Risk Factors Comparison 2024-02-29 to 2023-02-16 Form: 10-K

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Any of the risks and uncertainties described below could significantly and negatively affect our business operations, financial condition, operating results (including components of our financial results), cash flows, prospects, reputation or credit ratings, which could cause the trading price of our common stock to decline significantly. Additional risks and uncertainties that are not presently known to us, or risks that we currently consider immaterial, could also impair our business operations, financial condition, operating results, cash flows, prospects, reputation or credit ratings. Strategic and Business Development Risks We may not be successful in executing elements of our strategic operating plan, which may have a material adverse impact on our business, financial results and market capitalization. ~~In June 2021, the Company announced its~~ United Next **, the Company' s strategic operating** plan, **includes** ~~including initial~~ firm orders of ~~270~~ **over 700 narrow and widebody** aircraft, retrofitting plans and plans to increase mainline daily departures and available seats across the Company' s North American network. In developing our United Next plan, we made certain assumptions including, but not limited to, ~~those related to the duration and scope of the impacts from the COVID- 19 pandemic,~~ customer demand (in light of ~~the COVID- 19 pandemic, inflation and~~ changing economic conditions), fuel costs, delivery of aircraft, **aircraft certification approval timelines,** labor market constraints and related costs, supply chain constraints, inflationary pressures, voluntary or mandatory groundings of aircraft, our regional network, competition, market consolidation and other macroeconomic and geopolitical factors. **We also subsequently adjusted certain of our assumptions as a result of the increase in costs due to infrastructure improvements, new labor contracts and aircraft maintenance that were needed to support our United Next plan as well as the expected delay in 737 MAX 10 aircraft deliveries.** Actual conditions may be different from our assumptions **at any time** and could cause the Company to **further** adjust its strategic operating plan. In addition, we cannot provide any assurance that we will be able to successfully execute our strategic plan, **that** ~~our strategic plan will not result in additional unanticipated costs,~~ the growth that we anticipate will occur through execution of our strategic plan will not exacerbate any other risk described in this Form 10- K (especially relating to fuel costs, the impact of ~~inflationary~~ **economic** pressures **or geopolitical events** , our supply chain or our ability to attract, train and retain talent), **that our strategic plan will not result in additional unanticipated costs, that** our suppliers will timely provide adequate products or support for our products (including **but not limited to certification and** delivery of aircraft) or **that** our strategic plan will result in improvements in future financial performance. If we do not successfully execute our United Next or other strategic plans, or if actual results vary significantly from our expectations, our business, operating results, financial condition and market capitalization could be materially and adversely impacted. The failure to successfully structure our business to meet market conditions could have a material adverse effect on our business, operating results and financial condition. Changes in the Company' s network strategy over time or other factors outside of the Company' s control may make aircraft on order less economic for the Company, result in costs related to modification or termination of aircraft orders or cause the Company to enter into orders for new aircraft on less favorable terms, and any inability to accept or integrate new aircraft into the Company' s fleet as planned could increase costs or affect the Company' s flight schedules. The Company' s orders for new aircraft are typically made years in advance of actual delivery of such aircraft ~~,~~ and the financial commitment required for purchases of new aircraft is substantial. As a result of our network strategy changing or our demand expectations not being realized, our preference for the aircraft that we previously ordered may decrease; however, the Company may be responsible for material liabilities to its counterparties if it were to attempt to modify or terminate any of its existing aircraft order commitments and our financial condition could be adversely impacted. These risks are heightened as a result of the Company' s **sizeable** United Next **aircraft** orders ~~in the second quarter of 2021 and the fourth quarter of 2022~~ . Additionally, the Company may have a need for additional aircraft that are not available under its existing orders and may seek to acquire aircraft from other sources, such as through lease arrangements, which may result in higher costs or less favorable terms, or through the purchase or lease of used aircraft. The Company may not be able to acquire such aircraft when needed on favorable terms or at all. Furthermore, if, for any reason, the Company is unable or does not want to accept deliveries of new aircraft or integrate such new aircraft into its fleet as planned, the Company may face higher financing and operating costs than planned or litigation risks ~~, or~~ **and may** be required to seek extensions of the terms for certain leased aircraft or otherwise delay the exit of other aircraft from its fleet. Unanticipated extensions or delays may require the Company to operate existing aircraft beyond the point at which it is economically optimal to retire them, resulting in increased maintenance costs, or reductions to the Company' s schedule, thereby reducing revenues. The imposition of new tariffs, or any increase in existing tariffs, on the importation of commercial aircraft that the Company orders may also result in higher costs. Failure to effectively manage acquisitions, divestitures, investments, joint ventures and other portfolio actions could adversely impact our operating results. In addition, any businesses or assets that we acquire in the future increase our exposure to unknown liabilities or other issues and also may underperform as compared to expectations. **An** ~~Although we are committed to reducing our debt over the long term, an~~ important part of the Company' s strategy to expand its global network **and operate an environmentally sustainable and responsible airline** has included making significant investments, both domestically and in other parts of the world, including in other airlines and other aviation industry participants, producers of SAF and manufacturers of electric and other new generation aircraft. ~~The~~ **For instance, the** Company plans to continue to make additional investments through its corporate venture capital arm, UAV **and as a limited partner of the Fund** . However, ~~increased competition in forming and maintaining relationships with other airlines (~~ since there are a limited number of potential arrangements **,** and other airlines and industry participants seek to enter into similar relationships ~~)~~ **, this** may make it difficult for the Company to complete strategic investments on commercially reasonable terms or at all. These investments are inherently risky and may not be successful. Future revenues, profits and cash flows of these and future investments and repayment of invested or loaned funds may not materialize due to safety concerns, regulatory issues, supply chain constraints or other factors beyond our control. Where we acquire debt or equity securities as all or part of the consideration for business development activities, such as in connection with a joint venture, the value of those securities will fluctuate and may depreciate in value. We may not control the companies in which we make investments ~~,~~ and **,** as a result, we will have limited ability to determine their management, operational decisions, internal controls and compliance and other policies, which can result in additional financial and reputational risks. Further, acquisitions and investments create exposure to assumed litigation and unknown liabilities, as well as undetected internal control, regulatory compliance or other issues, or additional costs not anticipated at the time the transaction was completed, and our due diligence efforts may not identify such liabilities or issues, or they may not be disclosed to us. From time to time **,** we also divest assets. We may not be successful in separating any such assets, and losses on the divestiture of, or lost operating income from, such assets may adversely affect our earnings. Any divestitures also may result in continued financial exposure to the divested businesses following the transaction, such as through guarantees or other financial arrangements or potential litigation. In addition, we **have incurred, and** may **again in the future** incur **,** asset impairment charges related to acquisitions, divestitures, investments or joint ventures that ~~reduce~~ **have the effect of reducing** our earnings ~~. For example, in 2020, United recorded a full credit loss allowance against the $ 515 million carrying value of the Term Loan Agreement with, among others, BRW Aviation Holding LLC and BRW Aviation LLC (" BRW"), as guarantor and borrower, respectively, and the related receivable~~ . Moreover, new or revised accounting standards, rules and interpretations could result in changes to the recognition of income and expense that may materially and adversely affect our financial results. If the execution or implementation of acquisitions, divestitures, investments, joint ventures and other portfolio actions is not successful, it could adversely impact our financial condition, cash flows and results of operations. In addition, due to the Company' s substantial amount of debt, there are certain limitations on the Company' s business development capacity. Further, pursuing these opportunities may require us to obtain additional equity or debt financing and could result in increased leverage and / or a downgrade of our credit ratings. Business, Operational and Industry Risks ~~The COVID- 19 pandemic, and related governmental regulations and restrictions, has materially and adversely impacted our business, operating results, financial condition and liquidity. The full extent of the impact will depend on future developments, among other things. If the impacts from the COVID- 19 pandemic extend beyond our assumed timelines, our actual results may vary significantly from our expectations. The COVID- 19 pandemic prompted governments and businesses to take unprecedented measures in response that have included international and domestic travel restrictions or advisories, restrictions on business operations, limitations on public gatherings, social distancing recommendations, temporary closures of businesses, remote work arrangements, closures of tourist destinations and attractions as well as quarantine and shelter- in- place orders. As a result, we experienced a precipitous decline in passenger demand and bookings for both business and leisure travel, which had an adverse impact that was material to the Company' s business, operating results, financial condition and liquidity and materially disrupted our strategic operating plans. In 2022, the Company saw increasing demand for travel both domestically and internationally; however, as the situation surrounding the COVID- 19 pandemic remains fluid, the pandemic has continued to negatively impact travel demand. It remains difficult to reasonably predict the full extent of the ongoing impact of the COVID- 19 pandemic on the Company' s longer- term operational and financial performance, which will depend on a number of future developments, many of which are outside the Company' s control, such as the ultimate duration of and factors impacting the recovery from the pandemic (including the efficacy and speed of vaccination programs in curbing the spread of the virus in different markets, the efficacy and availability of various treatment options, the introduction and spread of new variants of the virus that may be resistant to currently approved vaccines or treatment options and the continuation of existing or implementation of new government travel restrictions), the volatility of aircraft fuel prices, customer behavior and preference changes and whether such changes are temporary or permanent, and fluctuations in demand for air travel, among others. The COVID- 19 pandemic, the measures taken in response and related macroeconomic effects may continue to impact many aspects of our business, operating results, financial condition and liquidity in a number of ways, including labor market constraints and related costs (which impact available staffing and therefore the Company' s flight schedules and reputation), facility closures and related costs, disruptions to the Company' s and its business partners' operations, reduced travel demand and consumer spending, increased fuel and other operating costs (including due to rising inflationary pressures), supply chain constraints, logistics constraints, volatility in the price of our securities, our ability to access capital markets and volatility in the global economy and financial markets generally. If the negative impacts from the COVID- 19 pandemic extend beyond our assumed timelines, our actual results may vary significantly from our expectations. Our level of indebtedness has increased as we managed through the effects of the COVID- 19 pandemic and positioned the Company for recovery. As a result of the Company' s various financing activities in response to the pandemic, the Company is subjected to more substantial risk of default, cross- default and cross- acceleration in the event of breach of its covenants under such financings. For example, under certain of the Company' s credit card processing agreements with financial institutions, the financial institutions in certain circumstances have the right to require that the Company maintain certain cash or other collateral reserves related to advance ticket sales. It is possible that COVID- 19 could exacerbate any of the other risks described in this Form 10- K as well. At this time, we cannot predict the full extent of the negative impact that the COVID- 19 pandemic will have on our business, operating results, financial condition, and liquidity.