

SECURITIES AND EXCHANGE COMMISSION

FORM S-1/A

General form of registration statement for all companies including face-amount certificate companies [amend]

Filing Date: **1994-08-02**
SEC Accession No. **0000950153-94-000140**

([HTML Version](#) on [secdatabase.com](#))

FILER

AMERICA WEST AIRLINES INC

CIK: **706270** | IRS No.: **860418245** | State of Incorpor.: **DE** | Fiscal Year End: **1231**
Type: **S-1/A** | Act: **33** | File No.: **033-54243** | Film No.: **94541326**
SIC: **4512** Air transportation, scheduled

Mailing Address
400 EAST SKY HARBOR
BOULEVARD
PHOENIX AZ 85034

Business Address
100 WEST WASHINGTON
STREET
SUITE 2100
PHOENIX AZ 85003
6026930800

AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON AUGUST 2, 1994

REGISTRATION NO. 33-54243

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

AMENDMENT NO. 2

TO

FORM S-1

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

AMERICA WEST AIRLINES, INC.

(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

<TABLE>

<S> DELAWARE (STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION) </TABLE>	<C> 4512 (PRIMARY STANDARD INDUSTRIAL CLASSIFICATION CODE NUMBER)	<C> 86-0418245 (I.R.S. EMPLOYER IDENTIFICATION NO.)
--	--	--

<TABLE>

<S> 4000 EAST SKY HARBOR BOULEVARD PHOENIX, ARIZONA 85034 (602) 693-0800 (ADDRESS, INCLUDING ZIP CODE, AND TELEPHONE NUMBER, INCLUDING AREA CODE, OF REGISTRANT'S PRINCIPAL EXECUTIVE OFFICES) </TABLE>	<C> MARTIN J. WHALEN SENIOR VICE PRESIDENT AMERICA WEST AIRLINES, INC. 4000 EAST SKY HARBOR BOULEVARD PHOENIX, ARIZONA 85034 (602) 693-0800 (NAME, ADDRESS, INCLUDING ZIP CODE, AND TELEPHONE INCLUDING AREA CODE, OF AGENT FOR SERVICE)
--	--

With Copies to:

DAVID J. GRAHAM
ANDREWS & KURTH L.L.P.
4200 TEXAS COMMERCE TOWER
600 TRAVIS STREET
HOUSTON, TEXAS 77002
(713) 220-4200

(NAME, ADDRESS, INCLUDING ZIP CODE, AND TELEPHONE NUMBER,
INCLUDING AREA CODE, OF AGENT FOR SERVICE)

APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC: From time to time after this Registration Statement becomes effective, which time is to be determined by the Selling Securityholders. All of the Securities offered hereby are offered for the account of the Selling Securityholders.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. /X/

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(A) OF THE SECURITIES ACT OF 1933 OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(A), MAY DETERMINE.

AMERICA WEST AIRLINES, INC.

CROSS-REFERENCE SHEET

PURSUANT TO ITEM 501(B) OF REGULATION S-K

<TABLE>

<CAPTION>

ITEM NUMBER AND CAPTION IN FORM S-1	LOCATION OR CAPTION IN PROSPECTUS
<S> <C>	<C>
1. Forepart of Registration Statement and Outside Front Cover Page of Prospectus.....	Forepart of Registration Statement and Outside Front Cover Page of Prospectus
2. Inside Front and Outside Back Cover Pages of Prospectus.....	Inside Front and Outside Back Cover Pages of Prospectus
3. Summary Information, Risk Factors and Ratio of Earnings to Fixed Charges.....	Prospectus Summary; Investment Considerations
4. Use of Proceeds.....	Prospectus Summary; Use of Proceeds
5. Determination of Offering Price.....	Plan of Distribution
6. Selling Securityholders.....	Principal Stockholders; Selling Securityholders
7. Plan of Distribution.....	Outside Front Cover Page of Prospectus; Plan of Distribution
8. Description of Securities to be Registered.....	Outside Front Cover Page of Prospectus; Description of Capital Stock; Description of the Senior Notes; Description of Warrants; Shares Eligible for Future Sale
9. Interests of Named Experts and Counsel.....	Legal Matters; Experts
10. Information with Respect to the Registrant.....	Outside Front Cover Page of Prospectus; Prospectus Summary; Investment Considerations; The Company; Use of Proceeds; Dividend Policy; Capitalization; Selected Financial Data; Management's Discussion and Analysis of Financial Condition and Results of Operations; Business; Management; Description of Capital Stock; Description of the Senior Notes; Description of Warrants; Shares Eligible for Future Sale; Financial Statements
11. Disclosure of Commission Position on Indemnification for Securities Act Liabilities.....	Not Applicable

</TABLE>

Information contained herein is subject to completion or amendment. A registration statement relating to these securities has been filed with the Securities and Exchange Commission. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This prospectus shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any State in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such State.

SUBJECT TO COMPLETION, DATED , 1994

AMERICA WEST AIRLINES, INC.

14,775,000 SHARES CLASS B COMMON STOCK

\$100,000,000 % SENIOR UNSECURED NOTES DUE 2001

4,153,846 CLASS B COMMON STOCK WARRANTS

This Prospectus relates to (i) 14,775,000 shares of Class B Common Stock, par value \$.01 per share ("Class B Common Stock") of America West Airlines, Inc. (the "Company"), (ii) \$100 million principal amount of % Senior Unsecured

Notes due 2001 of the Company (the "Senior Notes"), and (iii) 4,153,846 warrants, each entitling the holder thereof to purchase one share of Class B Common Stock for \$ _____ at any time prior to the fifth anniversary of the date of issuance (the "Warrants," and together with the Class B Common Stock and the Senior Notes, the "Securities"). The Securities may be offered by the Selling Securityholders (as defined herein) from time to time in transactions in the over-the-counter market, on a national securities exchange or otherwise at fixed prices which may be changed, at market prices prevailing at the time of sale, at prices related to such market prices or at negotiated prices. The Selling Securityholders may effect such transactions by selling the Securities to or through underwriters, dealers or agents who may receive compensation in the form of discounts, concessions or commissions from the Selling Securityholders or the purchasers of the Securities for whom such underwriters, dealers or agents may act. The Company will not receive any of the proceeds from the sale of any of the Securities by the Selling Securityholders.

Holders of Class B Common Stock are entitled to one vote per share, and holders of the Company's Class A Common Stock are entitled to 50 votes per share on all matters submitted to a vote of common stockholders, except that voting rights of holders who are not United States citizens are limited as described herein. The Senior Notes bear interest payable semiannually in arrears. The Senior Notes may be redeemed at the option of the Company (i) prior to _____, 1997, at any time, at a redemption price equal to 105% of the principal amount or from time to time in part from the net proceeds from a public offering of its capital stock at a redemption price equal to 105% of the principal amount, in each case plus accrued and unpaid interest, if any, to the redemption date; and (ii) on or after _____, 1997 at any time in whole or from time to time in part, at redemption prices described herein. The Senior Notes will be effectively subordinated to \$482.8 million of secured indebtedness incurred by the Company to acquire aircraft and other assets (the "Secured Debt"). Holders of the Secured Debt will be senior to the holders of the Senior Notes with respect to the collateral securing such indebtedness. See "Description of the Senior Notes." Prior to this registration, there has been no public market for any of the Securities. The Company intends to apply for the listing of the Class B Common Stock and the Warrants on a national securities exchange. The Company does not intend to file an application to have the Senior Notes listed on a national exchange and does not expect an active trading market to develop for the Senior Notes.

The Selling Securityholders and any underwriters, dealers or agents participating in the distribution of the Securities may be deemed to be "underwriters" within the meaning of the Securities Act of 1933 as amended (the "Securities Act"), and any profit on the sale of the Securities by the Selling Securityholders and any commissions received by any such underwriters, dealers or agents may be deemed to be underwriting commissions or discounts under the Securities Act. Pursuant to the terms of the Registration Rights Agreement (as hereinafter defined) the Company has agreed to indemnify the Selling Securityholders against certain liabilities, including liabilities under the Securities Act.

Underwriters, dealers or agents effecting transactions in the Securities should confirm the registration thereof under the securities laws of the state in which such transactions will occur, or the existence of any exemption from registration.

SEE "INVESTMENT CONSIDERATIONS" FOR CERTAIN INFORMATION THAT SHOULD BE CONSIDERED BY PROSPECTIVE PURCHASERS OF THE SECURITIES OFFERED HEREBY.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The date of this Prospectus is _____, 1994

4

AVAILABLE INFORMATION

America West Airlines, Inc. ("America West" or the "Company") is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and in accordance therewith files reports and other information with the Securities and Exchange Commission (the "Commission"). Reports and other information concerning America West can be inspected and copied at the public reference facilities maintained by the

Commission at Room 1024, Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549; The Citicorp Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661; and Seven World Trade Center, 13th Floor, New York, New York 10048. Copies of such material can be obtained from the Public Reference Room of the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549, at prescribed rates.

America West has filed with the Commission a Registration Statement under the Securities Act of 1933, as amended (the "Securities Act"), with respect to the Securities offered hereby. This Prospectus does not contain all of the information set forth in the Registration Statement and the exhibits and schedules thereto. For further information with respect to America West and the Securities offered hereby, reference is made to the Registration Statement, including the exhibits and schedules thereto. The Registration Statement can be inspected at the Public Reference Room of the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549.

The Company is a Delaware corporation. Its executive offices are located at 4000 East Sky Harbor Boulevard, Phoenix, Arizona 85034, and its telephone number is (602) 693-0800.

2

5

PROSPECTUS SUMMARY

The following summary information is qualified in its entirety by the detailed information and financial statements (including the notes thereto) appearing elsewhere in this Prospectus, which should be read in its entirety. Prospective investors should carefully consider matters discussed under the caption "Investment Considerations."

THE COMPANY

America West Airlines, Inc. ("America West" or the "Company") is a major United States air carrier providing passenger, cargo and mail service with its primary markets in the western and southwestern regions of the United States. The Company operates its route system through two principal hubs, Phoenix, Arizona and Las Vegas, Nevada, and a mini-hub in Columbus, Ohio. As of May 31, 1994, America West operated a fleet of 85 jet aircraft and provided service to 45 destinations. Through alliance agreements with Mesa Airlines, Inc. ("Mesa"), the Company provides connecting service to an additional 18 destinations. The Company also has formed an alliance with Continental Airlines, Inc. ("Continental") to serve additional destinations.

The Company filed a voluntary petition for protection under Chapter 11 of the federal bankruptcy code on June 27, 1991. The Company's plan of reorganization (the "Plan") was confirmed by the United States Bankruptcy Court for the District of Arizona (the "Bankruptcy Court") on _____, 1994. The Plan will become effective on the date (the "Effective Date") on which certain conditions specified in the Plan are satisfied or waived, which the Company expects to occur prior to _____, 1994. In connection with its reorganization in bankruptcy and related operational restructuring (the "Reorganization"), the Company took significant steps to improve its operations, including (i) reducing its fleet size from 123 aircraft in July 1991 to 85 in May 1994, facilitating a better matching of capacity to demand through elimination of nonproductive routes; (ii) reducing the aircraft types operated from five to three, resulting in reduced operating costs; (iii) implementing certain enhancements to its revenue management system to optimize the level of passenger revenues generated on each flight; (iv) eliminating Company operated commuter service and introducing code sharing agreements to expand the scope of service and attract a broader passenger base; and (v) implementing numerous cost reduction programs, including a Company-wide pay reduction in August 1991 and the reduction of aircraft lease rentals to fair market rates in the fall of 1992. As a result of these measures as well as a gradually improving economic climate and a more stable environment relative to fare competition within the airline industry, America West was one of only two major airlines to report a profit in each quarter of 1993, realizing net income for 1993 of \$37.2 million and operating income of \$121.1 million on revenues of \$1.33 billion.

America West currently operates with one of the lowest cost structures among major U.S. airlines, based on reported 1993 results. America West's operating cost per available seat mile for 1993 was 7.01 cents, which was approximately 25% lower than the average operating cost per available seat mile of the nine largest other domestic airlines and was comparable to the costs incurred by Southwest Airlines, Inc. ("Southwest Airlines"). The Company's business strategy is to continue to offer competitive fares while maintaining an incrementally higher level of service relative to low cost carriers generally. These services include assigned seating, participation in computerized reservation systems, interline ticketing, first class cabins on certain flights, baggage transfer and various other services. Management believes that its

principal hub locations in Phoenix and Las Vegas not only provide a low cost environment for a substantial portion of the Company's operations, but also position the Company to benefit from an expanding market for leisure travel.

As a part of the Reorganization, the Company entered into certain agreements (the "Alliance Agreements") with Continental and Mesa. With Continental, the Company will implement certain code-sharing arrangements, coordinate certain flight schedules, share ticket counter space, link frequent flyer programs, and coordinate ground handling operations. With Mesa, America West modified and extended two code-sharing agreements that establish Mesa as a feeder carrier for the Company at its hubs in Phoenix and Columbus. The code-sharing agreements provide for coordinated flight schedules, passenger handling and

3

6

computer reservations under the America West flight designator code, thereby allowing passengers to purchase one air fare for their entire trip. Mesa connects 13 cities to the Company's Phoenix hub, operates under the name "America West Express" and has begun to incorporate the color scheme and commercial logo of America West on certain aircraft utilized on these routes. Mesa serves five destinations from the Company's Columbus mini-hub operations. Management believes the Alliance Agreements will contribute significantly to the Company's passenger revenue and operating results.

Pursuant to the Reorganization, the Company will substantially reduce its outstanding debt and increase its liquidity through the infusion of new capital. In addition, the Company has reached agreements with certain key suppliers of aircraft. At March 31, 1994, prior to the Reorganization, the Company's long-term debt including current maturities and estimated liabilities subject to Chapter 11 proceedings aggregated approximately \$894 million. Such liabilities at March 31, 1994, adjusted to give pro forma effect to the consummation of the Plan, would aggregate approximately \$644 million.

Pursuant to the Reorganization, pre-existing equity interests of the Company will be cancelled, the Company's obligations to other prepetition creditors will be restructured and general unsecured nonpriority prepetition creditors ("Prepetition Creditors") will receive, in full satisfaction of their claims, _____ shares of Class B Common Stock and \$ _____ cash. Holders of the Company's pre-existing equity interests will receive, on a pro rata basis, 2,250,000 shares of Class B Common Stock and Warrants to purchase 6,230,769 shares of Class B Common Stock. In addition, pursuant to the exercise of subscription rights, holders of preexisting equity interests will receive _____ shares of Class B Common Stock for an aggregate purchase price of \$ _____ (\$8.889 per share).

Also pursuant to the Reorganization, the Company will receive approximately \$ _____ million in cash upon the issuance to AmWest Partners, L.P. ("AmWest"), and to certain assignees of AmWest (as described below), of (i) 1,200,000 shares of Class A Common Stock, (ii) _____ shares of Class B Common Stock, (iii) Warrants to purchase 2,769,231 shares of Class B Common Stock and (iv) \$100 million of Senior Notes. Certain funds managed or advised by Fidelity Management Trust Company and its affiliates (collectively, "Fidelity") and Lehman Brothers Inc. ("Lehman") will purchase a portion of the Securities that otherwise would be issued to AmWest pursuant to assignments by AmWest to those parties. Pursuant to these assignments, Lehman will acquire _____ shares of Class B Common Stock and Warrants to purchase _____ additional shares of Class B Common Stock in consideration of payment to the Company of approximately \$7.7 million, and Fidelity will acquire _____ shares of Class B Common Stock, Warrants to purchase _____ additional shares of Class B Common Stock and \$100 million of Senior Notes. AmWest is a Texas limited partnership including as investors Mesa, Continental and TPG Partners, L.P. ("TPG"), a Delaware limited partnership which is acquiring aggregate beneficial ownership of _____ % of the voting securities of America West. The general partner of AmWest is AmWest GenPar, Inc., a Texas corporation. The controlling persons of AmWest GenPar also control TPG. See "Investment Considerations -- Concentration of Voting Power; Influence of AmWest or its Partners" and "Principal Stockholders." AmWest has advised the Company that it expects to distribute to its partners the securities acquired by it pursuant to the Reorganization. Pursuant to the Reorganization, Lehman, Fidelity and TPG will receive additional shares of Class B Common Stock for their existing claims and interests. These shares are not subject to the Registration Statement of which this Prospectus is a part.

4

7

THE OFFERING

The principal terms of the Class B Common Stock, Senior Notes and Warrants are summarized below. For a more complete description, see "Description of Capital Stock," "Description of the Senior Notes" and "Description of Warrants," respectively. The Selling Securityholders will receive all of the proceeds from the sale of the Securities offered hereby, and the Company will not receive any proceeds from the Offering.

Class B Common Stock:

Securities Offered.....	14,775,000 shares of Class B Common Stock
Common Stock to be outstanding after the Offering(1).....	1,200,000 shares of Class A Common Stock 43,800,000 shares of Class B Common Stock
Total.....	45,000,000 shares of Common Stock
Voting Rights.....	Class A and Class B Common Stock have identical economic rights and privileges and rank equally, share ratably, and are identical in all respects as to all matters other than voting rights. The Company's Class A Common Stock votes together with the Class B Common Stock on all matters except as otherwise required by law. Each share of Class B Common Stock has one vote; each share of Class A Common Stock has 50 votes.

Trading Symbol..... " "

(1) Excluding 10,384,615 shares of Class B Common Stock reserved for issuance upon exercise of outstanding Warrants.

Senior Notes:

Securities Offered.....	\$100,000,000 aggregate principal amount of Senior Notes
Maturity.....	The seventh anniversary of the date of issuance
Interest Rate.....	The Senior Notes will bear interest at a rate of % per annum. Interest will accrue from the date of issuance thereof and will be payable semi-annually in arrears on each and , commencing , 1995.
Ranking.....	The Senior Notes will rank senior in right of payment to all existing and future subordinated Indebtedness (defined in the Indenture) of the Company and will rank pari passu in right of payment with all other Indebtedness of the Company. Certain Indebtedness, however, including the Secured Debt, will be effectively senior in right of payment to the Senior Notes with respect to assets that constitute collateral securing such other Indebtedness.
Optional Redemption.....	The Senior Notes offered hereby may be redeemed at the option of the Company (i) prior to , 1997, (A) at any time at a redemption price of 105% of the principal amount of the Senior Notes plus accrued and unpaid interest, if any, to the redemption date or (B) from time to time in part from the net proceeds of a public offering of its capital stock at a redemption price equal to 105% of the

principal amount, plus accrued and unpaid interest, if any, to the redemption date; and (ii) on or after , 1997 at any time in whole or from time to time in part, at a redemption price equal to the following percentage of the principal amount redeemed, plus accrued and unpaid interest to the date of redemption, if redeemed during the 12-month period beginning on the anniversary of the date of issuance falling within the years indicated below:

<TABLE> <S>	<C>	<C>
	1997..	105.0%
	1998..	103.3%
	1999..	101.7%
	2000..	100.0%

</TABLE>

Principal Covenants.....	The Indenture contains numerous covenants including covenants governing the disposition of the proceeds of certain underwritten public offerings of Common Stock of the Company, limiting certain Restricted Payments, limiting certain transactions with Affiliates and limiting certain sales of assets.
Listing.....	The Company does not intend to apply for listing of the Senior Notes on any securities exchange or authorization for quotation on the NASDAQ system. The Company does not expect that an active trading market will develop for the Senior Notes.
Warrants:	
Securities Offered.....	4,153,846 Warrants, each entitling the holder to purchase one share of Class B Common Stock at a price (the "Exercise Price") of \$ per share.
Warrants to be Outstanding after the Offering.....	10,384,615 Warrants
Expiration.....	The Warrants are exercisable by the holders at any time on or prior to the fifth anniversary of the Effective Date.
Redemption.....	The Warrants are not redeemable.
Anti-Dilution.....	The number of shares of Class B Common Stock purchasable upon exercise of each Warrant will be adjusted upon, among other things, (i) issuance of a dividend in or other distribution of Common Stock to holders of Common Stock; (ii) a combination, subdivision or reclassification of the Class B Common Stock; and (iii) rights issuances.
Voting Rights.....	Warrant holders have no voting rights.
Trading Symbol.....	" "

6

9

SUMMARY FINANCIAL DATA

The summary financial data set forth below presents historical and pro forma financial information of the Company. The financial information at March 31, 1994 and 1993 and for the three months then ended has been derived from the unaudited condensed financial statements of the Company which, in the opinion of management, include all adjustments, consisting only of normal adjustments, necessary for a fair presentation of the results for the periods. The results for the three months ended March 31, 1994 are not necessarily indicative of the results to be expected for the full year. The summary information should be read in conjunction with the financial statements and related notes thereto appearing

elsewhere in this Prospectus, "Unaudited Pro Forma Condensed Financial Information" and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

<TABLE>
<CAPTION>

	YEAR ENDED DECEMBER 31,				THREE MONTHS ENDED MARCH 31,		
	1993				1994		
	1991	1992	HISTORICAL	PRO FORMA (A)	1993	HISTORICAL	PRO FORMA (A)
	(IN THOUSANDS, EXCEPT RATIO AND PER SHARE AMOUNTS)						
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
STATEMENT OF OPERATIONS DATA:							
Operating revenues.....	\$1,413,925	\$1,294,140	\$1,325,364	\$1,325,364	\$316,605	\$345,264	\$345,264
Operating expenses.....	1,518,582	1,368,952	1,204,310	1,201,877	299,437	307,514	307,697
Operating income (loss).....	(104,657)	(74,812)	121,054	123,487	17,168	37,750	37,567
Income (loss) before income taxes....	(222,016)	(131,761)	37,924	53,772	2,178	15,807	21,705
Income tax expense.....	--	--	759	33,847	44	632	11,721
Net income (loss).....	(222,016)	(131,761)	37,165	19,925	2,134	15,175	9,984
Earnings (loss) per share:							
Primary.....	(10.39)	(5.58)	1.50	0.44	0.09	0.56	0.22
Fully diluted.....	(10.39)	(5.58)	1.04	0.44	0.09	0.40	0.22
Shares used for computation:							
Primary.....	21,534	23,914	27,525	45,000	24,020	29,153	45,000
Fully diluted.....	21,534	23,914	41,509	45,000	41,991	41,055	45,000
Ratio of earnings to fixed charges (b).....	--	--	1.28	1.37	1.06	1.48	1.63

<TABLE>
<CAPTION>

	YEAR ENDED	THREE MONTHS ENDED	
	DECEMBER 31,	MARCH 31, 1994	
	1993	HISTORICAL	PRO FORMA (A)
<S>	<C>	<C>	<C>
BALANCE SHEET DATA:			
Working capital (deficiency).....	\$ (124,375)	\$ (102,345)	\$ 47,562
Total assets.....	1,016,743	1,083,161	1,693,932
Long-term debt, less current maturities.....	620,992	613,967	582,209
Total stockholders' equity (deficiency).....	(254,262)	(238,835)	587,500

(a) Pro Forma information gives effect to the consummation of the Plan, including adjustments for fresh start reporting. Pro forma statement of operations data for the year ended December 31, 1993 and the three-month period ended March 31, 1994 is presented as if the Plan were consummated on January 1, 1993; balance sheet data at March 31, 1994 is presented as if the Plan were consummated on such date. See "Unaudited Pro Forma Condensed Financial Information." These amounts are presented for informational purposes only and do not purport to represent what the Company's financial position or results of operations would have been if consummation of the Plan had occurred on such dates.

(b) For purposes of computing the ratio of earnings to fixed charges, "earnings" consist of income (loss) before taxes plus fixed charges less capitalized interest. "Fixed charges" consist of interest expense including amortization of debt issuance costs, capitalized interest and a portion of rent expense which is deemed to be representative of an interest factor. For the years ended December 31, 1992 and 1991, earnings were insufficient to cover fixed charges by \$131,761,000 and \$228,680,000, respectively.

7

10

INVESTMENT CONSIDERATIONS

HISTORY OF LOSSES

The Company experienced significant operating losses in each year of the three year period ended December 31, 1992, and the Company operated as a debtor-in-possession under Chapter 11 of the federal bankruptcy code from June 27, 1991 to the Effective Date. Although the Company's results of operations improved in 1993, the airline industry has been extremely competitive and generally unprofitable in recent years. In the long term, the Company's

viability is dependent upon its ability to sustain profitable results of operations, and there can be no assurance that such results can be sustained.

ADVERSE INDUSTRY CONDITIONS AND COMPETITION

The airline industry is highly competitive. Overall industry profit margins have traditionally been low and, in each year of the three year period ended December 31, 1992, were substantially negative. Airlines compete in the areas of pricing, scheduling (frequency and flight times), on-time performance, frequent flyer programs and other services. Many of America West's competitors are carriers with substantially greater financial resources.

The airline industry is susceptible to price discounting, which involves the offering of discount or promotional fares to passengers. Any such fares offered by one airline are normally matched by competing airlines, which results in lower industry yields. In 1992 American Airlines introduced a new fare structure followed by a deeply discounted summer sale. These steps were generally matched by other U.S. airlines, including America West, and resulted in substantially depressed industry yields and significant 1992 losses for most of the major U.S. airlines. American Airlines and the rest of the domestic airline industry subsequently abandoned that pricing structure, and fare levels increased in 1993 from 1992 levels. Nonetheless, significant industry-wide discounts could be re-implemented at any time, and the introduction of broadly available, deeply discounted fares by a major U.S. airline would likely result in lower yields for the entire industry and could have a material adverse effect on the Company's operating results.

Several of the Company's markets, including those in New York City, Texas, Southern California, Washington, D.C., Chicago and Las Vegas, are served by larger carriers and are highly competitive. On many routes, and in particular those routes between Phoenix and California, fare competition has made it difficult for the Company to raise fares except on a selective basis. Intense fare competition with respect to certain markets has adversely affected passenger yield and, as a result, profitability.

In recent years several new carriers have entered the industry, typically with low cost structures. Aircraft, skilled labor and gates at most airports continue to be available to start-up carriers. In some cases, new entrants have initiated or triggered further price discounting. The entry of additional new carriers on many of the Company's routes (as well as increased competition from established carriers) could negatively impact America West's results of operations.

INCREASES IN FUEL PRICES

Fuel costs constituted approximately 14% of America West's total operating expenses during 1993. A one cent per gallon change in fuel price would affect the Company's annual operating results by approximately \$3 million at present consumption levels. Accordingly, either a substantial increase in fuel prices or the lack of adequate fuel supplies in the future would likely have a material adverse effect on the operations of the Company. Moreover, fuel price increases or supply shortages, such as those that occurred during the Persian Gulf war, can occur at any time as a result of, among other things, geopolitical developments.

The Company purchases fuel on standard trade terms under master agreements and has been able to obtain fuel sufficient to meet its requirements at competitive prices. The Company does not currently hedge its fuel costs. In August 1993, the United States government increased taxes on fuel, including aircraft fuel, by 4.3 cents per gallon. Airlines are exempt from this tax increase until October 1, 1995. When implemented, this new tax will increase the Company's annual operating expenses by approximately \$13 million based upon its

1993 fuel consumption levels. There can be no assurance that the U.S. government will not impose additional taxes on fuel in the future or that such taxes will not materially affect the Company's results of operations.

LEVERAGE

Although the Reorganization will improve the Company's financial position, the Company will be highly leveraged after the Effective Date. This high degree of leverage will pose substantial risks to holders of the Securities and could have a material adverse effect on the marketability, price and future value of such Securities. This high degree of leverage will increase the reorganized Company's vulnerability to adverse general economic and airline industry conditions and to increased competitive pressures.

CONCENTRATION OF VOTING POWER; INFLUENCE OF AMWEST AND ITS PARTNERS

At the Effective Date, it is anticipated that AmWest and its partners will own % of the Class B Common Stock and 100% of the Class A Common Stock, and thereby will control % of the voting power of America West. As a result, AmWest or its partners will be able to elect a majority of its designees to the Board of Directors and otherwise to control the Company by, among other things, taking or approving actions to (i) amend the America West charter or effect a merger, sale of assets or other major corporate transaction; (ii) defeat any takeover attempt; (iii) determine the amount of dividends, if any, paid to itself and the other holders of Common Stock; and (iv) otherwise control the outcome of virtually all matters submitted for a vote of the stockholders of the Company. Two of the partners of AmWest, Mesa and Continental, are engaged in the airline industry and are parties to certain agreements with the Company. In addition, the control persons of AmWest GenPar, Inc., the general partner of AmWest, also control both Air Partners L.P., a special purpose partnership formed in 1992 to participate in the funding of the reorganization of Continental and a significant shareholder in Continental, and TPG, a Delaware limited partnership which is acquiring aggregate beneficial ownership of % of the combined voting securities of America West. See "Principal Stockholders." As a result, there can be no assurance that the interests of Continental, Mesa or TPG will not differ from the interests of the Company or that either party will not seek to influence the Company in a manner that serves its interests.

Pursuant to the terms of the Stockholders' Agreement among the Company, AmWest and certain other stockholders or their representatives, AmWest has agreed to certain limitations on its ability to control the Company, including, that for a three-year period beginning with the Effective Date, the Company shall have a 15-member Board of Directors, six members of which may be designated by parties other than AmWest or its partners (including three Creditors' Committee Directors, one Equity Committee Director, one Independent Company Director and one GPA Director, as such terms are defined in the Stockholders' Agreement). The Stockholders' Agreement also contains other restrictions on AmWest's ability to effect certain transactions involving the Company. See "Principal Stockholders -- Stockholders' Agreements."

LIMITED TRADING MARKET; SHARES ELIGIBLE FOR FUTURE SALE

There has been no trading market in the Securities prior to the Effective Date. There can be no assurance regarding the development of an active market for these Securities. Accordingly, there is no assurance that a holder of such Securities will be able to sell such Securities in the future or as to the price at which any such sale may occur. If a market should develop, it is anticipated that such market may be volatile, at least for an initial period of time after the Effective Date, and that certain of the recipients of the Securities in the Reorganization may prefer to liquidate their investments rather than to hold their investments on a long-term basis.

Substantially all of the 43,800,000 shares of Class B Common Stock to be outstanding upon completion of this Offering (assuming no exercise of the outstanding warrants) will be freely tradeable, subject to certain restrictions with respect to shares held by AmWest. These shares include 14,775,000 shares of Class B Common Stock to be issued to the Selling Securityholders and offered hereby, 26,775,000 shares of Class B Common Stock to be distributed to Prepetition Creditors and 2,250,000 shares of Class B Common Stock to be issued to pre-existing equity holders. The 1,200,000 shares of Class A Common Stock to be issued to AmWest will be "restricted securities" within the meaning of the Securities Act and may not be resold

9

12

without registration under the Securities Act or an exemption therefrom. In addition, at the Effective Date, the Company will issue Warrants to purchase 10,384,615 shares of Class B Common Stock. The Warrants will be immediately exercisable, and the Company believes that substantially all of the shares of Class B Common Stock issuable upon such exercise will be freely tradeable.

LIMITATION ON VOTING BY FOREIGN OWNERS

The Company's Restated Certificate of Incorporation provides that no more than 25% of the voting interest of the Company may be owned or controlled by persons who are not U.S. citizens and that the voting rights of such persons are subject to automatic suspension to the extent required to ensure that the Company is in compliance with applicable laws relating to ownership or control of a U.S. carrier. United States law currently requires that no more than 25% of

the voting stock of the Company (or any other domestic airline) may be owned directly or indirectly by persons who are not citizens of the United States. See "Description of Capital Stock -- Limitation on Voting by Foreign Owners."

LABOR NEGOTIATIONS

The Company historically has operated without collective bargaining agreements covering any of its employees. In October 1993, however, the Air Line Pilots Association ("ALPA") was certified as the bargaining representative of the Company's flight deck crew members, and formal negotiations of a collective bargaining agreement have commenced. In addition, the Company anticipates that elections will be held during 1994 on proposals by the Association of Flight Attendants ("AFA") to represent the Company's customer service representatives and by the Transportation Workers Union ("TWU") to represent the Company's fleet service personnel. The Company cannot predict whether either the AFA or TWU will be certified to represent any of the Company's employees. Furthermore, there can be no assurance that a future collective bargaining agreement with any of the ALPA, AFA or TWU will not contain wage increases, work rules or other provisions that could materially affect the Company's operations or financial performance.

GOVERNMENT REGULATION

The Company is subject to the Federal Aviation Act of 1958, as amended (the "Aviation Act"), under which the Department of Transportation (the "DOT") and the Federal Aviation Administration (the "FAA") exercise regulatory authority. This regulatory authority includes (i) the determination and periodic review of the fitness (including financial fitness) of air carriers; (ii) the certification and regulation of the flight equipment; (iii) the approval of personnel who may engage in flight, maintenance and operations activities; and (iv) the approval of flight training activities and the enforcement of minimum air safety standards set forth in FAA regulations. In accordance with the Airline Deregulation Act of 1978, domestic airline fares and routes are no longer subject to significant regulation. The DOT maintains authority over international aviation, subject to review by the President of the United States, and has jurisdiction over consumer protection policies, computer reservation system issues and unfair trade practices.

In the last several years, the FAA has issued a number of maintenance directives and other regulations relating to, among other things, retirement of older aircraft, collision avoidance system, airborne windshear avoidance systems, noise abatement and increased inspections and maintenance procedures to be conducted on older aircraft. Additional laws and regulations have been proposed from time to time which could significantly increase the cost of airline operations by imposing additional requirements or restrictions on operations. Laws and regulations have been considered from time to time that would prohibit or restrict the ownership and transfer of airline routes or slots. There is no assurance that laws and regulations currently enacted or enacted in the future will not adversely affect the Company's ability to maintain its current level of operating results. See "Business -- Government Regulations."

FUTURE CAPITAL REQUIREMENTS

After giving effect to the Reorganization on a pro forma basis, as of March 31, 1994, America West had \$644.3 million of long-term indebtedness (including current maturities) and \$587.5 million of stockholders'

10

13

equity. As of such date, the Company had \$264.3 million of cash and cash equivalents on a pro forma basis. America West does not have available lines of credit or significant unencumbered assets. America West is more leveraged and has significantly less liquidity than certain of its competitors, several of whom have available lines of credit or significant unencumbered assets. Accordingly, the Company may be less able than certain of its competitors to withstand a prolonged economic recession.

As of June 30, 1994, the Company had significant capital commitments, including firm commitments and options for a substantial number of new aircraft with a cost aggregating approximately \$2.7 billion, a total which is subject to change pending the outcome of current negotiations. Upon the Effective Date, the Company will have an obligation to lease up to eight aircraft pursuant to put rights held by a third party. The Company will require substantial capital from external sources to meet these financial commitments. The Company has no current financing arrangements for most of its aircraft purchase commitments and intends to seek additional financing (which may include public debt financing or private financing) in the future when and as appropriate. There can be no assurance that sufficient financing will be obtained for all aircraft and other capital requirements. A default by the Company under any such commitment could have a material adverse effect on the Company.

THE COMPANY

GENERAL

America West is a major United States air carrier providing passenger, cargo and mail service, with its primary markets in the western and southwestern regions of the United States. The Company operates its route system through two principal hubs, Phoenix, Arizona and Las Vegas, Nevada, and a mini-hub in Columbus, Ohio. As of May 31, 1994, America West operated a fleet of 85 jet aircraft and provided service to 45 destinations. Through alliances with Mesa, the Company provides connecting service to an additional 18 destinations. The Company also has formed an alliance with Continental to serve additional destinations.

America West currently operates with one of the lowest cost structures among the major U.S. airlines, based on reported 1993 results. America West's operating cost per available seat mile for 1993 was 7.01 cents, which was approximately 25% lower than the average operating cost per available seat mile of the nine largest other domestic airlines and was comparable to the costs incurred by Southwest Airlines. The Company's business strategy is to continue to offer competitive fares while maintaining an incrementally higher level of service relative to low cost carriers generally. These services include assigned seating, participation in computerized reservation systems, interline ticketing, first class cabins on certain flights, baggage transfer and various other services. Management believes that its principal hub locations in Phoenix and Las Vegas not only provide a low cost environment for a substantial portion of the Company's operations, but also position the Company to benefit from an expanding market for leisure travel.

The Company's principal offices are located at 4000 East Sky Harbor Boulevard, Phoenix, Arizona 85034. The Company's telephone number is (602) 693-0800.

BACKGROUND TO THE REORGANIZATION

America West commenced operations in 1983 with three aircraft serving four destinations from Phoenix, Arizona. America West's original route structure consisted primarily of shorter-haul routes in the southwestern market, which brought it into direct competition with certain low fare airlines, particularly Southwest Airlines. Throughout the 1980s, America West financed rapid expansion of its fleet, with corresponding significant increases in debt and lease obligations. In addition, in the late 1980s, the Company entered the long-haul and, on a very limited basis, international markets. The Company introduced several aircraft types into its fleet in order to pursue this strategy. By July 1991, the Company operated a fleet of 123 aircraft serving 54 destinations in the continental United States, Hawaii, Canada and Japan.

The Company experienced a significant net loss for the last six months of 1990, as revenues were lower than anticipated and fuel costs were higher than anticipated. The Persian Gulf conflict, which began in August of 1990, the fear of terrorism and the deepening national recession produced depressed traffic levels, higher fuel prices and fierce price competition in the airline industry. Beginning in February 1991, the Company undertook a series of actions designed to improve its cash position and reduce costs, including significant fare promotions and pay reductions. In June 1991, however, the Company faced a severe liquidity crisis and filed for protection under Chapter 11 of the United States Bankruptcy Code.

During the bankruptcy case, the Company operated as a debtor-in-possession and implemented an operational restructuring pursuant to which it has:

- Reduced its fleet size from 123 aircraft in July 1991 to 85 in May 1994, facilitating a better matching of capacity to demand through elimination of nonproductive routes.
- Reduced the aircraft types operated from five to three, resulting in reduced operating costs, including those related to maintenance, training and parts inventories.
- Implemented certain enhancements to its revenue management system to optimize the level of passenger revenues generated on each flight.
- Eliminated Company operated commuter service and introduced code-sharing

agreements to expand the Company's scope of service and attract a broader passenger base.

- Implemented numerous cost reduction programs, including a Company-wide pay reduction in August 1991 and reduction of aircraft lease rentals to fair market rates in the fall of 1992.

These programs, combined with a gradually improving economic climate and a more stable environment relative to fare competition within the airline industry, enabled the Company to realize operating income of \$121.1 million in 1993, compared to operating losses of \$74.8 million and \$104.7 million for 1992 and 1991, respectively.

THE PLAN OF REORGANIZATION

On _____, 1994, the order of the Bankruptcy Court confirming the Plan became final. The Plan will be consummated on the Effective Date when certain conditions specified in the Plan are satisfied or waived. The Company expects that the Effective Date will occur prior to _____, 1994.

Pursuant to the Plan, after giving effect to various elections made by general unsecured creditors and the exercise of certain subscription rights by certain holders of pre-existing equity interests, the following will occur upon the Effective Date:

- AmWest (together with Lehman and Fidelity, as assignees of AmWest) will invest \$ _____ in consideration for the issuance of securities by the Company, consisting of (i) 1,200,000 shares of Class A Common Stock at a price of \$7.467 per share; (ii) _____ shares of Class B Common Stock, including _____ shares at a price of \$7.467 per share and _____ shares at \$8.889 per share (representing shares not acquired by pre-existing equity holders pursuant to subscription rights as described below); (iii) 2,769,231 Warrants to purchase shares of Class B Common Stock; and (iv) \$100 million principal amount of Senior Notes.
- The general unsecured creditors of the Company will be issued an aggregate of _____ shares of Class B Common Stock and cash aggregating \$ _____ (such cash representing \$8.889 per share paid to unsecured creditors electing to receive cash in lieu shares of Class B Common Stock).
- Holders of preferred equity interests of the Company prior to the Reorganization will receive their pro rata share of (i) \$500,000 and (ii) _____ shares of Class B Common Stock (representing shares acquired pursuant to certain subscription rights at a price of \$8.889 per share).
- Holders of equity interests in the Company prior to the Reorganization will be issued _____ shares of Class B Common Stock (_____ of which shares are to be issued in exchange for cash, aggregating \$ _____, provided by such equity holders upon the exercise of rights to subscribe for such shares at a price of \$8.889 per share), and will receive 6,230,769 Warrants to purchase shares of Class B Common Stock.
- In exchange for certain concessions principally arising from cancellation of the right of Guinness Peat Aviation ("GPA") affiliates to put to America West 10 Airbus A320 aircraft at specified rates, GPA, or certain affiliates thereof, will receive (i) 900,000 shares of Class B Common Stock; (ii) 1,384,615 Warrants; (iii) a cash payment of \$30.25 million; (iv) the right to require the Company to lease up to eight aircraft of types operated by the Company on terms that the Company believes to be more favorable than those currently applicable to the put aircraft, which right must be exercised prior to June 30, 1999; and (v) the right to designate one director of the Company.
- Approximately \$77.6 million of debtor-in-possession ("D.I.P.") financing will be repaid in full in cash.
- Continental, Mesa and America West will enter into certain Alliance Agreements relating to code-sharing, schedule coordination and certain other relationships and agreements.
- The Company's Board of Directors will be reconstituted to include 15 members, of which nine shall be designated by AmWest, three shall be designated by the Official Committee of Unsecured Creditors (the "Creditors' Committee") and one shall be designated by each of the

16

- The Plan also provides for many other matters, including the satisfaction of certain other prepetition claims in accordance with negotiated settlement agreements, the disposition of the various types of claims asserted against the Company, the adherence to the Company's aircraft lease agreements, the amendment of the Company's aircraft purchase agreements and release of the Company's employees from all currently existing obligations arising under the Company's stock purchase plan in consideration for the cancellation of the shares of Company stock securing such obligations.

The foregoing is a summary of the material aspects of the Plan. A complete copy of the Plan has been filed as an exhibit to the Registration Statement.

USE OF PROCEEDS

The Company will not receive any proceeds from the sale of the Securities by the Selling Securityholders.

DIVIDEND POLICY

The Company does not anticipate paying cash dividends in the foreseeable future. The Company expects that it will retain all available earnings generated by the Company's operations for the development and growth of its business. Any future determination as to the payment of dividends will be made in the discretion of the Board of Directors of the Company and will depend upon the Company's operating results, financial condition, capital requirements, general business conditions and such other factors as the Board of Directors deems relevant. The Company expects that certain loan agreements including the Indenture covering the Senior Notes will restrict the payment of cash dividends on the Common Stock under certain circumstances. See "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Liquidity and Capital Resources."

17

CAPITALIZATION

The following table sets forth the unaudited capitalization of the Company at March 31, 1994, and as adjusted to give pro forma effect to the consummation of the Plan at that date. The presentation does not purport to represent what the Company's actual capitalization would have been had such transactions in fact been consummated on such date. The table should be read in conjunction with the Company's financial statements and the related notes thereto, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Unaudited Pro Forma Condensed Financial Information" included elsewhere in this Prospectus.

<TABLE>
<CAPTION>

	MARCH 31, 1994	
	HISTORICAL	PRO FORMA
	(IN THOUSANDS)	
<S>	<C>	<C>
Long-term debt, including current maturities:		
Estimated liabilities subject to Chapter 11 proceedings.....	\$ 383,914	\$ -- (2)
Long-term debt, including current maturities.....	510,085	545,261 (3)
% Senior Unsecured Notes due 2001.....	--	99,000 (4)
Total long-term debt, including current maturities.....	893,999	644,261
Stockholders' equity (deficiency) (1):		
Preferred stock.....	18	--
Common stock.....	6,323	--
NewAWA Class A Common Stock.....	--	12 (4)
NewAWA Class B Common Stock.....	--	438 (4)
Additional paid in capital.....	196,986	587,050 (4)
Accumulated deficit.....	(423,451)	--
	(220,124)	587,500
Less deferred compensation and notes receivable -- employee stock purchase plans.....	18,711	-- (5)

Total stockholders' equity (deficiency).....	(238,835)	587,500
Total capitalization.....	\$ 655,164	\$1,231,761

</TABLE>

-
- (1) Does not include 10,384,615 shares of Class B Common Stock reserved for issuance upon exercise of the Warrants.
 - (2) Reflects cancellation of liabilities subject to Chapter 11 proceedings.
 - (3) Reflects additional long-term debt issued in connection with settlement of claims.
 - (4) Reflects issuance of % Senior Notes due 2001, net of estimated fees and issuance costs, issuance of Class A and Class B Common Stock, the settlement of claims and recording of equity value of the reorganized Company.
 - (5) Reflects forgiveness of employee notes receivable and the write-off of related deferred compensation under employee stock purchase plans.

15

18

SELECTED FINANCIAL DATA

The selected data presented below under the captions "Statement of Operations Data" and "Balance Sheet Data" for, and as of the end of, each of the years in the five-year period ended December 31, 1993, are derived from the financial statements of the Company, which financial statements have been audited by KPMG Peat Marwick, independent certified public accountants. The financial statements as of December 31, 1993 and 1992, and for each of the years in the three-year period ended December 31, 1993, and the report thereon, are included elsewhere in this Prospectus.

The selected data should be read in conjunction with the financial statements for the five-year period ended December 31, 1993, the related notes and the independent auditors' report, which contains an explanatory paragraph that states that the Company's Chapter 11 proceeding, significant losses, accumulated deficit and highly leveraged capital structure raise substantial doubt about its ability to continue as a going concern, appearing elsewhere in this Prospectus. The financial statements and the selected data do not include any adjustments that might result from the outcome of these uncertainties. As a result of the Company filing a voluntary petition to reorganize under Chapter 11 of the U.S. Bankruptcy Code on June 27, 1991 and operating as a debtor-in-possession thereafter, the selected financial data for periods prior to June 27, 1991 are not comparable to periods subsequent to such date. The selected data presented below for the three-month periods ended March 31, 1994 and 1993 and as of March 31, 1994 are derived from the unaudited condensed financial statements of the Company included elsewhere in this Prospectus.

<TABLE>

<CAPTION>

	YEARS ENDED DECEMBER 31,					UNAUDITED THREE MONTHS ENDED MARCH 31,	
	1989	1990	1991	1992	1993	1993	1994

	(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS AND RATIOS)						
	<C>	<C>	<C>	<C>	<C>	<C>	<C>
<S>							
STATEMENT OF OPERATIONS DATA:							
Operating revenues.....	\$993,409	\$1,315,804	\$1,413,925	\$1,294,140	\$1,325,364	\$ 316,605	\$ 345,264
Operating expenses.....	945,293	1,347,435	1,518,582	1,368,952	1,204,310	299,437	307,514
Operating income (loss)....	48,116	(31,631)	(104,657)	(74,812)	121,054	17,168	37,750
Income (loss) before income taxes and extraordinary items.....	20,040	(76,695)	(222,016)	(131,761)	37,924	2,178	15,807
Income tax expense.....	7,237	--	--	--	759	44	632
Income (loss) before extraordinary items.....	12,803	(76,695)	(222,016)	(131,761)	37,165	2,134	15,175

Extraordinary items (a).....	7,215	2,024	--	--	--	--	--
Net income (loss).....	20,018	(74,671)	(222,016)	(131,761)	37,165	2,134	15,175
Earnings (loss) per share:							
Primary:							
Before extraordinary items.....	0.61	(4.26)	(10.39)	(5.58)	1.50	0.09	0.56
Extraordinary items (a).....	0.39	0.11	--	--	--	--	--
Net earnings (loss)....	1.00	(4.15)	(10.39)	(5.58)	1.50	0.09	0.56
Fully diluted.....	1.00	(4.15)	(10.39)	(5.58)	1.04	0.09	0.40
Shares used for computation:							
Primary.....	20,626	18,396	21,534	23,914	27,525	24,020	29,153
Fully diluted.....	20,626	18,396	21,534	23,914	41,509	41,991	41,055
Ratio of earnings to fixed charges (b).....	1.12	--	--	--	1.28	1.06	1.48
BALANCE SHEET DATA:							
Working capital deficiency.....	\$ (18,884)	\$ (94,671)	\$ (51,158)	\$ (201,567)	\$ (124,375)	\$ (183,660)	\$ (102,345)
Total assets.....	835,885	1,165,256	1,111,144	1,036,441	1,016,743	1,031,454	1,083,161
Long-term debt, less current maturities.....	474,908	620,701	726,514	647,015	620,992	644,840	613,967
Total stockholders' equity (deficiency).....	87,203	21,141	(166,510)	(294,613)	(254,262)	(291,500)	(238,835)

</TABLE>

(a) Includes extraordinary items of \$2,024,000 in 1990 resulting from the purchase and retirement of convertible subordinated debentures and, in 1989, income tax benefits resulting from the utilization of net operating loss carryforwards amounting to \$7,215,000.

(b) For purposes of computing the ratio of earnings to fixed charges, "earnings" consist of income (loss) before taxes and extraordinary items plus fixed charges less capitalized interest. "Fixed charges" consist of interest expense including amortization of debt issuance cost, capitalized interest and a portion of rent expense which is deemed to be representative of an interest factor. For the years ended December 31, 1992, 1991 and 1990, earnings were insufficient to cover fixed charges by \$131,761,000, \$228,680,000 and \$83,070,000, respectively.

16

19

UNAUDITED PRO FORMA CONDENSED FINANCIAL INFORMATION

The following unaudited pro forma condensed balance sheet and unaudited pro forma condensed statement of operations are based on the statements of America West included elsewhere in this Prospectus, as adjusted to give effect to the consummation of the Plan. The unaudited pro forma condensed statements of operations have been prepared as if the Reorganization had occurred on January 1, 1993. The unaudited pro forma condensed balance sheet has been prepared assuming the consummation of the Plan had occurred on March 31, 1994.

The unaudited pro forma condensed financial information and accompanying notes should be read in conjunction with the Company's financial statements and the notes thereto appearing elsewhere in this Prospectus. The Unaudited Pro Forma Condensed Financial Information is presented for informational purposes only and does not purport to represent what the Company's financial position or results of operations would actually have been if the consummation of the Plan had occurred on such date or at the beginning of the period indicated, or to project the Company's financial position or results of operations at any future date or for any future period.

17

AMERICA WEST AIRLINES, INC.

