
**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): September 26, 2024



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
Common Stock (\$1.00 par value)
Common Stock Purchase Rights

Trading
Symbol
LUV

Name of each exchange
on which registered
New York Stock Exchange
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 7.01 Regulation FD Disclosure.

Southwest Airlines Co. (the “Company”) is hosting its 2024 Investor Day event today, September 26, 2024, at 10:30 a.m. Eastern Daylight Time. A live webcast of the Company’s 2024 Investor Day presentation is available on the Company’s website at <https://www.southwestairlinesinvestorrelations.com>, in the Events & Presentations section under Upcoming Events. Likewise, a replay of the webcast will be made available following the conclusion of the live event. The slides used in conjunction with the Company’s 2024 Investor Day presentation are furnished herein as Exhibit 99.1 and are incorporated by reference into this Item 7.01.

The Company is also announcing today that its Board of Directors (“Board”) has authorized a new \$2.5 billion share repurchase program. In connection with the new share repurchase program, the Board terminated and replaced the Company’s prior share repurchase program authorized by the Board in May 2019. Purchases by the Company under the new share repurchase program may, in management’s discretion, be made from time to time in open market or private transactions in such manner as may be deemed advisable by management from time to time (including, without limitation, pursuant to one or more 10b5-1 trading plans, accelerated share repurchase programs, and any other method that management may deem advisable) and may be discontinued at any time.

The Company is also providing updated guidance regarding selected financial trends. The following tables present updated selected financial guidance for third quarter and full year 2024. These projections are based on current booking trends and the Company’s current outlook, and actual results could differ materially.

	<u>3Q 2024 Estimation</u>	<u>Previous estimation</u>
RASM (a), year-over-year	Up 2% to 3%	Flat to down 2%
ASMs (b), year-over-year	Up ~2%	No change
Economic fuel costs per gallon¹ (c)	\$2.50 to \$2.60	\$2.60 to \$2.70
Fuel hedging premium expense per gallon	\$0.07	No change
Fuel hedging cash settlement gains per gallon	\$0.02	\$0.04
ASMs per gallons (fuel efficiency)	~81	No change
CASM-X (d), year-over-year²	Up 11% to 13%	No change
Scheduled debt repayments (millions)	~\$9	~\$7
Interest expense (millions)	~\$63	~\$62

	<u>2024 Estimation</u>	<u>Previous estimation</u>
ASMs (b), year-over-year	Up ~4%	No change
Economic fuel costs per gallon¹ (c)	\$2.60 to \$2.70	\$2.70 to \$2.80
Fuel hedging premium expense per gallon	\$0.07	No change
Fuel hedging cash settlement gains per gallon	\$0.02	\$0.03
CASM-X (d), year-over-year²	Up 7% to 8%	No change
Scheduled debt repayments (millions)	~\$31	~\$29
Interest expense (millions)	~\$253	~\$252
Aircraft (e)	802	No change
Effective tax rate	~24%	No change
Capital spending (billions)	~\$2.5	No change

- (a) Operating revenue per available seat mile (“RASM” or “unit revenues”).
- (b) Available seat miles (“ASMs” or “capacity”). The Company’s flight schedule is published for sale through June 4, 2025. The Company continues to expect fourth quarter 2024 capacity to decrease approximately 4 percent, year-over-year.
- (c) Based on the Company’s existing fuel derivative contracts and market prices as of September 20, 2024.
- (d) Operating expenses per available seat mile, excluding fuel and oil expense, special items, and profitsharing (“CASM-X”).
- (e) Aircraft on property, end of period. The Company continues to plan for approximately 20 Boeing 737-8 (“-8”) aircraft deliveries and 35 aircraft retirements in 2024, comprised of 31 Boeing 737-700s (“-700”) and four Boeing 737-800s (“-800”).

Based on revenue performance to date, the Company now expects third quarter 2024 RASM to increase in the range of 2 percent to 3 percent, year-over-year. The improvement in the Company’s RASM expectations was driven by an approximate one point tailwind from the reaccommodation of Customers affected by other airlines’ cancellations following the CrowdStrike incident in July, with the remainder of the improvement driven by improving industry demand trends and actions taken to mature the Company’s revenue management techniques. The Company now expects RASM to trend positive, on a year-over-year basis, for the remainder of 2024.

On September 26, 2024, the Company issued a press release in connection with its Investor Day event. The press release is furnished herewith as Exhibit 99.2 and is incorporated by reference into this Item 7.01. The information furnished in this Item 7.01, including Exhibit 99.1 and 99.2, shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section, nor shall such information be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, regardless of any general incorporation language in such filing, except as shall be expressly set forth by specific reference in such filing.

¹Economic fuel cost projections do not reflect the potential impact of special items because the Company cannot reliably predict or estimate the hedge accounting impact associated with the volatility of the energy markets or the impact to its financial statements in future periods. Accordingly, the Company believes a reconciliation of non-GAAP financial measures to the equivalent GAAP financial measures for projected results is not meaningful or available without unreasonable effort.

²Projections do not reflect the potential impact of fuel and oil expense, special items, and profitsharing because the Company cannot reliably predict or estimate those items or expenses or their impact to its financial statements in future periods, especially considering the significant volatility of the fuel and oil expense line item. Accordingly, the Company believes a reconciliation of non-GAAP financial measures to the equivalent GAAP financial measures for projected results is not meaningful or available without unreasonable effort.

Item 8.01 Other Events.**Important Additional Information**

The Company intends to file a proxy statement and a **WHITE** proxy card with the U.S. Securities and Exchange Commission (the “SEC”) in connection with the solicitation of proxies for the Company’s next meeting of Shareholders (whether an Annual or Special Meeting of Shareholders (the “Shareholder Meeting”)). **SHAREHOLDERS OF THE COMPANY ARE STRONGLY ENCOURAGED TO READ SUCH PROXY STATEMENT, ACCOMPANYING WHITE PROXY CARD AND ALL OTHER DOCUMENTS FILED WITH, OR FURNISHED TO, THE SEC CAREFULLY AND IN THEIR ENTIRETY WHEN THEY BECOME AVAILABLE AS THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT THE SHAREHOLDER MEETING.** Shareholders will be able to obtain the Company’s proxy statement, any amendments or supplements to the proxy statement and other documents filed by the Company with the SEC at no charge at the SEC’s website at www.sec.gov. Copies will also be available at no charge at the Company’s website at <https://www.southwestairlinesinvestorrelations.com/financials/sec-filings>.

Participant Information

The Company, each of its Directors (namely, Gary C. Kelly, Robert E. Jordan, William H. Cunningham, Ph.D., Lisa M. Atherton, David W. Biegler, J. Veronica Biggins, Roy Blunt, Douglas H. Brooks, Eduardo F. Conrado, Rakesh Gangwal, Thomas W. Gilligan, Ph.D., David P. Hess, Elaine Mendoza, Christopher P. Reynolds, and Jill A. Soltau) and one of its executive officers (namely, Tammy Romo, Chief Financial Officer) are deemed to be “participants” (as defined in Section 14(a) of the Exchange Act) in the solicitation of proxies from the Company’s Shareholders in connection with the matters to be considered at the Shareholder Meeting.

Information about the compensation of our named executive officers and our non-employee Directors is set forth in the sections titled “Compensation of Executive Officers” and “Compensation of Directors” in the Company’s definitive proxy statement on Schedule 14A for the Company’s 2024 Annual Meeting of Shareholders, filed on April 5, 2024 (the “2024 Definitive Proxy”), commencing on pages 28 and 64, respectively, and is available [here](#). Information regarding the participants’ holdings of the Company’s securities can be found in the section titled “Security Ownership of Management” in the Company’s 2024 Definitive Proxy on page 27 and is available [here](#), and as updated in the filings referenced below. Supplemental information regarding the participants’ holdings of the Company’s securities can be found in SEC filings on Statements of Changes in Beneficial Ownership on Form 4 filed with the SEC on May 2, 2024 for Mr. Kelly (available [here](#)); May 16, 2024 for Dr. Cunningham (available [here](#)); May 16, 2024 for Ms. Atherton (available [here](#)); May 16, 2024 for Mr. Biegler (available [here](#)); May 16, 2024 for Ms. Biggins (available [here](#)); May 16, 2024 for Mr. Blunt (available [here](#)); May 16, 2024 for Mr. Brooks (available [here](#)); May 16, 2024 for Mr. Conrado (available [here](#)); August 1, 2024 for Mr. Gangwal (available [here](#)); May 16, 2024 for Dr. Gilligan (available [here](#)); May 16, 2024 for Mr. Hess (available [here](#)); May 16, 2024 for Ms. Mendoza (available [here](#)); May 16, 2024 for Mr. Reynolds (available [here](#)); and May 16, 2024 for Ms. Soltau (available [here](#)). Such filings are available on the Company’s website at <https://www.southwestairlinesinvestorrelations.com/financials/sec-filings> or through the SEC’s website via the links referenced above. Updated information regarding the identity of potential participants, and their direct or indirect interests, by security holdings or otherwise, will be set forth in the section titled “Security Ownership of Management” of the Company’s proxy statement on Schedule 14A and other materials to be filed with the SEC in connection with the Shareholder Meeting.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits:

- 99.1 [Southwest Airlines 2024 Investor Day Presentation.](#)
- 99.2 [Southwest Airlines Unveils Its “Southwest. Even Better.” Transformational Plan at Investor Day.](#)
- 104 Cover Page Interactive Data File (embedded within the Inline XBRL document).

Cautionary Statement Regarding Forward-Looking Statements

This Current Report on Form 8-K contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Specific forward-looking statements include, without limitation, statements related to (i) the Company’s financial outlook, goals, plans, expectations, and projected results of operations, including factors and assumptions underlying the Company’s expectations and projections; (ii) the Company’s plans and expectations with respect to capacity; (iii) the Company’s expectations with respect to its fuel costs, premium expenses, hedging gains, fuel efficiency, and the Company’s related management of risks associated with changing jet fuel prices, including factors underlying the Company’s expectations; (iv) the Company’s plans and expectations related to repayment of debt, interest expense, effective tax rate, and capital spending; and (v) the Company’s fleet plans and expectations, including with respect to expected fleet deliveries and retirements, and including factors and assumptions underlying the Company’s plans and expectations. These forward-looking statements are based on the Company’s current estimates, intentions, beliefs, expectations, goals, strategies, and projections for the future and are not guarantees of future performance. Forward-looking statements involve risks, uncertainties, assumptions, and other factors that are difficult to predict and that could cause actual results to vary materially from those expressed in or indicated by them. Factors include, among others, (i) the impact of fears or actual outbreaks of diseases, extreme or severe weather and natural disasters, actions of competitors (including, without limitation, pricing, scheduling, capacity, and network decisions, and consolidation and alliance activities), consumer perception, economic conditions, banking conditions, fears or actual acts of terrorism or war, sociodemographic trends, and other factors beyond the Company’s control, on consumer behavior and the Company’s results of operations and business decisions, plans, strategies, and results; (ii) the Company’s ability to timely and effectively implement, transition, operate, and maintain the necessary information technology systems and infrastructure to support its operations and initiatives, including with respect to revenue management; (iii) the cost and effects of the actions of activist shareholders; (iv) the Company’s ability to obtain and maintain adequate infrastructure and equipment to support its operations and initiatives; (v) the impact of fuel price changes, fuel price volatility, volatility of commodities used by the Company for hedging jet fuel, and any changes to the Company’s fuel hedging strategies and positions, on the Company’s business plans and results of operations; (vi) the Company’s dependence on Boeing and Boeing suppliers with respect to the Company’s aircraft deliveries, fleet and capacity plans, operations, maintenance, strategies, and goals; (vii) the Company’s dependence on Boeing and the Federal Aviation Administration with respect to the certification of the Boeing MAX 7 aircraft; (viii) the Company’s dependence on other third parties, in particular with respect to its technology plans, its plans and expectations related to revenue management, operational reliability, fuel supply, maintenance, Global Distribution Systems, and the impact on the Company’s operations and results of operations of any third party delays or non-performance; (ix) the Company’s ability to timely and effectively prioritize its initiatives and focus areas and related expenditures; (x) the impact of labor matters on the Company’s business decisions, plans, strategies, and results; (xi) the impact of governmental regulations and other governmental actions on the Company’s business plans, results, and operations; (xii) the Company’s dependence on its workforce, including its ability to employ and retain sufficient numbers of qualified Employees with appropriate skills and expertise to effectively and efficiently maintain its operations and execute the Company’s plans, strategies, and initiatives; (xiii) the emergence of additional costs or effects associated with the cancelled flights in December 2022, including litigation, government investigation and actions, and internal actions; and (xiv) other factors, as described in the Company’s filings with the Securities and Exchange Commission, including the detailed factors discussed under the heading “Risk Factors” in the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2023, and in the Company’s Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2024. Caution should be taken not to place undue reliance on the Company’s forward-looking statements, which represent the Company’s views only as of the date this report is filed. The Company undertakes no obligation to update publicly or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.

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.

September 26, 2024

By: /s/ Tammy Romo
Tammy Romo
Executive Vice President & Chief Financial Officer
(Principal Financial and Accounting Officer)

Southwest[®] **InvestorDay**

Thursday, September 26, 2024

9:00 AM – 2:30 PM CDT



Southwest. Even Better.



