

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
Alexandria Division

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In re: : Case No. 04-13819
: Jointly Administered
US AIRWAYS, INC., et al., : Chapter 11
: Hon. Stephen S. Mitchell
:
: Debtors. :
:
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**SECOND APPLICATION OF ALVAREZ & MARSAL, LLC,
FOR ALLOWANCE OF FEES AND REIMBURSEMENT OF EXPENSES AS
FINANCIAL ADVISOR FOR THE SECTION 1114 RETIREE COMMITTEE
FOR THE PERIOD JANUARY 1, 2005 THROUGH APRIL 30, 2005**

Name of Applicant: Alvarez & Marsal, LLC.

Authorized to Provide Professional Services to: Section 1114
Retiree Committee.

Date of Retention Order: December 14, 2004, effective as of
October 28, 2004.

Amount of Compensation for which approval and payment is sought:
\$60,470.00 for the period January 1, 2005 through April 30,
2005.

Amount of Expenses for which approval and payment is sought:
\$1,646.39 for the period January 1, 2005 through April 30, 2005.

This is an Interim application.

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FINANCIAL ADVISOR FOR THE SECTION 1114 RETIREE COMMITTEE
THE PERIOD JANUARY 1, 2005 THROUGH APRIL 30, 2005**

Alvarez & Marsal, LLC ("A&M"), as advisors to the Section 1114 Retiree Committee (the "Committee") of US Airways, Inc., et al., the above-captioned debtors (collectively, the "Debtors"), hereby submits this application (the "Application") pursuant to 11 U.S.C. §§ 328(a), 330 and 331, Bankruptcy Rule 2016(a), and the Order Granting Motion to Authorize Procedures for Interim Compensation and Reimbursement of Expenses of Professionals Pursuant to 11 U.S.C. §§ 105(a) and 331 (the "Interim Compensation Order"), for Interim allowance of

compensation for professional services rendered and reimbursement of necessary expenses incurred by A&M during the period from January 1, 2005 through and including April 30, 2005 (the "Application Period"). In support of the Application, A&M respectfully represents as follows:

1. A&M submits this Application for allowance and payment of compensation in the total amount of \$60,470.00 and reimbursement of expenses in the total amount of \$1,646.39 for the Application Period. In support of this Application, and as described below, A&M submits chronological and detailed records of all of its time charges and a schedule of disbursement charges (attached as Exhibit A and Exhibit B, respectively) for which A&M seeks allowance and payment.

2. This Court has jurisdiction over this Application pursuant to 28 U.S.C. §§ 157 and 1334. Venue is proper pursuant to 28 U.S.C. § 1408 and 1409. This is a "core" proceeding under 28 U.S.C. § 157(b)(2). The statutory predicate for the relief sought herein is section 331 of the Bankruptcy Code.

BACKGROUND

3. On September 12, 2004 (the "Petition Date"), the Debtors filed with this Court separate voluntary petitions for relief under Chapter 11 of Title 11 of the United States Code (the "Bankruptcy Code"). Since the Petition Date, the Debtors

have remained as debtors-in-possession pursuant to sections 1107 and 1108 of the Bankruptcy Code.

4. The Debtors have represented, among other things, that as of the Petition Date, they were the second largest air carrier east of the Mississippi River and that they had the seventh largest airline in the United States.

5. On October 28, 2004, this Court appointed the Committee. Thereafter, the Committee selected A&M as its financial advisor. A&M's retention as advisor to the Committee was approved by this Court by order dated December 14, 2004, effective as of October 28, 2004.

6. A&M is a consulting firm that maintains offices in New York, NY, as well as offices in Atlanta, Chicago, Dallas, Denver, Frankfurt, Houston, London, Los Angeles, Miami, Phoenix, Milan, Paris, San Francisco, Sao Paulo, and Washington, D.C. A&M has over 300 professionals, organized into various practice groups, including: Turnaround Management Consulting, Crisis and Interim Management, Performance Improvement, Creditor Advisory, Financial Advisory, Dispute Analysis and Forensics, Real Estate Advisory, Tax Advisory, and Business Consulting Services.

THE APPLICATION

7. This Application seeks interim allowance and payment of fees for services rendered by A&M as advisor to the Committee, as well as reimbursement of actual, necessary

expenses incurred by A&M in that capacity, during the Application Period. Except for receipt of payment in respect of the period ending December 31, 2004, (the "First Application Period") as described paragraph 8 below, A&M has not been paid, and has not received, any retainer, advance or other amount from any source on account of the representation of the Committee in these cases. In addition, A&M has no agreement or understanding with any other entity concerning the fixing, payment or division of the requested compensation.

