

**OPENING STATEMENT OF ANDREW NOCELLA**  
**EXECUTIVE VICE PRESIDENT & CHIEF COMMERCIAL OFFICER**  
**UNITED AIRLINES, INC.**  
**DECEMBER 4, 2024, HEARING BEFORE**  
**PERMANENT SUBCOMMITTEE ON INVESTIGATIONS**  
**COMMITTEE ON HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS**  
**UNITED STATES SENATE**

Good morning. Chairman Blumenthal, Ranking Member Johnson, and members of the Subcommittee, my name is Andrew Nocella and I am the Chief Commercial Officer at United Airlines. I appreciate the opportunity to discuss United's optional products and services.

To begin, I'd like to take a moment to thank the over 140 million customers who travel to nearly 350 destinations on United each year. I'd also like to recognize our more than 100,000 employees, including 80,000-plus union members, who work hard every day to ensure our customers reach their destinations safely. At United, we are proud to connect people and unite the world.

Providing customers with choices has been the driving factor as we design new products that meet a range of travel needs and budgets. Our customers who prioritize affordability have the option to choose a lower fare product and, in doing so, opt out of paying for additional services that they do not want. But we also have customers who seek more services, and they retain the ability to choose the services they value, for an incremental fee, like a seat with extra legroom or checked bags. There is strong customer demand for a diverse array of booking and service options.

In our view, a one-size-fits-all travel model would deny lower cost options to our customers. For example, our Basic Economy product is designed to promote affordability by allowing customers to select the lowest airfare and opt out of paying for services that they do not intend to use. Consider a student on a limited budget who travels from Chicago to Boston to visit her parents for the weekend. She may decide that she is able to easily fit her belongings in her backpack and would prefer a lower fare option. A Basic Economy fare allows that student to take her trip at the lowest possible fare, without having to pay more to subsidize services that she does not want.

Fees for services like checked baggage or seating should never be a surprise, and no matter what air travel options a customer selects, United provides them with transparent, readily accessible pricing information and product descriptions. That information is available at several points during the ticket-booking process, is accessible to all of our customers through United's website and mobile app, and is provided directly to all third-party sites and travel agents who book customers on United flights. Fulsome disclosures allow our customers to make informed choices about which products and services they want—for example, on our website and app, our customers will see a pop-up disclosure that compares the services included in a Basic Economy fare with those included in standard economy before they can actually purchase Basic Economy.

When pricing our optional services, we take a holistic approach. Aviation is a complex industry, with significant investments in planes, people, and technology that support all aspects of air travel. While we don't ordinarily track the cost for each optional service, we do track many fixed and variable costs incurred by our operations, which continue to increase each year. So when determining our prices, we try to account for the competitive market for air travel and the value to our customers.

Providing the most value to customers is what produces the best results for our business, like any business. I'd like to highlight two examples of United's recent investments in customer experience: in 2023 we amended our seating policy to waive the fee for preferred seats when a party includes a child under 12 no matter the fare type, and in 2025 we will discontinue the fee for in-flight high-speed internet as we transition our fleet to Starlink connectivity. These changes will not maximize United's ancillary revenues: just the opposite, they will reduce those revenues by hundreds of millions of dollars. Indeed, our ancillary revenues from the optional services addressed by the Subcommittee's inquiry were lower in 2023 than in 2018. But these

investments will yield a great customer experience, elevate our brand, and thus benefit United's business overall.

I'd also like to clear up another point about United's pricing. The Subcommittee's report erroneously concluded that United does not pay federal tax on seat fees, apparently based on its review of the booking path on our website. In fact, United has always paid the 7.5% transportation tax on all seat fees, but it is not displayed in the booking path because United pays the tax directly to the Department of Treasury.

We at United are proud to provide safe, on-time, and affordable air travel options. The federal government is an important partner in that endeavor as the operator of the air traffic control system, and the single most consequential thing anyone can do to improve the experience for our customers is to fully staff the FAA.

Thank you again, and I would be pleased to answer any questions that you may have.