

FAQs

Q. How will this impact the Pittsburgh area and surrounding communities?

A. We have been operating at a significant loss in Pittsburgh for a number of years and must reallocate our resources to more profitable areas. Beginning in January, Pittsburgh will see a reduction in service from 108 departures* today (31 mainline, 77 Express) to 68 departures (22 mainline, 46 Express). This means we are cutting flying from 39 cities today to 20 cities in January, primarily smaller markets, but also to Chicago O'Hare, Denver and Washington Dulles. Additionally, we will close the pilot and flight attendant domiciles at Pittsburgh.

US Airways will continue to have a large presence in Pittsburgh and recently broke ground on a multi-million dollar, 72,000 square foot, 600-employee operations control center which will house the airline's flight control center, crew scheduling, system customer service, operations engineering, maintenance control and administrative support. We will also continue to operate a maintenance base, employing 730, which performs light and heavy maintenance on our Airbus narrow-body fleet and Boeing 757 fleet. There will be about 400 employees remaining at the airport and about 80 at RIDC.

*About half of our current 108 daily departures are Express flights that US Airways controls. The other half are operated by Express affiliates Colgan, Air Midwest and Trans States, which make independent scheduling decisions for their airlines. We have assumed that they will reduce from year to year but it may be more and it may be less. US Airways does not control this decision and must wait for the independent regional carriers to make it.

Q. Why?

A. These reductions are all aimed at stemming financial losses at PIT. Despite everyone's best efforts, PIT has lost \$40 million in the last 12 months – that's a negative 12 percent margin. These losses are unsustainable and require changes.

Q. Did you explore other options before deciding to reduce service and close pilot/flight attendant bases?

A. We struggled with the decision to close the bases but it is ultimately for the good of the entire company. The PIT hub has operated at a 12 percent loss, losing almost \$40 million in the past year. We simply cannot continue to operate there at current levels, and an airport with departures in the low 20s just won't support a crew base.

Q. Where will pilots and flight attendants be reassigned?

A. Pilot flying will be relocated primarily to Charlotte for the 737 and to Washington National, Boston and Philadelphia for the Airbus. The majority of the flying for our Pittsburgh-based flight attendants will now be based in Charlotte with the remainder being based in other pre-merger US Airways cities. In addition to the Pittsburgh-based pilot and flight attendants, we have over 450 crewmembers who live in the Pittsburgh area, but commute to a different base.

Q. What are you doing for your employees?

A. All employees in Pittsburgh today will be offered employment with US Airways elsewhere, including our wholly owned PSA employees. Representatives from Flight Ops, InFlight and Human Resources will be in PIT for the next few days to discuss

relocation, retirement or other options for our PIT-based employees, as well as for others who are already working from other bases but still live in Western Pennsylvania.

Q. Who can employees talk to if they have questions about today's announcement?

A. Representatives from Flight Ops, InFlight and Human Resources will be in PIT for the next few days and weeks to discuss relocation, retirement or other options for our PIT-based employees, as well as for others who are already working from other bases but still live in Western Pennsylvania.

Representatives from PSA will also be on hand in PIT and the affected cities to discuss options with PSA airport customer service and fleet service employees individually. Jobs throughout the Piedmont system will be offered to these employees. Piedmont representatives will be in Asheville, N.C., Dayton, Ohio, Louisville, Ky., and the Tri-Cities airport in Tennessee to offer employment to PSA employees losing their jobs there.

Q. Why don't we just move some flights from PHL to PIT? PHL is overcrowded and passengers hate flying through there. PIT is a much better airport!

A: There's no question that the PIT airport is a terrific facility, and our employees there are among the most experienced in the system. Unfortunately, the economics of the airport and the region have changed significantly since US Airways' and its predecessors operated from PIT as a major hub. Today, PHL generates about two-and-a-half times the domestic revenue than PIT does; Charlotte's domestic revenue is about one-third higher than PIT's. Revenue from those two hubs is growing at a faster pace as well – CLT's by 41 percent; PHL's by 22 percent and PIT's by only 6 percent over the past four years. The impact of low-cost carriers like Southwest and JetBlue – who serve what were once our most profitable routes – has also driven down average fares. PIT average domestic fares are \$136, compared with \$144 at PHL and \$162 at CLT.

Q. The quality of our overall product is low. Can't we wait until the improvements roll out before doing this? Won't we get more enplanements if we have a better product?

