

**IMPORTANT INFORMATION ABOUT RETIREE MEDICAL BENEFITS
FOR US AIRWAYS' FLIGHT ATTENDANTS**

Many employees have been understandably anxious to know what the Company's plans are regarding retiree medical benefits, and about when any changes to those benefits will take effect. You should know that the decisions described below have not been easy to make, but reflect the critical need to immediately lower these substantial costs or risk an end to the Company and a cessation of all benefit programs for all current and former employees.

The Company intends, through negotiations within the bankruptcy process, to make the following changes:

Current retirees and those employees who retire on or by January 1, 2005: Retiree medical coverage will be eliminated, except that prescription drug coverage will be available for post-age 65 retirees through 12-31-05, subject to a Defined Dollar Benefit cap. Employees will be entitled to applicable COBRA coverage. We anticipate that the COBRA coverage will be available at the COBRA rates in Attachment A. Retirees receiving medical benefits should be aware that if their medical benefits are eliminated (as we are proposing) or substantially reduced in connection with the bankruptcy process, they may be entitled to continue coverage for life subject to the provisions of COBRA. A spouse, surviving spouse, or dependent child of a current retiree may be entitled to similar rights under COBRA if they are covered under the plan at the time medical benefits are eliminated or substantially reduced.

Employees who retire after January 1, 2005, may choose between the following options:

1. Retirees who have not previously opted out of retiree medical coverage will be entitled to available medical coverage by paying 100% of the cost of such coverage. However, they may utilize the sick leave they have accrued at the time of their retirement to reduce the cost of pre-age 65 medical coverage. This sick leave credit will be based on a formula providing for a specific value for each sick day, and limiting the number of sick days that can be used each month to reduce the cost of retiree medical coverage. Details of the sick leave formula are included in Attachment B;

or

2. Retirees will be able to opt to take a lump sum payment for their accrued sick leave, based on a separate formula, also in Attachment B, identifying the value of each accrued sick day. By choosing the lump sum option, employees will be waiving any future retiree medical coverage, although continued coverage may be available through COBRA for a limited period of time.

Retirees who elect COBRA coverage may be entitled to a federal tax credit for a portion of their COBRA costs if they participate in a terminated defined benefit pension plan and receive pension payments from the Pension Benefit Guaranty Corporation. The Company intends to seek the termination of the Retirement Plan for Flight Attendants in the Service of US Airways, Inc. through the bankruptcy process.

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Dental Coverage Cessation

All Company-paid retiree dental coverage will end December 31, 2004, although continued coverage may be available through COBRA.

Retirement Application Timing and Rescission

We have shortened the required notice period for a January 1, 2005, effective date of retirement to 45 days. This applies to employees who participate in one of the Company-sponsored defined benefit retirement plans; the Retirement Plan for Certain Employees of US Airways, Inc.; the Retirement Plan for Flight Attendants in the Service of US Airways, Inc.; or, the Pension Plan for Employees of US Airways, Inc. Represented by the IAM. This change means that you will have to provide notice of your intent to retire to Benefits Administration by midnight, November 15, 2004. If you fail to notify us by that time and you actually terminate employment on or before January 1, 2005, you will not be eligible for retiree benefits other than pension benefits. For retirement effective dates after January 1, 2005, the normal notice period will be 60 days.

We are aware that many employees, uncertain about what changes were being made to retiree medical coverage, have submitted requests to retire effective within the next several months. You may rescind your retirement notice by providing written notification to Benefits Administration before your retirement annuity starting date. If you choose to rescind your retirement notice, your written notice of recession can be mailed to US Airways Benefits Administration, 2345 Crystal Drive, Crystal Park Four, Arlington, Virginia 22227, or faxed to (703) 872-7498 or (703) 872-7099.

Please note that, in most cases, these changes cannot be made without the approval of the bankruptcy court. Therefore, we cannot guarantee that the retiree medical benefits described above will be the ultimate result. Furthermore, additional changes to retiree medical benefits may be required as we move through the bankruptcy process, and the Company reserves the right to seek to change or terminate retiree medical benefits at any time. You should keep these factors in mind when making retirement decisions.

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**ATTACHMENT A
Table of 2005 Monthly COBRA Rates**

Option Description	Employee Only	Employee & Spouse/Domestic Partner	Employee & Child(ren)	Employee and Family
BCBS – National PPO 80%	\$310.35	\$620.68	\$590.28	\$1,025.41
BCBS – National PPO 90%	\$335.94	\$671.87	\$638.28	\$1,110.19
BCBS – National PPO100%	\$358.33	\$715.06	\$679.87	\$1,182.16
BCBS – Out of Area Plan 80%	\$310.35	\$620.68	\$590.28	\$1,025.41
BCBS – Out of Area Plan 90%	\$335.94	\$671.87	\$638.28	\$1,110.19
BCBS – Out of Area Plan 100%	\$358.33	\$715.06	\$679.87	\$1,182.16

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ATTACHMENT B

**Use of Sick Leave to Purchase Pre-Age 65 Retiree Medical Coverage in 2005
For Employees Retiring After January 1, 2005**

Option Description	Employee Only	Employee & Spouse/Domestic Partner	Employee & Child(ren)	Employee and Family
BCBS – National PPO 80%	\$413	\$826	\$785	\$1,363
BCBS – National PPO 90%	\$448	\$896	\$851	\$1,478
BCBS – National PPO100%	\$477	\$954	\$906	\$1,574

SICK PAY HOURS USED TO "BUY" PRE-65 RETIREE MEDICAL BENEFITS Sick Pay Hours Credit/Cash Payout – Flight Attendants	
Hours to be Used Each Month	41
Maximum Number of Hours to be applied for Credit	1,500
\$ Value per Hour	\$8.20
Cash Value per Hour for Cash Payout and Waiver	\$6.70

As an example, assume a married US Airways Flight Attendant retires May 1, 2005. His sick bank is full, with 150 days/1,200 hours. With regard to medical coverage in his retirement, he has two choices:

1. He can use his accrued sick leave at retirement to reduce the cost of medical, or
2. He can choose to receive a lump sum payment of his sick leave and waive all medical coverage.

If he chooses 1. above, the following shows how the cost of medical coverage would be handled:

- A. His monthly premium rate for himself and his wife, at the Blue Cross Blue Shield National PPO 80% coverage is \$826.
- B. He can use 41 sick hours, valued at \$8.20 per hour, each month to reduce his premium contribution.
- C. He would reduce the \$826 monthly premium by 41 hours multiplied by \$8.20 = \$336.20. This would reduce his monthly premium to\$489.80. This monthly reduction would continue until the earliest of the following:
 - He exhausts his accrued sick leave bank, at which time he is responsible for payment of the entire monthly premium, or
 - He reaches age 65, at which time no company coverage is available.

If he chooses 2. above, the following would occur:

- A. He would waive all company paid medical insurance for retirement, although continued coverage may be available under COBRA for a limited period of time.
- B. He would receive a lump sum cash payment within 30 days of his retirement based on the number of hours in his sick leave bank multiplied by \$6.70. Assuming he had 1,200 hours of sick leave upon retirement, he would receive 1,200 multiplied by \$6.70 = \$8,040, subject to all normal payroll taxes.