than 4,000,000 (less any amount paid to Investor pursuant to Section 3) in damages on account of any breach, misconduct or bad faith on the part of the Company or any other Person relating to this Agreement or the Investment Agreement or any of the transactions contemplated hereby or thereby. Nothing in this Agreement or elsewhere shall be construed to be an admission by the Company that Investor is or shall be entitled under

any circumstances to recover any amount of damages from the Company.

SECTION 9. Indemnity.

9.1. As used herein:

(a) "Losses" means (i) in the case of any Investor Indemnified Party, any and all losses, claims, damages, liabilities, fines, fees, penalties, deficiencies and

expenses (including, but not limited to, interest, court costs, fees and expenses of attorneys, accountants, and other experts or other expenses of litigation or other proceedings or of any claim, default or assessment) incurred by such Investor Indemnified Party as a result of any third party claim asserted against such Investor Indemnified Party on account of any breach of any representation or warranty of the Company contained in this

Agreement, the Investment Agreement or any Related Agreement, or any breach or

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alleged breach of any of the Company's covenants or obligations contained herein or therein and (ii) in the case of any Company Indemnified Party, any and all losses, claims, damages, liabilities, fines, fees, penalties, deficiencies and expenses (including, but not limited to, interest, court costs, fees and expenses of attorneys, accountants, and other experts or other expenses of litigation or other proceedings or of any claim, default or assessment) incurred by such Company Indemnified Party as a result of any third party claim asserted against such Company Indemnified Party on account of any any breach or alleged breach of any representation or warranty of Investor contained in this Agreement, the Investment Agreement or any Related Agreement, or any breach or alleged breach of any of Investor's covenants or obligations contained herein or therein.

(b) "Investor Indemnified Party" means Investor or any of its partners, assignees, affiliates, controlling persons or employees.

(c) "Company Indemnified Party" means the Company or any of its partners, assignees, affiliates, controlling persons, directors or employees.

(d) "Indemnified Party" means a Company Indemnified Party or an Investor Indemnified Party, as the case may be.

(e) "Indemnifying Party" means the Company or Investor, as the

case may be.

9.2. Subject to Section 9.4 and to Section 3(e), the Company agrees to indemnify each Investor Indemnified Party from and against any and all Losses incurred by such Investor Indemnified Party, whether prior to or after the date hereof.

9.3. Subject to Section 9.5, Investor agrees to indemnify each Company Indemnified Party from and against

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any and all Losses incurred by such Company Indemnified Party, whether prior to or after the date hereof.

9.4. The Company will not be liable under this Section 9 for Losses which consist of Expenses covered by Section 2 (which Expenses shall only be payable in the manner and subject to the limitations set

forth in Sections 2 and 3), nor shall the Company be liable to any Investor Indemnified Party to the extent that any Loss is found in a final judgment by a court of competent jurisdiction to have resulted from (i) any breach by such Investor Indemnified Party of an express obligation or undertaking pursuant to this Agreement, the Investment Agreement or any of the Related Agreements or any act of bad faith or willful or deliberate wrongdoing by such Investor Indemnified Party, which bad faith, breach or wrongdoing is not discontinued or remedied promptly (and in any event within seven days) after written notice thereof specifying the same in reasonable detail from the Company or (ii) any untrue statement or alleged untrue statement of a material fact contained in any offering document pursuant to which any or all of the Contemplated Securities may be placed or offered or the omission or

alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading if, and to the extent that, such untrue statement or alleged untrue statement or omission or alleged omission was made in such offering document in reliance upon and in strict conformity with written information furnished by such Investor Indemnified Party specifically for inclusion therein, or (iii) investment losses in respect of the Contemplated Securities incurred by such Investor Indemnified Party.

9.5. Investor will not be liable under this Section 9 to any Company Indemnified Party to the extent that any Loss is found in a final judgment by a court of competent jurisdiction to have resulted from (i)

any breach by such Company Indemnified Party of an express obligation or undertaking pursuant to this Agreement, the Investment Agreement or any of the Related Agreements or any act of bad faith or willful or deliberate wrongdoing by such Company Indemnified Party, which bad faith, breach or wrongdoing is not discontinued or remedied promptly (and in any event within seven days) after written notice thereof specifying the same in reasonable detail from Investor or (ii) any untrue statement or alleged untrue statement of a material fact contained in any offering document pursuant to which

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any or all of the Contemplated Securities may be placed or offered or the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, except to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was made in such offering document in reliance upon and in strict conformity with written

information furnished by such Investor Indemnified Party specifically for inclusion therein or (iii) investment losses in respect of the Contemplated Securities incurred by such Company Indemnified Party.

9.6. If the indemnification of an Indemnified Party provided for in this Section 9 is for any reason held unenforceable, the Indemnifying Party agrees to contribute to the Losses for which such indemnification is held unenforceable (x) in such proportion as is appropriate to reflect the relative benefits or proposed benefits to the Indemnifying Party, on the one hand, and such Indemnified Party, on the other hand, of the Agreements (whether or not the Agreements are entered into and whether or not any transaction or action pursuant thereto is consummated) or (y) if (but only if) the allocation provided for in clause (x) is for any reason

held unenforceable, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (x) but also the relative fault of the Indemnifying Party, on the one hand, and such Indemnified Party, on the other hand, as well as any other relevant equitable considerations. The Indemnifying Party agrees that for the purposes of this paragraph, the relative benefits or proposed benefits to

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the Indemnifying Party and such Indemnified Party of the Agreements shall be deemed to be in the same proportion that the total value paid or issued to, or to be paid or issued to, the Indemnifying Party, its creditors or its security holders, as the case may be, as a result of or in connection with the Agreements bears to the amount received by such Indemnified Party pursuant to the Agreements (whether in the form of fees

paid to such Indemnified Party or the reimbursement of expenses provided by the Indemnified Party to such Party).

9.7. Without the Indemnified Party's prior written consent (which consent shall not be unreasonably withheld), no Indemnifying Party will settle, compromise or consent to the entry of any judgment in any pending or threatened claim, action or proceeding in respect of which indemnification could reasonably be expected to be sought

against such Indemnifying Party by such Indemnified Party under this Section 9 (whether or not such Indemnified Party is an actual party to such claims, action or proceeding), unless such settlement, compromise or consent includes an unconditional release of such Indemnified Party from all liability arising out of such claim, action or proceeding.

9.8. The provisions herein in respect of any Indemnified Party shall not be affected, or the obligations of the Indemnifying Party hereunder as to any Indemnified Party in any manner reduced or limited, by any action, inaction, omission, breach or default of any Person (other

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than of such Indemnified Party and its officers, directors, employees, agents, advisors, Representatives and controlling Persons), but then only to the extent provided hereby.

9.9. Without the prior written consent of the Indemnifying Party (which consent shall not be unreasonably withheld), no Indemnified Party shall settle, compromise or consent to the entry of any judgment in any pending or threatened claim, action or proceeding in respect of which indemnification from the Indemnifying Party could reasonably be expected

to be sought by such Indemnified Party under this Section 9 unless such Indemnified Party unconditionally releases the Indemnifying Party from any and all indemnification obligations to it arising out of such claim, action or proceeding.

9.10. Promptly after any Indemnified Party becomes aware of the existence of facts or other information which could reasonably be expected to give rise to a claim by such Indemnified Party for indemnification under this Section 9, such Indemnified Party will provide written notice thereof to the Indemnifying Party describing such facts and other information in reasonable detail. The failure of an Indemnified Party to give notice in the manner and at the time provided

herein shall not relieve the Indemnifying Party of its obligations under this Section 9, except to the extent that the Indemnifying Party actually is prejudiced in any material respect by such failure to give notice. Any notice given the Indemnifying Party pursuant to this Section 9.10 shall contain a statement to the effect that the Indemnified Party giving such notice is making or may in the future make a claim pursuant to and a formal demand for indemnification under this Section 9.

9.11. Upon the commencement of any claim, action or

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proceeding in respect of which indemnification could be sought by an Indemnified Party under this Section 9, the Indemnifying Party shall have the right, with counsel selected by it (which counsel shall be reasonably satisfactory to the Indemnified Party), to assume the defense of such claim, action or proceeding and the Indemnified Party shall cooperate with the Indemnifying Party, at the sole cost and expense of the Indemnifying Party, in

connection with such defense. In the event that the Indemnifying Party selects counsel to defend any claim, action or proceeding in respect of which indemnification could be sought by any Indemnified Party under this Section 9 and such counsel determines (or such Indemnified Party reasonably determines) that issues exist with respect to such claim, action or proceeding which give rise to a conflict between the interests of the Indemnifying Party and such Indemnified Party, then such Indemnified Party shall be entitled, at the Company's expense, to retain separate counsel regarding such issues.

SECTION 10. Assignment of this Agreement. This Agreement shall be binding upon and shall inure to the benefit of the parties to this Agreement and their successors and permitted assigns without limitation. Neither this Agreement nor any of the rights and obligations of any party to this Agreement

may be assigned without the consent of the other party hereto; provided, however, that Investor may assign any or all of its rights under this Agreement to any partner, affiliate, related party, or representative of Investor or to any fund or account managed or advised by Fidelity Management Trust Company or any of its affiliates. No such assignment shall relieve either party hereto of any obligations hereunder, under the Investment Agreement or under any Related Agreement.