UNAUDITED PRO FORMA CONDENSED BALANCE SHEET
MARCH 31, 1994
(IN THOUSANDS)

<TABLE> <CAPTION>	MARCH 31, 1994 (HISTORICAL)	PRO FORMA ADJUSTMENTS		MARCH 31, 1994 (PRO FORMA)
<S>	<C>	DEBIT	CREDIT	<C>
ASSETS				
Current Assets:				
Cash and cash equivalents.....	\$ 151,452	\$ 99,000 (1e) 114,857 (1d) 24,940 (2)	\$ 78,574 (1b) 47,332 (1a)	\$ 264,343
Accounts receivable, net.....	88,542	--	4,400 (2)	84,142
Expendable spare parts and supplies, net.....	29,303	--	4,425 (3a)	24,878
Prepaid expenses.....	40,118	--	--	40,118
Total current assets.....	309,415	238,797	134,731	413,481
Property and equipment, net.....	710,680	--	150,267 (3a)	560,413
Restricted cash.....	39,425	--	20,540 (2)	18,885
Other assets.....	23,641	--	2,588 (3a)	21,053
Reorganization value in excess of amounts allocable to identifiable assets.....	--	680,100 (3c)	--	680,100
	\$1,083,161	\$ 918,897	\$ 308,126	\$1,693,932
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIENCY)				
Current Liabilities:				
Current maturities of long-term debt.....	\$ 119,727	\$ 78,574 (1b)	\$ 20,899 (1a)	\$ 62,052
Accounts payable.....	67,402	7,515 (1a)	--	59,887
Air traffic liability.....	165,022	--	--	165,022
Accrued compensation and vacation benefits.....	12,390	--	--	12,390
Accrued interest.....	7,107	--	--	7,107
Accrued taxes.....	24,870	--	--	24,870
Other accrued liabilities.....	15,242	--	19,349 (3b)	34,591
Total current liabilities.....	411,760	86,089	40,248	365,919
Estimated liabilities subject to Chapter 11 proceedings.....	383,914	448,428 (1a)	64,514 (1a)	--
Long-term debt, less current maturities.....	390,358	--	99,000 (1e) 92,851 (1a)	582,209
Manufacturers' and other deferred credits.....	72,478	72,478 (3a)	129,087 (3b)	129,087
Other liabilities.....	63,486	34,269 (3a)	--	29,217
Stockholders' equity (deficiency):				
Preferred stock.....	18	18 (1f)	--	--
Common stock.....	6,323	6,323 (1f)	--	--
NewAWA class A common stock.....	--	--	12 (1d)	12
NewAWA class B common stock.....	--	--	438 (1d)	438
Additional paid in capital.....	196,986	196,986 (1f)	587,050 (1d)	587,050
Retained earnings (deficit).....	(423,451)	--	423,451 (1f)	--
	(220,124)	203,327	1,010,951	587,500
Less deferred compensation and notes receivable -- employee stock purchase plans.....	18,711	--	18,711 (1c)	--
	(238,835)	203,327	1,029,662	587,500
	\$1,083,161	\$ 844,591	\$1,455,362	\$1,693,932

</TABLE>

See accompanying notes to unaudited pro forma condensed financial statements.

AMERICA WEST AIRLINES, INC.

UNAUDITED PRO FORMA CONDENSED STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 1993
(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

<TABLE>
<CAPTION>

	YEAR ENDED	PRO FORMA		YEAR ENDED
	DECEMBER 31, 1993 (HISTORICAL)	ADJUSTMENTS		DECEMBER 31, 1993 (PRO FORMA)
		DEBIT	CREDIT	
<S>	<C>	<C>	<C>	<C>
Operating revenues:				
Passenger.....	\$1,246,564	\$ --	\$ --	\$1,246,564
Cargo.....	40,161	--	--	40,161
Other.....	38,639	--	--	38,639
Total operating revenues.....	1,325,364	--	--	1,325,364
Operating expenses:				
Salaries and related costs.....	305,429	--	--	305,429
Rentals and landing fees.....	274,708	--	5,526 (6)	269,182
Aircraft fuel.....	166,313	--	--	166,313
Agency commissions.....	106,368	--	--	106,368
Aircraft maintenance materials and repairs.....	31,000	--	--	31,000
Depreciation and amortization.....	81,894	34,005 (7a)	30,438 (7b)	85,461
Other.....	238,598	--	474 (6)	238,124
Total operating expenses.....	1,204,310	34,005	36,438	1,201,877
Operating income.....	121,054	34,005	36,438	123,487
Nonoperating income (expense):				
Interest income.....	728	--	656 (8)	1,384
Interest expense.....	(54,192)	12,173 (5)	--	(66,365)
Loss on disposition of property and equipment.....	(4,562)	--	--	(4,562)
Reorganization expense, net.....	(25,015)	--	25,015 (4)	--
Other, net.....	(89)	83 (5)	--	(172)
Total nonoperating expenses, net.....	(83,130)	12,256	25,671	(69,715)
Income before income taxes.....	37,924	46,261	62,109	53,772
Income tax expense.....	759	33,088 (9)	--	33,847
Net income.....	\$ 37,165	\$79,349	\$62,109	\$ 19,925
Earnings per share:				
Primary.....	\$ 1.50			\$ 0.44
Fully diluted.....	\$ 1.04			\$ 0.44
Shares used for computation:				
Primary.....	27,525			45,000
Fully diluted.....	41,509			45,000

</TABLE>

See accompanying notes to unaudited pro forma condensed financial statements.

AMERICA WEST AIRLINES, INC.

UNAUDITED PRO FORMA CONDENSED STATEMENT OF OPERATIONS
THREE MONTHS ENDED MARCH 31, 1994
(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

<TABLE>
<CAPTION>

	THREE MONTHS	PRO FORMA		THREE MONTHS
	ENDED MARCH 31, 1994 (HISTORICAL)	ADJUSTMENTS		ENDED MARCH 31, 1994 (PRO FORMA)
		DEBIT	CREDIT	
<S>	<C>	<C>	<C>	<C>
Operating revenues:				
Passenger.....	\$324,427	\$ --	\$ --	\$324,427
Cargo.....	10,491	--	--	10,491

Other.....	10,346	--	--	10,346
		-----	-----	-----
Total operating revenues.....	345,264	--	--	345,264
		-----	-----	-----
Operating expenses:				
Salaries and related costs.....	79,471	--	--	79,471
Rentals and landing fees.....	66,259	--	1,063 (6)	65,196
Aircraft fuel.....	37,932	--	--	37,932
Agency commissions.....	29,111	--	--	29,111
Aircraft maintenance materials and repairs.....	7,929	--	--	7,929
Depreciation and amortization.....	21,153	8,090 (7a)	6,370 (7b)	22,873
Other.....	65,659	--	474 (6)	65,185
		-----	-----	-----
Total operating expenses.....	307,514	8,090	7,907	307,697
		-----	-----	-----
Operating income.....	37,750	8,090	7,907	37,567
		-----	-----	-----
Nonoperating income (expense):				
Interest income.....	161	--	164 (8)	325
Interest expense.....	(13,175)	2,458 (5)	--	(15,633)
Loss on disposition of property and equipment.....	(542)	--	--	(542)
Reorganization expense, net.....	(8,396)	--	8,396 (4)	--
Other, net.....	9	21 (5)	--	(12)
		-----	-----	-----
Total nonoperating expenses, net.....	(21,943)	2,479	8,560	(15,862)
		-----	-----	-----
Income before income taxes.....	15,807	10,569	16,467	21,705
		-----	-----	-----
Income tax expense.....	632	11,089 (9)	--	11,721
		-----	-----	-----
Net income.....	\$ 15,175	\$21,658	\$16,467	\$ 9,984
	=====	=====	=====	=====
Earnings per share:				
Primary.....	\$ 0.56			\$ 0.22
	=====			=====
Fully diluted.....	\$ 0.40			\$ 0.22
	=====			=====
Shares used for computation:				
Primary.....	29,153			45,000
	=====			=====
Fully diluted.....	41,055			45,000
	=====			=====

</TABLE>

See accompanying notes to unaudited pro forma condensed financial statements.

20

23

AMERICA WEST AIRLINES, INC.

NOTES TO UNAUDITED PRO FORMA CONDENSED FINANCIAL STATEMENTS

The following notes set forth the explanations and assumptions used and adjustments made in preparing the unaudited pro forma condensed balance sheet as of March 31, 1994, and the unaudited pro forma condensed statements of operations for the year ended December 31, 1993 and for the three months ended March 31, 1994.

The unaudited pro forma condensed financial statements reflect the adjustments described under "Pro Forma Adjustments" below, which are based on the assumptions and preliminary estimates described therein, which are subject to change. These statements do not purport to be indicative of the financial position and results of operations of America West as of such dates or for such periods, nor are they indicative of future results. Furthermore, these unaudited pro forma condensed financial statements do not reflect anticipated changes which may occur as the result of activities before and after the Effective Date of the Plan and other matters. (For the purposes of the pro forma financial statements, the "Effective Date" is assumed to be March 31, 1994 for the pro forma balance sheet, and January 1, 1993 for the pro forma statements of operations.)

The unaudited pro forma condensed financial statements should be read in conjunction with the financial statements and the notes thereto included elsewhere in this Prospectus.

PRO FORMA ADJUSTMENTS

The unaudited pro forma condensed balance sheet and unaudited pro forma

condensed statements of operations reflect the following pro forma adjustments based on the assumptions described below:

Balance Sheet Pro Forma Adjustments

1. To record the effects of the consummation of the Plan:

a. Estimated additional liabilities from settlement of certain claims; payment of certain claims; issuance of new debt to settle claims; and cancellation of liabilities subject to Chapter 11 proceedings;

b. Repayment of the debtor-in-possession loan;

c. Forgiveness of employee notes receivable and the write-off of related deferred compensation under employee stock purchase plans.

d. Issuance of Class A and Class B Common Stock to AmWest and its assignees for gross proceeds of \$114.9 million and to settle claims; and record equity value of the reorganized Company;

e. Issuance of \$100 million of % Senior Notes, before estimated fees and issuance costs of \$1 million; and

f. Cancellation of all preexisting ownership interests and elimination of the accumulated deficit.

2. To record the release of restricted cash and holdbacks related to credit card transactions.

3. To record estimated "fresh start" adjustments pursuant to Statement of Position 90-7, Financial Reporting by Entities in Reorganization under the Bankruptcy Code ("SOP 90-7"), issued by the American Institute of Certified Public Accountants:

a. Adjusting assets and liabilities to fair market value. Such fair market values were estimated by America West's management based on its reviews of various appraisals performed on certain of its owned facilities, aircraft, rotatable spare parts (including spare engines) and flight simulators; and on management's estimates as to the fair values for other of its fixed assets such as ground support, maintenance and other equipment. Additionally, such estimated market values (including the fair market lease rates for leased aircraft) are deemed to reflect the fair market values of those assets, certain other intangible

AMERICA WEST AIRLINES, INC.

NOTES TO UNAUDITED PRO FORMA CONDENSED FINANCIAL STATEMENTS -- (CONTINUED)

assets and liabilities (i.e., deferred heavy aircraft maintenance and other aircraft-related maintenance accruals, leasehold improvements, deferred manufacturers' and other credits, and rent leveling provisions) and are assumed to be written off at the Effective Date. America West has engaged independent parties to prepare valuations of certain of its fixed assets and leased aircraft rental rates. Based on the results of these valuations, these fair market values and lease rates will be adjusted accordingly.

b. Adjusting operating leases (principally aircraft operating leases) to fair market lease rates; and

c. Recording reorganization value in excess of amounts allocable to identifiable assets ("Excess Reorganization Value"). The reorganization value of America West at the Effective Date is based on a valuation analysis prepared by an independent third party. This valuation is, in turn, based on, among other considerations: historical financial results of America West, financial projections of America West through 1997 prepared by management, multiples based on a comparison of qualitative and quantitative data for selected publicly-traded companies engaged in businesses comparable to the business of America West, certain economic and industry information relevant to the business of America West and discussions with management regarding the current operations and prospects of America West. Many of the analytical assumptions upon which this valuation is based are beyond the control of America West and there may be

material variations between such assumptions and the actual facts.

Statements of Operations Pro Forma Adjustments

4. To eliminate reorganization expense, net. Additional reorganization costs will be incurred subsequent to March 31, 1994. These costs, which could be material, will be reflected as reorganization expenses in the statement of operations in the period prior to the Effective Date of the Plan.

5. To record interest expense and amortize debt issuance costs for the Senior Notes, assuming an interest rate of 11.5%, and to adjust interest expense for the payoff of the D.I.P. loan and the amortization of certain debt, given that all such transactions began at the Effective Date.

6. To adjust lease rent expense (principally aircraft operating leases) to fair market rents.

7. To adjust depreciation and amortization to be reflective of pro forma balance sheet amounts:

a. Amortization of Excess Reorganization Value of approximately \$680 million on a straight-line basis over a period of 20 years, and subject to certain adjustments as discussed at note 9 below; and

b. Reduced depreciation and amortization primarily due to the write-down of fixed assets to fair value.

8. To record interest income on additional cash and cash equivalents due to the consummation of the Plan.

9. To adjust income tax expense for the effects of the consummation of the Plan, including limitations on the uses of net operating loss carryforwards due to a statutory ownership change. Pro forma tax expense exceeds the U.S. statutory tax rate of 35% primarily as a result of amortization of Excess Reorganization Value and state and local taxes.

It is estimated that the Company will have available at the consummation of the Plan net future deductible temporary differences, primarily net operating loss carryforwards. These deferred tax benefits have

22

25

AMERICA WEST AIRLINES, INC.

NOTES TO UNAUDITED PRO FORMA CONDENSED FINANCIAL STATEMENTS -- (CONTINUED)

not been reflected in the accompanying pro forma balance sheet. The realization of these benefits on a pro forma basis are reported as a reduction in Excess Reorganization Value rather than as a reduction in the tax provision in the statements of operations.

The analysis of the impact of the consummation of the Plan on the provision for income taxes has not been finalized. When such analysis is completed, the actual results could differ from the estimates included in the pro forma financial statements.

10. Pro forma earnings per share have been computed based on the estimated weighted average number of common shares outstanding during the applicable period assuming that the Plan was effective on January 1, 1993. However, since the exercise price of the Warrants will not be determined until a later date, the earnings per share computation is presented without the effect of the exercise of the Warrants for both primary and fully diluted earnings per share.

23

26

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OVERVIEW

On June 27, 1991 the Company filed a voluntary petition in the United States Bankruptcy Court for the District of Arizona (the "Bankruptcy Court") to reorganize under Chapter 11 of the United States Bankruptcy Code (the "Bankruptcy Code"). The Company operated as a debtor-in-possession ("D.I.P.")

under the supervision of the Bankruptcy Court until the Effective Date of the Plan.

Due to the bankruptcy case, current economic conditions and the competitive nature of the airline industry, no measure of comparability can be drawn from past results in order to measure those that may occur in the future. Among the uncertainties which have affected the Company's operations in the past and might adversely impact the Company's future operations are (i) general economic conditions; (ii) changes in the cost of fuel, labor, capital and other operating items; (iii) increased level of competition resulting in significant discounting of fares; and (iv) changes in capacity, load factors and yields or reduced levels of passenger traffic due to war or terrorist activities.

On the Effective Date of the Plan, America West will adopt fresh start reporting in accordance with SOP 90-7, resulting in adjustment of the Company's common stockholders' equity and the carrying values of assets and liabilities. Accordingly, the Company's post-reorganization balance sheet and statement of operations will not be prepared on a consistent basis of accounting with the pre-reorganization balance sheet and statements of operations. In connection with the Reorganization, the Company will receive a significant capital infusion, a substantial amount of prepetition liabilities will be converted to equity or otherwise discharged and significant adjustments will be made to reflect the resolution of or provision for certain contingent liabilities.

IMPACT OF FRESH START REPORTING ON RESULTS OF OPERATIONS

The fresh start reporting adjustments, primarily related to the adjustment of the Company's assets and liabilities to fair market values, will have a significant effect on the Company's future operating results. The more significant adjustments relate to decreased depreciation expense, increased amortization expense relating to reorganization value in excess of amounts allocable to identifiable assets, reduced aircraft rent expense and increased interest expense.

RESULTS OF OPERATIONS

For the Three Months Ended March 31, 1994 as Compared to Three Months Ended March 31, 1993

The Company realized net income of \$15.2 million (\$.56 per common share) for the first quarter of 1994, the Company's fifth consecutive quarter of profitability. The continuation of the positive trend in operating results, which commenced during the fourth quarter of 1992, is attributable to several factors which include improved economic and competitive fare conditions, the stabilization of fuel prices as well as the benefits derived from the reduction in fleet size from 104 aircraft to 85 aircraft, the implementation of numerous cost reduction and revenue enhancement programs, the elimination of the Company's commuter operation and the introduction of three code sharing agreements. During the first quarter of 1994, the Company incurred \$8.4 million of reorganization expenses. For the first quarter of 1993, the Company reported net income of \$2.1 million (\$.09 per common share) which included reorganization expenses of \$1.1 million.

Passenger revenues for the first three months of 1994 increased 9% to \$324.4 million compared to the corresponding period of 1993. The impact resulting from a 4.5% decline in average passenger yield was more than offset by the 14.1% increase in the level of traffic, measured in revenue passenger miles ("RPMs"). In addition, available seat miles ("ASMs") increased 1.1% to 4.302 billion miles compared to the first quarter of 1993 due to increased utilization, in spite of operating one less aircraft.

Revenues from sources other than passenger fares increased during the 1994 quarter to \$20.8 million compared to \$18.9 million for 1993. This improvement of 10% was due primarily to increases in freight and mail revenues.

The following table details certain key operating statistics for the three month periods ended March 31, 1994 and 1993.

<TABLE>
<CAPTION>

	FIRST QUARTER		
	1994	1993	PERCENTAGE INCREASE OR (DECREASE)
<S>	<C>	<C>	<C>
Number of Aircraft (end of period).....	85	86	(1.2)
ASMs (millions).....	4,302	4,254	1.1
RPMs (millions).....	2,917	2,558	14.1

Load Factor (percent).....	67.8	60.1	12.8
Yield (cents/RPM).....	11.12	11.64	(4.5)
Revenue Per ASM (cents):			
Passenger.....	7.54	7.00	7.7
Total.....	8.03	7.44	7.9

</TABLE>

Operating expense per ASM increased 1.6% to 7.15 cents for the first quarter of 1994 compared to the same period of the prior year. The table below sets forth the major categories of operating expense per available seat mile for the first quarter of 1994 and 1993.

<TABLE>
<CAPTION>

	FIRST QUARTER		
	1994	1993	PERCENTAGE INCREASE OR (DECREASE)

	(IN CENTS/ASM)		
<S>	<C>	<C>	<C>
Salaries and Related Costs.....	1.85	1.74	6.3
Rentals and Landing Fees.....	1.54	1.70	(9.4)
Aircraft Fuel.....	.88	1.00	(12.0)
Agency Commissions.....	.68	.60	13.3
Aircraft Maintenance Materials and Repairs....	.18	.17	5.9
Depreciation and Amortization.....	.49	.46	6.5
Other.....	1.53	1.37	11.7
	-----	-----	-----
	7.15	7.04	1.6
	=====	=====	=====

</TABLE>

The changes in the components of operating expense per ASM between 1994 and 1993 are explained as follows:

- Approximately \$3.3 million of a total \$5.3 million increase in salaries and related costs is due to the performance and employment award distributions under the transition pay program which was instituted in the second quarter of 1993. The remaining balance is attributable to increased costs associated with medical claims and a higher staffing level.
- Rentals and landing fees decreased due to the return of a leased aircraft which was used to service the Hawaii market through March 31, 1993, the reduction in airport rent expense at New York's JFK and Phoenix's Sky Harbor International and the return of certain administrative office space, as part of the Company's facilities consolidation program.
- Aircraft fuel expense decreased due to the decline in the average price per gallon to 54.71 cents from 63.34 cents for 1993.
- The increase in the level of agency commission expense is primarily due to the significant increase in passenger revenue per ASM from 7.00 cents for 1993 to 7.54 cents for 1994.
- The level of aircraft maintenance materials and repairs expense remained relatively unchanged.
- The increase in depreciation and amortization expense is primarily attributable to increased heavy engine overhauls on a scheduled basis.

25

28

- The increase in other operating expenses of 11.7 percent is primarily due to increased media advertising costs as well as expenses related to increased traffic such as credit card discount fees, booking fees, telephone charges, catering expenses and single/multiple use supplies.

Non-operating expenses (net of non-operating income) amounted to \$21.9 million and \$15.0 million for the first quarter of 1994 and 1993, respectively. Net interest expense for the first quarter of 1994 was \$13.2 million, slightly below the \$13.9 million for the same period of 1993. In conformity with SOP 90-7, the Company has ceased accruing and paying interest on unsecured pre-petition long-term debt. Interest expense for the first quarter of 1994 would have been \$16.4 million, if the Company had continued to accrue interest on such debt. The increase in the loss on disposition of property and equipment from \$200,000 for the first quarter of 1993 to \$500,000 for the first quarter of

1994 is primarily attributable to the sale of spare parts and equipment rendered surplus as a result of the downsizing of the aircraft fleet that occurred in the fall of 1992.

During the first quarter, the Company incurred expenses of \$8.4 million in 1994 and \$1.1 million in 1993 in connection with the Reorganization. Such expenses for the first quarter of 1994 include charges of \$4.2 million related to the proposed settlement of an administrative claim.

Effective April 1, 1994, employee wages were increased between 2% and 8% depending on length of service with the Company. In addition, effective April 1, 1994, the Company increased its matching contributions under its 401(k) plan from 25% to 50% of the first 6% of base wage contributed by employees. The Company estimates that such wage and contribution increases will result in additional costs of \$18 million during the last nine months of 1994.

Effective January 1, 1993, the Company adopted Statement of Financial Accounting Standards No. 109 "Accounting for Income Taxes," (SFAS 109). Since there was no cumulative effect of this change in accounting method, prior year financial statements have not been restated.

Additionally, Statements of Financial Accounting Standards No. 106 "Post Retirement Benefits Other Than Pensions," ("SFAS 106") became effective January 1, 1993. The Company does not provide any post retirement benefits, thus, the standard has no impact. Statement of Financial Accounting Standard No. 112, "Employer's Accounting for Post Employment Benefits," ("SFAS 112") became effective January 1, 1994. This statement requires that post employment benefits be treated as part of compensation provided to an employee in exchange for service. Previously most employers expensed the cost of these benefits as the benefits were provided. The Company is still reviewing the impact of SFAS 112, but does not believe it will have a material effect.

For the Years Ended December 31, 1993, 1992 and 1991

The Company realized net income of \$37.2 million (\$1.50 per common share) for 1993 compared to net losses of \$131.8 million (\$5.58 per common share) and \$222 million (\$10.39 per common share) for 1992 and 1991, respectively. The results for 1993 include reorganization expenses of \$25 million and losses aggregating \$4.6 million primarily resulting from the disposition of surplus spare aircraft parts and equipment. During 1992, the Company recorded restructuring charges of \$31.3 million, reorganization expenses of \$16.2 million and a gain of \$15 million from the sale of its Honolulu to Nagoya, Japan route, while the 1991 results were affected by reorganization expenses of \$58.4 million. The Company was only one of two major U.S. airlines to report a profit in each quarter of 1993.

The Company began to realize significant improvement in its operating results commencing the fourth quarter of 1992. During 1993, the level of operating income improved each quarter as shown in the table below.

<TABLE>
<CAPTION>

	1993 QUARTERLY RESULTS (UNAUDITED)				
	1ST	2ND	3RD	4TH	YEAR
	(IN MILLIONS)				
<S>	<C>	<C>	<C>	<C>	<C>
Total Operating Revenues.....	\$316.6	\$324.9	\$335.1	\$348.8	\$1,325.4
Total Operating Expenses.....	299.4	299.7	302.1	303.1	1,204.3
Operating Income.....	\$ 17.2	\$ 25.2	\$ 33.0	\$ 45.7	\$ 121.1

</TABLE>

The improvement in operating results for 1993 compared to 1992 and 1991 is attributable to several factors, the most significant of which are noted below.

- A gradually improving economic climate, and a more stable environment relative to fare competition within the airline industry.
- The reduction in fleet size from 123 aircraft in July 1991 to the current fleet of 85 aircraft has facilitated a better matching of capacity to demand. In addition, the consolidation of the fleet from five to three aircraft types has enabled the Company to further reduce its level of costs including those related to maintenance, training and inventories of parts.
- In addition to reducing or eliminating certain routes as part of the

aircraft fleet downsizing, the Company implemented certain enhancements to its revenue management system in an effort to optimize the level of passenger revenues generated on each flight. Such enhancements enable the Company to more effectively allocate seats within various fare categories.

- The implementation of numerous cost reduction programs since 1991, including a Company-wide pay reduction in August of 1991 and reductions of aircraft lease rentals to fair market rates in the fall of 1992.
- The elimination of the Company's commuter operation and the introduction of three code-sharing agreements have enabled the Company to expand its scope of service and attract a broader passenger base.

The effect of these programs and the other factors described above resulted in operating income of \$121.1 million for 1993, compared to operating losses of \$74.8 million and \$104.7 million for 1992 and 1991, respectively.

Total operating revenues were \$1.3 billion in 1993, an increase of 2.4% compared to the prior year and 6.3% less than 1991, primarily due to the significant reduction in capacity. On April 1, 1993, the Company ceased service to Hawaii. Passenger revenues for 1993, 1992 and 1991 were \$1.2 billion, \$1.2 billion and \$1.3 billion, respectively. Summarized below are certain capacity and traffic statistics for the years ended December 31, 1993, 1992 and 1991 and the percentage change in such statistics from 1991 and 1992, respectively, to 1993.

<TABLE>

<CAPTION>

	1993	1992	1991	PERCENT CHANGE	
				1992 TO 1993	1991 TO 1993
<S>	<C>	<C>	<C>	<C>	<C>
Aircraft (end of period).....	85	87	101	(2.3)	(15.8)
ASMs (in thousands).....	17,190,489	19,271,353	20,627,472	(10.8)	(16.7)
RPMs (in thousands).....	11,220,753	11,780,568	13,030,279	(4.8)	(13.9)
Load Factor (percent).....	65.3	61.1	63.2	6.9	3.3
Passenger Enplanements (in thousands).....	14,740	15,173	16,907	(2.9)	(12.8)
Average Journey Miles.....	970	990	962	(2.0)	.8
Average Stage Length.....	645	631	598	2.2	7.9
Yield (cents/RPM).....	11.11	10.31	10.22	7.8	8.7
Revenue Per ASM (cents):					
Passenger.....	7.25	6.30	6.46	15.1	12.2
Total.....	7.71	6.72	6.85	14.7	12.6

</TABLE>

In spite of the significant decline in capacity in 1993 compared to the two previous years, passenger revenues per ASM improved by 15.1 percent and 12.2 percent compared to 1992 and 1991, respectively. This improvement was primarily attributable to the combination of the following factors.

- An improved climate relative to the economy and industry fare competition.
- The reduction in aircraft fleet size in conjunction with the implementation of enhancements to the Company's revenue management systems.

27

30

- The elimination of "fare simplification" in 1993 and 50 percent-off sales that occurred on an industry-wide basis in the second and third quarters of 1992.
- The 50 percent-off sale conducted by the Company on a system-wide basis in February 1991.

Revenues from sources other than passenger fares decreased during 1993 to \$78.8 million compared to \$79.3 million and \$81.7 million for 1992 and 1991, respectively. Freight and mail revenues comprised 51.0%, or \$40.2 million, of other revenues for 1993. This represents a decrease of 4.6% compared to 1992 and 8.0 percent compared to 1991. For the years 1993, 1992 and 1991, the Company carried 110.7 million, 116.4 million and 119.8 million pounds of freight and mail, respectively. The decline in freight and mail revenues during the last three years is a direct result of capacity reductions, the most significant of which relate to the cessation of service to Hawaii and Nagoya, Japan. The balance of other revenues includes revenues generated from pilot training, contract services provided to other airlines for maintenance and ground

handling, reduced rate fares, alcoholic beverage and headset sales, and service charges assessed for refunds, reissues and prepaid ticket advices.

In spite of the significant reductions in capacity which have occurred since the filing for protection under Chapter 11, operating expense per ASM has declined to 7.01 cents for 1993 from 7.10 cents for 1992 and 7.36 cents for 1991. The table below sets forth the major categories of operating expense per ASM for 1993, 1992 and 1991 and the percentage change in such expenses from 1991 and 1992, respectively, to 1993:

<TABLE>
<CAPTION>

	1993	1992	1991	PERCENT CHANGE	
				1992 TO 1993	1991 TO 1993
	(IN CENTS)				
<S>	<C>	<C>	<C>	<C>	<C>
Salaries and Related Costs.....	1.78	1.68	1.86	6.0	(4.3)
Rentals and Landing Fees.....	1.60	1.76	1.70	(9.1)	(5.9)
Aircraft Fuel.....	.97	.97	1.08	--	(10.2)
Agency Commissions.....	.62	.55	.62	12.7	--
Aircraft Maintenance Materials and Repairs.....	.18	.20	.20	(10.0)	(10.0)
Depreciation and Amortization.....	.48	.45	.47	6.7	2.1
Restructuring Charges.....	--	.16	--	(100.0)	--
Other.....	1.38	1.33	1.43	3.8	(3.5)
	7.01	7.10	7.36	(1.3)	(4.8)
	====	====	====	=====	=====

</TABLE>

The changes in the components of operating expense per ASM should be considered in relation to the decline in available seat miles of 10.8% and 16.7% from 1992 and 1991, respectively, and are explained as follows:

- The 6.0% increase in salaries and related costs compared to 1992 is a result of the decline in capacity as well as the implementation of a transition pay program in the second quarter of 1993. The transition pay program was designed to restore a portion of the 10% wage reduction that was effected Company-wide on August 1, 1991 (officers and other management personnel received wage reductions of 10% to 25% commencing in February 1991). The program, which was in effect for four fiscal quarters, provided for the following payments on a quarterly basis to all active employees during the quarter.
 - a. Commencing the second quarter of 1993, performance award distributions were made based upon the Company meeting or exceeding its operating income target for a given quarter as incorporated in its business plan. The aggregate award for 1993 amounted to approximately \$6.5 million including applicable payroll taxes.
 - b. Commencing the third quarter of 1993, employment award distributions were made based on the greater of .5 percent of an employee's annual base wage, or \$125, whichever is higher, on a quarterly basis. The aggregate award for 1993 amounted to approximately \$2.6 million including applicable payroll taxes.

The favorable variance compared to the 1991 level was primarily attributable to the reduction in payroll costs related to the decline in capacity as well as overhead and the Company-wide wage reduction instituted in August 1991.

- Rentals and landing fees decreased due to the reduction in fleet size to 85 aircraft as well as the reduction in rental rates to fair market rates for certain aircraft commencing in August 1992 for a period of two years.
- Aircraft fuel decreased due to the decline in the average price per gallon to 61.05 cents from 62.70 cents for 1992 and 67.10 cents for 1991.
- The increase in the level of agency commission expense is primarily due to the significant increase in passenger revenue per ASM from 6.30 cents and 6.46 cents for 1992 and 1991, respectively, to 7.25 cents for 1993.
- The decrease in aircraft maintenance materials and repairs is primarily due to the change in the composition of the aircraft fleet.

-- Restructuring charges incurred in 1992 consisted of the following:

<TABLE>
<CAPTION>

(IN MILLIONS OF DOLLARS)

<S>	<C>
Write-off for certain assets related to station closures or route restructuring.....	\$ 9.5
Provision for spare parts for aircraft types no longer in service.....	12.7
Provision for employee severance.....	2.3
Loss on return of aircraft.....	6.8

	\$31.3
	=====

</TABLE>

The restructuring charges were necessitated by aircraft fleet reductions and other operational changes. The Company reduced its fleet to 87 aircraft at the end of 1992, as well as eliminated two of five aircraft types it operated. Additionally, employee headcount was reduced by approximately 1,500 employees and service was terminated to ten cities through the end of 1992.

-- The increase in depreciation and amortization is primarily attributable to increased heavy engine overhauls.

-- Other operating expenses increased 3.8 percent compared to 1992 but was lower by 3.5% compared to 1991. The increase compared to the prior year is primarily attributable to the 10.8% decline in capacity.

Non-operating expenses (net of non-operating income) for 1993, 1992 and 1991 were \$83.1 million, \$56.9 million and \$117.4 million, respectively. Interest expense decreased to \$54.2 million in 1993 from \$55.8 million in 1992 and \$61.9 million in 1991. In conformity with Statement of Position 90-7, "Financial Reporting by Entities in Reorganization under the Bankruptcy Code," issued by the American Institute of Certified Public Accountants, the Company has ceased accruing and paying interest on unsecured pre-petition long-term debt. Had the Company continued to accrue interest on such debt, interest expense for 1993, 1992 and 1991 would have been \$73.0 million, \$73.9 million and \$79.3 million, respectively. See Financial Statements and Supplementary Data -- Notes 3a and 4 of Notes to Financial Statements.

The Company incurred expenses of \$25 million in 1993, \$16.2 million in 1992 and \$58.4 million in 1991 in connection with its efforts to reorganize under Chapter 11. Such expenses for 1993 include net charges aggregating \$18.2 million in accruals for unsecured claims and settlements of administrative claims primarily relating to leased aircraft which were returned to the lessors. Reorganization related expenses are expected to significantly affect future results and to continue until such time as the Company has obtained approval for its plan of reorganization.

Effective January 1, 1993, the Company adopted Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" ("SFAS 109"). Since there was no cumulative effect of this change in accounting, prior year financial statements have not been restated.

Additionally, Statements of Financial Accounting Standards No. 106, "Employer's Accounting for Postretirement Benefits Other Than Pensions" ("SFAS 106"), became effective January 1, 1993. The Company does not provide any post retirement benefits, thus, the standard has no impact. Statement of Financial Accounting Standards No. 112, "Employer's Accounting for Post Employment Benefits" ("SFAS 112"), becomes effective January 1, 1994. This statement requires that post employment benefits be treated as part of compensation provided to an employee in exchange for service. Previously, most employers expensed the cost of these benefits as the benefits were provided. The Company is still reviewing the impact of SFAS 112, but does not believe it will have a material effect.

LIQUIDITY AND CAPITAL RESOURCES

At March 31, 1994, the Company had a working capital deficiency of \$102.3 million, which declined from \$124.4 million at December 31, 1993, primarily due to an increase in cash and receivables resulting from improved operating results. At March 31, 1994, cash and cash equivalents were \$151.5 million, an increase from \$99.6 million at December 31, 1993.

On the Effective Date, the Company expects unrestricted and restricted cash balances to be \$305.2 million and \$18.9 million, respectively (compared to \$25

million and \$41 million, respectively, prior to the Chapter 11 filing). The estimates of unrestricted cash include \$214.9 million relating to the issuance of the Class A Common Stock, the Class B Common Stock and the Senior Notes. Such projected cash balances are also net of estimated Plan confirmation payments of approximately \$86 million, including \$77.6 million of outstanding D.I.P. financing. These estimated plan confirmation payments, however, do not include any amounts on account of any cure payments which may be due under certain aircraft purchase agreements or on account of any confirmation payments which may arise as the result of any other settlements or agreements which may be reached between America West and other parties after the date as of which the projections were prepared. In addition, on the Effective Date, the Company is projected to have working capital of \$101.7 million.

Upon implementation of the Plan, the Company's total long-term debt (including related current maturities and liabilities subject to compromise) will be reduced from \$929.3 million to \$629.6 million. On the Effective Date, stockholders' equity is expected to be \$587.5 million. Accordingly, on a pro forma basis, the Company's ratio of debt to equity is anticipated to be 1.07 to 1.

After the Effective Date, the Company will be substantially less leveraged and will possess significantly greater liquidity than during the several years prior to filing its Chapter 11 petition. It is anticipated that such projected financial condition in conjunction with its current low cost structure will enable the Company to better withstand future negative events, such as an economic downturn, escalating fuel prices and intense fare competition, as well as gain access to traditional market sources for its future financing requirements. Substantial obligations relating to long-term aircraft and airport terminal facilities leases will continue to exist.

During 1993, the Company incurred capital expenditures of \$54.3 million, primarily relating to aircraft modifications and heavy airframe and engine overhauls. The Company anticipates capital expenditures for 1994 to aggregate \$82 million primarily for rotatable spare parts, aircraft modifications and major overhauls. The Company expects to fund these capital expenditures with cash provided by operations.

At June 30, 1994, the Company had on order a total of 49 aircraft of the types the Company currently operates, of which 29 are firm orders and 20 are optional orders. The current estimated aggregate cost for the acquisition of the 49 aircraft is approximately \$2.7 billion (which amount may change as a result of current negotiations and does not reflect any deliveries the Company may take pursuant to put arrangements more fully discussed below). All of these aircraft are to be purchased from Boeing or AVSA. For a more complete description of the Company's rights and obligations with respect to the purchase of aircraft, see "Business -- Aircraft."

With respect to the agreements with Boeing, the B737-300 purchase contract has been affirmed in the Company's bankruptcy proceedings. With timely notice to the manufacturer, all or some of these deliveries

may be converted to B737-400 aircraft. Existing purchase agreements for B757-200 and B747-400 aircraft have neither been affirmed nor rejected but such agreements require a 24-month reconfirmation notice for the delivery of each aircraft. As of June 30, 1994, ten B737-300 and nine B757-200 delivery positions have expired due to the lack of reconfirmation by the Company, leaving 14 and 11 delivery positions for B737-300s and B757-200s, respectively. The failure to reconfirm such delivery positions exposes the Company to loss of pre-delivery deposits and other claims which may be asserted in the bankruptcy proceeding. The Company also has a pre-petition executory contract under which the Company holds delivery positions for four B747-400 aircraft under firm order and four B747-400 aircraft under option order. This executory contract allows the Company, with the giving of adequate notice, to substitute B737-400 aircraft for those delivery positions. The Company is currently renegotiating all of its aircraft purchase agreements with Boeing.

With respect to the purchase of aircraft from AVSA, a single executory contract for the purchase of 24 A320 aircraft has neither been affirmed nor rejected by the Company. As part of the investment by AmWest, the A320 purchase agreement was amended to provide the Company with greater flexibility and reduced pricing. Under the modified terms, delivery dates of the aircraft will fall in the years 1998 through 2000 with an option to further defer deliveries.

In addition, if new A320 aircraft are delivered as a result of the renegotiated put agreement (see discussion below), the Company will have the right to cancel on a one-for-one basis up to a maximum of eight non-consecutive aircraft deliveries, subject to certain conditions. Negotiations are currently continuing between AVSA and the Company.

During 1994, leases relating to four Boeing 737-200 aircraft, two Airbus A320 aircraft and two Boeing 757 aircraft are scheduled to expire. The Company has negotiated extensions of the leases for all but one of the Airbus A320 aircraft for terms ranging from one to three years. One Airbus A320 aircraft was returned to the lessor and was replaced by a Boeing 757 aircraft which has been leased for a term of three years. In June 1994, the Company renegotiated a put agreement for ten A320 aircraft. The new agreement reduced the number of put aircraft from ten to eight and rescheduled the deliveries to start not earlier than June 30, 1995 and end on June 30, 1999. Under the new agreement, new or used A320 aircraft with A-5 engines, B737-300 or B757-200 aircraft may be put to the Company but at a rate of no more than two in 1995 and with respect to each ensuing year during the put period, of no more than three. In addition, no more than five used aircraft may be put to the Company and for every new A320 aircraft put to the Company, the Company has the right to reduce the AVSA A320 purchase contract on a one-for-one basis. During each January of the put period, the Company will negotiate the type and delivery dates of the put aircraft for that year. The puts will require 150-day notice and will be leased at fair market rates, for terms ranging from three to 18 years, depending on the type and condition of the aircraft. As part of the renegotiated agreement, certain financial concessions were granted to the put holder.

Following the implementation of the Plan, the net operating loss carryforwards (and other tax attributes) of the Company may be subject to the limitations imposed by section 382 of the Internal Revenue Code ("Section 382").

Under Section 382, if a corporation undergoes an ownership change, the amount of its pre-change losses that may be utilized to offset future taxable income generally will be subject to an annual limitation. The issuance of Class B Common Stock pursuant to the Plan will constitute an ownership change of the Company.

Subject to certain exceptions, the Senior Note Indenture limits the declaration or payment of dividends and certain other transactions (defined in the Indenture as Restricted Payments). Such Restricted Payments are not permitted if a Default or an Event of Default has occurred and is continuing, and otherwise such payments are limited generally to 50% (or 75% if the Senior Notes receive certain investment grade ratings) of Adjusted Consolidated Net Income, as defined in the Indenture, plus proceeds of certain capital stock issuances plus \$25 million. At December 31, 1993, on a pro forma basis, the Company would have had available approximately \$37 million for dividends or other Restricted Payments under such test (assuming the Effective Date was January 1, 1993, the 50% test were applicable, no capital stock was issued for any reason and there was no default under the Indenture). For a more detailed description of these restrictions, see "Description of the Senior Notes -- Certain Covenants."

31

34

BUSINESS

America West is a major United States air carrier providing passenger, cargo and mail service, with its primary markets in the western and southwestern regions of the United States. The Company operates its route system through two principal hubs, Phoenix, Arizona and Las Vegas, Nevada, and a mini-hub in Columbus, Ohio. As of May 31, 1994 America West operated a fleet of 85 jet aircraft and provided service to 45 destinations. Through alliances with Mesa, the Company provides connecting service to an additional 18 destinations. The Company has also formed an alliance with Continental to serve additional destinations.

The Company filed a voluntary petition for protection under Chapter 11 of the Bankruptcy Code on June 27, 1991. The Company's plan of reorganization (the "Plan") was confirmed by the United States Bankruptcy Court for the District of Arizona (the "Bankruptcy Court") on _____, 1994. The Plan will become effective on the date (the "Effective Date") on which certain conditions specified in the Plan are satisfied or waived, which the Company expects to occur prior to _____, 1994. In connection with its reorganization in bankruptcy and related operational restructuring (the "Reorganization"), the

Company took significant steps to improve its operations, including (i) reducing its fleet size from 123 aircraft in July 1991 to 85 in May 1994, facilitating a better matching of capacity to demand through elimination of nonproductive routes; (ii) reducing the aircraft types operated from five to three to reduce operating costs; (iii) implementing certain enhancements to its revenue management system to optimize the level of passenger revenues operated on each flight; (iv) eliminating Company operated commuter service and introducing code-sharing agreements to expand the scope of service and attract a broader passenger base; and (v) implementing numerous cost reduction programs, including a Company-wide pay reduction in August 1991 and the reduction of aircraft lease rentals to fair market rates in the fall of 1992. As a result of these measures as well as a gradually improving economic climate and a more stable environment relative to fare competition within the airline industry, America West was one of only two major airlines to report a profit in each quarter of 1993, realizing net income for 1993 of \$37.2 million and operating income of \$121.1 million on revenues of \$1.33 billion.

BUSINESS STRATEGY

The Company's business strategy is to continue to offer competitive fares while providing an incrementally higher level of service relative to low cost carriers generally. The principal features of the Company's business strategy are as follows.

Maintain Competitive Pricing While Providing Differentiated Service. America West currently operates with one of the lowest cost structures among the major U.S. airlines, based on reported 1993 results. The Company's operating cost per ASM for 1993 was 7.01 cents, which was approximately 25% less than the average operating cost per ASM of the nine largest other domestic airlines and was comparable to the cost structure of Southwest Airlines, which operates in the Company's principal market areas. Management believes that the Company can continue to offer fares that are competitive with those offered by low cost carriers in the Company's markets, while providing a differentiated level of service generally. Passenger services provided by America West include assigned seating, participation in computerized reservation systems, interline ticketing, first class cabins on certain flights, baggage transfer and various other services. The Company believes that these features distinguish America West from certain low cost carriers in the Company's markets, including Southwest Airlines, and enable the Company to attract passengers without competing solely on the basis of fares.

Achieve Growth in Revenue Passenger Miles. Management believes the Company's pricing and service strategies, together with a gradual improvement of general economic activity, will enable the Company to achieve growth in revenue passenger miles in its existing markets and to expand into certain other North American markets. Management believes that growth in existing markets will be achieved in part due to the location of the Company's principal hubs. Both Phoenix and Las Vegas are experiencing population growth in excess of national averages, and these hubs are well situated to benefit from an expanding market for leisure travel.

32

35

Expand Service through Alliances. As a part of the Reorganization, the Company entered into Alliance Agreements with Continental and Mesa. With Continental, the Company agreed to implement certain code-sharing arrangements, coordinate certain flight schedules to maximize connections between the two airlines, share ticket counter space, link frequent flyer programs, and coordinate ground handling operations. With Mesa, America West has entered into two code-sharing agreements that establish Mesa as a feeder carrier for the Company at its hubs in Phoenix and Columbus. The code-sharing agreements provide for coordinated flight schedules, passenger handling and computer reservations under the America West flight designator code, thereby allowing passengers to purchase one air fare for their entire trip. Mesa connects 13 cities to the Company's Phoenix hub, operates under the name "America West Express" and has begun to incorporate the color scheme and commercial logo of America West on certain aircraft utilized on these routes. Mesa serves five destinations from the Company's Columbus mini-hub operations. Management believes the Alliance Agreements will contribute significantly to the Company's growth in revenue passenger miles and operating results.

Maintain a Cost Effective Fleet. In connection with its Reorganization, the Company substantially reduced its aircraft fleet to the current level, reduced the aircraft types from five to three and renegotiated lease rates for certain aircraft to fair market rates. As of December 31, 1993, the Company's fleet consisted of 56 Boeing 737s, 18 Airbus 320s and 11 Boeing 757s, with an average age of approximately 8.1 years. The fleet enables the Company to achieve

low fuel costs compared to industry averages and to enjoy operational efficiencies due to the limited number of aircraft types. Current plans provide for an increase in the Company's fleet from 85 to 105 aircraft by 1997 through the acquisition of additional aircraft of the types currently operated by the Company.

OPERATIONS

Hub Operations. The Company operates primarily through hub airports in Phoenix and Las Vegas and, to a lesser extent, through its mini-hub in Columbus, Ohio. The Company schedules banks of flights timed to arrive at the hub from one direction at approximately the same time and to depart toward the opposite direction a short time later. The hub system allows the Company to transport passengers between a large number of destinations with substantially more frequent service than if each route were served directly.

The Company is the leading airline serving Phoenix Sky Harbor International Airport with approximately 40% of all enplanements and an average of 149 daily departures during 1993. In Las Vegas, the Company is the second largest carrier with approximately 26% of all enplanements during 1993. In both markets the Company's principal competitor is Southwest Airlines, which handled approximately 30% and 29% of enplanements in Phoenix and Las Vegas, respectively, in 1993. America West offers fares comparable to or below those of its competitors on most routes. America West is able to use pricing as a part of its strategy because of its ability to provide service generally comparable to the full service airlines while maintaining a lower cost structure than these competitors. In selected markets, America West has chosen not to match Southwest Airlines' fares, but differentiates itself from Southwest Airlines in these and other markets by providing assigned seating, interline ticketing, baggage transfer and various other services typically offered by a full service carrier.

The Company established a mini-hub at Columbus, Ohio in December 1991. As of May 31, 1994, the Company provided non-stop jet service to 11 destinations from Columbus. During 1993, the Company enplaned approximately 18% of the Columbus traffic compared to approximately 21% and 12% for USAir and Delta, respectively.

The success of the Company's hub system depends on its ability to attract passengers traveling to and from its hubs, as well as passengers traveling through the hubs to the Company's other destinations. The Company believes that several factors have contributed to the success of its operations in Phoenix and Las Vegas. First, the rate of population growth in these two cities has exceeded the national average in recent periods. Second, Phoenix and Las Vegas are popular vacation destinations and, therefore, benefit from the fact that a growing percentage of airline travelers are leisure or non-business travelers. Third, the Company believes that certain costs of operating in Phoenix and Las Vegas are less than in certain other geographic regions. Finally, these hub operations allow the Company to serve a number of relatively high density routes

33

36

that involve short-and medium-haul service without competing directly in the more intensely competitive long-haul markets against larger carriers.

Hub operations involve certain inefficiencies that are primarily associated with the need to maintain terminal resources adequate to deal with periods of peak demand when numerous aircraft converge at the hub, even though this demand occurs only a few times per day. As a result, certain carriers have emphasized or announced intentions to initiate "point-to-point" flights not integrated with hub operations that can potentially serve specific routes at lower cost than comparable hub operations. Although the Company continually evaluates its operating strategy in light of changing market conditions, the Company's current strategy is to increase utilization of its existing hub facilities by increasing frequency of service on existing routes served by its hub operations and identifying selected markets into which the Company can expand utilizing its existing hub operations. An important part of the Company's strategy involves code-sharing arrangements with regional carriers that serve its hub airports and alliances with major carriers that complement the Company's operations.

Regional/Commuter Service. A number of passengers served by the Company's operations arrive at its hub airports via regional or commuter service airlines that serve the surrounding areas. These airlines typically utilize turboprop rather than jet aircraft and focus on flights less than 200 miles in length and 90 minutes in duration. In order to maximize the number of enplanements of passengers from these commuter airlines, America West has entered into two code-sharing agreements with Mesa designed to establish Mesa as a feeder carrier for the Company at its hubs in Phoenix and Columbus. The code-sharing agreements provide for coordinated flight schedules, passenger handling and computer reservations under the America West flight designator code, thereby allowing

passengers to purchase one air fare for their entire trip. Mesa connects 13 cities to the Company's Phoenix hub, operates under the name "America West Express" and has begun to incorporate the color scheme and commercial logo of America West on aircraft utilized on these routes. Mesa services five destinations from the Company's Columbus mini-hub operation. In connection with the Reorganization, the Company and Mesa agreed to extend the terms of these code-sharing agreements until 1999.

Alliance Agreements. In connection with its Reorganization, the Company agreed to form an alliance with Continental pursuant to which the Company and Continental agreed to implement certain code-sharing arrangements, coordinate certain flight schedules, share ticket counter space, link frequent flyer programs, and coordinate ground handling operations for mutual benefit. These arrangements will be implemented in phases, commencing in the third quarter of 1994. The Company believes that it will realize substantial benefits from such agreements, which are intended to increase the number of America West enplanements of Continental passengers and vice versa. In addition, the Company will be able to offer its existing customers connections to a greater number of destinations served by Continental, which may permit the Company to further increase its market share in its hub markets.

COMPETITION AND MARKETING

The airline industry is highly competitive and susceptible to price discounting, and America West must compete with carriers that are much larger and have substantially greater resources. See "Investment Considerations -- Adverse Industry Conditions and Competition." Generally, the passenger carrier industry is segmented into markets based on the length of trip and level of service, including long-haul domestic and international routes, medium-haul (two to three hours) and short-haul (less than two hours) routes serviced by jet aircraft, and commuter routes served by turboprop aircraft. America West services primarily short-haul and medium-haul routes connected to its hub operations, engages only to a limited extent in long-haul flights, which are dominated by larger carriers, and does not engage in regional commuter flights, which are primarily served by smaller non-jet carriers. America West competes primarily with Southwest Airlines at its Phoenix and Las Vegas hub operations and with USAir and Delta at its Columbus mini-hub.