~~ The Company could experience adverse publicity, harm to its brand, reduced travel demand, potential tort liability and operational restrictions as a result of an accident, catastrophe or incident involving its aircraft or its operations or the aircraft or operations of another airline, which may result in a material adverse effect on the Company' s business, operating results or financial condition. An accident, catastrophe or incident involving an aircraft that the Company operates, or an aircraft or aircraft type that is operated by another airline, or an incident involving the Company' s operations, or the operations of another airline, could have a material adverse effect on the Company if such accident, catastrophe or incident created a public perception that the Company' s operations, or the operations of its codeshare partners or regional carriers, are not safe or reliable, or are less safe or reliable than other airlines. Further, any such accident, catastrophe or incident involving the Company, its regional carriers or its codeshare partners could expose the Company to significant liability. Although the Company currently maintains liability insurance in amounts and of the type the Company believes to be consistent with industry practice to cover damages arising from any such accident, catastrophe or incident, and the Company' s codeshare partners and regional carriers carry similar insurance and generally indemnify the Company for their operations, if the Company' s liability exceeds the applicable policy limits or the ability of another carrier to indemnify it, the Company could incur substantial losses from an accident, catastrophe or incident, which may result in a material adverse effect on the Company' s business, operating results or financial condition. In addition, any such accident, catastrophe or incident involving the Company, its regional carriers or its codeshare partners could result in operational restrictions on the Company, including voluntary or mandatory groundings of aircraft. Voluntary or involuntary groundings have also impacted, and could in the future impact, the Company' s financial results and operations in numerous ways, including reduced revenue, redistributions of other aircraft and deferrals of capital expenditure and other spending. For example **, in January 2024, the FAA issued an Emergency Airworthiness Directive suspending service of all Boeing 737 MAX 9 aircraft operated by U. S. airlines, resulting in the grounding of all 79 of the Company' s Boeing 737 MAX 9 aircraft, which has negatively impacted the Company' s financial performance in the first quarter of 2024. Previously** , in February 2021, the FAA issued an Emergency Airworthiness Directive regarding certain Boeing 777 Pratt & Whitney powered aircraft, which required the Company to keep more than 50 aircraft out of service until required repairs were made to improve the safety of the engines. A prolonged period of time operating a reduced fleet in these circumstances could result in a material adverse effect on the Company' s business, operating results or financial condition. The global airline industry is highly competitive and susceptible to price discounting and changes in capacity, which could have a material adverse effect on our business, operating results and financial condition. The airline industry is highly competitive, marked by significant competition with respect to routes, fares, schedules (both timing and frequency), services, products, customer service and frequent flyer programs. Consolidation in the airline industry, the rise of well- funded government sponsored international carriers, changes in international alliances, swaps of landing and slots and the creation of immunized JBAs have altered and are expected to continue to alter the competitive landscape in the industry, resulting in the formation of airlines and alliances with increased financial resources, more extensive global networks and services and competitive cost structures. Open Skies agreements, including the longstanding agreements between the United States and each of the EU, Canada, Japan, Korea, New Zealand, Australia, Colombia and Panama, as well as the more recent agreements between the United States and each of Mexico, Brazil and the UK, may also give rise to better integration opportunities among international carriers. Movement of airlines between current global airline alliances could reduce joint network coverage for members of such alliances while also creating opportunities for JBAs and bilateral alliances that did not exist before such realignment. Further airline and airline alliance consolidations or reorganizations could occur in the future, and other airlines participating in such activities may significantly improve their cost structures or revenue generation capabilities, thereby potentially making them stronger competitors of the Company and impairing the Company' s ability to realize expected benefits from its own strategic relationships. Airlines also compete by increasing or decreasing their capacity, including route systems and the number of destinations served. Several of the Company' s domestic and international competitors have increased their international capacity by including service to some destinations that the Company currently serves, causing overlap in destinations served and, therefore, increasing competition for those destinations. This increased competition in both domestic and international markets may have a material adverse effect on the Company' s business, operating results and financial condition. The Company' s U. S. operations are subject to competition from traditional network carriers, national point- to- point carriers and discount carriers, including low- cost carriers and ultra- low- cost carriers that may have lower costs and provide service at lower fares to destinations also served by the Company. The significant presence of low- cost carriers and ultra- low- cost carriers, which engage in substantial price discounting, may diminish our ability to achieve sustained profitability on domestic and international routes and has also caused us to reduce fares for certain routes, resulting in lower yields on many domestic markets. Our ability to compete in the domestic market effectively depends, in part, on our ability to maintain a competitive cost structure. If we cannot maintain our costs at a competitive level, then our business, operating results and financial condition could continue to be materially and adversely affected. In addition, our competitors have established new routes and destinations, including some at our hub airports ~~, in light of the expansion opportunities presented by the COVID- 19 pandemic~~ , which may compete with our existing routes and destinations and expansion plans. Our international operations are subject to competition from both foreign and domestic carriers. For instance, competition is significant from government- subsidized competitors from certain Middle East countries. These carriers have large numbers of international widebody aircraft on order and are increasing service to the U. S. from their hubs in the Middle East. The government support provided to these carriers has allowed them to grow quickly, reinvest in their product, invest in other airlines and expand their global presence. We also face competition from foreign carriers operating under" fifth freedom" rights permitted under international treaties that allow certain carriers to provide service to and from stopover points between their home countries and ultimate destinations, including points in the United States, in competition with service provided by us. Through alliance and other marketing and codesharing agreements with foreign carriers, U. S. carriers have increased their ability to sell international transportation, such as services to and beyond traditional global gateway cities. Similarly, foreign carriers have obtained increased access to interior U. S. passenger traffic beyond traditional U. S. gateway cities through these relationships. In addition, several JBAs among U. S. and foreign carriers have received grants of antitrust immunity allowing the participating carriers to coordinate schedules, pricing, sales and inventory. If we are not able to continue participating in these types of alliance and other marketing and codesharing agreements in the future, our business, operating results and financial condition could be materially and adversely affected. Our MileagePlus frequent flyer program benefits from the attractiveness and competitiveness of United Airlines as a material purchaser of award miles and the majority recipient for mileage redemption. If we are not able to maintain a competitive and attractive airline business, our ability to acquire, engage and retain customers in the loyalty program may be adversely affected, which could adversely affect the loyalty program' s and our operating results and financial condition. Further, our MileagePlus frequent flyer program also faces significant and increasing direct competition from the frequent flyer programs offered by other airlines, as well as from similar loyalty programs offered by banks and other financial services companies. Competition among loyalty programs is intense regarding customer acquisition incentives, the value and utility of program currency, rewards range and value, fees, required usage, and other terms and conditions of these programs. If we are not able to maintain a competitive frequent flyer program, our ability to attract and retain customers to MileagePlus and United alike may be adversely affected, which could adversely affect our operating results and financial condition. Substantially all of the Company' s aircraft, engines and certain parts are sourced from a limited number of suppliers; therefore, the Company would be materially and adversely affected if it were unable to obtain timely deliveries, additional equipment or support from any of these suppliers. The Company currently sources substantially all of its aircraft and many related aircraft parts from The Boeing Company (" Boeing") or Airbus S. A. S. (" Airbus"). In addition, our aircraft suppliers are dependent on other suppliers for certain other aircraft parts. Therefore, if the Company is unable to acquire additional aircraft at acceptable prices from Boeing or Airbus, or if Boeing or Airbus fails to make timely deliveries of aircraft (whether as a result of **increased FAA oversight of the production process,** any failure or delay in obtaining regulatory approval or certification for new model aircraft, such as the 737 MAX 10 aircraft, which has not ~~yet been~~ **received a type** ~~certified~~ **certificate from the FAA** , ~~or~~ manufacturing delays or otherwise) or to provide adequate support for its products, including with respect to the aircraft subject to firm orders under our United Next plan, the Company' s operations could be materially and adversely affected **. For example, due to the delay of the certification of the 737 