SECTION 11. Notices. All notices required to be given under this Agreement shall be in writing (including telecommunication transmission), shall be effective when received and shall be addressed as follows:

If to the Company:

America West Airlines, Inc.
4000 East Sky Harbor Boulevard
Phoenix, Arizona 85034
Attention: W. A. Franke and Martin J. Whalen
Fax Number: (602) 693-5904

with a copy to:

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LeBoeuf, Lamb, Greene & MacRae
633 17th Street, Suite 2800
Denver, Colorado 80202
Attention: Carl A. Eklund
Fax Number: (303) 297-0422

and a copy to:

Andrews & Kurth, L.L.P.
4200 Texas Commerce Tower
Houston, Texas 77002
Attention: David G. Elkins
Fax Number: (713) 220-4285

and a copy to:

Lord, Bissell and Brook
115 South LaSalle Street

Chicago, Illinois 60603
Attention: Benjamin Waisbren
Fax Number: (312) 443-0336

and a copy to:

Murphy, Weir & Butler
101 California Street, 39th Floor

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San Francisco, California 94111
Attention: Patrick A. Murphy
Fax Number: (415) 421-7879

If to Investor:

AmWest Partners, L.P.
201 Main Street, Suite 2420
Fort Worth, Texas 76102
Attention: James G. Coulter
Fax Number: (817) 338-2064

with a copy to:

Arnold & Porter
1200 New Hampshire Ave., N.W.
Washington, D.C. 20036

Attention: Richard P. Schifter
Fax Number: (202) 872-6720

and a copy to:

Jones, Day, Reavis & Pogue
North Point
901 Lakeside Avenue
Cleveland, Ohio 44114

Attention: Lyle G. Ganske
Fax Number: (216) 586-7864

and a copy to:

Lord Bissell and Brook

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115 South LaSalle Street
Chicago, IL 60603
Attention: Benjamin Waisbren
Fax Number: (312) 443-0336

and a copy to:

Murphy, Weir & Butler
101 California Street, 39th Floor
San Francisco, California 94111
Attention: Patrick A. Murphy
Fax Number: (415) 421-7879

and a copy to:

Goodwin, Procter & Hoar
Exchange Place
Boston, MA 02109
Attention: Laura Hodges Taylor, P.C.

Fax Number: (617) 523-1231

or to such other address as either party hereto may designate to the other party to this Agreement in accordance with this Section.

SECTION 12. Counterparts. This Agreement may be executed in one or more counterparts and by telecopy, each of which shall be deemed to constitute an original and all of which shall be considered one and the same instrument. With respect to signatures transmitted by telecopy, upon request by either party to the other party, an original signature of such other party shall promptly be substituted for its facsimile.

SECTION 13. Entire Agreement. This Agreement sets forth the entire

agreement and understanding of the parties with

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respect to the subject matter of this Agreement and, except as otherwise set forth herein, supersedes all prior agreements and understandings with respect to the subject matter thereof (including, without limitation, the Expense Reimbursement Agreement previously entered into by the Company and Investor but excluding any existing confidentiality agreement between the Company and any Affiliate of Investor). This Agreement may only be amended, supplemented

or modified by a written instrument signed by authorized representatives of each of the parties hereto.

SECTION 14. Governing Law, etc. Except to the extent inconsistent with the Bankruptcy Code, this Agreement shall be governed by and construed in accordance with the laws of the State of Arizona, without reference to principles of choice or conflicts of laws under which the law of any other jurisdiction would apply.

SECTION 15. Invalid Provisions. If any provision of this Agreement is held to be illegal, invalid or unenforceable under any present or future laws, rules or regulations, and if the rights or obligations of Investor and the Company under this Agreement will not be materially and adversely affected

thereby, (a) such provision will be fully severable, (b) this Agreement will be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part hereof, (c) the remaining provisions of this Agreement will remain in full force and effect and will not be affected by the illegal, invalid or unenforceable provision or by its severance herefrom and (d) in lieu of such illegal, invalid or unenforceable provision, there will be added automatically as a part of this Agreement a legal, valid and enforceable provision as similar in terms of such illegal, invalid or unenforceable provision as may be possible. If the rights and obligations of Investor or the Company will be materially and adversely affected by any such provision held to be illegal, invalid or unenforceable, then unless such provision is waived in writing by the affected party in its sole discretion,

this Agreement shall be null and void.

SECTION 16. Bankruptcy Court Approval. This Agreement shall not become effective for any purpose unless and until the Bankruptcy Court shall have entered an order approving this Agreement.

SECTION 17. Jurisdiction of Bankruptcy Court. The parties agree that the Bankruptcy Court shall have and retain jurisdiction to enforce and construe the provisions of this

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Agreement.

SECTION 18.No Third Party Beneficiary. This Agreement and the Investment Agreement are made solely for the benefit of the Company and Investor and their respective permitted assignees, and no other Person (including, without limitation, employees, shareholders and creditors of the

Company) shall have any right, claim or cause of action under or by virtue of this Agreement or the Investment Agreement, except to the extent such Person is entitled to expense reimbursement pursuant to this Agreement or may assert a claim for indemnity pursuant to this Agreement.

SECTION 19. Interpretation. In this Agreement, unless a contrary intention appears, (i) the words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Section or other subdivision and (ii) reference to any Section means such Section hereof. The Section headings herein are for convenience only and shall not affect the construction hereof. No provision of this Agreement shall be interpreted or construed against either party solely because such party or its legal representative drafted such provision.

Capitalized terms used herein without definition shall have the meanings assigned to them in the Investment Agreement unless otherwise provided or the context otherwise requires.

SECTION 20. Termination. (a) Anything herein or elsewhere to the contrary notwithstanding, this Agreement and the Investment Agreement may be terminated at any time prior to the Effective Date:

(i) by mutual consent of Investor and the Company;

(ii) by either Investor or the Company if a domestic court of

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competent jurisdiction or a domestic Regulatory Authority of competent

jurisdiction shall have issued an order, decree or ruling or taken any other action, in each case permanently restraining, enjoining or otherwise prohibiting the Investment, and such order, decree or ruling or other action shall have become final and non-appealable; provided, however, that in no event shall Investor be entitled to terminate this Agreement or the Investment Agreement pursuant to this clause (ii) on account of the issuance of any order, decree or ruling or the taking of any other action relating to antitrust laws or regulations;

(iii) by Investor if:

(A) any of the conditions specified in Section 8(a), 8(g), 8(n), 8(p), 8(r) or 8(s) of the Investment Agreement has not been satisfied by the respective deadlines (as extended from time to time) set forth with respect thereto in such clauses for any reason other than (1) a

material breach by Investor of any of its representations, warranties, covenants or obligations under this Agreement, the Investment Agreement or any Related Agreement or (2) the issuance of any order, decree or ruling or the taking of any other action relating to antitrust laws or regulations;

(B) any of the other conditions precedent set forth in Section 8 of the Investment Agreement has not been or, in the reasonable good faith determination of Investor, will not be able to be satisfied by

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the Outside Date for any reason other than (1) a material breach by Investor of any of its representations, warranties, covenants or obligations under this Agreement, the Investment Agreement or any Related Agreement or (2) the issuance of any order, decree or ruling

or the taking of any other action relating to antitrust laws or regulations; or

(C) any of the Company's representations or warranties made herein, in the Investment Agreement or in any Related Agreement prove to have been inaccurate in any material respect when made;

provided, however, that Investor shall not be entitled to terminate this Agreement pursuant to this clause (iii) at a time when Investor (or its Affiliates) shall be in material breach of any of its representations, warranties, covenants or obligations under this Agreement, the Investment Agreement or any Related Agreement; and, provided further, however, that

upon Investor becoming aware of any breach by the Company of any of its representations, warranties, covenants or obligations hereunder or under the Investment Agreement or any of the Related Agreements, or the occurrence or nonoccurrence of any other event, in any such case which would give Investor the ability to terminate this Agreement pursuant to the provisions of this clause (iii), Investor promptly shall notify the Company, the Equity Committee and the Creditors' Committee of the existence of such breach and provide the Company seven business days to

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cure such breach or remedy such occurrence or nonoccurrence before exercising the termination right granted hereunder;

(iv) by the Company if:

(A) any of the conditions specified in Section 9 of the

Investment Agreement has not been or, in the reasonable good faith determination of the Company, will not be able to be satisfied by the Outside Date for any reason other than a material breach by the Company of any of its representations, warranties, covenants or obligations under this Agreement, the Investment Agreement or any Related Agreement; or

(B) any of the Investor's representations or warranties made herein, in the Investment Agreement or in any Related Agreement prove to have been inaccurate in any material respect when made;

provided, however, that the Company shall not be entitled to terminate this Agreement pursuant to this clause (iv) at a time when the Company

shall be in material breach of any of its representations, warranties, covenants or obligations under this Agreement, the Investment Agreement or any Related Agreement; and, provided further, however, that upon the Company becoming aware of any breach by Investor of any of its representations, warranties, covenants or obligations hereunder or under the Investment Agreement or any of the Related Agreements, or the occurrence or nonoccurrence of any other event, in any such case which would give the Company the ability to terminate this Agreement pursuant to the provisions of this clause (iv), the Company promptly shall notify Investor, the Equity Committee and the Creditors' Committee of the existence of such breach and provide Investor seven business days to cure such breach or remedy such occurrence or nonoccurrence before exercising

the termination right granted hereunder;

(v) by the Company in the event of an Overbid as contemplated by Section 1(c);

(vi) by either the Company or the Investor if the Effective Date has not occurred by December 31, 1994; or

(vii) by Investor for any reason; provided, however, that Investor shall not be entitled to terminate this Agreement pursuant to this clause (vii) after the Cut-off

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Date or at any time when Investor (or its Affiliates) shall be in material breach of any of its representations, warranties, covenants or obligations under this Agreement, the Investment Agreement or any Related Agreement and, provided further, that promptly after any termination of this Agreement pursuant to this clause (vii), Investor shall refund to the Company the aggregate amount of all Expenses previously paid or reimbursed by the Company

purusnat to Section 2 which were incurred by Investor after March 1, 1994. Any such termination shall constitute an unconditional waiver by Investor of all claims it may have under this Agreement or the Investment Agreement other than for Expense reimbursement under Section 2.