As is the case with other carriers, most tickets for travel on America West are sold by travel agents through computer reservation systems that have been developed and are controlled by other airlines. Travel agents generally receive commissions based on the price of tickets sold. Accordingly, airlines compete not only

34

37

with respect to the price of tickets sold but also with respect to the amount of commissions paid. Airlines often pay additional commissions in connection with special revenue programs. Federal regulations have been promulgated that are intended to diminish preferential schedule displays and other practices with respect to the reservation systems that place the Company and other similarly situated users at a competitive disadvantage to the airlines controlling the systems.

The Company has implemented certain measures to increase leisure travel utilizing America West flights. In 1987 the Company developed America West Vacations, which is a tour packaging division that arranges vacation packages that include hotel accommodations, air fare and ground transportation in certain markets. During 1993, this division sold approximately 500,000 room nights and over 315,000 round trip tickets and generated approximately \$126 million in gross revenues. In 1993, the Company became the preferred commercial air carrier of the MGM Grand Hotel Casino and Theme Park ("MGM") in Las Vegas. Pursuant to an agreement with MGM, America West will develop joint marketing programs that target travel agents and consumers, which management believes will enhance America West's presence in the Las Vegas market.

The Company also has an exclusive arrangement with the Phoenix Suns professional basketball team pursuant to which the arena in which the team plays is named "America West Arena," and the Company's name and logo appear throughout the facility, including on the basketball court. As a result of this association, the Company receives media exposure at no additional expense during national and local telecasts of Phoenix Suns basketball games, as well as during other events at the arena.

FLIGHTFUND

All major airlines have established frequent flyer programs to encourage travel on that particular carrier. America West offers the FlightFund program that allows members to earn mileage credits by flying America West and certain other carriers and by using the services of other program participants such as bank credit cards, hotels and car rental firms. In addition, the Company

periodically offers special short-term promotions that allow members to earn additional free travel awards or mileage credits. When a FlightFund member accumulates mileage credits of 20,000 miles, the Company issues mileage award certificates that can be redeemed for various travel awards, including first class upgrades and tickets on America West or other airlines participating in America West's frequent flyer program. Travel is valid up to one year from the date of ticketing. Most travel awards are subject to blackout dates and capacity controlled seating. Mileage award certificates automatically expire after two years if issued prior to April 1, 1993 and after three years for certificates issued after that date.

FlightFund awards may also be redeemed for flights to certain international destinations and Hawaii. America West is required to purchase space on other airlines to accommodate such award redemption. In addition, America West has entered into barter agreements with certain hotels and rental car agencies that permit the Company to award discounts at such hotels and rental agencies to FlightFund members in exchange for providing air travel to such hotels and travel agencies.

The Company accounts for the FlightFund program under the incremental cost method whereby travel awards are valued at the incremental cost of carrying one additional passenger. Costs including passenger food, beverages, supplies, fuel, liability insurance, purchased space on other airlines and denied boarding compensation are accrued as frequent flyer program participants accumulate mileage to their accounts. Such unit costs are based upon expenses expected to be incurred on a per passenger basis. No profit or overhead margin is included in the accrual for these incremental costs.

FlightFund's current membership is approximately 1.6 million participants. At December 31, 1993, 1992 and 1991, the Company estimated that approximately 238,000, 238,000 and 235,000 travel awards were expected to be redeemed. Correspondingly, the Company had an accrued liability of \$7.4 million, \$7.3 million and \$6.2 million for 1993, 1992 and 1991, respectively. The accrual is based upon the Company's estimates of mileage earned that will eventually be redeemed for a travel award.

35

38

The number of FlightFund travel awards redeemed for round-trip travel for the years ended December 31, 1993, 1992 and 1991, was approximately 99,000, 106,000 and 160,000, respectively, representing 2.8%, 3.0% and 3.0% of total revenue passenger miles for each respective period. The Company does not believe that the usage of free travel awards results in any significant displacement of revenue passengers due to the Company's ability to manage frequent flyer travel by use of blackout dates and limited seat availability.

AIRCRAFT

In connection with its restructuring, the Company reduced the size of its fleet from 123 in 1991 to 85 in 1993. The Company also reduced the different types of aircraft in the fleet from five to three. At December 31, 1993, the Company operated a fleet of 56 Boeing 737s, 18 Airbus A320s and 11 Boeing 757s.

The table below sets forth certain information regarding the Company's aircraft fleet at December 31, 1993:

<TABLE>

<CAPTION>

AIRCRAFT TYPE	STATUS	NUMBER OF AIRCRAFT	AVERAGE AGE (YRS.)	AVERAGE REMAINING LEASE TERM (YRS.)
<S>	<C>	<C>	<C>	<C>
B737-100	Owned	1	24.3	--
B737-200	Owned	5	14.8	--
B737-200	Leased	17	14.0	5.9
B737-300	Leased	22	6.6	8.8
B737-300	Owned	11	5.2	--
B757-200	Leased	9	7.8	11.0
B757-200	Owned	2	4.3	--
A320	Leased	18	3.9	16.6
		--		
	TOTAL	85	8.1	
		==		

</TABLE>

Each of the aircraft that is designated as owned serves as collateral for a loan pursuant to which the aircraft was acquired by the Company or serves as collateral for a non-purchase money loan.

From 1994 through 1997, leases are scheduled to terminate on six aircraft (four Boeing 737-200s and two Boeing 757-200s). In addition, leases for two Airbus A320-200s were scheduled to terminate during 1994; however, the Company extended one such lease for an additional twelve months. The other Airbus A320 aircraft was returned to the lessor in May 1994 and was replaced by a Boeing 757 aircraft which has been leased for a term of three years. In addition, certain of the aircraft lessors have the right to call their respective aircraft upon (in most cases) 180 days' prior notice to the Company. The Company, in turn (with some exceptions), may retain such aircraft via a right of first refusal by agreeing to the bona fide terms offered by a third party interested in leasing or purchasing the aircraft. The Company does not believe that such call rights, which were granted in exchange for concessions on payment terms relating to such aircraft, will materially affect the Company's operations.

At June 30, 1994, the Company had on order a total of 49 aircraft of the types the Company currently operates, of which 29 are firm orders and 20 are optional orders. The table below details such deliveries.

<TABLE>
<CAPTION>

	FIRM ORDERS					TOTAL	OPTION ORDERS	TOTAL
	1994	1995	1996	1997	THEREAFTER			
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Boeing:								
737-300.....	--	--	2	2	--	4	10	14
757-200.....	--	--	1	--	--	1	10	11
Airbus:								
A320-200.....	--	--	--	--	24	24	--	24
	--	--	--	--	--	--	--	--
TOTAL.....	--	--	3	2	24	29	20	49
	==	==	==	==	==	==	==	==

</TABLE>

At June 30, 1994 the estimated aggregate cost for delivery positions under the existing contracts for the acquisition of B737s, B757s and A320 aircraft from manufacturers listed in the above table is approximately \$2.7 billion. The table does not include any deliveries under put arrangements more fully discussed below.

With respect to the contracts to purchase aircraft from Boeing presented in the table above, a purchase agreement to acquire B737-300 aircraft had been affirmed in the Company's bankruptcy proceedings. With timely notice to the manufacturer, all or some of these deliveries may be converted to B737-400 aircraft. The existing purchase agreements for the B757-200 and B747-400 aircraft have neither been affirmed nor rejected but such agreements carry a 24-month reconfirmation notice for the delivery of each aircraft. As of June 30, 1994, ten B737-300 and nine B757-200 delivery positions have expired due to the lack of reconfirmation by the Company, leaving 14 and 11 delivery positions as reflected in the table above. The failure to reconfirm such delivery positions exposes the Company to loss of pre-delivery deposits and other claims which may be asserted in the bankruptcy proceeding. The Company also has a pre-petition executory contract under which the Company holds delivery positions for four B747-400 aircraft under firm order and four B747-400 aircraft under option order. This executory contract allows the Company, with the giving of adequate notice, to substitute B737-400 aircraft for those delivery positions. The Company is currently renegotiating all of its aircraft purchase agreements with Boeing.

With respect to the purchase of aircraft from AVSA presented in the table above, a single executory contract for the purchase of 24 A320 aircraft has neither been affirmed nor rejected by the Company. As part of the investment by AmWest, the A320 purchase agreement was amended to provide the Company with greater flexibility and reduced pricing. Under the modified terms, delivery dates of the aircraft will fall in the years 1998 through 2000 with an option to further defer deliveries. In addition, if new A320 aircraft are delivered as a result of the renegotiated put agreement (see discussion below), the Company will have the right to cancel on a one-for-one basis up to a maximum of eight

non-consecutive aircraft deliveries. Negotiations are currently continuing between AVSA and the Company.

In June 1994, the Company renegotiated a put agreement for ten A320 aircraft. The new put agreement reduced the number of aircraft from ten to eight and rescheduled the deliveries to start not earlier than June 30, 1995 and end on June 30, 1999. Under the new agreement, new or used A320 aircraft with A-5 engines, B737-300 or B757-200 aircraft may be put to the Company but at a rate of no more than two in 1995 and with respect to each ensuing year during the put period, of no more than three. In addition, no more than five used aircraft may be put to the Company and for every new A320 aircraft put to the Company, the Company has the right to reduce the AVSA A320 purchase contract on a one-for-one basis. During each January of the put period, the Company will negotiate the type and delivery dates of the put aircraft for that year. The puts will require 150-day notice and will be leased at fair market rates, for terms ranging from three to 18 years, depending on the type and condition of the aircraft. As part of the renegotiated agreement, certain financial concessions were granted to the put holder.

In December 1991, in connection with the \$77.6 Million D.I.P. Facility, the Company terminated its agreement with a D.I.P. lender to lease 24 aircraft and replaced it with a put agreement to lease up to ten of the aircraft. In September 1992, the put agreement was amended and the number of put aircraft was reduced from ten to four and the aircraft were scheduled for delivery in 1994. In June 1994, the Company reached a settlement for the cancellation of the right to "put" four aircraft to the Company for \$4.5 million.

FACILITIES

America West's principal facilities are associated with its hub operations in Phoenix, Las Vegas and Columbus. The Company operates from Terminal 4 of Phoenix Sky Harbor International Airport pursuant to a lease agreement that included 28 gates and approximately 258,200 square feet at December 31, 1993. The Company also leases approximately 25,000 square feet of additional space at the airport for administrative offices and pilot training. Since 1988, the Company has owned a 660,000 square foot maintenance and technical support facility that includes four hangar bays, hangar shops, two flight simulator bays, and warehouse and commissary facilities.

37

40

In Las Vegas, the Company leases approximately 80,000 square feet of space at McCarran International Airport, which includes seven gates and adjoining holding room areas. At the Company's Columbus, Ohio mini-hub, the Company leases 30,000 square feet and two gates and has the ability to sublease additional gates from other airlines as the need arises.

Space for ticket counters, gates and back offices has also been obtained at each of the other airports served by the Company, either by lease from the airport operator or by sublease from another airline. Some of the Company's airport sublease agreements include requirements that the Company purchase various ground services at the airport from the lessor airline at rates in excess of what it would cost the Company to provide those services itself.

The Company owns the 68,000 square foot America West Corporate Center at 222 South Mill Avenue in Tempe, Arizona. The Company currently leases approximately 500,000 square feet of general office and other space in Phoenix and Tempe, Arizona.

EMPLOYEES

Management believes that the Company's dedicated labor force has contributed significantly to its successful reorganization. At December 31, 1993, the Company employed 8,102 full-time and 3,117 part-time employees, the equivalent of 10,544 full-time employees. During 1993, the Company had 1,630,400 available seat miles per full-time equivalent employee and 1,064,200 revenue passenger miles per full-time equivalent employee, based on the number of full-time equivalent employees at year end. The Company's payroll and related costs, which amounted to 1.78 cents per available seat mile for the year ended December 31, 1993, is below the industry average.

On October 26, 1993, the Air Line Pilots Association ("ALPA") was certified by the National Mediation Board as the bargaining representative of the Company's flight deck crew members. ALPA has submitted its preliminary proposal

to the Company. Formal negotiations have commenced. In February 1989, the Association of Flight Attendants ("AFA") lost an election to represent the Company's customer service representatives ("CSRs"). In July 1993, the National Mediation Board ordered a rerun election. In April 1994, the Transportation Workers Union ("TWU") filed a petition to represent the Company's fleet service personnel. The Company anticipates that elections with respect to the proposals will be held during 1994.

The Company cannot predict whether either the AFA or TWU will be certified to represent any of the Company's employees or the effect, if any, that a future collective bargaining agreement with any of the ALPA, AFA or TWU will have on the Company's operations or financial performance.

The Company has arranged a program of insurance of the types and in the amounts it believes customary in the airline industry, including coverage for public liability, passenger liability, property damage, aircraft loss or damage, cargo liability and workers' compensation. The Company believes such insurance is adequate as to both risks covered and coverage amounts.

GOVERNMENT REGULATIONS

Noise Abatement. The Airport Noise and Capacity Act of 1990 provides, with certain exceptions, that after December 31, 1999, no person may operate certain large civilian turbo-jet aircraft in the United States that do not comply with Stage 3 noise levels, which is the FAA designation for the quietest commercial jets. These regulations will require carriers to gradually phase out their noisier jets (such as the Boeing 737-200), either replacing them with quieter Stage 3 jets or equipping them with hush kits to comply with noise abatement regulations, over a five-year period commencing December 31, 1994. As of December 31, 1993, 73 percent of America West's fleet was in compliance with the FAA noise abatement regulations, and the Company expects that it will meet the thresholds imposed by such regulations through scheduled retirement of its older aircraft.

Numerous airports, including those serving Boston, Denver, Los Angeles, Minneapolis-St. Paul, New York City, San Diego, San Francisco, San Jose, Orange County, Washington, D.C., Burbank and Long Beach have imposed restrictions such as curfews, limits on aircraft noise levels, mandatory flight paths, runway

38

41

restrictions and limits on number of average daily departures, which limit the ability of air carriers to provide service to or increase service at such airports. The Port Authority of New York and New Jersey is considering a phaseout of Stage 2 aircraft on a more accelerated basis than that of the FAA requirement. The Company's Boeing 757-200s, 737-300s and Airbus A320s all comply with current FAA Stage 3 noise regulations, as well as the more stringent noise abatement requirements of the airports listed above.

PFC Charges. During 1990, Congress enacted legislation to permit airport authorities, with prior approval from the DOT, to impose passenger facility charges ("PFCs") as a means of funding local airport projects. These charges, which are intended to be collected by the airlines from their passengers, are limited to \$3.00 per enplanement, and to no more than \$12.00 per round trip. As a result of competitive pressure, the Company and other airlines have been limited in their abilities to pass on the cost of the PFCs to passengers through fare increases.

Environmental Matters. The Company is subject to regulation under major environmental laws administered by state and federal agencies, including the Clean Air Act, Clean Water Act and Comprehensive Environmental Response Compensation and Liability Act of 1980. In some locations there are also county and sanitary sewer district agencies which regulate the Company. The Company believes that it is in substantial compliance with applicable environmental regulations.

Aging Aircraft Maintenance. The FAA issued several Airworthiness Directives ("AD") in 1990 mandating changes to the older aircraft maintenance programs. These ADs were issued to ensure that the oldest portion of the nation's fleet remains airworthy. The FAA is requiring that these aircraft undergo extensive structural modifications. These modifications are required upon the accumulation of 20 years time in service, prior to the accumulation of a designated number of flight cycles or prior to 1994 deadlines established by the various ADs, whichever occurs later. Only one of the Company's 85 aircraft is currently affected by these aging aircraft ADs. The Company constantly monitors its fleet of aircraft to ensure safety levels which meet or exceed those mandated by the FAA or the DOT.

Safety. America West is subject to the jurisdiction of the FAA with respect to aircraft maintenance and operations, including equipment, dispatch, communications, training, flight personnel and other matters affecting air

safety. The FAA has the authority to issue new or additional regulations. To ensure compliance with its regulations, the FAA requires the Company to obtain operating, airworthiness and other certificates which are subject to suspension or revocation for cause. In addition, a combination of FAA and Occupational Safety and Health Administration regulations on both federal and state levels apply to all of America West's ground-based operations.

Slot Restrictions. At New York City's JFK and LaGuardia Airports, Chicago's O'Hare International Airport and Washington's National Airport, which have been designated "High Density Airports" by the FAA, there are restrictions on the number of aircraft that may land and take-off during peak hours. In the future, these take-off and landing time slot restrictions and other restrictions on the use of various airports and their facilities may result in further curtailment of services by, and increased operating costs for, individual airlines, including America West, particularly in light of the increase in the number of airlines operating at such airports. In general, the FAA rules relating to allocated slots at the High Density Airports contain provisions requiring the relinquishment of slots for nonuse and permits carriers, under certain circumstances, to sell, lease or trade their slots to other carriers.

On January 1, 1993, the FAA implemented new slot use standards that require that all slots must be used on 80% of the dates during each two-month reporting period. Previously, slots were required to be used at a 65% use rate. Failure to satisfy the 80% use rate will result in loss of the slot. The slot would revert to the FAA and be reassigned through a lottery arrangement.

The Company currently utilizes two slots at New York City's JFK airport, four slots at New York City's LaGuardia airport, four slots at Chicago's O'Hare airport and six slots at Washington's National airport. Four of the slots at Washington's National airport are temporary and the Company's right to utilize such slots expires in September 1994; however, the Company currently expects that its right to utilize such slots will be renewed. The average utilization rates by the Company of all the foregoing slots range from 86% to 100%.

39

42

CRAF Program. In time of war or during a national emergency, United States air carriers may be required to provide airlift services to the Military Airlift Command under the Civil Reserve Air Fleet Program (the "CRAF Program"). During the Middle East conflict in 1990-91, two of America West's aircraft participated in the CRAF Program.

LEGAL PROCEEDINGS

On June 27, 1991, the Company filed a voluntary petition in the United States Bankruptcy Court for the District of Arizona to reorganize under Chapter 11 of the United States Bankruptcy Code. The Company's plan of reorganization was confirmed on _____, 1994, and will become effective on the Effective Date, which the Company anticipates will be prior to _____, 1994. The Bankruptcy Court retains jurisdiction over the Company for limited purposes.

In August 1991, the Securities and Exchange Commission informally requested that the Company provide the Commission with certain information and documentation underlying disclosures made by the Company in annual and quarterly reports filed with the Commission by the Company in 1991. The Company has cooperated with the Commission's informal inquiry. On March 29, 1994, the Company's Board of Directors approved the submission of an offer of settlement for the purpose of resolving the inquiry through the entry of a consent decree pursuant to which the Company would, while neither admitting nor denying any violation of the securities laws, agree to comply with its future reporting obligations under Section 13 of the Exchange Act. The Company was advised on May 6, 1994 that the Commission agreed to accept the Company's offer of settlement. In order to implement the settlement on May 12, 1994, the Commission issued an "Order Instituting Proceedings Pursuant to Section 21C of the Exchange Act and Opinion and Order of the Commission" (the "Order") finding the Company's Form 10-K for the year ending December 31, 1990, violated Section 13(a) of the Exchange Act and Rule 13a-1 thereunder, and that the Company's Form 10-Q for the first quarter of 1991 violated Section 13(a) of the Exchange Act and Rule 13a-13 thereunder, and ordering that the Company cease and desist from violating Section 13(a) of the Exchange Act and Rules 13a-1 and 13a-13 promulgated under the Exchange Act. The Order provides that the Company neither admits nor denies any violation of the securities laws.

40

43

MANAGEMENT

DIRECTORS AND EXECUTIVE OFFICERS

Information respecting the names, ages, terms, positions with the Company and business experience of the executive officers and the directors of the Company as of July 1, 1994, is set forth below. Each director has served continuously with the Company since his first election.

<TABLE>
<CAPTION>

NAME	AGE	POSITION	DIRECTOR SINCE	TERM EXPIRES (3)
----	---	-----	-----	-----
<S>	<C>	<C>	<C>	<C>
William A. Franke.....	57	Chairman of the Board and Chief Executive Officer	1992	1994
A. Maurice Myers.....	54	President, Chief Operating Officer and Director	1994	1994
Thomas P. Burns.....	52	Senior Vice President -- Sales and Marketing Programs	N/A	N/A
Thomas F. Derieg.....	54	Senior Vice President -- Operations	N/A	N/A
Martin J. Whalen.....	53	Senior Vice President -- Administration and General Counsel	N/A	N/A
Raymond T. Nakano.....	49	Vice President and Controller	N/A	N/A
Frederick W. Bradley, Jr.(1)(2)...	67	Director	1992	1992
O. Mark De Michele(2).....	60	Director	1986	1993
Samuel L. Eichenfield(2).....	57	Director	1992	1992
Richard C. Kraemer(1).....	50	Director	1992	1993
James T. McMillan(1)(2).....	68	Director	1993	1993
John R. Norton III(1).....	65	Director	1992	1992
John F. Tierney(1).....	49	Director	1993	1993
Declan Treacy(2).....	38	Director	1993	1994

</TABLE>

(1) Member of the Compensation Committee.

(2) Member of the Audit Committee.

(3) The Company has not held a meeting of its stockholders since May 1991 to elect directors. Accordingly, each director, including those directors with terms expiring in 1992, 1993 and 1994, shall serve until either their resignation or the later of (i) his term expiration or (ii) such time as his successor is duly elected and qualified.

William A. Franke was named Chairman of the Board of Directors in September 1992. On December 31, 1993, Mr. Franke was also elected to serve as the Company's Chief Executive Officer. In addition to his responsibilities at America West, Mr. Franke serves as president of the financial services firm, Franke & Co., a company he has owned since May 1987. From November 1989 until June 1990, Mr. Franke served as the Chairman of Circle K Corporation's executive committee with the responsibility for Circle K Corporation's restructure. In May 1990, the Circle K Corporation filed a voluntary petition to reorganize under Chapter 11 of the Bankruptcy Code. From June 1990 until August 1993, Mr. Franke served as the chairman of a special committee of directors overseeing the reorganization of the Circle K Corporation. Mr. Franke has also served in various other capacities at Circle K Corporation since 1990. Mr. Franke was also involved in the restructuring of the Valley National Bank of Arizona (now Bank One Arizona). Mr. Franke also serves as a director of Phelps Dodge Corp. and Central Newspapers Inc.

A. Maurice Myers was named President and Chief Operating Officer on December 31, 1993 and was named to the Board of Directors in 1994. Prior to joining America West, Mr. Myers was the president and chief executive officer of Aloha Airgroup, Inc., an aviation services corporation which owns and operates

Aloha Airlines and Aloha Island Air. Mr. Myers joined Aloha in 1983 as vice president of marketing and became its president and chief executive officer in June 1985. Mr. Myers is a member of the boards of directors of Air Transport Association of America and Hawaiian Electric Industries.

Thomas P. Burns has served as Senior Vice President -- Sales and Marketing since August 1987. Mr. Burns joined the Company in April 1985 as Vice President -- Sales. Mr. Burns was employed for 25 years by Continental Airlines in various sales and passenger service positions. From 1982 to 1983, he was employed as North American manager of sales for UTA, a French airline. Mr. Burns returned to Continental from 1983 through March 1985, where he served as director of international sales prior to joining the Company.

Thomas F. Derieg has been Senior Vice President -- Operations since joining the Company in June 1994. For the preceding seven years, Mr. Derieg served as Senior Vice President -- Operations at Aloha Airlines, Inc. in Honolulu, Hawaii. Mr. Derieg served in the U.S. Air Force from 1963 to 1969, and from 1970 to 1987 held a variety of positions in areas of operations and maintenance in the air transportation industry.

Martin J. Whalen has been Senior Vice President -- Administration and General Counsel of the Company since July 1986. From 1980 until July 1986, Mr. Whalen was employed by McDonnell Douglas Helicopter Company and its predecessors, most recently as vice president of administration. He also held positions in labor relations, personnel and legal affairs at Hughes Airwest and Eastern Airlines.

Raymond T. Nakano has served as Vice President and Controller since April of 1985. Prior to joining America West, Mr. Nakano was employed by Continental Airlines, Inc. for eight years in various accounting positions, most recently as Senior Director, General Accounting.

Frederick W. Bradley, Jr. has served as a member of the Board of Directors since September 1992. Immediately prior to joining the Board of Directors, Mr. Bradley was a senior advisor with Simat, Helliesen & Eichner, Inc. Mr. Bradley formerly served as senior vice president of Citibank/Citicorp's Global Airline and Aerospace business. Mr. Bradley joined Citibank/Citicorp in 1958. In addition, Mr. Bradley serves as a member of the board of directors of Shuttle, Inc. (USAir Shuttle) and the Institute of Air Transport, Paris, France. Mr. Bradley also serves as chairman of the board of directors of Aircraft Lease Portfolio Securitization 92-1 Ltd. and as president of IATA's International Airline Training Fund of the United States.

O. Mark De Michele has served as a member of the Board of Directors since 1986 and is president, chief executive officer and a director of Arizona Public Service Company. Mr. De Michele joined Arizona Public Service Company in 1978 as vice president of corporate relations, and also served as its chief operating officer and an executive vice president. Mr. De Michele is also a member of the board of directors of the Pinnacle West Capital Corporation.

Samuel L. Eichenfield has served as a member of the Board of Directors since September 1992 and is chairman of the board of directors and chief executive officer of GFC Financial Corporation. Mr. Eichenfield has also served as chief executive officer of Greyhound Financial Corporation, a subsidiary of GFC Financial Corporation, since joining GFC in 1987.

Richard C. Kraemer has served as a member of the Board of Directors since September 1992 and is president and chief operating officer of UDC Homes, Inc. Mr. Kraemer is also a member of the UDC Homes, Inc. board of directors. Prior to joining UDC Homes, Inc. in 1975, Mr. Kraemer held a variety of positions at American Cyanamid Company.

James T. McMillan has served as a member of the Board of Directors since December 1993. Mr. McMillan joined McDonnell Douglas Finance Corporation as its president in 1968 and retired as its chairman of the board in 1991. Mr. McMillan also served in various capacities for the McDonnell Douglas Corporation from August 1954 until August 1990, most recently as a senior vice president and group executive.

John R. Norton III has served as a member of the Board of Directors since September 1992 and was former Deputy Secretary of the United States Department of Agriculture from 1985 to 1986. Mr. Norton is currently a principal of J.R. Norton Company, an agricultural and real estate concern. Mr. Norton is also a

member of the board of directors of Aztar Corp., Pinnacle West Capital Corporation, Arizona Public Service Company and Terra Industries, Inc.

John F. Tierney has served as a member of the Board of Directors since December 1993. Mr. Tierney is the assistant chief executive and finance director of GPA Group plc, an Irish aircraft leasing concern, and has served GPA Group plc in such capacity since 1981. See "Compensation Committee Interlocks and Insider Participation" and "Certain Relationships and Related Transactions."

Declan Treacy has served as a member of the Board of Directors since December 1993. Mr. Treacy is the General Manager -- Corporate Finance of GPA Group plc, an Irish aircraft leasing concern, and has served GPA Group plc in such capacity since 1988. See "Compensation Committee Interlocks and Insider Participation" and "Certain Relationships and Related Transactions."

Since September 1992, certain of the debtor-in-possession lenders have had the right to appoint and approve the membership of the Company's Board of Directors pursuant to a management letter agreement, as amended and restated, between the Company and such lenders. Under the terms of such letter agreement, GPA has the right to appoint two members to the Board of Directors and the remaining D.I.P. lenders (except Kawasaki) have the right to appoint five members to the Board of Directors. One member of the Board must be a member of America West management and two members must be independent.

In connection with the Reorganization, the Company, AmWest, GPA and certain stockholders' representatives entered into a Stockholders' Agreement with respect to certain matters involving the Company, including the election of directors. See "Principal Stockholders -- Stockholders' Agreements."

During the year ended December 31, 1993, the Board of Directors of the Company met on 29 occasions. During the period in which he served as director, each of the directors attended 75% or more of the meetings of the Board of Directors and of the meetings held by committees of the Board on which he served.

COMMITTEES OF THE BOARD OF DIRECTORS

The Compensation Committee of the Board of Directors, which met ten times during 1993, reviews all aspects of compensation of executive officers of the Company and makes recommendations on such matters to the full Board of Directors. In addition, the Compensation Committee reviews and approves all compensation and employee benefit plans, the Company's organizational structure and plans for the development of successors to corporate officers and other key members of management.

The Audit Committee, which met nine times during 1993, makes recommendations to the Board concerning the selection of outside auditors, reviews the financial statements of the Company and considers such other matters in relation to the internal and external audit of the financial affairs of the Company as may be necessary or appropriate in order to facilitate accurate and timely financial reporting.

The Company does not maintain a standing nominating committee or other committee performing similar functions. See "Principal Stockholders -- Stockholders' Agreements."

EXECUTIVE COMPENSATION

The table below sets forth information concerning the annual and long-term compensation for services in all capacities to the Company for the fiscal years ended December 31, 1993, 1992 and 1991, of those persons who were, at December 31, 1993 (i) the chief executive officer and (ii) the other four most highly compensated executive officers of the Company:

SUMMARY COMPENSATION TABLE

<TABLE>

<CAPTION>

NAME	YEAR	ANNUAL	ALL OTHER
		COMPENSATION	COMPENSATION (3)
		SALARY (2)	
- - - - -	- - - - -	- - - - -	- - - - -
<S>	<C>	<C>	<C>
William A. Franke(1).....	1993	\$450,000	\$ -0-
Chairman of the Board and	1992	\$131,250	-0-
Chief Executive Officer	1991	N/A	N/A
Thomas P. Burns.....	1993	\$127,204	\$2,182
Senior Vice President -- Sales and Marketing	1992	\$123,200	\$2,182
	1991	\$125,767	N/A
Alphonse E. Frei(4).....	1993	\$161,896	\$2,182
Senior Vice President -- Finance and	1992	\$156,800	\$2,182
Chief Financial Officer	1991	\$160,067	N/A
Don Monteath(5).....	1993	\$161,896	\$2,182
Senior Vice President -- Operations	1992	\$156,800	\$2,182

	1991	\$160,067	N/A
Martin J. Whalen.....	1993	\$138,368	\$2,016
Senior Vice President -- Administration and	1992	\$134,000	\$2,016
General Counsel	1991	\$137,200	N/A
Michael J. Conway(6).....	1993	\$440,250	\$2,182
Former Chief Executive Officer and President	1992	\$432,000	\$2,182
	1991	\$444,000	N/A

</TABLE>

-
- (1) Mr. Franke was elected Chairman of the Board on September 17, 1992 and was elected Chief Executive Officer on December 31, 1993.
 - (2) Includes amounts paid pursuant to the Company's transition pay program.
 - (3) Consists of Company contributions to the Company's 401(k) Plan on behalf of the Named Officer.
 - (4) Mr. Frei retired effective July 1, 1994.
 - (5) Mr. Monteath resigned from the Company in February 1994.
 - (6) Mr. Conway was replaced as the President and Chief Executive Officer on December 31, 1993.

OPTION PLAN INFORMATION

The following table sets forth with respect to the executive officers named in the Summary Compensation Table the unexercised options held as of the end of 1993 pursuant to the Company's then existing Restated Nonstatutory Stock Option Plan ("NSOP") and Incentive Stock Option Plan ("ISO").

AGGREGATE OPTIONS AND OPTION VALUES
AT DECEMBER 31, 1993

<TABLE>
<CAPTION>

NAME -----	NUMBER OF SECURITIES UNDERLYING UNEXERCISED OPTIONS HELD AT 1993 FISCAL YEAR-END -----		VALUE OF UNEXERCISED IN-THE-MONEY OPTIONS HELD AT 1993 FISCAL YEAR-END (1) -----
	EXERCISABLE/UNEXERCISABLE -----		EXERCISABLE/UNEXERCISABLE -----
<S>	<C>	<C>	<C>
William A. Franke.....	NSOP 0/0 ISO 0/0		\$ 0
Thomas P. Burns.....	NSOP 109,640/0 ISO 17,300/0		\$ 0
Alphonse E. Frei.....	NSOP 191,560/0 ISO 20,000/0		\$ 0
Don Monteath.....	NSOP 206,560/0 ISO 21,000/0		\$ 0
Martin J. Whalen.....	NSOP 143,480/0 ISO 12,033/0		\$ 0
Michael J. Conway.....	NSOP 717,400/0 ISO 28,000/0		\$ 0

</TABLE>

(1) All of the outstanding options held by the executive officers in the table above had a fair market value lower than their exercise price at December 31, 1993.

During the fiscal year ended December 31, 1993, none of the Named Officers exercised any options. All options held by the Named Officers immediately prior to the Effective Date had exercise prices greater than the fair market value of the Common Stock at such time and were cancelled for no additional consideration in connection with the Reorganization.

TERMINATION OF EMPLOYMENT ARRANGEMENTS

The Company has made certain employment termination arrangements in keeping with its practice under its July 21, 1991 termination of employment guidelines ("Guidelines"), as amended. The Guidelines provide for severance payments based on three-weeks' pay for each year of full-time service with the Company for up to one year, continued group medical coverage through the allowance period and travel privileges on Company flights during the allowance period. Each of the executives named in the table above is eligible for the benefits under the Guidelines.

In connection with the termination of employment of Mr. Michael J. Conway as an officer of the Company, the Company agreed to pay Mr. Conway 503,000 in termination allowances, payable as an initial severance payment in the amount of \$304,200, an additional \$163,800 in six monthly installments of \$27,300 each, and a \$35,000 transition expense allowance. The Company also agreed to continue the payment until December 31, 1994, of premiums aggregating approximately \$33,000 on certain life insurance policies owned by Mr. Conway. The foregoing payments were in addition to continuation of medical insurance benefits and certain other fringe benefit arrangements.

In connection with the termination of employment of Mr. Don Monteath as an officer of the Company, the Company agreed to pay Mr. Monteath a severance payment of \$168,862. This payment was in addition to continuation of medical insurance benefits and certain other fringe benefit arrangements.

DIRECTOR COMPENSATION

Each non-employee director at December 31, 1993, is compensated as follows: an annual retainer of \$25,000 plus \$1,000 for each Board meeting attended, \$1,000 for each committee meeting attended and reimbursement for expenses incurred in attending the meetings. Directors are also entitled to certain air travel benefits. No personal travel by directors was reported to the Company in 1993.

45

48

OTHER ARRANGEMENTS

Mr. Franke, Chairman of the Board of Directors, is also the president of the financial services firm, Franke & Co. In order to assist Mr. Franke with certain costs associated with his service as Chairman and Chief Executive Officer, the Company pays Franke & Co. an office overhead allowance of \$4,167 per month in exchange for which Franke & Co. provides Mr. Franke's secretarial and administrative support.

Effective January 1, 1994, Mr. A. Maurice Myers left his position as president and chief executive officer of Aloha Airlines, Inc. to join the Company as President and Chief Operating Officer. The employment agreement between the Company and Mr. Myers provides an initial two-year term at a base salary of \$375,000 per year. Mr. Myers also received a \$100,000 transition allowance. The Company loaned Mr. Myers approximately \$320,000 to exercise options to acquire stock of Aloha Airlines, Inc. The loan is secured by the stock purchased by Mr. Myers but is otherwise nonrecourse to Mr. Myers. The loan bears interest at a rate based on the rate of imputed interest under the Internal Revenue Code. The loan matures within a specified period following expiration of the employment agreement or other termination of employment or, if earlier, on the date that is 180 days after the first date on which the pledged stock becomes eligible for sale by Mr. Myers on a national securities exchange or automated quotation system. In addition, the Company has agreed to assist Mr. Myers in purchasing a residence in Phoenix, Arizona with a nonrecourse loan of

up to \$200,000 secured by such residence. Upon confirmation of the Plan, the Company has agreed to seek Bankruptcy Court approval of payment to Mr. Myers of a reorganization success bonus, and grant, pursuant to the Plan, options to acquire shares of Common Stock in the reorganized Company. The Company has also agreed to provide to Mr. Myers certain retirement benefits, reduced for vested accrued benefits payable under plans maintained by his former employer. If Mr. Myers' employment with the Company is terminated or his responsibilities are materially altered following a change in control, he is entitled to receive a severance payment equal to 200% of his base salary and, for a period of 12 months, medical and life insurance coverages as provided immediately prior to such termination. Mr. Myers is entitled to participate in any incentive plans or other fringe benefits provided by the Company to other key employees.

During 1993, the Company paid approximately \$47,000 for consulting services to Juan O'Callaghan, a former director of the Company.

The Company and Mr. Franke entered into a Key Employee Protection Agreement on June 27, 1994 pursuant to which the Company agreed to pay to Mr. Franke a Severance Payment (as defined in the agreement) if a Change of Control (as defined in the agreement) occurs in connection with a plan of reorganization and if for any reason (including voluntary resignation or involuntary removal, but excluding death) Mr. Franke ceases to serve as Chairman of the Company at any time within 180 days after the date of confirmation of such a plan of reorganization. A Change of Control (as defined in the agreement) would occur, generally, (i) if individuals who constitute the Board of Directors of the Company immediately prior to confirmation of a plan of reorganization cease to constitute a majority of the Board (except that any individual who becomes a director after the date of the agreement whose election or nomination was approved by a majority of directors then comprising the incumbent Board is to be considered as though he were a member of the incumbent Board), or (ii) if an individual, entity or group (within the meaning of the Securities Exchange Act of 1934, as amended) acquires beneficial ownership of 51% or more of the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors. Under the agreement, the Severance Payment would be a lump sum amount equal to 200% of the sum of Mr. Franke's annual base salary in effect immediately prior to the date of termination and the administrative expense allowance then in effect, reduced, however, by the amount of any reorganization success bonus payable to Mr. Franke in connection with the reorganization. In addition to the Severance Payment, the agreement provides for certain other benefits, including medical and life insurance, accrued vacation pay for a 12 month period and certain travel privileges consistent with the Company's policy for retired executives. The Board of Directors has discussed and continues to discuss a reorganization success bonus with Mr. William A. Franke. It also has discussed and has tentatively approved up to \$1.2 million in reorganization success bonuses for other key employees of the Company.

46

49

COMPENSATION COMMITTEE INTERLOCKS

AND INSIDER PARTICIPATION

Two members of the Company's Board of Directors, John F. Tierney and Declan Treacy, were elected to the Board pursuant to a certain management letter agreement, as amended and restated, between the Company and its debtor-in-possession lenders. See "Management -- Directors and Executive Officers". Both Mr. Tierney and Mr. Treacy are executives of GPA. The management letter agreement will terminate as of the Effective Date and GPA's representation on the Company's Board will be determined pursuant to the Stockholders' Agreement and a voting agreement to be entered between GPA and AmWest which collectively provide that GPA shall be allocated one seat on the Company's Board of Directors for so long as it owns at least 2% of the voting equity securities of the Company determined on a fully-diluted basis.

During the Company's bankruptcy proceedings, affiliates of GPA loaned the Company \$70 million of D.I.P. financing. As of June 30, 1994, the aggregate principal amount of D.I.P. financing provided by GPA was \$54.4 million. The D.I.P. financing provided by GPA and other debtor-in-possession lenders is secured by substantially all of the assets of the Company. In addition to its rights with respect to the D.I.P. financing, GPA also currently has the right, pursuant to a 1991 put agreement (the "1991 Put Agreement"), to require the Company to lease ten A320 aircraft at rental rates which are above today's

market rates. Pursuant to the Plan and in accordance with a settlement agreement to be entered as of the Effective Date (the "Settlement Agreement"), the Company will repay the D.I.P. loan in cash and, in consideration for concessions by GPA under the 1991 Put Agreement, GPA will receive 900,000 shares of Class B Common Stock, 1,384,615 Warrants, a cash payment of \$30.525 million and rights to put up to eight aircraft to the Company. The new put agreement gives GPA the right from June 30, 1995 through June 30, 1999 to require the Company to lease up to eight new or used aircraft at market rates.

In addition to the relationships described above, the Company presently leases or subleases a total of sixteen Airbus A320 aircraft and three spare engines from GPA or its affiliates for terms expiring at various dates through July 2013. As of December 31, 1993, the Company was obligated to pay approximately \$1.136 billion over the respective terms of these leases.

CERTAIN TRANSACTIONS

In September 1993, in connection with an extension of its debtor-in-possession financing, the Company repaid \$8.3 million of indebtedness to Ansett Worldwide Aviation U.S.A., an affiliate of Transpacific Enterprises, Inc., which was then a substantial stockholder of the Company. As of December 31, 1993, the Company leased or subleased 11 Boeing 737 aircraft from affiliates of Transpacific Enterprises, Inc. and was obligated to pay \$232 million over the remaining terms of the leases.

As part of the Reorganization, the Company entered into Alliance Agreements with Continental and Mesa. See "Business -- Business Strategy" and "Business -- Operations."

Each of the transactions described above were the result of significant negotiation among the parties thereto and were concluded on what the Company believes to be terms no less favorable than would have been obtained had the transactions been entered into with non-affiliated third parties. For a description of certain transactions or arrangements between the Company and its officers or directors, see "Management -- Other Arrangements."

47

50

PRINCIPAL STOCKHOLDERS

The following table sets forth the beneficial ownership of the outstanding Class A Common Stock and Class B Common Stock of the Company by (i) each person who is known to the Company to beneficially own more than 5% of the outstanding common stock of America West, (ii) each director of America West, (iii) each of the executive officers of America West named in the Summary Compensation Table and (iv) all executive officers and directors of America West as a group, in each case as of the Effective Date.

<TABLE>

<CAPTION>

BENEFICIAL OWNER	CLASS A		CLASS B		CLASS A AND B
	SHARES BENEFICIALLY OWNED		SHARES BENEFICIALLY OWNED		COMBINED VOTING POWER
	NUMBER	PERCENTAGE	NUMBER	PERCENTAGE	PERCENTAGE
<S>	<C>	<C>	<C>	<C>	<C>
AmWest Partners, L.P. 201 Main Street Suite 2420 Fort Worth, Texas 76102.....	1,200,000	100%	(1)	%	
TPG Partners, L.P. (2) (3) (4) 201 Main Street Suite 2420 Fort Worth, Texas 76102.....	733,333	61.1%	(5)	%	
Continental Airlines, Inc. (2) 2929 Allen Parkway Houston, Texas 77019.....	366,667	30.6%	(6)	%	

Mesa Airlines, Inc.(2) 2525 30th Street Farmington, New Mexico 87401.....	100,000	8.3%	(7)	%
Lehman Brothers Inc. 200 Vessey Street American Express Tower World Financial Center New York, NY 10285-1800.....	--	--	(8)	
FMR Corp. 82 Devonshire St. Boston, MA 02109.....	--	--	(9)	
William A. Franke.....	--	--	--	--
A. Maurice Myers.....	--	--	--	--
Thomas P. Burns.....	--	--	(10)	*
Thomas F. Derieg.....	--	--	--	--
Martin J. Whalen.....	--	--	(11)	*
Raymond T. Nakano.....	--	--	--	--
Frederick W. Bradley, Jr.....	--	--	--	--
Michael J. Conway(10).....	--	--	(12)	*
O. Mark De Michele.....	--	--	(13)	*
Samuel L. Eichenfield.....	--	--	--	--
Richard C. Kraemer.....	--	--	--	--
James T. McMillan.....	--	--	--	--
John R. Norton, III.....	--	--	--	--
John F. Tierney.....	--	--	--	--
Declan Treacy.....	--	--	--	--
All executive officers and directors as a group (17 persons).....	--	--	42,998 (14)	*

</TABLE>

48

51

- -----
* Less than 1%.

(1) Includes shares of Class B Common Stock that may be acquired upon exercise of Warrants. For a more complete description of AmWest Partners, L.P., please see "Summary" and "Risk Factors -- Concentration of Voting Power; Influence of AmWest and its Partners."

(2) Represents shares allocated to investors upon the dissolution of AmWest.

(3) TPG is a Delaware limited partnership whose general partner is TPG GenPar, L.P., a Delaware limited partnership. The general partner of TPG GenPar, L.P. is TPG Advisors, Inc., a Delaware corporation. 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). No other persons control TPG, TPG GenPar or TPG Advisors.

(4) Mr. Bonderman is also Director and Chairman of the Board of Continental.

Mr. Bonderman and Mr. Coulter, through their control positions in Air Partners, L.P., a special purpose partnership formed in 1992 to participate in the funding of the reorganization of Continental and a significant shareholder in Continental, may be deemed to beneficially own a significant percentage of Continental's common stock.

- (5) Includes _____ shares of Class B Common Stock that may be acquired upon the exercise of Warrants.
- (6) Includes _____ shares of Class B Common Stock that may be acquired upon the exercise of Warrants.
- (7) Includes _____ shares of Class B Common Stock that may be acquired upon the exercise of Warrants.
- (8) Includes _____ shares of Class B Common Stock that may be acquired upon the exercise of Warrants.
- (9) Includes _____ shares of Class B Common Stock that may be acquired upon the exercise of Warrants. All shares are owned directly by Fidelity Copernicus Fund, L.P. ("Copernicus"), Belmont Capital Partners II, L.P. ("Belmont II") or Belmont Fund, L.P. ("Belmont I"), each of which is a private investment limited partnership. Fidelity Management Trust Company ("FMTC") serves as investment adviser to Belmont I and Belmont II and Fidelity Management & Research Company ("FMRC") serves as investment adviser to Copernicus. Each of FMTC and FMRC is a wholly owned subsidiary of FMR Corp. ("FMR"). Through shared voting and dispositive power over the shares held by Belmont I and Belmont II, FMTC may be deemed to beneficially own the shares held by such entities. Through shared voting and dispositive power over the shares held by Copernicus, FMRC may be deemed to beneficially own the shares held by such entity. In addition, FMR, as controlling person of FMTC, FMRC and certain general partners of Belmont I, Belmont II and Copernicus, may be deemed to beneficially own the shares held by each of Belmont I, Belmont II and Copernicus. FMR disclaims beneficial ownership of such shares. Edward C. Johnson III, through his controlling interest in FMR, may be deemed to beneficially own the shares held by each of Belmont I, Belmont II and Copernicus. Mr. Johnson disclaims beneficial ownership of such shares.
- (10) Includes _____ shares of Class B Common Stock that may be acquired upon exercise of Warrants.
- (11) Includes _____ shares of Class B Common Stock that may be acquired upon exercise of Warrants.
- (12) Represents America West's estimates. Mr. Conway was replaced as the Company's President and Chief Executive Officer on December 31, 1993 and resigned as a member of the Board of Directors effective January 31, 1994.
- (13) Includes _____ shares of Class B Common Stock that may be acquired upon exercise of Warrants.
- (14) Includes _____ shares of Class B Common Stock that may be acquired upon exercise of Warrants.

As of the Effective Date, the Company, AmWest, GPA and certain designated stockholder representatives will enter into an agreement (the "Stockholders' Agreement") with respect to certain matters involving the Company. The material provisions of the Stockholders' Agreement are summarized below. The following description, however, is only a summary and is qualified in its entirety by reference to the Stockholders' Agreement, a copy of which has been filed as an exhibit to the Registration Statement of which this Prospectus is a part.

The Stockholders' Agreement provides that for a period lasting until the first annual meeting after the third anniversary of the Effective Date (the "Third Annual Meeting"), America West's Board of Directors will consist of 15 members including (i) nine members designated by AmWest; (ii) one member designated by GPA for as long as GPA retains at least two percent of the voting equity securities of the Company; and (iii) five independent directors (the "Independent Directors") initially including (a) three designated by the Creditors' Committee, (b) one member designated by the Equity Committee, and (c) one director designated by the pre-Reorganization Board of Directors from among the executive officers of the Company. Until the Third Annual Meeting, AmWest and GPA will vote all shares of the Common Stock owned by them in favor of the reelection of the initially designated Independent Directors for as long as such Independent Directors continue to serve.

In addition to the voting and other provisions of the Stockholders' Agreement, AmWest and GPA have agreed that (i) AmWest will vote in favor of GPA's nominee to the Company's Board of Directors, and (ii) GPA will vote in favor of AmWest's nine nominees to the Company's Board of Directors for so long as (a) AmWest owns at least 5% of the voting equity securities of the Company, and (b) GPA owns at least 2% of the voting equity securities of the Company.

The Stockholders' Agreement also provides that no director nominated by AmWest will be an employee or officer of Continental. All directors who are selected by or who are directors of Continental or Mesa and all directors who are employees or officers of Mesa shall recuse themselves from voting on or receiving information on any matters involving negotiations or direct competition between Mesa and America West or Continental and America West, whichever the applicable case may be.

Until the Third Annual Meeting, approval by at least the three Independent Directors or the affirmative vote of the holders of a majority of the voting power of each class of Common Stock (excluding those shares owned by AmWest or any of its Affiliates, as defined in the Stockholders' Agreement, but not, however, excluding any shares owned, controlled or voted by Mesa or any of its transferees that are not otherwise Affiliates of AmWest) is required to approve (i) any merger or consolidation of the Company with or into AmWest or any of its Affiliates; (ii) certain transactions involving issuances of voting securities by the Company that result in AmWest or any of its Affiliates acquiring an increased percentage ownership of such voting securities; and (iii) any transaction or series of transactions having the same effect as (i) or (ii) above.

Under the terms of the Stockholders' Agreement, neither AmWest nor any partner or Affiliate of AmWest or of any partner of AmWest may sell or otherwise transfer any Common Stock (other than to an Affiliate of the transferor) if, after giving effect thereto or to any related transaction, the total number of shares of Class B Common Stock beneficially owned by the transferor is less than twice the number of shares of Class A Common Stock beneficially owned by the transferor, except in certain circumstances.

In addition, the Stockholders' Agreement provides that for a period of three years after the Effective Date, AmWest shall not sell, in a single transaction or related series of transactions, shares of Common Stock representing 51% or more of the combined voting power of shares of Common Stock then outstanding other than (i) pursuant to or in connection with a tender or exchange offer for all shares of Common Stock and for the benefit of all holders of Class B Common Stock on a pro rata basis at the same price per share and on the same economic terms, (ii) to any Affiliate of AmWest, (iii) to any Affiliate of AmWest's partners, (iv) pursuant to a bankruptcy or insolvency proceeding, (v) pursuant to judicial order, legal process, execution or attachment or (vi) in a Public Offering as defined in the Stockholders' Agreement.

SELLING SECURITYHOLDERS

The Selling Securityholders are the partners of AmWest, GPA and Fidelity. AmWest is a limited partnership including Mesa and Continental. Pursuant to partial assignments of the Investment Agreement by AmWest, Fidelity and Lehman also purchased Securities from the Company through subscription agreements between AmWest and those parties. Pursuant to the Reorganization Plan, AmWest and such parties invested \$ million into the Company in exchange for the Securities offered hereby and 1,200,000 shares of Class A Common Stock. It is contemplated that prior to, on, or after the Effective Date AmWest will distribute the Securities held by it to its partners, and such Securities will be held directly by the partners of AmWest.