8. Pursuant to the Interim Compensation Order, A&M has previously circulated a monthly statement of fees and expenses covering the period October 28, 2004 through November 3, 2004 reflecting fees in the amount of \$306,511.25 and expenses in the amount of \$3,550.66, and a monthly statement of fees and expenses covering the period of December 1, 2004 through December 31, 2004 reflecting fees in the amount of \$323,182.50 and expenses in the amount of \$10,568.15. Additionally, A&M filed a Fee Application in respect of the First Application Period in the amount of \$629,693.75 in fees and \$14,118.81 in expenses, by order entered on the docket on April 7, 2005. As of the date hereof, A&M has received payments in the amount of \$615,970.36, taking into account a \$27,842.20 negotiated concession.

9. During the Application Period, professionals and others associated with A&M expended 131.5 hours in advising the

Committee in these cases. The names, hourly billing rates, and total hours and fees charged for each of the A&M professionals who performed services for the Committee during the Application Period are summarized on a chart attached included in Exhibit A.

10. A&M's attached detailed time records, contained in Exhibit A, include: (a) the date of each service rendered; (b) the total time devoted by the person to the services on the date; (c) a detailed description of each service rendered; (d) the amount of time spent on the services, broken down in detail by the specific tasks performed and the time devoted to the tasks; and (e) the identity of the person who rendered this service. The value of A&M's time for services performed during the Application Period has also been organized and subdivided among the separate project categories required by the guidelines promulgated by the Office of the United States Trustee. Also included in Exhibit A is a chart listing A&M's fees by project category. A&M additionally has included as Attachment 1 to Exhibit A a chart of detailing fee concessions (totaling \$21,460.00) which is shown as a reduction to the invoice on the summary page.

11. All services rendered by A&M personnel for the Committee during the Application Period were performed in connection with the representation of the Committee in these chapter 11 cases.

12. A&M also seeks reimbursement of expenses incurred in connection with its representation of the Committee during the period covered by this Application. A summary of all disbursements covered by this Application, divided by category and amount, is attached to this Application as Exhibit B.

SERVICES RENDERED

13. A brief summary of the significant services performed by A&M during the Application Period is provided below.

14. The Committee retained A&M to advise it regarding the Debtors' efforts to terminate retiree health benefits under section 1114 of the Bankruptcy Code. The Debtors sought to save approximately \$21 million in 2005 and a total of over \$100 million from 2005 through 2009 by eliminating these critical benefits.

The Trial

15. During the prior Application Period, A&M supported Committee Counsel in trial preparation and testimony which concluded in December 2004. At the end of the trial, the Court informed the parties that the Court would provide the parties with an additional three weeks to continue negotiations and read a decision from the bench on January 6, 2005.

Final Negotiations and Settlement

16. The parties continued to negotiate and exchange proposals after the trial concluded and into the Application Period.

17. The discovery that the HCTC would result in at least \$12 million of the \$20.7 million in savings sought by the Debtors in 2005 facilitated settlement materially. After two full days of meeting with the Debtors, a settlement was reached. The Committee presented its final offer to the Debtors on January 5, 2005, the day before the Court was to rule on the Debtors' motion and the Debtors accepted it.

18. The final settlement minimized the increase in costs for health coverage for the retirees represented by the Committee. Because of the HCTC, many retirees could actually obtain the same medical coverage they had prior to the Debtors' bankruptcy, at a lower cost. For those who would see an increase in their premiums, even with the HCTC, the Debtors agreed to provide them with a cash payment equal to 50% of the cost difference. For retirees who were not eligible for the HCTC, the Debtors agreed to reduce the proposed retiree premium so that retirees would pay an increase equal to 50% of the difference between the pre-bankruptcy health premiums and the premiums proposed on November 2, 2004.

Fee Matters

19. During the Application Period, A&M completed the fee statement for the period ending November 30, 2004, prepared and completed the fee statement for the period ending December 31, 2004 and prepared its first interim fee application. Additionally, During the Application Period, A&M reviewed the Debtors' objections to A&M's first fee application and negotiated a settlement.

20. All activities related to fee statements for the period January 1, 2005 through April 30, 2005 as well as this Second Fee Application have occurred after the Application Period. Absent any new activity in the case, A&M would not anticipate issuing a fee statement or filing a fee application for such work.

Other Matters

21. During the Application Period, A&M communicated with the Committee. A&M also responded to calls and inquiries from Committee members. In addition, A&M participated in regular meetings and discussions among the Committee and Committee Counsel as well as with the Debtors and Debtors' professionals.

PROPRIETY OF COMPENSATION SOUGHT

22. The Bankruptcy Court is authorized, pursuant to Section 330 of the Bankruptcy Code, to award fees for services

rendered and expenses incurred by attorneys and other professional persons representing debtors or official committees. These awards to professionals may be made on an interim basis pursuant to Section 331 of the Bankruptcy Code.