(b) In the event of the termination of this Agreement by either party pursuant to paragraph (a) above, written notice thereof shall be promptly given to the other party and, subject to paragraph (d) below, this Agreement and the Investment Agreement shall terminate and the transactions contemplated hereby and thereby shall be abandoned without further action by Investor or the Company.

(c) This Agreement shall automatically terminate upon confirmation of

a plan of reorganization for the Company (other than the Plan) prior to the Outside Date.

(d) In the event of the termination of this Agreement as provided in paragraph (a) or (c) above, (i) this Agreement, the Investment Agreement and the Related Agreements shall forthwith become null and void, and there shall be no liability on the part of any Investor or the Company or any of their respective partners, officers, directors, employees, agents or stockholders, except for fraud or for willful breach of this Agreement, the Investment Agreement (but only if the Confirmation Order is entered) or the Related Agreements and except that the parties shall continue to be obligated as set forth in Sections 2, 3, 7, 8, 9, 17 and 18 of this Agreement and in Sections

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28(b) and 30 of the Investment Agreement, all of which Sections shall survive the termination of this Agreement.

(e) The termination of this Agreement and the Investment Agreement pursuant to paragraph (a) above shall become effective when (i) in the case of a termination pursuant to clause (i) of paragraph (a) above, the required consent is executed and (ii) in the case of a termination pursuant to any other clause of paragraph (a) above, the required notice is given by the terminating party.

(f) No termination of this Agreement pursuant to this Section 20 shall constitute a breach of this Agreement. The termination of this Agreement and the Investment Agreement shall not cause or constitute a termination of any existing confidentiality agreement between the Company and one or more Affiliates of Investor.

SECTION 21. Privileged Communication. The parties hereto anticipate that, being similarly situated and having a common interest in the Company's bankruptcy case with respect to the Plan, and in anticipation of potential litigation with other constituents of the Company, they may share certain documents, information, factual materials, mental impressions, memoranda, reports, and attorney-client communications that may be privileged from disclosure to adverse or other parties as a result of the attorney-client privilege, the attorney work product privilege, or other applicable privileges. The parties hereto agree that the sharing of such information or materials shall not diminish in any way the confidentiality of such information or materials and shall not constitute a waiver of any applicable

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privilege.

IN WITNESS WHEREOF, the Company and Investor, by their respective officers thereunto duly authorized, have executed this Agreement as of the date first above written.

AMERICA WEST AIRLINES, INC.
as Debtor and Debtor-in-Possession

By:
Title:

AMWEST PARTNERS, L.P.

By: AmWest Genpar, Inc.,
its General Partner

By:
Title:

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May 5, 1994

Transpacific Enterprises, Inc.
c/o David Mortimer
Finance Director
TNT Limited
TNT Plaza, Tower 1, Lawson Square
Redfern, 2016, New South Wales,
Australia

RE: America West Airlines, Inc.

Gentlemen:

Subject to the terms and conditions set forth below, Transpacific Enterprises, Inc. ("TPE") and all affiliates of TPE (collectively, the "Seller") hereby agrees to sell, and TPG Partners, L.P. ("TPG") hereby agrees to purchase, 1,884,438 shares of the Common Stock of, and $500,000 face amount of Series C 9.75% Preferred Stock of, America West Airlines, Inc. ("America West"), a Delaware corporation currently operating as a debtor-in-possession under Chapter 11 of the U.S. Bankruptcy Code.

1. Securities to be Purchased: (a) 1,884,438 shares of Common Stock (the "Common Stock") and (b) $500,000 face amount of 9.75% Series C Preferred Stock (the "Preferred Stock," and together with the Common Stock, the "Stock"). As of the date hereof, the Seller owns 3,768,876 shares of Common Stock and $1,000,000 face amount of the Preferred Stock of America West. The Stock shall be delivered to TPG at the Closing (as defined below) with good and marketable title, free and clear of any liens, pledges, security interests, charges, encumbrances or other restrictions.

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2. Price:

(a) The price to be paid for the Common Stock shall be $3.60 per share.

(b) The price to be paid for the Preferred Stock shall be $500,000 plus any amount that the holder of the Preferred Stock shall receive as dividends on the Preferred Stock payable in respect of the period commencing on the date when dividends were last paid on the Preferred Stock through May 3, 1994 (the "TPE Preferred Stock Dividend"). TPG shall keep TPE apprised of any information that it receives from America West regarding the status of the payment of dividends on the Preferred Stock. At the expense of TPG, TPG shall prosecute in the U.S. Bankruptcy Court proceedings of America West any claim of the holder for the payment of dividends with respect to the Preferred Stock; provided, however, that if TPE desires to assume such prosecution of any such claim it shall notify TPG, and thereafter shall have the right at its own expense to assume the prosecution of such claim.

3. Deposit: Upon the execution of this letter agreement, TPG shall pay to TPE the sum of $500,000 as a deposit against the price to be paid by TPG for the Stock. Such deposit shall be returned to TPG promptly in the event that the transactions contemplated by this letter agreement are not consummated by the Termination Date (as defined below) unless the failure to consummate the transactions shall result from the breach by TPG of its obligations hereunder or under the Purchase Agreement (as defined below).

4. Closing and Payment: Upon the Closing TPG shall pay to TPE a total of (i) an amount equal to $3.60 times the number of shares of Common Stock to be purchased under the Purchase Agreement plus (ii) $500,000, less the Deposit. If the Closing has occurred, TPG shall pay to TPE promptly any amount received by it in respect of dividends received in respect of the TPE Preferred Stock Dividend and shall hold any such receipts in trust on behalf of TPE.

5. Purchase Agreement: Following execution of this letter agreement by TPE and TPG, counsel for the parties shall promptly prepare a stock purchase agreement (the "Purchase Agreement") which shall conform with the terms and provisions of this letter agreement and shall contain such other terms and provisions (including representations and warranties, covenants and indemnification provisions) as are customarily contained in stock purchase

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agreements and as may be reasonably acceptable to the parties and their respective counsel. The parties shall use their best efforts to negotiate a mutually acceptable Purchase Agreement by May 13, 1994. It is the intention of the parties

that the Purchase Agreement be executed within 14 days after execution of this letter agreement and the parties shall use their best efforts to do so. In the event that despite the best efforts of the parties the parties have not agreed on a mutually acceptable Purchase Agreement by May 21, 1994, either TPE or TPG may terminate this letter agreement.

6. Closing: Closing of the Purchase Agreement (the "Closing") shall occur as soon as possible after the execution thereof and upon the receipt of any necessary governmental or other approvals, if any. TPE and TPG shall use their best efforts to cause the closing of the Purchase Agreement to occur no later than May 31, 1994 (the "Termination Date").

7. Restrictions on Increases in Ownership of Stock: After the date hereof until the effectiveness of any plan of reorganization regarding America West, the Seller shall not directly or indirectly, through one or more transactions or acting in concert with one or more persons, acquire, control or hold proxies, options or warrants for (all of which are comprised within the word "acquire" as used herein) any additional shares of Stock or any securities exchangeable for or convertible into Stock.

8. Purchase for Investment. TPG represents that by reason of its business and financial experiences, and the business and financial experience of those persons, if any, retained by it to advise it with respect to its investment in the Stock, TPG has, alone or together with such advisors, such knowledge, sophistication and experience in business and financial matters as to be capable of evaluating the merits and risks of its proposed investment in the Stock, that it will be purchasing the Stock for its own account, or for one or more separate accounts maintained by it, or for the account of one or more institutional investors on whose behalf TPG has authority to make this representation, for investment and not with a view to the distribution thereof or with any present intention of distributing or selling any of the Stock, except in compliance with the U.S. Securities Act of 1933, as amended, and except to one or more such institutional investors; provided, however, that the disposition of TPG's or such investor's property shall at all time be within its control.

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9. Mutual Representation and Warranty: Each of TPE and TPG believes it possesses all information it considers necessary or appropriate for deciding whether or not to sell or purchase the Stock. Each of the parties, through its

relationship with America West in connection with the U.S. Bankruptcy Court proceedings of America West and the proposed reorganization of America West, has material non-public information concerning America West and is not sharing such information with, or relying on, the other party hereto in connection with its agreement to purchase or sell the Stock. Without limiting the foregoing, TPE acknowledges that affiliates of TPG have entered into an agreement with America West pursuant to which such affiliates and certain other parties shall acquire a significant interest in America West.