The following table sets forth the name of each Selling Securityholder, assuming the distribution of the Securities held by AmWest to its partners, and the amount of the Securities (other than the Senior Notes) owned by each such Selling Securityholder which are subject to being offered hereby. In addition, Fidelity holds \$100 million principal amount of the Senior Notes all of which may be offered and sold pursuant to this Prospectus.

<TABLE>

<CAPTION>

	SHARES OF CLASS A COMMON STOCK	SHARES OF CLASS B COMMON STOCK(1)	NUMBER OF WARRANTS
<S>	<C>	<C>	<C>
TPG Partners, L.P.(2).....	733,333		
Continental Airlines, Inc.....	366,667		
Mesa Airlines, Inc.....	100,000		
GPA Group plc.....	0		
Fidelity Copernicus Fund, L.P.(2).....	0		
Belmont Capital Partners II, L.P.(2).....	0		
Belmont Fund, L.P.(2).....	0		
Lehman Brothers Inc.....	0		
TOTAL.....	1,200,000		

</TABLE>

(1) Includes in each case a number of shares that may be acquired upon exercise of Warrants equal to the number of Warrants held by such person and offered pursuant to this Prospectus.

(2) Does not include shares issued pursuant to the Plan of Reorganization for preexisting claims and interests.

SHARES ELIGIBLE FOR FUTURE SALE

At the Effective Date, assuming no exercise of outstanding warrants to purchase Common Stock, America West will have 45,000,000 shares of Common Stock outstanding, including 1,200,000 shares of Class A Common Stock and 43,800,000 shares of Class B Common Stock; the offer and sale of 14,775,000 of such shares of Class B Common Stock is registered under the Securities Act pursuant to the Registration Statement of which this Prospectus forms a part. In addition, at the Effective Date, America West will have 10,384,615 shares of Class B Common Stock reserved for issuance upon the exercise of Warrants; the offer and sale of 4,153,846 of such shares is registered pursuant to the Registration Statement of which this Prospectus forms a part.

At the Effective Date, substantially all of the outstanding shares of Common Stock and shares of Common Stock issuable upon exercise of the Warrants (except to the extent such shares may have been acquired by an underwriter) will be freely tradeable without restriction or further registration under the Securities Act, either because such shares were issued or are issuable pursuant to the exemption provided by Section 1145 of the Bankruptcy Code and such shares are not "restricted securities" as defined in Rule 144 under the Securities Act or because the offer and resale of such shares is registered pursuant to the Registration Statement of which this Prospectus forms a part. To the extent shares of Common Stock are owned or purchased by "affiliates" of the Company as such term is defined in Rule 144 and are not registered

pursuant to the Registration Statement of which this Prospectus forms a part, such restricted shares may generally be sold in compliance with Rule 144.

In general under Rule 144 as currently in effect, a person (or persons whose shares are aggregated), including persons deemed to be affiliates, whose restricted securities have been fully paid for and held for at least two years from the later of the date of acquisition from America West or an affiliate thereof, may sell such securities in brokers' transactions or directly to market makers, provided the number of shares sold in any three-month period does not exceed the greater of 1% of the then outstanding shares of the Common Stock or the average weekly trading volume in the public market during the four calendar weeks immediately preceding the filing of the seller's Form 144. Sales under Rule 144 are also subject to certain notice requirements and availability of current public information concerning America West. Pursuant to Rule 144(k), after three years have elapsed from the later of the acquisition of the restricted securities from America West or an affiliate thereof, such shares may be sold without limitation by persons who have not been affiliates of America West for at least three months.

AmWest, Fidelity, Lehman and GPA have certain rights pursuant to agreements with the Company to have the offering and sale of Securities held by them registered with the Commission under the Securities Act. Under such agreements, the Company may be required to effect such registration for a period of years from the Effective Date.

Prior to this offering, there has been no market for the Common Stock of America West. Future sales of substantial amounts of Common Stock in the public market could adversely affect prevailing market prices.

DESCRIPTION OF THE SENIOR NOTES

The Senior Notes will be issued under an Indenture dated as of _____, 1994 (the "Indenture") between the Company and _____, as trustee (the "Trustee"). The material provisions of the Senior Notes and the Indenture are summarized below. The statements under this caption relating to the Senior Notes and the Indenture are summaries only, however, and do not purport to be complete. Such summaries make use of terms defined in the Indenture and are qualified in their entirety by express reference to the Indenture, which has been filed as an exhibit to the Registration Statement of which this Prospectus is a part. All section references under this heading are references to sections of the Indenture.

GENERAL

Each Senior Note will mature on _____, 2001, and will bear interest at the rate per annum stated on the cover page hereof from _____, 1994, payable semiannually in arrears on _____ and _____ of each year, commencing _____, 1995, to the person in whose name the Senior Note is registered at the close of business on the record date next preceding such interest payment date. Interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company will pay the principal on the Senior Notes to each Holder who surrenders such Senior Notes to a Paying Agent on or after _____, 2001 or, in the event of a redemption of the Senior Notes, on or after the Redemption Date, as described below. The Company will pay principal and interest in U.S. legal tender by Federal funds bank wire transfer or (in the case of payment of interest) by check to the persons who are registered Holders at the close of business on the Record Date next preceding the applicable interest payment date. The aggregate principal amount of the Senior Notes that may be issued will be limited to \$100,000,000.

The Senior Notes will be transferable and exchangeable at the office of the Registrar and any co-registrar and will be issued in fully registered form, without coupons, in denominations of \$1,000 and any whole multiple thereof; provided, however, that any Global Security representing all or a portion of the Senior Notes may not be transferred except as a whole by the Depository in certain circumstances unless and until it is exchanged in whole or in part for Senior Notes in a non-global form. The Company may require payment of a sum sufficient to cover any transfer tax or other similar governmental charge payable in connection with certain transfers and exchanges.

RANKING

The Senior Notes will be senior unsecured obligations of the Company and will rank pari passu in right of payment with the Company's existing and future senior unsecured obligations.

OPTIONAL REDEMPTION

The Company, at its option on notice to the Holders, may redeem the Senior Notes (i) prior to [blank], 1997 (A) at any time in whole but not in part, at a Redemption Price equal to 105% of the aggregate principal amount of the Senior Notes, plus accrued and unpaid interest thereon to the Redemption Date, or (B) from time to time in part from the Net Offering Proceeds received by the Company from a Public Offering Sale (1) at a Redemption Price equal to 104% of the aggregate principal amount of the Senior Notes so to be redeemed, plus accrued and unpaid interest thereon to the Redemption Date, to the extent of the excess of (a) \$20,000,000 over (b) the sum of (x) such amount of such Net Offering Proceeds as is required to be applied to purchase Senior Notes from Holders tendering the same in a Net Proceeds Offer as a result of such Public Offering Sale, plus (y) any amount of Net Offering Proceeds of any prior Public Offering Sale received prior to [blank], 1997 and either applied to purchase Senior Notes pursuant to a prior Net Proceeds Offer or applied to redeem Senior Notes as described herein, and otherwise (2) at a Redemption Price equal to 105% of the aggregate principal amount of the Senior Notes so redeemed, plus accrued and unpaid interest thereon to the Redemption Date; and (ii) on and after [blank], 1997 at any time in whole or from time to time in part, at a Redemption Price equal to the applicable percentage of the aggregate principal amount of the Senior Notes so to be redeemed, set forth below, plus accrued and unpaid interest thereon to the Redemption Date if redeemed during the 12 calendar months beginning on [blank] of the years indicated below:

1997:	105.0%
1998:	103.3%
1999:	101.7%
2000:	100.0%

The Senior Notes will not be entitled to the benefit of any sinking fund or other mandatory redemption provisions.

CERTAIN COVENANTS

Limitations on Restricted Payments. Under the terms of the Indenture, neither the Company nor any subsidiary shall: (i) declare or pay any dividends on or make any distributions in respect of Capital Stock of the Company (other than dividends or distributions payable solely in shares of Capital Stock (other than redeemable stock) or in options, warrants or other rights to purchase Capital Stock (other than Redeemable Stock)) to holders of Capital Stock of the Company, (ii) purchase, redeem or otherwise acquire or retire for value (other than through the issuance solely of Capital Stock (other than Redeemable Stock)) or warrants, rights or options to acquire Capital Stock other than Redeemable Stock; (iii) redeem, repurchase, defease (including, but not limited to, in substance or legal defeasance), or otherwise acquire or retire for value (other than through the issuance solely of Capital Stock (other than Redeemable Stock)) or warrants, rights or options to acquire Capital Stock (other than Redeemable Stock)) (collectively, a "prepayment"), directly or indirectly (including by way of amendment of the terms of any Indebtedness in connection with any retirement or acquisition of such Indebtedness) other than at scheduled maturity thereof or by any scheduled repayment or scheduled sinking fund payment, any indebtedness of the Company which is subordinated in right of payment to the Senior Notes or which matures after the maturity date of the Senior Notes except out of the proceeds of Refinancing Indebtedness); if, at the time of such transaction described in clause (i), (ii) or (iii) (such transactions being hereinafter collectively referred to as "Restricted Payments") and after giving effect thereto, either the aggregate amount expended by the Company and its Subsidiaries for all Restricted Payments (the amount of any Restricted Payment if other than cash to be the fair market value of the property included in such payment as determined in good faith by the Board of Directors as evidenced by a Board Resolution) from and after the Closing Date shall exceed the sum of (A) 50% (or if the Senior Notes at the time of the proposed Restricted Payment are rated Investment Grade by at least one rating agency of

recognized standing selected by the Company, 75%) of the aggregate Adjusted Consolidated Net Income (or if such Adjusted Consolidated Net Income is a loss, minus 100% of such loss) of the Company and its Subsidiaries for the period from the Closing Date and through the day immediately prior to the day on which the Restricted Payment occurs, calculated on a cumulative basis as if such period were a single accounting period; (B) the aggregate net proceeds received by the Company after the Closing Date (including the fair market value of non-cash proceeds as determined in good faith by the Board of Directors as evidenced by a

Board Resolution) from any Person other than a Subsidiary, as a result of the issuance of (or contribution to capital on) Capital Stock (other than any Redeemable Stock) or warrants, rights or options to acquire Capital Stock (other than any Redeemable Stock); (C) the aggregate net proceeds received by the Company after the Closing Date from any Person other than a Subsidiary as a result of the issuance of Capital Stock (other than Redeemable Stock) upon conversion or exchange of Indebtedness or upon exercise of options, warrants or other rights to acquire such Capital Stock and (D) \$25,000,000. For purposes of any calculation that is required to be made in respect of, or after the declaration of a dividend by the Company, such dividend shall be deemed to be paid at the date of declaration and shall be included in determining the aggregate amount of Restricted Payments, and the subsequent payment of such dividend shall not be treated as an additional payment.

For the purposes of the preceding covenant, the net proceeds from the issuance of shares of Capital Stock of the Company upon conversion of debt securities shall be deemed to be an amount equal to the net book value of such debt securities (plus the additional amount required to be paid upon such conversion, if any), less any cash payment on account of fractional shares; the "net book value" of a security shall be the net amount received by the Company on the issuance of such security, as adjusted on the books of the Company to the date of conversion.

Notwithstanding the foregoing, if no Default or Event of Default shall have occurred or be continuing at the time the Indenture shall not prohibit (i) the purchase, redemption or other acquisition or retirement for value of any shares of the Company's Capital Stock or the prepayment of any indebtedness of the Company which is subordinated in right of payment to the Senior Notes or which matures after the maturity date of the Senior Notes by any exchange for, or out of and to the extent the Company has received cash proceeds from the substantially concurrent sale or issuance (other than to a Subsidiary) of, shares of Capital Stock (other than any Redeemable Stock of the Company) or warrants, rights or options to acquire Capital Stock (other than any Redeemable Stock); or (ii) the purchase or redemption of shares of Capital Stock of the Company (including options on any such shares or related stock appreciation rights or similar securities) held by officers or employees of the Company or its Subsidiaries (or their estates or beneficiaries under their estates) upon death, disability, retirement, termination of employment or pursuant to the terms of any Plan or any other agreement under which such shares of stock or related rights were issued, provided that the aggregate amount of such purchases or redemptions of such Capital Stock shall not exceed \$3,000,000 in any one fiscal year of the Company.

Disposition of Proceeds of Public Offering Sale. If the Company shall consummate a Public Offering Sale at any time or from time to time prior to , 1997, it shall, promptly after each Public Offering Sale so consummated at a time when, immediately prior to such consummation, the Company shall have on hand cash and Cash Equivalents, not subject to any restriction on disposition, of at least \$100,000,000, make an offer to apply a portion of the Net Offering Proceeds thereof equal to the lesser of (x) 50% of such Net Offering Proceeds or (y) the excess, if any, of \$20,000,000 over (ii) the amount of any Net Offering Proceeds of any prior Public Offering Sale received prior to , 1997, and applied to purchase Securities on a pro rata basis from all Holders (a "Net Proceeds Offer") at a purchase price equal to 104% of the principal amount of the Securities so purchased plus accrued and unpaid interest to the date of purchase.

Notice of a Net Proceeds Offer shall be mailed, by first class mail, by the Trustee on behalf of the Company not more than 60 days after the consummation of the relevant Public Offering Sale to all Holders at their last registered addresses, with copies to the Trustee. The notice shall contain all instructions and material necessary to enable such Holders to tender Senior Notes pursuant to the Net Proceeds Offer and shall state the terms specified in Section 4.11.

Limitation on Transactions with Affiliates. Neither the Company nor any Subsidiary of the Company shall, directly or indirectly (i) sell, lease, transfer or otherwise dispose of any of its properties or assets, or issue securities to, (ii) purchase any property, assets or securities from, (iii) make any Investment in, or (iv) enter into or suffer to exist any contract or agreement with or for the benefit of, an Affiliate or Holder of 5% or more of any class of Capital Stock (and any Affiliate of such Holder) of the Company (an "Affiliate Transaction"), other than (x) certain permitted Affiliate Transactions and (y) Affiliate Transactions (including lease transactions) which are on fair and reasonable terms no less favorable to the Company or such Subsidiary, as the case may be, as those as might reasonably have been obtainable at such time from an unaffiliated party; provided that if an

Affiliate Transaction or series of related Affiliate Transactions involves or has a value in excess of \$1 million and less than or equal to \$5 million, the Company or such Subsidiary, as the case may be, shall not enter into such Affiliate Transaction or series of related Affiliate Transactions unless a majority of the disinterested members of the Board of Directors of the Company or such Subsidiary or an Independent Financial Advisor shall reasonably and in good faith determine that such Affiliate Transaction is fair to the Company or such Subsidiary, as the case may be, or is on terms no less favorable to the Company or such Subsidiary, as the case may be, than those as might reasonably have been obtainable at such time from an unaffiliated party. In addition, neither the Company nor any Subsidiary shall enter into an Affiliate Transaction or series of related Affiliate Transactions involving or having a value of more than \$5 million unless the Company or such Subsidiary, as the case may be, has received an opinion from an Independent Financial Advisor to the effect that the financial terms of such Affiliate Transaction are fair to the Company or such Subsidiary or no less favorable to the Company or such Subsidiary, as the case may be as those that might reasonably have been obtainable at such time from an unaffiliated party.

(b) The preceding paragraph shall not apply to (i) any agreement as in effect as of the Closing Date, or any amendment thereto (including pursuant to any amendment thereto) so long as any such amendment is not disadvantageous to the Holders in any material respect or any transaction contemplated thereby (including pursuant to any amendment thereto); (ii) any transaction between the Company and any Wholly Owned Subsidiary or between Wholly Owned Subsidiaries, provided such transactions are not otherwise prohibited by this Indenture; (iii) reasonable and customary fees and compensation paid to, and indemnity provided on behalf of, officers, directors, employees or consultants of the Company or any Subsidiary, as determined by the Board of Directors of the Company or any Subsidiary or the senior management thereof in good faith; (iv) any Restricted Payments not prohibited in Section 4.13; (v) any payments or other transactions pursuant to any tax sharing agreement between the Company and any other Person with which the Company is required or permitted to file a consolidated tax return or with which the Company is or could be part of a consolidated group for tax purposes; and (vi) transactions with Continental, Mesa or their respective Affiliates as contemplated by Alliance Agreements as amended from time to time in accordance with the provisions thereof.

Limitation on Asset Sales. Subject to certain provisions of the Indenture, in the event and to the extent that on any date the Company or any of its Subsidiaries shall receive Net Cash Proceeds from one or more Asset Sales (other than Asset Sales by the Company or any Subsidiary to the Company or another Subsidiary) then the Company shall, or shall cause such Subsidiary to, within 12 months after such date apply an amount equal to such Net Cash Proceeds (A) and to repay Indebtedness of the Company or Indebtedness of any Subsidiary, in each case owing to a Person other than the Company or any of its Subsidiaries, and/or (B) as an investment (or enter into a definitive agreement committing to so invest within 12 months after the date of such agreement), in property or assets of a nature or type or that are used in a business (or in a Person having property and assets of a nature or type, or engaged in a business) similar or related to the nature or type of the property and assets of, or the business of, the Company and its Subsidiaries existing on the date thereof (as determined in good faith by the Board of Directors of the Company or such Subsidiary, as the case may be, whose determination shall be conclusive and evidenced by a Board Resolution). The amount of such Net Cash Proceeds required to be applied (or to be committed to be applied) during such 12-month period as set forth in clause (A) or (B) of the preceding sentence shall constitute "Excess Proceeds."

If on the first Business Day following any 12-month period referred to in the preceding paragraph, the aggregate amount of Excess Proceeds from all Asset Sales subject to application but not previously applied

during such 12-month period as provided in clause (A) or (B) of the preceding paragraph, exceeds \$15,000,000, the Company, within 10 Business Days thereafter, shall make an offer to purchase on a pro rata basis from all Holders (an "Excess Proceeds Offer"), and shall purchase from Holders accepting such Excess Proceeds Offer, the maximum principal amount (expressed as an integral multiple of \$1,000) of Senior Notes that may be purchased from funds in an amount equal to all such outstanding Excess Proceeds at a purchase price equal to 100% of the principal amount of the Senior Notes so purchased plus accrued and unpaid interest thereon to the date of purchase ("Excess Proceeds Payment"). Upon completion of an Excess Proceeds Offer (or upon termination of such offer if no repurchases are required), the amount of such Excess Proceeds relating thereto shall be equal to zero.

The Indenture provides that the Company will not consolidate with or merge into any other corporation, or transfer, lease or convey its properties and assets substantially as an entirety (the "Properties") to any Person, unless: (i) the corporation formed by such consolidation or merger or the Person that acquires by transfer, lease or conveyance the Properties (collectively, the "Successor"), is a corporation organized and existing under the laws of the United States of America or any State thereof or the District of Columbia and the Successor assumes by supplemental indenture in a form satisfactory to the Trustee the Company's obligation for the due and punctual payment of the principal of and interest on all the Senior Notes according to their tenor and the performance of every covenant of the Indenture on the part of the Company to be performed or observed; and (ii) immediately before and after giving effect to such transaction, no Default or Event of Default shall have occurred and be continuing; and (iii) the Company has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that such consolidation, merger, conveyance, lease or transfer and such Supplemental Indenture comply with Article Six of the Indenture and that all conditions precedent set forth in the Indenture relating to such transaction have been complied with.

CERTAIN DEFINITIONS

The following is a summary of certain defined terms to be used in the Indenture. Reference is made to the Indenture for the full definition of all such terms and for the definitions of other capitalized terms used herein and not defined below.

"Adjusted Consolidated Net Income" means, for any Person for any period, the aggregate net income (or loss) of such Person and its consolidated Subsidiaries for such period determined in occurrence with GAAP; provided that the following items shall be excluded in computing Adjusted Consolidated Net Income (without duplication): (i) the net income (or loss) of any Person (other than a Subsidiary of such first Person) in which any other Person (other than such first Person or any of its Subsidiaries) has a joint or shared interest, except to the extent of the amount of dividends or other distributions actually paid to and received by such first Person or any of its Subsidiaries during such period out of funds legally available therefor, (ii) the net income (or loss) of any Person accrued prior to the date it becomes a Subsidiary of such first Person or any of its Subsidiaries or all or substantially all of the property and assets of such Person are acquired by such first Person or any of its Subsidiaries, (iii) the net income (or loss) of any Subsidiary of such Person that is subject to a Payment Restriction, except to the extent of the amount of cash dividends or other distributions actually paid to, and received by, such person or any of its Subsidiaries during such period from such Subsidiary out of funds legally available therefor, (iv) any gains or losses (on an after-tax basis) attributable to Asset Sales, and (v) all extraordinary gains and extraordinary losses.

"Affiliates" means, as applied to any Person, any other Person directly or indirectly controlling, controlled by, or under direct or indirect common control with, such Person. For purposes of this definition, "control" (including, with correlative meanings, the terms "controlling", "controlled by" and "under common control with"), as applied to any Person, is defined to mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise.

56

59

"Asset Sale" means any sale, transfer or other disposition (including by way of merger, consolidation or sale-leaseback transactions) in one transaction or a series of related transactions by the Company or any of its Subsidiaries to any Person other than the Company or any of its Subsidiaries of (i) all or any of the Capital Stock of any Subsidiary of the Company, (ii) all or substantially all of the property and assets of an operating unit or business of the Company or any of its Subsidiaries or (iii) any other property and assets of the Company or any of its Subsidiaries outside the ordinary course of business of the Company or such Subsidiary and, in each case, that is not governed by the provisions of Article Six of the Indenture applicable to mergers, consolidations and transfers of all or substantially all of the property and assets of the Company; provided that none of (A) sales or other dispositions of inventory, receivables and other current assets, (B) sale or other dispositions of surplus equipment, spare parts, expandable inventories, furniture or fixtures in an aggregate amount not to exceed \$10,000,000 in any fiscal year of the Company, (C) sale leasebacks of aircraft and engines passenger loading bridges or other flight or ground equipment, flight simulators, or the Company's reservation facility located at 222 South Mill Avenue, Tempe, Arizona; or (D) \$20,000,000 of other sales in any fiscal year of the Company shall be included within the meaning of "Asset Sale".

"Commodity Agreement" means any agreement or arrangement designed to

protect the Company or any of its Subsidiaries against fluctuations in the prices of commodities used by the Company or any of its Subsidiaries in the ordinary course of its business.

"Currency Agreement" means any foreign exchange contract, currency swap agreement or other similar agreement or arrangement designed to protect the Company or any of its Subsidiaries against fluctuations in currency values to or under which the Company or any of its Subsidiaries is a party or a beneficiary on the date of the Indenture or becomes a party or a beneficiary thereafter.

"Indebtedness" means, with respect to any Person at any date of determination (without duplication), (i) all indebtedness of such Person for borrowed money, (ii) all obligations of such Person evidenced by bonds, debentures, Senior Notes or other similar instruments, (iii) all obligations of such Person in respect of letters of credit or other similar instruments (including reimbursement obligations with respect thereto), (iv) all obligations of such Person to pay the deferred and unpaid purchase price of property or services, except trade payables, (v) all obligations of such Person to the extent capitalized on the balance sheet of such Person as lessee under Capitalized Leases, (vi) all Indebtedness of other Persons secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person; provided that the amount of such Indebtedness shall be the lesser of (A) the fair market value of such asset at such date of determination and (B) the stated principal amount of such Indebtedness, (vii) all Indebtedness of other Persons guaranteed by such Person to the extent such Indebtedness is guaranteed by such Person, (viii) to the extent not otherwise included in this definition, obligations under Currency Agreements, Interest Risk Agreement and Commodity Agreements. The amount of Indebtedness of any Person of any date shall be the outstanding balance on such date of all unconditional obligations as described above and the maximum liability, upon the occurrence of the contingency giving rise to the obligation, of any contingent obligations at such date; provided that the amount outstanding at any time of any Indebtedness issued with original issue discount is the full amount of such Indebtedness less the remaining unamortized portion of the original issue discount of such Indebtedness of such time as determined in conformity with GAAP.

"Interest Rate Agreement" means any interest rate future agreement, interest rate option agreement, interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedge agreement or other similar agreement or arrangement designed to protect the Company or any of its Subsidiaries against fluctuations in interest rates to or under which the Company or any of its Subsidiaries is a party or a beneficiary on the date of the Indenture or becomes a party or a beneficiary thereafter.

"Investment Grade" means a rating of BBB- or higher by S&P or BaaB or higher by Moody's or the equivalent of such ratings by S&P or Moody's. In the event that the Company shall select any other rating agency, the equivalent of such ratings by such rating agency shall be used.

"Lien" means any mortgage, lien, pledge, charge, security interest or encumbrance of any kind (including, without limitation, any conditional sale or other title retention agreement or lease in the nature thereof, any sale with recourse against the seller or any Affiliate of the seller, or any agreement to give any

security interest); provided that in no event shall a true operating lease be deemed to constitute a Lien hereunder.

"Net Cash Proceeds" means, with respect to any Asset Sale, the proceeds of such Asset Sale in the form of cash or Cash Equivalents, including payments in respect of deferred payment obligations (to the extent corresponding to the principal, but not interest, component thereof) when received in the form of cash or Cash Equivalents (except to the extent such obligations are financed or sold with recourse to the Company or any Subsidiary of the Company) and proceeds from the conversion of other property received when converted to cash or Cash Equivalents, net of (i) brokerage commissions and other fees and expenses (including fees and expenses of counsel and investment bankers) related to such Asset Sale, (ii) provisions for all taxes payable as a result of such Asset Sale without regard to the consolidated results of operations of the Company and its Subsidiaries, taken as a whole, (iii) payments made to repay Indebtedness or any other obligation outstanding at the time of such Asset Sale that either (A) is secured by a Lien on the property or assets sold or (B) is required to be paid as a result of such Asset Sale other than pursuant to this Agreement, and (iv) appropriate amounts to be provided by the Company or any Subsidiary of the Company as a reserve against any liabilities associated with such Asset Sale, including, without limitation, pension and other post-employment benefit liabilities, liabilities related to environmental matters and liabilities under any indemnification obligations associated with such Asset Sale, all as determined in conformity with GAAP.

"Payment Restriction" means, with respect to a Subsidiary of any Person, any encumbrance, restriction or limitation, whether by operation of the terms of its charter or by reason of any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation, on the ability of (i) such Subsidiary to (a) pay dividends or make other distributions on its Capital Stock or make payments on any obligation, liability or Indebtedness owed to such Person or any other Subsidiary of such Person, (b) make loans or Advances to such Person or any other Subsidiary of such Person, or (c) transfer any of its property or assets to such Person or any other Subsidiary of such Person, or (ii) such Person or other Subsidiary of such Person to receive or retain any such (a) dividends, distributions or payments, (b) loans or advances, or (c) property or assets.

"Public Offering Sale" means an underwritten public offering of Capital Stock of the Company pursuant to which the Company agreed to issue and sell and the Purchasers named in such agreement agreed to purchase, an aggregate of \$100,000,000 in principal amount of Securities.

"Redeemable Stock" means any class or series of Capital Stock of any Person that by its terms or otherwise (i) is required to be redeemed prior to the Stated Maturity of the Securities, (ii) may be required to be redeemed at the option of the holder of such class or series of Capital Stock at any time prior to the Stated Maturity of the Securities or (iii) is convertible into or exchangeable for Capital Stock referred to in clause (i) or (ii) above or indebtedness having a scheduled maturity prior to the Stated Maturity of the Securities; provided that any Capital Stock that would not constitute Redeemable Stock but for provisions thereof offering holders thereof the right to require the Company to repurchase or redeem such Capital Stock upon the occurrence of an "asset sale" occurring prior to the Stated Maturity of the Securities shall not constitute Redeemable Stock if the asset sale provisions contained in such Capital Stock specifically provide that in respect of any particular asset sale proceeds, the Company will not repurchase or redeem any such Capital Stock pursuant to such provisions prior to the Company's repurchase of such Securities as are required to be repurchased from Holders accepting an Excess Proceeds Offer pursuant to the provisions of Section 4.15.

"Refinancing Indebtedness" means any Indebtedness of the Company or any Subsidiary issued in exchange for, or the net proceeds of which are applied entirely to substantially concurrently repay, refinance, refund or replace, outstanding Indebtedness of the Company or any of its Subsidiaries (the "Refinanced Indebtedness"), to the extent such Indebtedness

(a) is issued in a principal amount (or if such Indebtedness is issued at an original issue discount, is issued at an original issue price) not exceeding the outstanding principal amount (or, if such Refinanced Indebtedness was issued at an original issue discount, not exceeding the outstanding accreted principal amount) of such Refinanced Indebtedness, and

58

61

(b) if the Refinanced Indebtedness is Indebtedness of the Company and ranks by its terms junior in right of payment to the Securities, (i) does not have a final scheduled maturity and is not subject to any principal payments, including but not limited to payments upon mandatory or optional redemption, prior to the dates of analogous payments under the Refinanced Indebtedness, and (ii) has subordination provisions effective to subordinate such Indebtedness to the Securities at least to the extent that such Refinanced Indebtedness is subordinated to the Securities, or

(c) if the Refinanced Indebtedness is Indebtedness of the Company and ranks by its terms pari passu in right of payment with the Securities, (i) is pari passu or subordinated in right of payment to the Securities, (ii) does not have a final scheduled maturity and is not subject to any principal payments, including but not limited to payments upon mandatory or optional redemption, prior to the dates of analogous payments under the Refinanced Indebtedness, and (iii) is not secured by any Lien on any property of the Company or any Subsidiary in addition to Liens securing the Refinanced Indebtedness.

EVENTS OF DEFAULT

An Event of Default, with respect to the Senior Notes, means any one of the following events shall have occurred and be continuing: (i) default by the Company for 30 days in payment of any interest on the Senior Notes; (ii) default by the Company in any payment of principal of or premium, if any, on the Senior Notes when such payment becomes due and payable; (iii) default by the Company in performance of any other covenant or agreement in the Indenture or under the Senior Notes, which shall not have been remedied within 30 days after receipt of written notice from the Trustee or from the holders of at least 25% in principal amount of the Senior Notes then outstanding; (iv) upon an event of default

resulting in the acceleration of the maturity of any issue or issues of Indebtedness of the Company and/or one or more Subsidiaries of any principal amount of \$10 million or more in the aggregate, and such default shall be continuing for a period of 30 days without the Company or such Subsidiary, as the case may be, discharging the Indebtedness or effecting a cure of such default; (v) a judgment or order not covered by insurance for the payment of money in excess of \$10 million having been rendered against the Company or any Subsidiary and such judgment or order shall continue unsatisfied and unstayed for a period of 60 days; or (vi) certain events involving bankruptcy, insolvency or reorganization of the Company or any Restricted Subsidiary; (vii) failure by the Company to make at the final (but not any interim) fixed maturity of one or more issues of Indebtedness a principal payment or principal payments aggregating 10 million or more, which failure shall not have been remedied within 30 days of the payment default that causes the aggregate amount of such indebtedness to exceed \$10 million, or (viii) the cessation of the full force and effect of the Indenture, except as permitted therein. The Trustee may withhold notice to the holders of the Senior Notes of any default or Event of Default (except in payment of principal of, or premium, if any, or interest on the Notes) if the Trustee considers it in the interest of the holders of the Senior Notes to do so.

If an Event of Default occurs and is continuing with respect to the Indenture, the Trustee or the Holders of not less than 25% in principal amount of the Senior Notes outstanding may, and at the request of the Holders, the Trustee shall declare the principal of and premium, if any, and accrued but unpaid interest on all the Senior Notes to be due and payable. Upon such a declaration, such principal, premium, if any, and interest will be due and payable immediately. If an Event of Default relating to certain events of bankruptcy, insolvency or reorganization of the Company or any Restricted Subsidiary occurs and is continuing, the principal of and premium, if any, and interest on all the Senior Notes will become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Holders of the Senior Notes. If an Event of Default relating to item (iv) in the preceding paragraph occurs, such acceleration will be automatically rescinded if the Event of Default is cured by the Company or waived by the holders of the relevant Indebtedness within 30 days after the occurrence of the Event of Default. Under certain circumstances, the holders of a majority in principal amount of the outstanding Senior Notes may rescind any such acceleration with respect to the Senior Notes and its consequences.

The Indenture provides that no Holder may pursue any remedy under the Indenture unless (i) the Trustee shall have received written notice from the Holder of a continuing Event of Default, (ii) the Trustee shall have received a request from holders of at least 25% in principal amount of the Senior Notes to pursue

59

62

such remedy, (iii) the Trustee shall have been offered indemnity reasonably satisfactory to it, (iv) the Trustee shall have failed to act for a period of 60 days after receipt of such notice and offer of indemnity, and (v) during such 60-day period, a majority of the Holders do not give the Trustee directions inconsistent with the initial request; however, such provision does not affect the right of a holder of a Note to sue for enforcement of any overdue payment thereon.

The holders of a majority in principal amount of the Senior Notes then outstanding have the right to direct the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee under the Indenture, subject to certain limitations specified in the Indenture. The Indenture will require the annual filing by the Company with the Trustee of a written statement as to compliance with the covenants contained in the Indenture.

MODIFICATION AND WAIVER

The Indenture provides that supplements and amendments to the Indenture or the Senior Notes may be made by the Company, and the Trustee with the written consent of the Holders of at least a majority in aggregate principal amount of the Senior Notes then outstanding; provided that no such amendment or waiver may, without the consent of each Holder affected, (i) reduce the principal amount of Senior Notes whose Holders must consent to an amendment, supplement or waiver, (ii) reduce the principal of or change the fixed maturity of any Senior Note, or alter the provisions with respect to the redemption of the Senior Notes in a manner adverse to the Holders, (iii) reduce the rate of or change the time for payment of interest on any Senior Note, (iv) make any Senior Note payable in money other than U.S. Legal Tender, (v) make any change in the provisions of the Indenture relating to waivers of past Defaults or the rights of Holders to receive payments of principal of, or premium, if any, or interest on, the Senior Notes, (vi) waive a redemption payment with respect to any Senior Notes, or (vii) make any change in certain sections of the Indenture.

The Indenture provides that supplements and amendments to the Indenture may be made by the Company and the Trustee without the consent of any Holder to: (i) cure any ambiguity, correct or supplement any provision therein which may be inconsistent with any other provision therein, or to make any other provisions with respect to matters or questions arising under the Indenture which shall not be inconsistent with the provisions of the Indenture, provided that such amendment does not adversely affect the rights of the Holders, (ii) evidence the succession of another corporation to the Company, and provide for the assumption by such successor of the Company's obligations to the Holders under the Indenture and the Senior Notes, (iii) to provide for uncertificated Senior Notes in addition to or in place of certificated Senior Notes, (iv) make any change that would provide additional rights or benefits to holders, or not adversely affect the legal rights of the Holder under the Indenture or (v) comply with the requirements of the Commission in order to effect or maintain the qualification of the Indenture under the Trust Indenture Act of 1939.

The Indenture provides that the holders of a majority in aggregate principal amount of the Senior Notes then outstanding may waive any existing Default or Event of Default under the Indenture or the Senior Notes, except a default or Event of Default in the payment of principal, or premium, if any, or interest.

DISCHARGE AND TERMINATION

The Indenture provides that the Indenture shall cease to be of further effect (subject to certain exceptions) when (i) all outstanding Senior Notes theretofore authenticated and delivered (other than destroyed, lost or stolen Senior Notes that have been replaced or paid) have been delivered to the Trustee for cancellation or (ii) (A) the Senior Notes mature within one year or all of them are to be called for redemption within one year under arrangements satisfactory to the Trustee, (B) the Company irrevocably deposits in trust with the Trustee during such one-year period, under the terms of an irrevocable trust agreement in form and substance satisfactory to the Trustee, as trust funds solely for the benefit of the Holders, money or U.S. Government Obligations sufficient to pay principal and interest on the Senior Notes to maturity or redemption, as the case may be, and to pay all other sums payable by it under the Indenture or the Senior Notes, (C) no Event of Default with respect to the Senior Notes shall have occurred and be continuing on the date of such deposit, (D) such deposit will not result in a breach or violation of, or constitute a default

60

63

under, the Indenture or any other agreement or instrument to which the Company is a party or by which either is bound and (E) the Company has delivered to the Trustee any required Officers' Certificate and Opinion of Counsel.

GOVERNING LAW

The Indenture and each Senior Note are governed by, and construed in accordance with, the laws of the State of New York, except as may otherwise be required by mandatory provisions at law, but without giving effect to principles of conflicts of law.

THE TRUSTEE

will be the Trustee under the Indenture. Its address is

The Indenture contains certain limitations on the right of the Trustee, should it become a creditor of the Company, to obtain payment of claims in certain cases, or to realize on certain property received in respect of any such claim as security or otherwise. The Trustee will be permitted to engage in other transactions; however, if it acquires any conflicting interest (as defined in the Trust Indenture Act of 1939), it must eliminate such conflict or resign.

The Indenture provides that in case an Event of Default shall occur (and be continuing), the Trustee will be required to use the degree of care and skill of a prudent man in the conduct of his own affairs. The Trustee will be under no obligation to exercise any of its powers under the Indenture at the request of any of the holders of the Senior Notes, unless such holders shall have offered the Trustee indemnity reasonably satisfactory to it.

AUTHENTICATION

Two officers of the Company will sign each Senior Note on behalf of the Company, in each case by manual or facsimile signature. The Company's seal will be reproduced on each Senior Note and may be in facsimile form. A Senior Note will not be valid until the Trustee or an Authenticating Agent manually signs the certificate of authentication on the Senior Note. Each Senior Note will be

dated the date of its authentication.

DESCRIPTION OF CAPITAL STOCK

The authorized capital stock of the Company consists of 1,200,000 shares of Class A Common Stock, \$.01 par value (the "Class A Common Stock"), 100,000,000 shares of Class B Common Stock, \$.01 par value (the "Class B Common Stock"), (such classes of Common Stock referred to collectively as the "Common Stock") and 48,800,000 shares of preferred stock, \$.01 par value (the "Preferred Stock"). As of the Effective Date, there were 1,200,000 outstanding shares of Class A Common Stock and 43,800,000 outstanding shares of Class B Common Stock.

The material terms of the Company's capital stock are summarized below. The following description is a summary only, however, and is not intended to be complete and is qualified by reference to the provisions of the Company's Restated Certificate of Incorporation (the "Certificate of Incorporation") and bylaws and the agreements referred to in this summary description, copies of each of which have been filed as exhibits to the Registration Statement of which this Prospectus is a part. As used in this section, except as otherwise stated or required by context, each reference to AmWest includes any successor by merger, liquidation, consolidation or similar transaction and any wholly owned subsidiary of such entity or such successor.

COMMON STOCK -- ALL CLASSES

Holders of Common Stock of all classes participate equally as to any dividends or distributions on the Common Stock, except that dividends payable in shares of Common Stock, or securities to acquire Common Stock, are paid in Common Stock, or securities to acquire Common Stock, of the same class as that held by

61

64

the recipient of the dividend. Upon any liquidation, dissolution or winding up of the Company, holders of Common Stock of all outstanding classes are entitled, subject to the rights of preferred Stockholders, if any, to receive pro rata all of the assets of the Company available for distribution to the stockholders. Holders of Common Stock have no preemptive, subscription, conversion or redemption rights (other than conversion rights of AmWest and GPA described below), and are not subject to further calls or assessments. Holders of Common Stock have no right to cumulate their votes in the election of directors. The Common Stock votes together as a single class, subject to the right to a separate class vote in certain instances required by law.

CLASS B COMMON STOCK AND CLASS A COMMON STOCK

The holders of Class B Common Stock are entitled to one vote per share, and the holders of Class A Common Stock are entitled to fifty votes per share, on all matters submitted to a vote of common stockholders, except that voting rights of non-U.S. citizens are limited as set forth below under "-- Limitation on Voting by Foreign Owners."

As set forth under the heading "Principal Stockholders," AmWest currently owns in the aggregate 100% of the outstanding Class A Common Stock and % of the outstanding Class B Common Stock, which collectively represent approximately % of the total voting power of the outstanding Common Stock. In addition, AmWest holds Warrants to acquire an additional 2,769,231 shares of Class B Common Stock that, if exercised, would increase AmWest's voting control to %. See "Principal Stockholders -- Stockholders' Agreement" below for a discussion of arrangements regarding the composition of the Board of Directors of the Company.

Each of the Selling Securityholders may at any time elect to convert shares of Class A Common Stock into an equal number of shares of Class B Common Stock. Class B Common Stock is not convertible into Class A Common Stock.

PREFERRED STOCK

Pursuant to the Company's Certificate of Incorporation, the Company is authorized to issue 48,800,000 shares of Preferred Stock. The Company's Board of Directors by resolution may authorize the issuance of the Preferred Stock as a class, in one or more series, having the number of shares, designations, relative voting rights, dividend rights, liquidation and other rights preferences, and limitations that the Board of Directors fixes without any stockholder approval. No shares of Preferred Stock have been issued.

LIMITATION ON VOTING BY FOREIGN OWNERS

The Certificate of Incorporation defines "Foreign Ownership Restrictions"

as "applicable statutory, regulatory and interpretive restrictions regarding foreign ownership or control of U.S. air carriers (as amended or modified from time to time)." Such restrictions currently require that no more than 25% of the voting stock of the Company be owned or controlled, directly or indirectly, by persons who are not U.S. citizens ("Foreigners") for purposes of the Foreign Ownership Restrictions, and that the Company's president and at least two-thirds of its directors be U.S. citizens. The Certificate of Incorporation provides that no shares of capital stock may be voted by or at the direction of Foreigners, unless such shares are registered on a separate stock record (the "Foreign Stock Record"). The Company's bylaws further provide that no shares will be registered on the Foreign Stock Record if the amount so registered would exceed the Foreign Ownership Restrictions. Registration on the Foreign Stock Record is made in chronological order based on the date the Company receives a written request for registration.

LIMITATION OF DIRECTOR LIABILITY AND INDEMNIFICATION

The Company's Certificate of Incorporation and Restated Bylaws (collectively, the "Charter Documents") provide, to the fullest extent permitted by Delaware law as it may from time to time be amended, that no director shall be liable to the Company or any stockholder for monetary damages for breach of fiduciary duty as a director. Delaware law currently provides that such waiver may not apply to liability (i) for any breach of the director's duty of loyalty to the Company or its stockholders, (ii) for acts or omissions not in

62

65

good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the Delaware General Corporation Law (governing distributions to stockholders), or (iv) for any transaction from which the director derived any improper personal benefit. The Charter Documents further provide that the Company will indemnify each of its directors and officers to the full extent permitted by Delaware law and may indemnify certain other persons as authorized by law.

Additionally, America West has entered into written agreements with each person who served as a director or executive officer of America West as of the date of the Investment Agreement providing for similar indemnification of such person and that no recourse or liability whatsoever with respect to the Investment Agreement, the Plan or consummation of the transactions contemplated thereby shall be had by or in the right of America West against such person.

DELAWARE BUSINESS COMBINATION STATUTE

Pursuant to the Plan, the Company has elected not to be governed by Section 203 of the Delaware General Corporation Law ("DGCL"). In general, Section 203 of the DGCL prohibits a Delaware corporation from entering into a "business combination" with an "interested stockholder" for a period of three years unless certain exceptions are applicable. Pursuant to the statute, the Company's election not to be governed by Section 203 will not become effective until the first anniversary date of the Effective Date.

By opting out of Section 203, America West may be foregoing certain "anti-takeover" protections that may otherwise be available to it under Section 203 in the event of an unsolicited takeover offer from a party other than AmWest. However, given the limited protections provided by Section 203, the significant holdings of Common Stock by AmWest after the Effective Date and certain other factors, the Company does not believe that the protections afforded by Section 203 are very significant or that an unsolicited takeover offer is likely to occur.

With respect to a possible "business combination" or takeover attempt by AmWest or its affiliates involving the Company, the protective provisions of Section 203 would not apply to such a transaction because the Board of Directors of the Company has previously approved of the transactions contemplated by the Investment Agreement and otherwise described herein prior to the date such agreement was entered into and prior to the date that AmWest acquired any shares of Common Stock. However, pursuant to the Stockholders' Agreement, AmWest will be precluded from consummating any "Business Combination" (as defined in the Stockholders Agreement) with the Company for a three-year period commencing on the Effective Date, unless such transaction is recommended or approved in advance by at least three Independent Directors or a majority of the Common Stock of the Company not held by AmWest and its affiliates.

DESCRIPTION OF WARRANTS

GENERAL

The Warrants will be issued under a Warrant Agreement dated as of , 1994 (the "Warrant Agreement") between the Company and

as warrant agent (the "Warrant Agent"). The material terms of the Warrants and the Warrant Agreement are summarized below. The statements under this caption relating to the Warrants and the Warrant Agreement are summaries only, however, and do not purport to be complete. Such summaries make use of terms defined in the Warrant Agreement and are qualified in their entirety by express reference to the Warrant Agreement, which has been filed as an exhibit to the Registration Statement of which this Prospectus is a part. All section references under this heading are references to sections of the Warrant Agreement.

Each of the 4,153,846 Warrants offered hereby entitles the registered holder to purchase from the Company one share of Class B Common Stock for \$, subject to adjustment as provided in the Warrant Agreement, at any time after the Effective Date and before the fifth anniversary of the Effective Date (the "Expiration Date"). (Section 3.01)

63

66

CERTAIN TERMS OF THE WARRANTS

Exercise of Warrants. Warrants may be exercised by surrendering the Warrant Certificate evidencing such Warrants at the Warrant Agent's Office with the Election to Exercise form duly completed and executed. Surrendered Warrant Certificates must be accompanied by payment in full to the Warrant Agent for the account of the Company (i) in cash, (ii) by certified or official bank check or (iii) by any combination of (i) or (ii) the Warrant Price for each share of Class B Common Stock as to which Warrants are exercised and any applicable taxes that the Company is not required to pay as set forth in Sections 4.08 or 6.01. (Section 3.02(a)).

The Company will not be required to issue fractional shares of Class B Common Stock upon the exercise of the Warrants. In lieu thereof, the Company, at its option, may purchase the fraction for an amount in cash equal to the then-current market value of the fraction (as defined in Section 4.01(d)) or issue scrip of the Company that is non-dividend bearing and non-voting and exchangeable in combination with other similar scrip for the number of full shares of Class B Common Stock represented thereby. (Section 3.03)

The Company has the right, except as limited by law or other agreement, to purchase or otherwise acquire Warrants at such times, in such manner and for such consideration as it may deem appropriate. (Section 3.04)

The Company will, at all times, reserve and keep available free of preemptive rights out of its authorized and unissued Class B Common Stock, the full number of shares of Class B Common Stock, if any, issuable if all outstanding Warrants then exercisable were to be exercised. Any shares of Class B Common Stock issued upon a Warrant holder's exercise of any Warrant shall be validly authorized and issued, fully paid, non-assessable, free of preemptive rights and free from all taxes (other than those required to be paid by the holder or its transferees) liens, charges, security interests and claims created or incurred by the Company in respect of the issuance thereof. (Sections 3.02(b); 4.06)

Adjustment of Warrant Price. The Warrant Price and the number of shares of Class B Common Stock purchasable upon exercise of each Warrant are subject to adjustment in certain events, including (a) the payment of a dividend in Common Stock or certain combinations, subdivisions, or reclassifications of the Common Stock, (b) the issuance to holders of Common Stock (without any charge to such holders) of rights, options or warrants entitling the holders thereof to purchase Common Stock (or securities convertible into Common Stock) at a price per share less than the then-current market price per share, and (c) certain distributions by the Company to holders of Common Stock of evidences of its indebtedness or assets (excluding any cash dividend or distribution out of retained earnings), all as described in the Warrant Agreement. The Company is not required to make any adjustment to the Warrant Price unless such adjustment could require an increase or decrease of at least \$ in the Warrant Price then subject to adjustment; provided, however, that any adjustments that are not made for this reason must be carried forward and taken into account in any subsequent adjustment. (Section 4.01) The Company may, at its option, reduce the Warrant Price at any time.

Rights Upon Consolidation, Merger, Sale, Transfer or Reclassification. In the event of certain consolidations with or mergers of the Company into another corporation or in the event of certain leases, sales or conveyances of the property of the Company to another corporation, the holder of each outstanding Warrant shall have the right to receive, upon exercise of the Warrant, the kind and amount of shares, securities, property or cash receivable upon such consolidation, merger, lease, sale or conveyance by a holder of one share of Class B Common Stock. (Section 4.05(a))

In the event of any liquidation, dissolution or winding up of the affairs of the Company, each holder of a Warrant may receive, upon exercise of such Warrant in accordance with the Warrant Agreement, the same kind and amount of any stock, securities or assets as may be issuable, distributable or payable on any such dissolution, liquidation, or winding up with respect to each share of Class B Common Stock of the Company. (Section 4.05(b))

In the event of certain reclassifications or changes of the shares of Class B Common Stock issuable upon exercise of the Warrants or in the event of the consolidation or merger of another corporation into the

64

67

Company in which the Company is the continuing corporation in which the holders of the shares of Common Stock thereafter receive shares, other securities, property or cash for such shares of Common Stock, each holder of a Warrant shall have the right to receive, upon exercise of the Warrant, the kind and amount of shares, other securities, property or cash receivable upon such reclassification or change. (Section 4.05(c))

Rights as Warrantholders. A holder of Warrants does not have any rights whatsoever as a stockholder of the Company, either at law or equity, including but not limited to the right to vote at, or to receive notice of, any meeting of stockholders of the Company. The consent of any holder is not required with respect to any action or proceeding of the Company nor do holders, by reason of the ownership or possession of a Warrant, have any right to receive any cash dividends, stock dividends, allotments or rights, or other distributions paid, allotted or distributed or distributable to the stockholders of the Company. A holder of a Warrant shall not have any rights unless the right is expressly conferred by the Warrant Agreement or by a Warrant Certificate held by the holder. (Section 5.01)

PLAN OF DISTRIBUTION

Selling Securityholders may sell their Securities in transactions through such underwriters, dealers or agents as may be approved by the Company from time to time or through privately negotiated transactions; provided, however, that pursuant to the Stockholders' Agreement, certain of the Selling Securityholders have agreed that (i) they will not dispose of any Common Stock (other than 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 Stock owned by the transferor is less than 200% of the total number of shares of Class A Common Stock beneficially owned by the transferor; provided, however, that the preceding will not prohibit any person from transferring or otherwise disposing of all shares of Common Stock owned by such person; (ii) all of the Securities issued to the Selling Securityholders shall bear the legend that the Securities may not be sold, transferred or otherwise disposed of except in accordance with applicable securities laws and the terms of the Plan; and (iii) AmWest has agreed that subject to certain exceptions it will not, prior to , 1997, sell in a single transaction or related transaction 51% or more of the combined voting power of all shares of Common Stock then outstanding unless other holders of Common Stock 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 AmWest. See "Selling Securityholders."