23. Section 330(a)(3) of the Bankruptcy Code enumerates factors to consider in reviewing the propriety of requests for fees. 11 U.S.C. § 330(a)(3). The factors are: (a) the time spent; (b) the rates charged; (c) whether the services were necessary to the administration of, or beneficial toward the completion of, the case; (d) whether the services were performed within a reasonable amount of time commensurate with the complexity, importance and nature of the issue or task presented; and (e) whether compensation is reasonable based on customary fees charged by comparably skilled practitioners in cases other than bankruptcy cases.

24. A&M submits that the services rendered by A&M to the Committee during the Application Period, as described in the Application and in A&M's time records which are attached as Exhibit A, meet or exceed the standards set forth in section 330 of the Bankruptcy Code and applied by bankruptcy courts for determining the propriety of professional fees sought from the estates.

NECESSARY EXPENSES INCURRED IN THESE CASES

25. Section 330(b) of the Bankruptcy Code allows the Court to reimburse A&M for the "actual, necessary expenses" incurred in these cases. 11 U.S.C. § 330(b). In the course of its representation of the Committee during the Application Period, A&M has incurred significant expenses. A detailed list of those expenses is set forth in Exhibit B.

26. A&M includes in this Application only those items of expense that it normally charges its clients which are not otherwise absorbed in A&M's overhead.

27. Transportation and Travel. A&M seeks local travel expenses in the amount of \$477.10, airfare charges of \$346.90, traveling meal expense of \$230.82, and out of town travel hotel expenses of \$591.57.

CONCLUSION

28. A&M respectfully submits that A&M's request for Interim compensation in the sum of \$60,470.00 constitutes a fair and reasonable request for the quality and nature of the services performed. A&M further submits that its request for reimbursement of out-of-pocket expenses in the amount of \$1,646.39 is fair and reasonable and that such sums were necessarily expended by A&M in the performance of its responsibilities.

29. A proposed order granting the Application is attached hereto as Exhibit C.

WHEREFORE, for all of the foregoing reasons, pursuant to §§ 328(a), 330 and 331 of the Bankruptcy Code, A&M respectfully requests that this Court enter an order: (a) awarding A&M Interim allowance of compensation in the amount of \$60,470.00 and Interim reimbursement of out-of-pocket expenses in the amount \$1,646.29 for the Application Period and (b) granting A&M such other and further relief as this Court deems just and proper.

Dated: New York, New York
June 13, 2005

By: /s/ Ronald M. Winters
Ronald M. Winters
ALVAREZ & MARSAL, LLC
600 Lexington Ave.
New York, NY 10022
(212) 759-4433

Advisor for the Section
1114 Retiree Committee of US
Airways, Inc., et al.

Exhibit A

US Airways, Inc.
Alvarez & Marsal, LLC.
Exhibit A
Total Hours Fees and Expenses
For the Period of 1/1/2005 through 4/30/2005

<u>Consultant</u>	<u>Level</u>	<u>Hours</u>	<u>Rate</u>	<u>Fees</u>	<u>Expenses</u>	<u>Total</u>
Alvarez, M.D.	Managing Director	46.1	\$ 625.00	\$ 28,812.50	\$ 1,138.91	\$ 29,951.41
Winters, R.	Senior Director	35.8	525.00	18,795.00	507.48	19,302.48
Wong, A.	Associate	66.3	375.00	24,862.50	-	24,862.50
Schwarz, J.	Analyst	34.4	275.00	9,460.00	-	9,460.00
<i>A&M proposed reduction (see Attachment 1)</i>		<i>(51.5)</i>		<i>(\$21,460.00)</i>	-	<i>(\$21,460.00)</i>
		<u>131.1</u>		<u>\$ 60,470.00</u>	<u>\$ 1,646.39</u>	<u>\$ 62,116.39</u>

US Airways, Inc.
Alvarez & Marsal, LLC.
Exhibit A
Time Charges Incurred by Professional by Activity Code
For the Period of 1/1/2005 through 4/30/2005

