

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **August 4, 2023**



SOUTHWEST AIRLINES CO.

(Exact name of registrant as specified in its charter)

Texas (State or other jurisdiction of incorporation)	1-7259 (Commission File Number)	74-1563240 (I.R.S. Employer Identification No.)
P. O. Box 36611 Dallas, Texas (Address of principal executive offices)	75235-1611 (Zip Code)	

Registrant's telephone number, including area code: **(214) 792-4000**

Not Applicable

Former name or former address, if changed since last report

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock (\$1.00 par value)	LUV	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 1.01. Entry into a Material Definitive Agreement.

The information included pursuant to Item 2.03 is incorporated by reference into this Item 1.01.

Item 2.03. Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

On August 4, 2023, Southwest Airlines Co. (the “Company”) amended its revolving credit facility agreement with a syndicate of lenders expiring in August 2025 (the “A&R Credit Agreement”) to (i) extend the maturity to August 4, 2028, (ii) release all aircraft and other assets constituting collateral securing the loans made under the A&R Credit Agreement, (iii) delete all provisions and terminate all agreements, in each case, relating to the grant of such collateral, (iv) eliminate the role of “Collateral Agent” under the A&R Credit Agreement after giving effect to the amendment, terminations, and releases, (v) eliminate the minimum liquidity covenant, (vi) add a Coverage Ratio financial covenant, (vii) amend the Collateral Coverage Test covenant requiring that a pool of lien-free specified aircraft and related assets have a minimum aggregate appraised value, and add certain covenants with respect to such pool of assets, (viii) amend the pricing and fees, (ix) increase certain materiality thresholds, (x) grant longer grace periods for certain defaults, and (xi) update and amend certain other provisions (collectively, the “Amendment,” and the A&R Credit Agreement as amended by the Amendment, the “Amended A&R Credit Agreement”). The amount of the loan commitments under the A&R Credit Agreement remain unchanged by the Amendment. JPMorgan Chase Bank, N.A. and Citibank, N.A. act as co-administrative agents and JPMorgan Chase Bank, N.A. acts as paying agent under the Amended A&R Credit Agreement.

As of the date hereof, there are no amounts outstanding under the Amended A&R Credit Agreement. Generally, amounts outstanding under the Amended A&R Credit Agreement bear interest at interest rates based on either: (a) an Adjusted Term SOFR Rate (selected by the Company for designated interest periods); or (b) the “alternate base rate” (being the highest of (1) the Wall Street Journal prime rate, (2) one-month Adjusted Term SOFR Rate plus 1%, and (3) the NYFRB Rate plus 0.5%). The underlying Adjusted Term SOFR Rate is subject to a floor of 1% per annum, and the “alternate base rate” is subject to a floor of 1% per annum. The Amendment includes revisions and additions to change the amount of interest rate margin that the Company must pay above the Adjusted Term SOFR Rate and the “alternate base rate” to lower pricing margins based on the Company's Index Debt Rating. The Company remains required to pay certain fees in connection with, and as amended by, the Amended A&R Credit Agreement. For example, the Company must pay Commitment Fees on a quarterly basis in respect of the unutilized portion of the commitments under the Amended A&R Credit Agreement. The Amendment includes revisions and additions to reduce the amount of such Commitment Fees payable by the Company. Additionally, the Company is required to pay certain fees to the paying agent for administrative services.

The Amended A&R Credit Agreement (i) continues to contain customary representations and warranties, covenants, and events of default, (ii) includes a Collateral Coverage Test that requires that a lien-free pool of specified aircraft and related assets have a minimum aggregate appraised value of not less than an amount equal to 1.25 times the total commitment under the Amended A&R Credit Agreement, and (iii) includes a financial covenant that requires the Company to maintain a Coverage Ratio of 1.25 to 1.00, subject to the Company's one-time option to reduce this ratio requirement to 0.80 to 1.00 for two consecutive fiscal quarters. Amounts outstanding under the Amended A&R Credit

Agreement may be accelerated upon the occurrence of an event of default. The maturity of the revolving facility was extended to August 4, 2028, by the Amendment.

The description of the Amended A&R Credit Agreement in this Item 2.03 is qualified in its entirety by reference to the full text of the Amended A&R Credit Agreement, a copy of which will be filed with the Company's Quarterly Report on Form 10-Q for the fiscal quarter ending September 30, 2023.

The Amended A&R Credit Agreement is not intended to be a source of factual, business, or operational information about the Company or its subsidiaries. The representations, warranties, and covenants contained in the Amended A&R Credit Agreement were made only for purposes of such agreements and as of specific dates; were solely for the benefit of the parties to such agreements; and may be subject to limitations agreed upon by the parties, including being qualified by disclosures for the purpose of allocating contractual risk between the parties instead of establishing matters as facts; and may be subject to standards of materiality applicable to the contracting parties that differ from those applicable to investors or security holders. Accordingly, investors should not rely on the representations, warranties, and covenants or any descriptions thereof as characterizations of the actual state of facts or condition of the parties.

Capitalized terms used but not defined herein have the meanings ascribed to them in the Amended A&R Credit Agreement.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

SOUTHWEST AIRLINES CO.

August 4, 2023

By: /s/ Tammy Romo

Tammy Romo
Executive Vice President & Chief Financial Officer
(Principal Financial and Accounting Officer)