



**TO:** All Employees

**FROM:** Rick Leach and Bob Gleason

**DATE:** December 12, 2016

**RE:** Delta E170 Aircraft

In 2011, Compass agreed to operate six Embraer 170 aircraft for Delta Air Lines. The original plan was that we would operate these aircraft for a five year period, and they would then be returned to the original owner of the aircraft. At the conclusion of those five years, the decision was made to extend those aircraft and to continue flying them for Delta. However, when those decisions were made, Compass was a Midwest and East Coast-based airline. A lot has happened in the subsequent years, and we are now much less focused on East Coast operations.

Those facts have been part of a rationalization process that we have been working on in cooperation with Delta Air Lines. Delta sees the need for E170 aircraft more on the East Coast, which is a problem for Compass. Delta's need to have more E170s on the East Coast has prompted a strategic decision to remove the E170 aircraft from the Compass fleet, as they are no longer a good geographical fit with our diminished East Coast presence. As a result, we will begin returning these aircraft to Delta, beginning with two aircraft on February 28, 2017, two on March 31, 2017, and the last two returning on April 30, 2017.

By removing the E170s from service, we avoid the problem of having to support a small sub-fleet that is limited on where the aircraft can operate, as well as an over complication of our route structure. This will allow us to improve the support of our E175 fleet and continue to improve our overall performance numbers in support of both American and Delta over the coming months.

We want to make clear that this decision is in no way a reflection on our performance or our relationship with Delta Air Lines. Both are strong and will continue to be so in the coming years. We also have no plans to reduce our current workforce, though our recruiting needs in 2017 will come down. Additionally, there are no plans to move any current crew or maintenance bases, as they will still support operations for our E175 fleet. We do intend to step-up efforts to seek new flying with other potential partners, given that we have readily available crews.

While a reduction in airframes is never terrific news, we plan on doing everything in our power to make sure we take advantage of this rationalization to further improve our operational performance, as well as use this as an opportunity to seek additional flying.

We have scheduled an employee call to address any questions you may have regarding this announcement. The call will be on Thursday, December 15, at 12:00 p.m. CT. Call-in details are as follows:

Conference Line: 1-877-644-5260

Access Code: 3381717#

Thank you for all you do every day to help Compass succeed. Let's keep it up and have another great year in 2017 and beyond.