10. TPE Claim: TPE has a claim which it currently estimates at approximately $700,000 as to which a proof of claim was not submitted in the America West bankruptcy proceedings (the "TPE Claim"). TPG agrees to discuss with America West on behalf of TPE for a proper quantification of the TPE Claim and thereafter to use its best efforts to cause the TPE Claim to be treated as an allowed claim under the America West bankruptcy proceedings notwithstanding the passage of any bar date for the submission or resolution of the TPE Claim.

11. Further Assurances: TPE and TPG hereby agree to do such further things and to execute such further documents as may be necessary or desirable to effectuate this letter agreement and the transactions contemplated herein, including, but not limited to, all necessary consents, permissions, notices and similar documents or instruments.

12. Governing Law: This letter agreement and the Purchase Agreement shall be governed by and construed in accordance with the laws of the State of Delaware applicable to agreements made and entirely to be performed with the State of Delaware.

Please confirm that the foregoing correctly sets forth the understandings between TPE and TPG by signing this letter agreement at the space indicated below and returning one fully signed copy to the undersigned.

TPG PARTNERS, L.P.

By: /s/ James G. Caulter

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Name: James G. Caulter
Title: Vice-President

Agreed to this day of
May, 1994:

TRANSPACIFIC ENTERPRISES, INC.

By:
Name:
Title:

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EXECUTION COPY

SUBSCRIPTION AGREEMENT

AmWest Partners, L.P.
201 Main Street
Suite 2420
Fort Worth, Texas 76102

Attention: AmWest Genpar, Inc., General Partner

Gentlemen and Ladies:

Reference is made to that certain Second Revised Investment Agreement dated April 7, 1994 and attached hereto as Exhibit A and incorporated herein by reference, as the same may be amended from time to time (the "Investment Agreement") by and between AmWest Partners, L.P. (the "Partnership"), a limited partnership organized and existing under the laws of the State of Texas, with AmWest Genpar, Inc., a corporation organized and existing under the laws of the State of Texas, as its general partner (the "General Partner"), and America West Airlines, Inc. ("America West"). Capitalized terms used herein and not otherwise defined herein are used herein as defined in the Investment Agreement.

Pursuant to and subject to the terms and conditions of the Investment Agreement, America West, or its successor as reorganized pursuant to Chapter 11 of the U.S. Bankruptcy Code ("New America West"), has agreed to issue to the Partnership, and the Partnership has agreed to purchase from America West, certain Securities of New America West. In furtherance of its obligations under the Investment Agreement, the Partnership has agreed to assign to Belmont Fund, L.P., Fidelity Copernicus Fund, L.P., and Belmont Capital Partners, L.P. (each, a "Fund"), or other funds or accounts managed or advised by Fidelity Management Trust Company or its affiliates ("Fidelity") (collectively, the "Investor"), certain of the Partnership's rights to purchase from New America West and Investor has agreed to acquire from New America West on the terms and conditions set forth herein, the Securities specified herein.

In consideration of the premises and mutual covenants herein contained, Investor and the Partnership hereby agree as follows:

1. Acquisition of Securities

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(a) Pursuant to the Investment Agreement, the Partnership has agreed, subject to the terms and conditions set forth therein, to purchase certain of the Securities from New America West for an aggregate purchase price of $214,857,000, subject to adjustment as provided therein (the "Purchase Price"). Investor has agreed and hereby agrees to accept an assignment from the Partnership of certain of its rights under the Investment Agreement and the Procedures Agreement, including the right to purchase such Securities, and Investor has agreed to assume certain of its obligations in respect thereof.

Upon the occurrence of the Confirmation Date, the General Partner shall notify Investor of such event and of the Securities to be purchased by Investor at the Effective Date. Upon the Effective Date, Investor

shall, against delivery of the certificates representing such Securities, purchase the Securities of New America West set forth below:

(i) Investor shall, for a purchase price of $23,929,000, acquire 2,691,964 shares of Class B Common and 374,220 Warrants;

(ii) Investor shall, for a purchase price of not less than $100,000,000 and not more than $130,000,000, as determined by the Company prior to the Effective Date, acquire, pursuant to a Note Purchase Agreement reasonably satisfactory to Investor and under an indenture reasonable satisfactory to Investor, a like principal amount of Notes to be issued by New America West pursuant to the Investment Agreement, and shall be paid a fee of 1% of the total purchase price therefor by New America West for consummating such purchase;

(iii) Investor shall, for an amount equal to 23.81% of the cost of any shares of Class B Common, if any, which the Partnership is required to purchase pursuant to clause (B) of the proviso to Section 4(a)(2)(i) of the Investment Agreement, purchase 23.81% of the shares of Class B Common purchased pursuant to said Section; and

(iv) Investor shall purchase the first $75,000,000 in value of the shares of Class B Common, if any, required to be purchased by the Partnership pursuant to Section 4(a)(2)(ii) of the Investment Agreement; provided, that in no event shall Investor be required to purchase more than

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the aggregate number of shares of Class B Common required to be purchased pursuant to such Section.

(b) Investor acknowledges, and the General Partner agrees, that the closing of the purchase of the Securities of New America West is subject to the satisfaction of the conditions precedent as described in Section 8 of the Investment Agreement. The Partnership will not waive any of such conditions precedent without the prior written approval of Investor, which approval will not be withheld unreasonably, and will not make modify or amend the Investment Agreement or the Procedures Agreement in any material respect, agree to provisions of the Plan, or enter into any other agreements with America West or New America West prior to the Effective Date or earlier termination of the Investment Agreement, without Investor's prior consent, which consent will not be withheld unreasonably. This Subscription Agreement will be returned promptly to Investor, together with all investment documents theretofore delivered by Investor, upon the earlier of (i) the termination of the Investment Agreement or (ii) December 31, 1994, if the Effective Date shall not have occurred by such date.

2. Acceptance of Subscription

The General Partner, on behalf of the Partnership, shall accept this Subscription Agreement by executing, and later delivering to Investor, executed copies of this Subscription Agreement and the Acceptance of Subscription attached hereto. This Subscription Agreement is delivered irrevocably but shall terminate upon the earlier of (i) the termination of the Investment Agreement or (ii) December 31, 1994, if the Effective Date shall not have occurred by such date.

3. Representations and Warranties of each Fund.

In order to induce the General Partner and the Partnership to accept this Subscription Agreement, each Fund severally but not jointly hereby represents and warrants as follows as to itself:

(a) Investment Intent. The Fund is acquiring the Securities for its own account, for investment, and not with the view to a sale of such interest in connection with any distribution thereof, except in compliance with the Securities Act of 1933, as amended, and subject to the disposition of Securities being at all times within such Fund's control, except as otherwise expressly provided herein or in the Investment Agreement;

(b) Sophistication. The Fund, alone or with its professional advisors, has the educational, financial, and business background and knowledge so as to be capable of evaluating the merits and risks of an

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investment in New America West, and has the capacity to protect its own interests in making this investment;

(c) Registration and Transfer. The Fund understands that, pursuant to the Investment Agreement and the Plan, New America West shall provide registration rights with respect to the Securities under the Securities Act of 1933, as amended (the "Securities Act"). Nonetheless, the Fund understands that there may be restrictions on the transferability of the Securities. The Fund understands that prior to the Effective Date there will be no public market for the Securities and that it is possible that no public market will exist at any time thereafter;

(d) Advisors. The Fund has been afforded the opportunity to seek and rely upon the advice of its own attorneys, accountants, or other professional advisors in connection with an investment in New America West and the execution of this Subscription Agreement;

(e) Valid Existence. The Fund has been duly organized and is validly existing and in partnership good standing under the laws of its jurisdiction of organization, with full power and authority to own its property and conduct its business as currently conducted and to execute, deliver and perform this Subscription Agreement;

(f) Binding Obligation. The execution and delivery of this Subscription Agreement by the Fund and the Fund's performance hereof and the transactions contemplated hereby have been duly authorized by the requisite action on the part of the Fund, and no other authorization or consent is required for the execution and performance hereof;

(g) No Conflict. The execution, delivery and performance by the Fund of this Subscription Agreement does not violate, conflict with, or constitute a default under the Fund's Articles of Incorporation, By-Laws, partnership agreement, or any other corporate or partnership document or resolution, any agreement or commitment to which it is a party, or with respect to which any of its assets are bound, or, subject to obtaining the Confirmation Order and the Regulatory Approvals contemplated by Section 8(b) of the Investment Agreement, require any governmental consent or approval;

(h) Brokers. The Fund has not used or retained any broker, agent, finder, syndicator or other intermediary with respect to its acquisition of Securities or the events or transactions contemplated by this Subscription Agreement;

(i) Financial Capacity. The Fund has the financial capacity to make the investment required of it under this Subscription Agreement; and

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(j) Citizenship. The Fund is, and shall at all times be, a "citizen of the United States" as that term is defined in Section 101(6) of the Federal Aviation Act of 1958, as amended (49 App. U.S.C. Section 1301(16)), or shall elect to suspend its voting rights in respect of all shares of Class B Common owned by it during any period in which the representation contained in this subsection (j) shall be invalid.

The representations and warranties made pursuant to this Section 3 shall survive the execution and delivery of this Agreement.