Consultant	Hours	Fees
<i>Financial and Operating Analyses, Counterproposal Development, and Support For Legal Briefs</i>		
Alvarez, M.D.	9.6	\$ 6,000.00
Winters, R.	0.9	472.50
Wong, A.	15.3	5,737.50
Total	<u>25.8</u>	<u>\$ 12,210.00</u>
<i>Preparation and Participation in Meetings and Conference Calls</i>		
Alvarez, M.D.	27.5	\$ 17,187.50
Winters, R.	12.6	6,615.00
Wong, A.	15.2	5,700.00
Total	<u>55.3</u>	<u>\$ 29,502.50</u>
<i>Attendance, Participation, and Preparation for Court Proceedings or Depositions</i>		
Alvarez, M.D.	3.0	\$ 1,875.00
Total	<u>3.0</u>	<u>\$ 1,875.00</u>
<i>Case Administration/Strategy and Preparation of Fee/Expense Applications</i>		
Alvarez, M.D.	6.0	\$ 3,750.00
Winters, R.	22.3	11,707.50
Wong, A.	35.8	13,425.00
Schwarz, J.	34.4	9,460.00
Total	<u>98.5</u>	<u>\$ 38,342.50</u>
A&M proposed reduction (see Attachment 1)	(51.1)	\$ (21,460.00)
Total	<u>47.4</u>	<u>\$ 16,882.50</u>
Grand Total	<u>131.5</u>	<u>\$ 60,470.00</u>

US Airways, Inc.
Alvarez & Marsal, LLC.
Exhibit A
Detailed Time Charges Incurred by Activity Code
For the Period of 1/1/2005 through 4/30/2005

Activity	Date	Consultant	Description	Hours	Fees
<i>Financial and Operating Analyses, Counterproposal Development, and Support For Legal Briefs</i>					
	1/1/2005	Wong, A.	Analysis/valuation of multiple scenarios for 1114 Committee counterproposal.	2.2	\$ 825.00
	1/2/2005	Alvarez, M.D.	Analysis/valuation of multiple scenarios for 1114 Committee counterproposal.	2.1	1,312.50
	1/2/2005	Wong, A.	Analysis/valuation of multiple scenarios for 1114 Committee counterproposal.	3.2	1,200.00
	1/3/2005	Alvarez, M.D.	Review and modification of presentation of monthly premiums effect to individual retirees as result of different outcomes in settlement with Debtor.	2.9	1,812.50
	1/3/2005	Alvarez, M.D.	Discussion re files prepared for Company meeting.	0.5	312.50
	1/3/2005	Alvarez, M.D.	Discussion with Counsel regarding valuation of counterproposal and premium analysis requested by the Committee.	0.5	312.50
	1/3/2005	Alvarez, M.D.	Review and explanation of counterproposal valuation with team.	0.4	250.00
	1/3/2005	Wong, A.	Analysis and preparation of presentation of monthly premiums effect to individual retirees as result of different outcomes in settlement with Debtor.	5.5	2,062.50
	1/3/2005	Wong, A.	Review and explanation of counterproposal valuation with team.	0.4	150.00
	1/3/2005	Wong, A.	Discussion with Counsel regarding valuation of counterproposal and premium analysis requested by the Committee.	0.5	187.50
	1/4/2005	Alvarez, M.D.	Review analysis of required reallocations within components of counterproposal valuation, including correspondence to TP.	0.2	125.00
	1/4/2005	Wong, A.	Analysis of required reallocations within components of counterproposal valuation, including correspondence to TP.	0.2	75.00
	1/5/2005	Winters, R.	Discussion with G. Carusi regarding calculations and data; subsequent discussion and direction to Wong to respond to Carusi inquiry.	0.4	210.00
	1/5/2005	Winters, R.	Review emails on final settlement with Company.	0.5	262.50
	1/5/2005	Wong, A.	Analysis of required reallocations within components of counterproposal valuation, including correspondence with team and Counsel.	0.3	112.50
	1/6/2005	Alvarez, M.D.	Review and modify summary of retiree premiums as result of settlement with Debtor.	2.1	1,312.50
	1/6/2005	Wong, A.	Preparation of summary of retiree premiums as result of settlement with Debtor.	2.1	787.50
	1/7/2005	Alvarez, M.D.	Review non-union retirees 2005 excess premiums, including conversations with WW.	0.9	562.50
	1/7/2005	Wong, A.	Research and explain non-union retirees 2005 excess premiums, including conversations with WW.	0.9	337.50
			Total	25.8	\$ 12,210.00
<i>Preparation and Participation in Meetings and Conference Calls</i>					
	1/3/2005	Alvarez, M.D.	Preparation for call with the 1114 Committee regarding Debtor's counterproposal and upcoming meetings schedule for negotiation with Debtor.	1.2	\$ 750.00
	1/3/2005	Alvarez, M.D.	Calls regarding Committee call and pending proposal.	1.0	625.00
	1/3/2005	Winters, R.	Discussion with Wong re meeting logistics and planning.	0.2	105.00
	1/3/2005	Winters, R.	Calls with team regarding Committee call and pending proposal.	1.0	525.00
	1/3/2005	Winters, R.	Preparation and participation for conference call with Committee.	0.9	472.50
	1/3/2005	Winters, R.	Discussion with Alvarez re planning for Company, Committee meeting.	0.2	105.00
	1/3/2005	Winters, R.	Discussion with Wong re files prepared for Company meeting.	0.5	262.50
	1/3/2005	Wong, A.	Preparation for and participation in call with the 1114 Committee regarding Debtor's counterproposal and upcoming meetings schedule for negotiation with Debtor.	1.2	450.00
	1/4/2005	Alvarez, M.D.	Working dinner with certain Committee members to discuss case strategy.	2.0	1,250.00