The distribution of the Securities may be effected from time to time in one or more transactions (which may involve crosses or block transactions) (i) in the over-the-counter market, (ii) in transactions otherwise than in the over-the-counter market or (iii) through the writing of options on the Securities (whether such options are listed on an options exchange or otherwise). Any of such transactions may be effected at market prices prevailing at the time of sale, at prices related to such prevailing market prices, at negotiated prices or at fixed prices. If the Selling Securityholders effect such transactions by selling Securities to or through underwriters, dealers or agents, such underwriters, dealers or agents may receive compensation in the form of discounts, concessions or commissions from the Selling Securityholders or commissions from purchasers of Securities for whom they may act as agent (which discounts, concessions or commissions as to a particular underwriters, dealers or agents might be in excess of those customary in the types of transactions involved). The Selling Securityholders and any underwriters, dealers or agents that participate in the distribution of the Securities might be deemed to be underwriters and any profit on the sale of Securities by them and any discounts, concessions or commissions received by any such underwriters, dealers or agents might be deemed to be underwriting discounts and commissions under the Securities Act. The Company will not receive any of the proceeds from the sale of any of the Securities by the Selling Securityholders.

Under the Exchange Act and applicable rules and regulations promulgated

thereunder, any person engaged in a distribution of any of the Securities may not simultaneously engage in market making activities with respect to the Securities for a period, depending upon certain circumstances, of either two days or nine days prior to the commencement of such distribution. In addition and without limiting the foregoing, the Selling Securityholders will be subject to applicable provisions of the Exchange Act and the rules and

regulations promulgated thereunder, including without limitation Rules 10b-6 and 10b-7, which provisions may limit the timing of purchases and sales of any of the Securities by the Selling Securityholders.

Under the securities laws of certain states, the Securities may be sold in such states only through registered or licensed brokers or dealers. In addition, in certain states the Securities may not be sold unless the Securities have been registered or qualify for sale in such state or an exemption from registration or qualification is available and is complied with.

Prior to this offering, there has been no public market for the Securities. Application has been made to list the Class B Common Stock and the Warrants on a national securities exchange. No assurance can be given as to whether an active trading market will develop for the Securities. All of the foregoing may affect the marketability of the Securities and the ability of broker-dealers to engage in market making activities with respect to the Securities. See "Investment Considerations -- Limited Trading Market; Shares Eligible for Future Sale."

LEGAL MATTERS

The validity of the shares of Class B Common Stock and certain legal matters relating to the Senior Notes and Warrants offered hereby will be passed upon for the Company by Andrews & Kurth L.L.P., Houston, Texas.

EXPERTS

The financial statements and schedules of America West Airlines, Inc., as of December 31, 1993 and 1992, and for each of the years in the three-year period ended December 31, 1993, have been included herein and in the registration statement in reliance upon the reports of KPMG Peat Marwick, independent certified public accountants, appearing elsewhere herein, and upon the authority of said firm as experts in accounting and auditing.

The reports of KPMG Peat Marwick covering the December 31, 1993 financial statements and schedules contain an explanatory paragraph that states that the Company's Chapter 11 proceeding, significant losses, accumulated deficit and highly leveraged capital structure raise substantial doubt about its ability to continue as a going concern. The financial statements and schedules do not include any adjustments that might result from the outcome of these uncertainties.

AMERICA WEST AIRLINES, INC., D.I.P.

INDEX TO FINANCIAL STATEMENTS

<TABLE>
<CAPTION>

	PAGE

<S>	<C>
CONDENSED FINANCIAL STATEMENTS AS OF MARCH 31, 1994 (UNAUDITED)	
Condensed Balance Sheets as of March 31, 1994 (unaudited).....	F-2
Condensed Statements of Operations and Accumulated Deficit for the three months ended March 31, 1994 (unaudited) and 1993 (unaudited).....	F-4
Condensed Statements of Cash Flows for the three months ended March 31, 1994 (unaudited) and 1993 (unaudited).....	F-5
Notes to Condensed Financial Statements.....	F-6
FINANCIAL STATEMENTS AS OF DECEMBER 31, 1993	
Independent Auditors' Report.....	F-17
Balance Sheets as of December 31, 1993 and 1992.....	F-18
Statements of Operations for the Years ended December 31, 1993, 1992 and 1991.....	F-20
Statements of Cash Flows for the Years ended December 31, 1993, 1992 and 1991.....	F-21
Statements of Stockholders' Equity (Deficiency) for the Years ended December 31, 1993, 1992 and 1991.....	F-22
Notes to Financial Statements.....	F-23

</TABLE>

AMERICA WEST AIRLINES, INC., D.I.P.

CONDENSED BALANCE SHEETS

ASSETS

<TABLE>

<CAPTION>

	MARCH 31, 1994	DECEMBER 31, 1993
	-----	-----
	(UNAUDITED)	(UNAUDITED)
	(IN THOUSANDS)	(IN THOUSANDS)
<S>	<C>	<C>
Current assets:		
Cash and cash equivalents.....	\$ 151,452	\$ 99,631
Accounts receivable, less allowance for doubtful accounts of \$3,209,000 in 1994 and \$3,030,000 in 1993.....	88,542	65,744
Expendable spare parts and supplies, less allowance for obsolescence of \$7,466,000 in 1994 and \$7,231,000 in 1993....	29,303	28,111
Prepaid expenses.....	40,118	34,939
	-----	-----
Total current assets.....	309,415	228,425
	-----	-----
Property and equipment:		
Flight equipment.....	881,478	872,104
Other property and equipment.....	182,313	180,607
	-----	-----
	1,063,791	1,052,711
Less accumulated depreciation and amortization.....	404,947	385,776
	-----	-----
	658,844	666,935
Equipment purchase deposits.....	51,836	51,836
	-----	-----
	710,680	718,771
	-----	-----
Restricted cash.....	39,425	46,296
Other assets.....	23,641	23,251
	-----	-----
	\$1,083,161	\$1,016,743
	=====	=====

</TABLE>

See accompanying notes to condensed financial statements.

AMERICA WEST AIRLINES, INC., D.I.P.

CONDENSED BALANCE SHEETS

LIABILITIES AND STOCKHOLDERS' DEFICIENCY

<TABLE>

<CAPTION>

	MARCH 31, 1994	DECEMBER 31, 1993
	-----	-----
	(UNAUDITED)	(UNAUDITED)
	(IN THOUSANDS)	(IN THOUSANDS)
<S>	<C>	<C>
Current liabilities:		
Current maturities of long-term debt.....	\$ 119,727	\$ 125,271
Accounts payable.....	67,402	62,957
Air traffic liability.....	165,022	118,479
Accrued compensation and vacation benefits.....	12,390	11,704
Accrued interest.....	7,107	8,295
Accrued taxes.....	24,870	14,114
Other accrued liabilities.....	15,242	11,980
	-----	-----
Total current liabilities.....	411,760	352,800
	-----	-----
Estimated liabilities subject to Chapter 11 proceedings.....	383,914	381,114
Long-term debt, less current maturities.....	390,358	396,350
Manufacturers' and deferred credits.....	72,478	73,592
Other liabilities.....	63,486	67,149

Commitments contingencies and subsequent events

Stockholders' deficiency:

Preferred stock, \$.25 par value. Authorized 50,000,000 shares: Series C 9.75 percent convertible preferred stock, issued and outstanding 73,099 shares; \$1.33 per share cumulative dividend (liquidation preference \$1,000,000).....	18	18
Common stock, \$.25 par value. Authorized 90,000,000 shares; issued and outstanding 25,289,270 shares in 1994 and 25,291,102 in 1993.....	6,323	6,323
Additional paid-in capital.....	196,986	197,010
Accumulated deficit.....	(423,451)	(438,626)
	-----	-----
	(220,124)	(235,275)
Less deferred compensation and notes receivable -- employee stock purchase plans.....	18,711	18,987
	-----	-----
Total stockholders' deficiency.....	(238,835)	(254,262)
	-----	-----
	\$ 1,083,161	\$ 1,016,743
	=====	=====

</TABLE>

See accompanying notes to condensed financial statements.

F-3

72

AMERICA WEST AIRLINES, INC., D.I.P.

CONDENSED STATEMENTS OF OPERATIONS AND ACCUMULATED DEFICIT
(IN THOUSANDS EXCEPT PER SHARE AMOUNTS)
(UNAUDITED)

<TABLE>

<CAPTION>

	THREE MONTHS ENDED MARCH 31,	
	1994	1993
	-----	-----
	<C>	<C>
Operating revenues:		
Passenger.....	\$ 324,427	\$ 297,661
Cargo.....	10,491	9,595
Other.....	10,346	9,349
	-----	-----
Total operating revenues.....	345,264	316,605
	-----	-----
Operating expenses:		
Salaries and related costs.....	79,471	74,160
Rentals and landing fees.....	66,259	72,490
Aircraft fuel.....	37,932	42,406
Agency commissions.....	29,111	25,464
Aircraft maintenance materials and repairs.....	7,929	7,194
Depreciation and amortization.....	21,153	19,723
Other.....	65,659	58,000
	-----	-----
Total operating expenses.....	307,514	299,437
	-----	-----
Operating income.....	37,750	17,168
	-----	-----
Nonoperating income (expenses):		
Interest income.....	161	237
Interest expense.....	(13,175)	(13,897)
Loss on disposition of property and equipment.....	(542)	(198)
Reorganization expense, net.....	(8,396)	(1,086)
Other, net.....	9	(46)
	-----	-----
Total nonoperating expenses, net.....	(21,943)	(14,990)
	-----	-----
Income before income taxes.....	15,807	2,178
	-----	-----
Income taxes.....	632	44
	-----	-----
Net income.....	15,175	2,134
Accumulated deficit at beginning of period.....	(438,626)	(475,791)
	-----	-----
Accumulated deficit at end of period.....	\$ (423,451)	\$ (473,657)
	=====	=====
Earnings per share:		
Primary.....	\$ 0.56	\$ 0.09
	=====	=====

Fully diluted.....	\$ 0.40	\$ 0.09
	=====	=====
Shares used for computation:		
Primary.....	29,153	24,020
	=====	=====
Fully diluted.....	41,055	41,991
	=====	=====

</TABLE>

See accompanying notes to condensed financial statements.

F-4

73

AMERICA WEST AIRLINES, INC., D.I.P.

CONDENSED STATEMENTS OF CASH FLOWS
(IN THOUSANDS)
(UNAUDITED)

<TABLE>
<CAPTION>

	THREE MONTHS ENDED MARCH 31,	
	1994	1993
	-----	-----
	<C>	<C>
Cash flows from operating activities:		
Net income.....	\$ 15,175	\$ 2,134
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation and amortization.....	21,153	19,723
Amortization of manufacturers' and deferred credits.....	(1,114)	(1,152)
Loss on disposition of property and equipment.....	542	198
Reorganization items.....	3,703	--
Other.....	(187)	(122)
Changes in operating assets and liabilities:		
Increase in accounts receivable, net.....	(22,798)	(8,059)
Decrease (increase) in spare parts and supplies, net.....	(1,192)	3,429
Increase in prepaid expenses.....	(5,179)	(1,269)
Decrease in other assets and restricted cash.....	6,481	6,375
Increase (decrease) in accounts payable.....	4,823	(2,859)
Increase in air traffic liability.....	45,325	14,216
Increase (decrease) in accrued compensation and vacation benefits.....	686	(358)
Increase in accrued interest.....	1,530	1,572
Increase in accrued taxes.....	10,756	3,813
Increase in other accrued liabilities.....	3,139	2,295
Decrease in other liabilities.....	(3,209)	(2,792)
	-----	-----
Net cash provided by operating activities.....	79,634	37,144
Cash flows from investing activities:		
Purchases of property and equipment.....	(13,665)	(8,893)
Proceeds from disposition of property.....	172	223
	-----	-----
Net cash used in investing activities.....	(13,493)	(8,670)
Cash flows from financing activities:		
Repayment of debt.....	(14,320)	(14,730)
	-----	-----
Net cash used in financing activities.....	(14,320)	(14,730)
	-----	-----
Net increase in cash and cash equivalents.....	51,821	13,744
	-----	-----
Cash and cash equivalents at beginning of period.....	99,631	74,383
	-----	-----
Cash and cash equivalents at end of period.....	\$151,452	\$ 88,127
	=====	=====

</TABLE>

See accompanying notes to condensed financial statements.

F-5

74

AMERICA WEST AIRLINES, INC., D.I.P.

NOTES TO CONDENSED FINANCIAL STATEMENTS
MARCH 31, 1994

1. REORGANIZATION UNDER CHAPTER 11, LIQUIDITY AND FINANCIAL CONDITION

On June 27, 1991, the Company filed a voluntary petition in the United States Bankruptcy Court for the District of Arizona (the "Bankruptcy Court") to reorganize under Chapter 11 of the United States Bankruptcy Code (the "Bankruptcy Code"). The Company is currently operating as a debtor-in-possession ("D.I.P.") under the supervision of the Bankruptcy Court. As a debtor-in-possession, the Company is authorized to operate its business but may not engage in transactions outside its ordinary course of business without the approval of the Bankruptcy Court.

Subject to certain exceptions under the Bankruptcy Code, the Company's filing for reorganization automatically enjoined the continuation of any judicial or administrative proceedings against the Company. Any creditor actions to obtain possession of property from the Company or to create, perfect or enforce any lien against the property of the Company are also enjoined. As a result, the creditors of the Company are precluded from collecting pre-petition debts without the approval of the Bankruptcy Court.

The Company had the exclusive right for 120 days after the Chapter 11 filing on June 27, 1991 to file a plan of reorganization and 60 additional days to obtain necessary acceptances of such plan. Such periods may be extended at the discretion of the Bankruptcy Court, but only on a showing of good cause, and extensions have been obtained such that the Company has until June 10, 1994 to file its plan of reorganization with the Court or obtain an additional extension. Subject to certain exceptions set forth in the Bankruptcy Code, acceptance of a plan of reorganization requires approval of the Bankruptcy Court and the affirmative vote (i.e. 50 percent of the number and 66 2/3 percent of the dollar amount) of each class of creditors and equity holders whose claims are impaired by the plan.

Certain pre-petition liabilities have been paid after obtaining the approval of the Bankruptcy Court, including certain wages and benefits of employees, insurance costs, obligations to foreign vendors and governmental agencies, travel agent commissions and ticket refunds. The Company has also been allowed to honor all tickets sold prior to the date it filed for reorganization. In addition, the Company is authorized to pay pre-petition liabilities to essential suppliers of fuel, food and beverages and to other vendors providing critical goods and services. Subsequent to filing and with the approval of the Bankruptcy Court, the Company assumed certain executory contracts of essential suppliers.

Parties to executory contracts may, under certain circumstances, file motions with the Bankruptcy Court to require the Company to assume or reject such contracts. Unless otherwise agreed, the assumption of a contract will require the Company to cure all prior defaults under the related contract, including all pre-petition liabilities. Unless otherwise agreed, the rejection of a contract is deemed to constitute a breach of the agreement as of the moment immediately preceding the Chapter 11 filing, giving the other party to the contract a right to assert a general unsecured claim for damages arising out of the breach.

February 28, 1992 was set as the last date for the filing of proofs of claim under the Bankruptcy Code and the Company's creditors have submitted claims for liabilities not paid and for damages incurred. There may be differences between the amounts at which any such liabilities are recorded in the financial statements and the amount claimed by the Company's creditors. Significant litigation may be required to resolve any such disputes.

The Company has incurred and will continue to incur significant costs associated with the reorganization. The amount of these costs, which are being expensed as incurred, is expected to significantly affect the results of operations.

As a result of its filing for protection under Chapter 11 of the Bankruptcy Code, the Company is in default of substantially all of its debt agreements. All outstanding pre-petition unsecured debt of the Company

F-6

75

AMERICA WEST AIRLINES, INC., D.I.P.

NOTES TO CONDENSED FINANCIAL STATEMENTS -- (CONTINUED)

has been presented in these financial statements within the caption Estimated Liabilities Subject to Chapter 11 Proceedings.

Additional liabilities subject to the proceedings may arise in the future as a result of the rejection of executory contracts, including leases, and from the determination by the Bankruptcy Court (or agreement by parties in interest) of allowed claims for contingencies and other disputed amounts. Conversely, the assumption of executory contracts and unexpired leases may convert liabilities

shown as subject to Chapter 11 proceedings to post-petition liabilities.

Substantially all of the aircraft, engines and spare parts in the Company's fleet are subject to lease or secured financing agreements that entitle the Company's aircraft lessors and secured creditors to rights under Section 1110 of the Bankruptcy Code. Pursuant to Section 1110, the Company had 60 days from the date of its Chapter 11 filing, or until August 26, 1991, to bring its obligations to these aircraft lessors and secured creditors current and/or reach other mutually satisfactory negotiated arrangements. In September 1991, as a condition to the borrowings under the initial \$55 million D.I.P. facility, the Company arranged for rent, principal and interest payment deferrals from a majority of its aircraft providers as a condition to the assumption of the related lease or secured borrowing by the Company. As a result of these arrangements, the Company was able to assume the executory contracts associated with 83 aircraft in its fleet without having to bring its obligations to these aircraft providers current. In addition, as part of the initial D.I.P. facility, the Company assumed and brought current lease agreements for 16 Airbus A320 aircraft, three CFM engines, a Boeing 757-200 and a Boeing 737-300.

Twenty-two aircraft were deemed surplus to the Company's needs and the associated executory contracts were rejected. Included in 1991 reorganization costs was \$35.2 million in write-offs of leasehold improvements, security deposits, accrued maintenance, accrued rents and other costs to return the aircraft which were subject to the rejected aircraft agreements. In certain cases, final agreements were reached with such aircraft providers and no further claims by such providers will be pursued as a result of the rejections. In other instances, the aircraft providers have filed claims in the normal course of the bankruptcy and as of March 31, 1994, significant claims for rejected aircraft have not yet been settled.

Due to the uncertain nature of many of the potential claims, the Company is unable to project the magnitude of such claims with any degree of certainty. However, the claims (pre-petition claims and administrative claims) that have been filed against the Company are in excess of \$2 billion. Such aggregate amount includes claims of all character, including, but not limited to, unsecured claims, secured claims, claims that have been scheduled but not filed, duplicative claims, tax claims, claims for leases that were assumed, and claims which the Company believes to be without merit; however, claims filed for which an amount was not stated, are not reflected in such amount. The Company is unable to estimate the potential amount of such unstated claims; however, the amount of such claims could be material.

The Company is in the process of reviewing the general unsecured claims asserted against the Company. In many instances, such review process will include the commencement of Bankruptcy Court proceedings in order to determine the amount at which such claims should be allowed. The Company has accrued its estimate of claims that will be allowed or the minimum amount at which it believes the asserted general unsecured claims will be allowed if there is no better estimate within the range of possible outcomes. However, the ultimate amount of allowed claims will be different and such differences could be material. The Company is unable to estimate the amount of such differences with any reasonable degree of certainty at this time.

The Bankruptcy Code requires that all administrative claims be paid on the effective date of a plan of reorganization unless the respective claimants agreed to different treatment. Consequently, depending on the ultimate amount of administrative claims allowed by the Bankruptcy Court, the Company may be unable to obtain confirmation of a plan of reorganization. The Company is actively negotiating with claimants to achieve mutually acceptable dispositions of these claims. Since the commencement of the bankruptcy proceeding,

F-7

76

AMERICA WEST AIRLINES, INC., D.I.P.

NOTES TO CONDENSED FINANCIAL STATEMENTS -- (CONTINUED)

claims alleging administrative expense priority totaling more than \$153 million have been filed and an additional claim of \$14 million has been alleged. As of March 31, 1994, \$115 million of the filed claims have been allowed and settled for \$50.2 million in the aggregate. The Company is currently negotiating the resolution of the remaining \$38 million filed administrative expense claim (which relates to a rejected lease of a Boeing 737-300 aircraft) and the alleged \$14 million administrative claim (which relates to a rejected lease of a Boeing 757-200 aircraft). Claims have been or may be asserted against the Company for alleged administrative rent and/or breach of return conditions (i.e. maintenance standards), guarantees and tax indemnity agreements related to aircraft or engines abandoned or rejected during the bankruptcy proceedings. Additional claims may be asserted against the Company and allowed by the Bankruptcy Court. The amount of such unidentified administrative claims may be material.

Under the Bankruptcy Code, the Company's pre-petition liabilities are subject to settlement under a plan of reorganization. Pursuant to an extension granted by the Bankruptcy Court on February 2, 1994, the Company has the partially exclusive right, until June 10, 1994 (unless extended by the Bankruptcy Court), to file a plan of reorganization. Each of the official committees has also been approved to submit a plan of reorganization. The Company has agreed not to seek additional extensions of the exclusivity period without the advance consent of the Creditors' Committee and the Equity Committee.

On December 8, 1993 and February 16, 1994, the Bankruptcy Court entered certain orders which provided for a procedure to which interested parties could submit proposals to participate in a plan of reorganization for America West. The Bankruptcy Court also set February 24, 1994 as the date for America West to select a "Lead Plan Proposal" from the proposals submitted.

On February 24, 1994, America West selected as its Lead Plan Proposal an investment proposal submitted by AmWest Partners, L.P., a limited partnership ("AmWest"), which includes Air Partners II, L.P., Continental Airlines, Inc., Mesa Airlines, Inc. and funds managed or advised by Fidelity Management & Research Company and its affiliates. On March 11, 1994, the Company and AmWest entered into an Investment Agreement which was filed with the Bankruptcy Court on March 11, 1994 (the "Original Investment Agreement"). The Original Investment Agreement was superseded by a Revised Investment Agreement dated as of March 11, 1994 and filed with the Bankruptcy Court on March 28, 1994 (the "Revised Investment Agreement"). The Revised Investment Agreement was superseded by a Second Revised Investment Agreement dated as of April 7, 1994 and filed with the Bankruptcy Court on April 8, 1994 (the "Second Revised Investment Agreement"). The Second Revised Investment Agreement was superseded by a Third Revised Investment Agreement dated as of April 21, 1994 and filed with the Bankruptcy Court on April 26, 1994 (the "Third Revised Investment Agreement"). The Third Revised Investment Agreement is substantially identical to the Second Revised Investment Agreement except for a change in the configuration of the expanded 15-member board of directors of the Company. The Third Revised Investment Agreement substantially incorporates the terms of the AmWest investment proposal. It provides that AmWest will purchase from America West equity securities representing a 33.5 percent ownership interest in the Company for \$114.8 million and \$100 million in new senior unsecured debt securities which can be increased to \$130 million by the Company depending upon certain other events, prior to the date fixed for voting by the Bankruptcy Court. The Third Revised Investment Agreement also provides that, in addition to the 33.5 percent ownership interest in the Company, AmWest would also obtain 71.2 percent of the total voting interest in America West after the Company is reorganized. The terms of the Third Revised Investment Agreement will be incorporated into a plan of reorganization to be filed with the Bankruptcy Court; however, modifications to the Third Revised Investment Agreement may occur prior to the submission of a plan of reorganization and such modifications may be material. There can be no assurance that a Plan of Reorganization based upon the Third Revised Investment Agreement will be accepted by the parties entitled to vote thereon or confirmed by the Bankruptcy Court. Moreover, consummation of a Plan of Reorganization

F-8

77

AMERICA WEST AIRLINES, INC., D.I.P.

NOTES TO CONDENSED FINANCIAL STATEMENTS -- (CONTINUED)

based on the Third Revised Investment Agreement is subject to satisfaction of the closing conditions specified therein, including (among others) the accuracy of certain representations and warranties of the Company and the absence of any material adverse change in the Company's condition (financial or otherwise), business, assets, properties, operations or relations with employees or labor unions since December 31, 1993.

In addition to the interest in the reorganized America West that would be acquired by AmWest pursuant to the Third Revised Investment Agreement, the Third Revised Investment Agreement also provides for the following:

1. The D.I.P. financing would be repaid in full with cash on the date a Plan of Reorganization is confirmed ("Reorganization Date").
2. On the Reorganization Date, unsecured creditors would receive 59.5 percent of the new common equity in the reorganized Company. In addition, unsecured creditors would have the right to elect to receive cash at \$8.889 per share up to an aggregate maximum amount of \$100 million, through a repurchase by AmWest of a portion of the shares to be issued to unsecured creditors under a plan of reorganization.
3. Holders of equity interest would receive 5 percent of the new common

equity of the Company. In addition, holders of equity interests would have the right to purchase up to \$14.4 million of the new common equity in the Company for \$8.889 per share from AmWest, and would also receive warrants entitling them to purchase 6,230,769 shares of the reorganized Company's common stock. With respect to establishing the price of warrants, the Bankruptcy Court will be requested to fix the total amount of allowed unsecured claims as well as the total amount of disputed claims that may become allowed claims. In turn, the aggregate amount established by the Bankruptcy Court would be multiplied by 1.1 and the resultant product divided by the number of shares of new common equity to be issued to unsecured creditors (26,775,000 shares) to establish the price.

4. In exchange for certain concessions principally arising from cancellation of the right of Guinness Peat Aviation ("GPA") affiliates to put to America West 10 Airbus A320 aircraft at fixed rates, GPA, or certain affiliates thereof, would receive (i) 2.0 percent of the new common equity in the reorganized Company, (ii) warrants to purchase up to 1,384,615 shares of the reorganized Company's common stock on the same terms as the AmWest warrants, (iii) \$30.5 million in new unsecured debt securities or an equivalent amount in cash, and (iv) the right to require the Company to lease up to eight aircraft of types operated by the Company from GPA prior to June 30, 1999 on terms which the Company believes to be more favorable than those currently applicable to the put aircraft.

5. Continental Airlines, Inc., Mesa Airlines, Inc. and America West would enter into certain alliance agreements which would include code-sharing, schedule coordination and certain other relationships and agreements. A condition to proceeding with a plan of reorganization based upon the Third Revised Investment Agreement would be that these agreements be in form and substance satisfactory to America West, including the Company's reasonable satisfaction that such alliance agreements when fully implemented will result in an increase in pre-tax income of not less than \$40 million per year.

6. The expansion of the Company's Board of Directors to 15 members for a period not less than three years following the Reorganization Date. Nine members would be designated by AmWest and other members reasonably acceptable to AmWest would include three members designated by the Creditors' Committee, one member designated by the Equity Committee, one member designated by the Company's current Board of Directors and one member designated by GPA.

7. The Third Revised Investment Agreement also provides for many other matters, including the disposition of the various types of claims asserted against the Company, the adherence to the Company's aircraft lease agreements, the amendment of the Company's aircraft purchase agreements and release of the

F-9

78

AMERICA WEST AIRLINES, INC., D.I.P.

NOTES TO CONDENSED FINANCIAL STATEMENTS -- (CONTINUED)

Company's employees from all currently existing obligations arising under the Company's stock purchase plan in consideration for the cancellation of the shares of Company stock securing such obligations.

On March 11, 1994, the Company and AmWest also entered into an Interim Procedures Agreement which was filed with the Bankruptcy Court on March 11, 1994 (the "Original Procedures Agreement"). The Original Procedures Agreement was superseded by a Revised Interim Procedures Agreement dated as of March 11, 1994 and filed with the Bankruptcy Court on March 28, 1994 (the "Revised Procedures Agreement"). The Revised Procedures Agreement was superseded by a Second Revised Interim Procedures Agreement dated as of April 7, 1994 and filed with the Bankruptcy Court on April 8, 1994 (the "Second Revised Procedures Agreement"). The Second Revised Procedures Agreement was superseded by a Third Revised Interim Procedures Agreement dated as of April 21, 1994 and filed with the Bankruptcy Court on April 26, 1994 (the "Third Revised Procedures Agreement"). The Procedures Agreement sets forth terms and conditions upon which the Company must operate prior to the effective date of a confirmed plan of reorganization based upon the terms of the Investment Agreement.

The Third Revised Procedures Agreement is substantially identical to the Second Revised Procedures Agreement except for the following principal modifications:

1. All provisions of the Second Revised Procedures Agreement providing for the payment to AmWest of a termination or break-up fee were deleted. In lieu thereof, AmWest would be entitled, in the event the Third Revised Investment Agreement is terminated on account of the Company's acceptance of a qualified overbid or the confirmation of a competing Plan of Reorganization, to seek Bankruptcy Court approval of a special payment (not to exceed \$4 million) to AmWest based on the "substantial contribution" principle set forth in Section 503(b) of the Bankruptcy Code. The Company is committed to cooperate in good

faith as reasonably requested by AmWest in obtaining Bankruptcy Court approval of any special payment requested by AmWest and, should such approval be granted, to make the special payment to AmWest without offset.

2. Under the Second Revised Procedures Agreement, the Company was entitled to consider unsolicited competing bids regardless of when received by the Company. The Third Revised Procedures Agreement prohibits the Company from considering any unsolicited competing bid received by the Company after the entry by the Bankruptcy Court of an order approving a disclosure statement relating to AmWest proposal. Should the Company breach the Procedures Agreement at any time, AmWest has agreed that any damages it may be entitled to seek shall be limited to an amount not to exceed \$4 million.

3. The Third Revised Procedures Agreement grants to AmWest the right to terminate the Third Revised Procedures Agreement and the Third Revised Investment Agreement for any reason prior to the entry by the Bankruptcy Court of an order approving a disclosure statement relating to AmWest proposal. Should AmWest exercise such right, it would become obligated to refund to the Company all expenses incurred by AmWest after March 1, 1994 and previously reimbursed or paid by the Company.

4. The Second Revised Procedures Agreement obligated the Company to reimburse AmWest for all reasonable out-of-pocket or third-party expenses incurred by AmWest in connection with the AmWest investment proposal subject to certain limitations, including with respect to expenses incurred after March 1, 1994 (i) a \$250,000 monthly cap and (ii) a \$3 million overall cap. The Third Revised Procedures Agreement increased the monthly cap to \$300,000 and eliminated the \$3 million overall cap.

The Third Revised Procedures Agreement was approved by the Bankruptcy Court on May 4, 1994.

The Company is currently developing with AmWest a plan of reorganization based upon the Third Revised Investment Agreement and the Third Revised Procedures Agreement.

Any plan of reorganization must be approved by the Bankruptcy Court and by specified majorities of each class of creditors and equity holders whose claims are impaired by the plan. Alternatively, absent the requisite approvals, the Company may seek Bankruptcy Court approval of its reorganization plan under Section

F-10

79

AMERICA WEST AIRLINES, INC., D.I.P.

NOTES TO CONDENSED FINANCIAL STATEMENTS -- (CONTINUED)

1129(b) of the Bankruptcy Code, assuming certain tests are met. The Company cannot predict whether any plan submitted by it would be approved.

The Company is currently unable to predict when it may file a plan of reorganization based upon the Third Revised Investment Agreement, but intends to do so as soon as practicable. Once a plan with a disclosure statement is filed by any party, the Bankruptcy Court will hold a hearing to determine the adequacy of the information contained in such disclosure statement. Only upon receiving an order from the Bankruptcy Court providing that the disclosure statement accompanying any such plan contains adequate information as required by Section 1125 of the Bankruptcy Code, may a party solicit acceptances or rejections of any such plan of reorganization. Following entry of an order approving the disclosure statement, the plan will be sent to creditors and holders of equity interests for voting, and the Bankruptcy Court will hold a hearing to consider confirmation of the plan pursuant to Section 1129 of the Bankruptcy Code. Although the Bankruptcy Code provides for certain minimum time periods for these events, the Company is unable to reasonably estimate when a plan based on the Third Revised Investment Agreement might be submitted for voting and confirmation.

If at any time the Creditor's Committee, the Equity Committee or any creditor of the Company or equity holder of the Company believes that the Company is or will not be in a position to sustain operations, such party can move in the Bankruptcy Court to compel a liquidation of the Company's estate by conversion to Chapter 7 bankruptcy proceedings or otherwise. In the event that the Company is forced to sell its assets and liquidate, it is unlikely that unsecured creditors or equity holders will receive any value for their claims or interests.

The Company anticipates that the reorganization process will result in the restructuring, cancellation and/or replacement of the interest of its existing common and preferred stockholders. Because of the "absolute priority rule" of Section 1129 of the Bankruptcy Code, which requires that the Company's creditors

be paid in full (or otherwise consent) before equity holders can receive any value under a plan of reorganization, the Company previously disclosed that it anticipated that the reorganization process would result in the elimination of the Company's existing equity interests. Due to recent events, including sustained improvement in the Company's operating results as well as general improvement in the condition of the United States' economy and airline industry, existing holders of equity interests are anticipated to receive 5 percent of the new common equity under the proposed plan. The plan to be based upon the Investment Agreement provides for a substantial distribution to holders of equity interests, as noted above. However, there can be no assurances that this plan will be confirmed as currently configured.

The accompanying financial statements have been prepared on a going concern basis which assumes continuity of operations and realization of assets and liquidation of liabilities in the ordinary course of business. As a result of the reorganization proceedings, there are significant uncertainties relating to the ability of the Company to continue as a going concern. The financial statements do not include any adjustments that might be necessary as a result of the outcome of the uncertainties discussed herein including the effects of any plan of reorganization.

Estimated Liabilities Subject to Chapter 11 Proceedings and Reorganization Expense

Under Chapter 11, certain claims against the Company in existence prior to the filing of the petitions for relief under the Code are stayed while the Company continues business operations as debtor-in-possession. These pre-petition liabilities are expected to be settled as part of the plan of reorganization and are classified as "Estimated liabilities subject to Chapter 11 proceedings".

F-11

80

AMERICA WEST AIRLINES, INC., D.I.P.

NOTES TO CONDENSED FINANCIAL STATEMENTS -- (CONTINUED)

Estimated liabilities subject to Chapter 11 proceedings as of March 31, 1994 consisted of the following (in thousands):

<TABLE>
<CAPTION>

	MARCH 31, 1994 ----- (IN THOUSANDS)
<S>	<C>
Long-term debt (including convertible subordinated debentures of \$138.9 million).....	\$223,609
Accounts payable and accrued liabilities.....	117,161
Accrued interest.....	17,425
Accrued taxes.....	25,719

	\$383,914
	=====

</TABLE>

The debt balance included above consists of unsecured and secured obligations and other obligations that have not been affirmed by the Company through the Bankruptcy Court.

Reorganization expense is comprised of items of income, expense, gain or loss that were realized or incurred by the Company as a result of reorganization under Chapter 11 of the Federal Bankruptcy Code. Such items consisted of the following:

<TABLE>
<CAPTION>

	MARCH 31, ----- 1994 1993 ----- ----- (IN THOUSANDS)	
<S>	<C>	<C>
Provisions for pre-petition and administrative claims.....	\$4,180	\$ --
Professional fees.....	5,268	1,521
D.I.P. financing issuance costs.....	209	--
Interest income.....	(848)	(468)
Other.....	(413)	33
	-----	-----
	\$8,396	\$1,086

</TABLE>

2. PER SHARE DATA

Primary earnings per share is based upon the weighted average number of shares of common stock outstanding and dilutive common stock equivalents (stock options and warrants). Primary earnings per share reflects net income adjusted for interest on borrowings effectively reduced by the proceeds from the assumed conversion of common stock equivalents.

Fully diluted earnings per share in 1994 and 1993 is based on the average number of shares of common stock and dilutive common stock equivalents outstanding adjusted for conversion of outstanding convertible preferred stock and convertible debentures. Fully diluted earnings per share reflect net income adjusted for interest on borrowings effectively reduced by the proceeds from the assumed conversion of common stock equivalents.

3. LONG-TERM DEBT

On March 31, 1994, the Company made a principal payment of \$5 million as required under the amended D.I.P. loan agreement. Under the amended terms of the D.I.P. financing, the Company also is required to notify the D.I.P. lenders if the unrestricted cash balance of the Company exceeds \$125 million. Upon receipt of such notice, the D.I.P. lenders may require the Company to prepay the D.I.P. financing by the amount of such excess. Subsequent to March 31, 1994, the Company notified the D.I.P. lenders that the Company's unrestricted cash exceeded \$125 million; however, the D.I.P. lenders have not exercised their

F-12

81

AMERICA WEST AIRLINES, INC., D.I.P.

NOTES TO CONDENSED FINANCIAL STATEMENTS -- (CONTINUED)

prepayment right. The D.I.P. financing contains a minimum unencumbered cash balance requirement of \$55 million at March 31, 1994 and other financial covenants. At March 31, 1994, the Company was in compliance with these covenants.

At March 31, 1994, the outstanding balance of the D.I.P. loan was \$78.6 million with a maturity date of June 30, 1994. Presently, the Company does not possess the liquidity to satisfy its D.I.P. loan obligation and still maintain a sufficient level of working capital or does it appear that a Plan of Reorganization could be confirmed prior to June 30, 1994. Consequently, the Company is in negotiations with its current D.I.P. lenders to obtain alternative repayment terms. Although there can be no assurances that such alternative repayment terms will be agreed to by the D.I.P. lenders, the Company is confident that such revise terms will be granted based on its recent operating performance and the progress it has achieved with respect to the reorganization process.

4. EMPLOYEE STOCK PURCHASE PLANS

As of March 31, 1994, 7,486,427 shares of common stock had been sold under the plans. No shares were sold during the first quarter of 1994. At March 31, 1994, the unamortized deferred compensation and outstanding receivable balance relating to such plans amounted to \$1,083,000 and \$17,624,000, respectively.

5. SUPPLEMENTAL INFORMATION TO STATEMENT OF CASH FLOWS

Cash paid for interest and income taxes during the three months ended March 31, 1994 and 1993 was as follows:

<TABLE>			
<CAPTION>			
		1994	1993
		-----	-----
<S>	<C>		<C>
Interest (net of amounts capitalized).....		\$11,362,000	\$12,291,000
Income taxes.....		\$ 221,000	\$ --
</TABLE>			

In addition, during the three months ended March 31, 1994 and 1993, the Company had the following non-cash financing and investing activities:

<TABLE>			
<CAPTION>			
		1994	1993
		-----	-----
<S>	<C>		<C>

Equipment acquired through capital leases.....	\$ 111,000	\$ --
Conversion of long-term debt to common stock.....	\$ --	\$636,000
Accrued interest reclassified to long-term debt.....	\$2,101,000	\$ 8,831

</TABLE>

6. INCOME TAX

For the quarter ended March 31, 1994, the Company recorded income tax expense as follows:

<TABLE>

<S>	<C>
Current taxes	
Federal.....	\$450
State.....	182

	\$632
	=====
Deferred taxes.....	\$ --
	=====

</TABLE>

For the quarter ended March 31, 1994, income tax expense is solely attributable to income from continuing operations. The difference in income taxes at the federal statutory rate ("expected taxes") to those reflected in the financial statements (the "effective rate") primarily results from the benefit of net operating loss carryforwards for an effective tax rate of 4 percent.

As of March 31, 1994, to the best of the Company's knowledge, it has not undergone a statutory "ownership change" (as defined in Section 382 of the Internal Revenue Code) that would result in any

F-13

AMERICA WEST AIRLINES, INC., D.I.P.

NOTES TO CONDENSED FINANCIAL STATEMENTS -- (CONTINUED)

material limitation of the Company's ability to use its net operating loss and business tax credit carryforwards in future tax years. Should an "ownership change" occur prior to confirmation of a plan of reorganization, the Company's ability to utilize said carryforwards would be significantly restricted. Further, the net operating loss and business tax credit carryforwards may be limited as a result of the Company's reorganization under the United States Bankruptcy Code.

Effective January 1, 1993, the Company adopted Statement of Financial Accounting Standards No. 109 "Accounting for Income Taxes" (SFAS 109). Since there was no cumulative effect of this change in accounting method, prior year financial statements have not been restated.

7. COMMITMENTS AND CONTINGENCIES

(a) Leases

During 1991, the Company restructured its lease commitment for Airbus A320 aircraft with the lessors. As a result of the restructuring, the Company's obligation to lease ten A320 aircraft was canceled and the basic rental rate for twelve aircraft was revised to provide for the repayment to the lessor over a ten-year period of certain advanced credits received by the Company which relate to the ten canceled aircraft.

In the third quarter of 1991, the Company requested a deferral of rent and other periodic payments from its aircraft providers. The deferral was requested in an effort to conserve cash and improve the Company's liquidity position. As a condition of securing the \$78 million D.I.P. financing, the Company was required to obtain from most aircraft providers rent, principal and interest payment deferrals in excess of \$100 million covering the six-month period of June through November 1991. These deferrals will generally be repaid with interest at 10.5 percent over the remaining term of the lease or secured borrowing with repayment commencing December 1991. At March 31, 1994 and December 31, 1993, the remaining unpaid deferrals are reported as follows:

<TABLE>

<CAPTION>

	MARCH 31,	DECEMBER 31,
	1994	1993
	-----	-----
	(IN THOUSANDS)	
<S>	<C>	<C>
Accounts payable.....	\$ 5,520	\$ 5,744

Other liabilities.....	21,382	22,912
Long-term debt.....	18,196	18,671
	-----	-----
	\$45,098	\$47,327
	=====	=====

</TABLE>

In the third quarter of 1992, the Company requested an additional deferral of rent and other periodic payments from its aircraft providers. The deferral was requested to assure sufficient liquidity to sustain operations while additional debtor-in-possession financing was obtained. The 1992 deferrals are generally scheduled to be repaid either without interest during the first quarter of 1993 or with interest over a period of seven years. At March 31, 1994 and December 31, 1993, the remaining unpaid deferrals are reported as follows:

<TABLE>

<CAPTION>

	MARCH 31, 1994	DECEMBER 31, 1993
	-----	-----
	(IN THOUSANDS)	
<S>	<C>	<C>
Accounts payable.....	\$ 1,823	\$ 1,823
Other liabilities.....	8,058	8,513
Long-term debt.....	20,971	21,539
	-----	-----
	\$30,852	\$31,875
	=====	=====

</TABLE>

As of March 31, 1994, the Company had 66 aircraft under operating leases with remaining terms ranging from one year to 25 years. The Company has options to purchase most of the aircraft at fair market value at

F-14

83

AMERICA WEST AIRLINES, INC., D.I.P.

NOTES TO CONDENSED FINANCIAL STATEMENTS -- (CONTINUED)

the end of the lease term. Certain of the agreements require security deposits and maintenance reserve payments. The Company also leases certain terminal space, ground facilities and computer and other equipment under noncancelable operating leases.

In the first quarter of 1994, the Company entered into a lease agreement for a B757 aircraft for a term of three years with monthly payments in advance.

Future minimum rental payments for years ending December 31 under noncancelable operating leases with initial terms of more than one year are as follows:

<TABLE>

<CAPTION>

	(IN THOUSANDS)
<S>	<C>
1994.....	\$ 194,379
1995.....	186,978
1996.....	184,152
1997.....	171,357
1998.....	160,759
Thereafter.....	1,333,187

	\$2,230,812
	=====

</TABLE>

Rent expense (excluding landing fees) was approximately \$59 million and \$65 million for the three months ended March 31, 1994 and 1993, respectively.

Collectively, the operating lease agreements require security deposits with lessors of \$8.1 million and bank letters of credit of \$17.7 million. The letters of credit are collateralized by certain spare rotatable parts with a net book value of \$35.8 million and \$17.6 million in restricted cash.

(b) Revenue Bonds

Special facility revenue bonds have been issued by a municipality used for leasehold improvements at the airport which have been leased by the Company. Under the operating lease agreements, which commenced in 1990, the Company is required to make rental payments sufficient to pay principal and interest when

due on the bonds. The Company ceased rental payments in June 1991. The principal amount of such bonds outstanding at December 31, 1992 and 1991 was \$40.7 million. In October 1993, the Company and the bondholder agreed to reduce the outstanding balance of the bonds to \$22.5 million and adjust the related operating lease payments sufficient to pay principal and interest on the reduced amount effective upon the confirmation of a plan of reorganization. The remaining principal balance of \$18.2 million will be accorded the same treatment under the plan of reorganization as a pre-petition unsecured claim. The Company also agreed to make adequate protection payments in the amount of \$150,000 per month from August 1993 to plan confirmation.

(c) Aircraft Acquisitions

At March 31, 1994, the Company had on order a total of 93 aircraft of the types currently comprising the Company's fleet, of which 51 are firm and 42 are options. The table below details such deliveries.

<TABLE>
<CAPTION>

		FIRM ORDERS					OPTION		TOTAL
		1994	1995	1996	1997	THEREAFTER	TOTAL	ORDERS	TOTAL
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Boeing:	737-300.....	--	--	4	2	--	6	10	16
	757-200.....	--	4	3	--	--	7	10	17
Airbus:	A320-200.....	9	5	2	8	14	38	22	60
		--	--	--	--	--	--	--	--
	Total.....	9	9	9	10	14	51	42	93
		==	==	==	==	==	==	==	==

</TABLE>

The current estimated aggregate cost for these firm commitments and options is approximately \$5.2 billion. Future aircraft deliveries are planned in some instances for incremental additions to the Company's

F-15

84

AMERICA WEST AIRLINES, INC., D.I.P.

NOTES TO CONDENSED FINANCIAL STATEMENTS -- (CONTINUED)

existing aircraft fleet and in other instances as replacements for aircraft with lease terminations occurring during this period. The purchase agreements to acquire 24 Boeing 737-300 aircraft had been affirmed in the Company's bankruptcy proceeding. With timely notice to the manufacturer, all or some of these deliveries may be converted to Boeing 737-400 aircraft. As of March 31, 1994, eight Boeing 737 delivery positions had been eliminated due to the lack of a required reconfirmation notice by the Company to Boeing leaving 16 delivery positions as reflected above. The failure to reconfirm such delivery positions exposes the Company to loss of pre-delivery deposits and other claims which may be asserted by Boeing in the bankruptcy proceeding. The purchase agreements for the remaining aircraft types have not been assumed, and the Company has not yet determined which of the other aircraft purchase agreements, if any, will be affirmed or rejected.

(d) Concentration of Credit Risk

The Company does not believe it is subject to any significant concentration of credit risk. At March 31, 1994, approximately 82 percent of the Company's receivables related to tickets sold to individual passengers through the use of major credit cards or to tickets sold by other airlines and used by passengers on America West. These receivables are short-term, generally being settled shortly after sale or in the month following usage. Bad debt losses, which have been minimal in the past, have been considered in establishing allowances for doubtful accounts.

F-16

85

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
America West Airlines, Inc., D.I.P.:

We have audited the accompanying balance sheets of America West Airlines, Inc., D.I.P. (the "Company") as of December 31, 1993 and 1992, and the related statements of operations, cash flows and stockholders' equity (deficiency) for each of the years in the three-year period ended December 31, 1993. These

financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurances about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of America West Airlines, Inc., D.I.P. as of December 31, 1993 and 1992, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 1993 in conformity with generally accepted accounting principles.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in note 1 to the financial statements, on June 27, 1991 the Company filed a voluntary petition seeking to reorganize under Chapter 11 of the federal bankruptcy laws. This event and circumstances relating to this event, including the Company's significant losses, accumulated deficit and highly leveraged capital structure, raise substantial doubt about its ability to continue as a going concern. Although the Company is currently operating as debtor-in-possession under the jurisdiction of the Bankruptcy Court, the continuation of the business as a going concern is contingent upon, among other things, the ability to (1) file a Plan of Reorganization which will gain approval of the creditors and stockholders and confirmation by the Bankruptcy Court, (2) maintain compliance with all debt covenants under the debtor-in-possession financing agreements, (3) achieve satisfactory levels of future operating results and cash flows and (4) obtain additional debt and equity. Also, as discussed in note 1 to the financial statements, as part of the Company's bankruptcy proceeding there is uncertainty as to the amount of claims that will be allowed and as to a number of disputed claims which are materially in excess of amounts reflected in the accompanying financial statements. The accompanying financial statements do not include any adjustments that might result from the outcome of these uncertainties.

KPMG PEAT MARWICK

Phoenix, Arizona
March 18, 1994

F-17

86

AMERICA WEST AIRLINES, INC., D.I.P.

BALANCE SHEETS
DECEMBER 31, 1993 AND 1992

ASSETS

<TABLE>
<CAPTION>

	1993	1992
	-----	-----
	(IN THOUSANDS)	
<S>	<C>	<C>
Current assets:		
Cash and cash equivalents (note 4).....	\$ 99,631	\$ 74,383
Accounts receivable, less allowance for doubtful accounts of \$3,030,000 in 1993 and \$2,542,000 in 1992 (note 11).....	65,744	64,817
Expendable spare parts and supplies, less allowance for obsolescence of \$7,231,000 in 1993 and \$6,921,000 in 1992.....	28,111	34,431
Prepaid expenses.....	34,939	37,807
	-----	-----
Total current assets.....	228,425	211,438
	-----	-----
Property and equipment (notes 2, 4, 11 and 12):		
Flight equipment.....	872,104	841,239
Other property and equipment.....	180,607	189,755
	-----	-----
	1,052,711	1,030,994
Less accumulated depreciation and amortization.....	385,776	328,870
	-----	-----
	666,935	702,124
Equipment purchase deposits.....	51,836	52,431
	-----	-----

	718,771	754,555
Restricted cash (note 11).....	46,296	40,612
Other assets (note 12).....	23,251	29,836
	-----	-----
	\$1,016,743	\$1,036,441
	=====	=====

</TABLE>

See accompanying notes to financial statements.

F-18

87

AMERICA WEST AIRLINES, INC., D.I.P.

BALANCE SHEETS
DECEMBER 31, 1993 AND 1992

LIABILITIES AND STOCKHOLDERS' DEFICIENCY

<TABLE>
<CAPTION>

	1993	1992
	-----	-----
	(IN THOUSANDS)	
<S>	<C>	<C>
Current liabilities:		
Current maturities of long-term debt (note 4).....	\$ 125,271	\$ 156,656
Accounts payable (note 11).....	62,957	90,629
Air traffic liability.....	118,479	107,496
Accrued compensation and vacation benefits.....	11,704	13,004
Accrued interest.....	8,295	15,647
Accrued taxes.....	14,114	15,765
Other accrued liabilities.....	11,980	13,808
	-----	-----
Total current liabilities.....	352,800	413,005
	-----	-----
Estimated liabilities subject to Chapter 11 proceedings (notes 2 and 4).....	381,114	348,322
Long-term debt, less current maturities (notes 4 and 11).....	396,350	411,989
Manufacturers' and deferred credits (note 11).....	73,592	84,694
Other liabilities (note 11).....	67,149	73,044
Commitments, contingencies and subsequent events (notes 1, 2, 4, 6, 7, 9, 11 and 12)		
Stockholders' deficiency (notes 1, 4, 6, 7, 8, 9 and 12):		
Preferred stock, \$.25 par value. Authorized 50,000,000 shares:		
Series B 10.5% convertible preferred stock, issued and outstanding 291,149 shares in 1992; \$5.41 per share cumulative dividend (liquidation preference \$15,000,000).....	--	73
Series C 9.75% convertible preferred stock, issued and outstanding 73,099 shares; \$1.33 per share cumulative dividend (liquidation preference \$1,000,000).....	18	18
Common stock, \$.25 par value. Authorized 90,000,000 shares; issued and outstanding 25,291,102 shares in 1993 and 23,967,663 shares in 1992.....	6,323	5,992
Additional paid-in capital.....	197,010	195,407
Accumulated deficit.....	(438,626)	(475,791)
	-----	-----
	(235,275)	(274,301)
Less deferred compensation and notes receivable -- employee stock purchase plans (note 6).....	18,987	20,312
	-----	-----
Total stockholders' deficiency.....	(254,262)	(294,613)
	-----	-----
	\$1,016,743	\$1,036,441
	=====	=====

</TABLE>

See accompanying notes to financial statements.