MAX 10 aircraft and continued supply chain issues, the Company currently expects a reduction in deliveries from Boeing during the next couple of years, which has caused the Company to rework its fleet plan and may impact our financial position, results of operations and cash flows** . The Company is also dependent on a limited number of suppliers for engines and certain other aircraft parts and could, therefore, also be materially and adversely affected in the event of the unavailability or increased cost of these engines and other aircraft parts. Many of our suppliers are experiencing inflationary pressures, as well as disruptions due to the lingering impacts of ~~COVID- 19,~~ global supply chain and labor market constraints and related costs. If one or more of our suppliers, our contractors or their subcontractors continue to experience financial difficulties, delivery delays or other performance problems, they may be unable to meet their commitments to us and our financial position, results of operations and cash flows may continue to be adversely impacted. Disruptions to our regional network and United Express flights provided by third- party regional carriers could adversely affect our business, operating results and financial condition. While the Company has contractual relationships that are material to its business with various regional carriers to provide regional aircraft service branded as United Express that include contractually agreed performance metrics, each regional carrier is a separately certificated commercial air carrier, and the Company does not control the operations of these carriers. A number of factors may impact the Company' s regional network, including weather- related effects, seasonality, equipment or software failures and cybersecurity attacks and any significant declines in demand for air travel services ~~, including as a result of the COVID- 19 pandemic~~ . In addition, the decrease in qualified pilots driven primarily by changes to federal regulations has adversely impacted and could continue to adversely impact the Company' s regional flying. For example, the FAA' s expansion of minimum pilot qualification standards, including a requirement that a pilot have at least 1, 500 total flight hours, as well as the FAA' s revised pilot flight and duty time requirements under Part 117 of the Federal Aviation Regulations, have contributed to a smaller supply of pilots available to regional carriers. The decrease in qualified pilots resulting from the regulations as well as other factors, including a decreased student pilot population and a shrinking U. S. military from which to hire qualified pilots, has led to increased competition from large, mainline carriers attempting to meet their hiring needs and has adversely impacted our regional carriers. United Express regional carriers have been unable to hire adequate numbers of pilots to meet their needs, resulting in a reduction in the number of flights offered, disruptions in scheduled flights, increased costs of operations, financial difficulties and other adverse effects and these circumstances may become more severe in the future and could cause a material adverse effect on our business. In response, the Company has been and may in the future be required to provide additional financial compensation and other support to its regional carriers or reduce its regional carrier flying, which could require the Company to fly routes at a greater cost, reduce the number of destinations the Company is able to serve or lead to negative public perceptions of the Company. Disruptions to our regional networks ~~as a result of the COVID- 19 pandemic~~ , **the** pilot shortage or other factors could adversely affect our business, operating results and financial condition. Unfavorable economic and political conditions, in the United States and globally, may have a material adverse effect on our business, operating results and financial condition. The Company' s business and operating results are significantly impacted by U. S. and global economic and political conditions. The airline industry is highly cyclical ~~,~~ and the level of demand for air travel is correlated to the strength of the U. S. and global economies ~~. Robust demand for air transportation depends largely on favorable economic conditions~~ , including the strength of the domestic and foreign economies, ~~low~~ unemployment levels, ~~strong~~ consumer confidence levels and the availability of consumer and business credit. Air transportation is often a discretionary purchase that leisure travelers may limit or eliminate during difficult economic times. Short- haul travelers, in particular, have the option to replace air travel with surface travel. In addition, during periods of unfavorable economic conditions, business travelers historically have reduced the volume of their travel, either due to cost- saving initiatives, the replacement of travel with alternatives such as videoconferencing or as a result of decreased business activity requiring travel. **Furthermore** ~~In addition~~ , an increase in price levels generally or in price levels in a particular sector (such as current rising inflationary pressures related to domestic and global supply chain constraints, which have led to both overall price increases and pronounced price increases in certain sectors) could result in a shift in consumer demand away from both leisure and business travel. Reduced or flat consumer spending may drive us and our competitors to reduce or offer promotional prices, which would negatively impact our gross margin. ~~In addition, if inflation continues to rise, we may not be able to adjust prices sufficiently to offset the effect without further negatively impacting travel demand or our gross margin.~~ Any of the foregoing would adversely affect the Company' s business and operating results. Significant declines in industry passenger demand, particularly with respect to the Company' s business and premium cabin travelers and a reduction in fare **levels, as well as the continuing slow return of business travel demand to pre- COVID- 19** levels, could lead to a material reduction in revenue, changes to the Company' s operations and deferrals of capital expenditure and other spending. Additionally, any deterioration in global trade relations, such as increased tariffs or other trade barriers, could result in a decrease in the demand for international air travel. The Company' s business relies extensively on third- party service providers, including certain technology providers. Failure of these parties to perform as expected, or interruptions in the Company' s relationships with these providers or their provision of services to the Company, could have a material adverse effect on the Company' s business, operating results and financial condition. The Company has engaged third- party service providers to perform a large number of functions that are integral to its business, including regional operations, operation of customer service call centers, distribution and sale of airline seat inventory, provision of information technology infrastructure and services, transmitting or uploading of data, provision of aircraft maintenance and repairs, provision of various utilities and performance of airport ground services, aircraft fueling operations ~~and~~ **,** catering **services and air cargo handling** services, among other vital functions and services. Although generally the Company enters into agreements that define expected service performance and compliance requirements, there can be no assurance that our third- party service providers will adhere to these requirements. Accordingly, any of these third- party service providers may materially fail to meet ~~its~~ **their** service performance commitments to the Company or may suffer disruptions to ~~its~~ **their** systems **, labor groups or supply chains** that could impact ~~its~~ **their** services. For example, failures in certain third- party technology or communications systems may cause flight delays or cancellations. The failure of any of the Company' s third- party service providers to perform their service obligations adequately, or other interruptions of services, may reduce the Company' s revenues and increase its expenses, prevent the Company from operating its flights and providing other services to its customers or result in adverse publicity or harm to our brand. We may also be subject to consequences from any illegal conduct of our third- party service providers, including for their failure to comply with anti- corruption laws, such as the U. S. Foreign Corrupt Practices Act. In addition, the Company' s business and financial performance could be materially harmed if its customers believe that its services are unreliable or unsatisfactory. The Company may also have disagreements with such **third- party** providers ~~or such~~ **and related** contracts may be terminated or may not be extended or renewed. For example, the number of flight reservations booked through third- party GDSs or OTAs may be adversely affected by disruptions in the business relationships between the Company and these suppliers. Such disruptions, including a failure to agree upon acceptable contract terms when contracts expire or otherwise become subject to renegotiation, may cause the Company' s flight information to be limited or unavailable for display by the affected GDS or OTA operator, significantly increase fees for both the Company and GDS / OTA users and impair the Company' s relationships with its customers and travel agencies. Any such disruptions or contract terminations may adversely impact our operations and financial results. If we are not able to negotiate or renew agreements with third- party service providers, or if we renew existing agreements on less favorable terms, our operations and financial results may be adversely affected. Extended interruptions or disruptions in service at major airports where we operate could have a material adverse impact on our operations, including our ability to operate our existing flight schedule and to expand or change our route network in the future, and space, facility and infrastructure constraints at our hubs or other airports may prevent the Company from maintaining existing service and / or implementing new service in a commercially viable manner. The airline industry is heavily dependent on business models that concentrate operations in major airports in the United States and throughout the world. ~~For example, we have a significant portion of our maintenance operations at our SFO airport hub and any disruption or interruption at our SFO hub could have a serious impact on our overall operations.~~ An extended interruption or disruption at one of our hubs or other airports where we have a significant presence resulting from ATC delays, weather conditions, natural disasters, growth constraints, ~~relations~~ **relationships** with **or the performance of** third- party service providers, **cybersecurity incidents and other** ~~failure~~ **failures** of computer systems, disruptions to government agencies or personnel (including as a result of government shutdowns), **regulatory changes,** disruptions at airport facilities or other key facilities used by us to manage our operations, labor relations and market constraints, power supplies, fuel supplies, terrorist activities, international hostilities or ~~otherwise~~ **other factors** could result in the cancellation or delay of a significant portion of our flights and, as a result, could have a material adverse impact on our business, operating results and financial condition. **For example, we perform significant aircraft and engine maintenance operations at our SFO airport hub and any disruption or interruption at our SFO hub could have a serious impact on our overall operations.