



Small Jet Q & A

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The Small Jet Study Group was assembled by the MEC and charged to study the SJ issue from a pilot's perspective. The RJ Task Force report contains some of this information, but that report was not written from a pilot's point of view. As you know from the communications that the MEC Chairman has sent to the pilot group, management is asking the MEC to soon consider a 35 SJ mini-deal as a first step in addressing other airlines' SJ service. Since any deal reached with management would be sent out to the pilot group for membership ratification, this article provides you with the information presented at the SJ road shows. This article, the first of two by the MEC Small Jet Study Group, will answer questions about our competitors' route strategy, industry SJ scope, possible benefits and risks of operating SJs, and—**most importantly**—what any deal must include to be acceptable to the US Airways pilots.

US Airways Pilot Fundamentals

Q.What are the fundamentals of what we need from an SJ agreement?

- A. Our needs can be summarized as “career expectations,” which includes these broad categories:
- Job security, including seniority list integrity.
 - Job growth.
 - Job quality increases and increased promotions.

Q.What should concern pilots about the Company buying SJs?

- A. There are many concerns; some are listed here:
- Transferring Mainline routes and flying to SJs.
 - Transferring flying (even regional flying) to the lowest bidder.
 - Future negotiating threats of transferring flying to the SJs.
 - SJ growth at the expense of Mainline.
 - The Company putting their money into SJs instead of new Mainline aircraft.
 - Forming a “shadow Mainline.”
 - Lost jobs—we have a history of our flying being transferred to the Regionals.

SJs in the Industry

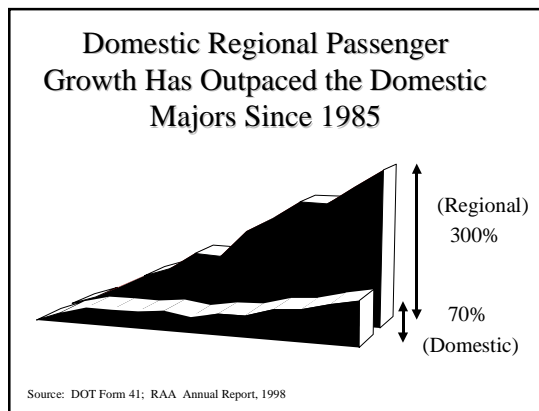
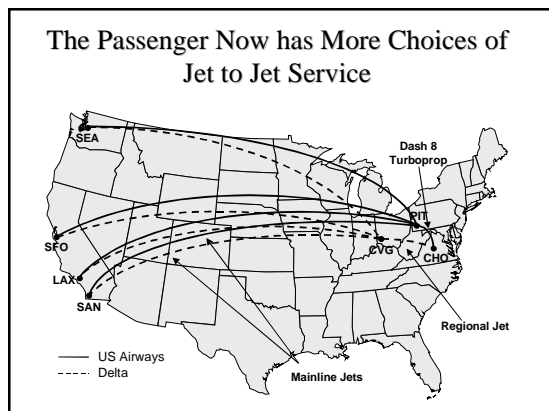
Q.What can SJs do?

- A. SJs can provide strategic advantages to US Airways in the form of competition against turboprops:
- They can provide opportunities to fly routes that were otherwise not feasible. In addition, they can provide additional and more convenient flights for the passenger.

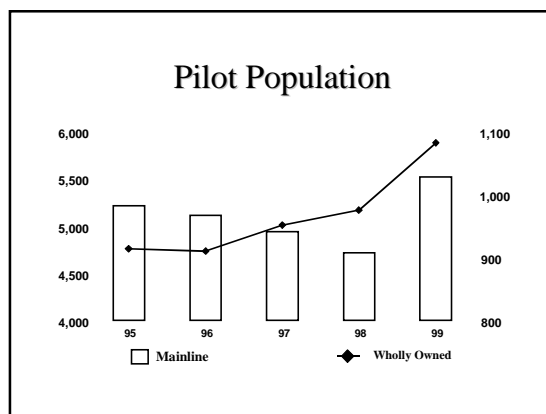
- Passengers prefer jets and the improved schedules they can provide.
- SJs can either add to Mainline flying, replace Mainline flying, or both.

Q. What’s happening right now in the industry?

A. Our flying has been outsourced over the years to US Airways’ regional carriers. In 1993, Comair introduced the first SJ, while the rest of the industry ignored SJs until 1997. From 1997 on, however, SJ service grew at an explosive rate. Now, all carriers (except Delta and Continental, who have a head start on the industry) must play catch-up to ensure their feed doesn’t deteriorate. The following three slides show SJ route, passenger and pilot population growth.



In addition to increase in both aircraft size and flight frequency, regional carriers have taken over some of our routes.



What is particularly distasteful is that regional pilot numbers increased while Mainline had pilots on furlough.