A. PIT continues to lose a lot of money, and there are no easy fixes. Improving our product does not change the economics of the region. Additionally, as low cost competition has grown in Pittsburgh, and major airlines match those lower fares, consumers have a variety of choices to choose from, which makes running a hub in Pittsburgh even more difficult.

Q. Why wouldn't we consider moving some Express traffic from PHL to PIT?

This goes back to the hub economics question – we just don't think that moving flying from PHL and CLT to PIT improves the economics of PIT and in fact would have a negative impact on the overall system.

Q: So where does PIT shape up compared to other stations in the system? Are we still a focus city or whatever the term du jour is?

A: PIT in January (and to a certain extent today), is now operating about the same number of flights as other large, non-hub cities around our system, i.e., LAX, DFW. It's fair to say that PIT is an important city for us, but would not qualify for hub or focus city status.

Q. Will employees be offered early out or early retirement packages?

A. No, there will not be any early out retirement packages offered. We do, however, have preexisting companywide programs that will allow a large number of employees to leave and continue flight benefits. We have individual summary sheets for each employee group so they have a timeline of when information will be available to them and also information about their options.

Q. Is this it? Or are more cuts coming to PIT?

A. As of today, the answer is no. We don't have any additional cuts "in our pockets" that we're holding back on announcing. We hope that with the schedule changes and additional cost savings from the base closings, gate reductions, etc., that these levels will be sustainable.

We will always let employees know what is happening as well as what drivers went into the decision as quickly as we can. The airline industry is a changing, dynamic world where market conditions can change, literally, overnight. Although PIT is certainly not eroding because of an overnight market or economic change, the fact is what was marginally profitable yesterday has become unprofitable today.

We will always look at where airplanes fly and where our assets are and move them to the right places so that they produce the profits that sustain the company. With today's action, we'll be reducing real estate expenses and overhead and moving the flying to routes where they can operate profitably. This is hard to hear if you are being impacted by the announcement but necessary for the overall good of the company.

Q. You mention commuting – how will employees be able to do that with fewer flights?

A. Although we won't add ferry flights to PHL or CLT to handle commuters, we will offer relocation packages to those employees who choose to move to their new base cities. We also have interline agreements that allow our employees to fly on other carriers at a significant discount. Commuting is always a challenge, and we recognize it will become more of a challenge with this announcement.

Q. Was this avoidable? We have great load factors out of PIT.

A. Load factors don't tell the whole story; the average fare and yield on each flight completes the picture. PIT has changed dramatically since it was a vibrant hub in the 70s and 80s. Since then, the city's business climate has changed, and that's had an impact on the revenue picture as well.

Additionally, low-cost carriers have entered Pittsburgh and "cherry-picked" the most profitable routes, i.e., BOS and NYC, for example. In the past, US Airways made enough money on larger routes to offset less robust performance on the smaller markets. But today, with increased competition on the larger destinations (a good thing for consumers), our share of the revenue has fallen and we can't cover the smaller market losses any longer.

Consider the following:

- PIT average domestic fares are \$136, compared with \$144 at PHL and \$162 at CLT.

- CLT domestic O&D revenue is 33 percent higher than PIT's; and PHL generates 2.4 times the amount of domestic revenue as PIT.
- The other hubs are growing revenue at a faster pace as well: CLT domestic revenue has increased by 41 percent; PHL's by 22 percent and PIT's by only 6 percent over the past four years.

Pittsburgh is a wonderful city with tenured, experienced, valued US Airways employees, but the region has lost population steadily since the 1970s and that is just a fact we all have to face. Business travel in the region is not as robust as it once was and the competitive picture has changed.

Additionally, the market cannot support the economics of a hub or crew base. We have markets similar in size to PIT that do not have crew bases and the economics are driving the difficult decision to close the crew base.

Q. How come Southwest is growing and says they are profitable at PIT, but we're shrinking?

A. Southwest has indeed grown at PIT over the last couple of years, but they are still much smaller than US Airways and they fly mostly to markets that we fly profitably also. They fly about 22 flights per day and seven cities. Each of these cities has US Airways non-stop service, except BWI and MDW, which are very large Southwest operations. Even after our reduction, we will still be the largest carrier in PIT flying more flights to more cities than any other airline. Our problem is not that we can't fly a Pittsburgh operation similar to Southwest's profitably – we can and will. The problem is the market can't support an operation that is dramatically larger than our reduced schedule.