** We have minimal control over the operation, quality or maintenance of these services or whether ~~vendors~~ **our suppliers** will improve or continue to provide services that are essential to our business. For example, because we prioritize operational excellence and continually work to optimize our route network and schedule, in light of the industry- wide operational challenges at airports in our network that have limited our system- wide capacity (~~one~~ **two** of the more prominent **examples** being the grounding of a number of the Company' s transatlantic flights in response to the capacity cut by London Heathrow ~~airport~~ during the summer of 2022 **and the flight disruptions experienced at EWR during the summer of 2023**), ~~in 2022~~ we **have** ~~decided to reconfigure~~ **reconfigured** our proposed flight schedule and capacity to help improve our operational performance and our customers' experience. These industry- wide operational challenges **have** had a negative impact on our business and operating results and are expected to continue. In the future, we may not be able to adjust our operations to mitigate their effect ~~in the future~~ , which may have a negative impact on our business, operating results, financial condition and liquidity and limit our ability to expand or change our route network ~~in the future~~ and execute our United Next strategy. In addition, as airports around the world become more congested, space, facility and infrastructure constraints at our hubs or other airports **where we operate now or may operate in the future** may prevent the Company from maintaining existing service and / or implementing new service in a commercially viable manner because of a number of factors, including capital improvements at such airports being imposed by the relevant airport ~~authority~~ **authorities** without the Company' s approval. Capital spending projects of airport authorities currently underway and additional projects that we expect to commence over the next several years ~~is~~ **are** expected to result in increased costs to airlines and the traveling public that use those facilities as the airports seek to recover their investments through increased rental **rates** , landing **fees** and other facility costs. These actions have caused and may continue to cause the Company to experience increased space rental rates at various airports in its network, including a number of our hubs and gateways, ~~and~~ **as well as** increased operating costs. Furthermore, the Company is not able to control decisions by other airlines to reduce their capacity, causing certain fixed airport costs to be allocated among fewer total flights and resulting in increased landing fees and other costs for the Company. **We** ~~Although we currently~~ have sufficient slots or analogous authorizations to operate our existing flights and we have generally, but not always, been able to obtain the rights to expand our operations and to change our schedules **, but there can be no assurance that we can maintain existing service or implement new service in a cost- effective manner in the future** . Geopolitical conflict, terrorist attacks or security events may adversely affect our business, financial condition and results of operations. As a global business with operations outside of the United States from which it derives significant operating revenues, volatile conditions in certain international regions may have a negative impact on the Company' s operating results and its ability to achieve its business objectives. The Company' s international operations are a vital part of its worldwide airline network. Political disruptions and instability in certain regions have negatively impacted the demand and network availability for air travel, as well as fuel prices, and may continue to have a negative impact on these and other items. **For example, the suspensions of the Company' s overflying in Russian airspace as a result of the Russia- Ukraine military conflict and to Tel Aviv as a result of the Israeli- Hamas military conflict have significantly impacted our financial condition, cash flows and results of operations. In addition,** ~~Terrorist~~ **terrorist** attacks or international hostilities, even if not made on or targeted directly at the airline industry, or the fear of or the precautions taken in anticipation of such attacks (including elevated national threat warnings, travel restrictions, selective cancellation or redirection of flights and new security regulations) could materially and adversely affect the Company and the airline industry. The Company' s financial resources and insurance coverage may not be sufficient to absorb the adverse effects of any future terrorist attacks, international hostilities or other security events, which could have a material adverse impact on the Company' s financial condition, liquidity and operating results. In addition, due to threats against the aviation industry, the Company has incurred, and may continue to incur, significant expenditures to comply with security- related requirements to mitigate threats and protect the safety of our employees and customers. Any damage to our reputation or brand image could adversely affect our business or financial results. We operate in a public- facing industry and maintaining a good reputation is critical to our business. The Company' s reputation or brand image could be adversely impacted by any failure to maintain satisfactory practices for all of our operations and activities; any failure **or perceived failure** to achieve and / or make progress toward our environmental, safety, diversity, equity and inclusion or other social and governance (" ESG") goals, which are **aspirational and** subject to risks and uncertainties that are outside of our control; our stakeholders not being satisfied with our ESG goals or strategy or efforts to meet ~~the~~ **such** goals; public pressure from investors or policy groups to change our policies **and strategies** ; customer perceptions of our advertising campaigns, sponsorship arrangements or marketing programs, including greenwashing concerns regarding our advertising campaigns and marketing programs related to our sustainability initiatives **; deficiencies in the quantitative data that we disclose in relation to our ESG goals** ; or customer perceptions of statements made by us, our employees and executives, agents or other third parties. Damage to our reputation or brand image or loss of customer confidence in our services could adversely affect our business and financial results, as well as require additional resources to rebuild our reputation. Regulators, customers, investors, employees and other stakeholders are focusing more on ESG impacts of operations and related disclosures, which are subject to rules, regulations and standards for collecting, measuring and reporting that are still developing, involve internal controls and processes that continue to evolve, depend in part on third- party performance or data that is outside the Company' s control and have resulted in, and are likely to continue to result in, increased general and administrative expenses and increased management time and attention spent complying with or meeting such expectations, rules, regulations and standards. The ongoing relevance of our brand may depend on our ability to achieve our ESG goals, ~~further~~ **make progress on** our ESG initiatives and comply with ~~related~~ **applicable** federal, state and international binding or non- binding legislation, regulation, standards and accords as well as on the accuracy, adequacy or completeness of our disclosures relating to our ESG goals and initiatives and progress ~~against~~ **towards** those goals. Information Technology, Cybersecurity and Data Privacy Risks The Company relies heavily on technology and automated systems to operate its business and any significant failure or disruption of, or failure to effectively integrate and implement, these technologies or systems could materially harm its business **or business strategy** . The Company depends on technology and automated systems **, including artificial intelligence (" AI"),** to operate its business, including, but not limited to, computerized airline reservation systems, electronic tickets, electronic airport kiosks, demand prediction software, flight operations systems, in- flight wireless internet, cloud- based technologies, technical and business operations systems and commercial websites and applications, including www. united. com and the United Airlines mobile app. These systems could suffer substantial or repeated disruptions due to various events, some of which are beyond the Company' s control (including natural disasters (which may occur more frequently or intensely as a result of the impacts of climate change), power failures, terrorist attacks, dependencies on third- party technology services, equipment or software failures, cybersecurity attacks **, insider threats** or other security breaches and the deployment by certain wireless carriers of" 5G" service networks), which could reduce the attractiveness of the Company' s services versus those of our competitors, materially impair our ability to market our services and operate our flights, result in the unauthorized release of confidential or sensitive information, or information that should be protected from inadvertent disclosures, negatively impact our reputation among our customers and the public, subject us to liability to third parties, regulatory action or contract termination and result in other increased costs, lost revenue and the loss of, or compromise to the integrity, availability or confidentiality of, important data. ~~As~~ **These systems have in the past and may in**

the future be subject to failure, disruption or cyber incidents as a result ~~,~~ **of these or other factors.** ~~substantial~~ **Substantial** or repeated systems failures or disruptions may adversely affect the Company' s business, operating results ~~and~~ **,** financial condition **and business strategy** . We have cybersecurity frameworks, resiliency initiatives and disaster recovery plans in place **designed** to prevent and mitigate disruptions, and we continue to invest in improvements to these initiatives and plans. We also maintain property and business interruption insurance. However, these measures may not be adequate to prevent or mitigate disruptions or provide coverage for ~~all of~~ the Company' s associated costs, some of which may be unforeseeable. The Company may also face challenges in implementing, integrating and modifying the automated systems and ~~technology~~ **technologies** required to operate its business **or new systems and technologies designed to enhance its business** , **each of** which may require significant expenditures, human resources, the development of effective internal controls and the transformation of business and financial processes. **Our competitors or other third parties may incorporate AI into their products more quickly or more successfully than us, which could impair our ability to compete effectively and adversely affect our results of operations. Additionally, if the content, analyses, or recommendations that AI applications assist in producing are or are alleged to be deficient, inaccurate, or biased, our business, reputation, financial condition, and results of operations may be adversely affected. AI also presents emerging ethical issues, and if our use of AI becomes controversial, we may experience brand or reputational harm, competitive harm, or legal liability. The rapid evolution of AI, including proposed government regulation of AI, may require significant resources to develop, test and maintain our AI platform and services to help us implement AI in a compliant and ethical manner in order to minimize any adverse impact to our business.** If the Company is **generally** unable to timely or effectively implement, integrate or modify its systems and technology, the Company' s operations could be adversely affected. Increasing privacy ~~and~~ **,** data security **and cybersecurity** obligations or a significant data breach may adversely affect the Company' s business. In our regular business operations, we collect, process, store and transmit to commercial partners sensitive data, including personal information of our customers and employees such as payment processing information and information of our business partners, to provide our services and operate our business. The Company must manage increasing legislative, regulatory and consumer focus on privacy issues, data security and cybersecurity risk management in a variety of jurisdictions **domestically and** across the globe. For example, the EU' s General Data Protection Regulation imposes significant privacy and data security requirements, as well as potential for substantial penalties for non- compliance that have resulted in substantial adverse financial consequences to non-compliant companies. Depending on the regulatory interpretation and enforcement of emerging data protection regulations and industry standards, the Company' s business operations could be impacted, up to and including being unable to operate, within certain jurisdictions. Also, some of the Company' s commercial partners, such as credit card companies, have imposed data security standards that the Company must meet. The Company will continue its efforts to meet its privacy, data security and cybersecurity risk management obligations; however, it is possible that certain new obligations or customer expectations may be difficult to meet and could require changes in the Company' s operating processes and increase the Company' s costs. **Any significant liabilities associated with violations of any related laws or regulations could also have an adverse effect on our business, operating results, financial condition and liquidity, reputation and consumer relationships.