

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 redeye 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 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.

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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



**WE'RE
SPREADING
LOVE
ALL OVER
TEXAS.**

Big sale, itty bitty fares. \$49
[Book now](#)

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**



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

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

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

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**

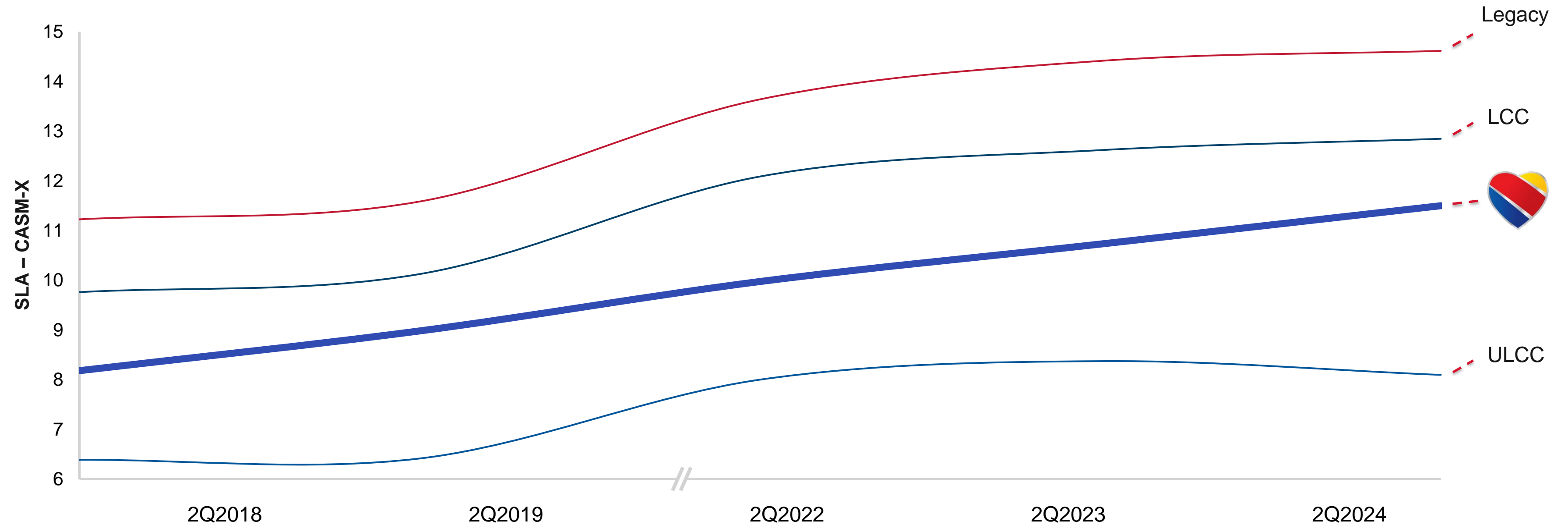
Our **Customer-centric** sales approach is unique in the industry

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

Our People deliver unmatched **Hospitality**

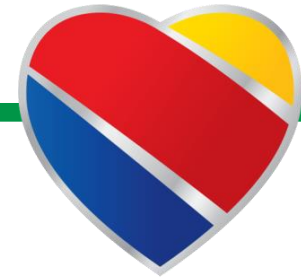
Our model has allowed us to maintain our relative cost position

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



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

Our Customer-friendly policies build enduring loyalty



Two bags fly free



No cancel or change fees



Free same day standby



Points don't expire



Credits don't expire



Cash + Points



American Airlines 

 DELTA

UNITED 

Alaska

jetBlue

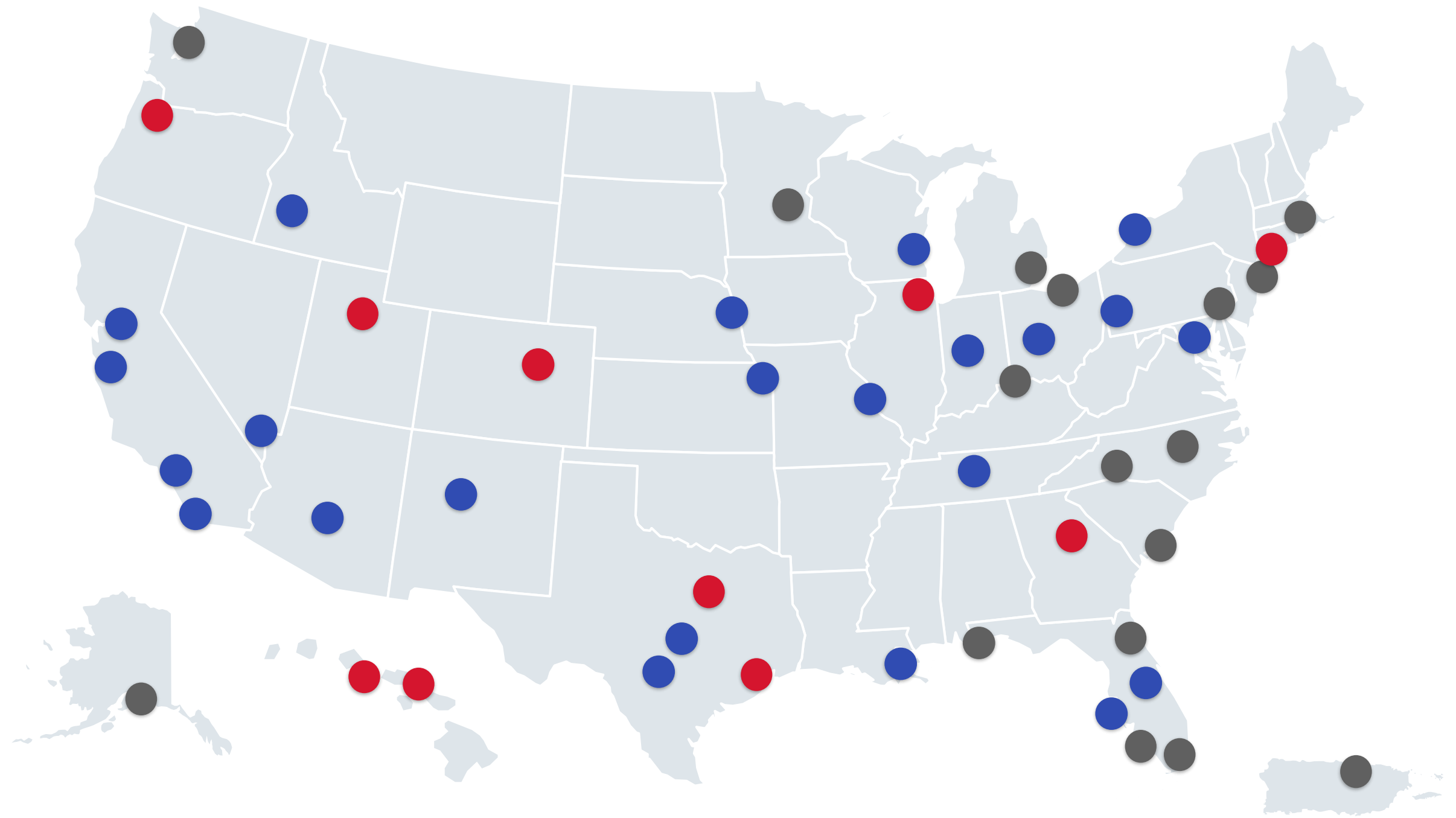
	American Airlines	DELTA	UNITED	Alaska	jetBlue
Two bags fly free					
No cancel or change fees	Basic economy \$99 fee	Basic economy \$99 fee	Basic economy \$99 fee	Basic economy excluded	Basic economy \$100 fee
Free same day standby		Basic economy & int'l excluded		Basic economy excluded	\$75 fee
Points 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 Diio Mi

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-/Ba3	BB/Ba2	BB+/Ba1	BBB-/Baa3	BBB/Baa2	BBB+/Baa1	A-/A3
Southwest 													<u>S&P Global</u> Moody's FitchRatings
										<u>S&P Global</u>	Moody's		FitchRatings
<i>Alaska</i>									<u>S&P Global</u>		Moody's		
UNITED 													<u>Moody's</u> <u>S&P Global</u> FitchRatings
allegiant 								<u>S&P Global</u>					<u>Moody's</u> FitchRatings
American Airlines 								<u>S&P Global</u>					<u>Moody's</u> FitchRatings
jetBlue													<u>Moody's</u> <u>S&P Global</u> FitchRatings
													<u>Moody's</u> <u>S&P Global</u> FitchRatings
spirit													<u>Moody's</u> <u>S&P Global</u> 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

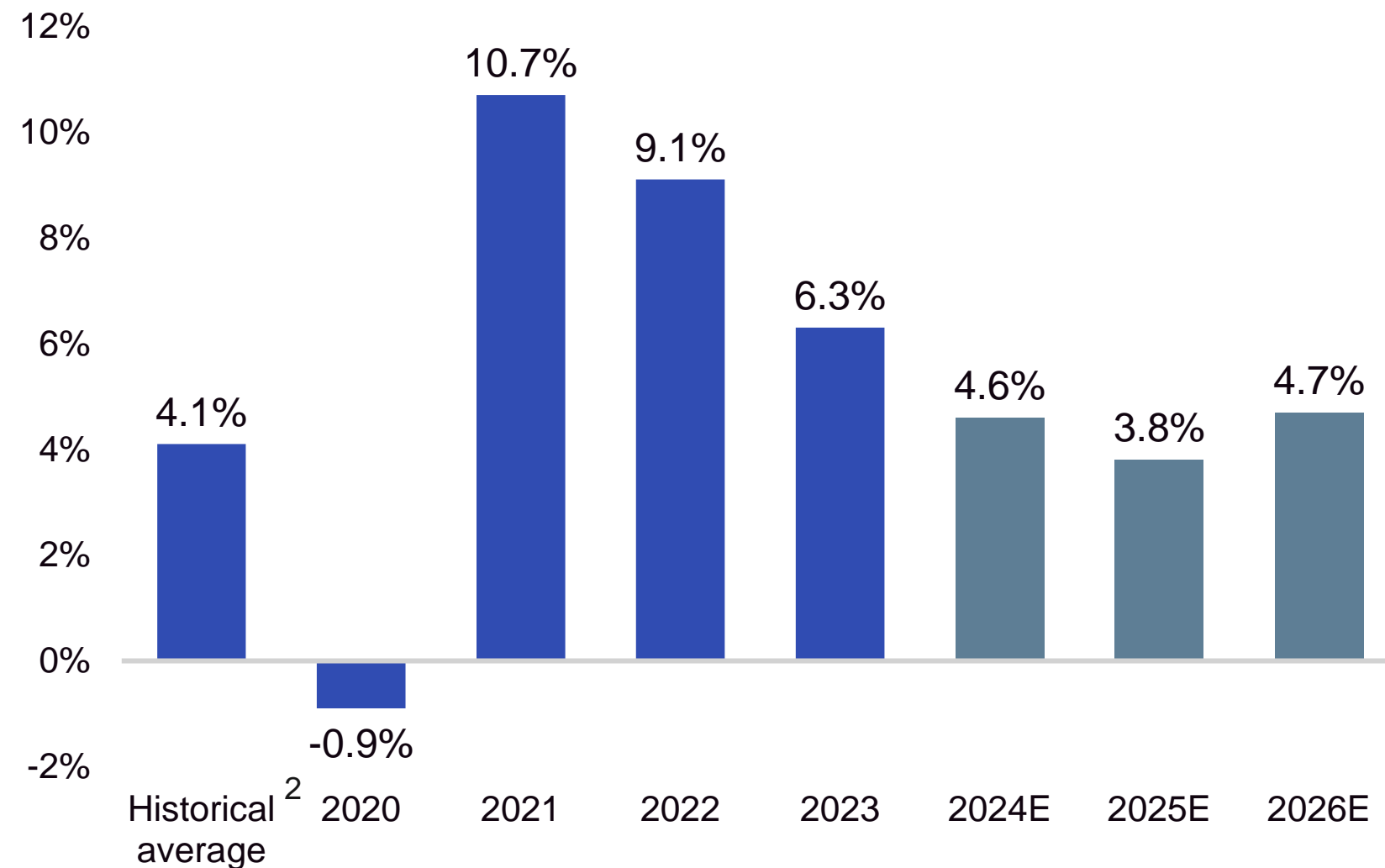


The U.S. economy has been resilient

Economic and consumer spending trends support a favorable outlook

GDP continues to grow¹

Year-over-year



Inflation is moderating

Year-over-year

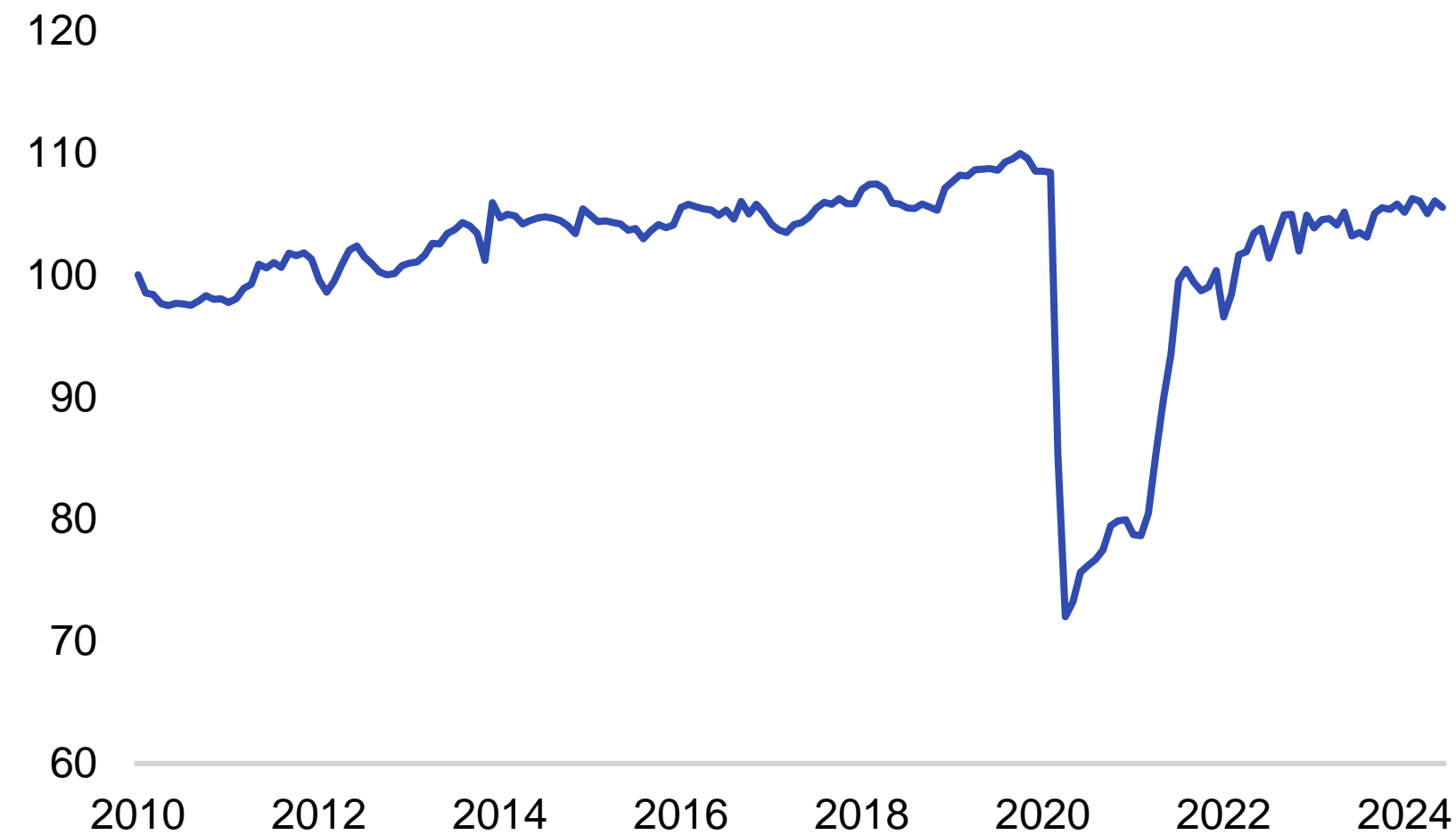


1. U.S. nominal GDP sourced from BMI Fitch Solutions
2. Historical average 2010-2019
Source: Capital IQ, as of 8/16/2024, BMI Fitch Solutions