4. Other Business Ventures.

Each of the Partnership and Investor agrees that notwithstanding anything to the contrary contained in or inferable from this Subscription Agreement or any other statute or principle of law, neither Investor nor the Partnership nor any of their shareholders, directors, management companies, officers, employees, partners, agents, family members, or affiliates (each an "Affiliate") shall be prohibited or restricted in any way from investing in or conducting, either directly or indirectly, and may invest in and/or conduct, either directly or indirectly, businesses of any nature whatsoever, including the ownership and operation of businesses or properties similar to or in the same geographical area as those held by the Partnership. Investor, the Partnership or their Affiliates may, without owing any obligation to Investor, the Partnership or any Affiliate, purchase and otherwise deal in securities of any type of American West or New America West and each may participate in, commit funds to, or otherwise become involved with any other entity which may attempt to acquire control of any competitor of America West or New America West; provided that prior to the Effective Date or earlier termination of the Investment Agreement, neither Investor, the Partnership nor any of their Affiliates shall, without the consent of the Partnership, on the one hand, and Investor, on the other hand, commit funds to, or otherwise become involved with any other entity which may attempt to acquire control of America West. Any investment in or conduct of any such businesses by Investor, the Partnership or any Affiliate shall not give rise to any claim for an accounting by the others or any right to claim any interest therein or the profits therefrom.

5. Indemnification

Investor hereby agrees to indemnify, defend, and hold harmless the Partnership and its partners and all of their respective members, directors, officers, employees, and agents (collectively, the "Indemnified Parties") from and against its allocable portion (based on relative fault of Investor, on the one hand, and the Indemnified Parties, on the other hand) of any and all loss, damage or liability (including without limitation, any and all attorneys' fees, costs, and other amounts reasonably incurred by any of them in investigating, preparing or defending against any claim, litigation, or other legal action threatened or initiated) which are found in a final, nonappealable judgment by a court of competent jurisdiction to have resulted

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from or arisen out of (a) a breach by Investor in any material respect of any representation, warranty or obligation of Investor contained in this Subscription Agreement or (b) notwithstanding Section 2.06 of the Limited Partnership Agreement of the Partnership, any action or inaction of Investor or any of its affiliates giving rise to a breach by the Partnership of any of its obligations under the Investment Agreement or the Procedures Agreement.

6. No Assignment or Transfer; Third Party Beneficiary

(a) Investor agrees not to transfer or assign this Subscription Agreement or any of its rights, duties or obligations hereunder

without the prior written consent of the General Partner and America West, which consent will not be withheld unreasonably, except that no such consent will be required to be obtained for a transfer or assignment to one or more funds or accounts managed or advised by Fidelity or any of its affiliates as to which the representations, warranties and covenants contained herein are true and accurate in all material respects as of the date of such transfer and the Effective Date, and acknowledges that any attempted transfer or assignment in violation of the foregoing shall be void.

(b) Investor acknowledges that America West is an express third party beneficiary of the provisions of Section 1 of this agreement and may sue Investor directly to enforce such obligations upon any breach by (i) Investor of its obligations thereunder and (ii) the Partnership of any of its obligations under the Investment Agreement or the Procedures Agreement, which breach gives rise to a cause of action against the Partnership under the applicable agreement; provided, that upon any such breach by the Partnership, Investor shall only be liable for 23.81% of any damages payable in respect thereof.

7. Representations, Warranties, and Covenants of the Partnership.

In order to induce Investor to execute this Subscription Agreement, the Partnership hereby represents, warrants and covenants as follows:

(a) Valid Existence. The Partnership has been duly organized and is validly existing and in good standing under the laws of its jurisdiction of organization, with full power and authority to execute this Subscription Agreement and the Investment Agreement;

(b) Binding Obligations. The execution and delivery of this Subscription Agreement, the Investment Agreement and the Procedures

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Agreement by the Partnership and its performance hereof and the transactions contemplated hereby have been duly authorized by the requisite action on the part of the Partnership and no other authorization or consent is required for the execution and performance hereof;

(c) Deliveries. The Partnership will, promptly after its receipt thereof, deliver to Investor (i) 23.81% of any Fee (as such term is defined in Section 3 of the Procedures Agreement) paid to the Partnership by America West, and (ii) copies of any and all documents and notices received by the Partnership from America West or otherwise in respect of the transactions contemplated by the Investment Agreement and the Procedures Agreement;

(d) Assignment of Rights. The Partnership hereby assigns to Investor on a shared basis, subject to performance by Investor of its obligations and duties hereunder, the rights of the Partnership under the Investment Agreement and Procedures Agreement, including, without limitation, the right to sue to enforce any breach thereof; provided, that Investor shall not, without the prior consent of the Partnership, contact or otherwise deal directly with America West prior to the Effective Date in connection with the operation of such Agreements. The Partnership agrees that (i) Investor has the ability to cause the Partnership to give any notices permitted to be given by it to America West pursuant to the provisions of the Investment Agreement or the Procedures Agreement and (ii) all matters which, pursuant to the provisions of either Agreement, require the approval or consent of the Partnership may not be approved or consented to unless Investor, in the reasonable exercise of its own business judgment and any relevant internal,

legal or other restrictions or policies applicable to it, so approves or consents to such matter; and

(e) Public Announcements. The Partnership shall not, without the prior consent of Fidelity, which consent will not be withheld unreasonably, issue or consent to the issuance of any press release or other public announcement which mentions any Fund or Fidelity or Investor or any affiliate of any of them.

8. Expenses.

(a) Reimbursement of Expenses. Investor shall be entitled to a reimbursement of its Expenses (as such term is defined in the Limited Partnership Agreement of the Partnership) incurred in connection with the transactions contemplated by this Subscription Agreement, the Investment Agreement and the Interim Procedures Agreement upon presentation to the Partnership of appropriate documentation, setting forth in reasonable detail

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the amounts for which reimbursement is sought and the basis on which the charges were incurred.

(b) Contribution to Expenses. Investor agrees to pay to the Partnership, within 15 days after request, 23.81% of the Expenses incurred by Investor, the Partnership and its partners which are not reimbursed by America West pursuant to Section 2 of the Procedures Agreement; provided, under no circumstances will Investor be liable for payment of the Expenses of the partners or the Partnership incurred in connection with the negotiation and execution of the Limited Partnership Agreement of the Partnership.

9. Notices

All notices, requests and other communications hereunder must be in writing and will be deemed to have been duly given only if delivered personally or by facsimile transmission or mailed (first class postage prepaid) or by prepaid express courier to the parties at the following addresses or facsimile numbers:

If to Investor: Fidelity Management Trust Company
82 Devonshire Street, MS F7E
Boston, Massachusetts 02109
Attn: Daniel J. Harmetz
Fax Number: (617) 227-2536

with a copy to:

Fidelity Management Trust Company
82 Devonshire Street, MS F7D
Boston, Massachusetts 02109
Attn: Wendy Schnipper Clayton, Esq.
Fax Number: (617) 570-7688

and a copy to:

Goodwin, Procter & Hoar
Exchange Place
Boston, MA 02109
Attn: Laura Hodges Taylor, P.C.
Fax Number: (617) 523-1231

If to the Partnership:AmWest Partners, L.P.

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201 Main Street, Suite 2420
Fort Worth, Texas 76102
Attention: James J. O'Brien
Fax Number: (817) 871-4010

with a copy to:

Arnold & Porter
1200 New Hampshire Ave., N.W.
Washington, D.C. 20036
Attn: Richard P. Schifter
Fax Number: (202) 872-6720

10. Governing Laws and Venue

This Agreement and the rights and obligations of Investor and the Partnership hereunder shall be interpreted, construed, and enforced in accordance with the laws of the State of Texas, without regard to its conflicts of laws provisions.

11. Miscellaneous

(a) Rules of Construction. The general rule of construction for interpreting a contract, which provides that the provisions of a contract should be construed against the party preparing the contract, is waived by Investor. Investor acknowledges that it was represented by separate legal counsel in this matter who participated in the preparation of this Subscription Agreement or it had the opportunity to retain counsel to participate in the preparation of this Subscription Agreement but chose not to do so.

(b) Entire Agreement. This Subscription Agreement, including all exhibits to this Subscription Agreement and, if any, exhibits to such exhibits, contains the entire agreement among the parties relative to the matters contained in this Subscription Agreement.

(c) Waiver. No consent or waiver, express or implied, by Investor or the Partnership to or for any breach or default by the other party in the performance by such other party of its obligations under this Subscription Agreement shall be deemed or construed to be a consent or waiver to or of any other breach or default in the performance by such other party of the same or any other obligations of such other party under this Subscription Agreement. Failure on the part of any party to complain of any act or failure to act of the other party or to declare the other party in default, regardless of how long such failure continues, shall not constitute a waiver by such party of its rights hereunder.

(d) Severability. If any provision of this Subscription Agreement or the application thereof to any person or circumstance shall be

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invalid or unenforceable to any extent, the remainder of this Subscription Agreement and the application of such provisions to other persons or circumstances shall not be affected thereby, and the intent of this Subscription Agreement shall be enforced to the greatest extent permitted by law.

(e) Benefits and Assignment. Subject to the restrictions on transfers and encumbrances set forth in this Subscription Agreement, this

Subscription Agreement shall inure to the benefit of and be binding upon the parties and their respective legal representatives, successors, and assigns. Whenever, in this Subscription Agreement, a reference to any party is made, such reference shall be deemed to include a reference to the legal representatives, successors, and assigns of such party.

(f) Gender, Etc. Unless the context clearly indicates otherwise, the singular shall include the plural and vice versa. Whenever the masculine, feminine, or neuter gender is used inappropriately in this Subscription Agreement, this Subscription Agreement shall be read as if the appropriate gender was used.