<u>Activity</u>	<u>Date</u>	<u>Consultant</u>	<u>Description</u>	<u>Hours</u>	<u>Fees</u>
	1/4/2005	Alvarez, M.D.	Preparation for and participation in 1114 Committee meetings at Debtor's offices, including 1114 Committee discussions with Debtor, private caucus in absence of Debtor, revaluation of proposal modifications, and explanation of valuation.	9.8	6,125.00
	1/4/2005	Winters, R.	Preparation for and participation in meeting with Company and subsequent discussions with Committee and professionals.	4.5	2,362.50
	1/4/2005	Winters, R.	Preparation for and participation in meeting with Committee.	2.3	1,207.50
	1/4/2005	Winters, R.	Review meeting materials; discussions with Angus Wong.	1.5	787.50
	1/4/2005	Wong, A.	Preparation for and participation in (via phone) 1114 Committee meetings at Debtor's offices, including 1114 Committee discussions with Debtor, private caucus in absence of Debtor, revaluation of proposal modifications, and explanation of valuation.	7.9	2,962.50
	1/5/2005	Alvarez, M.D.	Preparation for and participation in 1114 Committee meetings at Debtor's offices, including 1114 Committee discussions with Debtor, private caucus in absence of Debtor, revaluation of proposal modifications, and explanation of valuation.	12.0	7,500.00
	1/5/2005	Wong, A.	Preparation for and participation in (via phone) 1114 Committee meetings at Debtor's offices, including 1114 Committee discussions with Debtor, private caucus in absence of Debtor, revaluation of proposal modifications, and explanation of valuation.	6.1	2,287.50
	1/6/2005	Alvarez, M.D.	Meeting with 1114 Committee after hearings to discuss next steps and action plan to communicate and educate members regarding HCTC.	1.0	625.00
	1/6/2005	Winters, R.	Participation in conference call with Committee; periodic.	1.5	787.50
	1/12/2005	Alvarez, M.D.	E-mails and calls regarding final cash collateral motion.	0.5	312.50
			Total	55.3	\$ 29,502.50

Attendance, Participation, and Preparation for Court Proceedings or Depositions

	1/6/2005	Alvarez, M.D.	Prepare for and participate in 1114 Hearing.	3.0	\$ 1,875.00
			Total	3.0	\$ 1,875.00

Case Administration/Strategy and Preparation of Fee/Expense Applications

	1/5/2005	Winters, R.	Review and approve A&M counsel fees and expenses.	0.4	\$ 210.00
	1/5/2005	Wong, A.	Quality check of detailed time and expenses for A&M November fee statement.	0.6	225.00
	1/7/2005	Alvarez, M.D.	Quality check of detailed time and expenses for A&M November fee statement.	2.0	1,250.00
	1/7/2005	Winters, R.	Review and edit 11/30/04 fee statement.	2.0	1,050.00
	1/7/2005	Wong, A.	Preparation of A&M November fee/expense statement, including cover memo, outline statements, and simplification of coding system.	7.1	2,662.50
	1/8/2005	Winters, R.	Review and edit 11/30/04 fee statement.	1.0	525.00
	1/8/2005	Wong, A.	Quality check of detailed time and expenses for A&M November fee statement.	3.9	1,462.50
	1/9/2005	Winters, R.	E-mail and telephonic conversations regarding comments on statement and instruction.	1.2	630.00
	1/9/2005	Wong, A.	Quality check of detailed time and expenses for A&M November fee statement.	0.8	300.00
	1/10/2005	Winters, R.	Review and edit 11/30/04 fee statement.	1.0	525.00
	1/10/2005	Wong, A.	Quality check of detailed time and expenses for A&M November fee statement.	8.3	3,112.50
	1/11/2005	Alvarez, M.D.	Quality check of detailed time and expenses for A&M November fee statement.	1.0	625.00
	1/11/2005	Winters, R.	Review e-mail traffic; re December statement.	0.2	105.00
	1/11/2005	Wong, A.	Final consolidation and production of reports for November A&M fee statement.	4.3	1,612.50
	1/12/2005	Alvarez, M.D.	Quality check of detailed time and expenses for A&M December fee statement.	1.0	625.00