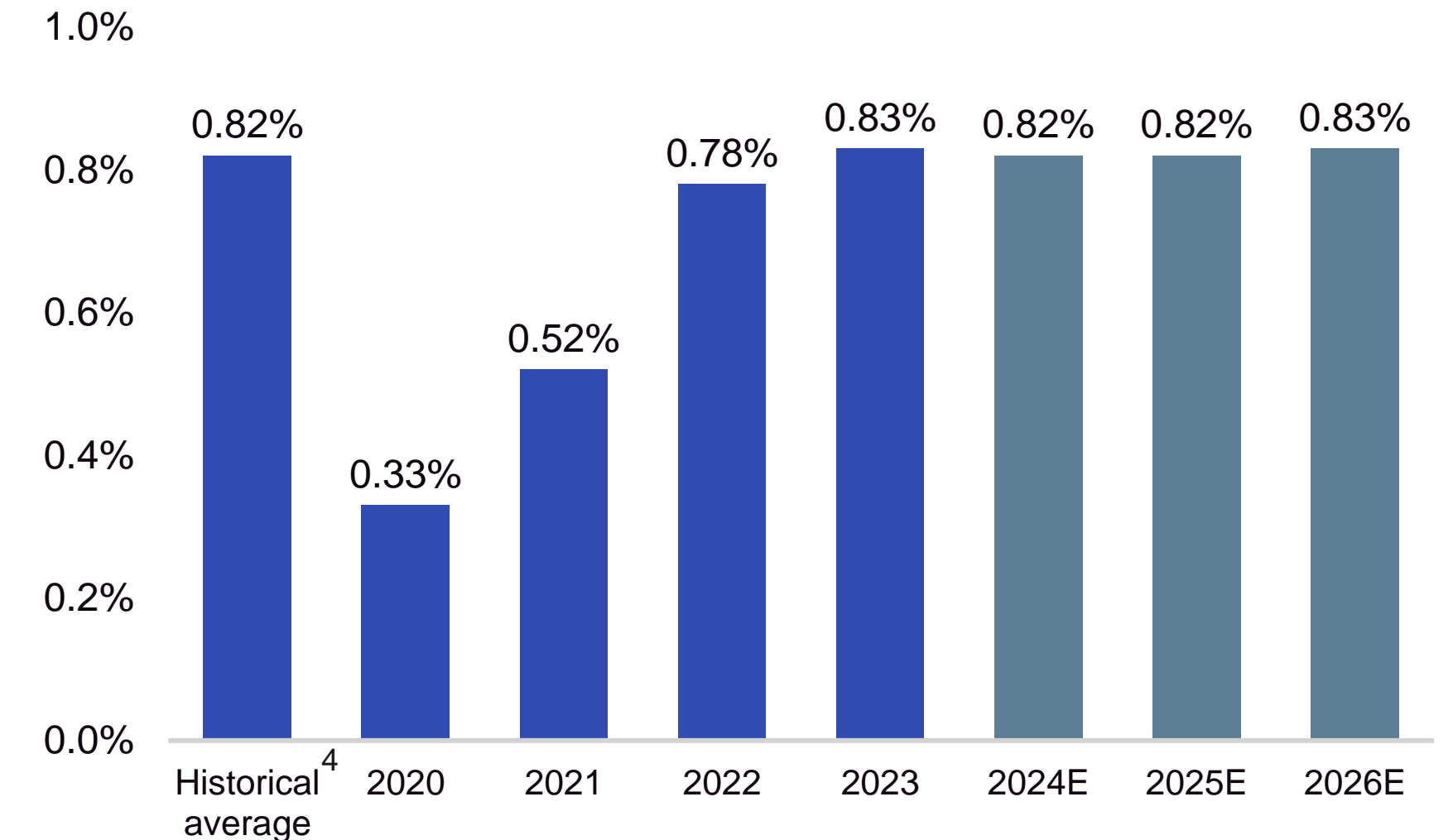
Air travel has normalized

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

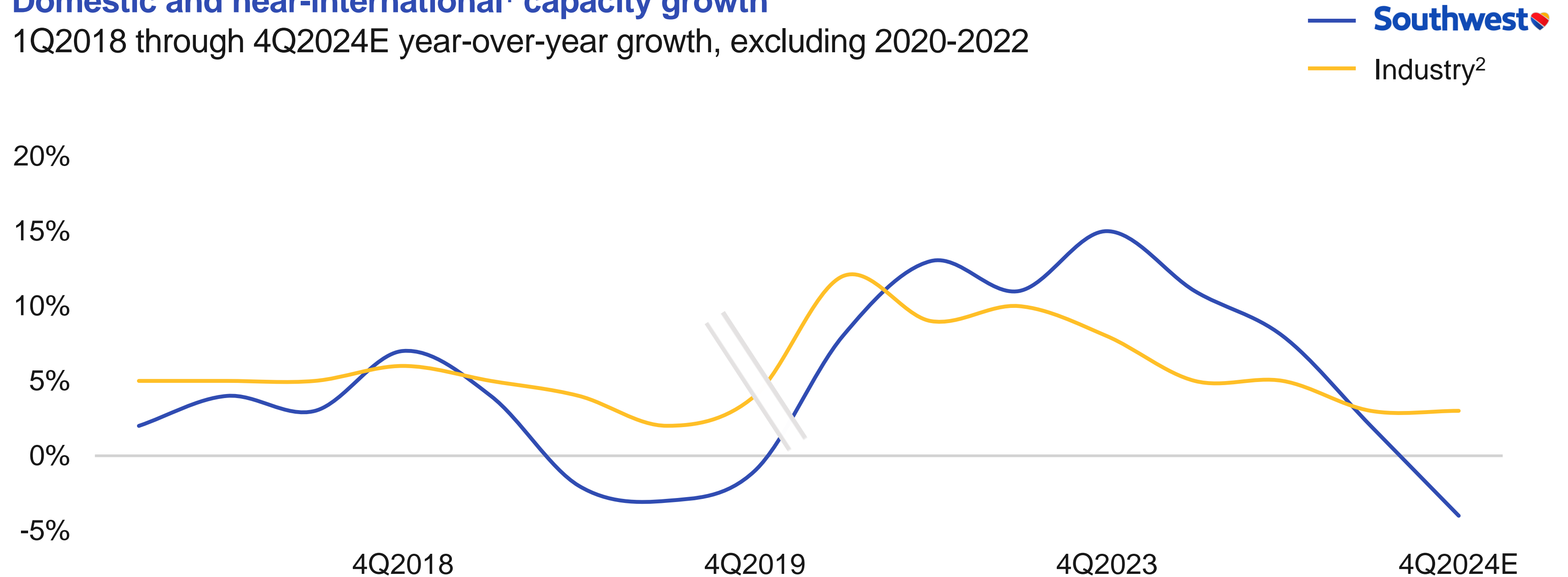
4. Historical average 2010-2019

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

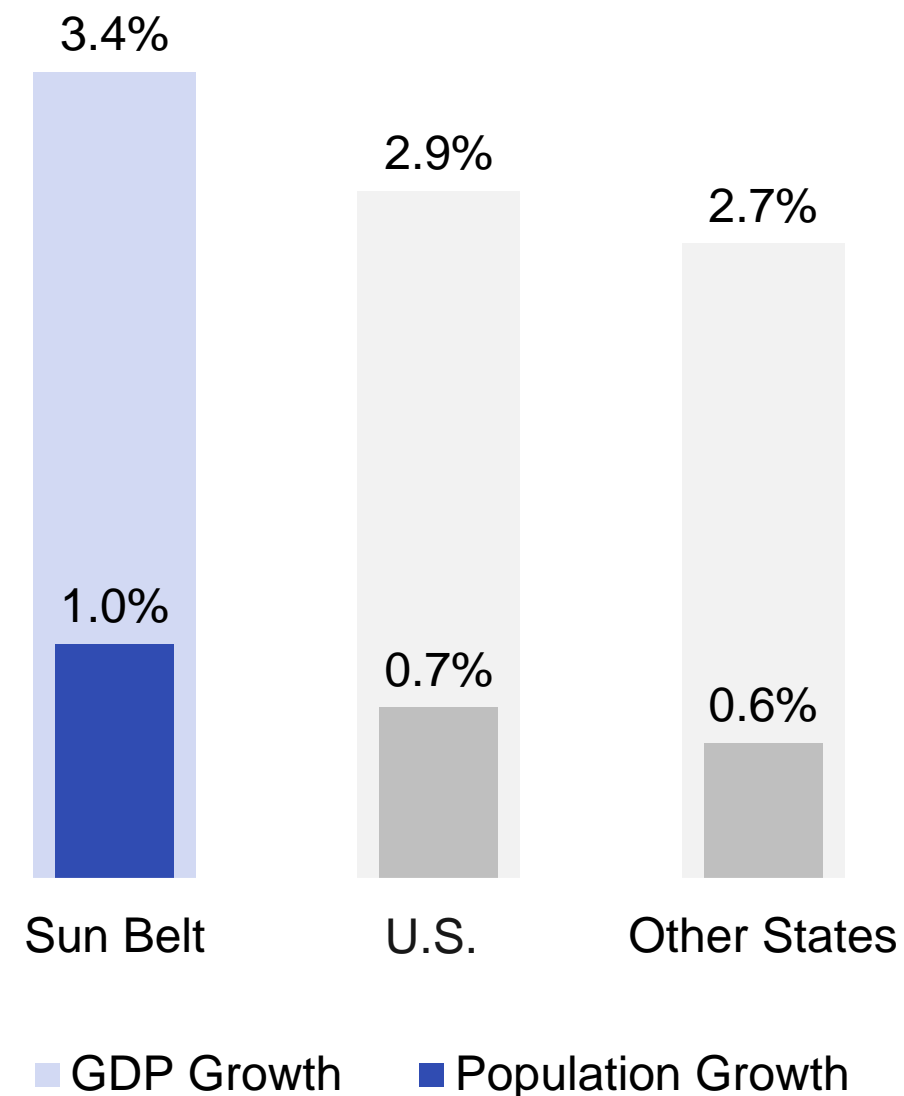
2. Inclusive of all marketing carriers serving domestic and near-international routes

Source: Schedule data from Diio as of 9/04/2024

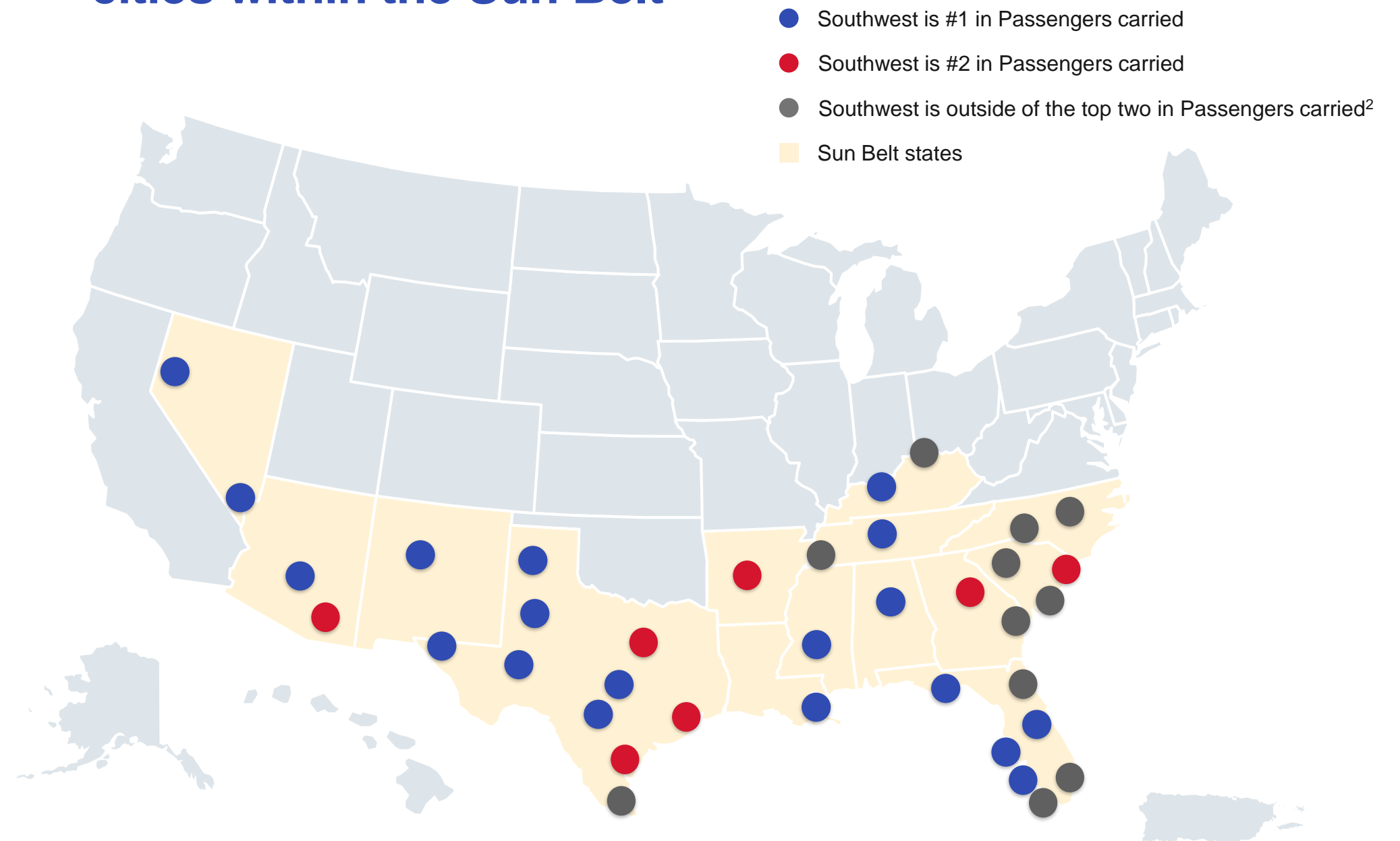
Growth in the Sun Belt overlaps our points of network strength

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 Diio 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

