USNews now — U·S AIRWAYS

An Important Message from CEO Doug Parker

Oct. 28, 2009

Dear Fellow Employees,

I have several important announcements to share with you today. Attached to this note is a summary and FAQ detailing these changes; however, given the system-wide impact these initiatives will have on our employees and operation I wanted to use this letter to explain why we are making these changes.

As I shared with all of you last Thursday at our quarterly State of the Airline meeting, while we are beginning to see some improvement in the business environment, we still reported a loss for the third quarter and are expected to report another large loss for 2009; and these results come on the heels of an $800 million loss in 2008. It is obvious we cannot continue to operate unprofitably forever, and with fuel prices remaining high and volatile while the global economy rebounds slowly, it is also clear that the path to sustainable profitability will not simply present itself to us. Any airline "waiting for the economy to improve" to cure its problems will continue to struggle, and US Airways will not be one of them.

Over the past 16 months we've taken several steps to reach our goal of sustainable profitability. These include reducing capacity, adding new ancillary revenue programs, raising cash, and aggressively managing our costs. We've also undertaken projects like the recently announced slot transaction with Delta, which once approved and implemented, will add $75 million to our bottom line.

All of these are the right steps to turn US Airways around, and today we continue those efforts by announcing a realignment intended to focus on our key network strengths at our hubs in Charlotte, Philadelphia and Phoenix, and our focus city at Washington's National Airport. The Shuttle will also continue to play an important role in our network. This positioning will concentrate our resources in our four largest operating cities, which along with the Shuttle, represent approximately 93 percent of available seat miles (ASMs) today. By the end of 2010 they will encompass 99 percent of our capacity. Specifically the actions we are taking to better align our schedule to our strengths include:

- Reducing Las Vegas (LAS) flights from 64 to 36 daily departures by February 2010 as a result of high fuel prices and continued weak demand associated with Las Vegas.
- Closing Colorado Springs (COS) and Wichita (ICT) and moving that flying to more profitable routes across our four focus cities.
- Redeploying our 15 E-190 aircraft on routes between Boston and Philadelphia and on the Boston - LaGuardia (LGA) leg of the US Airways Shuttle.
- Reducing non-stop flights from Boston (BOS) to the Caribbean at the end of the peak spring travel season in May.
- Suspending five European destinations from Philadelphia: Birmingham, U.K.(BHX); London Gatwick, U.K. (LGW); Milan, Italy (MXP); Shannon, Ireland (SNN); and Stockholm, Sweden (ARN), which have not shown economic resiliency or profitability in the current environment. At the same time we announced US Airways will transition seasonal service to Brussels, Belgium (BRU) and Zurich, Switzerland (ZRH) to year-round service effective in late 2010.
- Returning our Philadelphia-Beijing (PEK) flight authority to the Department of Transportation (DOT) until economic conditions improve, while retaining the option to reapply for this authority in the future.
- Rightsizing and repositioning our crew bases in Philadelphia, Charlotte, Phoenix and Washington, D.C. by closing our crew bases in Boston, LaGuardia and Las Vegas. The Las Vegas and LaGuardia bases will close Jan. 31, 2010, and Boston will close May 2, 2010.

Unfortunately, the changes we are sharing with you today will impact a large number of our fellow employees. While we are still finalizing the details of our 2010 schedule and fleet plan, our initial forecast is that as many as 1,000 positions across the system will be eliminated in the first half of 2010 as these schedule changes are implemented. These reductions include approximately 600 airport passenger and ramp service employees; approximately 200 pilots (that breaks down to an estimated 165 pre-merger US Airways and 35 pre-merger America West pilots) and approximately 150 flight attendants (again, estimating 130 pre-merger US Airways and

20 pre-merger America West flight attendants.) As we work through these changes, we'll do all we can to minimize the impact of these reductions on our current employees

These are difficult decisions to make because of the impact to some of our fellow employees. They are, however, the right decisions. By focusing on our strengths and eliminating unprofitable flying we will increase the likelihood of returning US Airways to long-term profitability, which is in all of our best interests. As we work through these changes, we'll do all we can to minimize the impact of these reductions on our current employees.

We are communicating as much information as we can today about these changes so I encourage you to read the attached summary and FAQ. Thanks again for all of your contributions and dedication to making US Airways a great airline.

Doug