Scope

Q. How many SJs can US Airways fly right now?

A. The Company can fly the greater of 35 or nine percent of the Mainline fleet. Other industry limits include*:



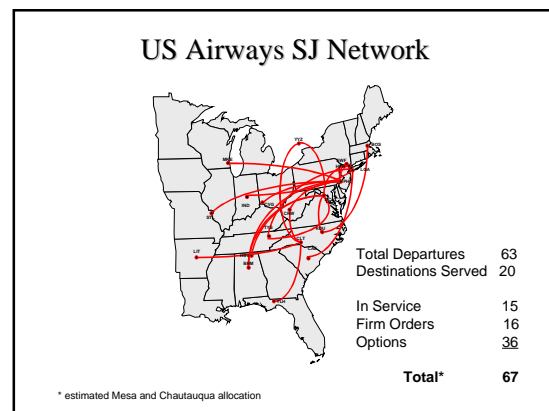
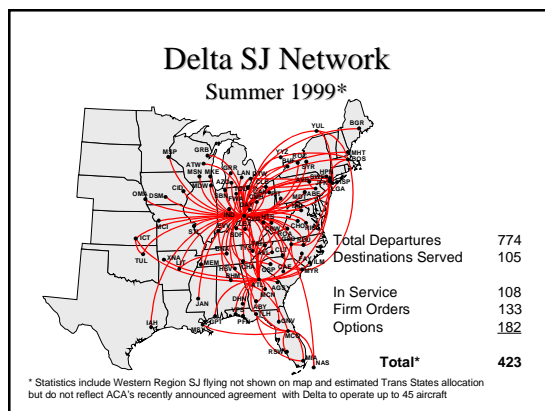
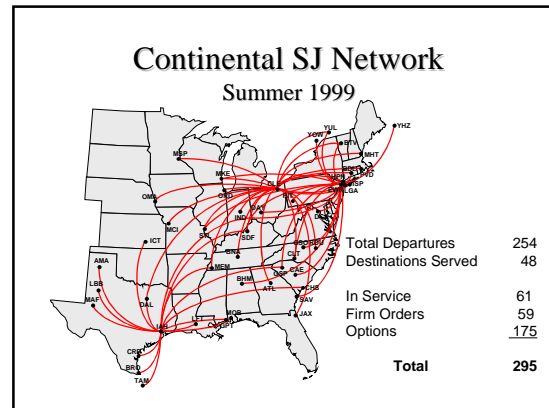
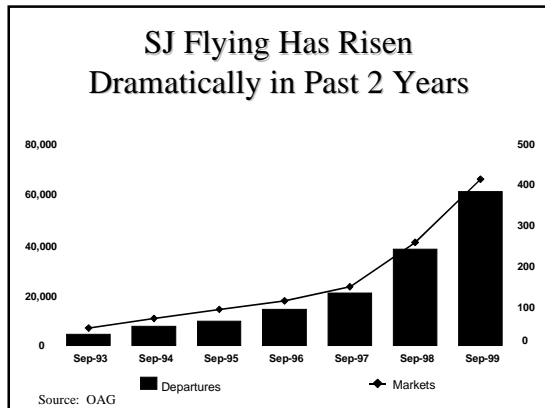
Airline	Seat Limits (up to # of seats)	Number of SJs
AAA	69	Greater of 35 or 9%
AA	44 70	No limit (SJs must average 50 or less seats) 67+ one additional SJ for each 3 Mainline A/C
CAL	60	No limit
DAL	70	No limit
NW	44 55 69	No limit 9% + one additional SJ for each additional Narrow Body aircraft 36 grandfathered Ba3 146s
UA	50	65 + eighteen Bae 146s

*Some scope agreements contain other provisions, but these are the essential elements.

Route competition

Q. What SJ routes do our competitors fly now?

A. In 1997, SJ routes were just starting to build. Now, our competitors have expanded their SJ routes throughout the East. In just two years, SJ flying has risen dramatically.



*SJs carrying US Airways code are flown under contract with Mesa and Chautauqua. US Airways Group does not own any, and has not placed any orders for SJs to date.

Q. What’s happening to US Airways’ feed?

A. SJs have allowed our competitors to draw PIT and CLT feed into hubs like CVG, ORD, CLE, EWR, and IAD.

Management wants to buy SJs

Q. What is management asking for?

A. Management’s plans:

- Requesting up to 422 SJs eventually — Management is first seeking approval for 35 additional SJs. By placing a large order or orders for SJs, management says they can get better pricing and availability.
- Stop network erosion and rebuild PIT and CLT passenger feed.
- Build BOS, PHL, DCA, IAD, and LGA by adding SJ passenger feed.

Management’s wishes: They want the flexibility to place SJs at both the:

- Wholly-owned regional carriers—these carriers allow more control over SJs.
- Contract regional carriers—SJs at the Contract carriers do not require US Airways Group to provide funds to buy aircraft. Since these carriers already have SJs in use and on order, the Company says this is the quickest and cheapest way to add SJ flying.

Q. So why now?

A. We may be able to get a better deal now. The MEC has taken action to take advantage of the current opportunities we have at this time because we are under no legal requirement to participate in SJ negotiations (unlike negotiations under Section 6 starting in 2003). This should allow us to obtain more pilot protections and benefits than might be obtained in 2003 negotiations.

Benefits and Risks

Q. What are the risks of an SJ Agreement?

A. Any agreement on SJs would have to minimize these risks:

- Loss of jobs, if Mainline flying is transferred to SJs.
- Possible capital diversion to buy SJs instead of Airbus aircraft.
- Scope dilution. Under our contract (as written), SJs flown on the Mainline would use up Minimum Captain positions and Block Hour Flying Guarantees.
- Whipsawing if SJs just go to the “lowest bidder.”
- Single carrier status. Any employee group could seek to have Mainline and SJ operations declared as a single carrier.
- ALPA merger policy could apply with single carrier status.

Q. What are the benefits of an SJ Agreement?

A. Any agreement would have to guarantee that there would be substantial benefits to the US Airways pilots. Some of those benefits could include:

- Job growth (both in quantity and quality).
- Better job security through negotiating improved protections.
- Better merger protection through negotiating improvements.
- More influence over future negotiating improvements if the SJ Agreement extends beyond the amendable date of the contract (January 2, 2003).
- A bi-directional flow-through agreement.

Next month’s SJ article will explain what career and economic positions must be considered when deciding who should fly SJs.