F-19

88

AMERICA WEST AIRLINES, INC., D.I.P.

STATEMENTS OF OPERATIONS
YEARS ENDED DECEMBER 31, 1993, 1992 AND 1991
(IN THOUSANDS EXCEPT PER SHARE AMOUNTS)

<TABLE>

<CAPTION>

	1993	1992	1991
<S>	<C>	<C>	<C>
Operating revenues:			
Passenger.....	\$1,246,564	\$1,214,816	\$1,332,191
Cargo.....	40,161	42,077	43,651
Other.....	38,639	37,247	38,083
Total operating revenues.....	1,325,364	1,294,140	1,413,925
Operating expenses:			
Salaries and related costs.....	305,429	324,255	383,833
Rentals and landing fees.....	274,708	338,391	349,563
Aircraft fuel.....	166,313	186,042	223,347
Agency commissions.....	106,368	106,661	128,134
Aircraft maintenance materials and repairs.....	31,000	38,366	41,649
Depreciation and amortization.....	81,894	86,981	97,803
Restructuring charges (note 13).....	--	31,316	--
Other.....	238,598	256,940	294,253
Total operating expenses.....	1,204,310	1,368,952	1,518,582
Operating income (loss).....	121,054	(74,812)	(104,657)
Nonoperating income (expense):			
Interest income.....	728	1,418	5,724
Interest expense (contractual interest of \$72,961, \$73,931 and \$79,271 for 1993, 1992 and 1991, respectively) (note 4).....	(54,192)	(55,826)	(61,912)
Loss on disposition of property and equipment.....	(4,562)	(1,283)	(1,600)
Reorganization expense, net (note 2).....	(25,015)	(16,216)	(58,440)
Other, net (notes 4 and 11).....	(89)	14,958	(1,131)
Total nonoperating expense, net.....	(83,130)	(56,949)	(117,359)
Income (loss) before income taxes.....	37,924	(131,761)	(222,016)
Income taxes (note 5).....	759	--	--
Net income (loss).....	\$ 37,165	\$ (131,761)	\$ (222,016)
Earnings (loss) per share:			
Primary.....	\$ 1.50	\$ (5.58)	\$ (10.39)
Fully diluted.....	\$ 1.04	\$ (5.58)	\$ (10.39)
Shares used for computation:			
Primary.....	27,525	23,914	21,534
Fully diluted.....	41,509	23,914	21,534

</TABLE>

See accompanying notes to financial statements.

F-20

89

AMERICA WEST AIRLINES, INC., D.I.P.

STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 1993, 1992 AND 1991
(IN THOUSANDS OF DOLLARS)

<TABLE>
<CAPTION>

	1993	1992	1991
<S>	<C>	<C>	<C>
Cash flows from operating activities:			
Net income (loss).....	\$ 37,165	\$(131,761)	\$(222,016)
Adjustments to reconcile net income (loss) to cash provided by operating activities:			
Depreciation and amortization.....	81,894	86,981	97,803
Amortization of manufacturers' and deferred credits.....	(5,186)	(5,869)	(9,851)
Loss on disposition of property and equipment.....	4,562	1,283	1,600
Restructuring charges.....	--	31,316	--
Reorganization items.....	18,167	3,188	44,273
Other.....	(554)	866	9,242
Changes in operating assets and liabilities:			
Decrease in short-term investments.....	--	--	19,705

Decrease (increase) in accounts receivable, net.....	(927)	19,418	(13,945)
Decrease (increase) in spare parts and supplies, net.....	6,320	(2,384)	(3,227)
Decrease in prepaid expenses.....	2,627	812	3,208
Increase in other assets and restricted cash.....	(5,295)	(1,141)	(21,053)
Increase (decrease) in accounts payable.....	9,014	(8,473)	65,083
Increase (decrease) in air traffic liability.....	8,749	30,723	(41,256)
Decrease in accrued compensation and vacation benefits.....	(1,300)	(1,491)	(909)
Increase in accrued interest.....	10,368	25,640	23,676
Increase (decrease) in accrued taxes.....	(1,764)	2,968	(2,945)
Increase in other accrued liabilities.....	644	18,204	4,594
Increase (decrease) in other liabilities.....	(11,126)	6,465	65,945
Net cash provided by operating activities.....	153,358	76,745	19,927
Cash flows from investing activities:			
Purchases of property and equipment.....	(54,324)	(69,208)	(96,803)
Decrease (increase) in equipment purchase deposits.....	--	14,425	(7,294)
Proceeds from disposition of property.....	3,715	383	275
Proceeds from manufacturers' credits.....	--	--	5,100
Net cash used in investing activities.....	(50,609)	(54,400)	(98,722)
Cash flows from financing activities:			
Proceeds from issuance of D.I.P. financing.....	--	53,000	78,000
Proceeds from issuance of debt.....	--	22,804	--
Repayment of debt.....	(77,501)	(75,871)	(44,939)
Proceeds from issuance of common stock.....	--	--	7,265
Preferred dividends paid.....	--	--	(423)
Net cash provided by (used in) financing activities.....	(77,501)	(67)	39,903
Net increase (decrease) in cash and cash equivalents.....	25,248	22,278	(38,892)
Cash and cash equivalents at beginning of year.....	74,383	52,105	90,997
Cash and cash equivalents at end of year.....	\$ 99,631	\$ 74,383	\$ 52,105

</TABLE>

See accompanying notes to financial statements.

F-21

90

AMERICA WEST AIRLINES, INC., D.I.P.

STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIENCY)
YEARS ENDED DECEMBER 31, 1993, 1992, AND 1991
(IN THOUSANDS OF DOLLARS EXCEPT PER SHARE AMOUNTS)

<TABLE>

<CAPTION>

	CONVERTIBLE PREFERRED STOCK	COMMON STOCK	ADDITIONAL PAID-IN CAPITAL	ACCUMULATED DEFICIT	NOTES RECEIVABLE AND DEFERRED COMPENSATION EMPLOYEE STOCK PURCHASE PLANS	TOTAL
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Balance at January 1, 1991.....	\$91	\$4,832	\$156,573	\$ (118,669)	\$ (21,686)	\$ 21,141
Issuance of 253,422 shares of common stock sold at: \$5.50 per share, net of expenses.....	--	63	1,331	--	--	1,394
Issuance of 2,755,938 shares of common stock pursuant to convertible subordinated debentures.....	--	689	28,084	--	--	28,773
Issuance of 10,841 shares of common stock pursuant to exercise of stock options and warrants.....	--	3	38	--	--	41
Repurchase of 1,356 shares of common stock pursuant to employee restricted stock plan.....	--	--	(8)	--	--	(8)
Repurchase of 3,659 shares of common stock pursuant to employee stock purchase plan.....	--	(1)	(23)	--	--	(24)
Employee restricted stock deferred compensation.....	--	--	(1)	--	214	213
Employee stock purchase plan: Issuance of 1,271,765 shares of common stock at: \$.94-\$7.50 per share.....	--	318	4,601	--	(889)	4,030
Deferred compensation.....	--	--	1,230	--	389	1,619
Preferred stock dividends Series B: \$5.41 per share.....	--	--	--	(1,575)	--	(1,575)

Series C: \$1.33 per share.....	--	--	--	(98)	--	(98)
Net loss.....	--	--	--	(222,016)	--	(222,016)
Balance at December 31, 1991.....	91	5,904	191,825	(342,358)	(21,972)	(166,510)
Issuance of 346,661 shares of common stock pursuant to convertible subordinated debentures.....	--	86	3,599	--	--	3,685
Employee restricted stock deferred compensation.....	--	--	--	--	101	101
Employee stock purchase plan:						
Issuance of 7,305 shares of common stock at:						
\$.19-\$2.63 per share.....	--	2	(13)	--	81	70
Deferred compensation.....	--	--	(4)	--	1,478	1,474
Preferred stock dividends:						
Series B: \$5.41 per share.....	--	--	--	(1,575)	--	(1,575)
Series C: \$1.33 per share.....	--	--	--	(97)	--	(97)
Net loss.....	--	--	--	(131,761)	--	(131,761)
Balance at December 31, 1992.....	91	5,992	195,407	(475,791)	(20,312)	(294,613)
Issuance of 170,173 shares of common stock pursuant to convertible subordinated debentures.....	--	43	1,896	--	--	1,939
Issuance of 1,164,596 shares of common stock pursuant to convertible preferred stock.....	(73)	291	(218)	--	--	--
Employee restricted stock deferred compensation.....	--	--	--	--	21	21
Employee stock purchase plan:						
Cancellation of 11,330 shares of common stock at:						
\$.22-\$1.59 per share.....	--	(3)	(38)	--	49	8
Deferred compensation.....	--	--	(37)	--	1,255	1,218
Net income.....	--	--	--	37,165	--	37,165
Balance at December 31, 1993.....	\$18	\$6,323	\$197,010	\$(438,626)	\$(18,987)	\$(254,262)

</TABLE>

See accompanying notes to financial statements.

F-22

91

AMERICA WEST AIRLINES, INC., D.I.P.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1993, 1992 AND 1991

(1) REORGANIZATION UNDER CHAPTER 11, LIQUIDITY, FINANCIAL CONDITION AND SUBSEQUENT EVENTS

On June 27, 1991, America West Airlines, Inc., D.I.P. (the "Company" or "America West") filed a voluntary petition in the United States Bankruptcy Court for the District of Arizona (the "Bankruptcy Court") to reorganize under Chapter 11 of the United States Bankruptcy Code (the "Bankruptcy Code"). The Company is currently operating as a debtor-in-possession ("D.I.P.") under the supervision of the Bankruptcy Court. As a debtor-in-possession, the Company is authorized to operate its business but may not engage in transactions outside its ordinary course of business without the approval of the Bankruptcy Court.

Subject to certain exceptions under the Bankruptcy Code, the Company's filing for reorganization automatically enjoined the continuation of any judicial or administrative proceedings against the Company. Any creditor actions to obtain possession of property from the Company or to create, perfect or enforce any lien against the property of the Company are also enjoined. As a result, the creditors of the Company are precluded from collecting pre-petition debts without the approval of the Bankruptcy Court.

The Company had the exclusive right for 120 days after the Chapter 11 filing on June 27, 1991 to file a plan of reorganization and 60 additional days to obtain necessary acceptances of such plan. Such periods may be extended at the discretion of the Bankruptcy Court, but only on a showing of good cause, and extensions have been obtained such that the Company has until June 10, 1994 to file its plan of reorganization with the Court or obtain an additional extension. Subject to certain exceptions set forth in the Bankruptcy Code, acceptance of a plan of reorganization requires approval of the Bankruptcy Court and the affirmative vote (i.e. 50% of the number and 66 2/3% of the dollar amount) of each class of creditors and equity holders whose claims are impaired by the plan.

Certain pre-petition liabilities have been paid after obtaining the approval of the Bankruptcy Court, including certain wages and benefits of employees, insurance costs, obligations to foreign vendors and governmental agencies, travel agent commissions and ticket refunds. The Company has also been allowed to honor all tickets sold prior to the date it filed for reorganization. In addition, the Company is authorized to pay pre-petition liabilities to essential suppliers of fuel, food and beverages and to other vendors providing critical goods and services. Subsequent to filing and with the approval of the Bankruptcy Court, the Company assumed certain executory contracts of essential suppliers.

Parties to executory contracts may, under certain circumstances, file motions with the Bankruptcy Court to require the Company to assume or reject such contracts. Unless otherwise agreed, the assumption of a contract will require the Company to cure all prior defaults under the related contract, including all pre-petition liabilities unless terms can be negotiated. Unless otherwise agreed, the rejection of a contract is deemed to constitute a breach of the agreement as of the moment immediately preceding Chapter 11 filing, giving the other party to the contract a right to assert a general unsecured claim for damages arising out of the breach.

February 28, 1992 was set as the last date for the filing of proof of claims under the Bankruptcy Code and the Company's creditors have submitted claims for liabilities not paid and for damages incurred. There may be differences between the amounts at which any such liabilities are recorded in the financial statements and the amount claimed by the Company's creditors. Significant litigation may be required to resolve any such disputes.

The Company has incurred and will continue to incur significant costs associated with the reorganization. The amount of these costs, which are being expensed as incurred, is expected to significantly affect results of operations.

As a result of its filing protection under Chapter 11 of the Bankruptcy Code, the Company is in default of substantially all of its debt agreements. All outstanding pre-petition unsecured debt of the Company has been

F-23

92

AMERICA WEST AIRLINES, INC., D.I.P

NOTES TO FINANCIAL STATEMENTS -- (CONTINUED)

presented in these financial statements within the caption Estimated Liabilities Subject to Chapter 11 Proceedings.

Additional liabilities subject to the proceedings may arise in the future as a result of the rejection of executory contracts, including leases, and from the determination by the Bankruptcy Court (or agreement by parties in interest) of allowed claims for contingencies and other disputed amounts. Conversely, the assumption of executory contracts and unexpired leases may convert liabilities shown as subject to Chapter 11 proceedings to post-petition liabilities.

Substantially all of the aircraft, engines and spare parts in the Company's fleet are subject to lease or secured financing agreements that entitle the Company's aircraft lessors and secured creditors to rights under Section 1110 of the Bankruptcy Code. Pursuant to Section 1110, the Company had 60 days from the date of its Chapter 11 filing, or until August 26, 1991, to bring its obligations to these aircraft lessors and secured creditors current and/or reach other mutually satisfactory negotiated arrangements. In September 1991, as a condition to the borrowings under the initial \$55 million D.I.P. facility, the Company arranged for rent, principal and interest payment deferrals from a majority of its aircraft providers as a condition to the assumption of the related lease or secured borrowing by the Company. As a result of these arrangements, the Company was able to assume the executory contracts associated with 83 aircraft in its fleet without having to bring its obligations to these aircraft providers current. In addition, as part of the initial D.I.P. facility, the Company assumed and brought current lease agreements for 16 Airbus A320 aircraft, three CFM engines, a Boeing 757-200 and a Boeing 737-300. Twenty-two aircraft were deemed surplus to the Company's needs and the associated executory contracts were rejected. Included in 1991 reorganization costs is \$35.2 million in write-offs of leasehold improvements, security deposits, accrued maintenance, accrued rents and other costs to return the aircraft which were subject to the rejected aircraft agreements. In certain cases, final agreements were reached with such aircraft providers and no further claims by such providers will be pursued as a result of the rejections. In other instances, the aircraft providers have filed claims in the normal course of the bankruptcy and as of December 31, 1993 significant claims for rejected aircraft have not yet been settled.

Due to the uncertain nature of many of the potential claims, the Company is

unable to project the magnitude of such claims with any degree of certainty. However, the claims (pre-petition claims and administrative claims) that have been filed against the Company are in excess of \$2 billion. Such aggregate amount includes claims of all character, including, but not limited to, unsecured claims, secured claims, claims that have been scheduled but not filed, duplicative claims, tax claims, claims for leases that were assumed, and claims which the Company believes to be without merit; however, claims filed for which an amount was not stated, are not reflected in such amount. The Company is unable to estimate the potential amount of such unstated claims; however, the amount of such claims could be material.

The Company is in the process of reviewing the general unsecured claims asserted against the Company. In many instances, such review process will include the commencement of Bankruptcy Court proceedings in order to determine the amount at which such claims should be allowed. The Company has accrued its estimate of claims that will be allowed or the minimum amount at which it believes the asserted general unsecured claims will be allowed if there is no better estimate within the range of possible outcomes. However, the ultimate amount of allowed claims will be different and such differences could be material. The Company is unable to estimate the amount of such differences with any reasonable degree of certainty at this time.

The Bankruptcy Code requires that all administrative claims be paid on the effective date of a plan of reorganization unless the respective claimants agreed to different treatment. Consequently, depending on the ultimate amount of administrative claims allowed by the Bankruptcy Court, the Company may be unable to obtain confirmation of a plan of reorganization. The Company is actively negotiating with claimants to achieve mutually acceptable dispositions of these claims. Since the commencement of the bankruptcy proceeding, claims alleging administrative expense priority totaling more than \$153 million have been filed and an additional claim of \$14 million has been alleged. As of February 28, 1994, \$115 million of the filed claims have

F-24

93

AMERICA WEST AIRLINES, INC., D.I.P

NOTES TO FINANCIAL STATEMENTS -- (CONTINUED)

been allowed and settled for \$50.2 million in the aggregate. The Company is currently negotiating the resolution of the remaining \$38 million filed administrative expense claim (which relates to a rejected lease of a Boeing 737-300 aircraft) and the alleged \$14 million administrative claim (which relates to a rejected lease of a Boeing 757-200 aircraft). Claims have been or may be asserted against the Company for alleged administrative rent and/or breach of return conditions (i.e. maintenance standards), guarantees and tax indemnity agreements related to aircraft or engines abandoned or rejected during the bankruptcy proceedings. Additional claims may be asserted against the Company and allowed by the Bankruptcy Court. The amount of such unidentified administrative claims may be material.

Plan of Reorganization

Under the Bankruptcy Code, the Company's pre-petition liabilities are subject to settlement under a plan of reorganization. Pursuant to an extension granted by the Bankruptcy Court on February 2, 1994, the Company has the partially exclusive right, until June 10, 1994 (unless extended by the Bankruptcy Court), to file a plan of reorganization. Each of the official committees has also been approved to submit a plan of reorganization. The exclusivity period may be extended by the Bankruptcy Court upon a showing of cause after notice has been given and a hearing has been held, although no assurance can be given that any additional extensions will be granted if requested by the Company. The Company has agreed not to seek additional extensions of the exclusivity period without the advance consent of the Creditors' Committee and the Equity Committee.

On December 8, 1993 and February 16, 1994, the Bankruptcy Court entered certain orders which provided for a procedure pursuant to which interested parties could submit proposals to participate in a plan of reorganization for America West. The Bankruptcy Court also set February 24, 1994 as the date for America West to select a "Lead Plan Proposal" from the proposals submitted.

On February 24, 1994, America West selected as its Lead Plan Proposal an investment proposal submitted by AmWest Partners, L.P., a limited partnership ("AmWest"), which includes Air Partners II, L.P., Continental Airlines, Inc., Mesa Airlines, Inc. and Fidelity Management Trust Company. On March 11, 1994, the Company and AmWest entered into a revised investment agreement which substantially incorporates the terms of the AmWest investment proposal (the "Investment Agreement"). The Investment Agreement provides that AmWest will purchase from America West equity securities representing a 37.5% ownership interest in the Company for \$120 million and \$100 million in new senior

unsecured debt securities. The Investment Agreement also provides that, in addition to the 37.5% ownership interest in the Company, AmWest would also obtain 72.9% of the total voting interest in America West after the Company is reorganized. The terms of the Investment Agreement will be incorporated into a plan of reorganization to be filed with the Bankruptcy Court; however, modifications to the Investment Agreement may occur prior to the submission of a plan of reorganization and such modifications may be material. There can be no assurance that a plan of reorganization based upon the Investment Agreement will be accepted by the parties entitled to vote thereon or confirmed by the Bankruptcy Court.

In addition to the interest in the reorganized America West that would be acquired by AmWest pursuant to the Investment Agreement, the Investment Agreement also provides for the following:

1. The D.I.P. financing would be repaid in full with cash on the date a plan of reorganization is confirmed ("Reorganization Date").
2. On the Reorganization Date, unsecured creditors would receive 45% of the new common equity in the reorganized Company, with the potential to receive up to 55% of such equity if within one year after the Reorganization Date, the value of the securities distributed to them has not provided them with a full recovery under the Bankruptcy Code. In addition, unsecured creditors would have the right to elect to receive cash at

F-25

94

AMERICA WEST AIRLINES, INC., D.I.P

NOTES TO FINANCIAL STATEMENTS -- (CONTINUED)

\$8.889 per share up to an aggregate maximum amount of \$100 million, through a repurchase by AmWest of a portion of the shares to be issued to unsecured creditors under a plan of reorganization.

3. Holders of equity interests would have the right to receive up to 10% of the new common equity of the Company, depending on certain conditions principally involving a determination as to whether the unsecured creditors had received a full recovery on account of their claims. In addition, holders of equity interests would have the right to purchase up to \$15 million of the new common equity in the Company for \$8.296 per share from AmWest, and would also receive warrants entitling them to purchase, together with AmWest, up to 5% of the reorganized Company's common stock, at a price to be set so that the warrants would have value only after the unsecured creditors would have received full recovery on their claims.

4. In exchange for certain concessions principally arising from cancellation of the right of Guinness Peat Aviation ("GPA") affiliates to put to America West 10 Airbus A320 aircraft at fixed rates, GPA, or certain affiliates thereof, would receive (i) 7.5% of the new common equity in the reorganized Company, (ii) warrants to purchase up to 2.5% of the reorganized Company's common stock on the same terms as the AmWest warrants, (iii) \$3 million in new senior unsecured debt securities, and (iv) the right to require the Company to lease up to eight aircraft of types operated by the Company from GPA prior to June 30, 1999 on terms which the Company believes to be more favorable than those currently applicable to the put aircraft. See note 11 for an additional discussion of the put rights.

5. Continental Airlines, Inc., Mesa Airlines, Inc. and America West would enter into certain alliance agreements which would include code-sharing, schedule coordination and certain other relationships and agreements. A condition to proceeding with a plan of reorganization based upon the Investment Agreement would be that these agreements be in form and substance satisfactory to America West, including the Company's reasonable satisfaction that such alliance agreements when fully implemented will result in an increase in pre-tax income of not less than \$40 million per year.

6. The expansion of the Company's board of directors to 15 members. Nine members would be designated by AmWest and other members reasonably acceptable to AmWest would include four members designated by representatives of the Company, the Equity Committee and the Creditors' Committee and two members designated by GPA.

7. The Investment Agreement also provides for many other matters, including the disposition of the various types of claims asserted against the Company, the adherence to the Company's aircraft lease agreements, the amendment of the Company's aircraft purchase agreements and release of the Company's employees from all currently existing obligations arising under the Company's stock purchase plan in consideration for the cancellation of the shares of Company stock securing such obligations.

The Company has also entered into a revised Interim Procedures Agreement (the "Procedures Agreement") with AmWest. The Procedures Agreement is subject to the approval of the Bankruptcy Court and sets forth terms and conditions upon which the Company must operate prior to the effective date of a confirmed plan of reorganization based upon the terms of the Investment Agreement. The Procedures Agreement provides for the reimbursement of AmWest's expenses (up to a maximum of \$3.6 million) as well as a termination fee of up to \$8 million under certain conditions. The Procedures Agreement has not yet been approved by the Bankruptcy Court.

The Company is currently developing with AmWest a plan of reorganization based upon the foregoing terms. The Equity Committee has agreed to support the plan. The Creditors' Committee has indicated that it does not support the current terms of the Investment Agreement. Another group interested in developing a plan of reorganization with the Company has proposed to invest \$155 million in equity securities and \$65 million in new senior unsecured debt securities. The proponent of this proposal would receive a 33.5% ownership interest in the reorganized Company, current equity holders would receive a 4% ownership interest

F-26

95

AMERICA WEST AIRLINES, INC., D.I.P

NOTES TO FINANCIAL STATEMENTS -- (CONTINUED)

in the reorganized company and the unsecured creditors would receive a 62.5% ownership interest in the reorganized company.

Any plan of reorganization must be approved by the Bankruptcy Court and by specified majorities of each class of creditors and equity holders whose claims are impaired by the plan. Alternatively, absent the requisite approvals, the Company may seek Bankruptcy Court approval of its reorganization plan under Section 1129(b) of the Bankruptcy Code, assuming certain tests are met. The Company cannot predict whether any plan submitted by it will be approved.

The Company is currently unable to predict when it may file a plan of reorganization based upon the Investment Agreement, but intends to do so as soon as practicable. Once a plan with a disclosure statement is filed by any party, the Bankruptcy Court will hold a hearing to determine the adequacy of the information contained in such disclosure statement. Only upon receiving an order from the Bankruptcy Court providing that the disclosure statement accompanying any such plan contains adequate information as required by Section 1125 of the Bankruptcy Code, may a party solicit acceptances or rejections of any such plan of reorganization. Following entry of an order approving the disclosure statement, the plan will be sent to creditors and equity holders for voting pursuant to both the Bankruptcy Code and orders that will be entered by the Bankruptcy Court. Following submission of the plan to holders of claims and equity interest, the Bankruptcy Court will hold a hearing to consider confirmation of the plan pursuant to Section 1129 of the Bankruptcy Code. Although the Bankruptcy Code provides for certain minimum time periods for these events, the Company is unable to reasonably estimate when a plan based on the Investment Agreement might be submitted for voting and confirmation.

If at any time the Creditors' Committee, the Equity Committee or any creditor of the Company or equity holder of the Company believes that the Company is or will not be in a position to sustain operations, such party can move in the Bankruptcy Court to compel a liquidation of the Company's estate by conversion to Chapter 7 bankruptcy proceedings or otherwise. In the event that the Company is forced to sell its assets and liquidate, it is unlikely that unsecured creditors or equity holders will receive any value for their claims or interests.

The Company anticipates that the reorganization process will result in the restructuring, cancellation and/or replacement of the interest of its existing common and preferred stockholders. Because of the "absolute priority rule" of Section 1129 of the Bankruptcy Code, which requires that the Company's creditors be paid in full (or otherwise consent) before equity holders can receive any value under a plan of reorganization, the Company previously disclosed that it anticipated that the reorganization process would result in the elimination of the Company's existing equity interests. Due to recent events, including sustained improvement in the Company's operating results as well as general improvement in the condition of the United States' economy and airline industry, some form of distribution to the equity interests pursuant to Section 1129 may occur. However, there can be no assurances in this regard.

The accompanying financial statements have been prepared on a going concern basis which assumes continuity of operations and realization of assets and liquidation of liabilities in the ordinary course of business. As a result of the reorganization proceedings, there are significant uncertainties relating to the ability of the Company to continue as a going concern. The financial

statements do not include any adjustments that might be necessary as a result of the outcome of the uncertainties discussed herein including the effects of any plan of reorganization.

(2) ESTIMATED LIABILITIES SUBJECT TO CHAPTER 11 PROCEEDINGS AND REORGANIZATION EXPENSE

Under Chapter 11, certain claims against the Company in existence prior to the filing of the petitions for relief under the Code are stayed while the Company continues business operations as debtor-in-possession.

F-27

96

AMERICA WEST AIRLINES, INC., D.I.P

NOTES TO FINANCIAL STATEMENTS -- (CONTINUED)

These pre-petition liabilities are expected to be settled as part of the plan of reorganization and are classified as "Estimated liabilities subject to Chapter 11 proceedings."

Estimated liabilities subject to Chapter 11 proceedings as of December 31, 1993 and 1992 consisted of the following:

<TABLE>

<CAPTION>

	DECEMBER 31,	
	1993	1992
	(IN THOUSANDS)	
<S>	<C>	<C>
Long-term debt (including convertible subordinated debentures of \$138.9 million and \$140.8 million at December 31, 1993 and 1992, respectively) (note 4).....	\$224,642	\$235,026
Accounts payable and accrued liabilities.....	113,945	73,488
Accrued interest.....	16,808	14,261
Accrued taxes.....	25,719	25,547
	=====	=====
	\$381,114	\$348,322

</TABLE>

The debt balance included above consists of unsecured and secured obligations and other obligations that have not been affirmed by the Company through the Bankruptcy Court (note 4).

Reorganization expense is comprised of items of income, expense, gain or loss that were realized or incurred by the Company as a result of reorganization under Chapter 11 of the Federal Bankruptcy Code. Such items consisted of the following:

<TABLE>

<CAPTION>

	1993	1992	1991
	-----	-----	-----
	(IN THOUSANDS)		
<S>	<C>	<C>	<C>
Provisions for pre-petition and administrative claims.....	\$18,231	\$ 1,748	\$35,203
Professional fees.....	7,227	11,147	8,531
D.I.P. financing issuance costs.....	1,378	1,760	2,660
Write-off of debt issuance costs.....	--	--	2,773
Employee termination and furlough costs.....	--	561	1,343
Facility closing costs.....	--	2,776	6,796
Interest income.....	(2,635)	(2,030)	(1,365)
Other.....	814	254	2,499
	-----	-----	-----
	\$25,015	\$16,216	\$58,440
	=====	=====	=====

</TABLE>

(3) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Financial Reporting for Bankruptcy Proceedings

On November 19, 1990, the American Institute of Certified Public Accountants issued Statement of Position 90-7, "Financial Reporting by Entities in Reorganization Under the Bankruptcy Code" ("SOP 90-7"). SOP 90-7 provides guidance for financial reporting by entities that have filed petitions with the Bankruptcy Court and expect to reorganize under Chapter 11 of the Code.

SOP 90-7 recommends that all such entities report consistently while reorganizing under Chapter 11, with the objective of reflecting their financial evolution. To achieve such objectives, their financial statements should distinguish transactions and events that are directly associated with the reorganization from those of the operations of the ongoing business as it evolves.

F-28

97

AMERICA WEST AIRLINES, INC., D.I.P

NOTES TO FINANCIAL STATEMENTS -- (CONTINUED)

SOP 90-7 became effective for financial statements of enterprises that filed petitions under the Code after December 31, 1990, although earlier application was encouraged. The Company has implemented the guidance provided by SOP 90-7 in the accompanying financial statements.

Pursuant to SOP 90-7, pre-petition liabilities are reported on the basis of the expected amounts of such allowed claims, as opposed to the amounts for which those allowed claims may be settled. Under an approved final plan of reorganization, those claims may be settled at amounts substantially less than their allowed amounts.

(b) Cash Equivalents

Cash equivalents consist of all highly liquid debt instruments purchased with original maturities of three months or less and are carried at cost which approximates market.

(c) Restricted Cash

Restricted cash includes cash held in Company accounts, but pledged to an institution which processes credit card sales transactions and cash deposits securing certain letters of credit.

(d) Expendable Spare Parts and Supplies

Flight equipment expendable spare parts and supplies are valued at average cost. Allowances for obsolescence are provided, over the estimated useful life of the related aircraft and engines, for spare parts expected to be on hand at the date the aircraft are retired from service.

(e) Property and Equipment

Property and equipment is stated at cost or, if acquired under capital leases, at the lower of the present value of minimum lease payments or fair market value at the inception of the lease. Interest capitalized on advance payments for aircraft acquisitions and on expenditures for aircraft improvements is part of the cost. Property and equipment is depreciated and amortized to residual values over the estimated useful lives or the lease term using the straight-line method. The Company discontinued capitalizing interest on June 27, 1991 due to the Chapter 11 filing.

The estimated useful lives for the Company's property and equipment range from three to twelve years for owned property and equipment and to thirty years for the reservation and training center and technical support facilities. The estimated useful lives of the Company's owned aircraft, jet engines, flight equipment and rotatable parts range from eleven to twenty-two years. Leasehold improvements relating to flight equipment and other property on operating leases are amortized over the life of the lease or the life of the asset, whichever is shorter.

Routine maintenance and repairs are charged to expense as incurred. The cost of major scheduled airframe, engine and certain component overhauls are capitalized and amortized over the periods benefited and included in depreciation and amortization expense. Additionally, a provision for the estimated cost of scheduled airframe and engine overhauls required to be performed on leased aircraft prior to their return to the lessors has been provided.

(f) Revenue Recognition

Passenger revenue is recognized when the transportation is provided. Ticket sales for transportation which has not yet been provided are reflected in the financial statements as air traffic liability.

F-29

AMERICA WEST AIRLINES, INC., D.I.P

NOTES TO FINANCIAL STATEMENTS -- (CONTINUED)

(g) Passenger Traffic Commissions and Related Fees

Passenger traffic commissions and related fees are expensed when the transportation is provided and the related revenue is recognized. Passenger traffic commissions and related fees not yet recognized are included as a prepaid expense.

(h) Income Taxes

Effective January 1, 1993, the Company adopted Statement of Financial Accounting Standards No. 109, Accounting for Income Taxes.

As more fully discussed at note 5, adoption of the new standard changes the Company's method of accounting for income taxes from the deferred approach to an asset and liability approach.

As with the prior standard, the Company continues to account for its investment tax credits and general business credits by use of the flow-through method.

(i) Per Share Data

Primary earnings (loss) per share is based upon the weighted average number of shares of common stock outstanding and dilutive common stock equivalents (stock options and warrants). Primary earnings per share reflect net income adjusted for interest on borrowings effectively reduced by the proceeds from the assumed conversion of common stock equivalents.

Fully diluted earnings per share in 1993 is based on the average number of shares of common stock and dilutive common stock equivalents outstanding adjusted for conversion of outstanding convertible preferred stock and convertible debentures. Fully diluted earnings per share reflects net income adjusted for interest on borrowings effectively reduced by the proceeds from the assumed conversion of common stock equivalents.

(j) Frequent Flyer Awards

The Company maintains a frequent travel award program known as "FlightFund" that provides a variety of awards to program members based on accumulated mileage. The estimated cost of providing the free travel, using the incremental cost method as adjusted for estimated redemption rates, is recognized as a liability and charged to operations as program members accumulate mileage.

(k) Manufacturers' and Deferred Credits

In connection with the acquisition of certain aircraft and engines, the Company receives various credits. Such manufacturers' credits are deferred until the aircraft and engines are delivered, at which time they are either applied as a reduction of the cost of acquiring owned aircraft and engines, resulting in a reduction of future depreciation expense, or amortized as a reduction of rent expense for leased aircraft and engines.

(l) Fair Value of Financial Instruments

The fair value estimates and assumptions used in developing the estimates of the Company's financial instruments are as follows:

Cash and Cash Equivalents

The carrying amount approximates fair value because of the short maturity of those instruments.

F-30

AMERICA WEST AIRLINES, INC., D.I.P

NOTES TO FINANCIAL STATEMENTS -- (CONTINUED)

Accounts Receivable and Accounts Payable

The carrying amount of accounts receivable and accounts payable approximates fair value as they are expected to be collected or paid within 90 days of year-end.

Long-term Debt and Estimated Liabilities Subject to Chapter 11 Proceedings

The fair value of long-term debt and estimated liabilities subject to Chapter 11 proceedings cannot readily be estimated as quoted market prices are not available. Additionally, future cash flows cannot be estimated as the repayment of these instruments is subject to disposition within the bankruptcy proceedings.

(m) Reclassifications

Certain prior year reclassifications have been made to conform to the current year presentation.

(4) LONG-TERM DEBT

Long-term debt consists of the following:

<TABLE>

<CAPTION>

	DECEMBER 31,	
	1993	1992
	(IN THOUSANDS)	
<S>	<C>	<C>
D.I.P. financing, secured by substantially all Company assets(a).....	\$ 83,577	\$ 110,784
Note payable to aircraft provider for advance credits(a).....	68,356	60,732
Notes payable secured by aircraft(b).....	306,837	327,267
Line of credit agreements(c).....	18,589	24,979
Note from an aircraft engine provider(d).....	7,191	12,392
Notes payable secured by flight simulators(e).....	20,064	22,804
Notes payable to administrative claimants(f).....	10,734	--
Other.....	6,273	9,687
	521,621	568,645
Less current maturities.....	(125,271)	(156,656)
	\$ 396,350	\$ 411,989

</TABLE>

Long-term debt included in estimated liabilities subject to Chapter 11 proceedings consists of the following:

<TABLE>

<CAPTION>

	DECEMBER 31,	
	1993	1992
	(IN THOUSANDS)	
<S>	<C>	<C>
7 3/4% convertible subordinated debentures due 2010(g).....	\$ 30,477	\$ 30,752
7 1/2% convertible subordinated debentures due 2011(h).....	31,709	32,069
11 1/2% convertible subordinated debentures due 2009(i).....	76,722	78,025
Note payable to an aircraft provider for deferred pre-delivery payments(j).....	21,126	21,126
Line of credit agreement(k).....	9,854	11,000
Industrial development revenue bonds(l).....	29,497	29,497
Letter of credit draws secured by rotatable parts(m).....	22,967	23,113
Other.....	2,290	9,444
	\$224,642	\$235,026

</TABLE>

As part of the Chapter 11 reorganization process, the Company is required to notify all known or potential claimants for the purpose of identifying all pre-petition claims against the Company. Additional bankruptcy claims and pre-petition liabilities may arise by termination of various contractual obligations and as certain contingent and/or potentially disputed bankruptcy claims are allowed for amounts which may differ from those shown on the balance sheet.

As discussed in note 1, payment of these liabilities, including maturity of

debt obligations, is stayed while the debtor continues to operate as a debtor-in-possession. As a result, contractual terms have been suspended with respect to debt subject to the Chapter 11 proceedings. The following paragraphs include discussion of the original contractual terms of the long-term debt; however, the maturity and terms of the long-term debt subsequent to the petition date may differ as a result of negotiations that take place as part of the plan of reorganization.

No principal or interest may be paid on pre-petition debt without the approval of the Bankruptcy Court. The Company has continued to accrue and pay interest on its long-term debt related to D.I.P. financing, affirmed long-term debt and secured debt included in estimated liabilities subject to Chapter 11 proceedings only to the extent that, in the Company's opinion, the value of underlying collateral exceeds the principal amount of the secured claim. The Company believes it is probable such interest will be an allowed secured claim as part of the bankruptcy proceeding. Except as otherwise stated above, the Company ceased accruing interest on pre-petition debt as of June 27, 1991, due to uncertainties relating to a final plan of reorganization.

(a) In September 1991, the Company completed arrangements for a \$55 million D.I.P. credit facility. The D.I.P. credit facility is secured by a first priority lien senior to all other liens on substantially all existing assets of the Company, except that such lien is junior in priority to Permitted First Liens (as such term is defined in the D.I.P. credit facility documents) with respect to the property encumbered thereby. In December 1991, the Company completed arrangements for an additional \$23 million of D.I.P. financing under terms and conditions substantially the same as those associated with the \$55 million D.I.P. credit facility. Quarterly interest payments for the D.I.P. financings commenced in the quarter ending December 31, 1991 at the 90-day London Interbank Offered Rate (LIBOR) plus 3.5% and quarterly principal repayments of \$3.9 million were to commence in September 1992 with the balance due in September 1993, or earlier upon confirmation of an approved plan of reorganization.

In connection with the \$23 million of D.I.P. financing, the Company agreed to convert advanced cash credits for 24 Airbus A320 aircraft previously provided to the Company into an unsecured priority term loan. At December 31, 1993, the amount of the term loan was \$68.4 million including accrued interest of \$21.9 million. Until the Reorganization Date, the term loan will accrue interest at 12% per annum and such interest will be added to the principal balance. On the Reorganization Date, 85% of the outstanding balance will be converted into an eight-year term loan which will accrue interest at 2% over 90-day LIBOR and will be secured by substantially all the assets of the Company if the D.I.P. financing is fully repaid. Principal payments will be made in equal quarterly installments, plus interest, commencing after the Reorganization Date. The Company has the right to prepay the loan if the D.I.P. financing is fully repaid. The remaining 15% of the term loan will be treated as a general unsecured claim without priority status under the Company's plan of reorganization. In the first quarter of 1994, the Company received information that the term loan was purchased by a third party.

In connection with the D.I.P. financing, a D.I.P. lender agreed to acquire the Company's Honolulu to Nagoya, Japan route for \$15 million. The Nagoya route sale was finalized in March 1992, resulting in a gain of \$15 million, which is included in other non-operating income in the accompanying statement of operations. Upon the completion of the sale of the Nagoya route, \$10 million of the proceeds from the sale were paid to the lender to reduce the Company's obligation to the lender under the D.I.P. financing. The balance of the proceeds from the sale of the Nagoya route were added to the Company's working capital. The remaining D.I.P. balance was paid to this lender in connection with the September 1992 D.I.P. Facility.

F-32

101

AMERICA WEST AIRLINES, INC., D.I.P

NOTES TO FINANCIAL STATEMENTS -- (CONTINUED)

In September 1992, the Company completed arrangements to expand its existing D.I.P. financing by an additional \$53 million (the "September 1992 D.I.P. Facility").

As a condition to the closing of the September 1992 D.I.P. Facility, the Company was required to reduce its aircraft fleet and the number of aircraft types from five to three pursuant to certain agreements with third parties, including the following:

1. With the exception of four lessors (two of which participated in the September 1992 D.I.P. Facility and did not defer or reduce their lease payments), aircraft lessors whose aircraft were retained in the fleet and who agreed to payment deferrals during July and August 1992, were required to waive

any default which occurred as a result of such non-payments and to defer these payments without interest until the first calendar quarter of 1993. In addition, effective August 1, 1992, the rental rates on these retained aircraft were reduced to fair market lease rates for a two-year period. The rental rates adjust to market rates effective August 1, 1994.

Of the remaining two lessors, one accepted rental payment reductions and the other agreed to a deferral of the rents from July through October 1992. Repayment of this deferral is monthly over seven years beginning November 1992 at level principal and interest at 90-day LIBOR plus 3.5%.

2. The aircraft lessors who accepted rent reductions and agreed to waive any administrative claims arising from the reductions stipulated that, if prior to July 31, 1994, the Company defaults on any of these leases and the aircraft are repossessed, the lessors are entitled to fixed damages which will be afforded priority as administrative claims. Lessors of 11 aircraft have the option, beginning August 1, 1994, to reset the rents to the current fair market rental rates and, if elected by the lessor, to readjust at two other two-year intervals during the remaining term of the lease.

The Company also agreed in certain cases that lessors could call the aircraft upon 180 days notice if the lessor had a better lease proposal from another party which the Company was unwilling to match. During the period August 1, 1994 through July 31, 1995, certain of these lessors may call their aircraft without first giving the Company the right to match any competing offer. Call rights with a right of first refusal affect 16 aircraft and call rights without a right of first refusal affect 10 aircraft. In addition, in order to induce several lessors to extend the lease terms of their aircraft, the Company agreed that the aircraft could be called by the lessors at the end of the original lease term. One lessor of 11 aircraft has the right to terminate each lease at the end of the original lease term of each aircraft. Such lessor also has the right to call its aircraft on 90 days notice at any time prior to the end of the amended lease term. America West has no right of first refusal with respect to such aircraft. To date, no lessor has exercised its call rights.

3. Certain principal and interest payments relating to owned aircraft due in July 1992 were deferred without interest and were repaid by March 31, 1993. Additionally, certain other principal and interest payments due from August 1992 through January 1993 were deferred and repaid beginning February 1993 over five to nine years with interest at approximately 10.25%. In lieu of payment deferrals, two of the aircraft lenders agreed to adjust the interest rates based on 90-day LIBOR plus 3.5% per annum.

In September 1993, the Bankruptcy Court approved an amendment to the D.I.P. loan agreement extending the maturity date of the loan from September 30, 1993 to June 30, 1994. Concurrent with the extension of the maturity date, \$8.3 million of the principal balance was repaid to one of the participants who did not agree with the amendment. Interest on all funds advanced under the D.I.P. facility accrues at 3.5% per annum, over 90-day LIBOR and is payable quarterly. The amended D.I.P. loan agreement defers all principal payments to the earlier of June 30, 1994 or the effective date of a confirmed Chapter 11 plan of reorganization with the exception of \$5 million that will be due on March 31, 1994. The amended terms of the D.I.P. financing require the Company to notify the D.I.P. lenders if the unrestricted cash balance of the Company exceeds \$125 million. Upon receipt of such notice, the D.I.P. lenders may require the Company to prepay the D.I.P. financing by the amount of such excess. Subsequent to December 31, 1993, the Company notified the

F-33

102

AMERICA WEST AIRLINES, INC., D.I.P

NOTES TO FINANCIAL STATEMENTS -- (CONTINUED)

D.I.P. lenders that the Company's unrestricted cash exceeded \$125 million; however, the D.I.P. lenders have not exercised their prepayment rights. The D.I.P. financings contain a minimum unencumbered cash balance requirement of \$55 million at December 31, 1993 and other financial covenants. At December 31, 1993, the Company was in compliance with these covenants.

As a condition to extending the maturity date of the D.I.P. financing in September 1993, the Company also agreed to pay a facility fee of \$627,000 to the D.I.P. lenders on September 30, 1993 and to pay an additional facility fee equal to 1/4% of the then outstanding balance of the D.I.P. financing on March 31, 1994. Consequently, the outstanding balance of \$83.6 million is classified as a current liability as of December 31, 1993. Presently, the Company does not possess sufficient liquidity to satisfy the D.I.P. financing nor does it appear likely that new equity capital will be obtained and a plan of reorganization confirmed prior to June 30, 1994. Consequently, the Company will be required to obtain alternative repayment terms from the D.I.P. lenders. There can be no assurance that alternative repayment terms will be obtained. The Company

believes that any extension of the D.I.P. financing will be for a short period of time and would be concurrent with the implementation of a plan of reorganization.

The D.I.P. financings contain a minimum unencumbered cash balance requirement of \$55 million at December 31, 1993 and other financial covenants. At December 31, 1993, the Company was in compliance with these covenants.

(b) These notes from financial institutions, secured by seventeen aircraft with a net book value of \$327.6 million, are payable in semi-monthly, monthly, quarterly and semi-annual installments ranging from \$75,000 to \$1,637,000 plus interest at 30-day LIBOR plus 3.5% (6.88% at December 31, 1993) to 10.79%, with maturities ranging from 1999 to 2008. Approximately \$105.3 million of these secured notes have provisions providing for the reset of interest rates at various future dates based on fluctuations in indices such as the Eurodollar rate. Additionally, interest rates and principal payments for certain of these notes were modified, as discussed above, in connection with the September 1992 D.I.P. Facility.

(c) The Company has a \$40 million line of credit that extends to December 31, 1997 for which no borrowing can occur after December 31, 1994. The purpose of the line is to provide for the initial provisioning of spare parts for Airbus A320 aircraft. The loan is repaid quarterly with level principal payments of \$970,000 each and interest at LIBOR plus 4%. At December 31, 1993 and 1992, the Company had borrowings outstanding of \$15.5 million and \$20.4 million, respectively, under this credit facility. However, the lender will not make the unused credit of \$24.5 million available at December 31, 1993 as a result of the Chapter 11 filing. This loan was affirmed in December 1991 by the Bankruptcy Court under Section 1110 of the Bankruptcy Code.

The Company also has a \$25 million line of credit that extends to September 1997 under which no borrowing could occur after September 1992. The credit line was used for spare engine parts and has an interest rate of LIBOR plus 4%. At December 31, 1993 and 1992, the Company had borrowings outstanding of \$3.1 million and \$4.6 million, respectively, under this credit facility. In connection with the financing by this same lender of two aircraft flight simulators in October 1992 (see (e)), this loan was affirmed in the bankruptcy proceeding. Consequently, the outstanding balance at December 31, 1993 is included in long-term debt.

(d) This note from an aircraft engine manufacturer was originally made for \$30 million in September 1990. The note is secured by two aircraft, spare engine parts and other equipment. Interest on the note began to accrue at its inception at 90-day LIBOR plus 2.0%, compounded quarterly, until September 1993 when all such accrued interest, or approximately \$6 million, was paid. Interest is currently paid quarterly at the same interest rate. In October 1992, this lender financed two new flight simulators which were securing this note (see (e)), and this loan was reduced by the amount of such financing, or approximately \$22.8 million. Repayment of the balance of this loan is dependent on the future delivery of certain firm ordered aircraft

F-34

103

AMERICA WEST AIRLINES, INC., D.I.P

NOTES TO FINANCIAL STATEMENTS -- (CONTINUED)

scheduled to begin in November 1996 (however, the related aircraft purchase agreement has been neither affirmed nor rejected at December 31, 1993). In connection with the above financing of the two flight simulators, this note was affirmed in the bankruptcy proceedings, and the outstanding balances at December 31, 1993 and 1992 are included in long-term debt.

(e) In October 1992, the Company acquired two flight simulators and executed two notes secured by the simulators. The notes are payable in 84 equal monthly principal installments, plus accrued interest at LIBOR plus 2%. However, the Company has the right, upon the giving of notice to the lender, to fix the interest rate at the greater of the then current LIBOR plus 2% or 6.375%. In connection with this financing, the Company affirmed in the bankruptcy proceedings the agreements for a certain note payable (see (d) above) and a line of credit (see (c) above).

(f) In 1993, the Company settled three administrative claims with three four-year promissory notes totaling \$9.6 million with quarterly principal payments and interest at 6%. At December 31, 1993, the outstanding balance of these promissory notes was \$8.7 million.

Also in 1993, the Company renegotiated a note for certain ground equipment for \$2 million as part of an administrative claim settlement which takes effect upon the confirmation of a plan of reorganization. The Company is required to make adequate protection payments of \$8,000 per month from the settlement date

until plan confirmation, at which time, the note term is 5 years with interest at 6%.

(g) The Company's 7 3/4% convertible subordinated debentures are convertible into common stock at \$13.50 per share. The debentures are redeemable at prices ranging from 101.55% of the principal amount at December 31, 1993 to 100% of the principal amount in 1995 and thereafter. Annual sinking fund payments of \$1.5 million are required beginning in 1995.

(h) The Company's 7 1/2% convertible subordinated debentures are convertible into common stock at \$14.00 per share. The debentures are redeemable at prices ranging from 102.25% of the principal amount at December 31, 1993 to 100% of the principal amount in 1996 and thereafter. Annual sinking fund payments of \$1.6 million are required beginning in 1996.

(i) The Company's 11 1/2% convertible subordinated debentures are convertible into common stock at \$10.50 per share. The debentures are redeemable at prices ranging from 105.75% of the principal amount from January 1, 1994 to 100% of the principal amount in 1999 and thereafter. Annual sinking fund payments of \$5.8 million are required beginning in 1999.

During 1991, certain bondholders converted \$22.1 million of the 11 1/2% convertible subordinated debentures into common stock. The conversion of the 11 1/2% subordinated debentures resulted in a charge to other non-operating expense of \$875,000 for incremental shares issued upon conversion. Certain bondholders converted \$1.4 million of the 7 1/2% convertible subordinated debentures and \$4.4 million of the 7 3/4% convertible subordinated debentures into common stock.

During 1992, certain bondholders converted \$95,000 of the 7 1/2% convertible subordinated debentures, \$100,000 of the 7 3/4% convertible subordinated debentures and \$3.5 million of the 11 1/2% convertible subordinated debentures into common stock.

