



# U·S AIRWAYS

Oct. 3, 2007

Dear Fellow Employee,

Today I will be in Pittsburgh to talk about our reduced January schedule. This announcement, which likely will not come as a surprise to many of you, is very difficult nonetheless. It results in a need for fewer ground support employees and the closure of our PIT crew base.

I'd like to take a moment to talk through some of the factors leading to this decision. I will be talking to employees in PIT throughout the day and we've also posted a video interview with President Scott Kirby to [awaCompass](#) and [theHub](#) that explains the reasons behind this decision.

As many of you know, changing market conditions and competition at PIT have sharply eroded our ability to operate there in an economically viable way. That's been the case for many years, but in the past year alone, PIT has lost more than \$40 million. These losses are unsustainable -- we simply cannot afford to not take action.

After continued analysis, our January peak-day schedule will go to 20 destinations (from 39 today), and our daily flights will go to 68 total (22 mainline and an estimated 46 Express) from 108 today (31 mainline and 77 Express). The Express numbers are in the process of being finalized by Express partners Air Midwest, Colgan Air and Trans States, and could change. Even after these flight reductions, US Airways will still fly more flights to more cities from Pittsburgh than any other airline.

More than half of the flights that we expect to reduce are Express flights to smaller cities from PIT. US Airways mainline will continue to offer nonstop flights to East and West Coast cities, to our hubs, and to Florida.

For our people, the impact is meaningful and includes the following:

- Approximately 500 active pilots and flight attendants currently based in PIT will now bid schedules that originate in other crew bases.
- Mainline airport and fleet service jobs will be reduced by approximately 100 employees.
- Approximately 350 US Airways Express customer service agents and fleet service positions will be eliminated.
- All employees (Express and mainline) will be offered jobs elsewhere in the US Airways and US Airways Express system. We will have representatives on hand to talk each individual group through the options available to them in the coming weeks.

I'm often asked why we can't seem to make Pittsburgh work and the simple answer is that in spite of all of all that is good about Pittsburgh, the facts are as follows:

- The population of the PHL metro area is about 2.5 times larger than that of PIT, and that's important when you decide where to put a hub. Charlotte has also seen significant growth in its population over the past five years, while Pittsburgh's population has declined.
- PHL has generated 2.4 times the domestic revenue that PIT has; in CLT, domestic O&D revenue is 33 percent larger than PIT.
- Over the past four years, CLT domestic revenue has increased by 41 percent, PHL by 22 percent and PIT by only 6 percent.
- The competitive landscape has also changed. AirTran, JetBlue and Southwest have entered the market and have understandably chosen the most profitable markets (like BOS and NYC). This has reduced our profitability on these core markets. This is important because the larger margins in the core markets help offset the marginally profitable flying to smaller markets.

The flight reductions mean that a crew base no longer makes economic sense; at 22 mainline departures from PIT, there simply are not enough flights to justify it. By comparison, DCA and BOS mainline today have around 70 mainline departures daily; PHL has around 140; CLT well over 200. Additionally, the new mainline schedule is more similar to other US Airways cities that don't have bases, such as: Los Angeles (26); Chicago and Orlando (22), Tampa and San Francisco (20 each) and DFW (19).

PIT also produces the lowest returns of any of our hubs (negative 12 percent) and has a very inefficient use of staffing and real estate resources. Gate usage alone is about half the efficiency of other hubs. With the reduced operations, it no longer makes sense to bank arrivals and departures. PIT is being de-peaked so that the resources there are used more efficiently throughout the day.

We have to continually analyze where our airplanes fly and measure that flying against other opportunities. Simply put, we have to put our airplanes on routes where they are most needed (based on customer demand) and where they can produce positive returns (based on economic conditions).

While we are mindful of the impact on PIT employees who have served US Airways loyally for many years, and on our loyal customers, this is the right decision for our airline. We will take care of our employees to ensure they know the options available to them. For the immediate future, we'll also focus on serving customers with mainline service to the cities they visit most in a way that maintains the economic viability of our airline. Also, the Operations Control Center (OCC), RIDC and heavy maintenance base will remain in PIT. The OCC will house 600 jobs and the 700 maintenance employees who are employed in PIT will remain there along with about 80 RIDC employees. With 400 employees remaining at the airport, we will continue to be a major employer in Pittsburgh.

Most importantly, you should know that our decision in no way reflects on the quality, dedication and pride of our PIT employees. Sometimes in spite of those facts, the business realities must drive decisions that serve the company as a whole. I continually

receive great feedback from customers about our fantastic Pittsburgh employees and I'm sure that will continue in the future.

Representatives from Human Resources, Flight Ops and InFlight will be in PIT over the next few days and weeks to answer questions and provide information for our employees about their options.

While this has been an extremely difficult decision to make, I believe it is the right one for US Airways. The most difficult part is the effect it will have on our Pittsburgh team. We are committed to making the transition as easy as possible for those dedicated employees and we will ensure that everyone affected is treated with respect and fairness.

Sincerely,

A handwritten signature in black ink, appearing to read "Doug". The signature is stylized with a large, sweeping initial "D" and a trailing flourish.

Doug