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Committee on Commerce, Science, and Transportation

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Good afternoon, Chair Cantwell, Ranking Member Wicker, and members of the Committee. I am pleased to be here today to discuss United Airlines’ response to the global COVID-19 pandemic and the Payroll Support Program’s assistance to companies like United. I would like to thank the members of this Committee, Congress, and the federal government for helping our industry during one of the most challenging times in our shared history.

I also must take a minute to acknowledge the 80,000 United employees around the world who have worked tirelessly throughout this crisis to take care of our customers and each other. Our employees in the airports and in the air have ensured our customers who had to travel throughout the pandemic could do so safely.

The pandemic has been a once-in-a-generation crisis, and the scale of the human cost is staggering. More than 5 million people have lost their lives to the virus, and countless others have been affected in shared and deeply personal ways. It has been a trying time for all of us, and sadly United Airlines employees haven’t been immune to the human toll of COVID-19. We mourn for all those we have lost and their families.

The COVID-19 pandemic is the most disruptive global crisis in the history of commercial aviation. In addition to the devastating human toll, at the beginning of April 2020, we saw the sharpest, deepest drop in market demand on record. We cut our domestic and international schedules by 90 percent and were burning as much as \$100 million per day.

The only comparison to the COVID crisis is the attacks of September 11- which resulted in the aviation industry’s loss of a decade of job creation, productivity, investments, and technological advancements –

and it was clear early on that this pandemic would have a much deeper, longer-lasting impact on our industry without support.

The quick response by the federal government with the rapid implementation of the Payroll Support Program (PSP) prevented the type of losses the industry suffered in past major events. The PSP allowed us to maintain operational consistency, avoiding the challenges that mass involuntary layoffs and furloughs would have created. In addition, the PSP enabled us to maintain our workforce and protect the livelihoods of tens of thousands of United employees —keeping pilots and others current and at-the-ready to respond to a rebound in demand. The PSP also gave us the time and the bridge to capital markets where we raised \$23 billion in debt and equity that were crucial to our survival and ability to support the great careers at United, contribute to the COVID response around the world, and be prepared to support the economic recovery now underway. Quite simply, the PSP saved the industry while giving us the flexibility to not only think about how best to chart our recovery, but also to make meaningful, fundamental changes within our company so we could emerge on the other side of the crisis as a better, stronger airline. And that is exactly what we are doing today.

Importantly, we supplemented this federal support with our own, unprecedented cost-cutting and fund-raising efforts. We froze new hiring, suspended salary increases, cut costs across our operation, introduced new voluntary leave and separation programs, cut Officer salaries by 50%, cut CEO and President's base salaries by 100% and used various assets, including our MileagePlus loyalty program and aircraft, as collateral to finance more than \$23 billion in commercial debt. This is in addition to the \$3.2 billion of PSP notes that were provided by the US government. In addition, we raised \$2.6 billion in equity, issuing 76 million shares.

Our recovery efforts started by taking early and aggressive action to mitigate the impact of the virus on our employees and our customers and as our industry always does, we put safety at the forefront. We were the first airline – and one of the first companies - to mandate masks for employees and the first to introduce customer COVID-19 testing and contact tracing.

We partnered with DARPA to study how effectively the unique airflow configuration on board an aircraft can prevent the spread of aerosolized particles among passengers and crew. And based on those results, we were the first and only airline to run our HEPA filtration systems during the entire boarding and deplaning process.

We launched a program called United CleanPlusSM that delivered an industry-leading standard of cleanliness, including partnerships with Clorox and experts from the Cleveland Clinic. And we were the first major U.S. airline to ask all passengers to complete a health self-assessment during their check-in process based on recommendations from the Cleveland Clinic.

Within our company, we have continually prioritized the safety of our employees and customers, including taking decisive action on mask and vaccine requirements. Some of the decisions were hard, but necessary. I personally sent letters to the families of every United employee who died from COVID-19. We must continue to do all we can to keep another United family from receiving that letter.

We did all we could to keep our business running safely and consistently, and still, we would not be in the position we are today without the support of the United States government.

One important step in maintaining our operational performance was close coordination with our unions, who stepped up to work on creative agreements to get us through the crisis, reduce the number of affected employees where possible, and set up the airline for a strong rebound. I want to recognize and thank our union partners, the Air Line Pilots Association (ALPA), International Brotherhood of Teamsters (IBT), International Association of Machinists and Aerospace Workers (IAM), Association of Flight Attendants (AFA) and Professional Airline Flight Control Association (PAFCA) for understanding the enormity of the challenge we collectively faced, for keeping our employees engaged, and for working with us to prevent furlough.

Doing Our Part to Help Fight COVID-19

United acted quickly not just to support our customers and employees, but also to do our part for the world. We are incredibly proud of the role that we played, which has brought us even closer to our mission of connecting and uniting people across the globe. We have been maintaining these vital air bridges and links between countries – Australia, India and Brazil to name a few – throughout the crisis, because the pandemic really brought home how those connections are vital to develop shared understanding, which is necessary to solve problems and address conflict.

To support the pandemic response, we activated our people and capabilities to operate more than 130 repatriation flights bringing home more than 18,000 Americans who were stranded abroad. We also booked nearly 3,000 free flights for medical professionals to support the COVID-19 response in New Jersey/New York and California. In the early days of the pandemic, it is safe to say, people who were flying were doing so because there was a critical need.

Our work did not stop there. Through a combination of cargo-only and passenger flights, United transported more than 401 million pounds of freight, including 154 million pounds of vital shipments, such as medical kits, PPE, pharmaceuticals, and medical equipment, and more than 3 million pounds of military mail and packages. And once the vaccines were ready for distribution, we sprang into action. United has flown approximately 400 million vaccines around the world, reaching many countries that were in desperate need of vaccines, including shipments to Guatemala and Ghana in just the last few weeks.