Julia Landrum

Vice President, Investor Relations

Cautionary statement regarding forward-looking statements

The Company's 2024 Investor Day presentations and slides contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements are based on, and include statements about, the Company's current estimates, intentions, beliefs, expectations, goals, strategies, and projections for the future and are not guarantees of future performance. Specific forward-looking statements can be identified by the fact that they do not relate strictly to historical or current facts and include, without limitation, statements related to (i) the Company's initiatives, strategic priorities and focus areas, plans, goals, and opportunities, including with respect to (a) driving future prosperity and restoring earnings power and margins, (b) enhancing efficiency and productivity, growth initiatives and efficient use of capital, and capital allocation, (c) increasing return on invested capital, (d) staffing initiatives; (e) creating value for Shareholders and Shareholder returns, (f) sustainable and consistent performance, profitability, returns on invested capital, and free cash flows, (g) maintaining investment grade credit rating, (h) broadening the Customer base and distribution evolution, (i) inventory strategies and improving revenue performance and revenue management (j) protecting market share and increasing loyalty, (k) monetizing the Company's value proposition and enhancing its competitive edge, (l) efficient capacity and reduced leverage, (m) managing and mitigating cost pressures and removing costs, (n) extracting value from the fleet and the fleet order book, (o) growing managed business travel and attracting new Customers, and (p) innovation, technology, Customer Service modernization, and Customer Experience enhancements; (ii) the Company's plans and expectations with respect to its network, its capacity, its network optimization efforts, its network plan, network restructurings, market maturation, refining connection opportunities, and capacity and network adjustments, including its plans and expectations with respect to redye flying and 24-hour operation capabilities; and including factors and assumptions underlying the Company's expectations and projections; (iii) the Company's financial and operational outlook, expectations, goals, plans, strategies, and projected results of operations, including with respect to its initiatives, and including factors and assumptions underlying the Company's expectations and projections; (iv) the Company's expectations with respect to the U.S. airline industry, Passenger demand, and backdrop trends; (v) the Company's plans and expectations with respect to assigned and premium seating, including expected benefits, Customer demand, timing of implementation and bookings, retrofits, cabin layout, and FAA certification; (vi) the Company's plans and expectations with respect to airline partnerships and enhanced vacation products, including Getaways by Southwest; (vii) the Company's plans and expectations with respect to aircraft turn-time; (viii) the Company's fleet plans and expectations, including with respect to fleet utilization, fleet modernization, fleet management, flexibility, expected fleet deliveries and retirements, refreshed cabin design, in-seat power, larger overhead bins, increased WiFi, and new RECARO seats, and including factors and assumptions underlying the Company's plans and expectations; (ix) the Company's plans and expectations to drive Passenger demand, Customer loyalty, Passenger yield, and load factors, including the Company's associated forecasted load factors; (x) the Company's expectations with respect to market share of business travelers; (xi) the Company's plans and expectations with respect to its Rapid Rewards Program, including planned enhancements, and loyalty revenue performance; (xii) the Company's plans and expectations for Customer seating and boarding offerings; (xiii) the Company's plans and expectations with respect to the boarding model; (xiv) the Company's labor plans and expectations, including the Company's hiring and headcount plans and expectations; (xv) the Company's expectations with respect to fuel costs, hedging gains, and fuel efficiency, and the Company's related management of risks associated with changing jet fuel prices, including factors underlying the Company's expectations; (xvi) the Company's plans, estimates, and assumptions related to repayment of debt obligations, leverage, credit ratings, capital spending, infrastructure spending, capital allocation, and Shareholder returns, including factors and assumptions underlying the Company's expectations and projections; (xvii) the Company's plans, expectations, and goals with respect to environmental sustainability; (xviii) the Company's plans and expectations with respect to aircraft maintenance; and (xix) the Company's expectations with respect to any compensation received from Boeing for financial damages associated with aircraft delivery delays. Forward-looking statements involve risks, uncertainties, assumptions, and other factors that are difficult to predict and that could cause actual results to vary from those expressed in or indicated by them. Factors include, among others, (i) the impact of fears or actual outbreaks of diseases, extreme or severe weather and natural disasters, actions of competitors (including, without limitation, pricing, scheduling, capacity, and network decisions, and consolidation and alliance activities), consumer perception, economic conditions, banking conditions, fears or actual acts of terrorism or war, sociodemographic trends, and other factors beyond the Company's control, on consumer behavior and the Company's results of operations and business decisions, plans, strategies, and results; (ii) the Company's ability to timely and effectively implement, transition, operate, and maintain the necessary information technology systems and infrastructure to support its operations and initiatives, including with respect to revenue management and assigned and premium seating; (iii) the cost and effects of the actions of activist shareholders; (iv) the Company's ability to obtain and maintain adequate infrastructure and equipment to support its operations and initiatives; (v) the impact of fuel price changes, fuel price volatility, volatility of commodities used by the Company for hedging jet fuel, and any changes to the Company's fuel hedging strategies and positions, on the Company's business plans and results of operations; (vi) the Company's dependence on The Boeing Company ("Boeing") and Boeing suppliers with respect to the Company's aircraft deliveries, Boeing MAX 7 aircraft certifications, fleet and capacity plans, operations, maintenance, strategies, and goals; (vii) the Company's dependence on the Federal Aviation Administration with respect to safety approvals for the new cabin layout and the certification of the Boeing MAX 7 aircraft; (viii) the Company's dependence on other third parties, in particular with respect to its technology plans, its plans and expectations related to revenue management, operational reliability, fuel supply, maintenance, Global Distribution Systems, environmental sustainability, and the impact on the Company's operations and results of operations of any third party delays or nonperformance; (ix) the Company's ability to timely and effectively prioritize its initiatives and focus areas and related expenditures; (x) the impact of labor matters on the Company's business decisions, plans, strategies, and results; (xi) the impact of governmental regulations and other governmental actions on the Company's business plans, results, and operations; (xii) the Company's dependence on its workforce, including its ability to employ and retain sufficient numbers of qualified Employees with appropriate skills and expertise to effectively and efficiently maintain its operations and execute the Company's plans, strategies, and initiatives; (xiii) the emergence of additional costs or effects associated with the canceled flights in December 2022, including litigation, government investigation and actions, and internal actions; and (xiv) other factors, as described in the Company's filings with the Securities and Exchange Commission, including the detailed factors discussed under the heading "Risk Factors" in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2023, and in the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2024.

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Glossary of terms and acronyms

Item	Definition
ASM	An available seat mile, or one seat (empty or full) flown one mile. Also referred to as "capacity," which is a measure of the space available to carry passengers in a given period
Boeing	Refers to The Boeing Company
CASM-X	The average cost to fly an aircraft seat (empty or full) one mile calculated as operating expenses, excluding fuel and oil expense, special items, and profitsharing expense, divided by available seat miles. Also referred to as "unit costs", which is a measure of cost efficiencies
DOT	Refers to the Department of Transportation
FAA	Refers to the Federal Aviation Administration
Free cash flow	A non-GAAP financial measure calculated as operating cash flows less capital expenditures
LCC airlines	Refers to Alaska Airlines and JetBlue
Legacy airlines	Refers to American Airlines, Delta Air Lines, and United Airlines
Leverage	A non-GAAP financial measure calculated as adjusted debt to invested capital
Load factor	Revenue passenger miles divided by available seat miles
NPS	Net Promoter Score
O&D	Stands for origin and destination. A Passenger traveling from A to B, regardless of routing, nonstop, through, or connections represents a single O&D. Also referred to as revenue passengers carried
Operating margin	A non-GAAP financial measure calculated as operating income divided by operating revenues, excluding special items
RASM	A measure of operating revenue production based on the total available seat miles flown during a particular period calculated as operating revenue divided by available seat miles. Also referred to as "unit revenues"
ROIC	After-tax return on invested capital
ULCC airlines	Refers to Allegiant Air, Frontier Airlines, and Spirit Airlines
WACC	Weighted average cost of capital
Southwest fare options	Business Select®, Anytime, Wanna Get Away+® (WGA+), and Wanna Get Away® (WGA). Learn more by visiting Southwest.com
Southwest policies	'Bags fly free®,' Points don't expire, Credits don't expire, Free same day standby, and no cancel / change fees. Learn more by visiting Southwest.com
Cash + Points	Allows Rapid Rewards® Members to combine Rapid Rewards points with other eligible forms of payment to purchase flights. Learn more by visiting Southwest.com

Today's agenda

**Southwest.
Even Better.**



Bob Jordan
President, Chief Executive Officer,
and Vice Chairman of the Board

**Driving revenue and profitability
by optimizing operations**



Andrew Watterson
Chief Operating Officer

**Transforming our Customer
value proposition**



Ryan Green
Executive Vice President
Commercial Transformation

**Transforming for sustainable
profitability and Shareholder returns**



Tammy Romo
Executive Vice President and
Chief Financial Officer

Closing Remarks

Q&A

Southwest. Even Better.



Bob Jordan

President, Chief Executive Officer,
and Vice Chairman of the Board



What you will hear from us today

- A transformational plan that builds on our foundation
- A portfolio of initiatives that delivers significant value
- A monetization of our Customer value proposition
- A unique capital efficient fleet strategy
- A bright future with a bold plan that achieves our long-term goal of ROIC well above WACC in 2027

Concrete actions to return to prosperity

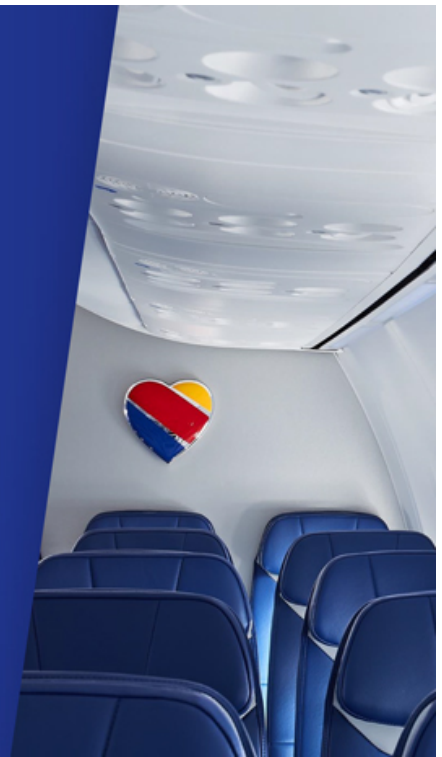
 Fleet	We have mitigated future operational impacts with a moderated capacity plan and are pursuing a generational fleet opportunity to unlock value
 Labor	We are reducing headcount through controlled hiring and attrition and labor cost certainty has been achieved
 Travel patterns and preferences	We are adapting through network optimization and transformational initiatives
 Operational disruption	We executed our operations reliability plan , and NPS has been restored
 Revenue management	We implemented a multi-pronged tactical plan , and are already seeing benefits
 Financial performance	We are executing a comprehensive plan to drive ROIC well above WACC



Our unique history and industry-leading position

An improving industry backdrop

Transforming for sustainable performance and Shareholder returns



Founded on a Culture that creates value for all Stakeholders



Our business model is time-tested and self-reinforcing

Invest in the business and
People to **grow and**
develop market leadership

Maximize **returns**
for Shareholders



Deliver an **efficient**
operation with a **highly-**
engaged workforce

Offer Customers **low**
fares, convenient flights,
and **industry-leading**
Customer Service

Drive **Customer loyalty** and
grow share of wallet

It starts with our **People**
and our **Culture...**



Our model is supported by a unique set of strategic advantages

The approach continuously compounds our strategic advantages and propels the business

We have a primarily **point-to-point network** optimized for non-stop flights

We utilize a **single aircraft type** to optimize fleet operations

We drive cost efficiency through **high asset utilization**

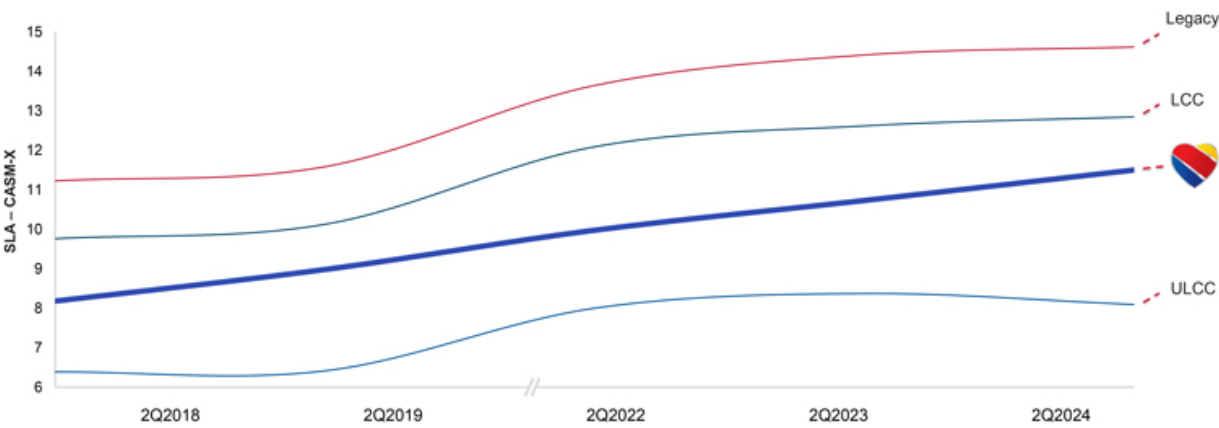
Our **Customer-centric** sales approach is unique in the industry

Our **low-cost model** allows us to offer the best value for an economy ticket

Our People deliver unmatched **Hospitality**

Our model has allowed us to maintain our relative cost position

CASM-X, stage-length adjusted (SLA) performance¹



1. Stage-length adjusted to Southwest's 2Q2024 average stage length.
Source: Carrier filings, Dilo Schedule, and DOT T-100 data
Note: Chart excludes 2020 and 2021 for comparative purposes

Our Customer-friendly policies build enduring loyalty

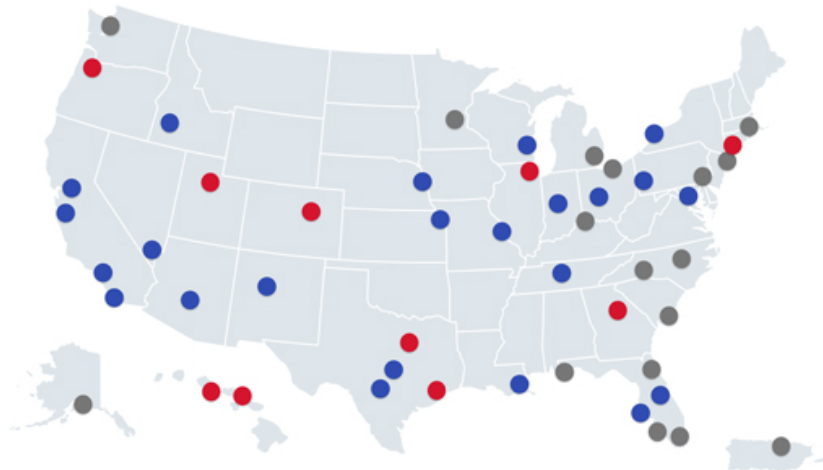
		American Airlines 	 DELTA	UNITED 	Alaska. 	jetBlue 
Two bags fly free	✓					
No cancel or change fees	✓	Basic economy \$99 fee	Basic economy \$99 fee	Basic economy \$99 fee	Basic economy excluded	Basic economy \$100 fee
Free same day standby	✓		Basic economy & int'l excluded		Basic economy excluded	\$75 fee
Points don't expire	✓	Expire after 24 months				
Credits don't expire	✓					
Cash + Points	✓					Basic economy excluded

Policies, combined with our network, drive market leadership

Our unique point-to-point network, low fares, and famous Hospitality have made Southwest the airline of choice in more cities across the country

Southwest is ranked #1 in 23 of the top 50 U.S. metro areas¹

- Top 50 city where Southwest is #1 in Passengers carried
- Top 50 city where Southwest is #2 in Passengers carried
- Top 50 city where Southwest is outside of the top two in Passengers carried²



Source: U.S. DOT O&D Survey data for the twelve months ending 03/31/2024 based on domestic passengers boarded. Data accessed 09/20/2024 using Cirium Dio M.
1. Top 50 metros include co-terminal regions: Bay (SFO OAK SJC), Boston (BOS MHT PVD), Buffalo (BUF IAG), Chicago (MDW ORD), Cincinnati (CVG DAY), Cleveland (CLE CAK), Columbus (CMH LCK), Dallas (DAL DFW), D.C. (BWI DCA IAD), Ft. Myers (PGD RSW), Houston (HOU IAH), LA (BUR LAX LGB ONT SNA), Miami (FLL MIA PBI), NYC (EWR JFK LGA), Northwest Florida (ECP PNS VPS), Orlando (MCO SFB), Philadelphia (PHL TTN), Phoenix (AZA PHX), Pittsburgh (LBE PIT), South Texas (BRO HRL MFE), St. Louis (BLV STL), Tampa (PIE TPA)
2. ANC is only station Southwest does not serve of the top 50 U.S. metro areas