(g) Captions. Captions are included solely for convenience of reference and if there is any conflict between captions and the text of this Subscription Agreement, the text shall control.

(h) Execution in Counterparts. This Subscription Agreement may be executed in multiple counterparts, each of which shall be deemed an original for all purposes and all of which when taken together shall constitute a single counterpart instrument. Executed signature pages to any counterpart instrument may be detached and affixed to a single counterpart, which single counterpart with multiple executed signature pages affixed thereto constitutes the original counterpart instrument. All of these counterpart pages shall be read as though one and they shall have the same force and effect as if all of the parties had executed a single signature page.

(i) Limitation of Liability. The Partnership acknowledges and agrees that this Agreement is not executed on behalf of or binding upon any of the trustees, officers, directors, partners or shareholders of any of the Funds individually, but is binding only upon the assets and property of the Funds. With respect to all obligations of each Fund arising out of this Agreement, the Partnership shall look for payment or satisfaction of any claim solely to the assets and property of such Fund. The Partnership acknowledges and agrees that the obligations of each of the Funds hereunder is several and not joint.

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IN WITNESS WHEREOF, the undersigned has executed this Subscription Agreement as of the 7th day of April, 1994.

INVESTOR:

BELMONT FUND, L.P., a Bermuda Limited Partnership

By: Fidelity Management Trust Company, pursuant to a power of attorney for Fidelity International Services Limited, Managing General Partner

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By: ___________________________
Judy K. Mencher
Associate General Counsel

Investor is a Bermuda limited partnership. The Partnership acknowledges and agrees that this Agreement is not executed on behalf of or binding upon any of the trustees, officers, directors, partners or shareholders of Investor individually, but are binding only upon the assets and property of the Investor. With respect to all obligations of the Investor arising out of this Agreement, the Partnership shall look for payment or satisfaction of any claim solely to the assets and property of the Investor.

IN WITNESS WHEREOF, the undersigned has executed this

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Subscription Agreement as of the 7th day of April, 1994.

FIDELITY COPERNICUS FUND, L.P., a Delaware Limited Partnership

By: Fidelity Copernicus Corp., its General Partner

By: ___________________________
Judy K. Mencher
Associate General Counsel

Investor is a Delaware limited partnership. The Partnership acknowledges and agrees that this Agreement is not executed on behalf of or binding upon any of the trustees, officers, directors, partners or shareholders of Investor individually, but are binding only upon the assets and property of the Investor. With respect to all obligations of the Investor arising out of this Agreement, the Partnership shall look for payment or satisfaction of any claim solely to the assets and property of the Investor.

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IN WITNESS WHEREOF, the undersigned has executed this Subscription Agreement as of the 7th day of April, 1994.

BELMONT CAPITAL PARTNERS, L.P., a
Massachusetts Limited Partnership

By: Fidelity Capital Corp., its
General Partner

By: _________________________
Judy K. Mencher
Associate General Counsel

Investor is a Massachusetts limited partnership. The Partnership acknowledges and agrees that this Agreement is not executed on behalf of or binding upon any of the trustees, officers, directors, partners or shareholders of Investor individually, but are binding only upon the assets and property of the Investor. With respect to all obligations of the Investor arising out of this Agreement, the Partnership shall look for payment or satisfaction of any claim solely to the assets and property of the Investor.

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ACCEPTANCE OF SUBSCRIPTION

The Subscription Agreement of the Investor indicated here-inbelow with respect to the Securities of New America West agreed to be acquired by AmWest Partners, L.P. is hereby accepted.

Dated: , 1994

AMWEST PARTNERS, L.P.

By: AMWEST GENPAR, INC.,
a Texas corporation

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By:
Title:

Name of Investor:

Date of Subscription Agreement:

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SUBSCRIPTION AGREEMENT

AmWest Partners, L.P.
201 Main Street
Suite 2420
Forth Worth, Texas 76102

Attention: AmWest Genpar, Inc., General Partner

Gentlemen and Ladies:

Reference is made to that certain Third Revised Investment Agreement dated as of April 21, 1994 and attached hereto as Exhibit A and incorporated herein by reference, as the same may be amended in accordance with the provisions hereof (the "Investment Agreement") by and between AmWest Partners, L.P. (the "Partnership"), a limited partnership organized and existing under the laws of the State of Texas, with AmWest Genpar, Inc., a corporation organized and existing under the laws of the State of Texas, as its general partner (the "General Partner"), and America West Airlines, Inc. ("America West"). Capitalized terms used herein and not otherwise defined herein are used herein as defined in the Investment Agreement.

Pursuant to and subject to the terms and conditions of the Investment Agreement, America West, or its successor as reorganized pursuant to Chapter 11 of the U.S. Bankruptcy Code ("America West" or "New America West"), has agreed to issue to the Partnership, and the Partnership has agreed to purchase from New America West, certain Securities of New America West. In furtherance of its obligations under the Investment Agreement, the Partnership has agreed to assign to Lehman Brothers Inc. (collectively, the "Investor"), certain of the Partnership's rights to purchase from New America West the Securities specified herein and Investor has agreed to acquire such Securities from New America West, all on the terms and conditions set forth herein.

In consideration of the premises and mutual covenants herein contained, Investor and the Partnership hereby agree as follows:

1. Acquisition of Securities.

(a) Pursuant to the Investment Agreement, the Partnership has agreed, subject to the terms and conditions set forth therein, to purchase certain of the Securities from New America West for an aggregate purchase price of $214,857,000, subject to adjustment as provided therein (the

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"Purchase Price"). Investor has agreed and hereby agrees to accept an assignment

from the Partnership of certain of its rights under the Investment Agreement and the Procedures Agreement, including the right to purchase such Securities, and Investor has agreed to assume certain of its obligations in respect thereof.

Upon the occurrence of the Confirmation Date, the General Partner shall notify Investor of such event and of the Securities to be purchased or otherwise acquired by Investor at the Effective Date. Upon the Effective Date, Investor shall, against delivery of the certificates representing such securities, purchase or otherwise be assigned the Securities of New America West set forth below:

(i) Investor shall, for a purchase price of $7,690,000 acquire from New America West, out of the Securities which New America West has agreed to sell to the Partnership pursuant to the Investment Agreement, 1,711,715 shares of Class B Common and 290,915 Warrants, less such number of shares of Class B Common and Warrants as Investor receives under the Plan in respect of the 2,322,000 shares of common stock of America West, $0.25 par value (such number of shares, the "Common Stock") presently owned by Investor; provided, however, that if Investor receives more than 1,711,715 shares of Class B Common and/or 290,915 Warrants under the Plan in respect of such shares of Common Stock, Investor shall, on the Effective Date, assign all such excess shares and/or Warrants to the Partnership; provided, however, that the specific amounts of such Securities which Investor shall acquire are subject to modification in accordance with the provisions of Section 7(f) hereof. In addition, Investor shall, unless the Partnership shall otherwise direct, purchase all shares of Class B Common to which it is entitled to purchase in respect of its shares of Common Stock pursuant to Section 4(a)(iii) of the Investment Agreement and shall, on the Effective Date, sell all such purchased shares of Class B Common to the Partnership at the price paid by Investor therefor; provided, that Investor shall be obligated to fund only 14.39% of the cost of any shares of Class B Common to be purchased by Investor pursuant to the provisions of Section 4(a)(iii) of the Investment Agreement, and the Partnership shall be required to fund the balance of the purchase price for such shares;

(ii) Investor shall, for an amount equal to 14.39% of the cost of any shares of Class B Common, if any, which the Partnership is required to purchase pursuant to clause (B) of the proviso to Section 4(a)(2)(i) of the Investment Agreement, purchase 14.39%

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of the shares of Class B Common purchased pursuant to said Section; and

(iii) Investor shall purchase 18.07% of the last $25,000,000 in value of the shares of Class B Common, if any, required to be purchased by the Partnership pursuant to Section 4(a)(2)(ii) of the Investment Agreement.

All of the Securities delivered to Investor pursuant to this Section shall be covered by the shelf registration statement required to be filed by America West pursuant to the provisions of Section 8(u) of the Investment Agreement.

(b) Investor acknowledges, and the General Partner agrees, that the closing of the purchase of the Securities of New America West is subject to the satisfaction of the conditions precedent as described in Section 8 of the Investment Agreement. The Partnership will not, without the prior consent of Investor (which consent shall not be withheld, conditioned or delayed unreasonably), (i) waive any of the conditions precedent set forth in Sections 8(k), 8(s) or 8(u) thereof or (ii) make or enter into any modification, amendment or agreement which either requires the consent of Investor under Section 7(f) hereof or otherwise modifies the provisions of Sections 7, 15(b), 23 or 31 of the Investment Agreement, the definition of "Outside Date" contained therein, or the provisions of Sections 10 or 20 of the Procedures Agreement. In addition, the Partnership will seek the prior approval of Investor to the waiver of any of other condition precedent, or to the modification or amendment of any of the other provisions of the Investment Agreement, the Procedures Agreement or the Plan, but may make such waivers, modifications or amendments or enter into any other such agreements whether or not Investor consents thereto. Nothing contained herein, however, shall be

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deemed to require that the Partnership obtain the consent of Investor to terminate the Procedures Agreement or the Investment Agreement in accordance with their respective terms.