** Additionally, the Company must manage the increasing threat of continually evolving cybersecurity risks. Our network, systems and storage applications, and those systems and applications maintained by our third- party commercial partners (such as **aircraft and engine suppliers,** cloud computing companies, credit card companies, regional airline carriers and international airline partners) ~~may~~ **have been and likely will continue to** be subject to attempts to gain unauthorized access, ~~breach~~ **breaches** , malfeasance or other system disruptions, including those involving criminal hackers, denial of service attacks, hacktivists, state- sponsored actors, corporate espionage, employee malfeasance and human or technological error. In some cases, it is difficult to anticipate or to detect immediately such incidents and the damage caused thereby **, and we may not be able to realize the benefits of our proactive defense measures and may experience operational difficulty in implementing them. Our use of AI applications has resulted in, and may in the future result in cybersecurity incidents that implicate the personal data of our customers, employees or users of such applications** . In addition, as attacks by cybercriminals **and nation state actors** become more sophisticated, frequent and intense, the costs of proactive defense measures have increased and ~~may~~ **will likely** continue to increase ~~. In addition, several large organizations recently have been affected by" ransomware" attacks, and these highly publicized events may embolden individuals or groups to target our systems or third- party systems on which we rely~~ . Furthermore, the Company' s remote work arrangements may make it more vulnerable to targeted activity from cybercriminals and significantly increase the risk of cyberattacks or other security breaches. While we continually work to safeguard our network, systems and applications, including through risk assessments, system monitoring, cybersecurity and data protection policies, processes and technologies and employee awareness and training, and seek to require **that** third- parties adhere to security standards, there is no assurance that such actions will be sufficient to prevent **actual or perceived** cybersecurity incidents or data breaches or the damages **and impacts to our business** that result therefrom. Any such cybersecurity incident or data breach could result in significant costs, including monetary damages, operational impacts, including service interruptions and delays, and reputational harm. Furthermore, the loss, disclosure, misappropriation of or access to sensitive Company information, customers', employees' or business partners' information or the Company' s failure to meet its privacy **or data protection** obligations could result in legal claims or proceedings, penalties and remediation costs. A significant data breach or the Company' s failure to meet its **data privacy or data protection** obligations may adversely affect the Company' s operations, reputation, relationships with our business partners, business, operating results ~~and~~ **,** financial condition **and business strategy** . Increased use of social media platforms present risks and challenges. We are increasing our use of social media to communicate Company news and events. The inappropriate and / or unauthorized use of certain media vehicles could cause brand damage or information leakage or could lead to legal implications, including from the improper collection and / or dissemination of personally identifiable information from employees, customers or other stakeholders. In addition, negative or inaccurate posts or comments about us on any social networking website could damage our reputation, brand image and goodwill. Further, the disclosure of non- public Company- sensitive information by our workforce or others, whether intentional or unintentional, through external media channels could lead to information loss **and reputational or competitive harm** . Human Capital Management Risks Union disputes, employee strikes or slowdowns, and other labor- related disruptions or regulatory compliance costs could adversely affect the Company' s operations and could result in increased costs that impair its financial performance. United is a highly unionized company. As of December 31, ~~2022~~ **2023** , the Company and its subsidiaries had approximately ~~92~~ **103** , ~~800~~ **300** employees, of whom approximately ~~84~~ **83** % were represented by various U. S. labor organizations ~~(~~ **.** See Part I, Item 1. Business — Human Capital Management and Resources ~~,~~ of this report for additional information on our represented employee groups and collective bargaining agreements ~~)~~. There is a risk that unions or individual employees might pursue judicial or arbitral claims arising out of changes implemented as a result of the Company entering into collective bargaining agreements with its represented employee groups. There is also a possibility that employees or unions could engage in job actions such as slowdowns, work- to- rule campaigns, sick- outs or other actions designed to disrupt the Company' s normal operations, in an attempt to pressure the Company in collective bargaining negotiations. Although the Railway Labor Act makes such actions unlawful until the parties have been lawfully released to self- help, and the Company can seek injunctive relief against premature self- help, such actions can cause significant harm even if ultimately enjoined. Similarly, if the operations of our third- party regional carriers, ground handlers or other vendors are impacted by labor- related disruptions, our operations could be adversely affected. In addition, collective bargaining agreements with the Company' s represented employee groups increase the Company' s labor costs ~~,~~ and such costs could become material. **We remain in negotiations regarding certain of these collective bargaining agreements and anticipate that any new contracts involving the relevant labor groups may include material increases in salaries and other benefits, which would significantly increase our labor expense.** Furthermore, there is increasing litigation in the airline industry over the application of state and local employment and labor laws to airline employees, particularly those based in California. ~~Most recently~~ **For example** , the U. S. Supreme Court denied review of a Ninth Circuit ruling which held that federal law did not preempt California state meal and rest break laws from applying to certain California based flight attendants. This decision adversely affects the Company' s defenses with respect to certain employee groups in California ~~,~~ and it may give rise to additional litigation in these and other areas previously found to be preempted by federal law. The Company is a defendant in a number of proceedings regarding alleged non- compliance with wage and hour laws. Adverse decisions in these cases could adversely impact our operational flexibility, uniform application of our negotiated collective bargaining agreements, and result in imposition of damages and fines which could be significant. If we are unable to attract, train or retain skilled personnel, including our senior management team or other key employees, our business could be adversely affected. Much of our future success is largely dependent on our continued ability to attract, train and retain skilled personnel with industry experience and knowledge, including our senior management team and other key employees. Competition for qualified talent in the aviation industry is intense and labor market constraints ~~have impacted our operations in 2022, which~~ may ~~continue during 2023~~ **arise in the future** . If we are unable to attract, train and retain talented, highly qualified employees or experience a shortage of skilled labor, the cost of hiring and retaining quality talent could materially increase and our operations could continue to be impacted, which could impair our ability to adjust capacity or otherwise execute our strategic operating plan. In addition, if we are unable to effectively provide for the succession of senior management or other key employees, our business, ability to execute our strategic operating plan or company culture may be adversely affected. Regulatory, Tax, Litigation and Legal Compliance Risks The airline industry is subject to extensive government regulation, which imposes significant costs and may adversely impact our business, operating results and financial condition. Airlines are subject to extensive regulatory and legal oversight. Compliance with U. S. and international regulations imposes significant costs and may have adverse effects on the Company. United provides air transportation under certificates of public convenience and necessity issued by the DOT. If the DOT modified, suspended or revoked these certificates, it could have a material adverse effect on the Company' s business. The DOT also regulates consumer protection and, through its investigations or rulemaking authority (including, for example, **the DOT' s recent enforcement settlement against Southwest Airlines for its operational disruption resulting in an announced fine of $ 140 million, and** any rulemakings or initiatives in response to the Executive Order on Promoting Competition in the American Economy issued by the President on July 9, 2021), could impose restrictions that materially impact the Company' s business. United also operates pursuant to an air carrier operating certificate issued by the FAA ~~,~~ and FAA orders and directives have previously resulted in the temporary grounding of an entire aircraft type when the FAA identifies design, manufacturing, maintenance or other issues requiring immediate corrective action (including the FAA Emergency Airworthiness ~~Directive~~ **Directives suspending service of the Company' s Boeing 737 MAX 9 aircraft in January 2024 and** grounding our Boeing 777 Pratt & Whitney powered aircraft **in February 2021**), which has had ~~an~~ **and could in the future have a material** effect **on** ~~that has been material to~~ the Company' s business, operating results and financial condition. In 2018, the U. S. Congress approved a five- year reauthorization for the FAA, which encompasses a range of policy issues related to aviation tax, airline customer service and aviation safety. ~~Depending on how~~ **The current authorization was recently extended to March 8, 2024, and the legislative process to renew this authorization (the" FAA Authorization Renewal") could impact the Company by imposing new rules or regulations concerning, among** ~~the~~ **other things** ~~issues are implemented~~ , **airline customer service, aviation safety, labor, managing new entrants in the U. S. national airspace system, as well as new or increased fees or taxes intended to fund these policies. Any new or enhanced requirements resulting from the FAA Authorization Renewal may materially impact** our operations and costs ~~could be materially impacted~~ . Additionally, the U. S. Congress may consider legislation related to environmental issues relevant to the airline industry, such as **the** implementation of CORSIA ~~, or increases to the U. S. federal corporate income tax rate, as outlined in the proposed Build Back Better Act or otherwise~~ , which could negatively impact the Company and the airline industry. The Company' s operations may also be adversely impacted due to the existing antiquated ATC system utilized by the U. S. government and regulated by the FAA, which may not be able to effectively handle projected future air traffic growth. The outdated ATC system has led to short- term capacity constraints imposed by government agencies and has resulted in delays and disruptions of air traffic during peak travel periods in certain markets due to its inability to handle demand and reduced resiliency in the event of a failure causing flight cancellations and delays. Failure to update the ATC system in a timely manner and the substantial funding requirements of a modernized ATC system that may be imposed on air carriers may have an adverse impact on the Company' s financial condition or operating results. Access to slots at several major U. S. airports and many foreign airports served by the Company is subject to government regulation on airspace management and competition that might limit the number of slots or change the rules on the use and transfer of slots. If slots are eliminated at one of our hubs or other airports, or if the number of hours of operation governed by slots is