<u>Activity</u>	<u>Date</u>	<u>Consultant</u>	<u>Description</u>	<u>Hours</u>	<u>Fees</u>
	1/12/2005	Winters, R.	Review e-mail traffic; re December statement	0.3	157.50
	1/12/2005	Wong, A.	Quality check of detailed time and expenses for A&M December fee statement.	5.5	2,062.50
	1/13/2005	Winters, R.	Review e-mail traffic; re December statement	0.1	52.50
	1/13/2005	Wong, A.	Quality check of detailed time and expenses for A&M December fee statement.	3.4	1,275.00
	1/13/2005	Schwarz, J.	Quality check of detailed time and expenses for A&M December fee statement.	4.2	1,155.00
	1/14/2005	Wong, A.	Quality check of detailed time and expenses for A&M December fee statement.	1.9	712.50
	1/15/2005	Winters, R.	Review Wong directions on December statement.	0.2	105.00
	1/23/2005	Winters, R.	Review, edit December statement; transmit for formatting.	1.4	735.00
	1/24/2005	Alvarez, M.D.	Quality check of detailed time and expenses for A&M December fee statement.	1.0	625.00
	1/25/2005	Winters, R.	Review, edit and give direction regarding December statement.	0.7	367.50
	1/25/2005	Schwarz, J.	Quality check of detailed time and expenses for A&M December fee statement.	3.4	935.00
	1/26/2005	Alvarez, M.D.	Quality check of detailed time and expenses for A&M December fee statement.	1.0	625.00
	1/26/2005	Winters, R.	Email exchange with Sustman regarding billing.	0.1	52.50
	1/26/2005	Winters, R.	Review, edit and give direction regarding December statement.	2.0	1,050.00
	1/26/2005	Schwarz, J.	Quality check of detailed time and expenses for A&M December fee statement.	1.8	495.00
	2/1/2005	Winters, R.	Logistical follow-up on December fee statement.	0.2	105.00
	2/2/2005	Winters, R.	Commence research; create direction on January fee statement.	0.1	52.50
	2/3/2005	Winters, R.	Follow-up on November, December fee remittance status.	0.2	105.00
	2/4/2005	Winters, R.	Follow-up on November, December fee remittance status.	0.1	52.50
	2/9/2005	Winters, R.	Review form of Fee Application.	0.2	105.00
	2/11/2005	Winters, R.	Various calls, email exchanges regarding form of fee application.	0.4	210.00
	2/11/2005	Schwarz, J.	Preparation of 10/29/04-12/31/04 Fee Application (review of hours and descriptions).	4.0	1,100.00
	2/13/2005	Winters, R.	Provide guidance on fee application.	0.5	262.50
	2/14/2005	Winters, R.	Email exchange with C&V re fee app (technical issues).	0.1	52.50
	2/14/2005	Schwarz, J.	Preparation of 10/29/04-12/31/04 Fee Application (review of hours and descriptions).	5.0	1,375.00
	2/15/2005	Winters, R.	Edit draft fee application; provide comment to MDA.	0.4	210.00
	2/16/2005	Winters, R.	Edit draft fee application; review MDA remarks.	0.3	157.50
	2/19/2005	Winters, R.	Review Sustman expenses.	0.1	52.50
	2/20/2005	Winters, R.	Interaction with MDA regarding December, November Fee statements.	0.2	105.00
	2/22/2005	Winters, R.	Discussion with counsel; re Fee Application.	0.3	157.50
	2/22/2005	Winters, R.	Review version provided; make edits, transmit to Schwarz.	0.3	157.50
	2/24/2005	Winters, R.	Review C&V edits; provide direction to Schwarz.	0.2	105.00
	2/25/2005	Winters, R.	Memo to TRP re Fee App for QC; email exchange with Bunin.	0.3	157.50
	2/25/2005	Schwarz, J.	Preparation of 10/29/04-12/31/04 Fee Application (review of hours and descriptions).	5.0	1,375.00
	2/26/2005	Schwarz, J.	Preparation of 10/29/04-12/31/04 Fee Application (review of hours and descriptions).	6.0	1,650.00

