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## US Airways Group, Inc. Q1 2009 Earnings Call Transcript

### Question-and-Answer Session

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#### Operator

Thank you. (Operator instructions) And we will take our first question from William Greene with Morgan Stanley.

#### William Greene – Morgan Stanley

Yes, hi. So you placed this large equipment order sometime ago before the credit markets kind of melted down, and I realize you're trying to get some of this financed. But as we think about coming out of this financial crisis system maybe in the future, I think it may be is reasonable to think that that cost could actually be quite a bit higher. So if demand doesn't follow a sharp V-curve from here, it's not clear to me how the math can really work at essentially higher debt costs. So Doug, maybe you can just comment, sort of put your CFO hat back on, and when you think about return calculations for this order, how does this going to evolve? How do we make this math work?

#### Doug Parker

Okay, Bill. I mean, before I get to this note, I don't think we've gone back and done the analysis with the entire debt costs in place. What I know is the analysis when done prior – done before was about replacement. And that I think was nicely being [ph] positive. And my strong expectation is somewhat higher, even largely higher interest costs aren't going to change that calculation. What these aircraft are coming in to do is replace older airplanes that are less efficient. And when we – so it's definitely can't be positive when we had them financed. And again, I don't want to pretend as though we've gone and done that analysis again, Bill, now that you've asked, I'll make sure we're going to do it. But I'm confident what we do is going to come out to still be a decision we are very happy with because we are replacing older less efficient airplanes with newer more efficient airplanes.

#### William Greene – Morgan Stanley

And so as you look then at the international side as well, because part of the order was also predicated that you can grow pretty dramatically on the international side. Obviously that's looking quite a bit weaker here. And maybe that's just temporary, I assume probably is. But how do you think about changing that viewer evolving that? Do you have to slow it a bit, maybe the entry [ph] or it should be deferred?

#### Doug Parker

Let me start on that and Scott will fill in the details. But just on – from a higher level, first off, there is the ability to use of airplanes replacement. We use 767 that can be transitioned out over time. So if indeed we don't want to use them as growth, we have the ability for mainly the replacement. And the second thing I'd note is, our international growth is not because of how much smaller we are than others. The routes we are adding are routes like Tel Aviv, which others – you know, routes that have much more profitability than more marginal routes than others. The other airlines, the United is because they are much bigger than us on adding. So our marginal amounts are still (inaudible). Anyway, Scott can do a better job of explaining that for you.

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