

Message from United CEO Scott Kirby to Employees: 'We're Ready, We Have a Plan and We're Going to Continue Executing That Plan'



Team:
We're hosting an event at LAX next week for reporters where we'll announce the next phase of our

decade-long investment in aircraft and product to build the #1 brand-loyal airline in the world. I'm going to be there and I can't wait for you to see what we're working on, so be on the lookout for a Straight from Scott.

But in the interim, I've heard questions from many of you about the war in Iran, the spike in fuel prices and what that means for United in the near and long-term.

I'll start the way I usually do, with a little history:

You've heard me say repeatedly, that post-COVID, we knew that industry stress events were inevitable. And while we couldn't predict what they would be, my personal North Star for the last five years has been to position United so that we can avoid system-wide furloughs again. In fact, I've wanted United to be in position to use a tough industry environment to further extend our lead as the best airline in the world - much as we did during COVID.

And to do that, we would have to do three things:

1. **Increase our cash balance** — we have about three times as much cash as we did when COVID started.
2. **Lead the industry in profit margins** - United and Delta represented ~100% of the total US industry profitability last year. That means that higher oil puts a lot more stress on United's competitors and that stress happens faster. We have the time and the luxury to ride this out and stay focused on the long term.
3. **Strengthen our balance sheet** — we ended 2025 with the highest credit rating we've had in more than 30 years.

Because we've done all the above, we can manage what we need to in the short term while also staying focused on our long-term plan to grow and build the world's best brand loyal airline.

The reality is, jet fuel prices have more than doubled in the last three weeks. If prices stayed at this level, it would mean an extra \$11B in annual expense just for jet fuel. For perspective, in United's best year ever, we made less than \$5B.

That may sound scary, but the first piece of good news is that, for now at least, demand remains the strongest we've ever seen. The 10 biggest booked revenue weeks in our history have been the last 10 weeks.

But it may be a challenge to continue passing through much of the increased fuel price if oil stays higher for longer.

Here are some steps we're taking in both the short term and the long term:

- **Plan for fuel being higher for longer**— our plans assume oil goes to \$175/barrel and doesn't get back down to \$100/barrel until the end of 2027. Honestly, I think there's a good chance it won't be that bad, but as you'll read below, there isn't much downside for us to preparing for that outcome.
- **Stay ahead of the curve** - we were better than any airline in the world during COVID at seeing over the horizon and making decisions earlier. That let us catapult out of the COVID crisis with the best growth and investment plan of any airline in the world. If we're right that oil stays higher for longer, we'll be in a better position to be first on many decisions that others will follow.
- **Stay focused on the long term** - many of you will remember in United's past that storm clouds like this caused United to furlough employees, defer aircraft orders, downgrade to regional jets, go through cost cutting exercises, delay investments in the future, etc. We are **NOT** going to do that. We have the financial firepower to continue to stay focused on the long term. We will continue full speed ahead to take delivery of about 120 new aircraft this year, including 20 new 787s, and will take another 130 new aircraft by April 2028.
- **Double down on investment opportunities** - I've told the technology team to use this time to invest MORE and further expand our lead. Similarly, I want to use this time to really get moving on transformational facility investments - think more and better clubs, new infrastructure investments at our hubs, and expansion at EWR that can get us up to 100 widebody departures a day.
- **Be smart and nimbly manage our schedule** —In the short term, that means tactically pruning flying that's temporarily unprofitable in the face of high oil prices. So, we are canceling about 3 points of flying in off peak periods (think redehyes, Tues/Wed/Sat flying) during Q2 and Q3 and we'll pull a point of capacity in ORD when the FAA process concludes. We've

pulled TLV and DXB service, which represents about another 1 point of capacity. That's about 5 points of this year's planned capacity in the short term, and our current plan is to restore the full schedule this fall. To be clear, nothing changes about our longer-term plans for aircraft deliveries or total capacity for 2027 and beyond, but there's no point in burning cash in the near term on flying that just can't absorb these fuel costs.

- **Capitalize on competitive dynamics** - I listened to most of our competitors at the J.P. Morgan conference this week and many said some version of "hope is our strategy." It's possible they're right and that the war ends quickly. But if it doesn't, this will be our opportunity down the road to buy assets, absorb network changes, etc.

Importantly, here's what we're not doing: cost cutting or deferring investments in the future. Those are small dollars at best, they're distracting, they aren't necessary for United and they deter us from our mission to build the best airline in the history of aviation.

I'm typing this as my 12-year-old son Sean cheers for his teams in his March Madness Bracket. And there's a part of me that can't help but feel United is playing offense right now with potentially big rewards at the end.

We're ready, we have a plan and we're going to continue executing that plan.

I realize this note may seem like a lot, but the simplest thing I can say to all of you is the bottom line - I want you to sleep well at night knowing United prepared for this and I'm asking you to stay 100% focused on what you've been doing to take care of each other and our customers.

Thanks for all you're doing to make United the best airline in the history of aviation.

Scott

<https://united.mediaroom.com/news-releases?item=125448>