US Airways Michael Plasmeier

The last 10 years have been full of turmoil for US Airways. At the start of the decause, US Airways was focused on the business-heavy east cost. 9/11 hurt all airways, but the effect was particular bad on the east coast where the attacks occurred, and where business travelers had other options. US Airways had one of the highest costs in the industry until it filed for bankrupcy in 2002. In 2005, US Airways merged with American West airways and relanched under the “LCC” stock symbol to try to brand itself as a low-cost carrier. However, in 2008 fuel prices spiked and the recession hit business travel, further delaying US Airways’ return to profitability.

Total System ASMs were largely steady leading into the decade. In the years before 2001, US Airways built capacity, which it quickly shed after 9/11. America West was slowing expanding its operations before the merger with US Airways. In 2007, the merger was finalized and America West’s operations were absorbed into US Airway’s operations. However, the fuel spikes of 2008 caused US Airways to cut capacity to near 2001 levels.

Total System RPMs were largely steady over the decade for US Airways. Drops in ASMs in 2002 and 2008 largely did not affect the miles that passengers actually flew, leading to increased load factors on US Airways. America West’s RPMs increased in conjunction with its ASMs before the merger. US Airway’s aggregate load over the decade closely matched its competitors. However, US Airways lost its industry leading yields after 9/11, which it was never able to recover. Yields eroded to industry average.

Despite RPMs remaining somewhat static, System Total Operating Revenue was volatile for US Airways over the decade. The airline saw a large drop in revenue after 9/11 which never recovered. The merger with America West complicates matters, causing a large increase in US Airway’s revenue on paper. After the merger, revenue remained more or less static until 2009, when it took a dive as the recession hurt business travel. System Passenger Revenue largely followed the same trends, as US Airways large increase in its cargo business was not enough to offset the drop in passenger revenue in 2009.

System Operating Expenses were volatile for US Airways over the decade as fuel costs swung wildly and US Airways was able to achieve substantial givebacks with its employees during bankruptcy proceedings in 2002 US Airways was also able to offload its pension liabilities during the same period. US Airways’ efforts in the first half of the decade brought its costs in line with the rest of the industry. During the decade US Airways was able to half its Labor Cost per Available Seat Mile from 6 cents to 3 cents, largely through its merger with America West.

US Airways continues to have difficulty making a profit, with the combined company ending 2009 with a slight profit of $118 million.

All data is from the MIT Airline Data Project. Downloaded 10/2/2010