2. Acceptance of Subscription; Termination.

The General Partner, on behalf of the Partnership, is contemporaneously accepting this Subscription Agreement by executing and delivering to Investor an executed Acceptance of Subscription attached hereto. This Subscription Agreement shall terminate and be of no further force and effect in any respect upon the earlier of (i) the termination of the Investment Agreement or (ii) December 31, 1994, if the Effective Date shall not have occurred by such date.

3. Representations, Warranties and Covenants of Investor.

In order to induce the General Partner and the Partnership to accept this Subscription Agreement, Investor hereby represents, warrants and covenants as follows:

(a) Investment Intent. Investor is acquiring the Securities for its own account, for investment, and not with the view to a sale of such interest in connection with any distribution thereof, except in compliance with the Securities Act of 1933, as amended, and subject to the disposition of Securities being at all times within Investor's control, except as otherwise expressly provided herein or in the Investment Agreement;

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(b) Sophistication. Investor, alone or with its professional advisors, has the educational, financial, and business background and knowledge so as to be capable of evaluating the merits and risks of an investment in New America West, and has the capacity to protect its own interests in making this investment;

(c) Registration and Transfer. Investor understands that, pursuant to the Investment Agreement and the Plan, New America West shall provide registration rights with respect to the Securities under the Securities Act of 1933, as amended (the "Securities Act"). Investor understands that prior to the Effective Date there will be no public market for the Securities and that it is possible that no public market will exist at any time thereafter;

(d) Advisors. Investor has been afforded the opportunity to seek and rely upon the advice of its own attorneys, accountants, or other professional advisors in connection with an investment in New America West and the execution of this Subscription Agreement;

(e) Valid Existence. Investor has been duly organized and is validly existing and in good standing under the laws of its jurisdiction of organization, with full power and authority to own its property and conduct its business as currently conducted and to execute, deliver and perform this Subscription Agreement;

(f) Binding Obligation. The execution and delivery of this Subscription Agreement by Investor and Investor's performance hereof and the transactions contemplated hereby have been duly authorized by the requisite action on the part of Investor, and no other authorization or consent is required for the execution and performance hereof;

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(g) No Conflict. The execution, delivery and performance by Investor of this Subscription Agreement does not violate, conflict with, or constitute a default under Investor's Articles of Incorporation, By-Laws, partnership agreement, or any other corporate or partnership document or resolution, any agreement or commitment to which it is a party, or with respect to which any of its assets are bound, or, subject to obtaining the Confirmation Order and the Regulatory Approvals contemplated by Section 8(b) of the Investment Agreement, require any governmental consent or approval;

(h) Brokers. Investor has not used or retained any broker, agent, finder, syndicator or other intermediary with respect to its acquisition of Securities or the events or transactions contemplated by this Subscription Agreement;

(i) Financial Capacity. Investor has the financial capacity to make the investment required of it under this Subscription Agreement; and

(j) Citizenship. Investor is, and shall at all times be, a "citizen of the United States" as that term is defined in Section 101(6) of the Federal Aviation Act of 1958, as amended (49 App. U.S.C. Section 1301(16)), or shall elect to suspend its voting rights in respect of all shares of Class B Common owned by it during any period in which the representation contained in this subsection (j) shall be invalid;

(k) Support of Plan and Investment. Investor hereby covenants and agrees that from and after the date hereof until the first to occur of (x) the date that is fourteen days after the date on which the Procedures Agreement is terminated, unless prior to that time the Partnership shall have made an alternative proposal to New America West regarding an investment therein, which alternative proposal complies with the requirements of Section 7(f) hereof and contemplates participation by Investor in the investment covered by such alternative proposal in a manner consistent with that set forth herein, and (y) the date a plan of reorganization for New America West sponsored by a party other than the Partnership is confirmed by the Bankruptcy Court, it shall (i) support, in all material respects, the Partnership's proposed investment in New America West consistent with the provisions hereof, (ii) make all elections to acquire securities of New America West permitted to be made pursuant to the provisions of Section 4 of the Investment Agreement in respect of Investor's 2,322,000 shares of Common Stock, (iii) not support any competing proposals to acquire all or any material interest in the business, stock or assets of New America West and (iv) not sell, assign, pledge or otherwise transfer any shares of Common Stock to any third party without the prior written consent of the Partnership.

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4. Other Business Ventures.

Each of the Partnership and Investor agrees that notwithstanding anything to the contrary contained in or inferable from this Subscription Agreement or any other statute or principle of law, neither Investor nor the Partnership nor any of their shareholders, directors, management companies, officers, employees, partners, agents, family members, or affiliates (each an "Affiliate") shall be prohibited or restricted in any way from investing in or conducting, either directly or indirectly, and may invest in and/or conduct, either directly or indirectly, businesses of any nature whatsoever, including the ownership and operation of businesses or properties similar to or in the same geographical area as those held by the Partnership. Investor, the Partnership or their Affiliates may, without owing any obligation to Investor, the Partnership or any Affiliate, purchase and otherwise deal in securities of any type of America West or New America West and each may participate in, commit funds to, or otherwise become involved with any other entity which may attempt to acquire control of any competitor of America West or New America West; provided that prior to the Effective Date or earlier termination of the Investment Agreement, neither Investor, the Partnership nor any of their Affiliates shall, without the consent of the Partnership, on the one hand, and Investor, on the other hand, commit funds to, or otherwise become involved with or support in any manner any other entity or person which may attempt to acquire control of America West. Any investment in or conduct of any such businesses by Investor, the Partnership or any Affiliate shall not give rise to any claim for an accounting by the others or any right to claim any interest therein or the profits therefrom.

5. Indemnification.

(a) Investor hereby agrees to indemnify, defend, and hold harmless the Partnership and its partners and all of their respective members, directors, officers, employees, and agents (collectively, the "Indemnified

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Parties") from and against its allocable portion (based on relative fault of Investor, on the one hand, and the Indemnified Parties, on the other hand) of any and all loss, damage, or liability (including without limitation, any and all attorneys' fees, costs, and other amounts reasonably incurred by any of them in investigating, preparing or defending against any claim, litigation, or other legal action threatened or initiated) which are found in a final, nonappealable judgment by a court of competent jurisdiction to have resulted from or arisen out of a breach by Investor in any material respect of any representation, warranty or obligation of Investor contained in this Subscription Agreement.

(b) The Partnership hereby agrees to indemnify and hold Investor and its shareholders, officers, directors,

employees, and agents harmless to the same extent as it indemnifies other "Covered Persons" pursuant to, and in accordance with provisions of, Section 2.07 of the Limited Partnership Agreement of the Partnership, which provisions are hereby incorporated herein in full by this reference.

6. No Assignment or Transfer; Third Party Beneficiary.

(a) Investor agrees not to transfer or assign this Subscription Agreement or any of its rights, duties or obligations hereunder without the prior written consent of the General Partner and America West, which consent will not be withheld unreasonably, except that no such consent will be required to be obtained for a transfer or assignment to one or more affiliates of Investor as to which the representations, warranties and covenants contained herein are true and accurate in all material respects as of the date of such transfer and the Effective Date, and acknowledges that any attempted

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transfer or assignment in violation of the foregoing shall be void.

(b) Investor acknowledges that America West is an express third party beneficiary of the provisions of Section 1 of this agreement and may sue Investor directly to enforce such obligations upon any breach by (i) Investor of its obligations thereunder and (ii) the Partnership of any of its obligations under the Investment Agreement or the Procedures Agreement, which breach gives rise to a cause of action against the Partnership under the applicable Agreement; provided, that upon any such breach by the Partnership, Investor shall only be liable for 14.39% of any damages payable in respect thereof. Nothing contained in this subsection (b) shall limit the Partnership's obligations to Investor under Section 5(b) hereof.

7. Representations, Warranties, and Covenants of the Partnerships.

In order to induce Investor to execute this Subscription Agreement, the Partnership hereby represents, warrants and covenants as follows:

(a) Valid Existence. The Partnership has been duly organized and is validly existing and in good standing under the laws of its jurisdiction of organization, with full power and authority to execute this Subscription Agreement and the Investment Agreement;

(b) Binding Obligations. The execution and delivery of this Subscription Agreement, the Investment Agreement and the Procedures Agreement by the Partnership and its performance hereof and the transactions contemplated hereby have been duly authorized by the requisite action on the part of the Partnership

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and no other authorization or consent is required for the execution and performance hereof;

(c) Deliveries. The Partnership will, promptly after its receipt thereof, deliver to Investor (i) 7.14% of any amount paid to the Partnership by America West on a quantum merit or other basis in accordance with the provisions of Section 3 of the Procedures Agreement, net of third party Expenses paid out of such amounts, and (ii) copies of any and all documents and notices received by the Partnership from America West or otherwise in respect of the transactions contemplated by the Investment Agreement and the Procedures Agreement;

(d) Assignment of Rights. The Partnership hereby assigns to Investor on a shared basis, subject to performance by Investor of its obligations and duties hereunder, the rights of the Partnership under the Investment Agreement and Procedures Agreement, including, without limitation, the right to sue to enforce any breach thereof and the rights to be granted under the Registration Rights Agreement and Warrant Agreement to be entered into by New America West and the Partnership; provided, that Investor shall not, without the prior consent of the Partnership, contact or otherwise deal directly with America West prior to the Effective Date in connection with the operation of such Agreements;