Our approach has resulted in an industry-leading balance sheet

We have had an investment-grade rating for over 30 years

Non-investment grade										Investment grade			
CCC-/Caa3	CCC/Caa2	CCC+/Caa1	B-/B3	B/B2	B+/B1	BB-/Baa3	BB/Baa2	BB+/Baa1	BBB-/Baa3	BBB/Baa2	BBB+/Baa1	A-/A3	
Southwest										S&P Global Moody's FitchRatings			
DELTA										S&P Global Moody's FitchRatings			
Alaska										S&P Global Moody's FitchRatings			
UNITED										Moody's S&P Global FitchRatings			
allegiant										S&P Global Moody's FitchRatings			
American Airlines										Moody's FitchRatings S&P Global			
jetBlue										Moody's S&P Global FitchRatings			
HAWAIIAN										Moody's S&P Global FitchRatings			
spirit										Moody's S&P Global FitchRatings			

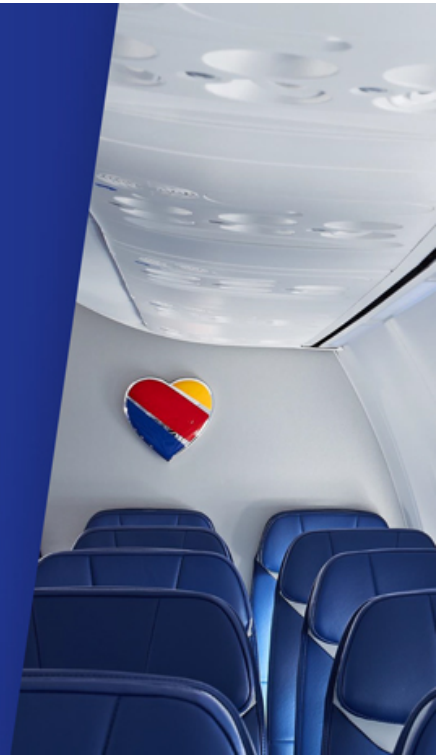
Note: As of 8/15/2024. Moody's Senior Unsecured rating used (if unavailable, Long Term Corporate Family or Long Term rating used); S&P's Long Term Issuer rating used; Fitch's Senior Unsecured rating used (if unavailable, Long-term Issuer rating used)



Our unique history and industry-leading position

An improving industry backdrop

Transforming for sustainable performance and Shareholder returns

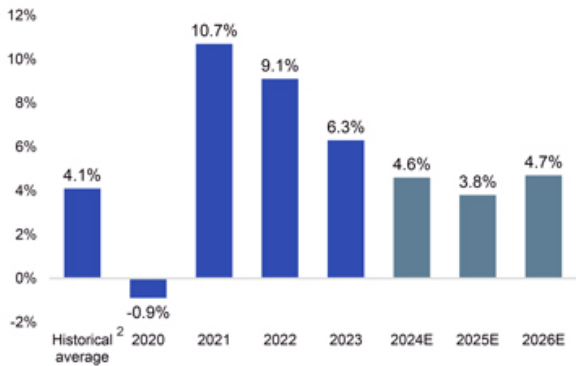


The U.S. economy has been resilient

Economic and consumer spending trends support a favorable outlook

GDP continues to grow¹

Year-over-year



Inflation is moderating

Year-over-year



1. U.S. nominal GDP sourced from BMI Fitch Solutions

2. Historical average 2010-2019

Source: Capital IQ, as of 6/16/2024, BMI Fitch Solutions

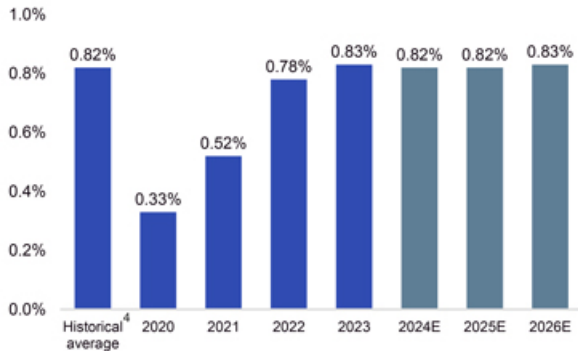
Air travel has normalized

Growing GDP combined with stabilized air travel trends support a positive outlook for industry revenue growth

Travel as % of total consumer spend¹
Indexed to 2010



Airline revenue² returning to long-term average
as a % of GDP³



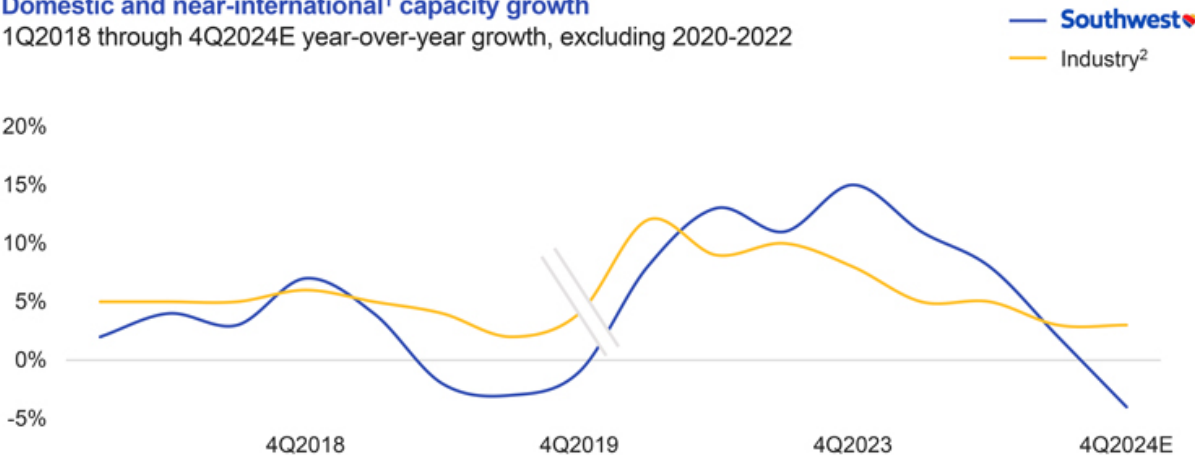
1. Source: Bureau of Economic Analysis; travel expenditure refers to consumer spend on transportation services; indexed to 2010
2. U.S. carriers industry revenue, including LUV, UAL, DAL, AAL, ALK, JBLU, SNCY, ALGT, SAVE, ULCC, HA
3. U.S. nominal GDP sourced from BMI Fitch Solutions
4. Historical average 2010-2019

Industry capacity growth has been moderating

Supplier issues and network rationalization suggest capacity will continue to be constrained

Domestic and near-international¹ capacity growth

1Q2018 through 4Q2024E year-over-year growth, excluding 2020-2022

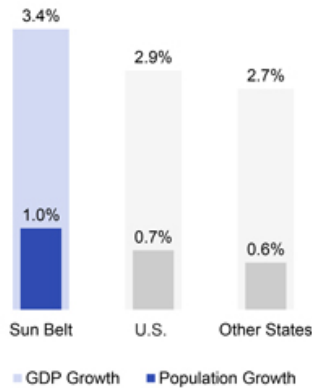


1. Near international includes Mexico, Canada, and the Caribbean. All data year-over-year growth rates
2. Inclusive of all marketing carriers serving domestic and near-international routes
Source: Schedule data from Dito as of 9/04/2024

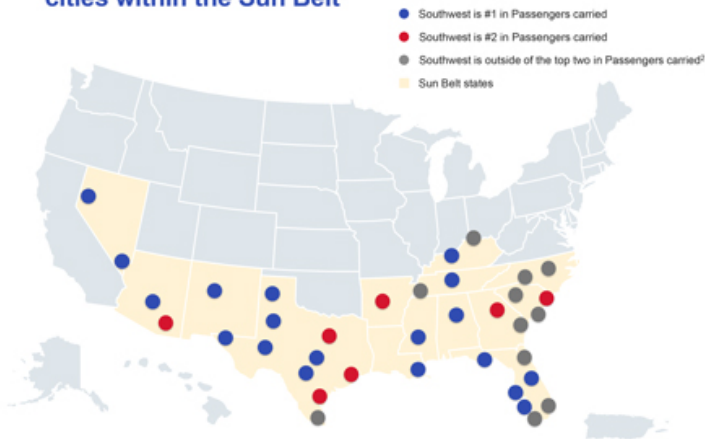
Growth in the Sun Belt overlaps our points of network strength

Allowing us to continue capitalizing on population and economic trends

Population is shifting to the Sun Belt, and economic growth is trending similarly¹



Southwest is the preferred airline in most of the cities within the Sun Belt²



1. Sun Belt includes AL, AR, AZ, FL, GA, KY, KA, MS, NC, NM, NV, SC, TN, TX; U.S. nominal GDP sourced from BMI Fitch Solutions
2. Some of the above metros include co-terminal regions; Cincinnati (CVG DAY), Dallas (DAL DFW), Ft. Myers (PGD RSW), Houston (HOU IAH), Miami (FLL MIA PBI), Northwest Florida (ECP PNS VPS), Orlando (MCO SFB), Phoenix (AZA PHX), South Texas (BRO HRL MFE), Tampa (PIE TPA)
Source: U.S. DOT O&D Survey data for the twelve months ending 03/31/2024 based on domestic passengers boarded. Data accessed 09/24/2024 using Cirium Dlio Mi O&D iso T100



Our unique history and industry-leading position

An improving industry backdrop

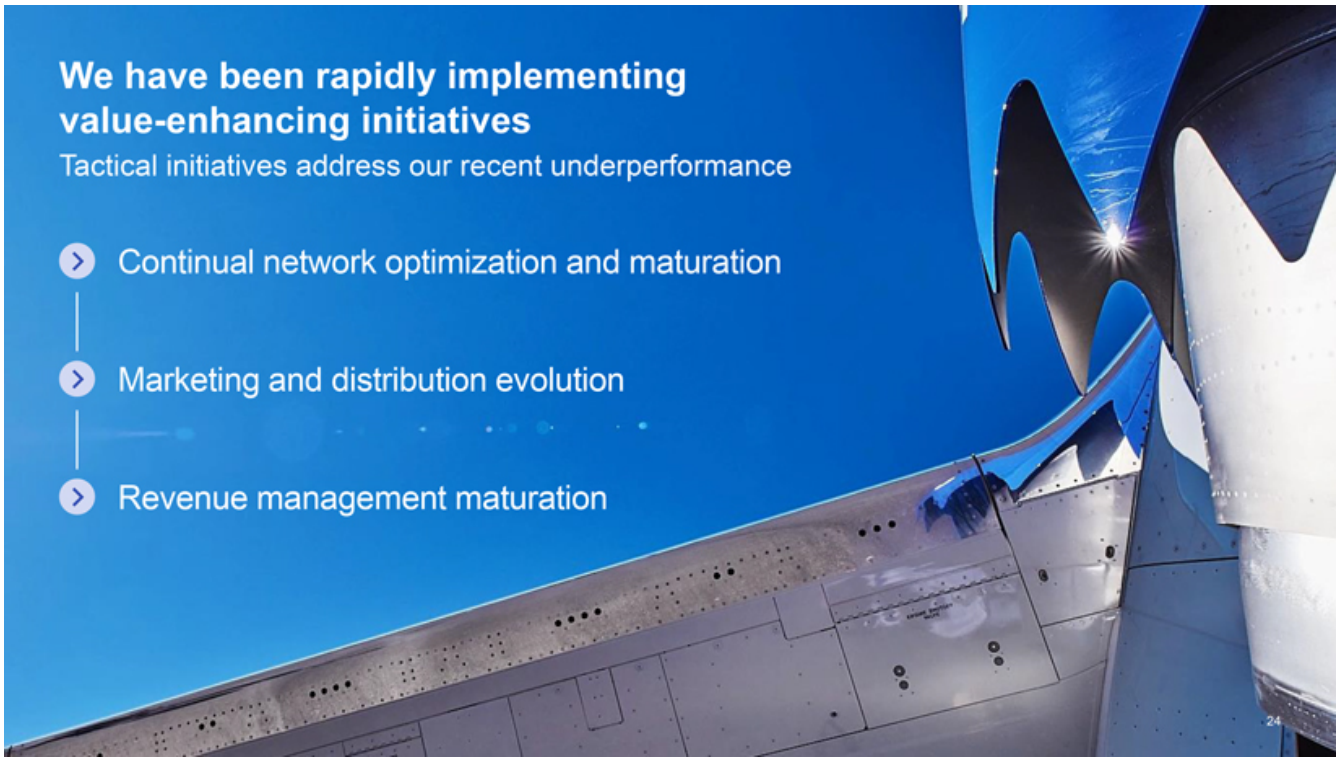
Transforming for sustainable performance and Shareholder returns



We have been rapidly implementing value-enhancing initiatives

Tactical initiatives address our recent underperformance

- > Continual network optimization and maturation
- > Marketing and distribution evolution
- > Revenue management maturation



Benefits of our actions are reflected in our updated 3Q2024 guidance

Item	Prior guidance	Revised guidance	Change
RASM, year-over-year	Flat to down 2%	Up 2% to 3%	↑
CASM-X, year-over-year	Up 11% to 13%	Up 11% to 13%	No change
Economic fuel costs per gallon ¹	\$2.60 to \$2.70	\$2.50 to \$2.60	↓
ASMs, year-over-year	Up ~2%	Up ~2%	No change

1. Includes fuel taxes, fuel hedging premium expense of \$0.07 per gallon, and favorable cash settlements from fuel derivative contracts of \$0.02 per gallon. Based on the Company's existing fuel derivative contracts and market prices as of 09/20/2024.

