



Delta vs. USAir's Fate - Then There Were Five

Dear All,

USAir is in very, very deep trouble. If I were an employee at USAir right now I would find the one hour video presentation this week (linked below) by CEO David Siegel not only discomfoting - but disturbing.

The video gives the viewer a crystal clear insight into the mismanagement of a public corporation and a striking, almost haunting example of a leadership void.

The video is one hour long. It was posted Wednesday 03/24, on USAir's website. Primary target audience was to all USAir employees. Their CEO addresses the challenges they face as an airline but specifically highlights the threat now posed by Southwest moving into Philadelphia. They are coming "to kill us.....Herb Kelleher wants our customers.....he wants your jobs" - in the words of Siegel.

The truly sad thing is - you will come away and ask yourself - what on Earth have the decision makers at USAir being doing for the past year and a half since filing Chapter 11 in August of 2002 and emerging from bankruptcy seven months later on March 31, 2003?

Siegel says with regard to Southwest -- "we're starting today" -- implying they are waging their counterattack against Southwest beginning this week, March 24. They're slightly behind the power curve since Southwest announced their intentions last October - 6 (six) months ago. But you also get the feeling this has been their problem all along - indecision and the inability to make key leadership moves - a lethal paralysis.

What's hard to believe is Siegel has no answers to the obvious questions? - What's the plan? Where's the vision? What decisions have been made? Who are we? Where are we going? What level service should we provide? How do we get there?

The further into the video presentation you get, the more Siegel admits they haven't

made many meaningful decisions. USAir's "management" appears to be on a never ending treadmill of looking at the issues with no definitive solutions to fix their stated problems.

Siegel says they don't know what their fleet mix will look like. They haven't decided if they should provide one class of service or two. They haven't decided what to do with the Pittsburgh hub. Their board doesn't know whether to sell assets or "burn the furniture" as he puts it. He says they can't beat Southwest at their own game but never offers or explains what USAir's plan is to compete.

Last of all, Siegel says all employees must participate in further cost reductions - their third trip to the trough. He emphasizes "all" and "every" in a number of spots. He then says he personally is "willing" to forego an April golden parachute he could deploy and he is "willing" to give up more salary as well.

So, ask yourself this: if you were the CEO and you were about to go before the employees in a planned video presentation, wouldn't it show strong leadership by example to be able to say you had already made those sacrifices vs. saying you are simply "willing". Sometimes as a common sense, reasonable adult male of average intelligence, I can't believe what I see and hear from corporate "leadership" in America.

The future for the employees of USAir does not appear promising. They may not be in the best hands.

I feel the exact opposite about Delta's existing potential and future. We are about to see thoughtful, insightful changes and decisions at Delta that are going to put us on a solid path to recovery. Over the next 12 months we - all of us - are going to help return Delta Air Lines to be the company we are proud to say we work for and love.

My gut tells me Jerry Grinstein is going to lead and help guide a renewal of the special social contract we share with each other and our customers. The proof will be in the action.

We have the right people at Delta Air Lines. Now we need to trust Jerry to identify and put those people in the right places.

The following video is a situation we want to avoid at all costs at Delta Air Lines.

<http://usairways.internetstreaming.com/video>

Respectfully, Mike Stark

Visit us at www.afainvestments.com