



**MAY 1, 2020**

**A message from Greg: Notice of Change of Work Status for some employees**

May 01, 2020

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United team –

I hope this note finds you and your family well.

I wanted to update you on some important changes to your work schedule but first I thought it would be helpful to provide some context about how COVID-19 has impacted travel demand and the aggressive, proactive steps we continue to take to reduce costs.

Travel demand is essentially zero – you see that at our airports and on board our aircraft – and we don't know when it's going to come back. And importantly, even with a federal government grant that covers a portion of our payroll expense through September 30, we anticipate spending BILLIONS of dollars more than we take in for the next several months, while continuing to employ 100% of our workforce. That's not sustainable for any company and that's why we are making difficult decisions across our entire business.

Already, we've slashed our schedule by 90%, eliminated all discretionary spending, put a freeze on hiring, cut our CEO and President's base salary and bonus by 100%, reduced officer salaries by 50%, suspended raises and bonuses for all M&A employees, suspended operational bonuses, and introduced Company Offered Leaves of Absence for all employees, among other measures.

The severe drop in demand and resulting reductions to our schedule means we also have to take action now to right size the total hours worked in those areas of the airline where we have yet to do so.

Therefore, effective May 24, 2020, and in full compliance with the provisions of the CBA and the CARES Act, all full-time employees covered by the Passenger Service Employees Agreement and the Fleet Service Employees Agreement will be reduced to part-time status.

While our contract allows for a reduction of full-time employees all the way to 20 hours, we will commit to an equivalent number of 30 hour bid lines. We are making similar changes for our management personnel and those changes will be announced Monday.

As provided in Article 7 of the 2016 – 2021 Passenger Service and Fleet Services Agreements, an employee affected by a work status change may choose available options that include a voluntary layoff from employment, separation to obtain retiree pass travel, and retirement in lieu of voluntary layoff. Employees electing voluntary layoff will maintain medical and dental benefits for a period of 90 days or to the end of the month of the last severance payment, whichever is longer. Please log on to [Help Hub](#) to make your election and find

more information.

Finally, a Voluntary Separation Program (VSP) will be offered in late May to active employees and those on Leaves of Absence. While the details of the VSP are not currently available, any employee who wishes to review the details of the program once they are available, must elect part-time status at this time. After you have had a chance to review the terms of the VSP, if you decide it's not for you, you will be allowed another opportunity to elect retirement, separation with travel benefits, or voluntary layoff.

If you choose to accept part-time status, your individual schedule will be determined at your location.

This was a very difficult decision and one we didn't take lightly. I want to leave you with two important things:

First, we spent many hours trying to negotiate a consensual, more favorable agreement with your IAM leadership but unfortunately were unable to do so.

And second, today's action is part of our overall goal to preserve as much financial flexibility now so we can not only survive this crisis, but thrive once it is behind us. The entire leadership is singularly focused on doing everything we can to ensure that outcome, providing as many opportunities as possible for the employees of United.

Stay safe and be well,

Greg

## Change of plans for some 2020 events

May 01, 2020

You've heard a lot lately about the steps we've been taking to minimize the impacts to our business resulting from COVID-19. Some of the latest changes to manage costs and protect our employees, our customers and our business involve postponing or canceling various events and programs.

Below are some of the events and programs that have been moved or postponed:

