

## **US Airways Fall Realignment Customer Contact Talking Points**

### **Announcement Summary:**

- Today we announced several changes that will help US Airways focus on our core strengths - our hubs in Charlotte (CLT), Philadelphia (PHL) and Phoenix (PHX), and our focus city at Washington National Airport (DCA) – and return the airline to profitability.
- Moving forward, these four cities will serve as the focal points of our airline's hub and spoke network. The popular Shuttle will also continue as part of US Airways' core network.
- The changes we announced today include reductions in our domestic and international flight schedules, redeploying our 15 remaining E-190 jet fleet to the Boston (BOS) – LaGuardia (LGA) Shuttle, and closing our crew bases at BOS, LGA and Las Vegas (LAS).
- We also announced we will be reducing non-stop flights from Boston (BOS) to the Caribbean at the end of the peak spring travel season.
- Unfortunately, these changes mean we will also be reducing our staffing by approximately 1,000 employees across the system in the first half of 2010. This includes approximately 600 airport customer and ramp service employees, approximately 200 pilots (165 pre-merger US Airways, 35 pre-merger AWA) and 150 flight attendants (130 pre-merger US Airways, 20 pre-merger AWA).

### **Reason For Changes:**

- Everything we announced today is about helping US Airways return to sustained profitability in 2010 and beyond.
- This is about focusing our resources on their very best uses for customers and our business while eliminating planes and routes we can't fly profitably.
- The core of our network strategy has been an emphasis on PHL, CLT, PHX, and DCA. And what we've announced today is meant to strengthen these four key cities in our network.
- These four cities and our Shuttle markets are where our business is; today they represent approximately 93 percent of our flying and by the end of 2010 these cities will represent 99 percent of our capacity.
- By focusing on our strengths – concentrating on our largest cities, building more schedule connectivity and running a safe and on-time airline – we'll be able to be profitable, offer a more consistent experience for our customers, better returns for our shareholders, and provide greater job stability and career opportunities for our employees.

### **Specific Changes:**

#### **Redeployment of E-190s to BOS-LGA Shuttle**

- After recently selling 10 of our 25 Embraer 190 jet aircraft, we will focus the remaining 15 E-190s in PHL and Boston (BOS) including operating the aircraft on the New York LaGuardia (LGA) - BOS leg of the US Airways Shuttle.
- Currently, the LGA-BOS leg is operated by A319s (124 seats) which are often less than 50 percent full. By reallocating the 15 remaining E-190s (99 seats) we are able to continue to offer hourly, dual-class jet service while deploying the A319s to higher demand routes.

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- The E-190 provides two abreast seating and has spacious overhead bins, which gives our short-haul business customers a very good experience.
- This change will take effect on January 4, 2010.
- We plan to continue flying A319s on the DCA Shuttle flights to LGA and BOS.
- Our competitor in the shuttle market uses the E-175 aircraft exclusively on its DCA-LGA leg and also uses the E-175 on several of its BOS-LGA legs.

### **BOS-Caribbean Schedule Reduction:**

- We will be reducing non-stop flights from BOS to the Caribbean at the end of the peak spring travel season.
- Historically, we've maintained 34 weekly non-stop departures to the Caribbean (five average daily departures) to nine cities from BOS.
- Given the current economy and persistently high fuel prices, we're planning to cancel all but one to two daily non-stop flights to the Caribbean effective May 2, 2010.

### **Domestic Schedule Reduction:**

- To enable the expansion in CLT, PHL, PHX and DCA, we will be reducing flights in Las Vegas (LAS), and closing our Colorado Springs (COS) and Wichita (ICT) stations.

#### LAS:

- Flights will be reduced from 64 to 36 daily departures by February 2010.
- Because LAS is primarily a leisure destination, it is much more difficult to raise fares to cover the higher cost of fuel (when we raise fares in a leisure destination, customers simply stay home).
- Given the high volume of low-margin, low-connectivity leisure flying at LAS, downsizing LAS and refocusing our resources on CLT, PHL, PHX and DCA is the right business decision for strengthening US Airways as a whole.
- LAS was an attractive hub when fuel was \$30 per barrel but it does not work with our cost structure at fuel prices we've seen over the past several years.
- By February 2010, 16 current LAS destinations will either have a reduction in flights or have service to LAS discontinued all together.
- Passengers booked on affected flights will be re-accommodated.

#### LAS Flight Reduction Details:

- By end of December, 12 flights will be reduced, leaving 52 daily departures (36 mainline, 16 Express). All flights from LAS to these cities will be discontinued:
  - DTW, MSP, SEA, SJC, SMF, YEG, YVR, YYZ
- By end of January, six additional flights will be reduced leaving 46 daily departures (37 mainline, 9 Express). All flights from LAS to SAN will be discontinued.
- By end of February, 10 additional flights will be reduced leaving 36 remaining (26 mainline, 10 Express). All flights from LAS to these cities will be discontinued
  - FLL, MCO, ORD, SNA
- The remaining markets will see a reduced schedule. Those markets and their daily departures are:
  - LAS-BOS will be reduced from two to one round trip per day effective Dec. 2