Additionally, we are approaching our strategic plan thoughtfully



Research and data-driven

With an eye towards future market trends, we are evolving



Customer-friendly

We are flexible, transparent, and offer next-level Hospitality



Financially-optimal

We are making investments to align our Customer and Shareholder value propositions



Strategy-reinforcing

Initiatives reinforce each other and our unique business model strengths

The three pillars of our strategy to restore prosperity

We expect our strategic initiatives to be at maturity in 2027

Monetize our Customer value proposition

Drive revenue and increase loyalty



Increase efficiency & lower cost

Increase aircraft productivity and manage unit cost pressures



Optimize capital allocation

Achieve long-term ROIC goal in 2027



We are developing new product offerings that align with Customer preferences, improve the Customer Experience, and increase revenue

Monetize our Customer value proposition

Drive revenue and increase loyalty

Increase efficiency & lower cost

Increase aircraft productivity and manage unit cost pressures

Optimize capital allocation

Achieve long-term ROIC goal in 2027

Assigned seats

Extra legroom

Getaways by Southwest

Airline partnerships

We are enhancing the value of our core business by **driving revenue** and increasing **Customer loyalty**



Our decisions have been shaped by rigorous research

'Bags fly free' case study

Monetize our value proposition	Increase efficiency & lower cost	Maximize capital allocation
<i>Drive revenue and increase loyalty</i>	<i>Increase aircraft productivity and manage unit cost pressures</i>	<i>Achieve long-term ROIC goal in 2027</i>
Research confirmed that our 'bags fly free' policy generates market share gains in excess of potential lost revenue from bag fees  97% policy awareness  Share loss is estimated at ~\$1.8B per year  Potential bag fee revenue is estimated at most \$1B to \$1.5B per year		

We are increasing the efficiency of our operations to support our low-cost position



We are focused on using our capital efficiently to achieve our ROIC goals in 2027



Strong execution will lead to improved financial performance

Tactical initiatives	Strategic initiatives		
	Monetize Customer value proposition	Increase efficiency & lower cost	Optimize capital allocation
<i>Address the base business</i>	<i>Drive revenue and increase loyalty</i>	<i>Increase aircraft productivity and manage unit cost pressures</i>	<i>Achieve long-term ROIC goal in 2027</i>
Continual network optimization & maturation	Assigned seating	Turn	Capital discipline
Marketing and distribution evolution	Extra legroom	24-hour operations	Fleet strategy
Revenue management maturation	Getaways by Southwest	Service modernization	Shareholder returns
	Airline partnerships	Cost initiative	

Approximately \$4B in incremental EBIT and ROIC well above WACC in 2027

Our 2027 targets support strong Shareholder returns

Capacity ¹	Operating margin	Leverage
1% to 2%	≥10%	Low to mid 30%
Free cash flow	ROIC	Balance sheet
>\$1 billion	≥15%	Investment-grade credit rating

1. As measured in year-over-year available seat miles

Key takeaways

- > Strong foundation and proven business model
- > Thoughtful transformation of our product as Customer preferences evolve
- > An approach that is rooted in data and research
- > Executing to drive Customer and Shareholder value
- > Bold and achievable plan to deliver ROIC well in excess of WACC

Driving revenue and profitability by optimizing operations



Andrew Watterson

Chief Operating Officer



Changing Customer behaviors

Tactical initiatives to drive
yield and load factor

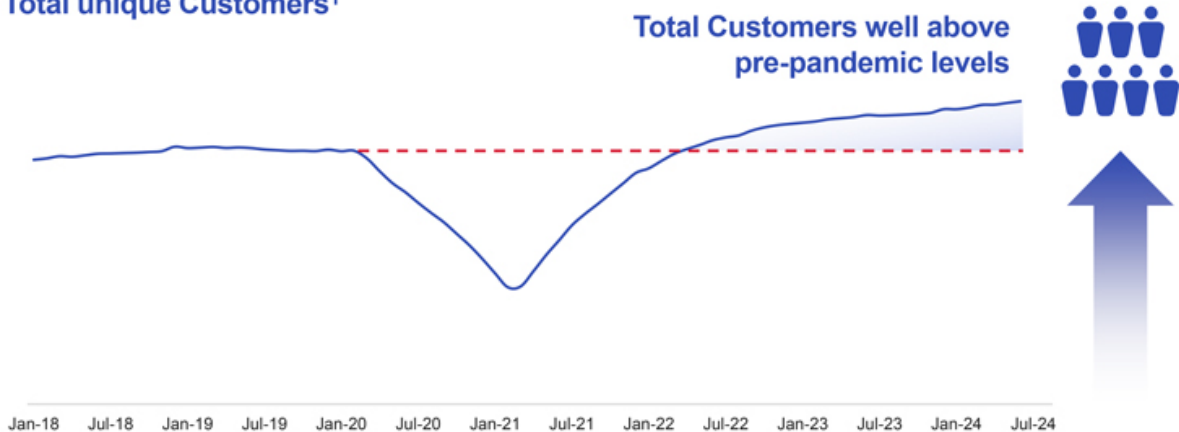
Actions to enhance
operating efficiency



We are serving more Customers than ever

Southwest remains an attractive, relevant offering, and our core Customer population is larger than it was pre-pandemic

Total unique Customers¹

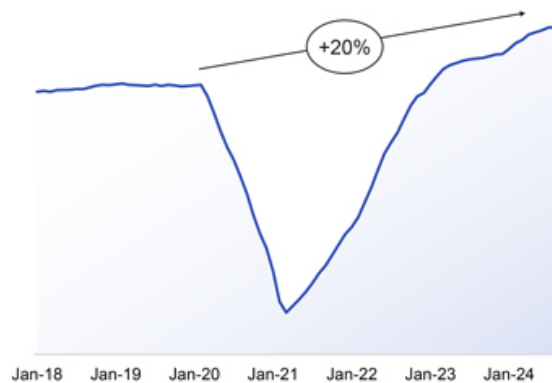


1. Data is presented on a rolling 12-month basis

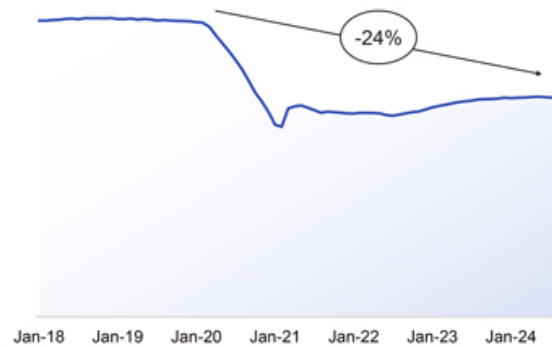
We have more business Customers, but they are taking fewer trips

Customers are flying less frequently, due in large part to structural changes in business travel

Monthly business unique travelers¹



Managed business trips per traveler¹

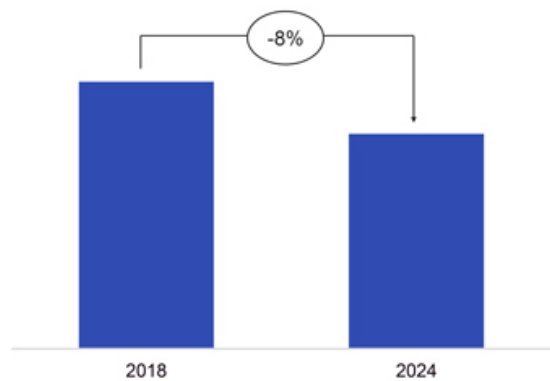


1. Data is presented on a rolling 12-month basis

Business travel has structurally changed

Fewer trips per traveler results in a decrease in total business trips, despite more unique travelers

Managed business total trips have decreased¹

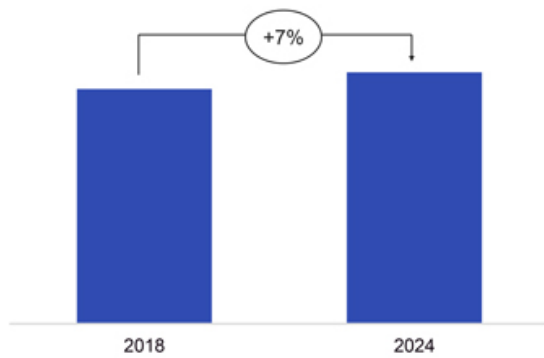


1. Total O&D managed business Passengers for travel months January-August for both years

Leisure travel remains strong and growing

Volume exceeds pre-pandemic levels as consumers continue to value experiences

Total leisure trips have increased¹



1. Total O&D leisure Passengers for travel months January-August for both years

As a result of the structural change in business travel, we must make changes

- Continue to grow managed business towards “natural share”
- Attract new Customers to backfill reduced business travel composition
- Grow share of wallet from current Customers





Changing Customer behaviors

**Tactical initiatives to drive
yield and load factor**

Actions to enhance
operating efficiency



Tactical initiatives support base business improvement and are expected to reach maturity in 2025

Continual network optimization & maturation

Adjusting schedules to match Customer travel patterns



Marketing and distribution evolution

Attracting new Customers to backfill lower business travel



Revenue management advancement

Enhance yield performance by optimizing the booking curve



Continual network optimization to align capacity to Customer demand and support our focus on margin expansion

Continual network optimization & maturation		Marketing and distribution evolution		Revenue management advancement	
Action		1H2024	2H2024	1H2025	
Restructure the network to match post-pandemic Customer travel patterns					
Cut short-haul trips and redeploy to long-haul					
Tuesday / Wednesday flying reductions					
Shoulder flying reductions					
Redeploy underperforming capacity to more profitable flying					
City closures					
Realignment (FLL, ATL, ORD)					
Additional realignment (ATL, OAK, HI)					
BNA service expansion					
Improve the connectivity and efficiency of the network					
Small city redesigns					
Redeye flying and turn					

Note: Select examples only

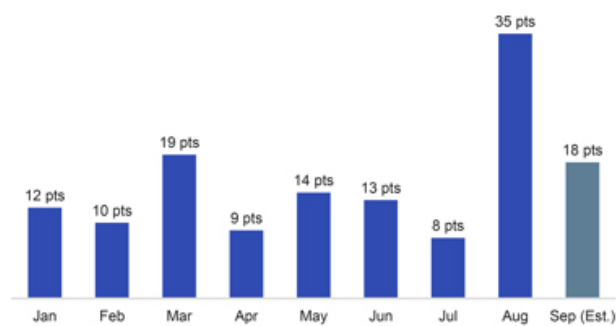
Hawaii case study: We made changes, and they are working

Continual network optimization & maturation

Marketing and distribution evolution

Revenue management advancement

Recent Hawaii RASM improvement versus system¹



1. Represents 2024 year-over-year Hawaii RASM versus system RASM performance (% point difference)

There are more improvements to come with a unique opportunity to refine the Hawaii connection profile

Continual network optimization & maturation

Marketing and distribution evolution

Revenue management advancement

Restructuring and redeye flying designed to enhance connectivity and performance

20% reduction in interisland flying



HNL → LAS redeye generates ~50% more itineraries



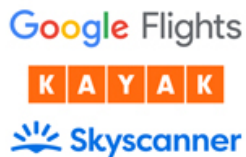
We have deployed various marketing and distribution tactics

Attracting new Customers and engaging them in our loyalty program to drive revenue

Continual network
optimization & maturation

Marketing and
distribution evolution

Revenue management
advancement



Highlighting our
unique value
proposition

Reaching new
Customers through
channel expansion

Converting new
Customers to
loyal flyers

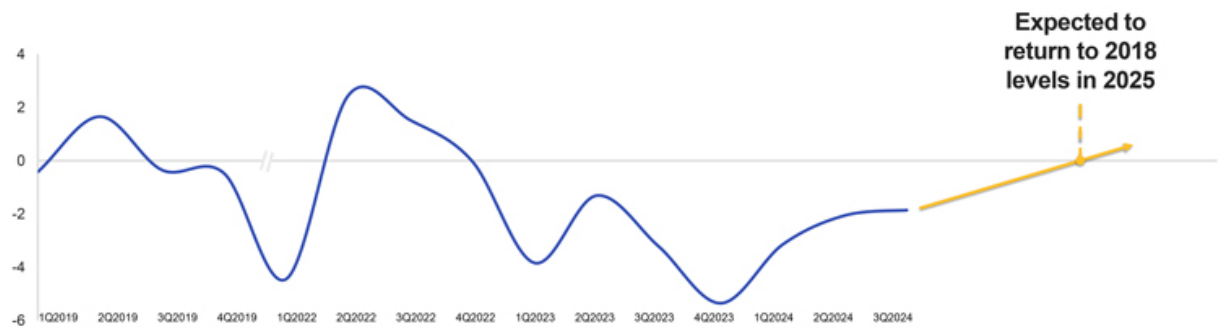
Our plans support a return to historic load factor performance

Continual network optimization & maturation

Marketing and distribution evolution

Revenue management advancement

Load factor versus 2018



Note: Graph excludes 2020 and 2021 data for comparative purposes

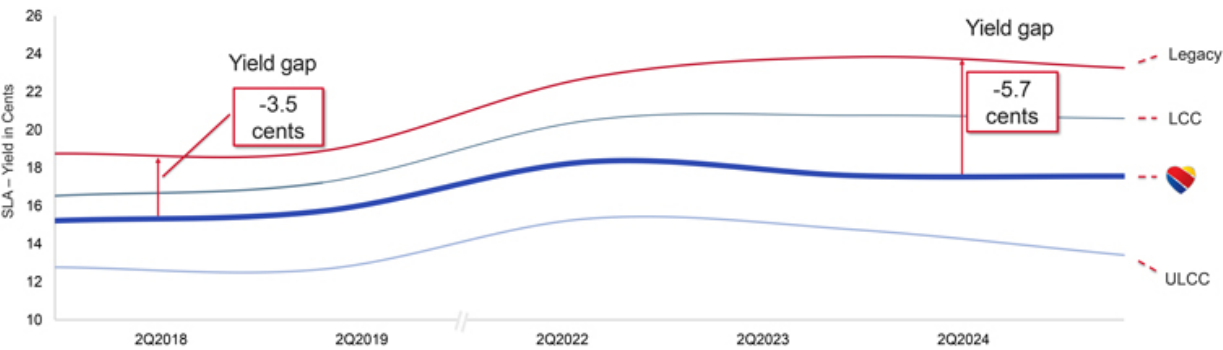
Our yield has grown, but not as fast as our peers

Continual network optimization & maturation

Marketing and distribution evolution

Revenue management advancement

Stage-length adjusted yield performance¹ Economy class for 2024



1. Yields have been stage-length adjusted to Southwest's average 2Q2024 stage length
Note: Graph excludes 2Q2020 and 2Q2021 data for comparative purposes
Source: 2018-2024 carrier filings; 2018 data unavailable for Frontier

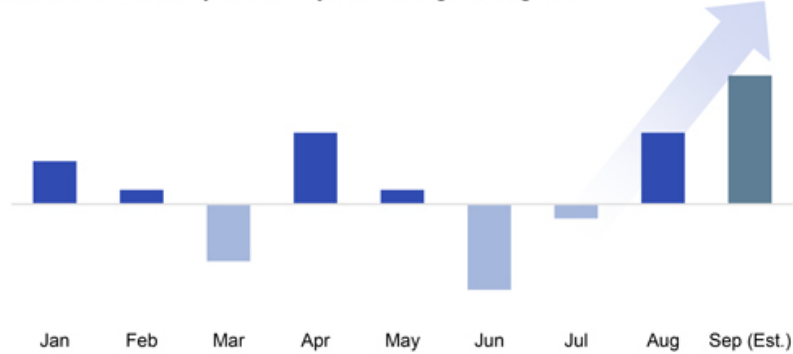
Revenue management actions are already yielding improvements

Opportunity exists for fare growth on our best flights



High demand flights

>90% load factor; year-over-year average fare growth



A challenge and an opportunity

- Southwest non-premium fare gap has widened relative to the industry
- ~50% of all Southwest flights exceed 90% load factor

A near-term roadmap to boost yields

Continual network optimization & maturation

Marketing and distribution evolution

Revenue management advancement

Actions taken thus far

 System updates	Recalibrated revenue management (“RM”) system to maximize our best flights, and leveraged automation to free up Analyst capacity for strategic tasks
 Organization structure	Reorganized our Team and processes against new RM system, and increased staffing and accelerated hiring process
 Ways of working	Wrote new playbooks for managing with new RM system, overhauled New Hire and continuous training, and set up alerting systems to reinforce core strategies
 Reporting and tooling	Rewrote success criteria (KPIs) in line with updated role expectations and introduced decision-support dashboards, refreshed tooling



Changing Customer behavior

Tactical initiatives to drive
yield and load factor

**Actions to enhance
operating efficiency**



A focus on increasing efficiency and lowering cost

Turn

Save minutes to drive aircraft productivity



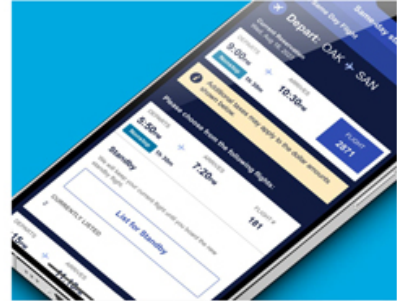
24-hour operations

Increase asset utilization and reduce overstaffing costs



Service modernization

Utilize artificial intelligence and digital to drive efficient Customer Service



An industry-leading turn time

Turn

24-hour operations

Service modernization

Adjusted average turn minutes¹
12 months ending May 2024; domestic and narrowbody aircraft only