- **Backstage2020 events:** Given the drastic decline in travel demand and the need to control all non-essential spending, we've made the decision to cancel the remainder of our Backstage2020 sessions for all frontline Customer Service Representatives, Customer Contact Center, Care and Solutions and City Ticket Office employees. Safety is our top priority and hosting a large gathering of 800 employees simply isn't safe – and likely won't be for some time. In addition, canceling Backstage2020 allows us to save money in the short-term and it also helps us position ourselves to bounce back when travelers return to the skies.
- **United Airlines Scholarship Fund:** We have made the difficult decision to cancel the scholarship fund in response to our current environment. We look forward to being able to once again offer a program in the future that supports the educational development of our employees and their dependents. If you are a current recipient scheduled for renewable awards, this does not impact the distribution of your scholarship and the annual renewal verification requirements remain the same. As of January 2020, the United Airlines Scholarship Fund 501 (c)(3) transitioned administration to Scholarship America 501 (c)(3).
- **Milestone Anniversaries program:** Beginning June 1, we will be discontinuing the gift catalog for employees celebrating a service milestone anniversary (such as 5, 10, 15, 20 or more years of service with United). If you recently celebrated a milestone anniversary but have not selected a gift yet, you have until May 31 to do so. While we are closing the milestone gift catalog on May 31, we will continue to send the employee's leader a standard milestone pin (through end of 2020) and a certificate in company mail, as well as an email with a link to a printable certificate. Even as many of us work remotely and/or on a reduced schedule, leaders are encouraged to find creative ways to celebrate these milestones and recognize years of service while following social distancing measures, including avoiding group settings.
- **Org Pulse survey:** With our environment changing so drastically and rapidly, we've decided not to move forward with the spring Org Pulse survey. While your feedback about how we're doing as a company remains invaluable, we understand that it's difficult to focus on long-term issues when we're in the middle of a crisis. We plan to bring back the Org Pulse survey once our situation becomes more stable and we can turn our attention to building a better United for all of us.
- **New uniform program:** We've decided to postpone the launch of the new uniform program (and related activities planned

for 2020 and early 2021) for pilots, flight attendants and customer service representatives. We will share specific updates about your current uniform program and ordering process as information becomes available. Stay tuned to your department communications for more.

- **Quarterly thank-you events:** Earnings Live will be substituted with our May 2 virtual Town Hall and all first-quarter thank-you events have been canceled. This decision was not made lightly and doesn't diminish the amazing work all our employees have accomplished in the first quarter of 2020. We're more grateful than ever for all your efforts to take care of each other and our customers.
- **Leadership development programs:** We've postponed our 2020 LEAD, Rise, Elevate and CAST programs and all related travel and activities. We plan to reschedule, hopefully for later in 2020, when the situation stabilizes.
- **Take Our Daughters and Sons to Work Day:** Activities that would otherwise have been scheduled on or around April 23 at CSC, HSC and other locations across the system are being postponed until later this year.
- **O'Hare Customer Experience Transformation Showcase:** While we are still continuing with our commitment to improving the travel experience for our customers, we postponed the customer experience transformation showcase that was supposed to be available for ORD employees, in order to reduce costs in the near term and maintain everyone's focus where it's needed during this challenging time.
- **SFO Caring Challenge Celebration:** We've postponed SFO's celebration for winning the CSAT Caring Challenge for 2019. When the time is right, we plan to reschedule and make sure those incredible achievements are recognized appropriately.

• **Employee Volunteerism:** Our Third Thursday events have been postponed until further notice. Safety is our priority and we're working with our charitable partners to make future decisions. Across the system, employees who have posted or scheduled volunteer events on our [YourCause](#) site can reach out to [EveryActionCounts@united.com](mailto:EveryActionCounts@united.com) to edit their events or to seek advice on rescheduling.

We'll continue to update this story.

## Changes to voluntary denied boarding and downgrade compensation

May 01, 2020

As we continue to meet these unprecedented challenges posed by the COVID-19 crisis, we are evaluating all aspects of our business to ensure we are well positioned to recover when demand returns. This means we have to be more aggressive than ever before in controlling our business so that when demand does return, we have the ability to bounce back quickly.

We're currently operating in an environment where travel demand is essentially zero, and have already taken many steps to decrease spending, including: minimizing our operating expenses, slashing our flying schedule by 90%, freezing hiring, offering voluntary leave programs, and reducing executive salaries by 50%.

With the unforeseen and unusual results of pulling down our schedule by 90% and cutting international routes that serve some stations only a few times a week, we have created some tough situations for our employees. We continue to do our best to take aggressive actions to manage the impact of the worst financial crisis our company has ever faced in hopes that we can help better position United when travel demand returns.