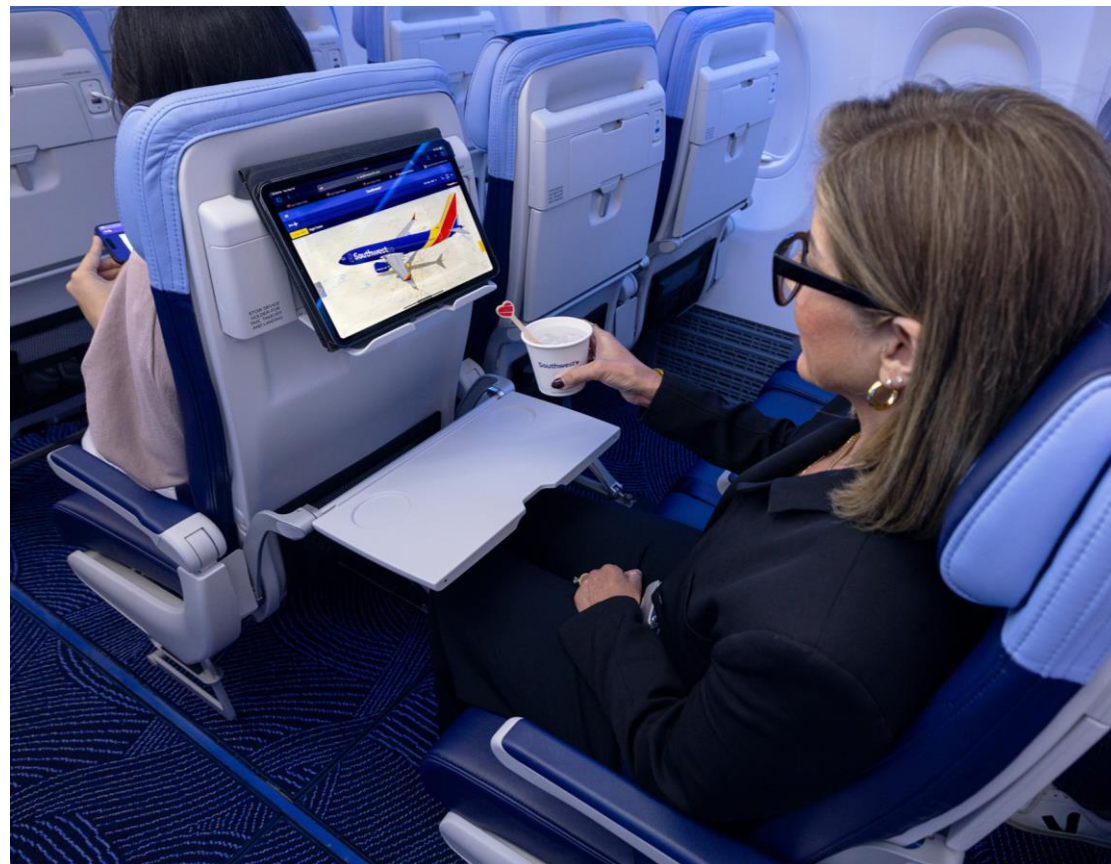
Drive revenue and increase loyalty

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

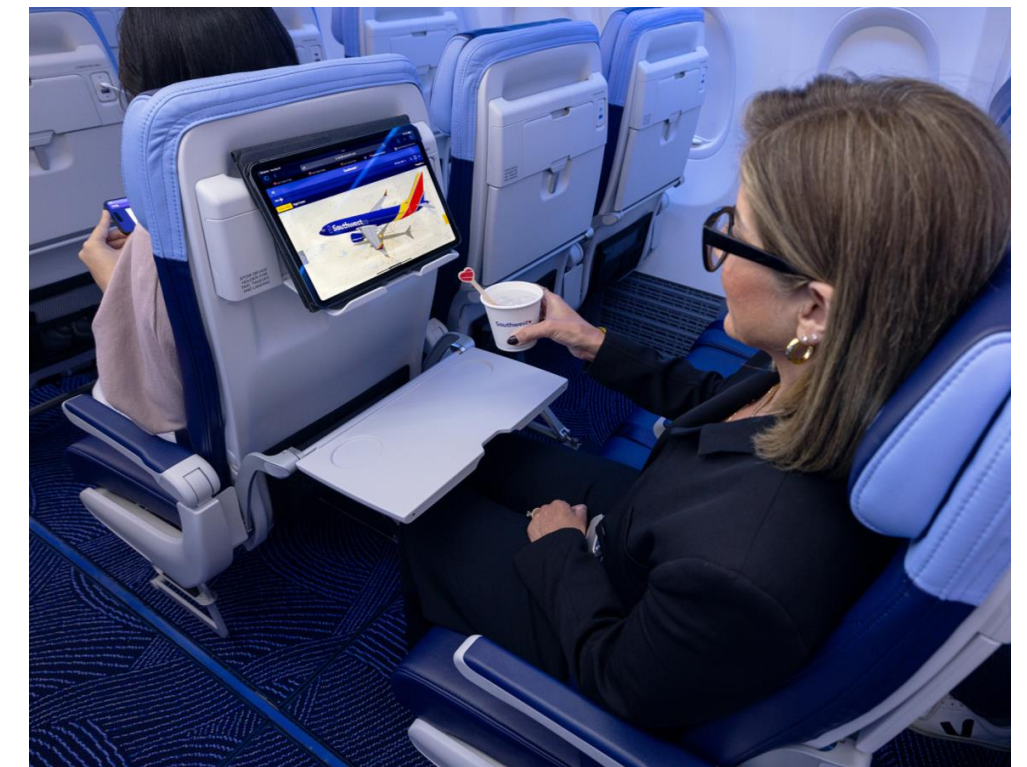
Assigned seats

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

Drive revenue and increase loyalty

Increase efficiency & lower cost

Increase aircraft productivity and manage unit cost pressures

Maximize capital allocation

Achieve long-term ROIC goal in 2027

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

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

Turn

24-hour operations

Service modernization

Cost initiative

We are **increasing the efficiency** of our operations, **boosting aircraft productivity**, and **managing unit cost pressures**



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

Capital discipline

Fleet strategy

Shareholder returns

We are optimizing the value of our assets to **drive Shareholder returns**



Strong execution will lead to improved financial performance



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

Our 2027 targets support strong Shareholder returns

Capacity¹

1% to 2%

Operating margin

≥10%

Leverage

Low to mid 30%

Free cash flow

>\$1 billion

ROIC

≥15%

Balance sheet

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

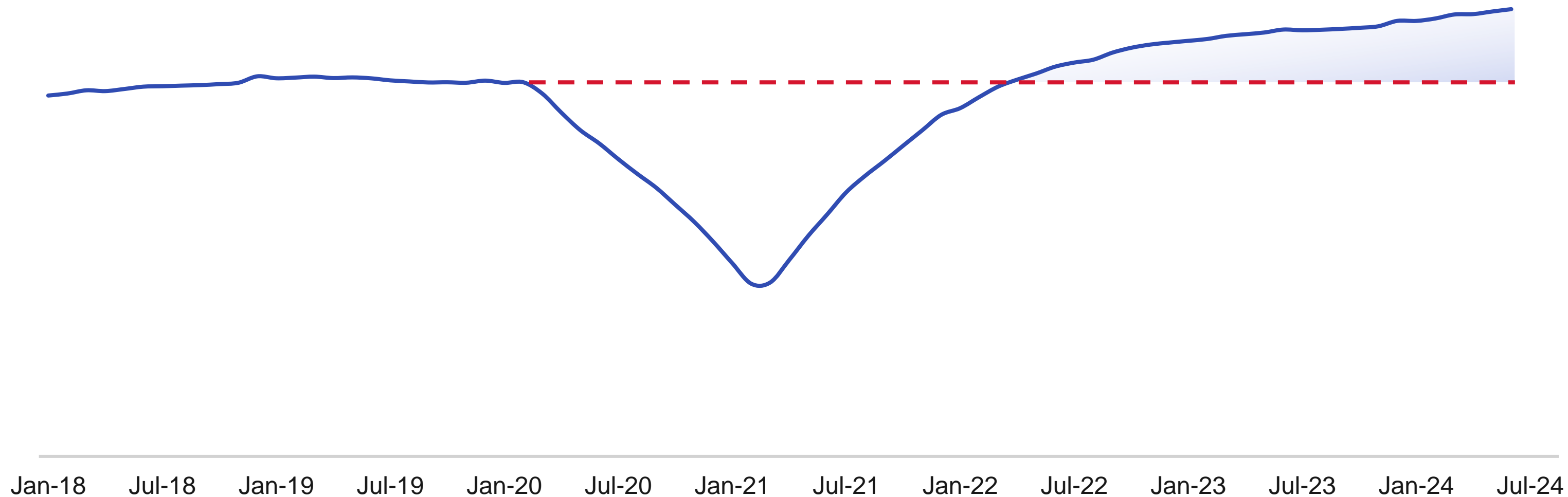
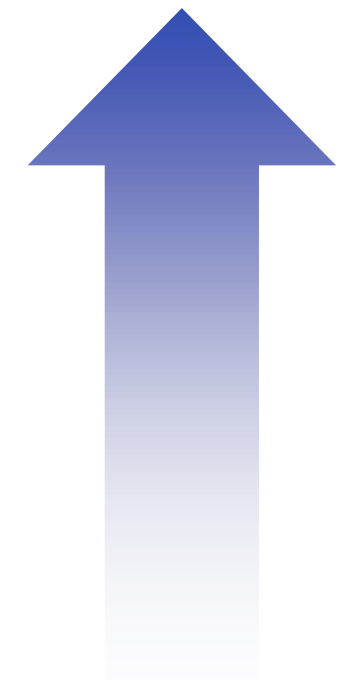


We are serving more Customers than ever

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

Total unique Customers¹

Total Customers well above pre-pandemic levels

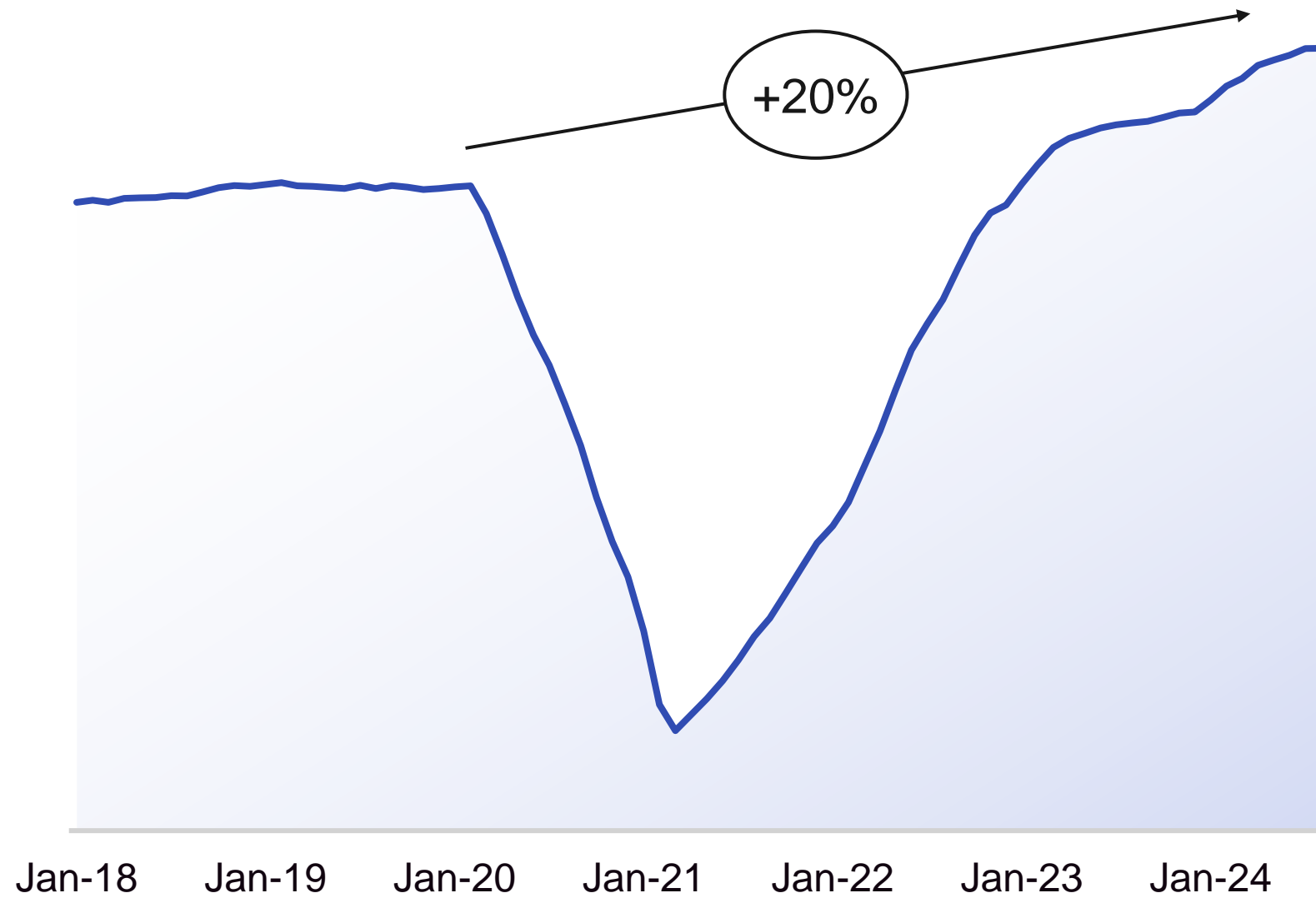


1. Data is presented on a rolling 12-month basis

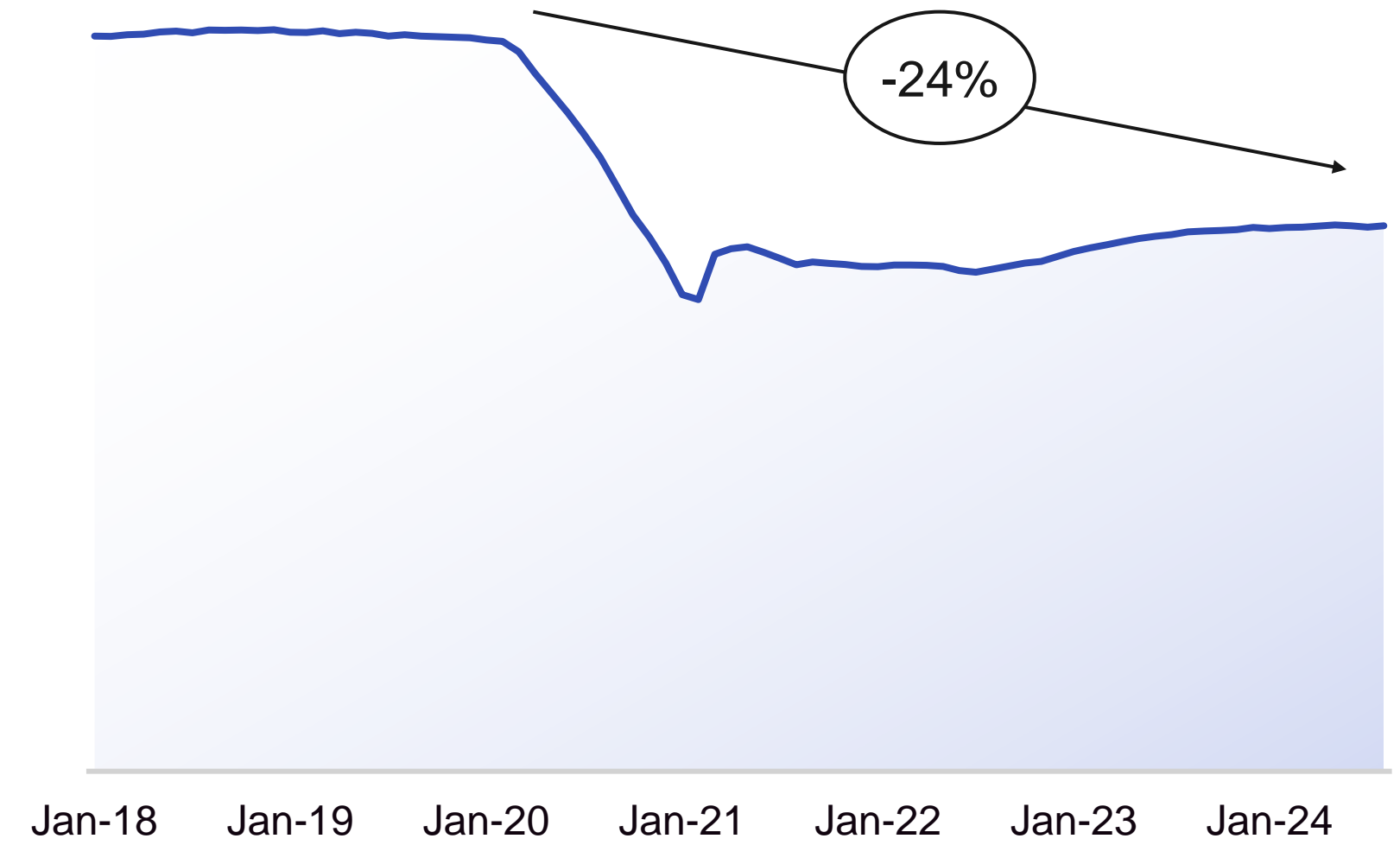
We have more business Customers, but they are taking fewer trips

