



Department of Justice

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STATEMENT BY ASSISTANT ATTORNEY GENERAL R. HEWITT PATE
REGARDING THE CLOSING OF THE
AMERICA WEST / US AIRWAYS INVESTIGATION

End-To-End Merger Cleared

WASHINGTON, D.C. – R. Hewitt Pate, Assistant Attorney General in charge of the Department’s Antitrust Division, issued the following statement today after the Department announced the closing of its investigation of the proposed merger of America West and US Airways:

“The Antitrust Division has concluded that the proposed merger of America West and US Airways would not reduce competition, and therefore has decided to close its investigation without issuing requests for additional information. There is very little overlap between the networks of America West and US Airways. America West operates primarily in the western United States, with hubs in Phoenix and Las Vegas. In contrast, US Airways operates primarily in the eastern United States, with hubs in Philadelphia, Pittsburgh and Charlotte and substantial presences in Washington, D.C. and New York City. The Division has found that integration of airlines with complementary, end-to-end networks, like those of the merging firms, can achieve efficiencies that benefit consumers. The consolidation of America West and US Airways, which will create the fifth largest domestic carrier, will enable the merged airline to offer U.S. consumers more and better service to more destinations throughout the country.”

Background

USAirways and America West are the seventh and eight largest U.S. carriers, in terms of revenue passenger miles, according to publicly available information. As a result of the planned merger with America West, which is valued above \$1.5 billion, US Airways is expected to emerge from its second bankruptcy. In related transactions, four parties – ACE Aviation (parent of Air Canada), Air Wisconsin, PAR Investments, and the Wellington Group – will invest in the merged carrier. Today’s announcement clears the way for the merger to proceed without antitrust challenge. The parties require a number of additional approvals, including confirmation of the reorganization plan by the bankruptcy court, and do not expect to consummate the merger until September.

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