As we look across our business, we've discovered that some policies that made sense in a pre-COVID-19 world no longer do so within the current operating environment, whether that's due to low travel demand or because existing policies impact far fewer customers.

That's why, beginning May 1, we are reducing the maximum Electronic Travel Certificate (ETC)/Miles equivalent amount of compensation we offer customers in the event of a voluntary denied boarding from \$10,000 to \$2,500; and from \$10,000 to \$1,500 in

the event of a downgrade. The escalation and solicitation processes, and fare difference policy for downgrades, will stay the same.

In addition, the DOT-mandated compensation for involuntary denied boardings will not change and the new ETC/Miles equivalent will be capped at \$2,500 ETC. These compensation amounts continue to be higher than what the DOT currently requires for involuntary denied boardings. DOT policy for involuntary denied boarding compensation is 4x the one-way fare but no more than \$1,350. With our cap of a \$2,500 ETC, we're still 85% higher than the DOT requirement.

Overall, we've seen the number of denied boardings dramatically decrease over the last several years, with a very small number of customers eligible for voluntary denied boarding compensation.

Airport Operations Customer Service Representatives and Contact Center agents should refer to their department communications for additional information about the policy and procedure changes.

While very few customers receive the maximum amount of compensation, every dollar counts in this environment.

We will continue to monitor this ever-changing situation and share additional adjustments to policies and procedures as needed to manage our costs during this crisis.

#### **General FAQs**

##### [How often do we provide denied boarding compensation under the previous \\$10,000 maximum?](#)

It's important to note that we rarely issue compensation between \$2,500 and \$10,000 for voluntary denied boardings and above \$1,500 for downgrades. In the last year we flew more than 160 million people and fewer than 1% of those customers were voluntarily denied boarding. Of those cases, roughly 7% received compensation of more than \$2,500.

In addition, we've reduced the total number of involuntary denied boardings (IDBs) by 95% over the last two years with less than 0.01% per 10,000 passengers qualifying as an IDB.

Since the COVID-19 outbreak began severely impacting our operation, those percentages have further decreased.

##### [Will the revised compensation be a temporary or permanent change?](#)

These compensation changes will be permanent. Given the decrease in the total number voluntary denied boardings coupled with the low use of the maximum amounts, we no longer find a \$10,000 amount to be realistic given the operating environment and the impact it has for our customers. We'll reallocate those funds to provide a better customer experience.

## **A message from Kate: Update on AIP and profit sharing**

May 01, 2020

To our employees:

I hope you and your family are well.

I expect you read the news related to our first quarter earnings – which reveals the difficult, unprecedented financial circumstances that we're dealing with right now.

As you've heard repeatedly, we are aggressively and proactively reducing costs in every aspect of our business. Our May schedule is down 90% and we expect the same in June. I want to thank all of you who have participated or are participating in our voluntary leave programs or taking ANP. This is one of the biggest things you can do to help United at this time.

Additionally, we've suspended merit increases for our management and administrative staff, put a freeze on hiring, reduced vendor and

third-party spend significantly, reduced the base salaries of all of our officers by 50%, and cut Oscar and Scott's base salaries by 100%.

With that context, I wanted to share an update about our Annual Incentive Program and Profit Sharing Program. Under the design of both these programs, we are required to make a profit in order to make a payment to employees. Given the drop in travel demand and financial outlook for United Airlines, it is extremely unlikely that either of these programs will pay out for 2020. While this may be obvious to some, in the spirit of transparency, I thought it was important to be direct.

Of course, this is difficult news to deliver because we know that so many of you are persevering through tough circumstances – personally and professionally – and working particularly hard to help United through this crisis.

Please know how much we appreciate your commitment to our company. And continue to stay safe and take care of each other and your families.

All my best,

Kate Gebo

## More space for our growing payload

May 01, 2020

This week, we received approval from the Federal Aviation Administration (FAA) to begin using in-cabin storage areas, including overhead bins and closets, to carry cargo on select flights.