reduced at an airport, the lack of controls on take- offs and landings could result in greater congestion both at the affected airport and in the regional airspace and could significantly impact the Company' s operations. Similarly, a government or regulatory agency, including DOT, could choose to impose ~~slots~~ - **slot restrictions** at one of our hubs or other airports or grant increased access to another carrier and limit or reduce our operations at an airport, whether or not slot- controlled, which could have significant impact on our operations. The DOT (including FAA) may limit the Company' s airport access by limiting the number of departure and arrival slots at congested airports, which could affect the Company' s ownership and transfer rights, and local airport authorities may have the ability to control access to certain facilities or the cost to access their facilities, which could have an adverse effect on the Company' s business. If the DOT were to take actions that adversely affect the Company' s slot holdings, the Company could incur substantial costs to preserve its slots or may lose slots. The Company currently operates a number of flights on international routes under government arrangements, regulations or policies that designate the number of carriers permitted to operate on such routes, the capacity of the carriers providing services on such routes, the airports at which carriers may operate international flights or the number of carriers allowed access to particular airports. Applicable arrangements between the United States and foreign governments (such as Open Skies) may be amended from time to time, government policies with respect to airport operations may be revised and the availability of appropriate slots or facilities may change, which could have a material adverse impact on the Company' s financial condition and operating results and could result in the impairment of material amounts of related tangible and intangible assets. For instance, the COVID- 19 pandemic ~~has~~ resulted in increased regulatory burdens in the U. S. and around the globe, which ~~include~~ **included** closure of international borders to flights and / or passengers from specific countries, passenger and crew quarantine requirements and other regulations promulgated to protect public health but that have had and may continue to have a negative impact on travel and airline operations. In addition, disruptions to the Company' s business could result from the deployment ~~by certain wireless carriers~~ of **new cellular networks (e. g.,** " 5G" ~~cellular networks~~ **) by wireless carriers** , which, due to potential interference with aircraft systems, could cause flights to be cancelled or diverted, which in turn could affect consumer perceptions of the safety of air travel. ~~Thus far~~ **For example** , **over the past two years** regulators have addressed potential" 5G" interference on a temporary and piecemeal basis tailored to specific aircraft and airports ~~and uncertainty over the nature~~ , ~~extent, timing and duration~~ **which could occur again. Systematic regulation** of **the overlap between aviation systems and cellular networks may not occur in** ~~limitations on aircraft operations as a result of" 5G" deployment is anticipated to continue over~~ the near term ~~. Systematic regulation of" 5G" cellular networks may not occur in the near term,~~ or may not involve terms that are favorable to the Company **. Moreover, any legislation that would result in a reshaping of the benefits that the Company is able to provide to its consumers through the co- branded credit cards issued by our partner could also materially negatively affect the Company' s profitability and competitive position** . In addition, competition from revenue- sharing JBAs and other alliance arrangements by and among other airlines could impair the value of the Company' s business and assets on the Open Skies routes. The Company' s plans to enter into or expand U. S. antitrust immunized alliances and JBAs on various international routes are subject to receipt of approvals from applicable U. S. federal authorities and other applicable foreign government clearances or satisfaction of other applicable regulatory requirements. There can be no assurance that such approvals and clearances will be granted or will continue in effect upon further regulatory review or that changes in regulatory requirements or standards can be satisfied. See Part I, Item 1. Business — Industry Regulation, of this report for additional information on government regulation impacting the Company. Current or future litigation and regulatory actions, or failure to comply with the terms of any settlement, order or agreement relating to these actions, could have a material adverse impact on the Company. From time to time, we are subject to litigation and other legal and regulatory proceedings relating to our business or investigations or other actions by governmental agencies, including as described in Part I, Item 3. Legal Proceedings, of this report. In addition, the Company ~~is~~ **was** subject to an increased risk of litigation and other proceedings as a result of the COVID- 19 pandemic and responsive measures. For example, the Company is involved in litigation relating to its vaccination requirements for employees. No assurances can be given that the results of these or new matters will be favorable to us. An adverse resolution of lawsuits, arbitrations, investigations or other proceedings or actions could have a material adverse effect on our financial condition and operating results, including as a result of non- monetary remedies, and could also result in adverse publicity. Defending ourselves in these matters may be time- consuming, expensive and disruptive to normal business operations and may result in significant expense and a diversion of management' s time and attention from the operation of our business, which could impede our ability to achieve our business objectives. Additionally, any amount that we may be required to pay to satisfy a judgment, settlement, fine or penalty may not be covered by insurance. If we fail to comply with the terms contained in any settlement, order or agreement with a governmental authority relating to these matters, we could be subject to criminal or civil penalties, which could have a material adverse impact on the Company. Under our charter and certain indemnification agreements that we have entered into (and may in the future enter into) with our officers, directors and certain third parties, we could be required to indemnify and advance expenses to them in connection with their involvement in certain actions, suits, investigations and other proceedings. Any of these payments may be material. We are subject to many forms of environmental regulation and liability ~~and~~ **as well as** risks associated with climate change and may incur substantial costs as a result. In addition, failure to achieve or demonstrate progress towards our climate goals may expose us to liability and reputational harm. Many aspects of the Company' s operations are subject to increasingly stringent federal, state, local and international laws ~~protecting~~ **regarding** the environment, including those relating to water discharges, safe drinking water and the use and management of hazardous materials and wastes. Compliance with existing and future environmental laws and regulations ~~can~~ **has required and may in the future** require significant expenditures and operational changes ~~and~~ **.** ~~violations~~ **Violations** ~~can~~ **have led and may in the future** lead to significant fines ~~and~~ **,** penalties **, lawsuits** and reputational harm. In addition, ~~from time to time~~ we ~~are~~ **have in the past been identified and may in the future be** identified as a responsible party for environmental investigation and remediation costs under applicable environmental laws due to the disposal **or release** of hazardous substances generated by our operations **, including PFAS, which are expected to be designated by U. S. EPA as hazardous substances under the Comprehensive Environmental Response, Compensation & Liability Act** . We could also be subject to environmental liability claims from various parties, including airport authorities and other third parties, related to our operations at our owned or leased premises **, including our use of PFAS- containing fire suppression systems as required by fire codes,** or the off- site disposal of waste generated at our facilities. As discussed in Part I, Item 1. Business — Environmental, Social and Governance Approach ~~and Highlights~~ — ~~Climate~~ **Environmental Sustainability** Strategy, the Company has made several commitments regarding its intended reduction of carbon emissions, including ~~eliminating~~ **reducing** its GHG emissions by 100 % by 2050 and by reducing its carbon **emission** intensity by 50 % by 2035 compared to 2019. The Company has incurred, and expects to continue to incur, costs to achieve its goal of net zero carbon emissions, which will involve a transition to lower- carbon technologies (such as SAF), and to comply with environmental sustainability legislation and regulation and non- binding standards and accords. Such activity may require the Company to modify its supply chain practices, make capital investments to modify certain aspects of its operations or increase its operating costs (including fuel costs). The potential transition cost to a lower- carbon economy could be prohibitively expensive without appropriate government policies and incentives in place. The precise nature of future binding or non- binding legislation, regulation, standards and accords in this area of increased focus by global, national and regional regulators is difficult to predict and the financial impact to the Company would likely be significant if future legal standards do not align with the Company' s plans to achieve its climate goals or if ~~proposed~~ U. S. legislation **establishing financial incentives** to accelerate the production of SAF development **expires and is not renewed** ~~fails to be enacted into law~~ . For instance, CORSIA- related costs cannot be fully predicted at this time, but the program **, which requires the purchasing of carbon offsets,** is expected to increase operating costs for airlines that operate internationally. There is also a risk that the increased regulatory focus on airline GHG emissions could result in a patchwork of inconsistent or conflicting regional requirements that could unduly shift excessive cost burden to airlines and inhibit the development of carbon reduction technologies that the Company needs to reach its climate goals. The Company believes that **climate change presents, along with challenges,** strategic opportunities ~~exist for it as a result of climate change~~ and that the sustainability- related solutions ~~being pursued~~ **the Company is pursuing** to advance its climate goals will help mitigate several of these potential risks posed by the transition to a lower- carbon economy. **While the Company has not yet purchased carbon offsets for CORSIA compliance, the Company anticipates being required to do so by January 2028 if a regulatory framework to implement CORSIA within the United States is established. There is a risk that insufficient CORSIA- eligible carbon offsets will be available for purchase for CORSIA compliance, leading to potential regulatory enforcement risks. There is also a risk that any carbon offsets purchased by the Company for CORSIA compliance, even if accepted by regulators, could be viewed by third parties as not sufficiently reflecting real, verifiable, and additional GHG reductions, leading to reputational harm.