<u>Activity</u>	<u>Date</u>	<u>Consultant</u>	<u>Description</u>	<u>Hours</u>	<u>Fees</u>
	2/27/2005	Schwarz, J.	Preparation of 10/29/04-12/31/04 Fee Application (review of hours and descriptions).	3.0	825.00
	2/28/2005	Winters, R.	Review TRP feedback.	0.3	157.50
	3/1/2005	Winters, R.	Review TRP edits.	0.2	105.00
	3/2/2005	Winters, R.	Review order and fee application draft.	0.1	52.50
	3/3/2005	Winters, R.	Review order and fee application (final); direct MDA to provide authorization to sign.	0.2	105.00
	3/17/2005	Winters, R.	Discussions with Janet Dhillon regarding fee statements and fee application; review email from Dhillon.	0.7	367.50
	3/19/2005	Winters, R.	Commence development of US Air response sheet.	0.4	210.00
	3/20/2005	Winters, R.	Development of US Air response sheet; distribute for discussion. Review comments and inquiries.	1.5	787.50
	3/21/2005	Winters, R.	Review comments; make edits; review C&V suggestions.	0.2	105.00
	3/22/2005	Winters, R.	Review comments; make edits.	0.3	157.50
	3/24/2005	Winters, R.	Final edits; transmit proposal to US Air.	0.4	210.00
	3/29/2005	Winters, R.	Discussion with Dhillon. Comprehensive update on US Air proposal.	0.6	315.00
	3/29/2005	Winters, R.	Various email with staff, US Air on records.	0.2	105.00
	3/29/2005	Winters, R.	Telephonic and email exchanges with Janet Dhillon, TRP, MDA re fees and US Air objection.	0.3	157.50
	3/29/2005	Winters, R.	Update of TRP on status.	0.1	52.50
	3/29/2005	Winters, R.	Provide direction on revised form of order.	0.3	157.50
	3/29/2005	Winters, R.	Review USAir objection; discussion with TRP.	0.5	262.50
	3/30/2005	Winters, R.	Review US Air calculation of holdback.	0.3	157.50
	3/30/2005	Winters, R.	Email exchange regarding agreement with US Air.	0.2	105.00
	3/31/2005	Winters, R.	Preparation of utility spreadsheet for Bunin during Fee Hearing.	0.6	315.00
	3/31/2005	Winters, R.	Review TRP form of order; provide comment.	0.4	210.00
	4/14/2005	Schwarz, J.	Review of US Airways reduction to A&M Fee application (verify expense reductions and hours reduction).	2.0	550.00
				<u>98.5</u>	<u>\$ 38,342.50</u>
			A&M proposed reduction (see Attachment 1)	(51.1)	\$(21,460.00)
				<u>Total</u>	<u>\$ 16,882.50</u>
			Grand Total	<u>131.5</u>	<u>\$ 60,470.00</u>

US Airways, Inc.
 Alvarez & Marsal, LLC
 Second Fee Application Period (January 1 -- April 30, 2005)
 Adjustments to Certain Administrative Categories

		Case Administration / Strategy and Preparation of Fee / Expense Applications									
		Invoice Preparation					Quality Check*				
A&M Professional	Nov. (1)	Nov.	Dec.	Nov.	Dec.	1st Fee Applic.	US Air Object. (2)	Other	Total	Hourly Rate	
Hours											
Alvarez, M.D.	4.2	2.0	3.0	1.0					6.0	\$625.00	
Winters, R. M.	15.4	5.2	13.0	10.8		3.9	6.3	1.1	22.3	\$525.00	
Wong, A.		5.2	4.2			23.0	2.0		35.8	\$375.00	
Schwartz, J. N.		12.4	16.0	16.0		26.9	8.3	1.1	34.4	\$275.00	
Total	19.6	17.8	16.0	16.0	16.0	26.9	8.3	1.1	98.5		
Fees											
Alvarez, M.D.	\$ -	\$ 1,250.00	\$ 1,875.00	\$ 625.00	\$ -	\$ -	\$ -	\$ -	\$ 3,750.00		
Winters, R. M.	2,205.00	2,730.00	-	-	-	2,047.50	3,307.50	577.50	11,707.50		
Wong, A.	5,775.00	-	4,875.00	4,050.00	-	6,325.00	550.00	-	13,425.00		
Schwartz, J. N.	-	1,430.00	-	1,155.00	-	8,372.50	3,887.50	-	9,460.00		
Total	7,980.00	5,410.00	6,750.00	5,830.00	8,372.50	8,372.50	3,887.50	577.50	38,342.50		
Adjustments											
Alvarez, M.D.	-	(1,250.00) (3)	(1,875.00) (4)	(625.00) (4)	-	-	-	-	(3,750.00)		
Winters, R. M.	-	-	-	-	-	-	(3,307.50)	-	(4,830.00)		
Wong, A.	-	-	(4,875.00) (4)	(4,050.00) (4)	-	-	-	-	(11,175.00)		
Schwartz, J. N.	-	-	-	(1,155.00) (4)	-	-	(550.00)	-	(1,705.00)		
Total	-	(3,772.50)	(6,750.00)	(5,830.00)	(3,887.50)	-	(3,887.50)	-	(21,460.00)		
As Adjusted	\$ 7,980.00	\$ 4,160.00	\$ -	\$ -	\$ -	\$ 8,372.50	\$ -	\$ 577.50	\$ 16,882.50		

(1) A component of A&M's First Fee Application. This column is not included in the "Total" column.
 (2) A&M proposes to write off 50% of the fees in respect of the November Fee Statement incurred in the January - April 2005 period (the "Second Fee Application Period"). A&M incurred and billed fees related to November during December 2004. This work included establishing methodologies required for billing in subsequent periods. Accordingly, A&M is willing consider a portion of the fees incurred in the Second Fee Application Period as an "investment" and not subject to Debtor obligation.
 (3) This activity redundant to Winters.
 (4) A&M proposes to write off fees related to the activity.
 (5) US Airways, Inc. objected to A&M's First Fee Application. The parties successfully negotiated a settlement under which A&M agreed to reduce its claim and A&M has received payment of the reduced amount.