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

Monthly business unique travelers¹



Managed business trips per traveler¹

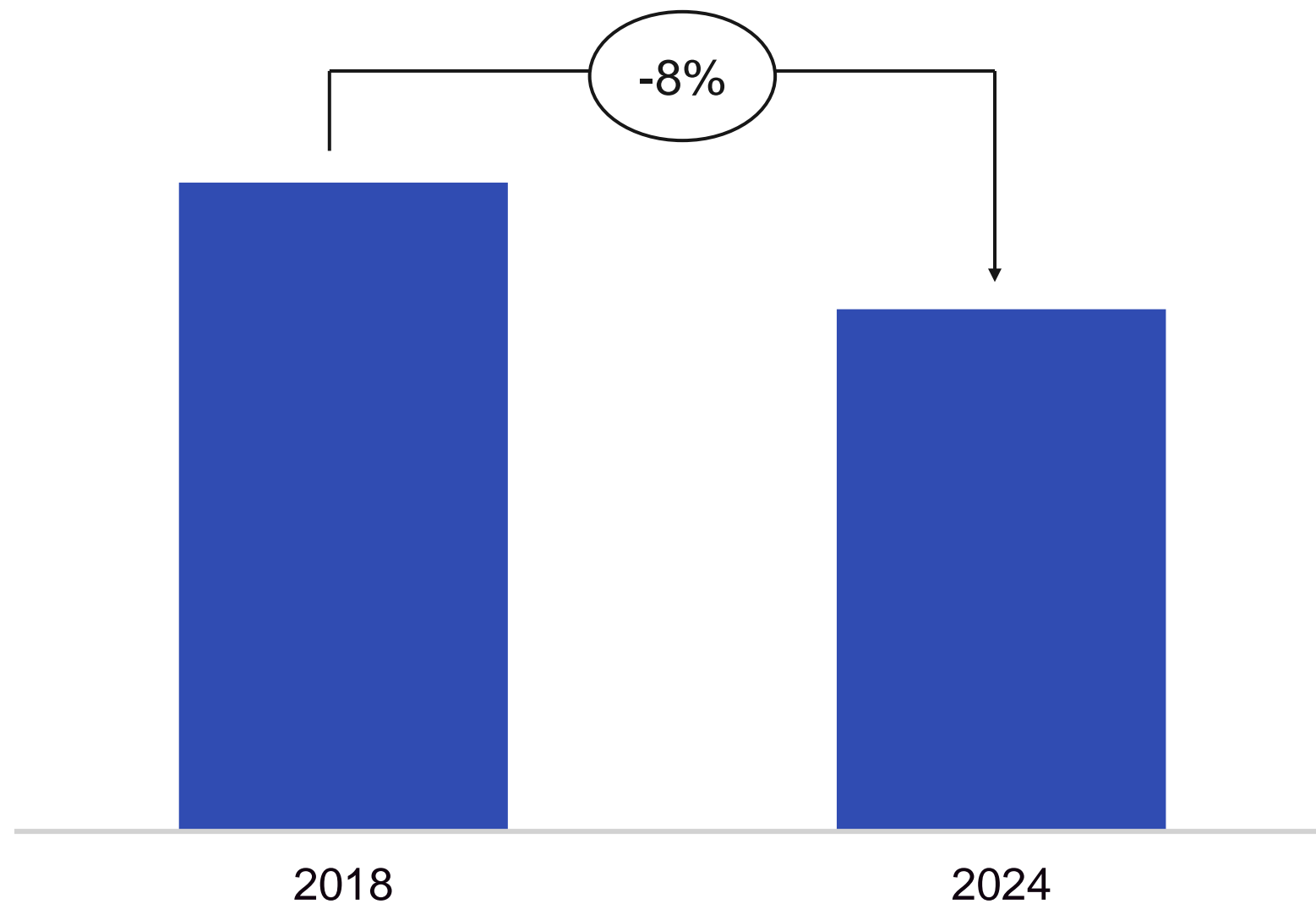


1. Data is presented on a rolling 12-month basis

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

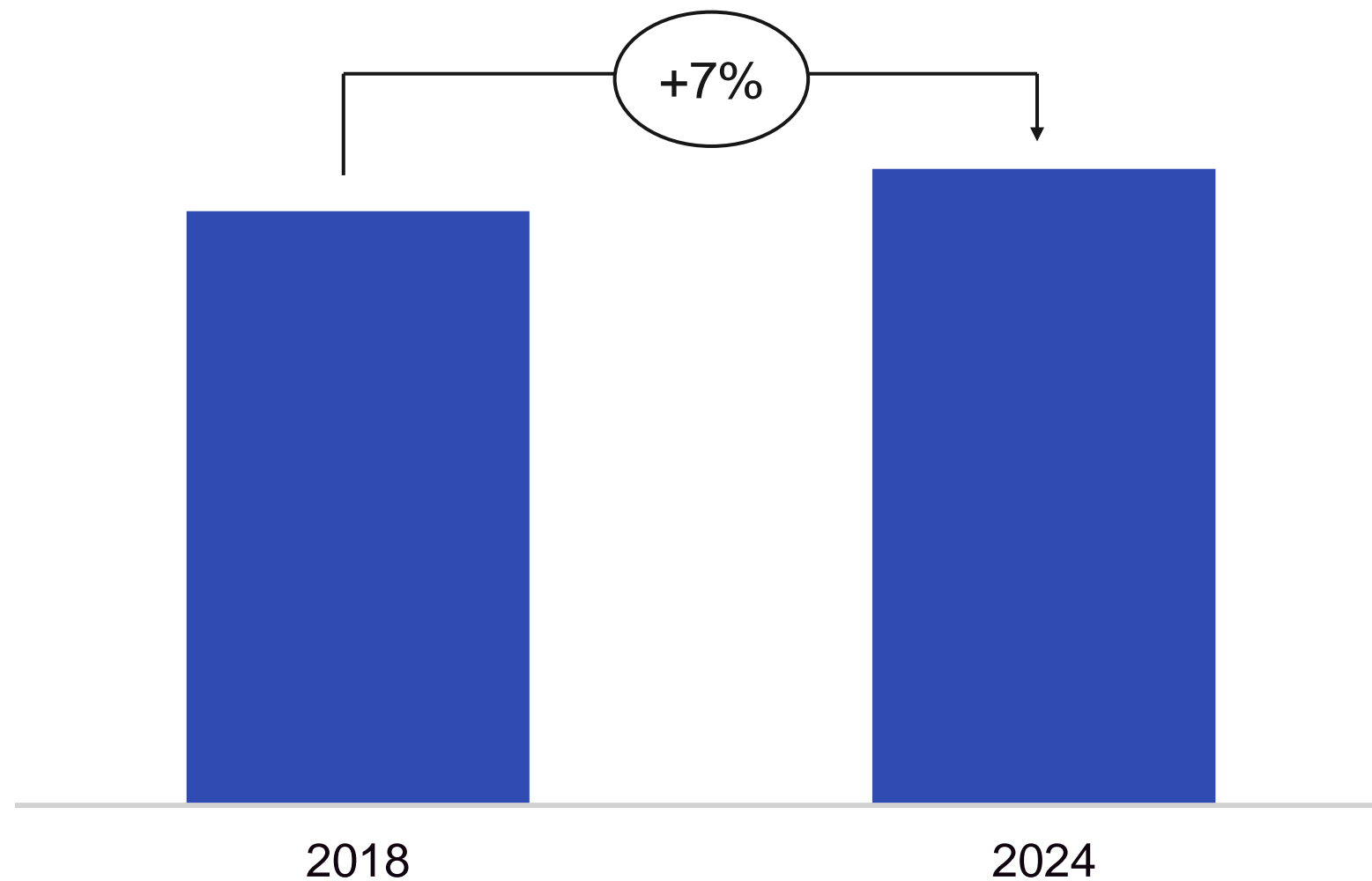


1. Total O&D managed business Passengers for travel months January-August for both years

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

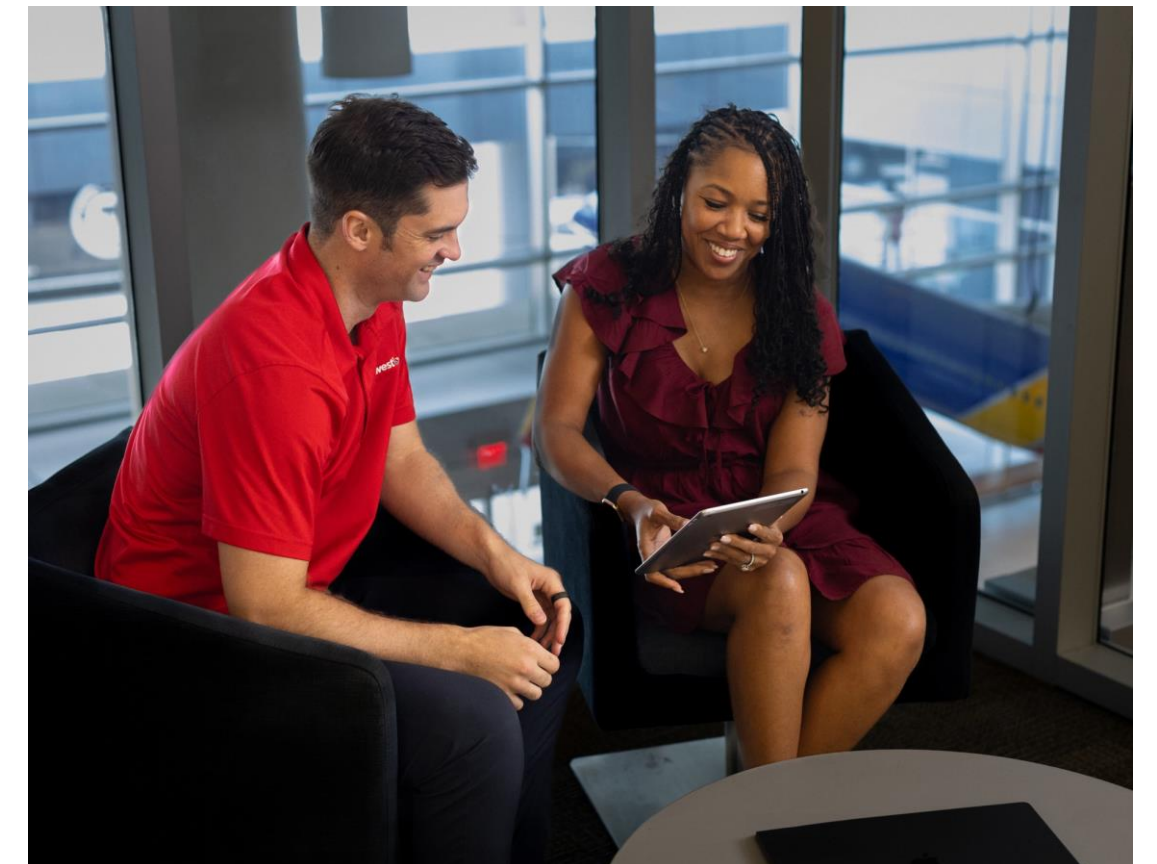
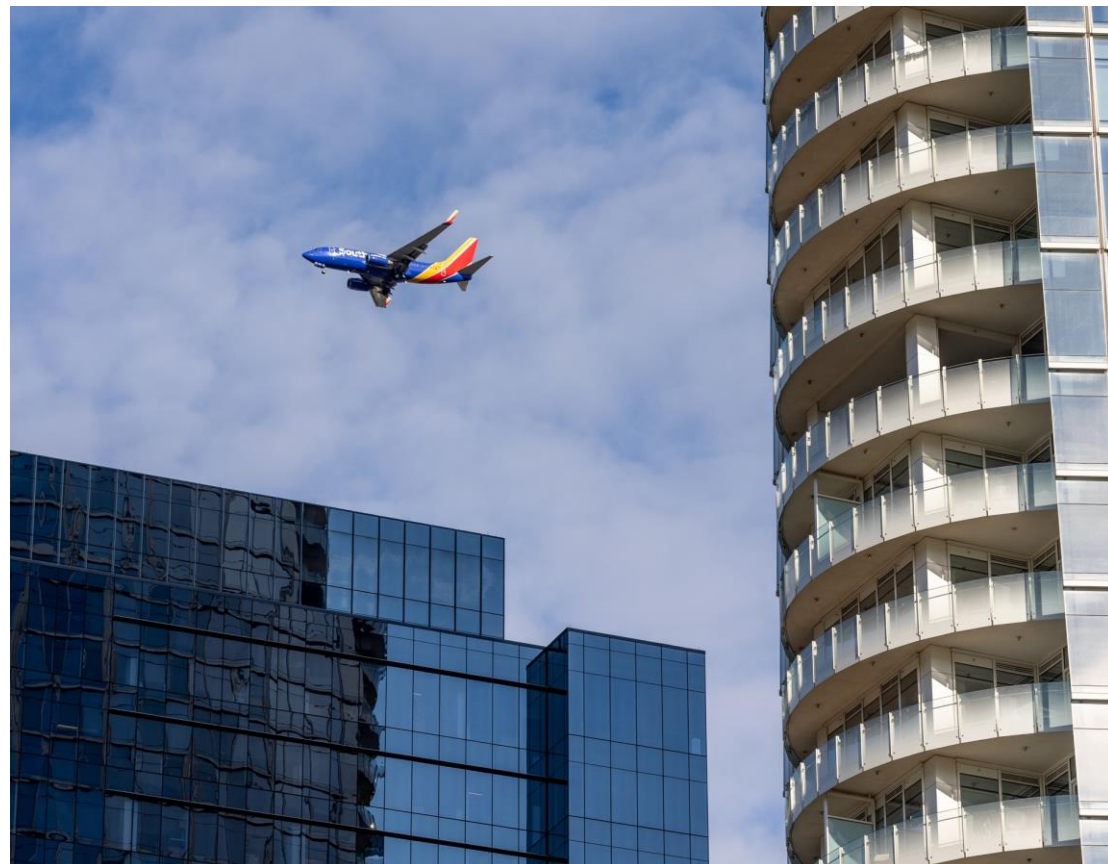
Adjusting schedules to match Customer travel patterns

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			

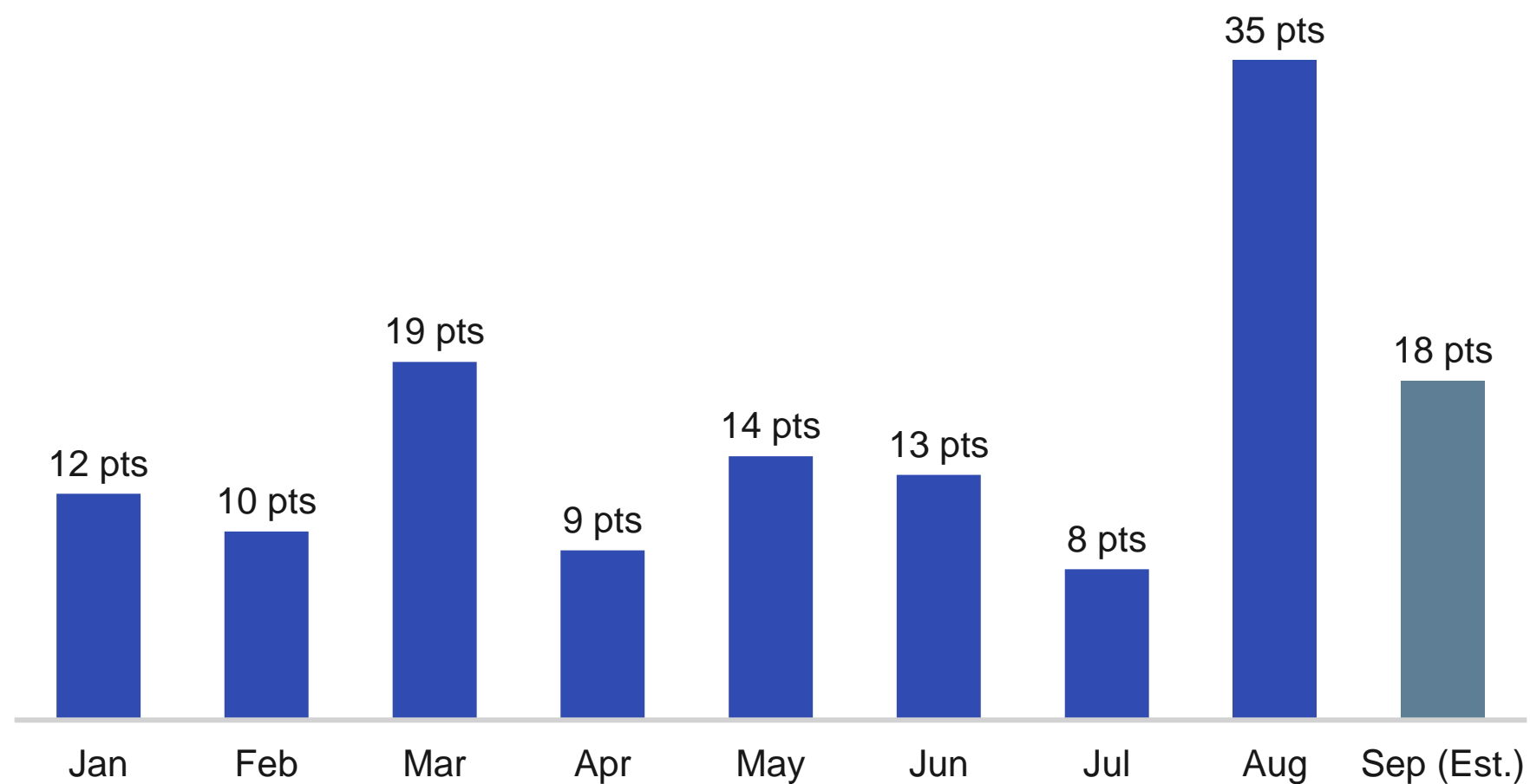
Hawaii case study: We made changes, and they are working