** There can be no assurance of the extent to which any of our climate goals will be achieved or that any current or future investments that we make in furtherance of achieving our climate goals will produce the expected results or meet ~~increasing stakeholder~~ **stakeholders ' evolving** expectations. Moreover, future events could lead the Company to prioritize other nearer- term interests over progressing toward our current climate goals based on business strategy, economic, regulatory and social factors or pressure from investors, activist groups or other stakeholders. If we fail — or are perceived to fail — to meet or properly report on our progress toward achieving our climate change goals and commitments, we could face adverse publicity and reactions from ~~other~~ investors, activist groups, or other stakeholders, which could result in reputational harm **, liability** or other adverse effects to the Company. In addition, the Company believes it is possible that, in the future, segments of the public may choose to fly less frequently as a result of negative perception of the environmental impact of air travel or fly on an airline based on carriers' GHG emissions or which carrier they perceive as operating in a manner that is more sustainable to the climate, which presents both a challenge and an opportunity for the Company and is why the Company is resolute in attaining its mid- term and long- term climate goals; if this trend materializes, the Company' s results of operations could be adversely impacted and those impacts could be exacerbated if the Company fails to meet or properly report on its climate change goals and commitments. Moreover, **we could also be subject to climate litigation, as groups, individuals, and governmental authorities affected by climate change seek to recover climate-related damages from entities** ~~the~~ **they perceive as being partially responsible for human- induced climate change because of the emission of GHGs from their operations. The** Company' s ~~primary effort with respect to one of its~~ key pathways to achieving its climate goals ~~is~~ **include investing in and using more SAF,** reducing its ~~fossil~~ **conventional** jet fuel consumption ~~by~~ **and** working with strategic partners to **advance** ~~employ and commercialize~~ the ~~use~~ **future** of **more** ~~SAF, which is aligned with the sustainability~~ - **sustainable flight** ~~commitments of the Company' s corporate customers to mitigate their travel emissions in accordance with their respective climate goals~~ . The Company has been able to increase its purchases of SAF in recent years due to its corporate customers' funding of the price premium for SAF through the Company' s Eco- Skies Alliance, but the willingness of corporate customers to ~~fund~~ **assist the Company in covering** the price premium for SAF in the future could decrease, including based on economic factors or concerns regarding the validity of a book and claim approach for claiming the emissions reductions from SAF **, or emerging SAF certification schemes developed by non- governmental organizations or practices whereby corporate customers purchase the environmental attributes from SAF directly from fuel producers, bypassing the airlines** . The Company may incur substantial costs and operational disruptions as a result of both its physical risks (such as extreme weather conditions or rising sea levels) and transition risks (such as regulatory or technological changes) associated with climate change. Climate change is expected to increase the frequency, severity, unpredictability and duration of severe weather events and other natural cycles and could affect travel demand as well as result in increases in delays and cancellations, turbulence- related injuries and fuel consumption to avoid such weather, any of which could result in a significant loss of revenue and higher costs. In addition, certain of our operations and facilities around the world are in locations that may be impacted by the physical impacts of climate change ~~, increasing global chemical restrictions and bans and water and waste requirements~~ and we could incur significant costs to improve the climate resiliency of our infrastructure and supply chain and otherwise prepare for, respond to, and mitigate the effects of climate change. We are not able to reasonably predict the future materiality of any potential losses or costs associated with the effects of climate change. See Part I, Item 1. Business — Industry Regulation — Environmental Regulation, of this report for additional information on environmental regulation impacting the Company. Market, Liquidity, Accounting and Financial Risks High and / or volatile fuel prices or significant disruptions in the supply of aircraft fuel could have a material adverse impact on the Company' s strategic plans, operating results, financial condition and liquidity. Aircraft fuel is critical to the Company' s operations and is one of our largest operating expenses. During the year ended December 31, ~~2022~~ **2023** , the Company' s fuel expense was approximately $ ~~13~~ **12** . ~~1~~ **7** billion. The timely and adequate supply of fuel to meet operational demand depends on the continued availability of reliable fuel supply sources as well as related service and delivery infrastructure. Although the Company has some ability to cover short- term fuel supply and infrastructure disruptions at some major demand locations, it depends significantly on the continued performance of its vendors and service providers to maintain supply integrity. Consequently, the Company can neither predict nor guarantee the continued timely availability of aircraft fuel throughout the Company' s system. Aircraft fuel has historically been the Company' s most volatile operating expense due to the highly unpredictable nature of market prices for fuel. The Company generally sources fuel at prevailing market prices, which have historically fluctuated substantially in short periods of time and continue to be highly volatile due to a multitude of unpredictable factors beyond the Company' s control, including changes in global crude oil prices, the balance between aircraft fuel supply and demand, natural disasters, prevailing inventory levels and fuel production and transportation infrastructure. Prices of fuel are also impacted by indirect factors, such as geopolitical events, economic growth indicators, fiscal / monetary policies, fuel tax policies, changes in regulations, environmental concerns and financial investments in energy markets. Both actual changes in these factors, as well as changes in related market expectations, can potentially drive rapid changes in fuel prices in short periods of time. Rising fuel prices can also lead to constraints on the Company' s regional partners, reduced capital available for other spending or other outcomes that could adversely impact the Company. Given the highly competitive nature of the airline industry, the Company historically had limited ability to, and may not be able to in the future, increase its fares and fees sufficiently to offset the full impact of increases in fuel prices, especially if these increases are significant, rapid and sustained. Further, any such fare or fee increase may not be sustainable, may reduce the general demand for air travel and may also eventually impact the Company' s operations, strategic growth and investment plans for the future. In addition, decreases in fuel prices for an extended period of time may result in increased industry capacity, increased competitive actions for market share and lower fares or surcharges. If fuel prices were to then subsequently rise quickly, there may be a lag between the rise in fuel prices and any improvement of the revenue environment. The Company does not currently hedge its future fuel requirements. However, to the extent the Company decides to start a hedging program to hedge a portion of its future fuel requirements, such hedging program may not be successful in mitigating higher fuel costs and any price protection provided may be limited due to the choice of hedging instruments and market conditions, including breakdown of correlation between hedging instrument and market price of aircraft fuel and failure of hedge counterparties. To the extent that the Company decides to use hedge contracts that have the potential to create an obligation to pay upon settlement if fuel prices decline significantly, such hedge contracts may limit the Company' s ability to benefit fully from lower fuel prices in the future. If fuel prices decline significantly from the levels existing at the time the Company enters into a hedge contract, the Company may be required to post collateral (margin) beyond certain thresholds. There can be no assurance that the Company' s hedging arrangements, if any, would provide any particular level of protection against rises in fuel prices or that its counterparties will be able to perform under the Company' s hedging arrangements. Additionally, deterioration in the Company' s financial condition could negatively affect its ability to enter into hedge contracts in the future. The Company has a significant amount of financial leverage from fixed obligations and insufficient liquidity may have a material adverse effect on the Company' s financial condition and business. The Company has a significant amount of financial leverage from fixed obligations, including aircraft lease and debt financings, leases of airport property, secured bonds, secured loan facilities and other facilities, and other material cash obligations. In addition, the Company has substantial noncancelable commitments for capital expenditures, including for the acquisition of new aircraft and related spare engines. If the Company' s liquidity is materially diminished, the Company' s substantial level of indebtedness, the Company' s non- investment grade credit ratings and the lack of availability of Company assets as collateral for loans or other indebtedness may make it difficult for the Company to raise additional capital if needed to meet its liquidity needs on acceptable terms, or at all, and the Company may not be able to timely pay its leases and debts or comply with material provisions of its contractual obligations, including covenants under its financing and credit card processing agreements. In addition to the foregoing, the degree to which we are leveraged could have important consequences to holders of our securities, including the following: (1) we must dedicate a substantial portion of cash flow from operations to the payment of principal and interest on applicable indebtedness, which, in turn, reduces funds available for operations and capital expenditures; (2) our flexibility in planning for, or reacting to, changes in the markets in which we compete may be limited; (3) we may be at a competitive disadvantage relative to our competitors with less indebtedness; (4) we are rendered more vulnerable to general adverse economic and industry conditions; (5) we are exposed to increased interest rate risk given that a portion of our indebtedness obligations are at variable interest rates; and (6) our credit ratings may be reduced and our debt and equity securities may significantly decrease in value. See Part II, Item 7., Management' s Discussion and Analysis of Financial Condition and Results of Operations, of this report for additional information regarding the Company' s liquidity. Agreements governing our debt include financial and other covenants. Failure to comply with these covenants could result in events of default. Our financing agreements include various financial and other covenants. Certain of these covenants require UAL or United, as applicable, to maintain minimum liquidity and / or minimum collateral coverage ratios. UAL' s or United' s ability to comply with these covenants may be affected by events beyond its control, including the overall industry revenue environment, the level of fuel costs and the appraised value of the collateral. In addition, our financing agreements contain other negative covenants customary for such financings. If we fail to comply with these covenants and are unable to remedy or obtain a waiver or amendment, an event of default would result. If an event of default were to occur, the lenders could, among other things, declare outstanding amounts immediately due and payable. In addition, an event of default or declaration of acceleration under one financing agreement could also result in an event of default under other of our financing agreements due to cross- default and cross- acceleration provisions. The acceleration of significant amounts of debt could require us to renegotiate, repay or refinance the obligations under our financing arrangements, and there can be no assurance that we will be able to do so on commercially reasonable terms or at all. The MileagePlus Financing agreements in particular contain stringent covenants, limit our flexibility to manage our capital structure and limit our ability to make financial and operational changes to the MileagePlus program. If we were to default under the MileagePlus Financing agreements, the lenders' exercise of remedies could result in our loss of the MileagePlus program, which would have a material adverse effect on our business, results of operations and financial condition. As a result we may take actions to ensure that the MileagePlus Financing debt is satisfied or that the lenders' remedies under such debt are not exercised, potentially to the detriment of our other creditors. The ~~proposed phase out of the London interbank offer rate could have a material adverse effect on us. The Company is subject to market risks relating to the phase out of the London interbank offered rates (" LIBOR") and the transition into an index calculated by short- term repurchase agreements – the Secured Overnight Financing Rate (" SOFR") or another alternate reference rate. As of December 31, 2022, the Company had $ 12. 