1. All markets and fleet types for each marketing carrier; scheduled turn time calculated by turn minutes per seat brought to Southwest gauge in same Stations (including co-terminals)
Source: masFlight; excludes international and widebody

Leveraging technology to improve our operational efficiency

Turn

Paperless turn



Avio Flight / cabin / tech, e-fuel ticket, streamlined flight close

24-hour operations

Passenger movement



Visual announcements, jet bridge experience

Service modernization

Turn communication



Chat, quick replies / notifications, countdown timer

Ramp information displays



Flight information, turn progress / countdown, key indicators

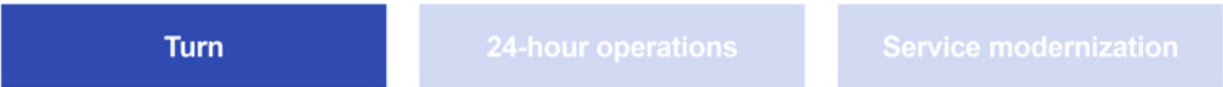
Transfer operations



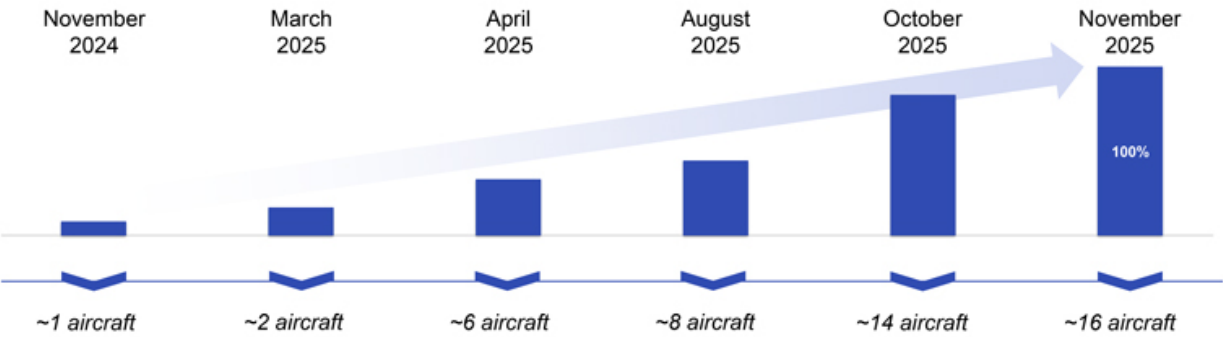
Loading procedures, hot / cold bag process & tools

Reducing turn time drives aircraft productivity

By late-2025, the turn time initiative is expected to create the equivalent of ~16 free aircraft



Percent of Stations with reduced turn time



24-hour operations increases asset utilization

Redeye flying is expected to create the equivalent of ~18 free aircraft in 2025

Turn

24-hour operations

Service modernization

Opportunities

- Drive revenue without additional aircraft or headcount
- Generate more value within existing network
- Unlock Customer value, especially in markets like Hawaii

	2025	2026	2027
Volume			
Daily redeyes	5-33	19-50	38-50
Aircraft			
ASM equivalent	18	28	28

Redeye markets



Modernizing our contact center and airports

Driving operational efficiencies and improved experience for Employees and Customers

Turn	24-hour operations	Service modernization
 Customer care upgrade	Build artificial intelligence capability to transition to a digital-first model for Customer care	• Reduce calls per Passenger • Decrease average handle time • Improve service levels • Increase workforce utilization
 Airport upgrades	Leverage digital channels to modernize the airport experience	• Increase lobby autonomy/self-service • Deflect gate transactions to digital • Improve overall staffing ratios • Increase airport satisfaction

Improved operational reliability

Our investments have contributed to improvement in nearly every metric

	Completion factor Jan 1, 2024-Sep 18, 2024	Ontime performance (A14) Jan 1, 2024-Sep 18, 2024	Extreme delays (A45) Jan 1, 2024-Sep 18, 2024
1 st	Southwest	DELTA	Alaska
2 nd	DELTA	UNITED	DELTA
3 rd	American Airlines	Southwest	Southwest
4 th	jetBlue	Alaska	UNITED
5 th	Alaska	American Airlines	American Airlines
6 th	FRONTIER	spirit	spirit
7 th	spirit	jetBlue	jetBlue
8 th	UNITED	FRONTIER	FRONTIER

Note: Domestic only; U.S. marketing carriers only

Key takeaways

- Structural changes in travel behavior require us to adjust
- The plan addresses both revenue and efficiency opportunities
- Tactical actions underway are already providing benefits
- Operational reliability improvements demonstrate our ability to execute

Transforming our Customer value proposition



Ryan Green

Executive Vice President
Commercial Transformation



Shaping our transformation

Reimagining our core product

Extending our value proposition
beyond the core product



We are passionate about our Customer Experience

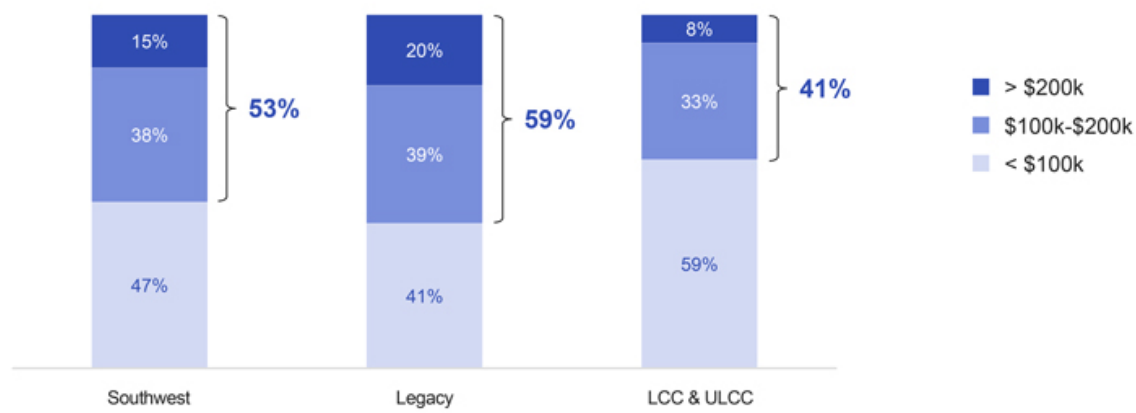
“Dedication to the **highest quality of Customer Service** delivered with a sense of warmth, friendliness, individual pride, and Company Spirit”



We will lean into our high-value Customer demographic

Estimates show that more than 50% of our Customer base has incomes over \$100k per year

Customer household income

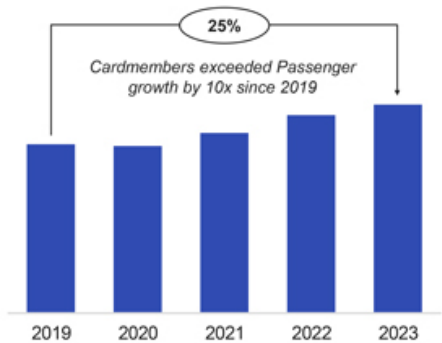


Note: Customers in this analysis are Visa US consumer cardholders who flew two or more times in 2023, with at least 50% of their flights on the same airline. Analysis is focused on the top 25 Southwest geographic markets. Household income is estimated. Legacy includes US legacy carriers and international carriers with US destinations
Source: Visa Consulting & Analytics and TransUnion; subset of Visa US Consumer Credit Cards for full year 2023

We have momentum with our co-brand portfolio

Our co-brand portfolio is growing and spend per card is growing faster than our peer set

Total Southwest co-brand Cardmembers
2019-2023 year-end totals



Spend per active card¹
Year-over-year growth, monthly

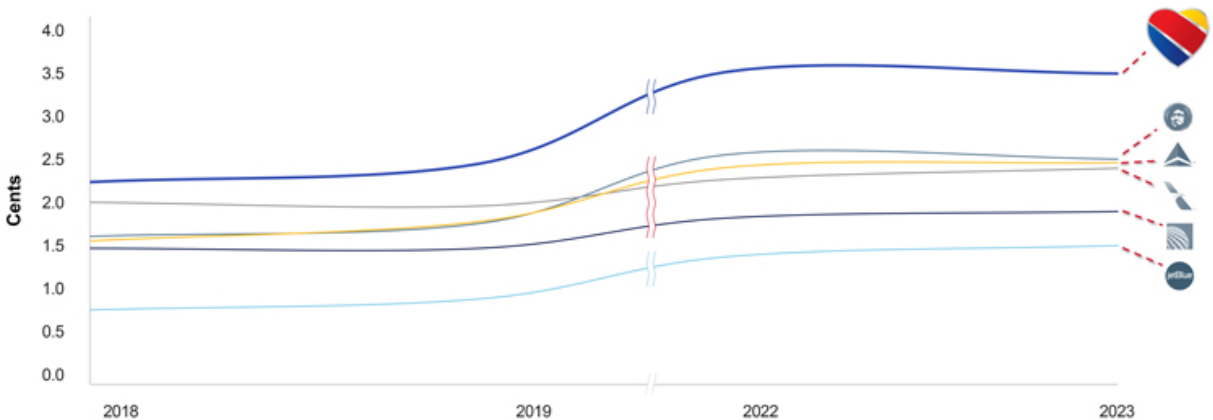


1. Peer set includes a mix of bank branded and co-branded Visa US consumer travel cards.
Source: Visa Consulting & Analytics; Subset of Visa U.S. travel consumer credit cards from August 2023 to July 2024

We enjoy industry-leading loyalty revenue performance

Rapid Rewards produces significantly higher contributions to RASM than other airlines

Total unit loyalty revenue performance¹
2018-2023 (excluding 2020 & 2021)



¹ Loyalty revenue per available seat mile
Source: Carrier filings

Extensive research with Customers revealed three key preferences

Our decisions are supported by data directly from our Customers

Over the past year we have conducted extensive Customer research...

+40K <i>survey responses</i>	1x1 <i>interviews</i>	Focus groups <i>multiple rounds</i>
--	---------------------------------	---

...revealing three key preferences

Assigned seating	Premium features	Product differentiation
 <i>Customers want to avoid the friction of open seating</i>	 <i>Seats with extra legroom are desirable</i>	 <i>The Southwest offer is different from basic economy</i>

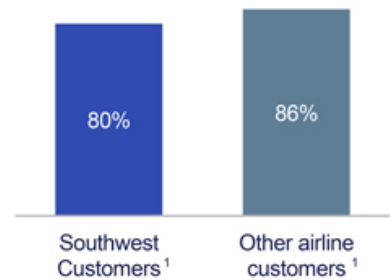
Assigned seats is the largest opportunity to broaden appeal

Presents an opportunity to gain share and retain Customers

Assigned seating	Premium features	Product differentiation
------------------	------------------	-------------------------

Flyer seating preferences

Percent of Customers who prefer assigned seats



#1 reason

Cited by lapsed Customers is
**lack of assigned seating / the
boarding process²**

1. Southwest Customer research

2. Southwest Customer research. Lapsed travelers defined as travelers who have not flown with Southwest in the last 24 months but have flown before 24 months

Premium seating is highly desirable to Customers

Our most loyal Customers and those flying longer haul especially desire premium seating

Assigned seating	Premium features	Product differentiation
------------------	------------------	-------------------------

Customer desire for premium seating



Optionality

Premium seat offerings provide more optionality to Customers who desire a more elevated experience



A-List / A-List Preferred access

Our most loyal Members rank access to premium seats among their top three desired benefits



Long-haul flights

Access to premium seats is particularly important to Customers on long-haul flights, when comfort is more important



Customer-friendly policies are key in driving differentiation

A reminder about Southwest's core Customer value proposition

	Assigned seating	Premium features	Product differentiation			
						
		American Airlines 	 DELTA	UNITED 	<i>Alaska</i>	jetBlue
Two bags fly free	✓					
No cancel or change fees	✓	Basic economy \$99 fee	Basic economy \$99 fee	Basic economy \$99 fee	Basic economy excluded	Basic economy \$100 fee
Free same day standby	✓		Basic economy & intl excluded		Basic economy excluded	\$75 fee
Points don't expire	✓	Expire after 24 months				
Credits don't expire	✓					
Cash + Points	✓					Basic economy excluded

Differentiation is an important factor in Customers' choice

'Bags fly free' is central to our Customers' purchase habits and brand value

Assigned seating	Premium features	Product differentiation
How familiar are Southwest Customers with its 'bags fly free' policy?	When selecting Southwest Airlines, which features matter most?	Rank the top features that differentiate Southwest Airlines
 >97%	Has the most affordable prices72% Has nonstop flights to my preferred destinations70% Offers free checked bags66% Has a flexible policy for ticket changes or cancellations52% Has flight times available for the time of day I want to travel44%	Offers free checked bags82% Has a flexible policy for ticket changes or cancellations65% Has the most affordable prices63% Has nonstop flights to my preferred destination49% Has a good frequent flyer program47%

Source: 2024 'bags fly free' Customer research and Business Case

Eliminating the 'bags fly free' policy would destroy value

Assigned seating	Premium features	Product differentiation
------------------	------------------	-------------------------

Impact analysis

Scenario > 0 free bags for WGA, 1 free bag for WGA+, 2 free bags for Anytime and Business Select



1. Lost market share is net of lower cost of carry from fewer Passengers
Source: 2024 'bags fly free' Customer research and Business Case

Financial impact

✗ Annual EBIT loss estimated at ~\$300M

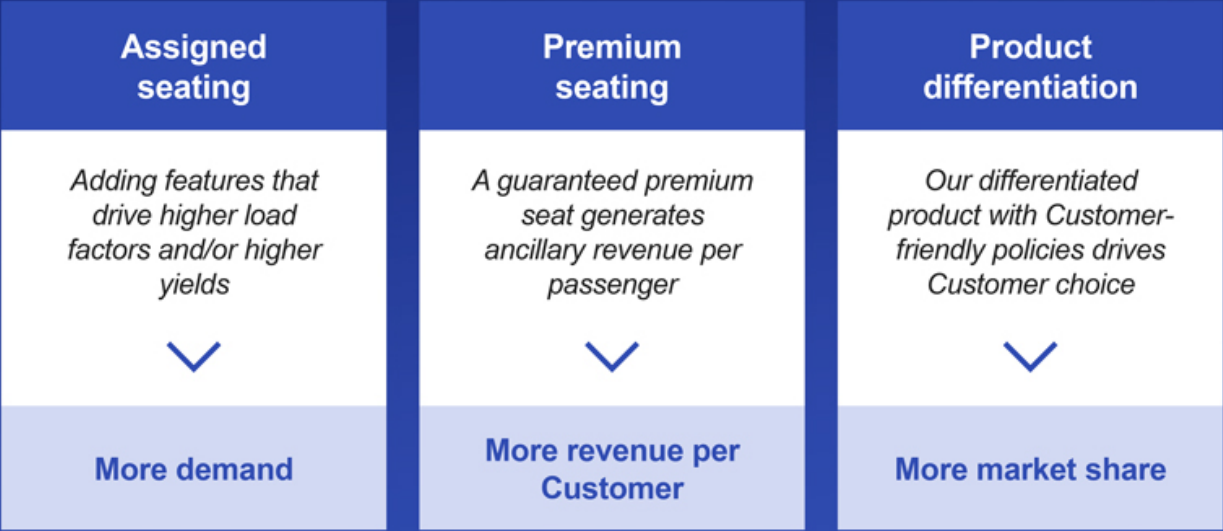
Customer impact

✗ Significant brand impact (including sharp drop in NPS)

✗ No longer perceived as 'Customer first'

✗ Loss of a primary differentiator

Meeting Customer preferences drives revenue and Shareholder value





Shaping our transformation

Reimagining our core product

Extending our value proposition
beyond the core product



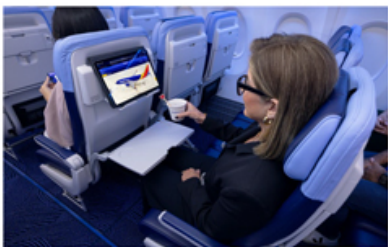
Our core product offering will feature changes in three areas



Seat selection at booking



Ability to select standard or premium seats at booking



New seating configurations



Introduction of extra legroom seats



Modernized cabin



New seats, updated overhead bins, better WiFi, etc.