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

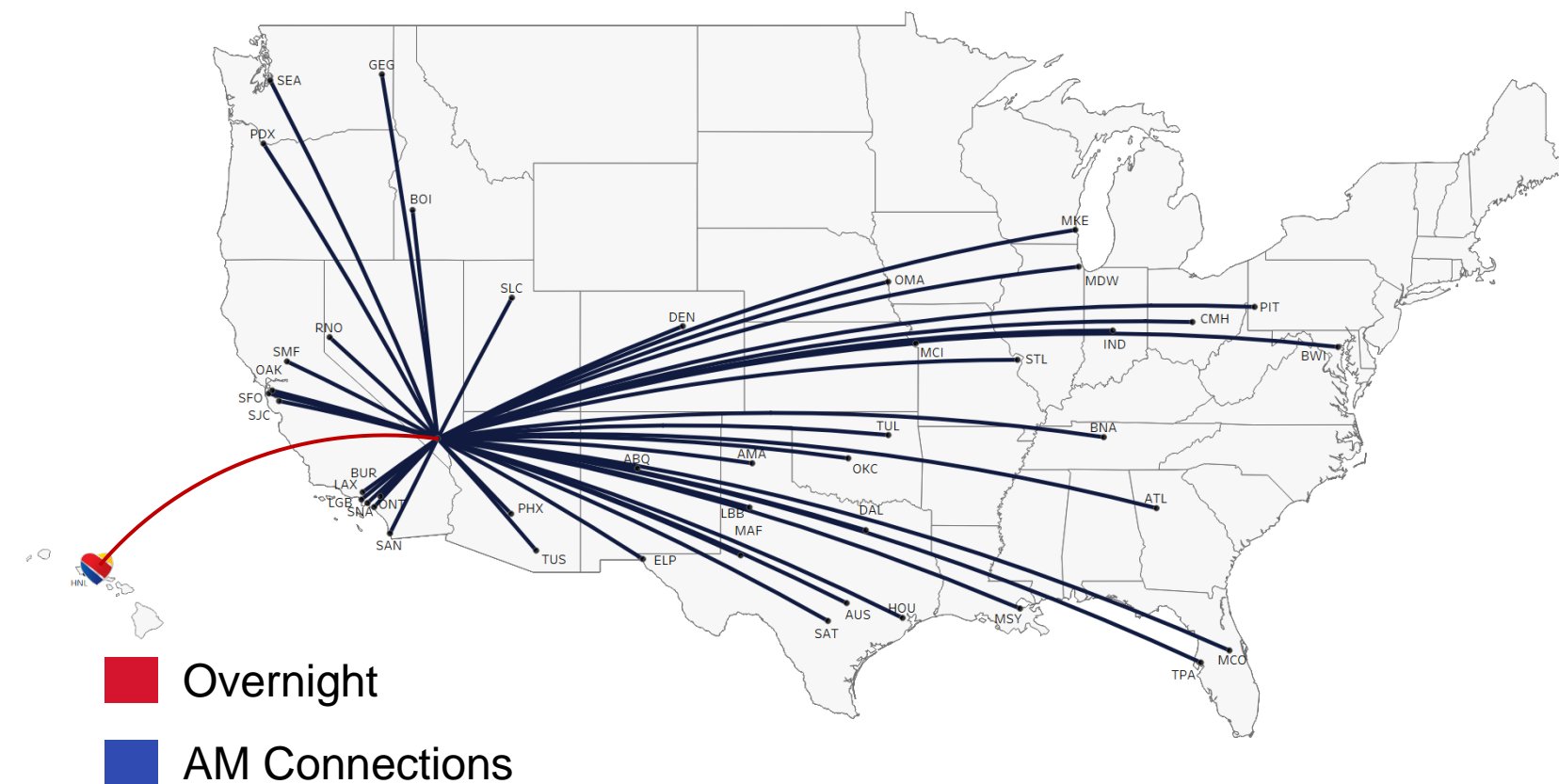
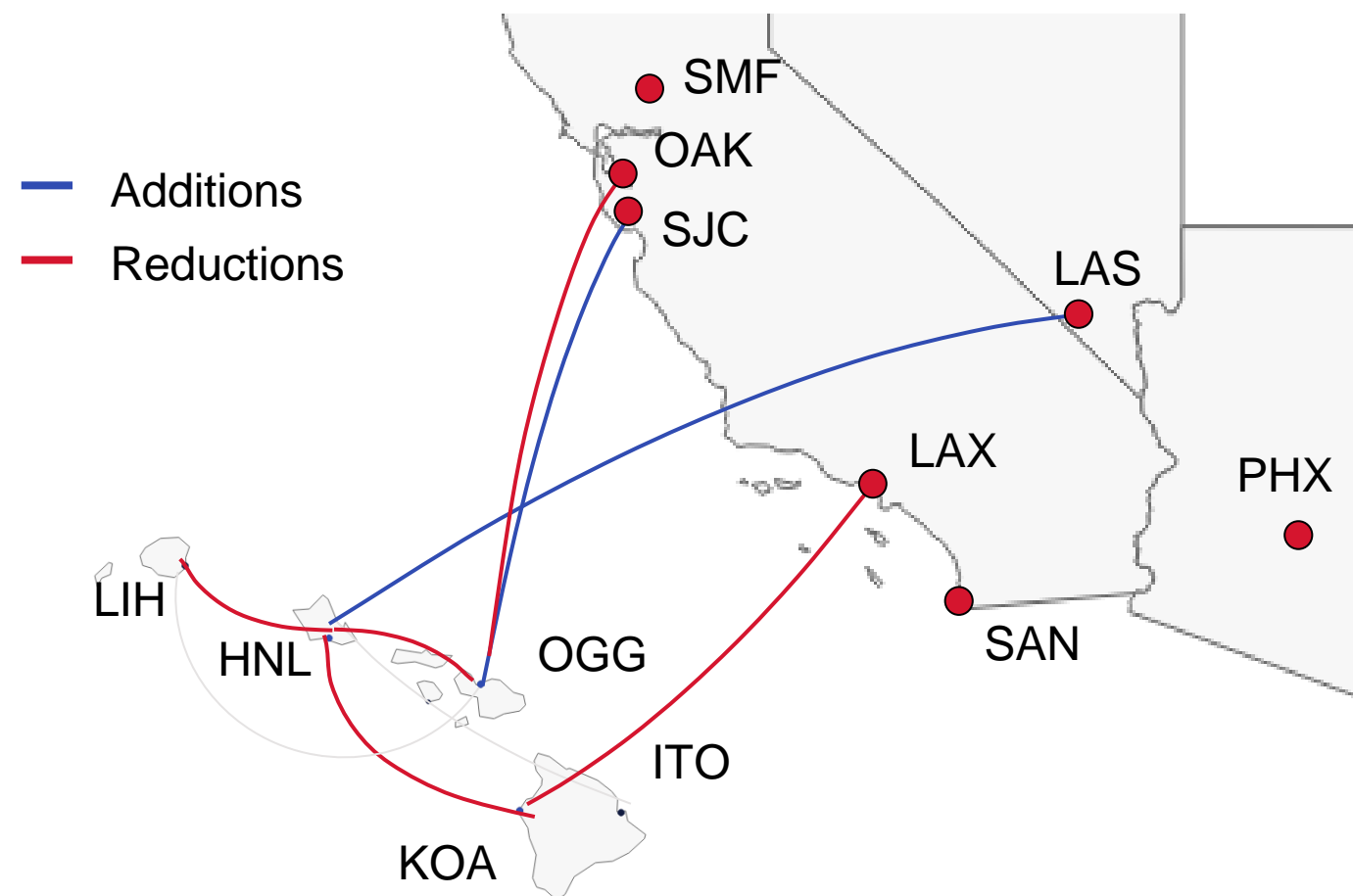
Marketing and distribution evolution

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



Google Flights

KAYAK

Skyscanner

Southwest®
Rapid Rewards®

Highlighting our
unique value
proposition

Reaching new
Customers through
channel expansion

Converting new
Customers to
loyal flyers

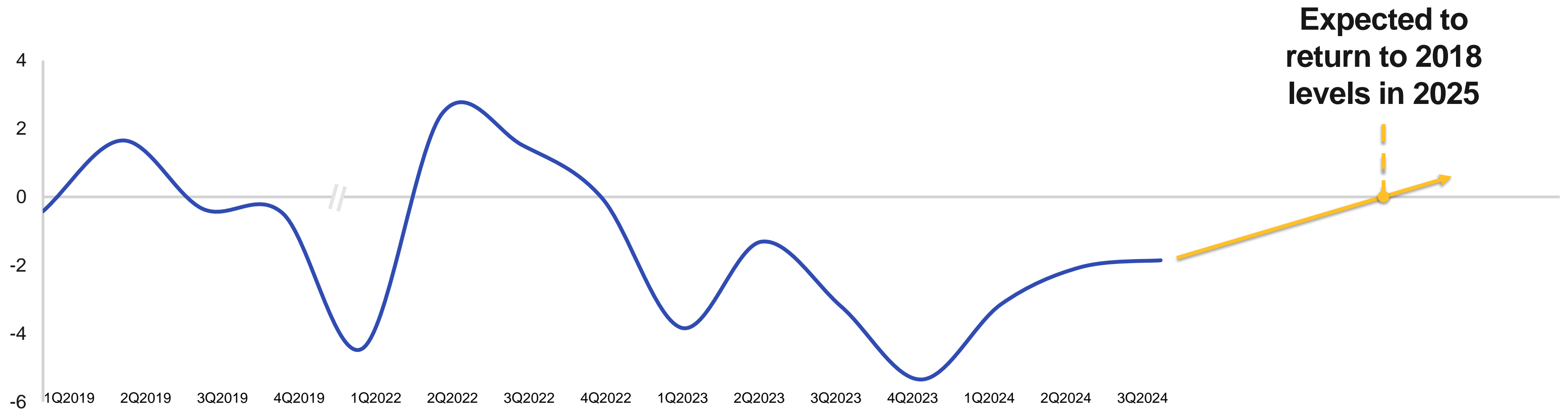
Our plans support a return to historic load factor performance

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

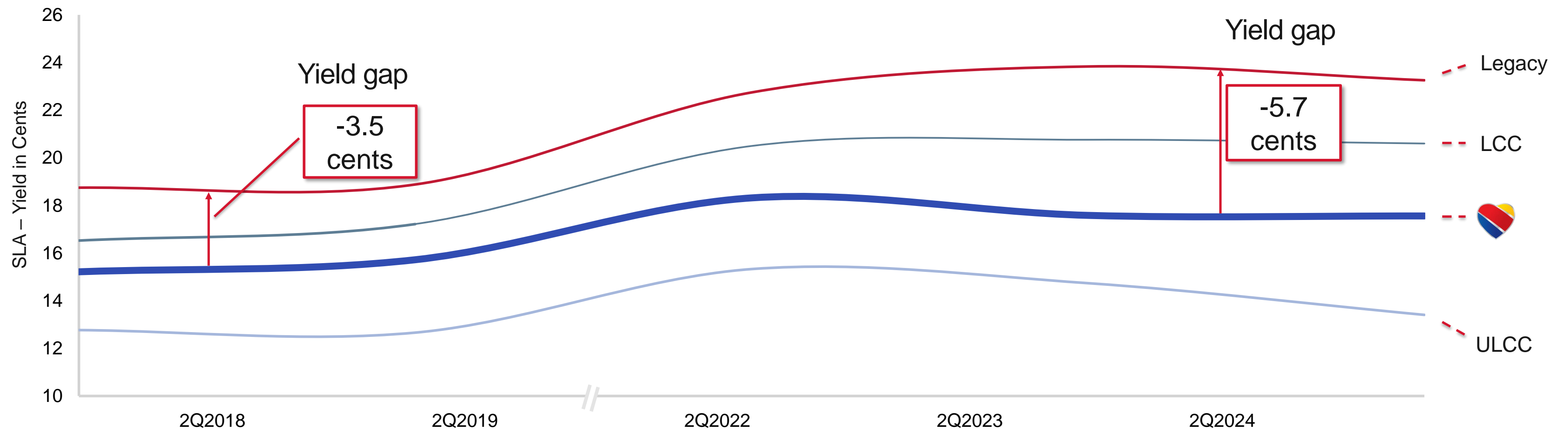
Our yield has grown, but not as fast as our peers

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

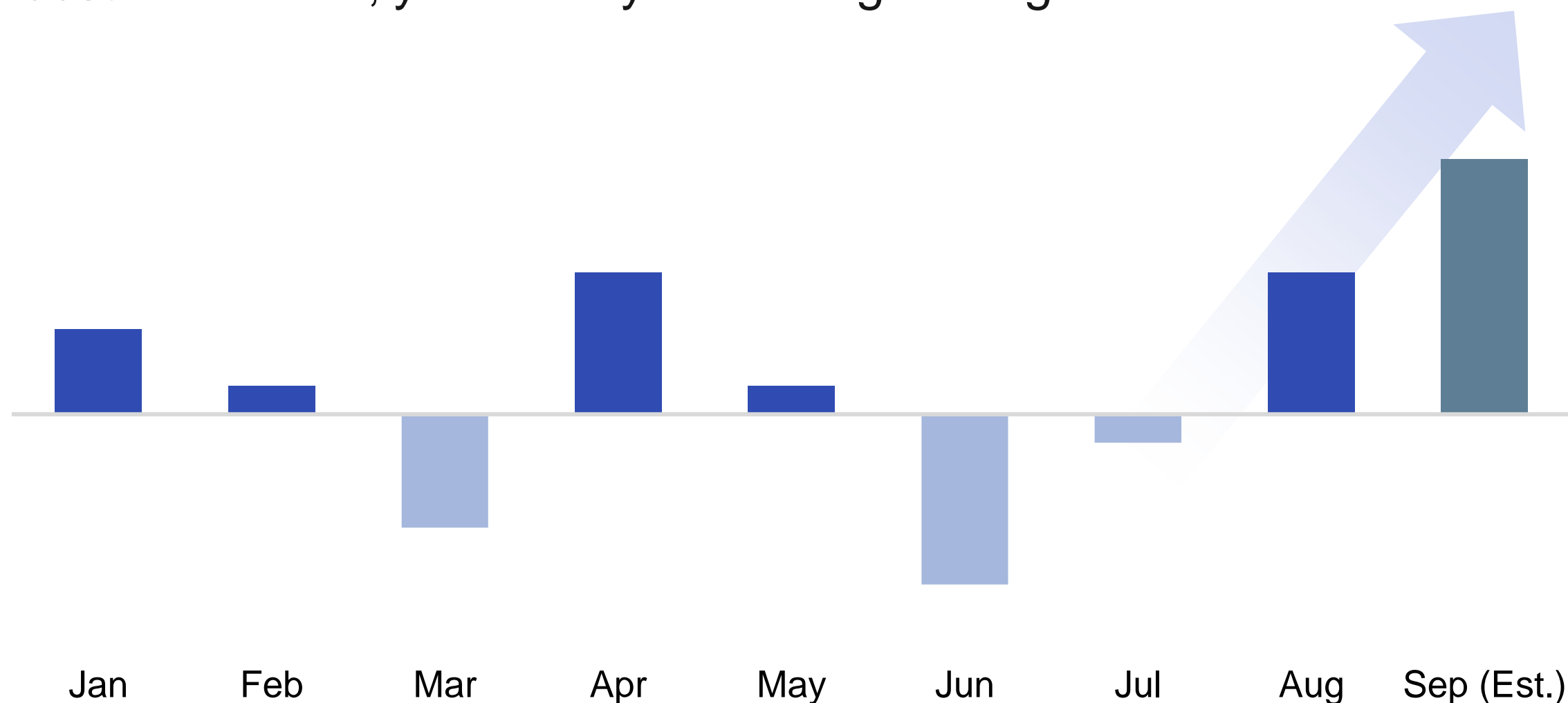
Continual network optimization & maturation