8 billion in variable rate indebtedness, a significant portion of which still uses LIBOR as a benchmark for establishing applicable rates. In July 2017, the United Kingdom regulator that regulates LIBOR announced its intention to phase out LIBOR rates by the end of 2021. Subsequently, the ICE Benchmark Administration, in its capacity as administrator of USD- LIBOR, announced an extension of the publication of USD- LIBOR (other than one- week and two- month tenors) by 18 months through June 2023. Notwithstanding this extension, a joint statement by key regulatory authorities called on banks to cease entering into new contracts that use USD- LIBOR as a reference rate by no later than December 31, 2021. The Alternative Reference Rates Committee, a steering committee comprised of large U. S. financial institutions, has proposed replacing USD- LIBOR with SOFR. In March 2022, the U. S. enacted the Adjustable Interest Rate (LIBOR) Act, with publication in December 2022 by the Federal Reserve Board of related implementing rules, intended to provide a statutory framework to replace USD- LIBOR with a benchmark rate based on SOFR for contracts governed by U. S. law that have no or ineffective fallback provisions. Since January 1, 2022, our new floating rate debt facilities have generally utilized SOFR- based rates as the initial reference rate. However, we still have variable rate debt based on LIBOR. We have commenced the process of replacing LIBOR as a benchmark in such existing floating rate obligations, but there is no assurance that such replacements will be concluded, or will be concluded prior to LIBOR rates ceasing to be published. While many of our remaining LIBOR- based obligations provide for alternative methods of calculating the interest rate payable if LIBOR is not published, the extent and manner of any future changes with respect to methods of calculating LIBOR or replacing LIBOR with SOFR or with another benchmark remain uncertain. Although the Adjustable Interest Rate (LIBOR) Act provides for a SOFR fallback for certain such agreements, uncertainty exists around the extent to which this transition from USD- LIBOR, whether by amendment or application of this statute, will affect the interest rates in those agreements. We also have certain agreements that look to SOFR as an alternative interest rate method to LIBOR, with the potential for spread adjustments, and we cannot predict what the impact of these agreements and any transition to or use of SOFR could have on us. Although SOFR seems to be the most widely accepted replacement to LIBOR and SOFR based rates are presently the primary such replacement benchmark being implemented by the Company, both the application and the future of SOFR remain uncertain. We may be negatively impacted by renegotiated terms in connection with any replacements to LIBOR as a benchmark, which may adversely affect our interest rates and result in higher borrowing costs that we cannot predict. The~~ Company' s ability to use its net operating loss carryforwards and certain other tax attributes to offset future taxable income for U. S. federal income tax purposes may be significantly limited due to various circumstances, including certain possible future transactions involving the sale or issuance of UAL common stock, or if taxable income does not reach sufficient levels. As of December 31, ~~2022~~ **2023** , UAL reported consolidated U. S. federal net operating loss (" NOL") carryforwards of approximately $ ~~13~~ **12** . ~~2~~ **0** billion. The Company' s ability to use its NOL carryforwards and certain other tax attributes will depend on the amount of taxable income it generates in future periods and, as a result, certain of the Company' s NOL carryforwards and other tax attributes may expire before it can generate sufficient taxable income to use them in full. In addition, the Company' s ability to use its NOL carryforwards and certain other tax attributes to offset future taxable income may be limited if it experiences an" ownership change" as defined in Section 382 of the Internal Revenue Code of 1986, as amended. Potential future transactions involving the sale or issuance of UAL common stock may increase the possibility that the Company will experience a future" ownership change" under Section 382. Such transactions may include the exercise of warrants issued in connection with the **Coronavirus Aid, Relief, and Economic Security Act (the"** CARES Act **")** programs, the issuance of UAL common stock for cash, the conversion of any future convertible debt, the repurchase of any debt with the Company' s common stock, the acquisition or disposition of any stock by a stockholder owning 5 % or more of the outstanding shares of UAL common stock, or a combination of the foregoing. The Company **has established** ~~' s stockholders approved~~ a tax benefits preservation plan (the" Plan") in order to preserve the Company' s ability to use its NOLs and certain other tax attributes to reduce potential future income tax obligations **. On December 4, 2023, the Company entered into an amendment to extend the Plan until December 4, 2026, subject to stockholder approval at the Company' s 2024 annual meeting of stockholders** . The Plan is designed to reduce the likelihood that the Company experiences an" ownership change" by deterring certain acquisitions of Company securities. There is no assurance, however, that the deterrent mechanism in the Plan will be effective, and such acquisitions may still occur. In addition, the Plan may adversely affect the marketability of UAL common stock by discouraging existing or potential investors from acquiring UAL common stock or additional shares of UAL common stock because any non- exempt third party that acquires 4. 9 % or more of the then- outstanding shares of UAL common stock would suffer substantial dilution of its ownership interest in the Company. The Company may never realize the full value of its intangible assets or its long- lived assets causing it to record impairments that may negatively affect its financial condition and operating results. In accordance with applicable accounting standards, the Company is required to test its indefinite- lived intangible assets for impairment on an annual basis, or more frequently where there is an indication of impairment, and certain of its other assets for impairment where there is any indication that an asset may be impaired. The Company may be required to recognize losses in the future due to, among other factors, extreme fuel price volatility, tight credit markets, government regulatory changes, decline in the fair values of certain tangible or intangible assets, such as our aircraft, route authorities, airport slots and frequent flyer database, unfavorable trends in historical or forecasted results of operations and cash flows and an uncertain economic environment, as well as other uncertainties. For example, during 2021, the Company recorded $ 97 million of impairments, which includes impairments resulting from current market conditions for used aircraft that are being held for sale and the decision to retire single- cabin 50- seat regional aircraft as a result of the 2021 United Next order. ~~Also in 2020, the Company recognized $ 130 million of impairment charges related to its China routes, which were primarily caused by the COVID- 19 pandemic, the Company' s subsequent suspension of flights to China and a further delay in the expected return of full capacity to the China markets. Adverse changes to our forecasted results could require the Company to recognize additional impairments to its China route indefinite- lived intangible assets in future periods.~~ The Company can provide no assurance that a material impairment loss of tangible or intangible assets will not occur in a future period. The price of our common stock may fluctuate significantly. The closing price for our common stock has varied between a high of $ ~~53~~ **57** . ~~12~~ **61** and a low of $ ~~30~~ **33** . ~~54~~ **90** in the year ended December 31, ~~2022~~ **2023** . Volatility in the market price of our common stock may prevent holders from selling shares at or above the prices paid for them. The market price of our common stock could fluctuate significantly for various reasons which include: the market reaction to ~~another~~ **events like the** COVID- 19 ~~- like~~ pandemic and our responses thereto; ~~the sale of substantial amounts of our common stock;~~ changes in the prices or availability of oil or jet fuel; our quarterly or annual earnings or those of other companies in our industry ~~; the public' s reaction to our press releases, our other public announcements and our filings with the SEC~~ ; changes in our earnings or recommendations by research analysts who track our common stock or the stock of other airlines; ~~changes in general conditions in~~ the **public' s reaction to** ~~United States and global economy, financial markets or~~ **our** ~~airline industry~~ **press releases** , ~~including those resulting from changes in fuel prices or~~ **our other public announcements and** ~~fuel shortages, war, incidents of terrorism, pandemics or~~ **our** ~~responses to such events~~ **filings with the SEC** ; changes in the competitive landscape for the airline industry, including any changes resulting from industry consolidation whether or not involving our Company; **an accident, catastrophe or incident involving an aircraft that the Company operates; mandatory grounding of an aircraft that the Company operates; changes in general conditions in the United States and global economy, financial markets or airline industry, including those resulting from changes in fuel prices or fuel shortages, war, incidents of terrorism, pandemics or responses to such events;** our liquidity position **; the sale of substantial amounts of our common stock** ; and the other risks described in these" Risk Factors." In addition, in recent periods, the stock market has experienced extreme declines and volatility. This volatility has had a significant negative impact on the market price of securities issued by many companies, including us and other companies in our industry. The Company' s operating results fluctuate due to seasonality and other factors associated with the airline industry, many of which are beyond the Company' s control. Due to greater demand for air travel during the spring and summer months, revenues in the airline industry in the second and third quarters of the year are generally stronger than revenues in the first and fourth quarters of the year, which are periods of lower travel demand. The Company' s operating results generally reflect this seasonality but have also been impacted by numerous other factors that are not necessarily seasonal, including, among others, extreme or severe weather, outbreaks of disease, public health issues (including global health epidemics or pandemics **,** such as the COVID- 19 pandemic **,** as well as the potential increased government restrictions and regulation), ATC congestion, geological events, political instability, terrorism, natural disasters, changes in the competitive environment due to industry consolidation, tax obligations, general economic conditions and other factors, as well as related consumer perceptions **. Such factors have adversely affected, and could in the future adversely affect, the Company** . As a result, the Company' s quarterly operating results are not necessarily indicative of operating results for an entire year ~~,~~ and historical operating results in a quarterly or annual period are not necessarily indicative of future operating results ~~. Major global public health issues, including pandemics such as the COVID- 19 pandemic, have adversely affected, and could in the future adversely affect, the Company~~ . Increases in insurance costs or inadequate insurance coverage may materially and adversely impact our business, operating results and financial condition. The Company maintains insurance policies, including, but not limited to, terrorism, aviation hull and liability, workers' compensation and property and business interruption insurance, but we are not fully insured against all potential hazards and risks incident to our business. If the Company is unable to obtain sufficient insurance with acceptable terms, the costs of such insurance increase materially, or if the coverage obtained is unable to pay or is insufficient relative to actual liability or losses that the Company experiences, whether due to insurance market conditions, policy limitations and exclusions or otherwise, our business, operating results and financial condition could be materially and adversely affected.