Since the COVID-19 pandemic began, we've seen a significant uptick in cargo demand, resulting in the need for additional space on our aircraft to move that freight. After receiving approval from the FAA, we are planning to load a portion of shipments in the passenger cabins of Boeing 777 and 787 aircraft that we're using for cargo-only flights once policies and procedures are completed. We plan to begin these cargo-in-the-cabin flights in the coming weeks. If demand continues to grow at the present rate, we'll explore the possibility of doing this on additional flights as well.

"We send our sincere thanks to the FAA for working with our team to enable the transport of more critical goods on United's cargo-only flights," said Cargo VP Jan Krems. "By loading existing cabin storage with cargo and mail, we will move even more critical medical equipment, PPE, and other vital shipments the world needs to manage through the pandemic."

Delivering critical goods into the hands of the businesses and people who need them most is extremely important right now. To keep supply chains moving, we began operating cargo-only flights on March 19. Since then, we've flown 900 segments, transporting more than 31 million pounds of cargo.

## The Plane Facts: M&A Bonus Program

May 01, 2020

### You may have heard:

[Frontline employees are taking reduced schedules – why aren't M&A employees impacted](#)

### United's statement:

We've been evaluating every potential cost-saving opportunity between now and September 30, while at the same time planning for our total payroll costs – and the size of our airline – to be smaller starting on October 1. We've announced many cost-cutting measures since January 2020, several of which we were the first in our industry to take. Specific actions that impact pay for management and administrative (M&A) employees include:

- *Cut 100% of CEO and President's base salary*
- *Reduced officer base salaries by 50%*
- *Suspended merit salary increases for M&A employees*
- *Suspended Operations Incentive and Perfect Attendance program, which impacts both frontline and M&A employees*
- *Offered voluntary unpaid leave programs to all employees, which to date have more than 20,000 participants*
- *Instituted a hiring freeze*

Today, [we provided an update to employees](#) on the 2020 Annual Incentive Program and the 2020 Profit Sharing Program, with Kate letting employees know that it is extremely unlikely that either of these programs will pay out for 2020:

- *The Annual Incentive Program (AIP) impacts those M&A leaders who are excluded from profit sharing*
- *The 2020 Profit Sharing Program impacts both frontline and M&A employees*

### **If you get questions:**

- It goes without saying that this is an extremely difficult time, and we're all having to make adjustments that we'd rather not make.
- Every M&A employee is impacted by these cost-cutting measures, including our senior leaders.
  - o Scott's compensation has been reduced dramatically. Scott stopped taking his salary on March 10. In fact, he and Oscar were the first US airline executives to eliminate their salaries when the crisis began. Based on Kate's note referenced above, Scott, like all other M&A employees, is not expected to get a 2020 AIP bonus. His remaining compensation is stock-based, and as of May 1, has lost nearly 70% of its value since February.
- All of the decisions we are making align with our collective bargaining agreements and CARES Act requirements.

## **Expanding our face mask requirements**

**April 30, 2020**

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We [announced last week](#) that flight attendants are required to wear face coverings or masks while on duty. **Effective May 4, we're**

**expanding that mandate to include all our employees on board.**

This will include front-line employees like pilots (outside the flight deck), customer service representatives, catering and ramp employees while aboard the aircraft, as well as any United employees traveling for business or pass traveling. This requirement will be reflected in our pass rider dress code policy. Please reference our Mask User Guide [here](#).

Face coverings will also be mandatory for all United passengers starting May 4, and we will provide masks to passengers for free. Employees and their eligible pass riders should come prepared with their own face covering or mask.

These mitigation measures align with the [CDC guidelines](#) and are the latest steps in our broader efforts to help ensure a safe environment for our customers and our employees.

Read more about all the things we are doing on the [United Hub](#) and [Flying Together](#), and be on the lookout for any InTheKnow communications on policy and procedure change

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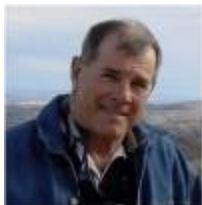
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