Marketing and distribution evolution

Revenue management advancement

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



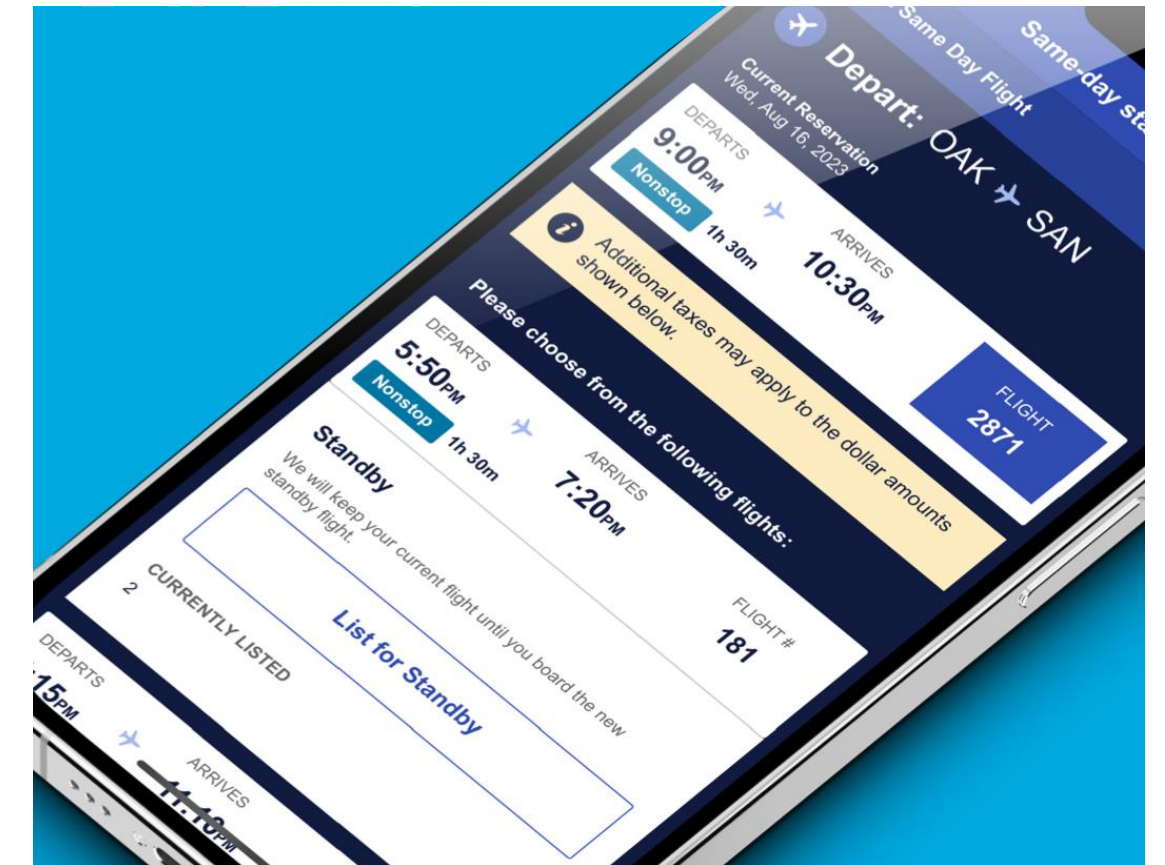
24-hour operations

Increase asset utilization and reduce overstaffing costs



Service modernization

Utilize artificial intelligence and digital to drive efficient Customer Service



An industry-leading turn time

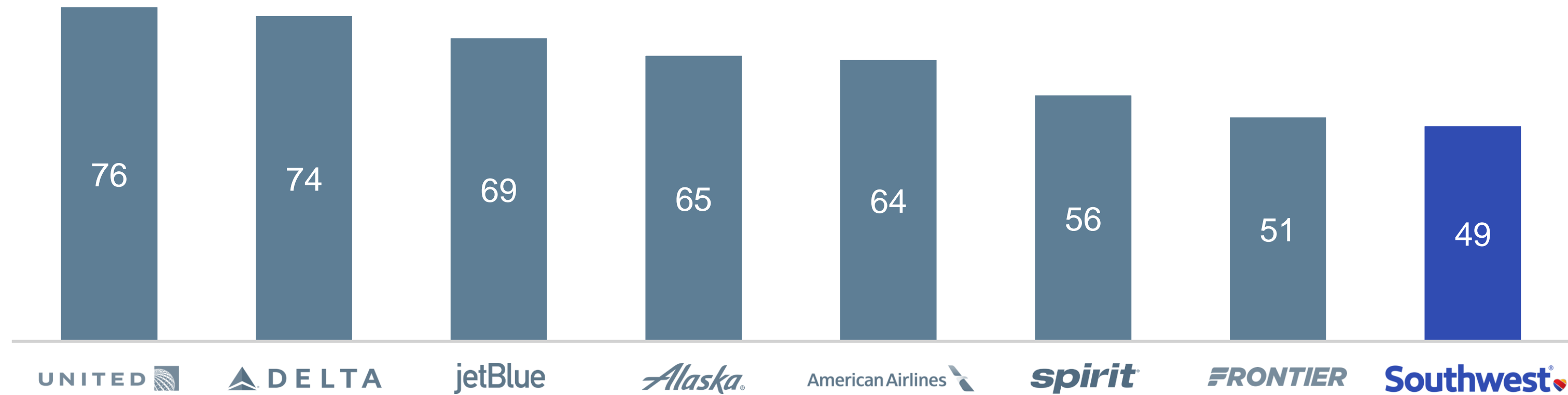
Turn

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

24-hour operations

Service modernization

Paperless turn



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

Passenger movement



Visual announcements, jet bridge experience

Turn communication



Chat, quick replies / notifications, countdown timer

Ramp information displays



Flight information, turn progress / countdown, key indicators

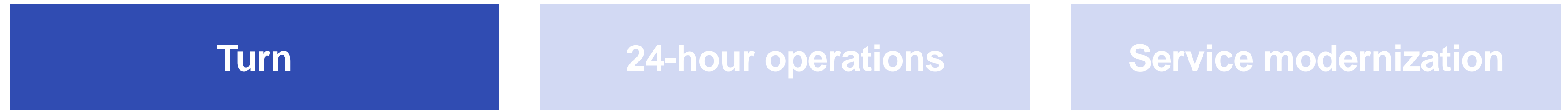
Transfer operations



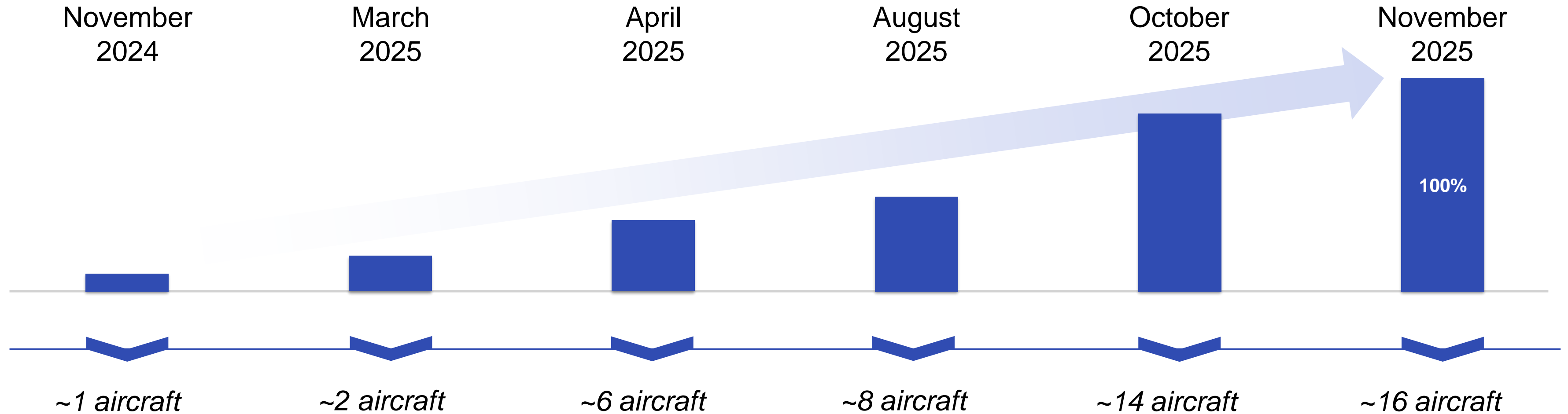
Loading procedures, hot / cold bag process & tools

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

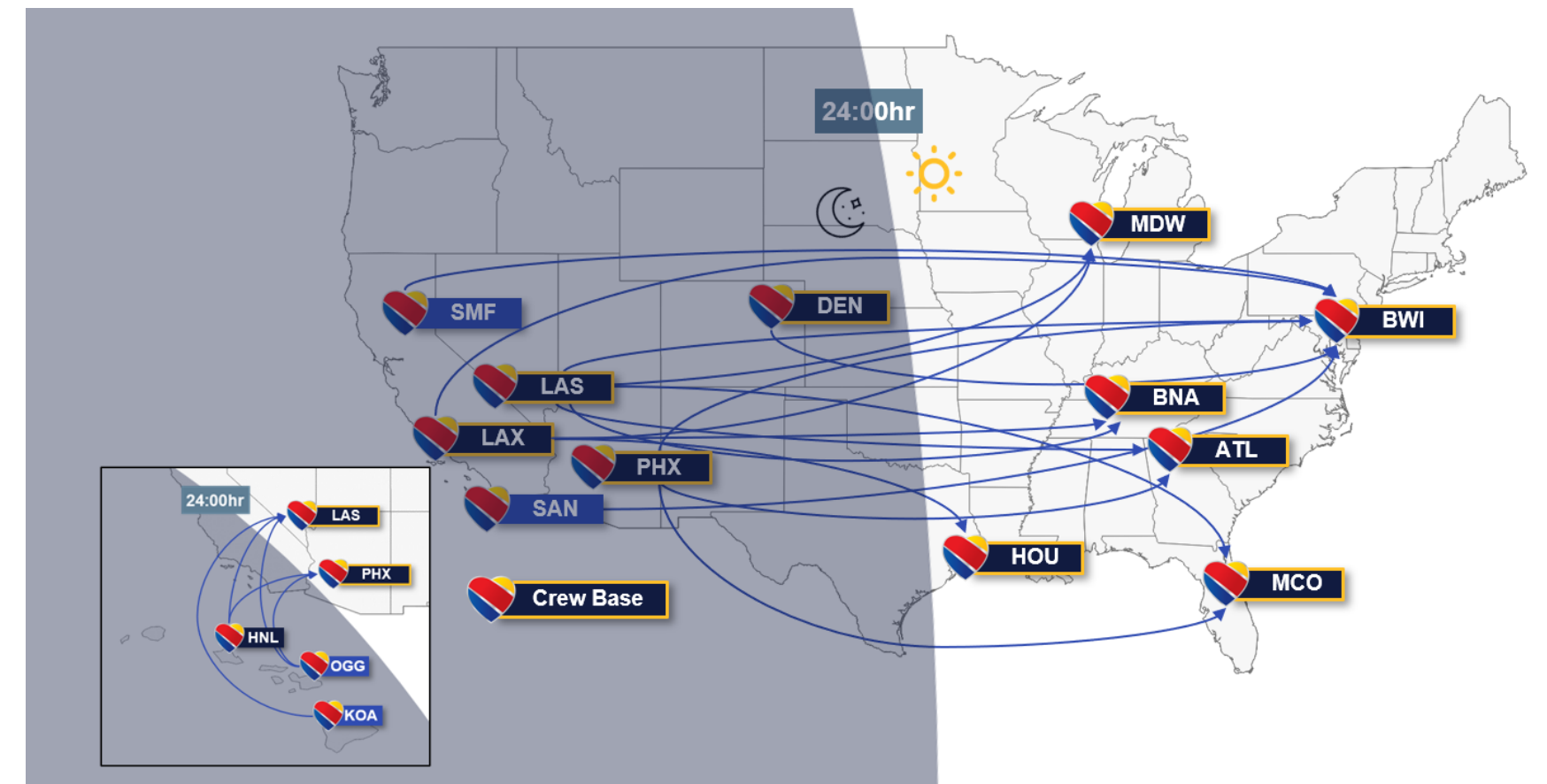
Service modernization

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	<i>Alaska</i>
2 nd	 DELTA	UNITED 	 DELTA
3 rd	American Airlines 	Southwest [®]	Southwest [®]
4 th	jetBlue	<i>Alaska</i>	UNITED 
5 th	<i>Alaska</i>	American Airlines 	American Airlines 
6 th	FRONTIER	spirit	spirit
7 th	spirit	jetBlue	jetBlue
8 th	UNITED 	FRONTIER	FRONTIER

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”

3 years running

Southwest named #1

in Customer Satisfaction among
Economy Class Passengers



For J.D. Power 2024 award information, visit [jdpower.com/awards](https://www.jdpower.com/awards)

