



**Jeff Smisek**  
Chairman of the Board,  
President and  
Chief Executive Officer

February 1, 2014

Dear Cleveland co-worker:

I want to let you know that we have made the difficult decision to substantially reduce our flying from Cleveland. We will make this reduction in stages beginning in April.

I wanted you to know this information before the press found out, but unfortunately they found out earlier than we planned. I apologize for this getting in the press before we were able to tell you directly.

Our hub in Cleveland hasn't been profitable for over a decade, and has generated tens of millions of dollars of annual losses in recent years. We simply cannot continue to bear these losses.

No city has been more supportive of its hub carrier, and no group of employees has been more dedicated to providing great service, but the demand for hub-level connecting flying through Cleveland simply isn't there. Ultimately, we can't create demand, but we do have a responsibility to react to it. We must make the right business decisions, even when those decisions are painful, so we can continue to compete effectively and invest appropriately in our business.

While our decision to reduce our flying was driven by our continued losses in Cleveland, the timing of the flight reductions has been accelerated by industry-wide effects of new federal regulations that impact us and our regional partner flying. Those new regulations have caused mainline airlines to hire regional pilots, while simultaneously significantly reducing the pool of new pilots from which regional carriers themselves can hire. Although this is an industry issue, it directly affects us and requires us to reduce our regional partner flying, as several of our regional partners are beginning to have difficulty flying their schedules due to reduced new pilot availability. We need to reduce that flying in our most unprofitable markets, which unfortunately are out of Cleveland.

As a result, we will be reducing our average daily departures from Cleveland by around 60%. We expect to be able to keep almost all of our mainline departures (reducing only one of our 26 peak day mainline departures), but will need to reduce our regional departures from Cleveland by over 70%. Together, this will reduce our capacity (available seat miles) out of Cleveland by around 36%. We will make these reductions in roughly one-third increments in each of early April, May and June.

When the schedule reductions are fully implemented in June, we plan to offer 72 peak-day flights from Cleveland, and serve 20 destinations from Cleveland on a non-stop basis, including

to all our hubs, and to key business markets like LGA, DCA and BOS. We will also serve from Cleveland on a non-stop basis key leisure markets, like FLL, MCO, TPA and RSW. Importantly, our new schedule out of Cleveland will cover 58% of the current Cleveland-originating domestic passenger demand on a non-stop basis, and will permit Cleveland residents to fly to almost every one of the destinations they fly to today, by connecting over one or more of our other hubs.

We expect to be able to keep our pilot and flight attendant bases in Cleveland, because we anticipate being able to keep substantially all of our mainline departures from Cleveland. We also expect to be able to keep all of our current technical operations in Cleveland, because we anticipate having the opportunity to work on the mainline aircraft. However, since we handle our regional partners' flying above and below the wing in Cleveland, we will be forced to reduce staffing in airport operations and in catering because of the significant reduction in regional partner flying. We currently expect a reduction in force affecting up to 430 airport operations positions and approximately 40 catering personnel in Cleveland. Those reductions in force will likely begin in June. Each employee will be receiving detailed information relating to these reductions in the coming weeks. Affected airport operations employees may have system displacement options or other opportunities to maintain employment with United, and we will work with the IAM leadership to explore other programs that may mitigate the impact of these reductions on IAM-represented airport employees.

While we cannot change the outcome, we will take every action we can to implement these reductions in a manner that upholds our culture. Throughout this difficult process, we are committed to treating our people with the same level of openness, dignity and respect that our Cleveland co-workers have shown our customers and each other over the years. Our HR team is working hard to support you, and will be providing you with answers and assistance over the coming weeks and months.

I regret that we will be forced to reduce staffing in Cleveland, but we have no choice, given the level of continued losses we have suffered in Cleveland, the pressure that the new federal regulations have placed on our regional partners, and our reduction in regional flying. I know that these changes will be difficult for many of you, and this outcome is not what any of us wanted.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeff", with a long horizontal stroke underneath.