Throughout the pandemic, United has been committed to providing our unique resources and relationships to assist in those areas hardest hit by COVID-19. In India specifically, we operated dozens of flights with the majority of cargo being humanitarian supplies, including PPE, medical devices, medications and oxygen.

Bouncing Back with Innovation at the Forefront

While weathering the crisis and contributing to the humanitarian effort, United has also been focused on innovation and emerging from the pandemic as the world's best airline. PSP's support allowed us to keep thousands employed and help prevent a catastrophic impact to our company. This allowed us to take steps to change the airline for the better and to take a unique approach to rebuilding.

After dramatically cutting our flight schedule at the start of the pandemic, we knew it would be challenging to bring flights all back at once, so we made the decision to gradually add flights over time. While this choice sacrificed short-term profits, it allowed us to ensure a reliable service and to largely avoid the widespread operational challenges experienced by other carriers. By being open, honest, and transparent with our workforce about our decision-making process, United was able to retain most of our workforce with thanks to our union partners.

Even in the depths of the crisis, we continued to prepare for the recovery by investing in technologies and enacting new policies that help make travel easier and more enjoyable for customers. The United App and United.com have everything most travelers need to get ready, including verifying testing and vaccine records. Our Connection Saver Tool helps thousands of people make tight connections every day. And we have eliminated change fees forever for flights within the U.S., a policy that historically got in the way of delivering great service.

As an airline, safety has always been our top priority, and we successfully implemented our vaccine requirements for our employees early and before there was a government directive. This issue is now largely behind us and we are able to focus on taking care of our customers, which is particularly important going into the winter season when weather complications and holiday travel can cause disruptions.

By keeping our future in view since the start of the crisis, we've been able to bounce back better than we could have anticipated.

Envisioning a More Resilient Future

It is important to remember the shocking scale of this pandemic on the globe and its deep effect on our industry. We are not completely out of the woods, and the emergence of the Omicron variant in recent weeks is a stark reminder of that. Nevertheless, we are moving forward toward a more resilient future, ensuring we continue to do right by our customers, employees, and investors. Despite sizeable financial obligations coming out of the pandemic, we are continuing to invest in advancing environmental sustainability; diversity, equity, improving the customer experience; and creating lasting and rewarding careers for our growing and diverse workforce; and job creation.

This summer, we announced a major purchase agreement that will have long-term positive economic impacts. United will order 270 brand new aircraft—the largest purchase agreement in our history and the largest by a single carrier in a decade. With this order, combined with our current orders, we will be adding 500 new airplanes to our fleet in the next few years. Aircraft orders, especially at this scale, directly fuel job creation, consumer spending, taxes, and many other drivers of economic growth.

Replacing smaller, older aircraft also allows us to make an expected 11 percent improvement in fuel efficiency and reduce carbon emissions per seat by 17-20 percent, compared to older planes.

Our efforts will yield impressive job creation. Through 2026, we expect to create 25,000 new careers, totaling thousands of openings at each of our seven domestic hubs. These union jobs have compensation above the federal minimum wage and come with company-sponsored medical coverage, company-funded retirement programs, paid sick leave and vacation, and flight benefits. We are not interested in offering just a job. We want to provide a rewarding, long-term career—69 percent of the senior leaders I work with every day came up through the ranks in jobs like these.

In addition to these economic contributions, we are proud of our actions and transparency on diversity, equity, and inclusion. United firmly believes that DEI is key to a strong company culture and critical competitive advantage. Over the past decade, our focus has evolved from excellence in employee engagement and talent programs to a strategic approach that embeds DEI throughout our business and impacts the communities where we work, live and fly.

One development we are really excited about is the creation of our United Aviate Academy, a state-of-the-art flight-training program at Phoenix Goodyear Airport. We are seeking to train 5,000 pilots by the end of the decade, with the goal that half of the students will be women and people of color, all while maintaining our incredibly high training standards. The inaugural class, which began just last week, is 80 percent women and people of color.

I can also say, proudly, that United has achieved, and is committed to maintaining, near-perfect pay equity for employees of all genders and races performing comparable work across our U.S. operations.

Finally, we're taking bold action to help combat climate change by embracing a new goal to be 100 percent green by 2050, reducing our greenhouse gas emissions by 100 percent. We are making significant investments to reach this goal and, importantly, to reach our goal without the use of traditional carbon offsets.

Our industry collaborations are cutting-edge and part of the reason we were named 2021 Eco-Airline of the Year by Air Transport World magazine. In September, we agreed to invest in and purchase 1.5 billion

gallons of sustainable aviation fuel (SAF) from Alder Fuels, representing the largest publicly announced SAF agreement in aviation history. United is the world leader in the usage and support for the development of SAF, already having agreements or commitments to purchase nearly twice as much SAF as the known agreements of all other global airlines combined. Just two weeks ago, we operated the first ever airline flight with passengers to fly on 100% SAF.

We've also launched the first-of-its-kind Eco-Skies Alliance, a group of global corporations – including DHL Global Forwarding, HP, Inc. and Nike -- contributing funds to purchase SAF to reduce their aviation-related impact on the environment.

All of these efforts are part of our ambition to do the right thing for the environment, our customers and our people.

Conclusion

The COVID-19 pandemic has been the most disruptive global crisis in the history of aviation. Thanks to the support of the U.S. government, the resilience of our teams, and the loyalty of our customers, United will emerge a stronger, better company. The Payroll Support Program was a vital aid when our industry most needed it, and enabled us to make the ground-breaking, innovative investments and commitments that I've described to you today.

I appreciate the opportunity to appear before this Committee and look forward to answering any questions you may have.