Seating and boarding offerings increase with higher fare products

Offerings will also generate revenue as ancillary products

	Wanna Get Away	Wanna Get Away <i>plus</i>	Anytime	Business Select
 Seat type	● ○ ○ ○	● ● ○ ○	● ● ● ○	● ● ● ●
 Seat assignment	● ○ ○ ○	● ● ○ ○	● ● ● ○	● ● ● ●
 Boarding priority	● ○ ○ ○	● ● ○ ○	● ● ● ○	● ● ● ●

Introducing extra legroom seats

Revenue uplift potential

Generates similar revenue potential to business class (2x2 seating) or blocked middle seat, with minimal seat loss

Customer demand

Broadly appealing product designed for both business and leisure travelers

Brand consistency

Supports our brand ethos; giving our Customers new options for extra space without dividing the cabin into haves and have-nots

Speed to market

Utilizes our current seats and seamlessly integrates into our plans to install new seats, enabling faster retrofits without delays for new seat procurement



Cabin layout maximizes seats that can be monetized with minimal impact to aircraft density – improving profitability per square foot

~30%+ of seats have extra legroom (ELR) and the rest have among the best-in-industry standard pitch

	ELR pitch ¹	Standard pitch ¹	Seats lost	ELR seats	Total seats	ELR %
737-8 / 737-800	34"	31"	0	68	175	39%
737-7	34"	31"	-2	48	148	32%
737-700	36"	31"	-6	40	137	29%

1. Pitch numbers are what is represented on the majority of seats in the section

Preserving our unique and superior ordinal onboarding process

- > The process will be very **familiar**, continuing to board using **boarding positions** and **stanchions**
- > We are **preserving our operational efficiency** and **providing a better Customer Experience**



Digital simulations

8.5M

Simulated flights

3.3M

Simulated boarding hours

Live boarding simulations

20

Cameras

200+

Hours of video footage

- ✓ Real airport environment
- ✓ Real Passenger mix
- ✓ Real aircraft

Capping off a purposeful plan to modernize the cabin

Translating Customer value into Shareholder value

What's been done



Aircraft already equipped with larger bins, in-seat power, and improved WiFi have seen **higher NPS scores** when these features come together

- **+5 ppts** improvement in bin satisfaction and fewer gate checked bags
- **Doubled WiFi bandwidth** per user

Capping off a purposeful plan to modernize the cabin

Translating Customer value into Shareholder value

What's to come



As we add new and extra legroom seats, the onboard experience will be even better

- **Seat selection**, with pitch among the best in the industry
- New RECARO seats are **400% more preferred** than current
- New **6-way headrests**, **more cushioning** for ergonomics, and **personal electronic device holders**
- New fresh look to promote **comfort and relaxation**

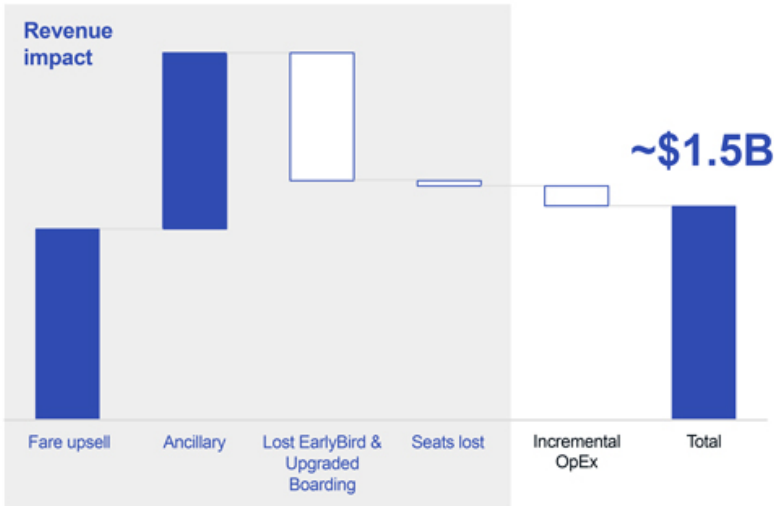
Our assigned seat rollout plan balances managing executional risk with speed to market and value

Critical path activity	2023	2024	2025	2026
☒ Extensive 3 rd party research confirms Customer preferences	Research & design	◆ Announce new assigned seating and premium seating product		
☐ Seeking FAA approval of supplemental type certificate (STC) to modify aircraft product		FAA certification		
☐ Starting in 1Q2025, begin retrofitting 50-100 aircraft per month with ELR seating configurations			Aircraft retrofit	
☐ Updates underway to 60+ front-end and back-end technology applications		Technology (Build then test)		
☐ Preparing to train and equip ~55K Employees to support Sell and Operate			Training	
☐ Implementation			◆ Sell	◆ Operate

Multiple value drivers in our plan

We expect our new core product will generate ~\$1.5B in incremental EBIT in 2027

New seating products are expected to more than offset lost revenue



- ✓ ~30%+ of each aircraft will feature extended legroom seats, equating to >70M flown seats with extended legroom
- ✓ Selecting preferred seats in the front of the cabin is also expected to generate additional income
- ✓ All lost EarlyBird and Upgraded Boarding revenue is expected to be more than offset
- ✓ The 737-700 will lose a row and the -7 will lose two seats; all other aircraft maintain current seat counts

Staying true to the Southwest promise to drive Shareholder value



Customer-friendly policies

- **Bags fly free**
- **Industry-leading** base product in Wanna Get Away
- **Industry-leading** Rapid Rewards Program



Southwest Hospitality

- Fantastic Employees who provide **great Customer Service**
- **Assigned seating** unlocks new opportunities to provide Hospitality in the cabin



Comfortable cabin

- **Comfortable seat pitch**
- **Customer Experience improvements** onboard



Shaping our transformation

Reimagining our core product

Extending our value proposition
beyond the core product



We are building additional value drivers on top of our core product

Airline partnerships

Partnerships expand the reach of Southwest and Rapid Rewards globally



Enhanced vacations product

Product re-launch allows us to fully leverage our strengths in vacation packages market

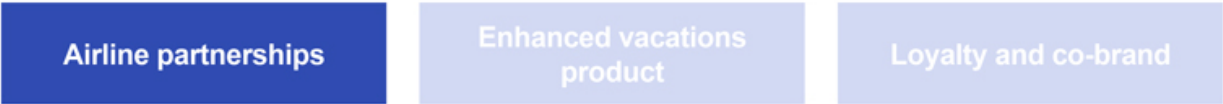


Loyalty and co-brand

Our new core product strengthens Rapid Rewards



Airline partnerships expand our network across the globe



Why partnerships matter

- ✓ Drive incremental Passengers without adding aircraft
- ✓ Global expansion of our network
- ✓ Make Rapid Rewards and our co-brand program even more valuable to Customers

What we will be doing

- We will launch our first partner in early 2025 with transatlantic connectivity
- We plan to add at least one more partner in 2025
- We will eventually sell partners in our Southwest channels – with assigned seats



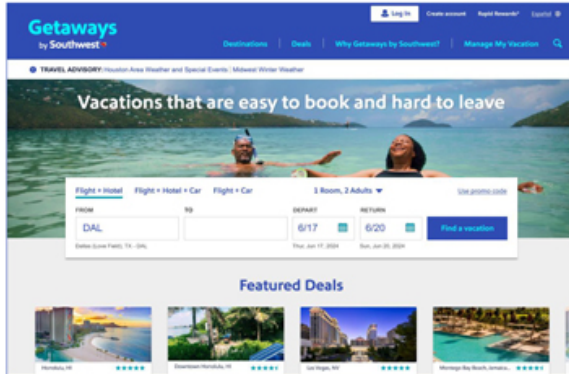
Introducing Getaways by Southwest

A new vacations booking platform launching in mid-2025 to expand what Customers love about Southwest to their entire vacation experience

Airline partnerships

Enhanced vacations
product

Loyalty and co-brand

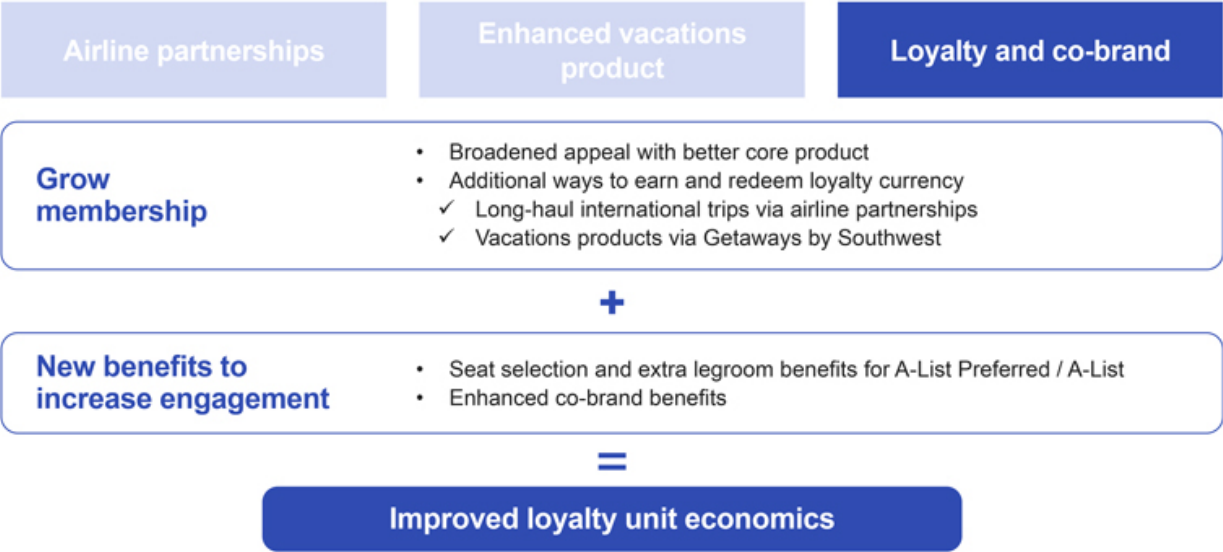


Value drivers

- ✓ Grow high-margin revenue with low CapEx and headcount investment
- ✓ Use direct channel strength and build on existing Customer base
- ✓ Drive leisure market growth

Evolved product and expanded portfolio boost Rapid Rewards' value

Enhanced Rapid Rewards appeal drives more enrollments, increased Cardmember engagement



Key takeaways

- > Customers want new products, and we will meet their needs
- > We are building additional value drivers on top of our core product
- > Changes will be made in a uniquely Southwest way
- > The plan supports significant economic value creation



Transforming for sustainable profitability and Shareholder returns



Tammy Romo

Executive Vice President
and Chief Financial Officer



**Building on a strong financial
foundation**

Executing our plan to drive
strong Shareholder returns

Supporting a path to sustainable
prosperity



We have an industry-leading balance sheet

\$10.4B

Liquidity¹

\$1.4B

Net cash²
position

~\$40B

Value of
unencumbered
assets³

BBB

Or better
credit rating



Note: Figures shown above as of 09/20/2024, except as noted for unencumbered assets

1. Includes \$9.4 billion in cash and cash equivalents and short-term investments and a fully available revolving credit line of \$1.0 billion

2. Net cash position is calculated as the sum of cash and cash equivalents and short-term investments, less the sum of short-term and long-term debt

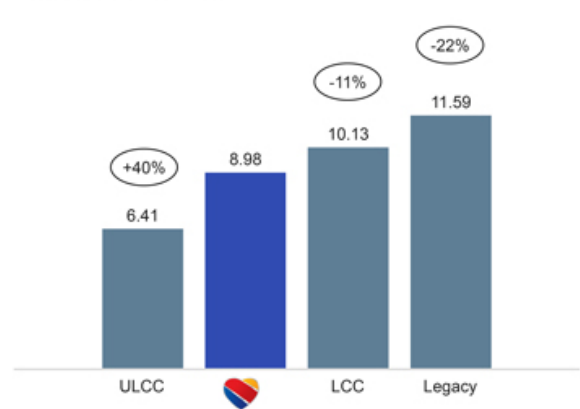
3. Includes the estimated market value for the Company's Rapid Rewards loyalty program as of 9/20/2024, and the net book value of unencumbered aircraft, and non-aircraft assets such as spare engines, ground equipment, and real estate as of 6/30/2024

Our relative unit cost advantage remains strong

Our relative unit cost advantage remains ~20% below the Legacy carriers

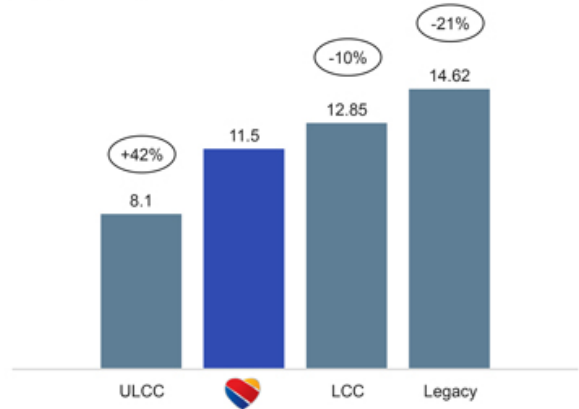
Pre-pandemic unit costs

2Q2019, excluding fuel and profitsharing, stage-length adjusted¹



Current unit costs

2Q2024, excluding fuel and profitsharing, stage-length adjusted¹



¹ Stage-length adjusted to Southwest's 2Q2024 average stage length
Source: Carrier filings, DIO Schedule, and DOT T-100 data

We have labor cost stability

We have contracts in place with all labor groups through 3Q2027

		American Airlines	DELTA	UNITED	Alaska	jetBlue	spirit	FRONTIER
Pilots	✓	✓	✓	✓	✗	✗	✗	✗
Flight Attendants	✓	✓	N/A	✗	✗	✓	✓	✗
Ramp	✓	✗	N/A	✗	✗	N/A	✓	N/A
Customer Service	✓	✓	N/A	✗	✓	N/A	✓	N/A
Mechanics	✓	✗	N/A	✗	✓	N/A	✗	✗

