



August 16, 2007

Dear US Airways Pilot:

We've received some questions from pilots about the company's reaction to the resolution passed by the East MEC yesterday. The resolution states that East ALPA is withdrawing from joint contract negotiations (JNC) and does not intend to return unless the company immediately increases East pilot pay to West pilot rates (actually their proposal goes above West pilot rates in many cases).

The company's reaction to this hopefully comes as no surprise to anyone, because we have been consistently stating it for quite some time now: We are not interested in engaging in contract negotiations with either the East or West pilots without the other group present. Doing so would only continue to drive a wedge between the two groups – plus drive all sorts of divisive issues in the future as new aircraft types and flying come on line and we have to decide which contract to fly it under.

We are, however, very interested in having discussions with both groups present with a goal of reaching a joint contract.

The fact is the company has already offered "pay parity" to our pilots. We put a joint contract proposal on the table back in May that would take all US Airways pilots to AWA rates plus 3%. Even though that proposal would increase the company's costs by approximately \$122 million per year, we were prepared to sign it then and are prepared to sign it now, because we want very much to get our pilots working together as one team with one contract.

The problem, of course, is not the company's unwillingness to increase pay – we've already offered that – it is the fact that our goal of reaching a joint contract has been complicated significantly by the ALPA seniority integration dispute. We fully appreciate the magnitude of that issue to our pilots and the fact that it is an ALPA issue. As such, we are not trying to influence the ALPA process in any way.

We are, though, seriously concerned about how this seniority integration dispute is dividing our pilots. I have personally expressed those concerns to both MEC chairmen and the ALPA international president. I have been told the Rice Committee is hard at work and hopes to have recommendations/solutions within the next month or so. We hope that is the case – if it goes much longer, the company will probably request a mediator be added to our JNC talks, which the Transition Agreement allows either party to do. We'd rather not do that without the full support of both MECs and I'm optimistic that we won't have to, but if this goes on for much longer, it may be the next best step for all of us. We found a mediator to be extremely helpful to all parties in our IAM joint negotiations over the past few weeks.

I should clarify that a joint contract does not necessarily mean immediate seniority integration. I have spoken with enough of our East pilots to know that such a proposal would be extremely difficult, if not impossible, to get ratified. I happen to believe that if we could get everyone together at the negotiating table, we could work something out that meets everyone's needs – though both sides would need to move some from their

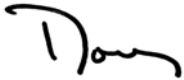
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increasingly hardening positions. We are hopeful that the Rice Committee will facilitate some creative solutions and do so quickly. I know we have some ideas that we have shared with ALPA and I'm sure they have many more of their own.

So that's where the company stands: we are anxious to get all of our pilots working together, on the same pay scale with the same work rules, under the same contract. The East MEC resolution correctly notes that some other contract employees have received pay parity, but in each case that came with a joint contract. That is what needs to happen with our pilots as well and we are willing to commit significant financial resources and time to make that happen. To do so, though, we need to get everyone to work together, not apart. Once that happens, we are optimistic that solutions can be found that allow us all to move forward.

In the meantime, please do what you can to treat each other with respect and professionalism. We will find a way through all of this – let's try to do so without creating wounds that will take a long time to heal. Thank you.

A handwritten signature in black ink, appearing to read "Doug".

Doug Parker