2 years running

Forbes

**CUSTOMER EXPERIENCE
ALL-STARS**

2024

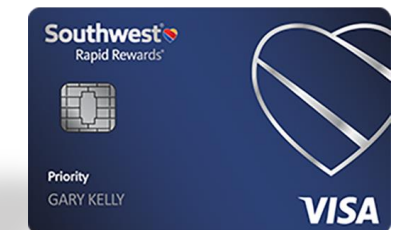
Consistent winner

Best
Customer
service

Southwest
Rapid Rewards



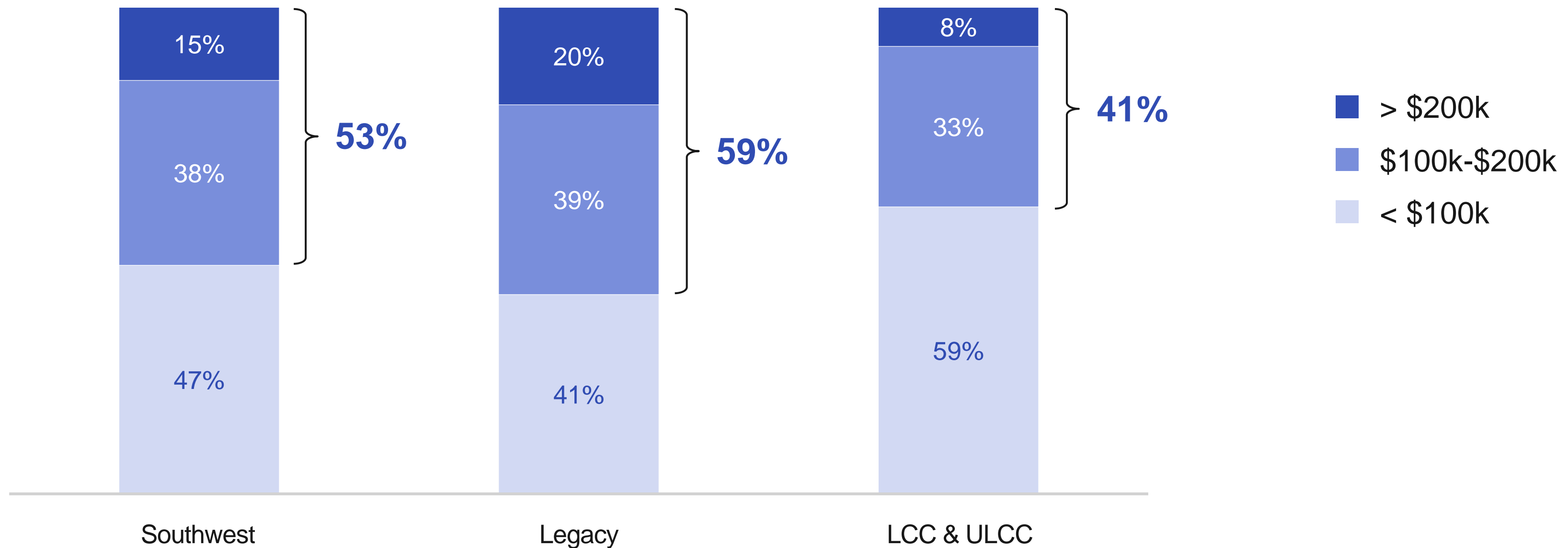
Americas



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

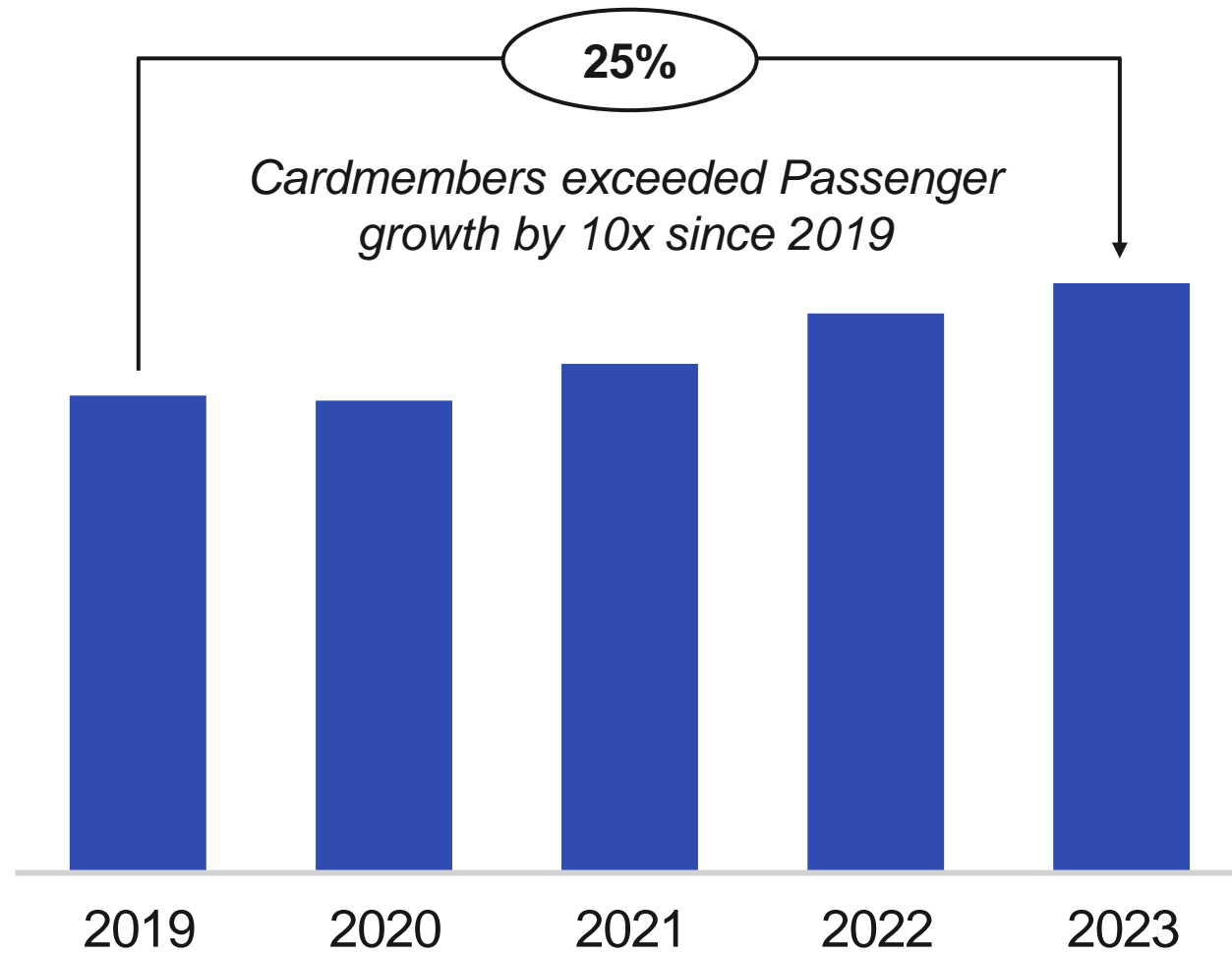


Note: Customers in this analysis are Visa US consumer cardholders who flew two or more times in 2023, with at least 50% of their flights on the same airline. Analysis is focused on the top 25 Southwest geographic markets. Household income is estimated. Legacy includes US legacy carriers and international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

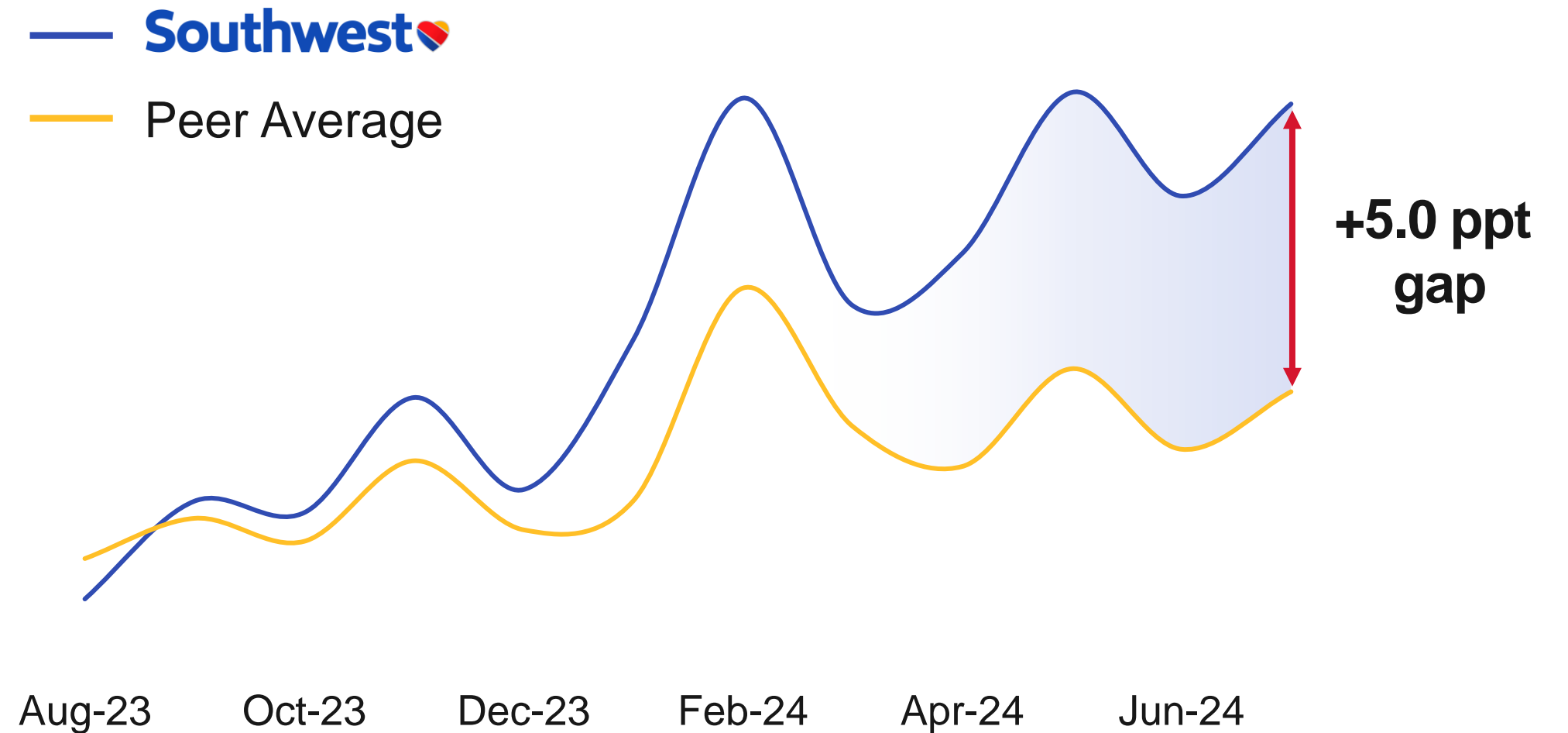
We have momentum with our co-brand portfolio

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



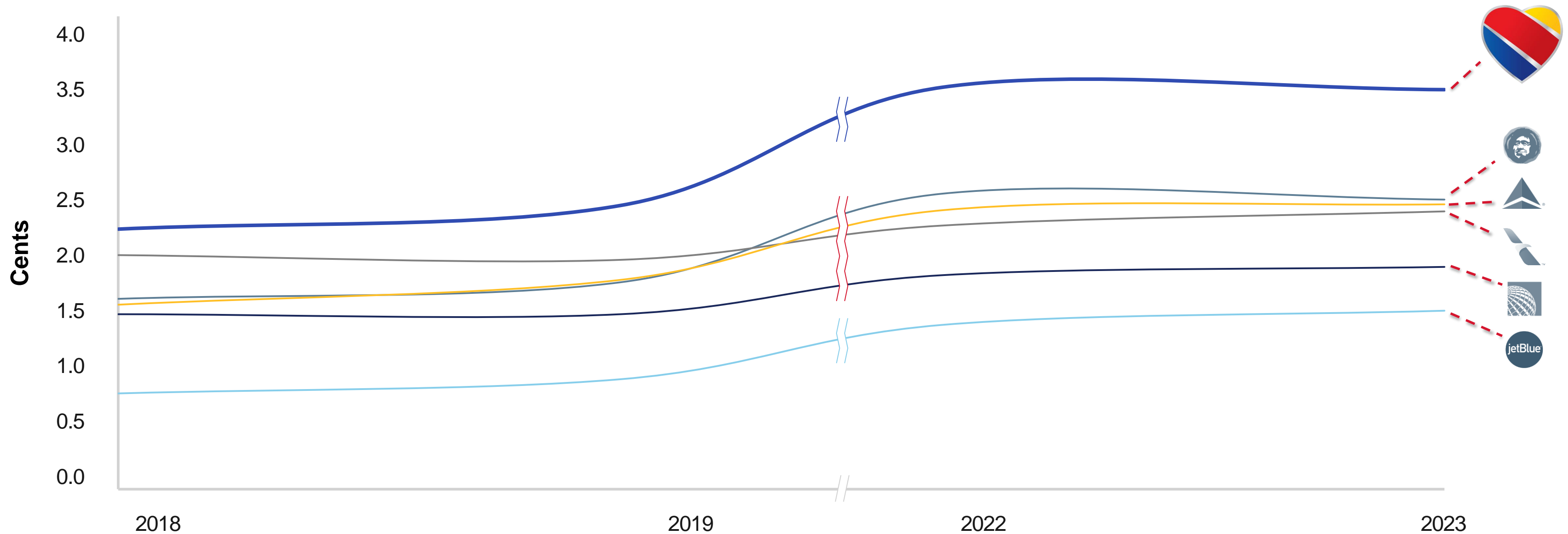
1. Peer set includes a mix of bank branded and co-branded Visa US consumer travel cards
Source: Visa Consulting & Analytics; Subset of Visa U.S. travel consumer credit cards from August 2023 to July 2024

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
survey responses

1x1
interviews

Focus groups
multiple rounds

...revealing three key preferences

Assigned seating

Premium features

Product differentiation



Customers want to avoid the friction of open seating



Seats with extra legroom are desirable



The Southwest offer is different from basic economy

Assigned seats is the largest opportunity to broaden appeal

Presents an opportunity to gain share and retain Customers

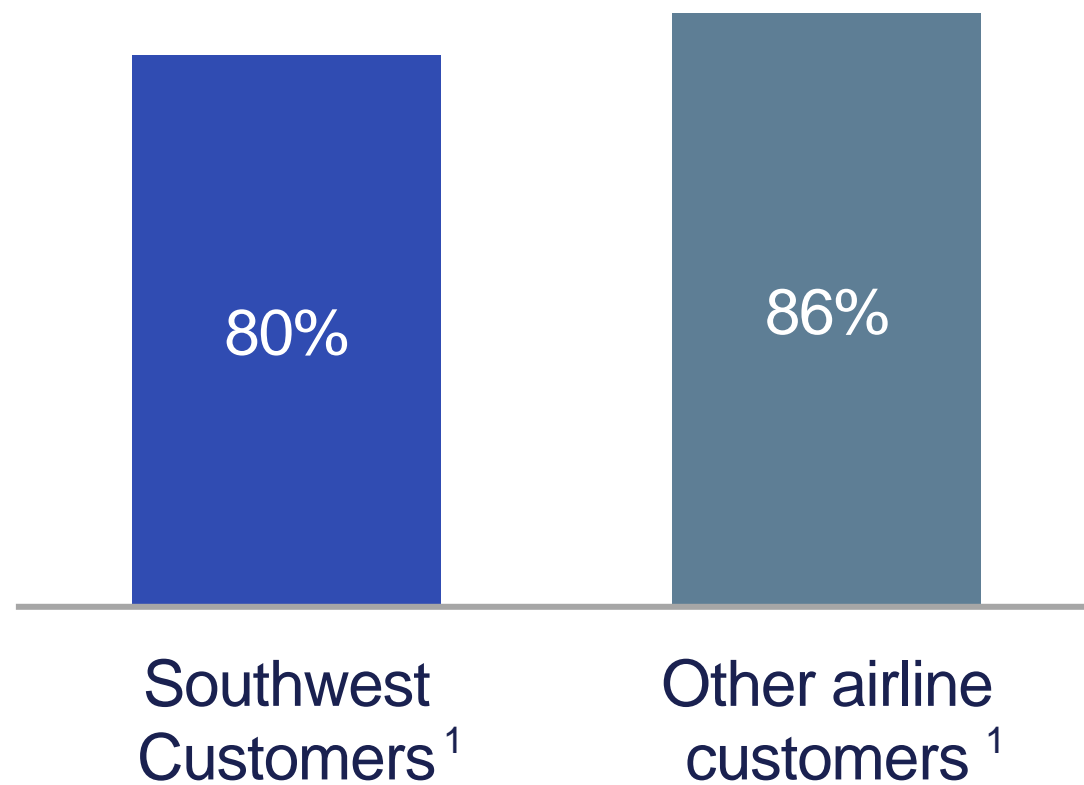
Assigned seating

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

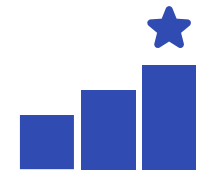
Product differentiation

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



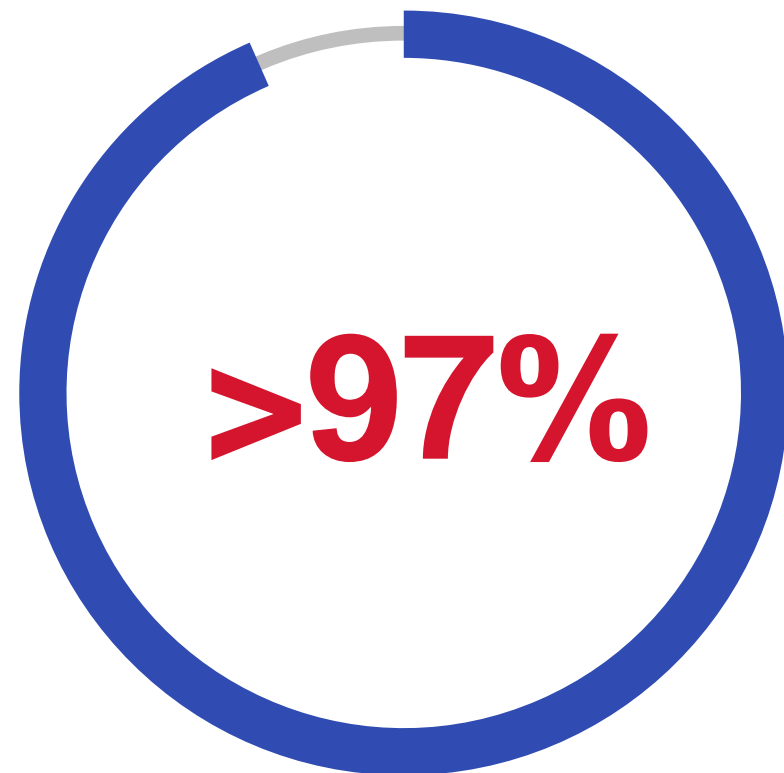
		American Airlines 	 DELTA	UNITED 	<i>Alaska</i>	jetBlue
Two bags fly free	✓					
No cancel or change fees	✓	Basic economy \$99 fee	Basic economy \$99 fee	Basic economy \$99 fee	Basic economy excluded	Basic economy \$100 fee
Free same day standby	✓		Basic economy & int'l excluded		Basic economy excluded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

Differentiation is an important factor in Customers' choice

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

Assigned seating

How familiar are Southwest Customers with its 'bags fly free' policy?