✓ Labor cost stability

✗ Open contract in 2024/2025

N/A Non-contract

Source: Carrier filings



Building on a strong financial
foundation

Executing our plan to drive
Shareholder returns

Supporting a path to sustainable
prosperity



Additional elements of our financial plan

Disciplined cost initiative

Removing costs from the business through efficiency and optimization



Strategic fleet management

Monetizing assets in a low growth environment to drive profits



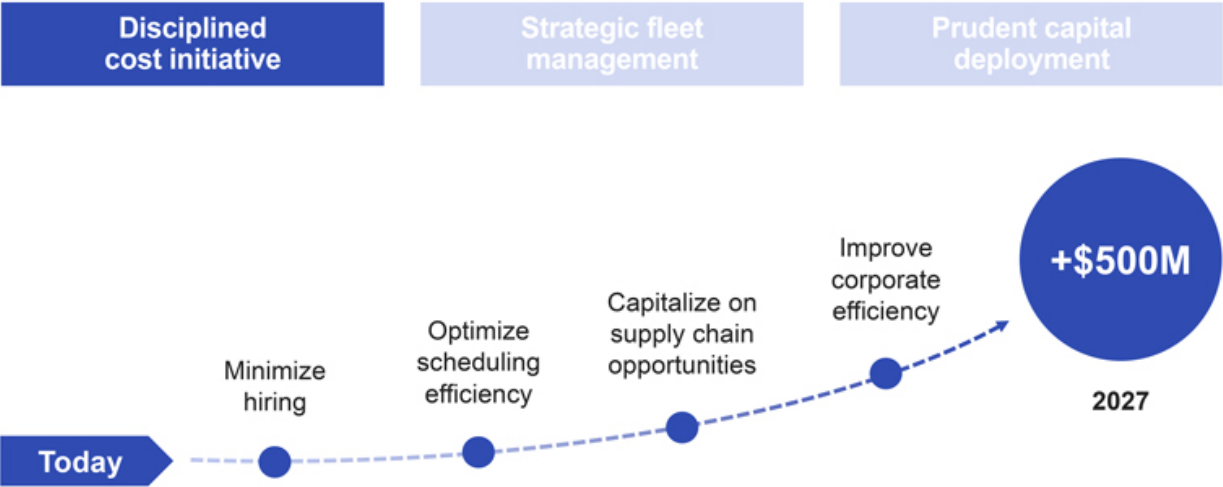
Prudent capital deployment

Exercising discipline while managing toward long-term goals



Multi-year plan expected to deliver over \$500M¹ in cost savings

Run rate savings in 2027



1. Excludes profitsharing

Capacity moderation through turn, redeyes, and modernization

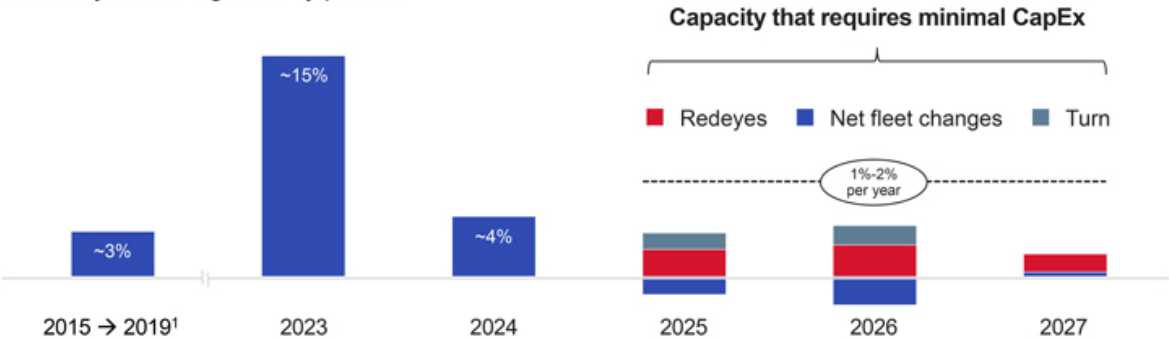
Disciplined cost initiative

Strategic fleet management

Prudent capital deployment

Capacity moderation

Year-over-year ASM growth by period



1. Average year-over-year growth for 2015-2019

Our fleet and order book have significant value

We are actively pursuing opportunities to monetize the value of our all-Boeing 737 fleet

Current 737 Contractual Order Book as of September 26, 2024

The Boeing Company				
	-7 Firm orders	-8 Firm orders	-7 or -8 Options	Total
2024	27	58	—	85 (c)
2025	44	21	8	73
2026	59	—	27	86
2027	19	46	25	90
2028	15	50	25	90
2029	38	34	18	90
2030	45	—	45	90
2031	45	—	45	90
	288 (a)	209 (b)	197	694

(a) The delivery timing for the -7 is dependent on the FAA issuing required certifications and approvals to Boeing and the Company. The FAA will ultimately determine the timing of the -7 certification and entry into service, and the Company therefore offers no assurances that current estimations and timelines are correct.

(b) The Company has flexibility to designate firm orders or options as -7s or -8s, upon written advance notification as stated in the contract.

(c) Includes 18 -8 deliveries received year-to-date through September 26, 2024. Given the Company's continued discussions with Boeing and expected aircraft delivery delays, the Company continues to plan for approximately 20 -8 aircraft deliveries in 2024.

Note: This contractual order book does not include the impact of delivery delays and is subject to change based on ongoing discussions with Boeing.

Value of our order book

- ✓ **Access** to nearly 700 aircraft through 2031
- ✓ Significant **flexibility**, including options, deferral rights, and ability to change mix of -7s and -8s
- ✓ Value driver with a competitive **pricing advantage**
- ✓ Opportune market conditions to **sell excess aircraft**
- ✓ Selectively considering **sale-leasebacks** while maintaining leverage targets

We have a generational fleet modernization opportunity

Our plan supports an all -7 / -8 fleet with an average age of five years in 2031

Disciplined
cost initiative

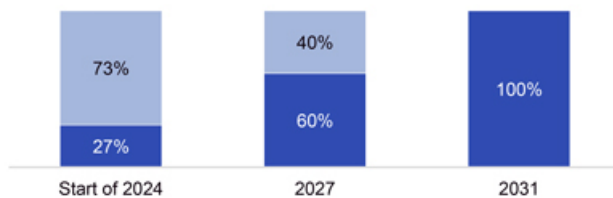
Strategic fleet
management

Prudent capital
deployment

Fleet composition through 2031¹

■ -7 / -8

■ -700 / -800



1. On order (firm and options) or on backlog

101

Our capital allocation priorities

Thoughtful approach with emphasis on returning value to our Shareholders

Disciplined
cost initiative

Strategic fleet
management

Prudent capital
deployment

- > **Minimize fleet CapEx**, leveraging the value in our existing assets
- > **Continue to invest in infrastructure** to optimize our operations
- > **Manage our debt levels** to retain investment-grade credit ratings
- > **Returns to Shareholders** through dividends and share repurchases

Fleet strategy helps moderate CapEx

Disciplined cost initiative

Strategic fleet management

Prudent capital deployment

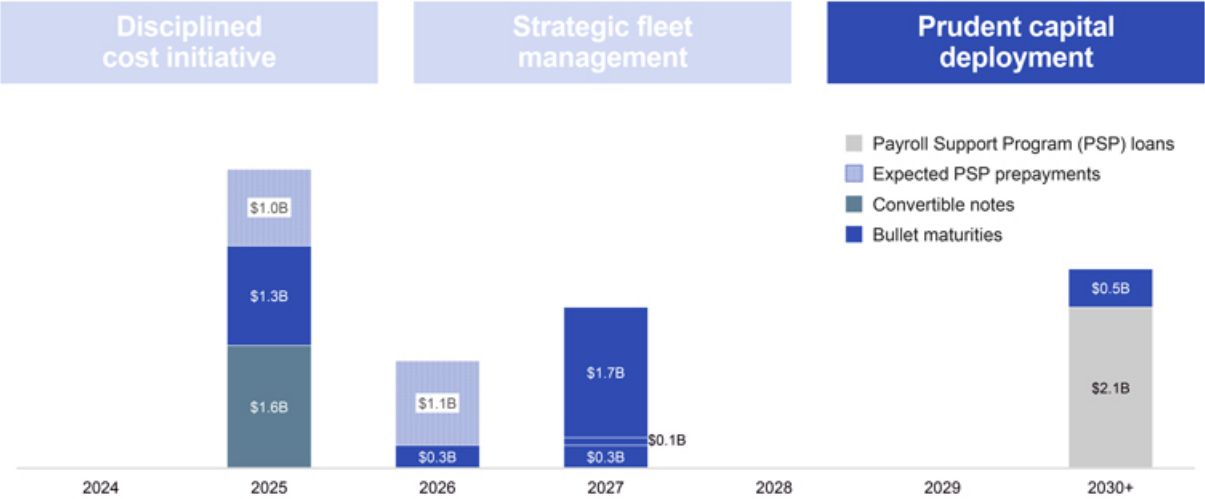
Average 2024-2027 net capital expenditures



1. Based on the Company's contractual order book with Boeing as of September 26, 2024, contractual aircraft commitments by year are ~\$2.3B in 2024, ~\$1.6B in 2025, ~\$1.8B in 2026, and ~\$2.6B in 2027

Preserving our investment-grade balance sheet

Significant deleveraging in 2025 based on our debt obligations and scenario prepayment



Resuming share repurchase program with \$2.5B authorization

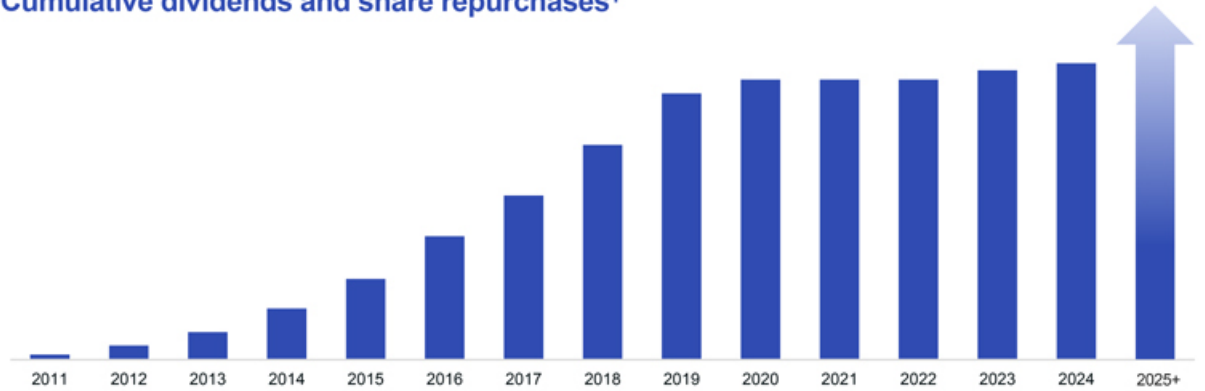
Longstanding commitment to return value to Shareholders

Disciplined cost initiative

Strategic fleet management

Prudent capital deployment

Cumulative dividends and share repurchases¹



1. Displays aggregate share repurchases and dividends to date



Building on a strong financial
foundation

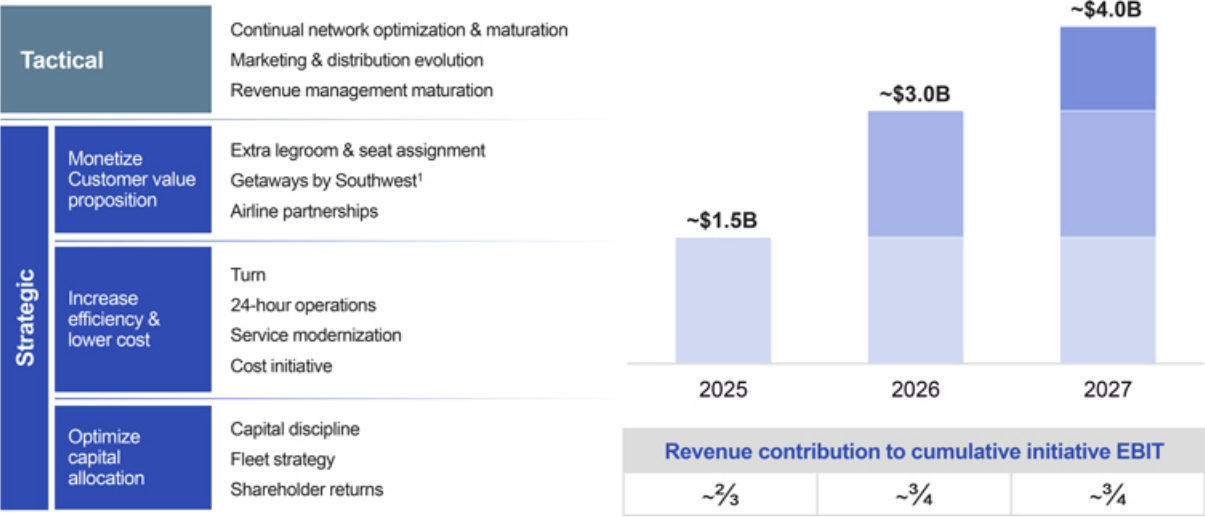
Executing our plan to drive
Shareholder returns

Supporting a path to sustainable
prosperity



Initiatives are well underway and expected to drive incremental EBIT

~\$4B in cumulative EBIT contributions expected in 2027



1. The Company expects Getaways to fully mature beyond 2027

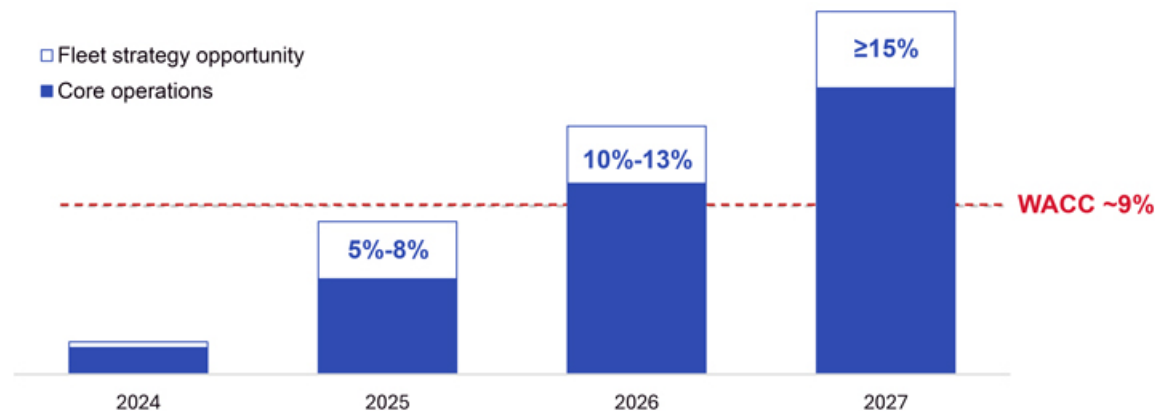
107

Tactical and strategic initiatives provide a path to prosperity

Our plan delivers ROIC well above WACC in 2027

ROIC contributions

After-tax ROIC



Our 2027 targets support strong Shareholder returns

Capacity ¹	Operating margin	Leverage
1% to 2%	≥10%	Low to mid 30%
Free cash flow	ROIC	Balance sheet
>\$1 billion	≥15%	Investment-grade credit rating

1. As measured in year-over-year available seat miles

Key takeaways

- Industry-leading balance sheet and a strong foundation
- Transformational initiative portfolio for sustainable profitability
- Idiosyncratic opportunities to unlock additional value
- A clear path to achieve 2027 targets

Southwest. Even Better.