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- LAS-FAT will be reduced from two to one round trip per day effective Dec. 17
- LAS-LAX will be reduced from six to five roundtrips per day effective Jan. 4
- The following LAS markets are unaffected by today's announcement:
  - CLT, DCA, DFW, PHL, PHX, PIT, SFO

### COS and ICT:

- Effective January 4, we will be closing our COS station due to poor economic performance over the past two years.
- COS has been negatively impacted by the increasing volume of low fares offered at Denver (DEN) - which has also impacted pricing in the smaller COS market - and more and more customers have chosen to drive to DEN for lower fares.
- COS is simply too small and too close to DEN to serve profitably.
- US Airways Express currently has four daily departures from COS (operated by Express partner Mesa Airlines).
- As we previously announced in September, we will also be closing ICT effective November 1 due to poor economic performance.
- Passengers booked on COS and ICT flights after the closure of these stations will be re-accommodated on other carriers.

### **International Schedule Changes:**

#### Europe:

- Demand for international travel has been hit especially hard by the global recession.
- Our total Revenue per Available Seat Mile (RASM) has been down 25 percent for the first nine months of the year on our trans-Atlantic routes, translating into a remarkably large \$273 million loss of revenue.
- As a result, we will suspend five seasonal routes to Europe from PHL. These include Birmingham, U.K. (BHX); London-Gatwick, U.K. (LGW); Milan, Italy (MXP); Shannon, Ireland (SNN); and Stockholm, Sweden (ARN).
- Service to these cities was discontinued at the end of last summer because they were either seasonal destinations or expectations for this winter's performance was poor.
- With the continued economic strain, we've decided not to reinstate them next summer. We will continue to fly to LGW from CLT.
- At the same time we announced US Airways will transition seasonal service to Brussels, Belgium (BRU) and Zurich, Switzerland (ZRH) from PHL to year-round service effective in late 2010.

#### China:

- Like Europe, weakened demand for travel to Asia caused us to delay our Beijing, China (PEK) service and we've now reached the decision to return our PHL-PEK flight authority to the Department of Transportation (DOT) – the federal government agency responsible for authorizing international routes.
- When we applied for this service, China presented a bustling economy and a high-growth opportunity for US. Today growth in China has slowed dramatically.
- When conditions rebound we will reconsider the option to fly to China.
- But in all likelihood we now expect Tokyo, Japan (NRT) – which we will gain access to as part of our recent deal with Delta that we announced in August - to be our first trans-Pacific route in 2012 or when market conditions become favorable.

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### International Strategy:

- US Airways remains committed to long-term international growth from PHL and elsewhere.
- We recently launched our PHL service to Tel Aviv (TLV) – US Airways' first flight ever to the Middle East - and that flight is performing well.
- In all, we'll continue to fly to 18 trans-Atlantic destinations from PHL and we do not expect the overall number of seats we offer to Europe to change in 2010 – we'll utilize larger A330s on more flights which will offset the reduction in flights that has been operated with smaller 757s.
- At CLT, we'll be launching US Airways' first-ever flight to South America when we inaugurate service to Rio de Janeiro, Brazil (GIG) in December.
- As part of our deal with Delta we also obtained the authority to fly to Sao Paulo, Brazil (GRU) which we hope to begin from Charlotte as our second daily flight to South America in late 2010.

### **Crew Base Closures:**

- Strengthening our emphasis on US Airways' major operations in CLT, PHL, PHX and DCA means we'll be closing our crew bases in BOS, LAS and LGA. Crew bases are the airport where pilots and flight attendants start all of their scheduled trips and take care of administrative work.
- The LAS and LGA bases will close January 31, 2010, and BOS will close May 2, 2010.
- We know that this is disappointing news for many of our pilots and flight attendants based at these domiciles; however, we couldn't ignore the operational and cost efficiencies with consolidating our crew bases at our four cornerstone cities.
- Extra crew bases without the flights to support them not only cause inefficiencies in reserve staffing and utilization but also result in non optimal crew pairing construction.
- In 2010, flights to and from PHL, CLT, PHX and DCA will account for almost all our mainline operations. Of the flights that remain almost all will be to cities with a remaining crew base.
- After the schedule changes we're putting in place, if we kept BOS as a base, more than 60 percent (approximately 85 of the 140 active pilots, as an example) of the pilots and flight attendants based there would have been displaced.
- In LGA, if we kept it as a base after the schedule change, more than 30 percent (or approximately 30 of the 100 active pilots) would have been displaced.
- The closure of these three crew bases will not affect our customers' experience on our flights.

### **Maintenance Station Changes:**

- While there will be no change to the overall maintenance staffing we will be making changes to the distribution of mechanics across our airline to better match the servicing of our aircraft with where flying is taking place.
- This includes closing the Santa Ana, Calif. (SNA) maintenance station, and modest adjustments to Pittsburgh (PIT) line maintenance and the LAS maintenance station. The changes won't be implemented before the first quarter of 2010 and it's too early to know how mechanic staffing will be re-distributed.
- These changes will not impact our customers' experience on our flights and are intended to strengthen our maintenance operation by better matching our mechanics with where they are needed most.

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