

Fall 2009 Realignment Summary

Today we announced that we are realigning our operation to focus on our core network strengths, which include our hubs in Charlotte (CLT), Philadelphia (PHL) and Phoenix (PHX), and our focus city at Washington National Airport (DCA). Moving forward, these four cities will serve as the cornerstone of our airline's network. The Shuttle will also play a continued and important role in US Airways' network. The actions we are taking to better align our operation and schedule with customer demand are outlined below.

Redeployment of E-190s to BOS-LGA Shuttle

After recently selling 10 of our 25 Embraer 190 aircraft, we will focus the remaining 15 E-190s in PHL and Boston (BOS) including operating the aircraft on the LGA -BOS leg of the US Airways Shuttle.

Currently, the LGA-BOS leg is operated by A319s (124 seats) and has a load factor of less than 50 percent. By reallocating the 15 remaining E-190s (99 seats) we are able to continue to offer hourly, two-class service on a mainline jet while deploying the A319s to higher demand routes. The E-190 provides two abreast seating and has spacious overhead bins, which gives our short-haul business customers a very good experience. We should also note that our competitor in the shuttle route uses the E-175 aircraft exclusively on its DCA-LGA leg and also uses the E-175 on several of its BOS-LGA flights. This change will take effect on January 4, 2010.

Domestic Schedule Reduction

To build on our strategic focus at CLT, PHL, PHX and DCA, we will be reducing flights in Las Vegas (LAS). We will also be closing our Colorado Springs (COS) and Wichita (ICT) stations.

LAS: Flights will be reduced from 64 to 36 daily departures by February 2010. The LAS operation has been hit even harder economically than other regions and it is particularly impacted negatively by fuel prices. 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, many customers simply stay home). LAS was an attractive hub when fuel was \$30 per barrel but it does not work with our cost structure at the fuel prices we've seen over the past several years. We are making a significant reduction in LAS flights and this reduction will have a system-wide impact. In all, 16 LAS destinations will be affected (go to Wings or Hub for a complete list).

BOS: 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.

COS and ICT: Effective January 4, 2010 we will be closing our COS station due to poor economic performance over the past two years. US Airways Express currently has four daily departures from COS (operated by Express partner Mesa Airlines). 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 effectively compete. As we announced in September, we will also be closing ICT effective November 1, 2009 due to poor economic performance.

International Schedule Changes

Europe: Demand for international travel has been hit especially hard by the global recession with US Airways' RASM down 25 percent for the first nine months of the year. This translates into a remarkably large \$273 million loss of revenue across the Atlantic this year. 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 summer because they were either seasonal markets or expectations for this winter's performance was poor. With the continued economic strain and fuel prices once again rising rapidly, 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). 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 now expect Tokyo, Japan (NRT) - which we will gain access to as part of our slot

transaction with Delta that we announced in August - to be our first transpacific route in 2012 or when economic conditions become favorable.

These are difficult business decisions; however, 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 expect the overall level of service we offer measured by available seat miles (ASMs) to be flat in 2010 (more flights on larger A330s will offset the reduction in flights that were operated with the 757). 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 the slot transaction 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

The strategic 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. We know that this is disappointing news for many of our pilots and flight attendants who are based at these domiciles; however, we can't ignore the operational and cost efficiencies gained by aligning our crew bases with our four cornerstone cities. The LAS and LGA bases are expected to close January 31, 2010, and BOS will close May 2, 2010.

In 2010, flights to and from our other crew bases at PHL, CLT, PHX and DCA will account for almost all of our mainline operations. And as flying exits the smaller bases, like BOS, LAS and LGA, the lines that can be built simply erode. Excluding E-190 flying, BOS, LAS and LGA are each expected to have fewer mainline flights than in the past (28 each or less) and of the flights that remain almost all will be to cities with a remaining crew base (PHL, PHX, CLT and DCA). Extra crew bases without the proper number of flights to support them create inefficiencies in reserve staffing and utilization and also result in non optimal crew pairing construction (long way of saying the trips would be bad). Below are more facts that went into the decision to close each of these bases.

BOS/LGA - Today, there are 40 lines that can be built with BOS as a crew base, and 30 lines with LGA as a crew base. With the schedule changes described above, the number of lines that can be built in BOS will go to approximately 15, while in LGA that number will fall to approximately 20 lines. So after the schedule changes, 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 end up being displaced to another base regardless if we kept BOS open. In LGA, if we kept that location as a base after the schedule change, more than 30 percent (or approximately 30 of the 100 active pilots) would be displaced. And for those who would have remained senior enough to hold the base, the lines they would have been bidding would have been very inefficient, not to mention the inefficiency of the reserve flying that would be left at those bases.

LAS – The LAS base was originally opened to support the night bank, and the night flying served as the primary justification for the base. As LAS flying is further reduced in conjunction with the continued reduction of the night bank flying, LAS simply loses its efficiency as a crew base.

Maintenance Station Changes

While there will be no change to our overall maintenance headcount, we will be making changes to the distribution of mechanics across the system. This includes closing the Santa Ana, Calif. (SNA) maintenance station, and making modest adjustments to both 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. We will communicate specific information, especially to employees in those locations who might be impacted, as quickly as we can.

Employee Furloughs

Unfortunately the major realignment and capacity reductions we are announcing today mean that there will be a furlough of up to 1,000 employees across our system in the first half of 2010.

Airport Customer Service: The LAS flight reductions combined with the closure of COS and ICT and the discontinuation of PHL service to five European destinations will result in approximately 600 airport passenger and ramp service employee furloughs.

Pilots and Flight Attendants: In addition to the airport employee furloughs, the realignment announced today and the resulting E-190 sales, flight reductions and crew base closures will mean that approximately 200 pilots (165 pre-merger US Airways, 35 pre-merger America West) and approximately 150 flight attendants (130 pre-merger US Airways, 20 pre-merger America West) will be furloughed when the new schedule is implemented in the first half of 2010. While we believe the majority of flight attendant furloughs will be achieved through voluntary leaves, we'll have more information on how these changes will impact all of our crewmembers over the next several weeks.

For more information regarding today's announcement, please visit Wings or Hub where we've posted a detailed FAQ document and other information.

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