Bob Jordan

President, Chief Executive Officer,
and Vice Chairman of the Board

Southwest. Even Better.

- > A strong foundation and industry-leading position
- > Thoughtfully transforming our product as Customer preferences evolve
- > An approach that is rooted in data and research
- > Executing our plan to drive Customer and Shareholder value
- > A comprehensive and measurable plan to deliver ROIC $\geq 15\%$



**SOUTHWEST AIRLINES UNVEILS ITS “SOUTHWEST. EVEN BETTER.”
TRANSFORMATIONAL PLAN AT INVESTOR DAY**

- *Reimagines core product to meet evolving Customer preferences and increase revenue opportunities*
- *Launches new commercial initiatives to enhance Customer Experience and drive value while preserving flexible policies like bags fly free¹*
- *Expects to deliver in 2027: approximately \$4 billion² in cumulative incremental earnings before interest and taxes (EBIT) contribution and after-tax return on invested capital (ROIC) of 15 percent or greater, well above weighted average cost of capital (WACC)*
- *Board approves \$2.5 billion share repurchase program*

DALLAS—Sept. 26, 2024—**Southwest Airlines Co.** (NYSE: LUV) (“Southwest®” or the “Company”) today will host an Investor Day briefing in Dallas where Southwest Leaders will outline next steps in a comprehensive three-year plan that builds upon the Company’s unique business model for an even better Southwest. The carrier is transforming its Customer Experience to provide more choices and greater comfort for Customers, designed to drive revenue growth and return the carrier to industry-leading profitability.

“We’re now ushering in a new era at Southwest, moving swiftly and deliberately to transform the Company by elevating the Customer Experience, improving financial performance, and driving sustainable Shareholder value,” said Bob Jordan, President, Chief Executive Officer, and Vice Chairman of the Board.

Key themes and new initiatives to be detailed at Investor Day include:

Transforming Our Product to Meet Customer Preferences

Southwest’s transformation is guided by data-driven research of travelers’ changing needs and expectations. Southwest’s evolution will provide even more choices for its Customers and preserve aspects of the business that make the airline unique among its competitors:

- **Assigned Seating:** Southwest will broaden its consumer appeal and boost demand through an assigned seating model. Airline passengers now have a clear preference for seat assignments: 80 percent of Southwest Customers and 86 percent of passengers who choose other airlines want assigned seats. Southwest flies farther than ever, and seat assignments are a higher priority on long-haul flights. The Company expects to begin selling assigned seats in the second half of 2025, with its first flights operating with the new model in the first half of 2026.

- **Premium Seating:** Market research shows that the preference for an assigned seat with extra legroom offers broad appeal for both business and leisure travelers. Southwest will offer extra legroom options with up to five additional inches of pitch for approximately a third of its seats while maintaining a standard economy seat pitch among the best in the industry. New seating product options will drive demand and are expected to generate more revenue per passenger.
- **Southwest Boarding with Upgrades:** Southwest will evolve its boarding process with seat assignments while focusing on operational efficiency and improving the Customer Experience. The updated boarding process will maintain Southwest's unique and popular approach in boarding through position numbers and signage displayed on stanchions within the gate area. The carrier's most loyal Customers and those who purchase premium seating will continue to be among the first to board.
- **Bags Continue to Fly Free:** Extensive research reinforces Southwest's bags fly free[®] policy¹ remains the most important feature by far in setting Southwest apart from other airlines. Based on Southwest's research, the Company believes that any change in the current policy that provides every Customer two free checked bags¹ would drive down demand and far outweigh any revenue gains created by imposing and collecting bag fees.

"We've spent the past few years laying a foundation that serves as the base of our transformation," said Ryan Green, Executive Vice President Commercial Transformation. "We've already started rolling out modernized cabins with improved WiFi, in-seat power, larger overhead bins, enhanced operational efficiencies, and optimized flight schedules. We will continue to build upon our unique competitive advantages, while adapting to consumer priorities in today's dynamic environment."

New Offerings to Broaden Appeal and Strengthen Revenue

In addition to offering more Customer choice, Southwest will launch new capabilities and products designed to add value and revenue potential:

- **Global Airline Partnerships:** Southwest is formalizing partnerships with international carriers to expand its network and connect Customers with more global destinations to generate additional demand for travel across the Southwest network. Icelandair will become Southwest's initial partner with an expected launch in 2025 through Baltimore-Washington International Airport, which will serve as its first U.S. gateway for the carriers. The Icelandair partnership will expand gateways throughout 2025, and Southwest intends to add at least one additional partner carrier next year.
- **Getaways by Southwest™:** In 2025, the Company intends to launch a new product, Getaways by Southwest, offering vacation packages that are unique to the industry and come with friendly policies that Customers expect from a Southwest-operated venture. These customizable vacation bundles will feature Southwest's generous cancellation policy and flexibility with its no change fees for flights extending to hotels and other elements of packaged vacations.
- **Rapid Rewards® Enhancements:** Throughout the transformation, all Members will earn and redeem points at the same rate that they do today, and Southwest will continue to offer no blackout dates, uncapped reward seat availability, and points that don't expire. The airline will update its Tier Benefits with the transformation giving A-List and A-List Preferred Members even better benefits. The airline also soon will share updates to its credit card program, including how assigned seats and premium seating will offer Cardmembers even more value. Until then, Cardmembers will continue to take advantage of their current card benefits. Eventually, Rapid Rewards Members also will have more opportunities to earn and redeem points for longer-haul international destinations with development of its airline partnerships and the evolution of its Getaways by Southwest product.

Optimizing Operational Efficiencies

Southwest is focusing on operational efficiencies to mitigate cost pressures and modernize processes. These efforts are designed to fund nearly all new capacity growth over the next three years without incremental aircraft capital deployment:

- **24-Hour Operations:** In February 2025, Southwest expects to begin offering redeye flying in key markets to maximize aircraft utilization.
- **Turn Times Between Flights:** The airline is aiming to further reduce the time it takes to turn an aircraft, which is intended to increase its aircraft productivity, while making day-to-day processes easier for Employees.

Delivering a Financial Plan to Drive Sustainable Profitability and Shareholder Returns

“The strategic vision announced today is designed to return us to financial prosperity and drive value creation,” said Tammy Romo, Executive Vice President and Chief Financial Officer. “We have a clear and measurable path that we expect will enable us to cover our WACC in 2026 and achieve after-tax ROIC of at least 15 percent in 2027.”

Key elements of Southwest’s financial plan include:

- **Cost Discipline:** The Company’s multi-year plan is expected to deliver an estimated \$500 million run rate of cost savings in 2027, by minimizing hiring, optimizing scheduling efficiency, capitalizing on supply chain opportunities, and improving corporate efficiency.
- **Strategic Fleet Management:** Southwest is pursuing opportunities to monetize the value of its fleet order book and drive a significant fleet modernization, with the goal of achieving an average fleet age of just five years in 2031. The Company’s fleet strategy is expected to reduce average aircraft capital expenditures to approximately \$500 million through 2027.
- **Prudent Capital Deployment:** Southwest is balancing its capital allocation priorities to minimize capital expenditures on aircraft, continue investing in infrastructure that optimizes operations, and manage debt to preserve the airline’s investment-grade balance sheet, all while returning capital to Shareholders through dividends and share repurchases. The Board of Directors today approved a \$2.5 billion share repurchase program, reflecting the Board’s confidence in the strategic plan and new revenue-generating initiatives, and in management’s ability to execute.

Financial Targets

The Company’s three-year financial plan is expected to support its long-term targets for sustainable profitability:

- Approximately \$4 billion² in cumulative incremental run rate EBIT contribution in 2027
- ROIC of 15 percent or greater, well above WACC in 2027

Investor Day Webcast Details

Southwest Airlines' Investor Day begins at 10:30 a.m. Eastern Daylight Time, 9:30 a.m. Central Daylight Time, and will be webcast live through a link available on the Investor Relations page at **Southwest.com**.

- ¹ *First and second checked bags. Weight and size limits apply.*
- ² *Estimated cumulative run rate EBIT contribution to the Company's 2027 base business financial performance from its portfolio of initiatives included in its comprehensive three-year financial plan.*
- ³ *All Rapid Rewards rules and regulations apply and can be found at **Southwest.com/rterms**.*

Cautionary Statement Regarding Forward-Looking Statements

This news release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934 (the "Exchange Act"). Specific forward-looking statements include, without limitation, statements related to (i) the Company's initiatives, strategic priorities and focus areas, plans, goals, and opportunities, including with respect to (a) increasing revenue opportunities, (b) enhancing the Customer experience, (c) building value drivers, (d) driving revenue growth, (e) improving financial performance and returning to industry-leading profitability, (f) driving sustainable profitability and Shareholder value, (g) Shareholder returns, (h) financial prosperity, (i) value creation, (j) operational efficiency, (k) managing and mitigating cost pressures and removing costs, (l) capital deployment and allocation, and (m) extracting value from the fleet and the fleet order book; (ii) the Company's financial and operational outlook, expectations, goals, plans, strategies, and projected results of operations, including with respect to its initiatives, and including factors and assumptions underlying the Company's expectations and projections; (iii) the Company's expectations with respect to the U.S. airline industry, Passenger demand, and backdrop trends; (iv) the Company's plans and expectations with respect to assigned and premium seating, including expected benefits, Customer demand, timing of implementation and bookings, retrofits, cabin layout, and FAA certification; (v) the Company's plans and expectations with respect to the boarding model; (vi) the Company's plans and expectations with respect to airline partnerships and enhanced vacation products, including Getaways by Southwest; (vii) the Company's fleet plans and expectations, including with respect to fleet utilization, fleet modernization, fleet management, flexibility, expected fleet deliveries and retirements, refreshed cabin design, in-seat power, larger overhead bins, increased WiFi, and new seats, and including factors and assumptions underlying the Company's plans and expectations; and (viii) the Company's plans, estimates, and assumptions related to repayment of debt obligations, leverage, credit ratings, interest expense, effective tax rate, capital spending, infrastructure spending, capital allocation, and shareholder returns, including factors and assumptions underlying the Company's expectations and projections. These forward-looking statements are based on the Company's current estimates, intentions, beliefs, expectations, goals, strategies, and projections for the future and are not guarantees of future performance. Forward-looking statements involve risks, uncertainties, assumptions, and other factors that are difficult to predict and that could cause actual results to vary materially from those expressed in or indicated by them. Factors include, among others, (i) the impact of fears or actual outbreaks of diseases, extreme or severe weather and natural disasters, actions of competitors (including, without limitation, pricing, scheduling, capacity, and network decisions, and consolidation and alliance activities), consumer perception, economic conditions, fuel prices, banking conditions,

fears or actual acts of terrorism or war, sociodemographic trends, and other factors beyond the Company's control, on consumer behavior and the Company's results of operations and business decisions, plans, strategies, and results; (ii) the Company's ability to timely and effectively implement, transition, operate, and maintain the necessary information technology systems and infrastructure to support its operations and initiatives, including with respect to revenue management and assigned and premium seating; (iii) the cost and effects of the actions of activist shareholders; (iv) the Company's ability to obtain and maintain adequate infrastructure and equipment to support its operations and initiatives; (v) the Company's dependence on The Boeing Company ("Boeing") and Boeing suppliers with respect to the Company's aircraft deliveries, Boeing MAX 7 aircraft certifications, fleet and capacity plans, operations, maintenance, strategies, and goals; (vi) the Company's dependence on the Federal Aviation Administration with respect to safety approvals for the new cabin layout and the certification of the Boeing MAX 7 aircraft; (vii) the Company's dependence on other third parties, in particular with respect to its technology plans, its plans and expectations related to revenue management, operational reliability, fuel supply, maintenance, and Global Distribution Systems, and the impact on the Company's operations and results of operations of any third party delays or nonperformance; (viii) the Company's ability to timely and effectively prioritize its initiatives and focus areas and related expenditures; (ix) the impact of labor matters on the Company's business decisions, plans, strategies, and results; (x) the impact of governmental regulations and other governmental actions on the Company's business plans, results, and operations; (xi) the Company's dependence on its workforce, including its ability to employ and retain sufficient numbers of qualified Employees with appropriate skills and expertise to effectively and efficiently maintain its operations and execute the Company's plans, strategies, and initiatives; (xii) the emergence of additional costs or effects associated with the cancelled flights in December 2022, including litigation, government investigation and actions, and internal actions; and (xiii) other factors, as described in the Company's filings with the Securities and Exchange Commission ("SEC"), including the detailed factors discussed under the heading "Risk Factors" in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2023, and in the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2024.

ABOUT SOUTHWEST AIRLINES CO.

Southwest Airlines Co. operates one of the world's most admired and awarded airlines, offering its one-of-a-kind value and Hospitality at 117 airports across 11 countries. Southwest took flight in 1971 to democratize the sky through friendly, reliable, and low-cost air travel and now carries more air travelers flying nonstop within the United States than any other airline⁴. Based in Dallas and famous for an Employee-first corporate Culture, Southwest maintains an unprecedented record of no involuntary furloughs or layoffs in its history. By empowering its more than 74,000⁵ People to deliver unparalleled Hospitality, the maverick airline cherishes a passionate loyalty among more than 137 million Customers carried in 2023. That formula for success brought industry-leading prosperity and 47 consecutive years⁶ of profitability for Southwest Shareholders (NYSE: LUV). Southwest leverages a unique legacy and mission to serve communities around the world including harnessing the power of its People and Purpose to put communities at the Heart of its success. Learn more by visiting Southwest.com/citizenship. As the airline with Heart, Southwest has set a goal to work toward achieving net zero carbon emissions by 2050⁷. Southwest has also set near-term targets and a three-pillar strategy to achieve its environmental goals. Learn more by visiting Southwest.com/planet.

⁴ Based on U.S. Dept. of Transportation quarterly Airline Origin & Destination Survey since Q1 2021

⁵ Fulltime-equivalent active Employees

⁶ 1973-2019 annual profitability

⁷ Our net zero by 2050 goal includes Scope 1, Scope 2, and Scope 3 Category 3 emissions only and excludes any emissions associated with non-fuel products and services, such as inflight service items.

Media Contacts: Visit the Southwest Newsroom at swamedia.com for multimedia assets and other Company news.

Important Additional Information

The Company intends to file a proxy statement and a **WHITE** proxy card with the SEC in connection with the solicitation of proxies for the Company's next meeting of Shareholders (whether an Annual or Special Meeting of Shareholders (the "Shareholder Meeting")). **SHAREHOLDERS OF THE COMPANY ARE STRONGLY ENCOURAGED TO READ SUCH PROXY STATEMENT, ACCOMPANYING WHITE PROXY CARD AND ALL OTHER DOCUMENTS FILED WITH, OR FURNISHED TO, THE SEC CAREFULLY AND IN THEIR ENTIRETY WHEN THEY BECOME AVAILABLE AS THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT THE SHAREHOLDER MEETING.**

Shareholders will be able to obtain the Company's proxy statement, any amendments or supplements to the proxy statement and other documents filed by the Company with the SEC at no charge at the SEC's website at www.sec.gov. Copies will also be available at no charge at the Company's website at <https://www.southwestairlinesinvestorrelations.com/financials/sec-filings>.

Participant Information

For participant information, see the Company's soliciting material filed as "DEFA14A" with the SEC on Sept. 10, 2024, and available [here](#).