During 1993, certain bondholders converted \$360,000 of the 7 1/2% convertible subordinated debentures, \$275,000 of the 7 3/4% convertible subordinated debentures and \$1.3 million of the 11 1/2% convertible subordinated debentures into common stock.

All of the convertible subordinated debenture interests will be subject to settlement of their stated amounts in a plan of reorganization, thereby eliminating the need for continued deferral of the debt issuance costs. Therefore, the unamortized debt issuance costs of \$2.8 million for these convertible subordinated

F-35

104

AMERICA WEST AIRLINES, INC., D.I.P

NOTES TO FINANCIAL STATEMENTS -- (CONTINUED)

debentures were charged to operations as reorganization expense in 1991. The Company ceased accruing interest on all of these debentures as of June 27, 1991 in accordance with SOP 90-7.

(j) This note from an aircraft manufacturer for deferred pre-delivery payments was required under a purchase agreement entered into in 1990. The deferred pre-delivery payments will accrue interest at one year LIBOR plus 4% with both principal and interest due upon delivery of the aircraft. The Company has ceased accruing interest on the outstanding balance in accordance with SOP 90-7. The acquisition of the aircraft associated with these deferred pre-delivery payments is subject to the affirmation or rejection of the respective aircraft purchase agreement by the Company in the reorganization proceeding.

(k) The Company has a \$20 million secured revolving credit facility with a group of financial institutions that expired on April 17, 1993. Borrowings under this credit facility were either made i) at the federal funds rate plus 1%, ii) based on a CD rate or iii) 90-day LIBOR two business days prior to the first day of the interest period. The borrowings are secured by certain assets. The Company is obligated to pay a commitment fee equal to 1/4% per annum on the average daily amount by which the aggregate commitments exceed the applicable borrowing base and 1/2% per annum on the average daily amount by which the lower of the aggregate commitments or applicable borrowing base exceeds the aggregate principal amount on all outstanding loans. At December 31, 1993 and 1992, the Company had an outstanding balance of \$9.9 million and \$11 million, respectively, under the revolving credit agreement. Proceeds from sales of assets securing the loan were used to prepay the loan during 1993. The Company ceased accruing interest on the outstanding balance as of June 27, 1991 in accordance with SOP 90-7.

(1) The holders of industrial development revenue bonds have the right to put the bonds back to the Company at various times. If such a put occurs, the Company has an agreement with the underwriters to remarket the bonds. Any bonds not remarketed will be retired utilizing a letter of credit. Any funding under the letter of credit will be in the form of a two-year term loan at prime plus 2%. During the first quarter of 1991, the Company redeemed \$14.5 million of the \$44 million of industrial development revenue bonds issued and outstanding and agreed to a seven-year amortization schedule for the redemption of the remaining balance. In July and August 1991, \$29.5 million in the aggregate was drawn against the letter of credit facility that supported these bonds. The Company intends to remarket the bonds in the future. Such draws were made on behalf of holders of such bonds who exercised their right to put the bonds back to the Company for purchase. The bonds are currently held in trust for the benefit of the Company. These bonds were issued in connection with the Company's technical support facility.

(m) These draws on a letter of credit from a financial institution, secured by spare rotatable parts with a net book value of \$35.8 million, are payable in quarterly installments of \$1.3 million plus interest at prime plus 4.5%. The Company has ceased accruing interest as of June 27, 1991 on the outstanding balance in accordance with SOP 90-7.

Maturities of long-term debt, excluding \$225 million included in estimated liabilities subject to Chapter 11 proceedings, for the years ending December 31 are as follows:

<TABLE>
<CAPTION>

	(IN THOUSANDS)
<S>	<C>
1994.....	\$125,271
1995.....	41,949
1996.....	44,957
1997.....	39,544
1998.....	32,916
Thereafter.....	236,984

</TABLE>

F-36

105

AMERICA WEST AIRLINES, INC., D.I.P

NOTES TO FINANCIAL STATEMENTS -- (CONTINUED)

(5) INCOME TAXES

Adoption of New Accounting Standard

As of January 1, 1993, the Company adopted Statement of Financial Accounting Standards No. 109, Accounting for Income Taxes (SFAS 109). SFAS 109 is a fundamental change in the manner used to account for income taxes in that the deferred method has been replaced with an asset and liability approach. Under SFAS 109, deferred tax assets (subject to a possible valuation allowance) and liabilities are recognized for the expected future tax consequences of events that are reflected in the Company's financial statements or tax returns.

In the year of adoption, SFAS 109 permits an enterprise to record in its current year financial statements, the cumulative effect (if any) of the change in accounting principle. Upon adoption, the Company did not need to record a cumulative effect adjustment.

Income Tax Expense

For the year ended December 31, 1993, the Company recorded income tax expense as follows:

<TABLE>

<S>	<C>
Current taxes:	
Federal.....	\$675
State.....	84

	\$759
	====
Deferred taxes.....	\$ --
	====

</TABLE>

For the year ended December 31, 1993, income tax expense is solely attributable to income from continuing operations. The difference in income taxes at the federal statutory rate ("expected taxes") to those reflected in the

financial statements (the "effective rate") results from the effect of the benefit of net operating loss carryforwards of \$12.6 million and state income tax expense, net of federal tax benefit of \$55,000, for an effective tax rate of 2%. In 1992 and 1991, the tax benefits at the federal statutory rate of 34% were offset by the generation of net operating loss carryforwards.

At December 31, 1993, the Company has available net operating loss, business tax credit and alternative minimum tax credit carryforwards for federal income tax purposes of \$530.3 million, \$12.7 million and \$700,000, respectively. The net operating loss carryforwards expire during the years 1999 through 2007 while the business credit carryforwards expire during the years 1997 through 2006. However, such carryforwards are not fully available to offset federal (and, in certain circumstances, state) alternative minimum taxable income. Accordingly, income tax expense recognized for the year ended December 31, 1993, is attributable to the Company's expected net current liability for federal and various state alternative minimum taxes. The alternative minimum tax credit carryforward does not expire and is available to reduce future income tax payable.

As of December 31, 1993, to the best of the Company's knowledge, it has not undergone a statutory "ownership change" (as defined in sec.382 of the Internal Revenue Code) that would result in any material limitation of the Company's ability to use its net operating loss and business tax credit carryforwards in future tax years. Should an "ownership change" occur prior to confirmation of a plan of reorganization, the Company's ability to utilize said carryforwards would be significantly restricted. Further, the net operating loss and business tax credit carryforwards may be limited as a result of the Company's reorganization under the United States Bankruptcy Code.

F-37

106

AMERICA WEST AIRLINES, INC., D.I.P

NOTES TO FINANCIAL STATEMENTS -- (CONTINUED)

Composition of Deferred Tax Items

The Company has not recognized any net deferred tax items for the year ended December 31, 1993. Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred tax assets and liabilities as of December 31, 1993 are a result of the temporary differences related to the items described as follows:

<TABLE>

<CAPTION>

NET DEFERRED ITEMS

(IN THOUSANDS)

<C>

Deferred income tax liabilities:	
Property and equipment, principally depreciation differences....	\$ (105,242)

Deferred income tax assets:	
Aircraft leases.....	20,594
Frequent flyer accrual.....	3,721
Reorganization expenses.....	16,527
Net operating loss carryforwards.....	212,124
Tax credit carryforwards.....	12,706
Other.....	5,986

Total deferred income tax assets.....	271,658
Valuation allowance.....	(166,416)

Net deferred items.....	\$ --
	=====

</TABLE>

SFAS 109 requires a "more likely than not" criterion be applied when evaluating the realizability of a deferred tax asset. Given the Company's history of losses for income tax purposes, the volatility of the industry within which the Company operates and certain other factors, the Company has established a valuation allowance for the portion of its net operating loss carryforwards that may not be available due to expirations after considering the net reversals of future taxable and deductible differences occurring in the same periods. In this context, the Company has taken into account prudent and feasible tax planning strategies. After application of the valuation allowance, the Company's net deferred tax assets and liabilities are zero.

(6) EMPLOYEE STOCK PURCHASE PLANS AND OTHER EMPLOYEE BENEFIT PROGRAMS

The Company has a stock purchase plan covering its directors, officers and employees and certain other persons providing service to the Company, as well as a separate plan covering its California resident employees. At December 31, 1993, the number of shares authorized under the plans is 10,450,000. Each participating employee is required to purchase a number of shares having an aggregate purchase price equivalent to 20% of such employee's annual base wage or salary on the date of purchase. Each participating employee has the option of simultaneously purchasing additional shares having an aggregate purchase price not exceeding 20% of such wage or salary. California resident employees electing to participate in the plan may purchase a number of shares having an aggregate purchase price not exceeding 40% of their annual base wage or salary on the date of purchase at a specified price.

Participating employees can elect to finance their purchase through the Company for up to 20% of their annual base wage or salary over a five-year period at an interest rate of 9.5%. Employee notes receivable of \$17.6 million existed at December 31, 1993 and were classified in the stockholders' deficiency section. Shares issued under the plans cannot be sold, transferred, assigned, pledged or encumbered in any way for a period of two years from the date such shares are paid for and delivered to participating employees. The employees'

F-38

107

AMERICA WEST AIRLINES, INC., D.I.P

NOTES TO FINANCIAL STATEMENTS -- (CONTINUED)

purchase price is 85% of the market price on the date of purchase. The difference between the employees' purchase price and the market price is recorded as deferred compensation and is amortized over five years.

The plans provide for the purchase of additional shares of common stock up to 10% of the employee's annual base wage during the first year of employment and 20% of the employee's annual base wage during each subsequent calendar year. Such purchases may be financed through the Company at the same terms as indicated above, as long as total outstanding amounts previously financed do not exceed 10% of the employee's annual base compensation.

Effective August 1, 1991, the Company suspended the mandatory portion of the Employee Stock Purchase Plan for 60 days. Subsequent to the expiration of the 60-day period, the Company indefinitely suspended the Employee Stock Purchase Plan. The Company also suspended payroll deductions related to the Employee Stock Purchase Plan as a result of a 10% across the board reduction in wages which commenced August 1, 1991 for all employees whose wages had not been previously reduced. The unpaid employee stock purchase notes continue to accrue interest. The Company anticipates that the reorganization process will result in the restructuring, cancellation and/or replacement of the interests of its existing common and preferred stockholders.

The bankruptcy process has caused the suspension of the Company's profit sharing plan which covers all personnel. The plan provided for the distribution of 15% of annual pre-tax profits to employees based on each individual's base wage. The Company made no distributions under the plan in 1993, 1992 or 1991.

The Company implemented a 401(k) defined contribution plan on January 1, 1989, covering essentially all employees of the Company. Participants may contribute from 1% to 10% of their pre-tax earnings to a maximum of \$8,994. The Company will match 25% of a participant's contributions up to 6% of the participant's annual pre-tax earnings. The Company's contribution expense to the plan totaled \$2.1 million, \$2 million and \$4.9 million in 1993, 1992 and 1991, respectively.

The Company provides no post-retirement benefits to its former employees other than the continuation of flight benefits on a stand-by, non-revenue basis; the cost of which is not material. Additional, no material post-employment benefits are provided.

(7) CONVERTIBLE PREFERRED STOCK

Annual dividends of \$5.41 per share are payable quarterly on the 291,149 shares of voting Series B 10.5% convertible preferred stock. Each preferred share is entitled to four votes and may be converted into four shares of common stock subject to certain anti-dilution provisions. The preferred shares are redeemable at the Company's election, if the price of common stock is at least \$19.32 per share, at \$51.52 per share plus unpaid accrued dividends plus a redemption premium starting at 3% during 1991 and decreasing 1% per year to zero during and after 1994. During 1993, the Series B convertible preferred stock was converted into 1,164,596 shares of common stock.

Annual dividends of \$1.33 per share are payable quarterly on the 73,099

shares of voting Series C 9.75% convertible preferred stock. Such shares may be converted into an equal number of shares of common stock subject to certain anti-dilution provisions. The preferred shares are redeemable at the Company's election at \$13.68 per share plus unpaid accrued dividends plus a redemption premium starting at 4% during 1991 and decreasing 1% per year to zero during and after 1995.

Under Delaware law, the Company is precluded from paying dividends on its outstanding preferred stock until such time as the Company's stockholder deficiency has been eliminated.

At December 31, 1993, the Company was delinquent in the payment of its sixth consecutive dividends on the Preferred Stock. See note 1 for a discussion of the potential effects of the Company's reorganization upon preferred stock.

F-39

108

AMERICA WEST AIRLINES, INC., D.I.P

NOTES TO FINANCIAL STATEMENTS -- (CONTINUED)

(8) COMMON STOCK

Certain "Rights" have been distributed to certain shareholders of record on August 25, 1986. The Rights, which entitle the holder to purchase one one-hundredth (1/100th) of a share of Series D Participating Preferred Stock at a price of \$200, are not exercisable unless certain conditions relating to a possible attempt to acquire the Company are met. In the event of an acquisition or merger, the Rights will entitle the holder of a Right to purchase that number of common shares of the acquiring or surviving entity having twice the market value of the exercise price of each Right. The Rights expire on August 24, 1996 and are redeemable at a price of \$.03 per Right under certain conditions.

The Board of Directors has authorized the purchase of up to 700,000 shares of the Company's common stock from time to time in open market transactions. The Company has purchased and retired 348,410 shares as of December 31, 1993 at an average per share price of \$8.31.

(9) STOCK OPTIONS AND WARRANTS

The Company has an Incentive Stock Option Plan and has reserved 13,225,000 shares of common stock for issuance upon the exercise of stock options granted under the plan. Of the total shares reserved, 10,350,000 shares are restricted for issuance to employees other than certain management employees. Options are granted at fair market value on the date of grant and generally become exercisable over a five-year period, and ultimately lapse if unexercised at the end of ten years.

Activity under the Incentive Stock Option Plan is as follows:

<TABLE>
<CAPTION>

INCENTIVE STOCK OPTION PLAN

	NUMBER OF OPTIONS		OPTION PRICE PER SHARE
	KEY MANAGEMENT	OTHER EMPLOYEES	
<S>	<C>	<C>	<C>
Outstanding January 1, 1991.....	1,721,326	5,215,028	\$2.50 - \$13.06
Granted.....	52,000	2,434,880	\$0.94 - \$ 7.50
Canceled.....	(254,025)	(535,116)	\$1.38 - \$12.81
Exercised.....	(8,981)	(1,860)	\$2.50 - \$ 9.13
Outstanding December 31, 1991.....	1,510,320	7,112,932	\$0.94 - \$13.06
Granted.....	--	414,060	\$1.13 - \$ 2.63
Canceled.....	(183,700)	(791,199)	\$0.27 - \$13.06
Outstanding December 31, 1992.....	1,326,620	6,735,793	\$0.94 - \$13.06
Canceled.....	(284,990)	(1,005,192)	\$0.94 - \$12.81
Outstanding December 31, 1993.....	1,041,630	5,730,601	\$0.94 - \$13.06

</TABLE>

At December 31, 1993, options to purchase 3,731,608 shares were exercisable at prices ranging from \$0.94 to \$13.06 per share under the Incentive Stock Option Plan. Effective March 13, 1992, additional grants under the Plan were suspended.

The Company has a Nonstatutory Stock Option Plan under which options to purchase 3,785,880 shares of common stock at prices ranging from \$5.06 to \$10.25 per share (fair market value on date of grant) have been granted, of which 1,961,410 stock options are outstanding as of December 31, 1993. During 1991, 40,000 options were granted at \$6.00 per share. During 1993, 1992 and 1991, no options were exercised. At December 31, 1993, all options were exercisable. Options expire 10 years from date of grant.

The Company had granted warrants and options to purchase 227,500 shares of common stock to members of the Board of Directors who are not employees of the Company. At December 31, 1993, 110,000

F-40

109

AMERICA WEST AIRLINES, INC., D.I.P

NOTES TO FINANCIAL STATEMENTS -- (CONTINUED)

options are outstanding and exercisable through February 4, 1996 at prices of \$6.00 to \$9.00 per share (fair market value at date of grant). No warrants or options were granted or exercised during 1993, 1992 or 1991.

The Company has adopted a Restricted Stock Plan and has reserved 250,000 shares of common stock for issuance at no cost to key employees. Grants that are issued will vest over a three to five-year period. As of December 31, 1993, the Company granted 93,870 shares and the related unamortized deferred compensation was \$5,320. In 1991, the operation of the Restricted Stock Plan was suspended due to the Company's reorganization.

(10) SUPPLEMENTAL INFORMATION TO STATEMENTS OF CASH FLOWS

Cash paid for interest, net of amounts capitalized, during the years ended December 31, 1993, 1992 and 1991 was approximately \$44 million, \$46 million and \$33 million, respectively.

Cash paid for income taxes during the year ended December 31, 1993 was \$537,000.

Cash flows from reorganization items in connection with the Chapter 11 proceedings during the years ended December 31, 1993, 1992 and 1991 were as follows:

<TABLE>
<CAPTION>

	1993	1992	1991
	-----	-----	-----
	(IN THOUSANDS)		
<S>	<C>	<C>	<C>
Interest received on cash accumulations.....	\$ 2,635	\$ 2,030	\$ 1,365
Professional fees paid for services rendered.....	(7,372)	(11,346)	(6,913)
D.I.P. financing issuance costs paid.....	(1,378)	(1,760)	(2,660)

</TABLE>

In addition, during the years ended December 31, 1993, 1992 and 1991, the Company had the following non-cash financing and investing activities:

<TABLE>
<CAPTION>

	1993	1992	1991
	-----	-----	-----
	(IN THOUSANDS)		
<S>	<C>	<C>	<C>
Conversion of long-term debt to common stock.....	\$ 1,938	\$ 3,685	\$ 27,898
Draws taken by third parties on letters of credit....	\$ --	\$11,201	\$ 42,415
Equipment acquired through capital leases.....	\$ 709	\$ 437	\$ 10,028
Notes payable issued to equipment seller.....	\$ 818	\$22,804	\$106,510
Notes payable issued for administrative claim settlements.....	\$11,597	\$ --	\$ --
Preferred stock dividends declared but unpaid.....	\$ --	\$ 1,672	\$ 1,250
Accrued interest reclassified to long-term debt.....	\$15,137	\$16,443	\$ 19,311

</TABLE>

(11) COMMITMENTS AND CONTINGENCIES

(a) Leases

During 1991, the Company restructured its lease commitment for Airbus A320 aircraft with the lessors. As a result of the restructuring, the Company's obligation to lease ten A320 aircraft was canceled and the basic rental rate for twelve aircraft was revised to provide for the repayment to the lessor over a ten-year period of certain advanced credits received by the Company which relate to the ten canceled aircraft.

In the third quarter of 1991, the Company requested a deferral of rent and other periodic payments from its aircraft providers. The deferral was requested in an effort to conserve cash and improve the Company's liquidity position. As a condition of securing the \$78 million D.I.P. financing, the Company was required to obtain from most aircraft providers rent, principal and interest payment deferrals in excess of \$100 million covering the six-month period of June through November 1991. These deferrals will generally be repaid with

F-41

110

AMERICA WEST AIRLINES, INC., D.I.P

NOTES TO FINANCIAL STATEMENTS -- (CONTINUED)

interest at 10.5% over the remaining term of the lease or secured borrowing with repayment commencing December 1991. At December 31, 1993 and 1992, the remaining unpaid deferrals are reported as follows:

<TABLE>
<CAPTION>

	DECEMBER 31,	
	1993	1992
	(IN THOUSANDS)	
<S>	<C>	<C>
Accounts payable.....	\$ 7,567	\$20,672
Other liabilities.....	31,425	28,196
Long-term debt.....	18,671	20,769
	=====	=====
	\$57,663	\$69,637

</TABLE>

In the third quarter of 1992, the Company requested an additional deferral of rent and other periodic payments from its aircraft providers. The deferral was requested to assure sufficient liquidity to sustain operations while additional debtor-in-possession financing was obtained (note 4). The 1992 deferrals will generally be repaid either without interest during the first quarter of 1993 or with interest over a period of seven years. At December 31, 1993 and 1992, the remaining unpaid deferrals are reported as follows:

<TABLE>
<CAPTION>

	DECEMBER 31,	
	1993	1992
	(IN THOUSANDS)	
<S>	<C>	<C>
Accounts payable.....	\$ 9,650	\$17,528
Long-term debt.....	21,539	25,346
	=====	=====
	\$31,189	\$42,874

</TABLE>

As of December 31, 1993, the Company had 66 aircraft under operating leases with remaining terms ranging from four months to 20 years. The Company has options to purchase most of the aircraft at fair market value at the end of the lease term. Certain of the agreements require security deposits and maintenance reserve payments. The Company also leases certain terminal space, ground facilities and computer and other equipment under noncancelable operating leases.

Future minimum rental payments for years ending December 31 under noncancelable operating leases with initial terms of more than one year are as follows:

<TABLE>
<CAPTION>

(IN THOUSANDS)

<S>	<C>
1994.....	\$ 191,606
1995.....	182,236
1996.....	179,110
1997.....	169,797
1998.....	160,759
Thereafter.....	1,333,187

	\$2,216,695
	=====

</TABLE>

Collectively, the operating lease agreements require security deposits with lessors of \$8.1 million and bank letters of credit of \$17.7 million. The letters of credit are collateralized by certain spare rotatable parts with a net book value of \$35.8 million and \$17.6 million in restricted cash.

Rent expense (excluding landing fees) was approximately \$245 million in 1993, \$307 million in 1992 and \$319 million in 1991.

F-42

111

AMERICA WEST AIRLINES, INC., D.I.P

NOTES TO FINANCIAL STATEMENTS -- (CONTINUED)

(b) Revenue Bonds

Special facility revenue bonds have been issued by a municipality used for leasehold improvements at the airport which have been leased by the Company. Under the operating lease agreements, which commenced in 1990, the Company is required to make rental payments sufficient to pay principal and interest when due on the bonds. The Company ceased rental payments in June 1991. The principal amount of such bonds outstanding at December 31, 1992 and 1991 was \$40.7 million. In October 1993, the Company and the bondholder agreed to reduce the outstanding balance of the bonds to \$22.5 million and adjust the related operating lease payments sufficient to pay principal and interest on the reduced amount effective upon the confirmation of a plan of reorganization. The remaining principal balance of \$18.2 million will be accorded the same treatment under the plan of reorganization as a pre-petition unsecured claim. The Company also agreed to make adequate protection payments in the amount of \$150,000 per month from August 1993 to plan confirmation.

(c) Aircraft Acquisitions

At December 31, 1993, the Company had on order a total of 93 aircraft of the types currently comprising the Company's fleet, of which 51 are firm and 42 are options. The table below details such deliveries.

<TABLE>

<CAPTION>

	FIRM ORDERS						OPTION ORDERS	TOTAL
	1994	1995	1996	1997	THEREAFTER	TOTAL		
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Boeing: 737-300.....	--	--	4	2	--	6	10	16
757-200.....	--	4	3	--	--	7	10	17
Airbus: A320-200.....	9	5	2	8	14	38	22	60
	--	--	--	--	--	--	--	--
Total.....	9	9	9	10	14	51	42	93
	==	==	==	==	==	==	==	==

</TABLE>

The current estimated aggregate cost for these firm commitments and options is approximately \$5.2 billion. Future aircraft deliveries are planned in some instances for incremental additions to the Company's existing aircraft fleet and in other instances as replacements for aircraft with lease terminations occurring during this period. The purchase agreements to acquire 24 Boeing 737-300 aircraft had been affirmed in the Company's bankruptcy proceeding. With timely notice to the manufacturer, all or some of these deliveries may be converted to Boeing 737-400 aircraft. At December 31, 1993, eight Boeing 737 delivery positions had been eliminated due to the lack of a required reconfirmation notice by the Company to Boeing leaving 16 delivery positions as reflected above. The failure to reconfirm such delivery positions exposes the Company to loss of pre-delivery deposits and other claims which may be asserted by Boeing in the bankruptcy proceeding. The purchase agreements for the remaining aircraft types have not been assumed, and the Company has not yet determined which of the other aircraft purchase agreements, if any, will be affirmed or rejected.

As part of the \$68.4 million term loan (see note 4(a)), the Company terminated an agreement to lease 24 Airbus A320 aircraft and ultimately replaced it with a put agreement to lease up to four such aircraft. The lessor is under no obligation to lease such aircraft to the Company and has the right to remarket these aircraft to other parties. Prior to its bankruptcy filing, the Company also entered into a similar arrangement with another lessor, whereby the Company terminated its agreement to lease 10 Airbus A320 aircraft and replaced it with a put agreement to lease up to 10 Airbus A320 aircraft.

The put agreement related to the term loan requires the lessor to notify the Company prior to July 1, 1994 if it intends to require the Company to lease any of its put aircraft. The other put agreement requires 180 days prior notice of the delivery of a put aircraft. The agreement also provides that the lessor may not put more than five aircraft to the Company in any one calendar year. This put right expires on December 31, 1996. No more than nine put aircraft (from both lessors combined) may be put to the Company in one calendar year. The put aircraft are reflected in the "Firm Orders" section of the table above.

F-43

112

AMERICA WEST AIRLINES, INC., D.I.P

NOTES TO FINANCIAL STATEMENTS -- (CONTINUED)

The Investment Agreement provides that as partial consideration for the cancellation of certain put rights, the lessor will receive the right to require the Company to lease up to eight aircraft prior to June 30, 1999.

The Company does not have firm lease or debt financing commitments with respect to the future scheduled aircraft deliveries (other than for the put aircraft referred to above).

In addition to the aircraft set forth in the chart above, the Company also has a pre-petition executory contract under which the Company holds delivery positions for four Boeing 747-400 aircraft under firm orders and another four under options. The contract allows the Company, with the giving of adequate notice, to substitute other Boeing aircraft types for the Boeing 747-400 in these delivery positions. As a result, the Company is still evaluating its future fleet needs and is currently unable to determine if it will substitute other aircraft types or reject this agreement.

(d) Concentration of Credit Risk

The Company does not believe it is subject to any significant concentration of credit risk. At December 31, 1993, approximately 82% of the Company's receivables related to tickets sold to individual passengers through the use of major credit cards or to tickets sold by other airlines and used by passengers on America West. These receivables are short-term, generally being settled shortly after sale or in the month following usage. Bad debt losses, which have been minimum in the past, have been considered in establishing allowances for doubtful accounts.

(12) RELATED PARTY TRANSACTIONS

During 1989, the Company sold 486,219 shares of common stock at \$6.31 and \$9.79 to the stockholder that purchased 3,029,235 shares of common stock at \$10.50 in 1987 and \$1 million of the Series C preferred stock in 1985. This stockholder has the right to maintain a 20% voting interest through the purchase of common stock from the Company at a price per share which is the average market price per share for the preceding six months. In 1990, the stockholder made direct purchases on the open market to maintain its 20% voting interest. On February 15, 1991, the stockholder purchased 253,422 shares of common stock from the Company at \$5.50 per share. No such purchases occurred in 1993 or 1992.

The Company has entered into various aircraft acquisition and leasing agreements with this stockholder at terms comparable to those obtained from third parties for similar transactions. The Company leases 11 aircraft from this stockholder and the rental payments for such leases amounted to \$33.7 million in 1993, \$33.8 million in 1992 and \$18.1 million in 1991. At December 31, 1993, the Company was obligated to pay \$232 million under these leases through August 2003 unless terminated earlier at the stockholder's option. In 1991, the stockholder drew upon a \$7.5 million letter of credit which had been issued in its favor in lieu of a cash reserve for periodic heavy maintenance overhauls. This cash deposit is included in other assets at December 31, 1993 and 1992.

In addition, the stockholder participated as a lender in the September 1992 D.I.P. Facility and advanced \$10 million of the \$53 million in total D.I.P financing. In September 1993, the stockholder was repaid the then outstanding balance of \$8.3 million as a result of not participating in the extension of the maturity date of the debt financing.

In order to assist the Chairman of the Board with certain costs associated with his service as chairman, the Company pays an office overhead allowance of \$4,167 per month to a company owned by the chairman. During 1993 and 1992, such payments totaled approximately \$50,000 and \$16,000, respectively.

Additionally, a former member of the Board of Directors provided consulting services to the Company during 1993 and 1992 for which he received fees of approximately \$39,000 and \$47,000, respectively.

F-44

113

AMERICA WEST AIRLINES, INC., D.I.P

NOTES TO FINANCIAL STATEMENTS -- (CONTINUED)

(13) RESTRUCTURING CHARGES

Restructuring charges consist of the following:

<TABLE>
<CAPTION>

	1992

	(IN THOUSANDS)
	<C>
Write-off for certain assets related to station closures or route restructuring.....	\$ 9,529
Provision for spare parts for aircraft types no longer in service....	12,651
Provision for employee severance.....	2,284
Loss on return of aircraft.....	6,852

	\$31,316
	=====

</TABLE>

The restructuring charges were necessitated by aircraft fleet reductions and other operational changes. The Company has reduced its fleet to 85 aircraft and has reduced the number of aircraft types in the fleet from five to three.

(14) QUARTERLY FINANCIAL DATA (UNAUDITED)

Summarized quarterly financial data for 1993 and 1992 are as follows (in thousands of dollars except per share amounts):

<TABLE>
<CAPTION>

	1ST	2ND	3RD	4TH
	QUARTER	QUARTER	QUARTER	QUARTER
	-----	-----	-----	-----
	<C>	<C>	<C>	<C>
Total operating revenues:				
1993.....	\$316,605	\$324,910	\$335,113	\$348,736
1992.....	\$337,050	\$333,511	\$321,590	\$301,989
Operating income (loss):				
1993.....	\$ 17,168	\$ 25,179	\$ 32,981	\$ 45,726
1992(a).....	\$ (7,974)	\$ (15,979)	\$ (48,534)	\$ (2,325)
Nonoperating expense, net				
1993.....	\$ (14,990)	\$ (14,710)	\$ (18,285)	\$ (35,145)
1992 (b).....	\$ (2,010)	\$ (17,390)	\$ (22,230)	\$ (15,319)
Income tax expense				
1993.....	\$ (44)	\$ (209)	\$ (293)	\$ (213)
1992.....	\$ --	\$ --	\$ --	\$ --
Net income (loss)				
1993.....	\$ 2,134	\$ 10,260	\$ 14,403	\$ 10,368
1992.....	\$ (9,984)	\$ (33,369)	\$ (70,764)	\$ (17,644)
Earnings (loss) per share				
1993:				
Primary.....	\$.09	\$.41	\$.56	\$.40
Fully diluted.....	\$.09	\$.28	\$.38	\$.28
1992:				
Primary.....	\$ (0.44)	\$ (1.41)	\$ (2.97)	\$ (0.75)

</TABLE>

(a) During the third quarter of 1992, restructuring charges for employee separation costs, losses related to returning aircraft to lessors, write-off of assets related to the restructuring and a loss provision related to spare parts expected to be sold amounting to \$31.3 million was recorded.

(b) During the first quarter of 1992, a gain of \$15 million was recorded for the transfer of the Honolulu/Nagoya route to another carrier.

NO DEALER, SALESPERSON OR ANY OTHER INDIVIDUAL HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS NOT CONTAINED IN THIS PROSPECTUS, IN CONNECTION WITH THE OFFERING COVERED BY THIS PROSPECTUS. IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE COMPANY, THE SELLING SECURITYHOLDERS OR ANY UNDERWRITERS. THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER TO SELL, OR A SOLICITATION OF AN OFFER TO BUY, ANY SECURITIES IN ANY JURISDICTION WHERE, OR TO ANY PERSON TO WHOM, IT IS UNLAWFUL TO MAKE SUCH OFFER OR SOLICITATION. NEITHER DELIVERY OF THIS PROSPECTUS NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE AN IMPLICATION THAT THERE HAS NOT BEEN ANY CHANGE IN THE FACTS SET FORTH IN THIS PROSPECTUS OR IN THE AFFAIRS OF THE COMPANY SINCE THE DATE HEREOF.

TABLE OF CONTENTS

<TABLE>
<CAPTION>

	PAGE
<S>	<C>
Available Information.....	2
Prospectus Summary.....	3
Investment Considerations.....	8
The Company.....	12
Use of Proceeds.....	14
Dividend Policy.....	14
Capitalization.....	15
Selected Financial Data.....	16
Unaudited Pro Forma Condensed Financial Information.....	17
Management's Discussion and Analysis of Financial Condition and Results of Operations.....	24
Business.....	32
Management.....	41
Compensation Committee Interlocks and Insider Participation.....	47
Certain Transactions.....	47
Principal Stockholders.....	48
Selling Securityholders.....	51
Shares Eligible for Future Sale.....	51
Description of the Senior Notes.....	52
Description of Capital Stock.....	61
Description of Warrants.....	63
Plan of Distribution.....	65
Legal Matters.....	66
Experts.....	66
Index to Financial Statements.....	F-1

</TABLE>

AMERICA WEST
AIRLINES, INC.

14,775,000 SHARES
CLASS B COMMON STOCK

\$100,000,000 %
SENIOR UNSECURED NOTES DUE 2001

4,153,846 CLASS B
COMMON STOCK WARRANTS

PROSPECTUS

, 1994

PART II

INFORMATION REQUIRED IN PROSPECTUS

ITEM 13. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION.

The following table sets forth the estimated expenses, other than underwriting discounts and commissions, payable by the Registrant in connection with the issuance and distribution of the securities being registered hereby:

<TABLE>		
<S>		<C>
Securities and Exchange Commission Filing Fee.....		\$ 84,286
NYSE Listing Fee.....		*
Blue Sky Filing Fees and Expenses.....		*
Printing and Engraving Costs.....		*
Legal Fees and Expenses.....		*
Accounting Fees and Expenses.....		*
Trustee's Fees and Expenses.....		*
Transfer Agent Fees.....		*
Miscellaneous.....		*

Total.....		\$ *
		=====

</TABLE>

- - - - -
 * To be supplied by amendment.

ITEM 14. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

Section 145 of the Delaware General Corporation Law ("DGCL") authorizes, inter alia, a corporation generally to indemnify any person ("indemnitee") who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding (other than an action by or in the right of the corporation) by reason of the fact that such person is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation, in a similar position with another corporation or entity, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. With respect to actions or suits by or in the right of the corporation; however, an indemnitee who acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation is generally limited to attorneys' fees and other expenses, and no indemnification shall be made if such person is adjudged liable to the corporation unless and only to the extent that a court of competent jurisdiction determines that indemnification is appropriate. Section 145 further provides that any indemnification shall be made by the corporation only as authorized in each specific case upon a determination by the (i) stockholders, (ii) board of directors by a majority vote of a quorum of disinterested directors so directs, that indemnification of the indemnitee is proper because he has met the applicable standard of conduct. Section 145 provides that indemnification pursuant to its provisions is not exclusive of other rights of indemnification to which a person may be entitled under any by-law agreement, vote of stockholders or disinterested directors or otherwise.

Section 8.02 of the Company's By-laws, a copy of which is filed as Exhibit 3.2 to this Registration Statement provides, in substance, that directors, officers, employees and agents shall be indemnified to the fullest extent permitted by Section 145 of the DGCL.

Article 12.0 of the Company's Restated Certificate of Incorporation, a copy of which is filed as Exhibit 3.1 to this Registration Statement, limits the liability of directors of the Company to the Company or its stockholders (in their capacity as directors but not in their capacity as officers) to the fullest extent permitted by the DGCL. Specifically, directors of the Company will not be personally liable for monetary damages for

breach of a director's fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to the Company or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) for unlawful

payments of dividends or unlawful stock repurchase or redemptions as provided in section 174 of the DGCL or (iv) for any transaction from which the director derived an improper personal benefit. The Restated Certificate of Incorporation also provides that if the DGCL is amended after the approval of the Restated Certificate of Incorporation to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of the Company will be eliminated or limited to the full extent permitted by the DGCL, as so amended.

The form of the Third Revised Investment Agreement filed as Exhibit 10.1 to this Registration Statement contains certain provisions for indemnification of directors and officers of the Company and the Selling Securityholder against civil liabilities under the Securities Act. Certain of these provisions are set forth in the form of the Registration Rights Agreement filed as Exhibit 4.6 to this Registration Rights Agreement.

The Company intends to enter into indemnification agreements with certain of its directors providing for indemnification to the fullest extent permitted by the laws of the State of Delaware. These agreements provide for specific procedures to better assure the directors' rights to indemnification, including procedures for directors to submit claims, for determination of directors entitled to indemnification (including the allocation of the burden of proof and selection of a reviewing party) and for enforcement of directors' indemnification rights.

ITEM 15. RECENT SALES OF UNREGISTERED SECURITIES.

The following summarizes transactions occurring within the last three years in which the Company has sold securities without registration under the Securities Act.

On February 15, 1991, the Company sold 253,422 shares of its common stock to Transpacific Enterprises, Inc. for \$1,393,821, or \$5.50 per share, in reliance upon the exemption set forth in Section 4(2) of the Securities Act.

On the Effective Date, the Company will issue the following securities in connection with its Reorganization:

1. The Company will issue _____ shares of Class B Common Stock to holders of approximately \$ _____ million of allowed, general unsecured prepetition claims against the Company in satisfaction of such claims in reliance upon the exemption set forth in Section 1145 of the Bankruptcy Code.

2. The Company will issue _____ shares of Class B Common Stock (_____ of which shares are to be issued in exchange for cash, aggregating \$ _____, provided by such equity holders upon the exercise of rights to subscribe for such shares at a price of \$8.889 per share) and 6,230,769 Warrants to the holders of pre-existing equity interests in the Company in consideration of cancellation of such pre-existing equity interests in reliance upon the exemption set forth in Section 1145 of the Bankruptcy Code.

3. The Company issued 900,000 shares of Class B Common Stock and 1,384,615 Warrants to Guinness Peat Aviation and its affiliates ("GPA") in satisfaction of claims of GPA against the Company in reliance upon the exemption set forth in Section 1145 of the Bankruptcy Code.

4. The Company issued the following securities to AmWest (or to Lehman Brothers Inc. or certain funds managed or advised by Fidelity Management Trust Company, in each case as assignees of AmWest's rights to acquire such securities) for new consideration paid to the Company in accordance with the Company's Plan: (i) 1,200,000 shares of Class A Common Stock for \$7.467 per share; (ii) _____ shares of Class B Common Stock for \$7.467 per share and _____ shares of Class B Common Stock for \$8.889 per share; (iii) \$100 million principal amount of Senior Notes for \$100 million in cash; and (iv) 2,769,231 Warrants, separate consideration for which was not specified. The Company relied upon the exemption set forth in Section 4(2) of the Securities Act.

II-2

117

ITEM 16. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.

(a) The following exhibits are filed as part of this Registration

Statement:

<TABLE>
<CAPTION>
EXHIBIT
NUMBER

TITLE

EXHIBIT NUMBER	TITLE
<C>	<S>
*2.1	-- The Company's Plan of Reorganization under Chapter 11 of the Bankruptcy Code.
*3.1	-- Form of Restated Certificate of Incorporation of America West Airlines, Inc.

</TABLE>

<TABLE>
<C>

*3.2	-- Form of Restated By-laws of America West Airlines, Inc.
*4.1	-- Form of Form of Indenture for \$100,000,000 % Senior Notes due 2001 dated 1994, of America West Airlines, Inc. and , as trustee.
*4.2	-- Form of Senior Note (included as Exhibit A to Exhibit 4.1 above).
*4.3	-- Form of Warrant Agreement dated , 1994 between America West Airlines, Inc. and , as Warrant Agent.
*4.4	-- Form of Warrant (included as Exhibit A to Exhibit 4.3 above).
*4.5	-- Form of Stockholders' Agreement for America West Airlines, Inc. dated , 1994 among America West Airlines, Inc., AmWest Partners, L.P., GPA Group plc and certain other Stockholder Representatives.
*4.6	-- Form of Registration Rights Agreement dated , 1994 among America West Airlines, Inc., AmWest Partners, L.P. and other holders.
*4.7	-- Article 4.0 of the Company's Restated Certificate of Incorporation (included in Exhibit 3.1 above).
5.1	-- Opinion of Andrews & Kurth L.L.P.
10.1	-- Third Revised Investment Agreement dated April 21, 1994 between America West Airlines, Inc. and AmWest Partners, L.P. -- Incorporated by reference to Exhibit 10.A to the Company's Quarterly Report on Form 10-Q for the period ended March 31, 1994.
10.11	-- Third Revised Interim Procedures Agreement dated April 21, 1994 between America West Airlines and AmWest Partners, L.P. -- Incorporated by reference to the Company's Annual Report on Form 10-K for the year ended December 31, 1993.
**10.12	-- Alliance Agreement dated , 1994 between America West Airlines, Inc. and Continental Airlines, Inc., including the Bilateral Cargo Prorate Agreement, the Club Usage Agreement, the Code-Sharing Agreement, the Master Technology Cooperation Agreement, the Frequent Flyer Program Exchange and the Ground Handling Agreements.
**10.13	-- Alliance Agreement dated , 1994 between America West Airlines, Inc. and Mesa Airlines.
**10.14	-- The GPA Settlement Agreement dated , 1994 between America West Airlines, Inc. and GPA Group plc.
10.15	-- America West Airlines Management Resignation Allowance Guidelines, as amended, dated November 18, 1993.
10.16	-- Airbus A320 Purchase Agreement (including exhibits thereto), dated as of September 28, 1990 between AVSA, S.A.R.L. ("AVSA") and the Company, together with Letter Agreement Nos. 1-10, inclusive -- Incorporated by reference to Exhibit 10-(D)(1) to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 1990.
10.17	-- Loan Agreement, dated as of September 28, 1990, among the Company, AVSA and AVSA, as agent -- Incorporated by reference to Exhibit 10-(D)(2) to the Company's Quarterly Report on Form 10-Q for the period ended September 30, 1990.
**10.18	-- AVSA, S.A.R.L. Settlement Agreement dated , 1994 between the Company and Airbus.

</TABLE>

II-3

118

<TABLE>
<CAPTION>
EXHIBIT
NUMBER

TITLE

<S>	<C>
10.19	-- V2500 Support Contract Between the Company and IAE International Aero Engines AG ("IAE"), dated September 28, 1990, together with Side Letters Nos. 1-4, inclusive -- Incorporated by reference to Exhibit 10-(D)(3) to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 1990.
10.20	-- Cash Management Agreement, dated September 28, 1991, among the Company, BT and First Interstate of Arizona, N.A. -- Incorporated by reference to

Exhibit 10-D(21) to the Company's Annual Report on Form 10-K for the year ended December 31, 1991.

- 10.21 -- First Amendment to Cash Management Agreement, dated December 1, 1991, among the Company, BT and First Interstate of Arizona, N.A. -- Incorporated by reference to Exhibit 10-D(22) to the Company's Annual Report on Form 10-K for the year ended December 31, 1991.
- 10.22 -- Second Amendment to Cash Management Agreement, dated September 1, 1992, among the Company, BT and First Interstate of Arizona, N.A. -- Incorporated by reference to Exhibit 10-O(3) to the Company's Annual Report on Form 10-K for the year ended December 31, 1992.
- 10.23 -- Restructuring Agreement, dated December 1, 1991 between the Company and Kawasaki -- Incorporated by reference to Exhibit 10-D(24) to the Company's Annual Report on Form 10-K for the year ended December 31, 1991.
- 10.24 -- A320 Put Agreement, dated December 1, 1991 between the Company and Kawasaki -- Incorporated by reference to Exhibit 10-D(25) to the Company's Annual Report on Form 10-K for the year ended December 31, 1991.
- 10.25 -- First Amendment to A320 Put Agreement, dated September 1, 1992 -- Incorporated by reference to Exhibit 10-R(2) to the Company's Annual Report on Form 10-K for the year ended December 31, 1992.
- 10.26 -- A320 Put Agreement, dated as of June 25, 1991 between the Company and GPA Group plc -- Incorporated by reference to Exhibit 10-D(26) to the Company's Annual Report on Form 10-K for the year ended December 31, 1991.
- 10.27 -- First Amendment to A320 Put Agreement, dated as of September 1, 1992 -- Incorporated by reference to Exhibit 10-S(2) to the Company's Annual Report on Form 10-K for the year ended December 31, 1992.
- 10.28 -- Restructuring Agreement, dated as of June 25, 1991 among GPA Group plc, GPA Leasing USA I, Inc. GPA Leasing USA Sub I, and the Company -- Incorporated by reference to Exhibit 10-D(27) to the Company's Annual Report on Form 10-K for the year ended December 31, 1991.
- 10.29 -- Official Statement dated August 11, 1986 for the \$54,000,000 Variable Rate Airport Facility Revenue Bonds -- Incorporated by reference to Exhibit 10.e to the Company's Quarterly Report on Form 10-Q for the period ended September 30, 1986.
- 10.30 -- Airport Use Agreement dated July 1, 1989 (the "Airport Use Agreement") among the City of Phoenix, The Industrial Development Authority of the City of Phoenix, Arizona and the Company -- Incorporated by reference to Exhibit 10-D(9) to the Company's Annual Report on Form 10-K for the year ended December 31, 1989.
- 10.31 -- First Amendment dated August 1, 1990 to Airport Use Agreement -- Incorporated by reference to Exhibit 10-(D) (9) to the Company's Quarterly Report on Form 10-Q for the period ended September 30, 1990.
- 10.32 -- Revolving Loan Agreement dated April 17, 1990, by and among the Company, the Bank signatories thereto, and Bank of America National Trust and Savings Association, as Agent for the Banks (the "Revolving Loan Agreement") -- Incorporated by reference to Exhibit 10-1 to the Company's Quarterly Report on Form 10-Q for the period ended March 31, 1990.

</TABLE>

II-4

119

<TABLE>

<CAPTION>

EXHIBIT
NUMBER

TITLE

<S> <C>

- 10.33 -- First Amendment dated April 17, 1990 to Revolving Loan Agreement -- Incorporated by reference to Exhibit 10-(D) (10) to the Company's Quarterly Report on Form 10-Q for the period ended September 30, 1990.
- 10.34 -- Second Amendment dated September 28, 1990 to the Revolving Loan Agreement -- Incorporated by reference to Exhibit 10-(D) (11) to the Company's Quarterly Report on Form 10-Q for the period ended September 30, 1990.
- 10.35 -- Third Amendment dated as of January 14, 1991 to the Revolving Loan Agreement -- Incorporated by reference to Exhibit 10-(D) (13) to the Company's Annual Report on Form 10-K for the year ended December 31, 1990.
- 10.36 -- Spares Credit Agreement, dated as of September 28, 1990, between the Company and IAE -- Incorporated by reference to Exhibit 10-(D) (4) to the Company's Quarterly Report on Form 10-Q for the period ended September 30, 1990.
- 10.37 -- Master Credit Modification Agreement dated as of October 1, 1992, among the Company, IAE International Aero Engines AG, Intlaero (Phoenix A320) Inc., Intlaero (Phoenix B737) Inc., CAE Electronics Ltd., and Hughes Rediffusion Simulation Limited -- Incorporated by reference to Exhibit 10-L to the Company's Annual Report on Form 10-K for the year ended December 31, 1992.
- 10.38 -- Credit Agreement, dated as of September 28, 1990 between the Company and IAE -- Incorporated by reference to Exhibit 10-(D) (5) to the Company's

Quarterly Report on Form 10-Q for the period ended September 30, 1990.

- 10.39 -- Amendment No. 1 to the Credit Agreement, dated March 1, 1991 -- Incorporated by reference to Exhibit 10-(M)(2) to the Company's Annual Report on Form 10-K for the year ended December 31, 1992.
- 10.40 -- Amendment No. 2 to the Credit Agreement, dated May 15, 1991 -- Incorporated by reference to Exhibit 10-(M)(3) to the Company's Annual Report on Form 10-K for the year ended December 31, 1992.
- 10.41 -- Amendment No. 3 to the Credit Agreement, dated October 1, 1992 -- Incorporated by reference to Exhibit 10-(M)(4) to the Company's Annual Report on Form 10-K for the year ended December 31, 1992.
- 10.42 -- Form of Third Amended and Restated Credit Agreement dated September 30, 1993, among the Company, various lenders, and BT Commercial Corp. as Administrative Agent (without exhibits) -- Incorporated by reference to Exhibit 10-(N)(1) to the Company's Annual Report on Form 10-K for the year ended December 31, 1993.
- 10.43 -- Form of Amended and Restated Management Letter Agreement, dated as of September 30, 1993 from the Company to the Lenders -- Incorporated by reference to Exhibit 10-N(2) to the Company's Annual Report on Form 10-K for the year ended December 31, 1993.
- 10.44 -- Form of Amendment to Amended and Restated Management Letter Agreement; Consent to Amendment of By-laws dated February 8, 1994 from the Company to the Lenders -- Incorporated by reference to Exhibit 10-N(3) to the Company's Annual Report on Form 10-K for the year ended December 31, 1993.
- **10.45 -- Subscription Agreement between Amwest Partners, L.P and Lehman Brothers Inc. dated , 1994
- 10.46 -- Key Employee Protection Agreement dated as of June 27, 1994 between America West Airlines, Inc. and William A. Franke.
- 11.1 -- Statement re: computation of net income (loss) per common share.
- *12.1 -- Statement re: computation of ratio of earnings to fixed charges.
- 23.1 -- Consent of Andrews & Kurth L.L.P. (included in Exhibit 5.1 above).

</TABLE>

II-5

120

<TABLE>

<CAPTION>

EXHIBIT
NUMBER

TITLE

<S>

<C>

- 23.2 -- Consent of KPMG Peat Marwick (independent auditors) -- Included at page S-1.
- *24.1 -- Power of Attorney (included on the signature pages of this Registration Statement.
- **25.1 -- Statement of Eligibility on Form S-1 of , as trustee under the Indenture for \$100,000,000 Senior Notes due 2001.

</TABLE>

* Previously filed.

** To be filed by amendment.

(b) Financial Statement Schedules:

The following financial statement schedules are filed as part of this Registration Statement, but not included in the Prospectus.

<TABLE>

<CAPTION>

SCHEDULES

PAGE

<S>

<C>

- Independent Auditors' Report on Schedules and Consent..... S-1
- Schedule V -- Property, Plant and Equipment..... S-2
- Schedule VI -- Accumulated Depreciation, Depletion and Amortization of Property, Plant and Equipment..... S-3
- Schedule VIII -- Valuation and Qualifying Accounts..... S-4
- Schedule X -- Supplementary Income Statement Information..... S-5

</TABLE>

All other schedules for which provision is made in Regulation S-X of the Commission are not required under the related instructions or are inapplicable or the required information is included in the financial statements or notes thereto and, therefore, have been omitted.

ITEM 17. UNDERTAKINGS.

