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Kate Gebo
Executive Vice President Human Resources and Labor Relations

July 8, 2020

VIA U.S. MAIL AND ELECTRONIC MAIL

Michelle Miyashiro
Office Manager
Workforce Development Council
830 Punchbowl Street, Room 417
Honolulu, HI 96813
Michelle.R.Miyashiro@hawaii.gov

Dear Ms. Miyashiro:

The COVID-19 pandemic has had a devastating impact on travel demand and on our business. Governmental restrictions on travel, stay-at-home orders, and the lack of a medical solution for the virus brought bookings and demand for travel to a near standstill. And while demand has moved slightly upward from its April low, of down 95%, we have lost billions of dollars over this three-month period and are still spending far more than we are taking in. Additionally, we expect that travel demand will not go back to "normal" until there is a vaccine for COVID-19.

While the Payroll Support Program under the CARES Act helped to protect jobs through September 30, it only covers a part of our normal monthly payroll cost and none of our sizable operating expense. That is why we have been so aggressive and proactive in reducing costs in nearly every aspect of our business. Across the company, we have already reduced planned capital expenditures and operating and partner expenditures. We have also suspended raises and implemented a schedule reduction for management and administrative employees, frozen hiring, introduced voluntary leave and separation programs, reduced pay for all executives and cut our CEO and President's base salaries by 100%, among other cost-saving measures. These cuts have made a difference, and we deeply appreciate the contributions of thousands of our fellow team members, who have participated in voluntary leaves and reduced hour programs. However, as of mid-June, demand for air travel remains more than 90% lower than last year. So, even if demand continues to slowly improve, it is unfortunately very likely that we will need to adjust the size of the company to reflect lower demand levels and implement a workforce reduction to reduce our labor expenses, beginning on October 1.

Our primary goal is and has been to set ourselves up for long-term success, which includes preserving as many jobs as we possibly can. We're also in discussions with some of our union partners to find creative solutions for our frontline team members, including offering voluntary programs to reduce our payroll expense, which would provide the flexibility needed to snap back quickly when demand does return. If these efforts are not enough, we will need to take other steps such as workforce reductions to reduce our labor expense.

This letter is intended to fulfill any notice requirements which may be imposed under the Worker Adjustment and Retraining Notification Act ("WARN Act") and/or state law. By providing this information, United Airlines, Inc. ("United") does not concede that these statutes apply or that notice otherwise is required. This letter is to inform you that United anticipates reducing its workforce at all facilities at: (1) Daniel K. Inouye International Airport (HNL), 300 Rogers Boulevard, Honolulu, HI 96819 (332 affected employees); and (2) Kahului Airport (OGG), 1 Kahului Airport Road Kahului, HI 96732-2395 (54 affected employees).

Consistent with these plans, employment separations are expected to begin on or about October 1, 2020 or during the 14-day period thereafter. Based on current demand, while we are hopeful the reductions for our frontline team members will be temporary, we presently anticipate that they will last six (6) months or longer. Pursuant to some of United's applicable collective bargaining agreements, certain team members affected by a reduction in force may be able to choose options that are available, including bumping rights, which would allow them to "bump" someone of lower seniority. Therefore, because certain team members may bump others out of a role, or may themselves be bumped, the number of potentially affected team members listed above may be greater than the actual number of employment separations. The number of employment separations that will occur may ultimately decrease if we are able to reach creative solutions with our union partners or if there is significant participation in voluntary programs to reduce payroll expense.

While this is extremely difficult news, we are encouraging all of our team members to consider whether one of the voluntary programs being offered is a viable option for them and their families. Meaningful participation in these programs could significantly reduce the need for involuntary furloughs.

The COVID-19 pandemic has caused so much change in our personal and professional lives and will result in us being a smaller airline. While I understand the business need to align the size of our organization with demand, I also understand and deeply regret the impact this action will have on our employees and their families.

If you have any questions or desire additional information from the Company, please contact Colleen Pape, Manager ESC Operations, at 847-700-7755 or colleen.pape@united.com.

Sincerely,

Kate Gebo

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Executive Vice President Human Resources and Labor Relations