Exhibit B

US Airways, Inc.
Alvarez & Marsal, LLC.
Exhibit B
Professional Expenses Incurred by Category
For the Period of 1/1/2005 through 4/30/2005

<u>Activity</u>	<u>Consultant</u>	<u>Date Incurred</u>	<u>Description of Expense</u>	<u>Amount</u>
<i>Airfare</i>	Winters, R.	1/4/2005	Airfare to Washington DC	\$ 346.90
			Total	\$ 346.90
<i>Ground Transportation</i>	Alvarez, M.D.	1/3/2005	cabfare from airport to hotel	\$ 52.00
	Alvarez, M.D.	1/3/2005	Airfare to DC	282.10
	Winters, R.	1/4/2005	Taxi from Airport to Home	73.00
	Winters, R.	1/4/2005	Taxi from Home to Airport	70.00
			Total	\$ 477.10
<i>Lodging</i>	Alvarez, M.D.	1/6/2005	Hotel stay (3 nights) in Washington DC for deposition and 1114 hearings	\$ 591.57
			Total	\$ 591.57
<i>Meals</i>	Alvarez, M.D.	1/4/2005	Lunch Washington DC	\$ 6.26
	Winters, R.	1/4/2005	Meal	1.84
	Alvarez, M.D.	1/4/2005	Dinner (N. Alvarez, J. Dreyer, J. Schmitdt)	96.00
	Winters, R.	1/4/2005	Meal	6.56
	Winters, R.	1/4/2005	Meal	1.95
	Winters, R.	1/4/2005	Meal	7.23
	Alvarez, M.D.	1/5/2005	Dinner (N. Alvarez, J. Dreyer, J. Schmitdt)	82.73
	Alvarez, M.D.	1/5/2005	Breakfast Washington DC	12.25
	Alvarez, M.D.	1/6/2005	Lunch Washington DC	16.00
			Total	\$ 230.82
			Grand Total	\$ 1,646.39

Exhibit C

Ronald M. Winters
ALVAREZ & MARSAL, LLC
600 Lexington Ave.
New York, NY 10022
(212) 759-4433

Advisor for the Section 1114 Retiree Committee.

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
Alexandria Division**

In re:

US AIRWAYS, INC., et al.,

Debtors.

**Case No. 04-13819
Jointly Administered
Chapter 11**

HON. STEPHEN S. MITCHELL

**ORDER GRANTING SECOND APPLICATION OF ALVAREZ & MARSAL, LLC FOR
ALLOWANCE OF FEES AND REIMBURSEMENT OF EXPENSES AS ADVISOR FOR
THE SECTION 1114 RETIREE COMMITTEE FOR THE PERIOD JANUARY 1, 2005
THROUGH APRIL 30, 2005**

Upon the second application of Alvarez & Marsal, LLC for allowance of fees and reimbursement of expenses as advisor for the section 1114 retiree committee (the "Application"), for the period January 1, 2005 though April 30, 2005; and it appearing that proper and adequate notice has been given and that no other or further notice is necessary; and upon the record herein; and after due deliberation thereon; and good and sufficient cause appearing therefore,

IT IS HEREBY, ORDERED ADJUDGED AND DECREED THAT:

1. The Application is granted.
2. Alvarez & Marsal, LLC is awarded interim fees in the amount of \$60,470.00 and interim expenses in the amount of \$1,646.39 for the period January 1, 2005 through April, 30 2005.

3. The Debtors are authorized and directed to pay Alvarez & Marsal, LLC fees in the amount of \$60,470.00 and expenses in the amount of \$1,646.39 for the January 1, 2005 through April, 30 2005 to the extent not previously paid to Alvarez & Marsal, LLC.

Dated: Alexandria, Virginia
_____, 2005

HONORABLE STEPHEN S. MITCHELL
UNITED STATES BANKRUPTCY JUDGE

WE ASK FOR THIS:

Ronald M. Winters
ALVAREZ & MARSAL, LLC
600 Lexington Ave.
New York, NY 10022
(212) 759-4433

Advisor to the Section 1114 Retiree Committee