(e) No Conflict. The execution, delivery and performance by the Partnership of this Subscription Agreement does not violate, conflict with, or constitute a default under the Partnership's partnership agreement or any other partnership document or resolution, any agreement or commitment to which it is a party, or with respect to which any of its assets are bound, or, subject to obtaining the Confirmation Order and the Regulatory Approvals contemplated by Section 8(b) of the Investment Agreement, require any governmental consent or approval;

(f) Other Covenants. The Partnership hereby covenants to (i) propose, support, and use commercially reasonable efforts to obtain bankruptcy court approval of a Plan that implements the Investment Agreement, and (ii) provide prior written notice to Investor of any proposed modifications to the Investment Agreement or the Procedures Agreement. In addition, the Partnership may, after the date hereof, but subject to the provisions of Section 1(b) hereof, (i) modify the terms of the Investment Agreement or Procedures Agreement, (ii) issue a new bid for New American West which differs from the terms of the Investment Agreement or Procedures Agreement and (iii) modify the allocations of interests in the Partnership Agreement, this Agreement and the subscription agreement, dated as of April 7, 1994 with the funds and accounts managed or advised by Fidelity Management Trust Company or its affiliates ("Fidelity") which are

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also acquiring securities of New America West pursuant to the Investment Agreement, if, as to any of (i), (ii) or (iii), (A) Investor receives economic benefits which are no worse, taken on a pro rata basis based on total dollars invested for Class B Common and Warrant, than those provided to Fidelity in such modification(s) or new bid and (B) the purchase price which Investor shall pay in respect the Class B Common to be acquired by it shall be no more than $11.111 per share (based on the contemplated capitalization of New America West as set forth in Sections 4 and 7 of the Investment Agreement; if there is any change in such capitalization, Investor and the Partnership shall, by mutual agreement, adjust such maximum price to take into account the effects of such change, the agreement of either party to such adjustment not be withheld, conditioned or delayed unreasonably). If, in connection with any such modification or new bid, the condition set forth in clause (A) of the preceding sentence is not satisfied, the Partnership shall not agree to such modification or make any such new bid unless Investor consents thereto. If, however, in connection with any such modification or new bid, the condition set forth in clause (A) of the preceding sentence is satisfied but the condition set forth in clause (B) of the preceding sentence is not satisfied, the Partnership shall not agree to any such modification or make any such new bid unless either (A) Investor consents to such modification(s) or new bid or (B) the Partnership provides Investor, by specific written notice to such effect, not less than 48 hours (or such lesser period of time as may be reasonable under the then applicable circumstances, but in no event less than 24 hours) to terminate this Agreement by notice to the Partnership; provided, however, than if Investor fails to timely deliver such notice of termination, it shall be deemed to have consented to the proposed modification(s) or new bid.

(g) Public Announcements. The Partnership shall not, without the prior consent of Investor, which consent will not be withheld unreasonably, issue or consent to the issuance of any press release or other public announcement which mentions Investor; provided, that no such consent will be required for any release which does no more than identify Investor as an investor with the Partnership in making the Investment and notes the amount of

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Securities which Investor has agreed to acquire; and

(h) No Legends. The Partnership will use its reasonable commercial efforts to have the securities which Investor is to acquire pursuant to the provisions of Section 1 hereof be delivered by New America West without any legends thereon.

8. Notices.

All notices, requests and other communications hereunder must be in writing and will be deemed to have been duly

given only if delivered personally or by facsimile transmission or mailed (first class postage prepaid) or by prepaid express courier to the parties at the following addresses or facsimile numbers:

If to Investor:	Lehman Brothers Inc. 3 World Financial Center New York, NY 10285 Attention: John Sweeney Fax Number: (212) 528-6829
with a copy to:	Simpson Thacher & Bartlett 425 Lexington Avenue New York, NY 10017 Attention: John R. Cannell Fax Number: (212) 455-2502
If to the Partnership:	AmWest Partners, L.P. 201 Main Street, Suite 2420

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Fort Worth, Texas 76102
Attention: James J. O'Brien
Fax Number: (817) 871-4010

with a copy to:

Arnold & Porter
1200 New Hampshire Ave., N.W.
Washington, D.C. 20036
Attention: Richard P. Schifter
Fax Number: (202) 872-6720

9. Governing Laws and Venue.

This Agreement and the rights and obligations of Investor and the Partnership hereunder shall be interpreted, construed, and enforced in accordance with the laws of the State of Texas, without regard to its conflicts of laws provisions.

10. Miscellaneous.

(a) Rules of Construction. The general rule of construction for interpreting a contract, which provides that the provisions of a contract should be construed against the party preparing the contract, is waived by Investor. Investor acknowledges that it was represented by separate legal counsel in this matter who participated in the preparation of this Subscription Agreement or it had the opportunity to retain counsel to participate in the preparation of this Subscription Agreement but chose not to do so.

(b) Entire Agreement. This Subscription Agreement, including all exhibits to this Subscription Agreement and, if any, exhibits to such exhibits, contains the entire agreement among the parties relative to the matters contained in this Subscription Agreement.

(c) Waiver. No consent or waiver, express or implied, by Investor or the Partnership to or for any breach or default by the other party in the performance by such other party of its obligations under this Subscription Agreement shall be deemed or construed to be a consent or waiver to or of any other breach or default in the performance by such other party of the same or any other obligations of such other party under this Subscription Agreement. Failure on the part of any party to complain of any act or failure to act of the other party or to declare the other party in default, regardless of how long such failure continues, shall not constitute a waiver by such party of its rights hereunder.

(d) Severability. If any provision of this Subscription Agreement or the application thereof to any person or circumstance shall be invalid or unenforceable to any extent, the remainder of this Subscription Agreement and the application of such provisions to other persons or circumstances shall not be affected thereby, and the intent of this Subscription Agreement shall be

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enforced to the greatest extent permitted by law.

(e) Benefits and Assignment. Subject to the restrictions on transfers and encumbrances set forth in this Subscription Agreement, this Subscription Agreement shall inure to the benefit of and be binding upon the parties and their respective legal representatives, successors, and assigns. Whenever, in this Subscription Agreement, a reference to any party is made, such reference shall be deemed to include a reference to the legal representatives, successors, and assigns of such party.

(f) Gender, Etc. Unless the context clearly indicates otherwise, the singular shall include the plural and vice versa. Whenever the masculine, feminine, or neuter gender is used inappropriately in this Subscription Agreement, this Subscription Agreement shall be read as if the appropriate gender was used.

(g) Captions. Captions are included solely for convenience of reference and if there is any conflict between captions and the text of this Subscription Agreement, the text shall control.

(h) Execution in Counterparts. This Subscription Agreement may be executed in multiple counterparts, each of which shall be deemed an original for all purposes and all of which when taken together shall constitute a single counterpart instrument. Executed signature pages to any counterpart instrument may be detached and affixed to a single counterpart, which single counterpart with multiple executed signature pages affixed thereto constitutes the original counterpart instrument. All of these counterpart pages shall be read as though one and they shall have the same force and effect as if all of the parties had executed a single signature page.

(i) Equitable Remedies. Each party hereto recognizes and agrees that the violation of any term, provision, or condition of this Agreement may cause irreparable damage to the other party which is difficult to ascertain and that the award of any sum of damages may not be adequate relief to such other party. Each party hereto therefore agrees that in the event of any breach of this Agreement, in addition to the exercise of any other remedies, the other party may seek to obtain appropriate equitable relief.

11. Condition to Effectiveness. The parties hereby agree that it is an express precondition to the effectiveness of the arrangements contemplated herein that the Board of Directors of America West shall, no later than the close of business on May 15, 1994, have adopted resolutions, in form and substance reasonably satisfactory to each of the parties, effectuating appropriate amendments to and/or approving the transactions contemplated hereby for purposes of the Amended and Restated Rights Agreement, dated as of June 17, 1988, between America West and First Interstate Bank of Arizona, N.A. (the "Rights Agreement"), and further resolving that neither Investor nor the Partnership shall be deemed an Acquiring Person or Adverse Person, and that no Distribution Date, Share Acquisition Date, Business Combination or Triggering Event (as all such terms are defined in the Rights

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Agreement) shall be deemed to have occurred as a result of the transactions contemplated hereby.

12. Regulatory Approvals. Investor's and the Partnership's respective obligation to consummate the transactions contemplated hereby are subject to the condition that all obligations of Investor, the Partnership and America West, if any, under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 which are necessary to the consummation of the transactions

contemplated hereby shall have been satisfied, and all statutory waiting periods in respect thereof shall have expired.

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13. No Partnership; No Solicitation. This Agreement shall not be deemed to create any joint venture or partnership between the parties hereto. In addition, nothing contained herein shall be deemed to be a solicitation of an acceptance or rejection of the Plan.

IN WITNESS WHEREOF, the undersigned has executed this Subscription Agreement as of the 11th day of May, 1994.

INVESTOR:

LEHMAN BROTHERS INC.

By: /s/ John K. Sweeney
John K. Sweeney
Managing Director

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ACCEPTANCE OF SUBSCRIPTION

The Subscription Agreement of the Investor indicated hereinbelow with respect to the Securities of New America West agreed to be

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acquired by AmWest Partners, L.P. is hereby accepted.

Dated: May 11, 1994

AMWEST PARTNERS, L.P.

By: AMWEST GENPAR, INC.,
a Texas Corporation

By: /s/ James G. Coulter
James G. Coulter
Director

Name of Investor: LEHMAN BROTHERS INC.

Date of Subscription Agreement: May 11, 1994

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