The undersigned registrant hereby undertakes: (1) to file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement: (i) to include any prospectus required by section 10(a)(3) of the Securities Act of 1933; (ii) to reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement; (iii) to include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

II-6

121

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the Registrant has duly caused this Amendment No. 2 to the Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized in the City of Phoenix, State of Arizona on the 2nd day of August, 1994.

AMERICA WEST AIRLINES, INC.

*

By: _____

William A. Franke,
Chairman of the Board and
Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1933, as amended, this Amendment No. 2 to the Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

<TABLE> <CAPTION>	SIGNATURE	TITLE	DATE
<S>	* _____ William A. Franke	<C> Chairman of the Board and Chief Executive Officer (Principal Executive Officer)	<C> August 2, 1994
	* _____ A. Maurice Myers	President, Chief Operating Officer and Director	August 2, 1994
	* _____	Vice President and Controller (Principal Financial and	August 2, 1994

Raymond T. Nakano

Accounting Officer)

*

Director

August 2, 1994

O. Mark DeMichele

*

Director

August 2, 1994

Frederick W. Bradley

Director

Samuel L. Eichenfield

*

Director

August 2, 1994

Richard C. Kraemer

Director

James T. McMillan

*

Director

August 2, 1994

John R. Norton III

</TABLE>

II-7

122

<TABLE>
<CAPTION>

SIGNATURE

TITLE

DATE

<S>

*

<C>

Director

<C>

August 2, 1994

John F. Tierney

Director

Declan Treacy

*By: /s/ MARTIN J. WHALEN

Martin J. Whalen
Attorney-in-Fact

</TABLE>

II-8

123

INDEPENDENT AUDITORS' REPORT ON SCHEDULES AND CONSENT

The Board of Directors and Stockholders
America West Airlines, Inc. D.I.P.:

The audits referred to in our report dated March 18, 1994 included the related financial statement schedules as of December 31, 1993, and for each of the years in the three-year period ended December 31, 1993, included in the registration statement. These financial statement schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statement schedules based on our audits. In our opinion, such financial statement schedules, when considered in relation to the basic financial statements taken as a whole, present fairly in all material respects the information set forth therein.

We consent to the use of our reports included herein and to the reference to our firm under the heading "Experts" in the prospectus.

Our report dated March 18, 1994, referenced to above, contains an explanatory paragraph that states that America West's Chapter 11 proceeding, significant losses, accumulated deficit and highly leveraged capital structure raise substantial doubt about its ability to continue as a going concern. The financial statements and financial statement schedules do not include any adjustments that might result from the outcome of these uncertainties.

Phoenix, Arizona
August 2, 1994

S-1

124

AMERICA WEST AIRLINES, INC., D.I.P.

SCHEDULE V -- PROPERTY, PLANT AND EQUIPMENT
YEARS ENDED DECEMBER 31, 1993, 1992 AND 1991
(IN THOUSANDS)

<TABLE>

<CAPTION>

CLASSIFICATION	BALANCE AT BEGINNING OF PERIOD	ADDITIONS AT COST	RETIREMENTS	TRANSFERS	BALANCE AT END OF PERIOD
-----	-----	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>	<C>
1993					
Building and improvements.....	\$ 72,917	\$ 71	\$ (3,340)	\$ 1,482	\$ 71,130
Flight equipment owned.....	767,080	45,082	(19,922)	26,602	818,842
Leasehold improvements -- flight equipment.....	36,550	31	(1,183)	5,428	40,826
Ground property and equipment.....	111,131	1,303	(9,654)	2,111	104,891
Construction in progress.....	43,316	9,367	(38)	(35,623)	17,022
	-----	-----	-----	-----	-----
	\$1,030,994	\$ 55,854	\$ (34,137)	\$ --	\$1,052,711
	=====	=====	=====	=====	=====
1992					
Building and improvements.....	\$ 83,596	\$ 341	\$ (11,967)	\$ 947	\$ 72,917
Flight equipment owned.....	759,579	39,876	(33,192)	817	767,080
Leasehold improvements -- flight equipment.....	40,604	(63)	(8,234)	4,243	36,550
Ground property and equipment.....	117,408	1,950	(9,083)	856	111,131
Construction in progress.....	23,955	28,034	(1,810)	(6,863)	43,316
	-----	-----	-----	-----	-----
	\$1,025,142	\$ 70,138	\$ (64,286)	\$ --	\$1,030,994
	=====	=====	=====	=====	=====
1991					
Building and improvements.....	\$ 87,287	\$ 330	\$ (9,863)	\$ 5,842	\$ 83,596
Flight equipment owned.....	768,728	86,033	(104,964)	9,782	759,579
Leasehold improvements -- flight equipment.....	35,516	2,547	(14,678)	17,219	40,604
Ground property and equipment.....	103,979	6,551	(936)	7,814	117,408
Construction in progress.....	27,139	42,351	(4,878)	(40,657)	23,955
	-----	-----	-----	-----	-----
	\$1,022,649	\$ 137,812	\$ (135,319)	\$ --	\$1,025,142
	=====	=====	=====	=====	=====

</TABLE>

S-2

125

AMERICA WEST AIRLINES, INC., D.I.P.

SCHEDULE VI -- ACCUMULATED DEPRECIATION,
DEPLETION AND AMORTIZATION OF PROPERTY, PLANT AND EQUIPMENT
YEARS ENDED DECEMBER 31, 1993, 1992 AND 1991
(IN THOUSANDS)

<TABLE>

<CAPTION>

CLASSIFICATION	BALANCE AT BEGINNING OF PERIOD	ADDITIONS CHARGED TO COSTS AND EXPENSES	RETIREMENTS	BALANCE AT END OF PERIOD
-----	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>
1993				
Building and improvements.....	\$ 18,163	\$ 4,237	\$ (1,309)	\$ 21,091
Flight equipment.....	226,972	59,896	(14,717)	272,151
Leasehold improvements -- flight equipment.....	16,493	4,137	(1,096)	19,534
Ground property and equipment.....	67,242	13,624	(7,866)	73,000
	-----	-----	-----	-----
	\$328,870	\$81,894	\$ (24,988)	\$385,776
	=====	=====	=====	=====
1992				
Building and improvements.....	\$ 17,790	\$ 4,763	\$ (4,390)	\$ 18,163

Flight equipment.....	174,235	72,523	(19,786)	226,972
Leasehold improvements -- flight equipment.....	14,262	4,184	(1,953)	16,493
Ground property and equipment.....	55,466	16,202	(4,426)	67,242
	-----	-----	-----	-----
	\$261,753	\$97,672	\$ (30,555)	\$328,870
	=====	=====	=====	=====
1991				
Building and improvements.....	\$ 15,418	\$ 5,626	\$ (3,254)	\$ 17,790
Flight equipment.....	133,526	67,750	(27,041)	174,235
Leasehold improvements -- flight equipment.....	15,542	6,073	(7,353)	14,262
Ground property and equipment.....	37,660	18,354	(548)	55,466
	-----	-----	-----	-----
	\$202,146	\$97,803	\$ (38,196)	\$261,753
	=====	=====	=====	=====

</TABLE>

S-3

126

AMERICA WEST AIRLINES, INC., D.I.P.

SCHEDULE VIII -- VALUATION AND QUALIFYING ACCOUNTS
YEARS ENDED DECEMBER 31, 1993, 1992, 1991
(IN THOUSANDS)

<TABLE>

<CAPTION>

DESCRIPTION	BALANCE AT BEGINNING OF PERIOD	CHARGED TO COSTS AND EXPENSES	CHARGED TO OTHER ACCOUNTS	DEDUCTIONS	BALANCE AT END OF PERIOD
-----	-----	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>	<C>
Allowance for doubtful receivables:					
Years ended:					
December 31, 1993.....	\$2,542	\$5,474	\$--	\$4,986	\$3,030
	=====	=====	=====	=====	=====
December 31, 1992.....	\$3,603	\$3,800	\$--	\$4,861	\$2,542
	=====	=====	=====	=====	=====
December 31, 1991.....	\$1,203	\$5,300	\$--	\$2,900	\$3,603
	=====	=====	=====	=====	=====
Reserve for obsolescence:					
Years ended:					
December 31, 1993.....	\$6,921	\$ 902	\$--	\$ 592	\$7,231
	=====	=====	=====	=====	=====
December 31, 1992.....	\$3,638	\$3,283	\$--	\$ --	\$6,921
	=====	=====	=====	=====	=====
December 31, 1991.....	\$2,296	\$1,342	\$--	\$ --	\$3,638
	=====	=====	=====	=====	=====

</TABLE>

S-4

127

AMERICA WEST AIRLINES, INC., D.I.P.

SCHEDULE X -- SUPPLEMENTARY INCOME STATEMENT INFORMATION
YEARS ENDED DECEMBER 31, 1993, 1992, 1991
(IN THOUSANDS)

<TABLE>

<CAPTION>

ITEM	1993	1992	1991
-----	-----	-----	-----
<S>	<C>	<C>	<C>
Advertising costs.....	\$25,118	\$25,007	\$29,821
	=====	=====	=====
Aircraft maintenance materials and repairs.....	\$31,000	\$38,366	\$41,649
Amortization of deferred overhauls included in depreciation and amortization.....	29,870	31,482	27,453
	-----	-----	-----
Maintenance and repairs.....	\$60,870	\$69,848	\$69,102
	=====	=====	=====

</TABLE>

Other items are not listed because they are either shown in the financial statements or the amounts are less than 1% of revenues for all periods.

S-5

128

<TABLE>
<CAPTION>

EXHIBIT NUMBER	TITLE	SEQUENTIAL NUMBERED PAGE
<S>	<C>	<C>
*2.1	-- The Company's Plan of Reorganization under Chapter 11 of the Bankruptcy Code.	
*3.1	-- Form of Restated Certificate of Incorporation of America West Airlines, Inc.	
*3.2	-- Form of Restated By-laws of America West Airlines, Inc.	
*4.1	-- Form of Form of Indenture for \$100,000,000 % Senior Notes due 2001 dated 1994, of America West Airlines, Inc. and , as trustee.	
*4.2	-- Form of Senior Note (included as Exhibit A to Exhibit 4.1 above).	
*4.3	-- Form of Warrant Agreement dated , 1994 between America West Airlines, Inc. and , as Warrant Agent.	
*4.4	-- Form of Warrant (included as Exhibit A to Exhibit 4.3 above).	
*4.5	-- Form of Stockholders' Agreement for America West Airlines, Inc. dated , 1994 among America West Airlines, Inc., AmWest Partners, L.P., GPA Group plc and certain other Stockholder Representatives.	
*4.6	-- Form of Registration Rights Agreement dated , 1994 among America West Airlines, Inc., AmWest Partners, L.P. and other holders.	
*4.7	-- Article 4.0 of the Company's Restated Certificate of Incorporation (included in Exhibit 3.1 above).	
5.1	-- Opinion of Andrews & Kurth L.L.P.	
10.1	-- Third Revised Investment Agreement dated April 21, 1994 between America West Airlines, Inc. and AmWest Partners, L.P. -- Incorporated by reference to Exhibit 10.A to the Company's Quarterly Report on Form 10-Q for the period ended March 31, 1994.	
10.11	-- Third Revised Interim Procedures Agreement dated April 21, 1994 between America West Airlines and AmWest Partners, L.P. -- Incorporated by reference to the Company's Annual Report on Form 10-K for the year ended December 31, 1993.	
**10.12	-- Alliance Agreement dated , 1994 between America West Airlines, Inc. and Continental Airlines, Inc., including the Bilateral Cargo Prorate Agreement, the Club Usage Agreement, the Code-Sharing Agreement, the Master Technology Cooperation Agreement, the Frequent Flyer Program Exchange and the Ground Handling Agreements.	
**10.13	-- Alliance Agreement dated , 1994 between America West Airlines, Inc. and Mesa Airlines.	
**10.14	-- The GPA Settlement Agreement dated , 1994 between America West Airlines, Inc. and GPA Group plc.	
10.15	-- America West Airlines Management Resignation Allowance Guidelines, as amended, dated November 18, 1993.	
10.16	-- Airbus A320 Purchase Agreement (including exhibits thereto), dated as of September 28, 1990 between AVSA, S.A.R.L. ("AVSA") and the Company, together with Letter Agreement Nos. 1-10, inclusive -- Incorporated by reference to Exhibit 10-(D)(1) to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 1990.	

</TABLE>

129

<TABLE>
<CAPTION>

EXHIBIT NUMBER	TITLE	SEQUENTIAL NUMBERED PAGE
<S>	<C>	<C>
10.17	-- Loan Agreement, dated as of September 28, 1990, among the Company, AVSA and AVSA, as agent -- Incorporated by reference to Exhibit 10-(D)(2) to the Company's Quarterly Report on Form 10-Q for the period ended September 30, 1990.	
**10.18	-- AVSA, S.A.R.L. Settlement Agreement dated , 1994 between the Company and Airbus.	
10.19	-- V2500 Support Contract Between the Company and IAE International Aero Engines AG ("IAE"), dated September 28, 1990, together with Side Letters Nos. 1-4, inclusive -- Incorporated by reference to Exhibit 10-(D)(3) to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 1990.	

- 10.20 -- Cash Management Agreement, dated September 28, 1991, among the Company, BT and First Interstate of Arizona, N.A. -- Incorporated by reference to Exhibit 10-D(21) to the Company's Annual Report on Form 10-K for the year ended December 31, 1991.
- 10.21 -- First Amendment to Cash Management Agreement, dated December 1, 1991, among the Company, BT and First Interstate of Arizona, N.A. -- Incorporated by reference to Exhibit 10-D(22) to the Company's Annual Report on Form 10-K for the year ended December 31, 1991.
- 10.22 -- Second Amendment to Cash Management Agreement, dated September 1, 1992, among the Company, BT and First Interstate of Arizona, N.A. -- Incorporated by reference to Exhibit 10-O(3) to the Company's Annual Report on Form 10-K for the year ended December 31, 1992.
- 10.23 -- Restructuring Agreement, dated December 1, 1991 between the Company and Kawasaki -- Incorporated by reference to Exhibit 10-D(24) to the Company's Annual Report on Form 10-K for the year ended December 31, 1991.
- 10.24 -- A320 Put Agreement, dated December 1, 1991 between the Company and Kawasaki -- Incorporated by reference to Exhibit 10-D(25) to the Company's Annual Report on Form 10-K for the year ended December 31, 1991.
- 10.25 -- First Amendment to A320 Put Agreement, dated September 1, 1992 -- Incorporated by reference to Exhibit 10-R(2) to the Company's Annual Report on Form 10-K for the year ended December 31, 1992.
- 10.26 -- A320 Put Agreement, dated as of June 25, 1991 between the Company and GPA Group plc -- Incorporated by reference to Exhibit 10-D(26) to the Company's Annual Report on Form 10-K for the year ended December 31, 1991.
- 10.27 -- First Amendment to A320 Put Agreement, dated as of September 1, 1992 -- Incorporated by reference to Exhibit 10-S(2) to the Company's Annual Report on Form 10-K for the year ended December 31, 1992.
- 10.28 -- Restructuring Agreement, dated as of June 25, 1991 among GPA Group plc, GPA Leasing USA I, Inc. GPA Leasing USA Sub I, and the Company -- Incorporated by reference to Exhibit 10-D(27) to the Company's Annual Report on Form 10-K for the year ended December 31, 1991.

</TABLE>

130

<TABLE>
<CAPTION>

EXHIBIT NUMBER -----	TITLE -----	SEQUENTIAL NUMBERED PAGE -----
<S>	<C>	<C>
10.29	-- Official Statement dated August 11, 1986 for the \$54,000,000 Variable Rate Airport Facility Revenue Bonds -- Incorporated by reference to Exhibit 10.e to the Company's Quarterly Report on Form 10-Q for the period ended September 30, 1986.	
10.30	-- Airport Use Agreement dated July 1, 1989 (the "Airport Use Agreement") among the City of Phoenix, The Industrial Development Authority of the City of Phoenix, Arizona and the Company -- Incorporated by reference to Exhibit 10-D(9) to the Company's Annual Report on Form 10-K for the year ended December 31, 1989.	
10.31	-- First Amendment dated August 1, 1990 to Airport Use Agreement -- Incorporated by reference to Exhibit 10-(D) (9) to the Company's Quarterly Report on Form 10-Q for the period ended September 30, 1990.	
10.32	-- Revolving Loan Agreement dated April 17, 1990, by and among the Company, the Bank signatories thereto, and Bank of America National Trust and Savings Association, as Agent for the Banks (the "Revolving Loan Agreement") -- Incorporated by reference to Exhibit 10-1 to the Company's Quarterly Report on Form 10-Q for the period ended March 31, 1990.	
10.33	-- First Amendment dated April 17, 1990 to Revolving Loan Agreement -- Incorporated by reference to Exhibit 10-(D) (10) to the Company's Quarterly Report on Form 10-Q for the period ended September 30, 1990.	
10.34	-- Second Amendment dated September 28, 1990 to the Revolving Loan Agreement -- Incorporated by reference to Exhibit 10-(D) (11) to the Company's Quarterly Report on Form 10-Q for the period ended September 30, 1990.	
10.35	-- Third Amendment dated as of January 14, 1991 to the Revolving Loan Agreement -- Incorporated by reference to Exhibit 10-(D) (13) to the Company's Annual Report on Form 10-K for the	

- year ended December 31, 1990.
- 10.36 -- Spares Credit Agreement, dated as of September 28, 1990, between the Company and IAE -- Incorporated by reference to Exhibit 10-(D) (4) to the Company's Quarterly Report on Form 10-Q for the period ended September 30, 1990.
- 10.37 -- Master Credit Modification Agreement dated as of October 1, 1992, among the Company, IAE International Aero Engines AG, Intlaero (Phoenix A320) Inc., Intlaero (Phoenix B737) Inc., CAE Electronics Ltd., and Hughes Rediffusion Simulation Limited -- Incorporated by reference to Exhibit 10-L to the Company's Annual Report on Form 10-K for the year ended December 31, 1992.
- 10.38 -- Credit Agreement, dated as of September 28, 1990 between the Company and IAE -- Incorporated by reference to Exhibit 10-(D) (5) to the Company's Quarterly Report on Form 10-Q for the period ended September 30, 1990.
- 10.39 -- Amendment No. 1 to the Credit Agreement, dated March 1, 1991 -- Incorporated by reference to Exhibit 10-(M) (2) to the Company's Annual Report on Form 10-K for the year ended December 31, 1992.

</TABLE>

131

<TABLE>
<CAPTION>

EXHIBIT NUMBER	TITLE	SEQUENTIAL NUMBERED PAGE
<S>	<C>	<C>
10.40	-- Amendment No. 2 to the Credit Agreement, dated May 15, 1991 -- Incorporated by reference to Exhibit 10-(M) (3) to the Company's Annual Report on Form 10-K for the year ended December 31, 1992.	
10.41	-- Amendment No. 3 to the Credit Agreement, dated October 1, 1992 -- Incorporated by reference to Exhibit 10-(M) (4) to the Company's Annual Report on Form 10-K for the year ended December 31, 1992.	
10.42	-- Form of Third Amended and Restated Credit Agreement dated September 30, 1993, among the Company, various lenders, and BT Commercial Corp. as Administrative Agent (without exhibits) -- Incorporated by reference to Exhibit 10-(N) (1) to the Company's Annual Report on Form 10-K for the year ended December 31, 1993.	
10.43	-- Form of Amended and Restated Management Letter Agreement, dated as of September 30, 1993 from the Company to the Lenders -- Incorporated by reference to Exhibit 10-N(2) to the Company's Annual Report on Form 10-K for the year ended December 31, 1993.	
10.44	-- Form of Amendment to Amended and Restated Management Letter Agreement; Consent to Amendment of By-laws dated February 8, 1994 from the Company to the Lenders -- Incorporated by reference to Exhibit 10-N(3) to the Company's Annual Report on Form 10-K for the year ended December 31, 1993.	
**10.45	-- Subscription Agreement between Amwest Partners, L.P and Lehman Brothers Inc. dated _____, 1994	
10.46	-- Key Employee Protection Agreement dated as of June 27, 1994 between America West Airlines, Inc. and William A. Franke.	
11.1	-- Statement re: computation of net income (loss) per common share.	
*12.1	-- Statement re: computation of ratio of earnings to fixed charges.	
23.1	-- Consent of Andrews & Kurth L.L.P. (included in Exhibit 5.1 above).	
23.2	-- Consent of KPMG Peat Marwick (independent auditors) -- Included at page S-1.	
*24.1	-- Power of Attorney (included on the signature pages of this Registration Statement.	
**25.1	-- Statement of Eligibility on Form S-1 of _____, as trustee under the Indenture for \$100,000,000 Senior Notes due 2001.	

</TABLE>

* Previously filed.

** To be filed by amendment.

[ANDREWS & KURTH]
LETTERHEAD

August 2, 1994

Board of Directors
America West Airlines, Inc.
4000 East Sky Harbor Boulevard
Phoenix, Arizona 85034

Gentlemen:

We have acted as counsel for America West Airlines, Inc. (the "Company") in connection with the Company's Registration Statement on Form S-1 (the "Registration Statement") to be filed with the Securities and Exchange Commission (the "Commission") under the Securities Act of 1933, as amended (the "Act"), relating to (i) shares of Class B Common Stock of the Company, par value \$.01 per share (the "Class B Common Stock"), (ii) warrants to purchase Class B Common Stock (the "Warrants"), and (iii) senior unsecured notes of the Company (the "Senior Notes") (the Class B Stock, Warrants and Senior Notes are collectively referred to herein as the "Securities"), to be offered from time to time pursuant to Rule 415 under the Act by certain selling securityholders of the Company. The Securities are being issued pursuant to the Company's plan of reorganization under Chapter 11 of the United States Bankruptcy Code as described in the Registration Statement (the "Plan of Reorganization"). At your request, this opinion is being furnished to you for filing as Exhibit 5.1 to the Registration Statement.

In our capacity as counsel for the Company in connection with the registration by the Company and proposed issuance of the securities described herein, we have examined the charter and bylaws of the Company, and have examined the originals, or copies otherwise identified, of corporate records of the Company, as furnished to us by the Company, certificates, advices and assurances of public officials and of representatives of the Company, statutes and other instruments and documents, as a basis for the opinions hereinafter expressed. In giving such opinions, we have relied upon certificates of officers of the Company with respect to the accuracy of the material factual matters contained in such certificates.

We have assumed that all signatures on all documents examined by us are genuine, that all documents submitted to us as originals are authentic, that all documents submitted to us as copies are true and correct copies of the originals thereof and that all information submitted to us was accurate and complete.

Based upon our examination as aforesaid, and subject to the assumptions and

limitations herein set forth, we are of the opinion that:

1. The shares of Class B Common Stock to be issued pursuant to the Plan of Reorganization have been duly authorized by all necessary corporate action on the part of the Company and such shares, upon issuance pursuant to and in accordance with the Plan of Reorganization, will constitute validly issued, fully paid and non-assessable shares of common stock of the Company.

2

Board of Directors

America West Airlines, Inc.

August 2, 1994

Page 2

2. The Warrants to purchase Class B Common Stock have been duly authorized by all necessary corporate action on the part of the Company and, upon the issuance of the Warrants pursuant to and in accordance with the Plan of Reorganization and the Warrant Agreement, the Warrants will constitute valid and binding obligations of the Company enforceable in accordance with their terms, except as limited by applicable bankruptcy, insolvency, reorganization, moratorium and similar laws and by principles of equity.

3. The Senior Notes have been duly authorized by all necessary corporate action on the part of the Company and, upon the issuance of the Senior Notes pursuant to and in accordance with the Plan of Reorganization and the Indenture, the Senior Notes will constitute valid and binding obligations of the Company enforceable in accordance with their terms, except as limited by applicable bankruptcy, insolvency, reorganization, moratorium and similar laws and by principles of equity.

In rendering the opinions set forth above, we express no opinion as to the adequacy or sufficiency of the consideration paid or to be paid or contributions made or to be made for any of the Securities in connection with the Plan of Reorganization.

This opinion is limited in all respects to the corporate law of the State of Delaware, the laws of the State of New York and of the United States of America. To the extent any of such opinions relate to the corporate law of the State of Delaware, we have formed our opinion based solely upon a reading of the Delaware General Corporation Law. We express no opinion with respect to the laws or regulations of other jurisdictions applicable by virtue of conflict of laws or other principles.

We hereby consent to the filing of this opinion with the Commission as an exhibit to the Registration Statement and to the use of our name in the Registration Statement under the caption "Legal Matters."

Very truly yours,

/s/ ANDREWS & KURTH

1098/1146/2560:sfe

MANAGEMENT RESIGNATION ALLOWANCE GUIDELINES
NOVEMBER 18, 1993

PROGRAM PURPOSE

The plan is intended to provide eligible employees with reasonable transition support in order for them to seek career opportunities outside the company. Management can use the plan after other reasonable alternatives for dealing with the situation have been exhausted.

ELIGIBILITY

Eligibility for the program is determined by the Company and is intended to apply to management employees who permanently end their employment relationship with AWA. Eligible management employees include those whose positions are eliminated or downgraded in conjunction with a reorganization of responsibilities or priorities within the Company or whose particular services no longer fit the needs of the Company. All or some of the functions may be transferred to another position or eliminated as a result of the reorganization.

All resignation allowances are subject to case-by-case review by the Compensation Committee of the Board of Directors. All resignation allowances for directors, senior directors and officers of the corporation and all resignation allowances for other management personnel in amounts in excess of twenty-six (26) weeks pay must be approved by the Compensation Committee.

The plan is not intended to relieve management of its responsibility to appropriately deal with individual performance issues on a firm and constructive basis. Specifically, the plan is not available for:

- Employees with less than one full year of AWA service.
- Employees subject to termination for cause, for example, an employee with an ongoing non-performance problem.
- Employees guilty of serious misconduct, for example, stealing or willful or negligent destruction of AWA property.

PLAN DESIGN

- The resignation allowance payments are based on Current Annual Compensation of three (3) weeks pay for each year of full-time AWA service (partial years to be pro-rated to date of termination) with a four (4) week minimum and a fifty-two (52) week maximum. If applicable, any unearned portion of a salary advance will be reimbursed to the

company or will be deducted from the resignation allowance.

- Five percent (5%) increase in allowance period for each year over age 40, not to exceed 52-weeks combined maximum payment.
- Group medical/life coverages continue during the allowance period at the same cost paid by active employees.
- Travel privileges on AWA continue during the allowance period. Travel privileges with other carriers vary based on the agreements with those carriers. All travel privileges cease if the resigned employee becomes employed by another airline.
- The resignation date is the termination date for purposes of 401(k) and incentive stock options.
- Outplacement services through an outplacement agency approved by Human Resources will be made available on a case-by-case basis with a maximum per employee cost to AWA of \$5,000.

2

PROCESS

1. Before discussing the resignation program with a potential candidate, the supervising Officer or Director will review the situation with the Senior Director, Human Resources, to confirm plan eligibility. The Senior Director, Human Resources, will then coordinate approval of the resignation package as required. Any exceptions to these guidelines require the advance review by Human Resources and the approval of the CEO and the Compensation Committee of the Board of Directors.

2. Human Resources will prepare the resignation agreement documents, including the resignation allowance payment calculation and employee benefits summary.

3. The supervising Officer or Director will make the offer to the employee with appropriate coordination from Human Resources.

4. The resigned employee is "out-processed" by Human Resources, Payroll and the various employee benefits departments.

KEY EMPLOYEE PROTECTION AGREEMENT

KEY EMPLOYEE PROTECTION AGREEMENT ("Agreement"), dated June 27, 1994, by and between AMERICA WEST AIRLINES, INC., a Delaware corporation (the "Company"), and WILLIAM A. FRANKE ("Franke").

WHEREAS, Franke is the Chairman of the Board and Chief Executive Officer of the Company; and

WHEREAS, at the time of Franke's employment as Chairman of the Board in 1992, the Company's Board of Directors and debtor-in-possession lenders agreed, among other things, to use their best efforts to cause any plan of reorganization filed with the Bankruptcy Court (as hereinafter defined) relating to the Company to provide for the payment to Franke, upon substantial consummation of such plan of reorganization, of a confirmation success bonus of not less than \$500,000; and

WHEREAS, with significant contribution from Franke in his capacities as Chairman of the Board and Chief Executive Officer of the Company, significant financial and operating progress has been made by the Company and other actions have been taken which have enhanced, and in the future are expected to further enhance, the value of the Company's estate for the benefit of its creditors and other constituencies; and

WHEREAS, under Franke's leadership, the Company is currently endeavoring to develop and finalize a confirmable Plan of Reorganization (as hereinafter defined); and

WHEREAS, the services and knowledge of Franke are valuable to the Company in many respects, including (without limitation) the rendering of advice to the Company and its Board of Directors with respect to the difficult and complex process of developing and finalizing a confirmable Plan of Reorganization; and

WHEREAS, the Company considers it prudent to enter into this Agreement in order to (i) better secure Franke's continued services, (ii) ensure Franke's continued objectivity in the event of negotiations or actions that might lead to a Change in Control (as hereinafter defined) and (iii) define the nature and terms of Franke's severance benefits following a Change in Control.

NOW THEREFORE, for and in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties (intending to be legally bound) hereby covenant and agree as follows:

1. Definitions. As used in this Agreement, the following terms shall have

the respective meanings set forth below:

(a) "Bankruptcy Court" means the Bankruptcy Court for the District of Arizona.

(b) "Board" means the Board of Directors of the Company.

(c) "Change in Control" shall occur if either:

(i) the individuals who, as of the date hereof, constitute the Board (the "Incumbent Board"), cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the date hereof whose election, or nomination for election by the Company's stockholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board; or

(ii) any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended) acquires the beneficial ownership (within the meaning of Rule 13d-3 promulgated under such Act) of 51% or more of the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors.

2

(d) "Company Affiliate" means any corporation, partnership or other business entity directly or indirectly controlling, controlled by or under common control with, the Company. As used in this definition, the term "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a corporation, partnership or other business entity, whether through ownership of voting securities, by contract or otherwise.

(e) "Confirmation Bonus" means any reorganization success bonus payable to Franke pursuant to a Plan of Reorganization in the event such Plan of Reorganization is confirmed and consummated.

(f) "Confirmation Date" means the date a Plan of Reorganization is confirmed by the Bankruptcy Court.

(g) "Plan of Reorganization" means any plan of reorganization which (i) is filed with the Bankruptcy Court and (ii) contemplates and, if confirmed and consummated, would result in the emergence of the Company from its Chapter 11 bankruptcy proceedings.

(h) "Severance Payment" means as specified in Section 2 below.

(i) "Termination Date" means as specified in Section 2 below.

2. Severance Payment. (a) If a Change in Control occurs in connection with the consummation of a Plan of Reorganization and if, for any reason (including, without limitation, a voluntary resignation or an involuntary removal but excluding death), Franke ceases to serve as the Chairman of the Board and the Chief Executive Officer of the Company at any time during the period of 180 days beginning on the Confirmation Date, the Company agrees to pay to Franke, promptly after the date on which Franke ceases to be the Chairman of the Board and the Chief Executive Officer of the Company ("Termination Date"), a lump sum amount (the "Severance Payment") equal to 200% of the sum of (i) Franke's annual base salary as in effect immediately prior to the Termination Date and (ii) Franke's annual administrative expense allowance as in effect immediately prior to the Termination Date; provided, however, that the Severance Payment shall be reduced by the amount of any Confirmation Bonus actually paid to Franke prior to the Termination Date.

(b) If all or any portion of the Severance Payment is actually paid to Franke, any Confirmation Bonus thereafter payable to Franke shall be reduced by the amount of the Severance Payment actually paid to Franke unless the payment of such amount to Franke was taken into account in determining the amount of such Confirmation Bonus.

3. Medical Insurance. During the 12-month period following the Termination Date, the Company, at its cost, shall maintain in full force and effect for the continued benefit of Franke and Franke's dependents all benefits available to Franke and Franke's dependents under all medical plans and programs of the Company, provided that (i) Franke's continued participation is possible under the terms and provisions of such plans and programs and (ii) Franke pays the regular employee contribution, if any, required by such plans and programs. In the event that participation by Franke (or his dependents) in any such plan or program after the Termination Date is barred pursuant to the terms thereof, or in the event the Company shall terminate any such plan or program, the Company shall obtain for Franke (and/or his dependents) comparable coverage under individual policies.

4. Life Insurance. During the 12-month period following the Termination Date, the Company, at its cost, shall continue to provide Franke all life insurance coverages (and in the same amounts) provided to him by the Company immediately prior to the Termination Date.

5. Travel Privileges. The Company shall provide Franke (and wife and his dependents) such lifetime on-line and interline, positive space travel privileges subject to the terms of the Company's non-revenue travel policy for retired executives as from time to time in effect.

6. Accrued Vacation Pay, etc. Promptly after the Termination Date, the Company shall pay to Franke a lump sum amount for (i) all unused vacation time accrued by Franke as of the Termination Date and (ii) all unpaid benefits earned by Franke as of the Termination Date under any and all incentive compensation plans or programs of the Company.

7. Tax Withholdings. The Company shall be entitled to withhold from all payments hereunder all applicable taxes (federal, state or other) which it is required to withhold therefrom.

8. Successors; Binding Agreement. (a) This Agreement shall not be terminated by the merger or consolidation of the Company whereby the Company is or is not the surviving or resulting corporation or as a result of any transfer of all or substantially all the assets of the Company. In the event of any such merger, consolidation or transfer of assets, the provisions of this Agreement shall be binding upon the surviving or resulting corporation or the person or entity to which such assets are transferred.

(b) The Company agrees that concurrently with any merger, consolidation or transfer referred to in paragraph (a) above, it will cause any successor or transferee to unconditionally assume in writing all of the obligations of the Company hereunder on terms and conditions reasonably satisfactory to Franke. Failure of the Company to obtain such assumption prior to the effectiveness of any such merger, consolidation or transfer shall be a breach of this Agreement and shall entitle Franke to immediately receive the Severance Payment from the Company and, for purposes of implementing the foregoing, the date on which such merger, consolidation or transfer becomes effective shall be deemed to be the Termination Date.

(c) This Agreement shall inure to the benefit of and be enforceable by Franke's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If Franke should die while any amounts would still be payable to Franke hereunder if Franke had continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to such person or persons appointed in writing by Franke to receive such amounts or, if no person is so appointed, to Franke's estate.

9. No Mitigation. The provisions of this Agreement are not intended to, nor shall they be construed to, require that Franke seek or accept other employment following a termination of employment. Except as provided in Section 1(a), the Company's obligations to make the payments to Franke required under this Agreement or any other agreement and otherwise to perform its obligations hereunder shall not be affected by any set off, counterclaim, recoupment, defense or other claim, right or action that the Company may have against Franke.

10. Expense Reimbursement. If any litigation, contest or dispute shall arise under this Agreement involving the failure or refusal of the Company to fully perform in accordance with the terms hereof, the Company shall reimburse Franke, on a current basis, for all legal fees and expenses, if any, incurred by Franke, on a current basis, for all legal fees and expenses, if any incurred by Franke in connection with such litigation, contest or dispute, together with interest thereon at the rate of 10% per annum, such interest to accrue from the date the Company receives Franke's statement for such fees and expenses through

the date of payment thereof; provided, however, that in the event the final resolution of such litigation, contest or dispute includes a finding denying, in total, Franke's claims in such litigation, contest or dispute, Franke shall be required to refund to the Company, over a period not to exceed 12 months from the date of such resolution, all sums advanced to Franke pursuant to this Section 10.

11. Assignability. The Company shall have the right to assign this Agreement and to delegate all rights, duties and obligations hereunder, either in whole or in part, to any affiliate of the Company, provided that no such assignment or delegation shall relieve the Company of its obligations under this Agreement.

12. Notices. All notices and all other communications to the parties shall be in writing and addressed (i) if to the Company, at its principal office address or such other address as it may have designated by written notice to Franks for purposes hereof, directed to the attention of the Board with a copy to the Secretary of the Company and (ii) if to Franke, at his residence address on the records of the Company or to such other address as he may have designated to the Company in writing for purposes hereof. Each such notice or other communication shall be deemed to have been duly given when delivered or mailed by United States registered mail, return receipt requested, postage prepaid, except that any notice of change of address shall be effective only upon receipt.

3

4

13. Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

14. Amendments and Waivers. No provision of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing and signed by Franke and a duly authorized officer of the Company. No waiver by either party hereto at any time of any breach by the other party hereto of, or in compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time.

15. Benefits Not Exclusive. The rights of and benefits payable to Franke or his beneficiaries under this Agreement are not exclusive and are in addition to any rights of and benefits payable to Franke or such beneficiaries under any other agreement between Franke and the Company or under any employee benefit plan or compensation program of the Company.

16. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

IN WITNESS WHEREOF, the Company and Franke have executed this Agreement as of the date first above written.

AMERICA WEST AIRLINES, INC.

By: /s/ RICHARD O'BRIEN

/s/ WILLIAM A. FRANKE

EXHIBIT 11.1

AMERICA WEST AIRLINES, INC., D.I.P.
 COMPUTATION OF NET INCOME (LOSS) PER COMMON SHARE
 (IN THOUSANDS EXCEPT PER SHARE AMOUNT)

<TABLE>
 <CAPTION>

	YEARS ENDED DECEMBER 31,				1993	
	1989	1990	1991	1992	HISTORICAL	PRO FORMA
<S>	<C>	<C>	<C>	<C>	<C>	<C>
PRIMARY EARNINGS PER SHARE						
Computation for Statements of Operation:						
Income (loss) before extraordinary item.....	\$ 12,803	\$ (76,695)	\$ (222,016)	\$ (131,761)	\$ 37,165	\$ 19,925
Adjustment for interest on debt reduction.....	1,414	--	--	--	4,210	--
Preferred stock dividend requirement.....	(1,673)	(1,673)	(1,673)	(1,672)	--	--
Income (loss) applicable to common stock before extraordinary item.....	12,544	(78,368)	(223,689)	(133,433)	41,375	19,925
Extraordinary item, tax benefit.....	795	--	--	--	--	--
Extraordinary item, net.....	7,215	2,024	--	--	--	--
Income (loss) applicable to common stock.....	\$ 20,554	\$ (76,344)	\$ (223,689)	\$ (133,433)	\$ 41,375	\$ 19,925
Weighted average number of common shares outstanding.....	16,761,622	18,395,970	21,533,992	23,914,298	24,480,487	45,000,000
Assumed exercise of stock options and warrants(a).....	3,864,273	--	--	--	3,044,504	(d)
Weighted average number of common shares outstanding as adjusted.....	20,625,895	18,395,970	21,533,992	23,914,298	27,524,991	45,000,000
Primary earnings per common share:						
Income (loss) before extraordinary item.....	\$ 0.61	\$ (4.26)	\$ (10.39)	\$ (5.58)	\$ 1.50	\$ 0.44
Extraordinary item.....	0.39	0.11	--	--	--	--
Net income (loss).....	\$ 1.00	\$ (4.15)	\$ (10.39)	\$ (5.58)	\$ 1.50	\$ 0.44
Income (loss) before extraordinary item.....		\$ (76,695)	\$ (222,016)	\$ (131,761)		
Preferred stock dividend requirement.....		(1,673)	(1,673)	(1,672)		
Interest adj net of taxes.....		2,818	4,408	4,964		
Income (loss) applicable to common stock before extraordinary item.....		(75,550)	(219,281)	(128,469)		
Extraordinary item, tax benefit.....		1,490	2,448	2,756		
Extraordinary item, net.....		2,024	--	--		
Income (loss) applicable to common stock.....		\$ (72,036)	(216,833)	\$ (125,713)		
Weighted average number of common shares outstanding.....		18,395,970	21,533,992	23,914,298		
Assumes exercise of stock options and warrants.....		4,922,120	6,704,746	7,383,922		
Weighted average number of common shares as adjusted.....		23,318,090	28,238,738	31,298,220		
Primary earnings per common share:						

Income (loss) before extraordinary item.....	\$ (3.24)	\$ (7.77)	\$ (4.10)
Extraordinary item.....	0.15	0.09	0.09
	-----	-----	-----
Net income (loss) (c).....	\$ (3.09)	\$ (7.68)	\$ (4.01)
	=====	=====	=====

<CAPTION>

	THREE MONTHS ENDED MARCH 31,		
	1994		
	1993	HISTORICAL	PRO FORMA
<S>	<<C>	<C>	<C>
PRIMARY EARNINGS PER SHARE			
Computation for Statements of			
Operation:			
Income (loss) before extraordinary item.....	\$ 2,134	\$ 15,175	\$ 9,984
Adjustment for interest on debt reduction.....	--	1,172	--
Preferred stock dividend requirement.....	--	--	--
	-----	-----	-----
Income (loss) applicable to common stock before extraordinary item.....	2,134	16,347	9,984
Extraordinary item, tax benefit.....	--	--	--
Extraordinary item, net.....	--	--	--
	-----	-----	-----
Income (loss) applicable to common stock.....	\$ 2,134	\$ 16,347	\$ 9,984
	=====	=====	=====
Weighted average number of common shares outstanding.....	24,020,266	25,291,260	45,000,000
Assumed exercise of stock options and warrants(a).....	--	3,861,469	(d)
	-----	-----	-----
Weighted average number of common shares outstanding as adjusted.....	24,020,266	29,152,729	45,000,000
	=====	=====	=====
Primary earnings per common share:			
Income (loss) before extraordinary item.....	\$ 0.09	\$ 0.56	\$ 0.22
Extraordinary item.....	--	--	--
	-----	-----	-----
Net income (loss).....	\$ 0.09	\$ 0.56	\$ 0.22
	=====	=====	=====

</TABLE>

2

AMERICA WEST AIRLINES, INC., D.I.P.
COMPUTATION OF NET INCOME (LOSS) PER COMMON SHARE -- (CONTINUED)
(IN THOUSANDS EXCEPT PER SHARE AMOUNT)

<TABLE>
<CAPTION>

	YEARS ENDED DECEMBER 31,					
	1993					
	1989	1990	1991	1992	HISTORICAL	PRO FORMA

<S>	<C>	<C>	<C>	<C>	<C>	<C>
FULLY DILUTED EARNINGS PER SHARE						
Computation for Statements of Operations:						
Income (loss) before extraordinary items.....	\$ 12,803	\$ (76,695)	\$ (222,016)	\$ (131,761)	\$ 37,165	\$ 19,925
Adjustment for interest on debt reduction.....	1,219	--	--	--	5,812	--
Preferred stock dividend requirement.....	(1,673)	(1,673)	(1,673)	(1,672)	--	--
Income (loss) applicable to common stock before extraordinary items.....	\$ 12,349	\$ (78,368)	\$ (223,689)	\$ (133,433)	\$ 42,977	\$ 19,925
Extraordinary items, tax benefit...	7,902	2,024	--	--	--	--
Net income (loss).....	\$ 20,251	\$ (76,344)	\$ (223,689)	\$ (133,433)	\$ 42,977	\$ 19,925
Weighted average number of common shares outstanding.....	16,761,622	18,395,970	21,533,992	23,914,298	24,480,487	45,000,000
Assumed exercise of stock options and warrants(a).....	3,864,273	--	--	--	4,240,761	(d)
Weighted average number of common shares outstanding as adjusted...	20,625,895	18,395,970	21,533,992	23,914,298	28,721,248	45,000,000
Fully diluted income (loss) per common share:						
Income (loss) before extraordinary items.....	\$ 0.60	\$ (4.26)	\$ (10.39)	\$ (5.58)	\$ 1.50	\$ 0.44
Extraordinary items.....	0.38	0.11	--	--	--	--
Net income (loss).....	\$ 0.98 (b)	\$ (4.15)	\$ (10.39)	\$ (5.58)	\$ 1.50	\$ 0.44
Additional Fully Diluted Computation:						
Additional adjustment to net income (loss) as adjusted per fully diluted computation above						
Income (loss) before extraordinary items as adjusted per fully diluted computation above.....	\$ 12,803	\$ (76,695)	\$ (222,016)	\$ (131,761)	\$ 37,165	\$ 19,925
Add -- Interest on 7.75% subordinated debentures, net of taxes.....	1,853	1,829	869	--	--	--
Add -- Interest on 7.5% subordinated debentures, net of taxes.....	1,735	1,712	806	--	--	--
Add -- Interest on 11.5% subordinated debentures, net of taxes.....	6,948	7,629	3,506	--	--	--
Add interest on debt reduction, net of taxes.....	1,219	2,777	4,352	4,964	5,812	--
Income (loss) before extraordinary items as adjusted.....	24,558	(62,748)	(212,483)	(126,797)	42,977	19,925
Extraordinary items.....	13,828	9,399	5,293	2,756	--	--
Net income (loss).....	\$ 38,386	\$ (53,349)	\$ (207,190)	\$ (124,041)	\$ 42,977	\$ 19,925

<CAPTION>

	1994		
	1993	HISTORICAL	PRO FORMA
<S>	<C>	<C>	<C>
FULLY DILUTED EARNINGS PER SHARE			
Computation for Statements of Operations:			
Income (loss) before extraordinary items.....	\$ 2,134	\$ 15,175	\$ 9,984
Adjustment for interest on debt reduction.....	1,677	1,136	--
Preferred stock dividend requirement.....	--	--	--
Income (loss) applicable to common stock before extraordinary items.....	\$ 3,811	\$ 16,311	\$ 9,984
Extraordinary items, tax benefit...	--	--	--
Net income (loss).....	\$ 3,811	\$ 16,311	\$ 9,984
Weighted average number of common shares outstanding.....	24,020,266	25,291,260	45,000,000
Assumed exercise of stock options and warrants(a).....	4,785,027	3,861,469	(d)
Weighted average number of common shares outstanding as adjusted...	28,805,293	29,152,729	45,000,000
Fully diluted income (loss) per common share:			
Income (loss) before extraordinary items.....	\$ 0.13	\$ 0.56	\$ 0.22
Extraordinary items.....	--	--	--
Net income (loss).....	\$ 0.13 (c)	\$ 0.56	\$ 0.22
Additional Fully Diluted Computation:			
Additional adjustment to net income (loss) as adjusted per fully diluted computation above			
Income (loss) before extraordinary items as adjusted per fully diluted computation above.....	\$ 2,134	\$ 15,175	\$ 9,984
Add -- Interest on 7.75% subordinated debentures, net of taxes.....	--	--	--
Add -- Interest on 7.5% subordinated debentures, net of taxes.....	--	--	--
Add -- Interest on 11.5% subordinated debentures, net of taxes.....	--	--	--
Add interest on debt reduction, net of taxes.....	1,677	1,136	--
Income (loss) before extraordinary items as adjusted.....	3,811	16,311	9,984
Extraordinary items.....	--	--	--
Net income (loss).....	\$ 3,811	\$ 16,311	\$ 9,984

</TABLE>

3

AMERICA WEST AIRLINES, INC., D.I.P.
 COMPUTATION OF NET INCOME (LOSS) PER COMMON SHARE -- (CONTINUED)
 (IN THOUSANDS EXCEPT PER SHARE AMOUNT)

<TABLE>
 <CAPTION>

YEARS ENDED DECEMBER 31,

1993

	1989	1990	1991	1992	HISTORICAL	PRO FORMA
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Additional adjustment to weighted average number of shares outstanding						
Weighted average number of shares outstanding as adjusted per fully diluted computation above.....	20,625,895	18,395,970	21,533,992	23,914,298	28,721,248	45,000,000
Additional dilutive effect of outstanding options and warrants.....	--	5,266,266	6,704,746	7,383,922	--	(d)
Additional dilutive effect of assumed conversion of preferred stock:						
Series A 9.75%.....	--	--	--	--	--	--
Series B 10.5%.....	1,164,596	1,164,596	1,164,596	1,164,596	851,294	--
Series C 9.75%.....	73,099	73,099	73,099	73,099	73,099	--
Additional dilutive effect of assumed conversion of 7.75% subordinated debentures.....	2,767,111	2,735,200	2,483,528	2,278,151	2,263,007	--
Additional dilutive effect of assumed conversion of 7.5% subordinated debentures.....	2,582,357	2,551,060	2,347,604	2,291,607	2,272,548	--
Additional dilutive effect of assumed conversion of 11.5% subordinated debentures.....	8,995,021	9,866,509	9,081,162	7,486,391	7,328,201	--
Weighted average number of common shares outstanding as adjusted...	36,208,079	40,052,700	43,388,727	44,592,064	41,509,397	45,000,000
Fully diluted income (loss) per common share:						
Income (loss) before extraordinary items.....	\$ 0.68	\$ (1.57)	\$ (4.90)	\$ (2.84)	\$ 1.04	\$ 0.44
Extraordinary items.....	0.39	0.23	0.12	0.06	--	--
Net income (loss) (e).....	\$ 1.07 (c)	\$ (1.34) (c)	\$ (4.78) (c)	\$ (2.78) (c)	\$ 1.04	\$ 0.44

<CAPTION>

THREE MONTHS ENDED MARCH 31,

	1994		
	1993	HISTORICAL	PRO FORMA
<S>	<C>	<C>	<C>
Additional adjustment to weighted average number of shares outstanding			
Weighted average number of shares outstanding as adjusted per fully diluted computation above.....	28,805,293	29,152,729	45,000,000
Additional dilutive effect of outstanding options and warrants.....	--	--	(d)
Additional dilutive effect of assumed conversion of preferred stock:			
Series A 9.75%.....	--	--	--
Series B 10.5%.....	1,164,596	--	--
Series C 9.75%.....	73,099	73,099	--
Additional dilutive effect of assumed conversion of 7.75% subordinated debentures.....	2,276,302	2,257,558	--
Additional dilutive effect of assumed conversion of 7.5% subordinated debentures.....	2,290,367	2,264,932	--
Additional dilutive effect of assumed conversion of 11.5% subordinated debentures.....	7,380,896	7,306,865	--
Weighted average number of common shares outstanding as adjusted...	41,990,553	41,055,183	45,000,000
Fully diluted income (loss) per common share:			
Income (loss) before extraordinary items.....	\$ 0.09	\$ 0.40	\$ 0.22
Extraordinary items.....	--	--	--
Net income (loss) (e).....	\$ 0.09	\$ 0.40	\$ 0.22

</TABLE>

- (a) The stock options and warrants are included only in the periods in which they are dilutive.
- (b) The calculation is submitted in accordance with Regulation S-K Item 601(b)(11) although not required by footnote 2 to paragraph 14 of APB Opinion No. 15 because it results in dilution of less than 3%.
- (c) The calculation is submitted in accordance with Regulation S-K Item 601(b)(11) although it is contrary to paragraph 40 of APB Opinion No. 15 because it produces an antidilutive result.
- (d) 10,384,615 warrants are available for exercise and as such the EPS calculation should follow the modified treasury stock method. However since the exercise price of the warrants will not be determined until a later date, the EPS computation is presented without the effect of the exercise of the warrants for both primary and fully diluted earnings per share.