Premium features

When selecting Southwest Airlines, which features matter most?

Has the most affordable prices

72%

Has nonstop flights to my preferred destinations

70%

Offers free checked bags

66%

Has a flexible policy for ticket changes or cancellations

52%

Has flight times available for the time of day I want to travel

44%

Product differentiation

Rank the top features that differentiate Southwest Airlines

Offers free checked bags

82%

Has a flexible policy for ticket changes or cancellations

65%

Has the most affordable prices

63%

Has nonstop flights to my preferred destination

49%

Has a good frequent flyer program

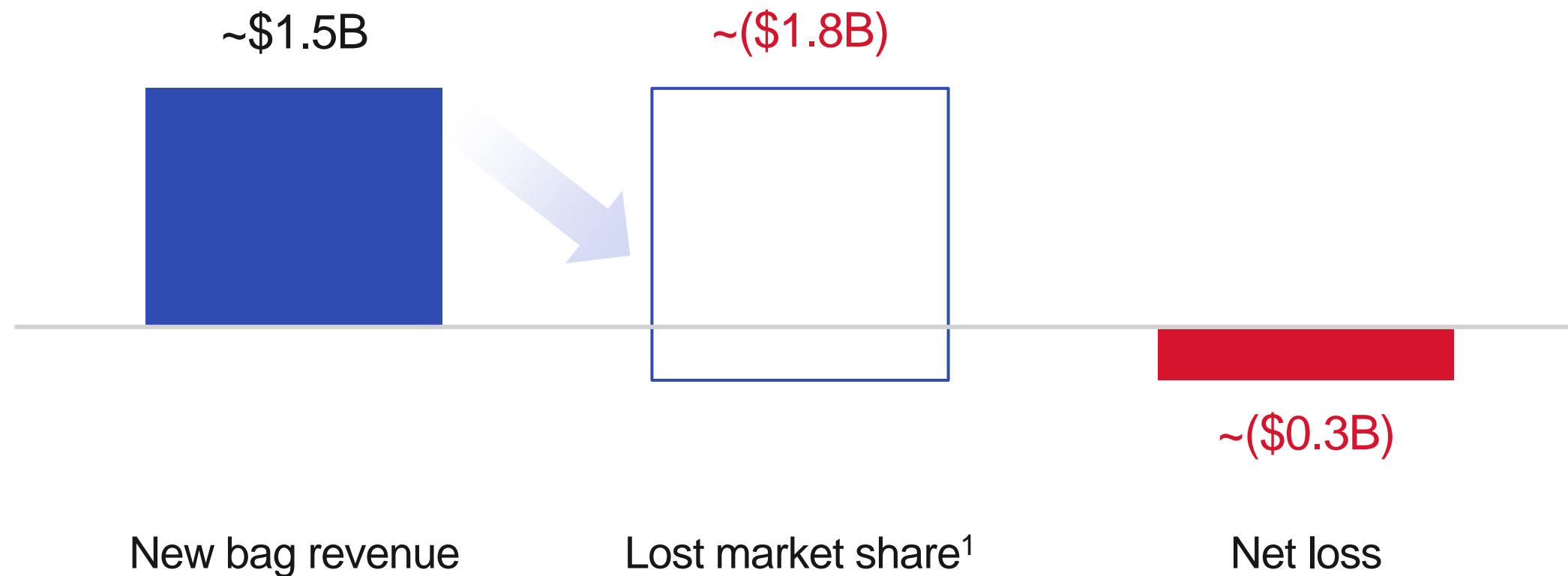
47%

Eliminating the 'bags fly free' policy would destroy value



Impact analysis

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



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

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

Meeting Customer preferences drives revenue and Shareholder value

Assigned seating

Adding features that drive higher load factors and/or higher yields



More demand

Premium seating

A guaranteed premium seat generates ancillary revenue per passenger



More revenue per Customer

Product differentiation

Our differentiated product with Customer-friendly policies drives Customer choice



More market share



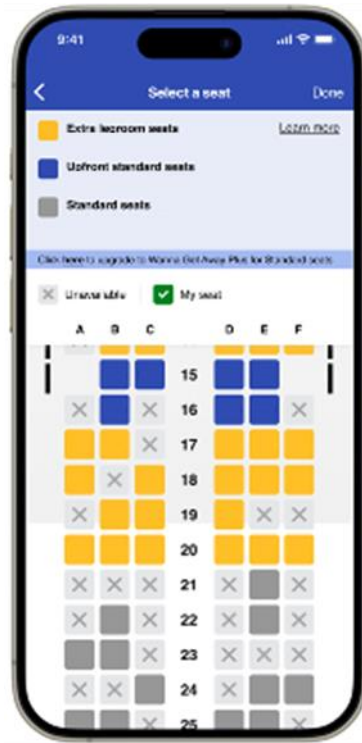
Shaping our transformation

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



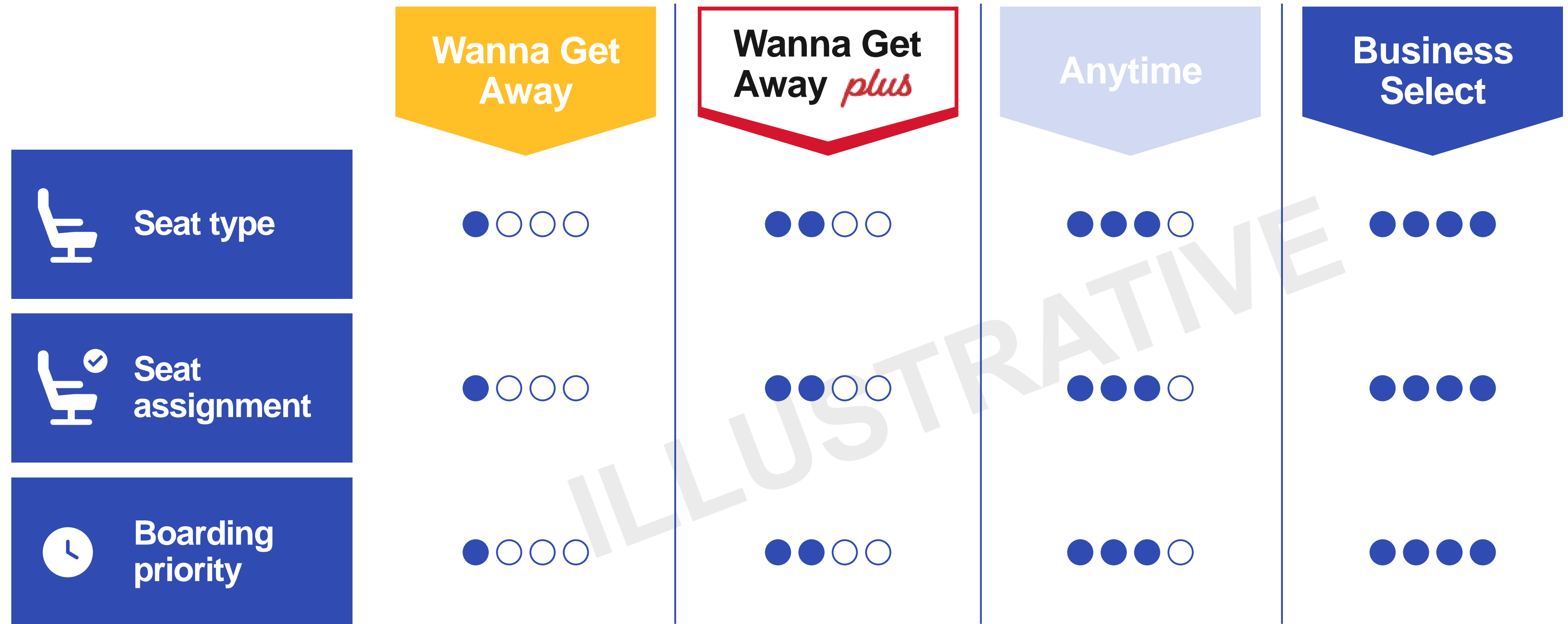
Modernized cabin



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



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



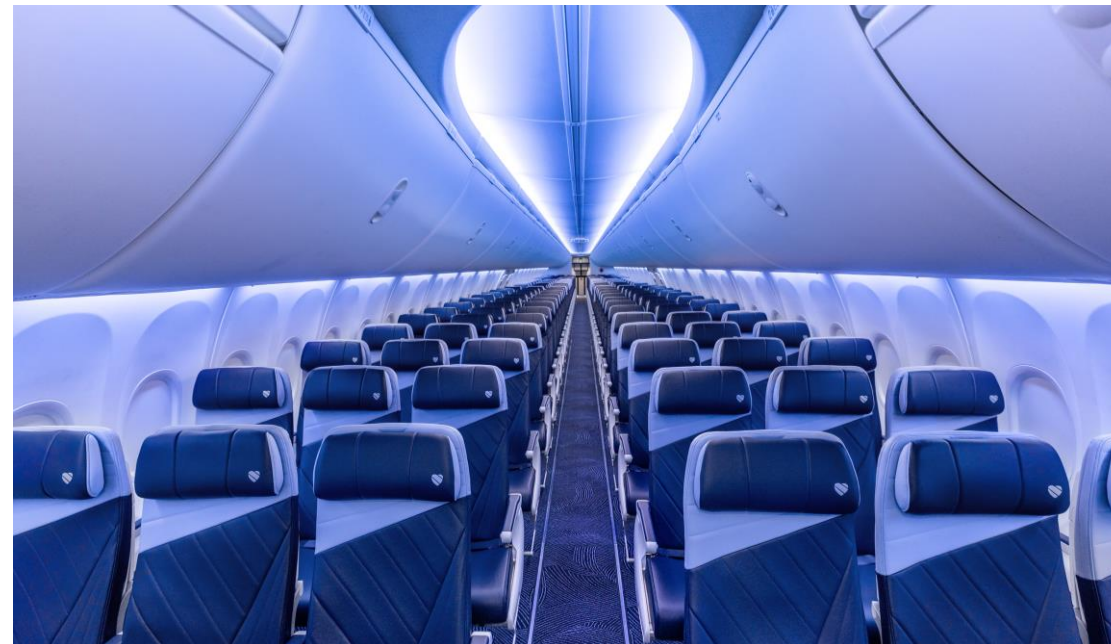
Aircraft already equipped with larger bins, in-seat power, and improved WiFi have seen **higher NPS scores** when these features come together

- **+5 pts** 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**

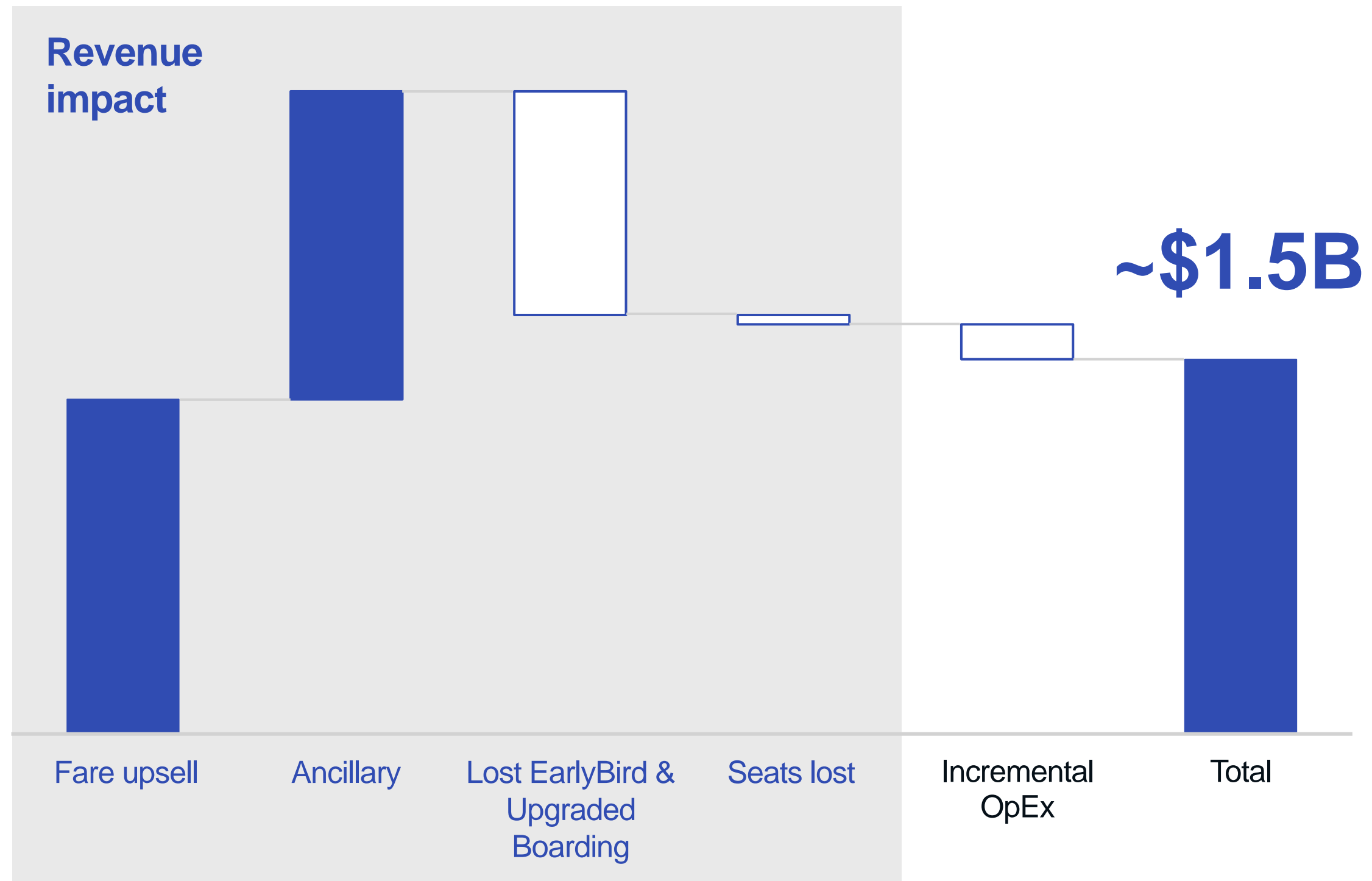
Our assigned seat rollout plan balances managing executional risk with speed to market and value

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

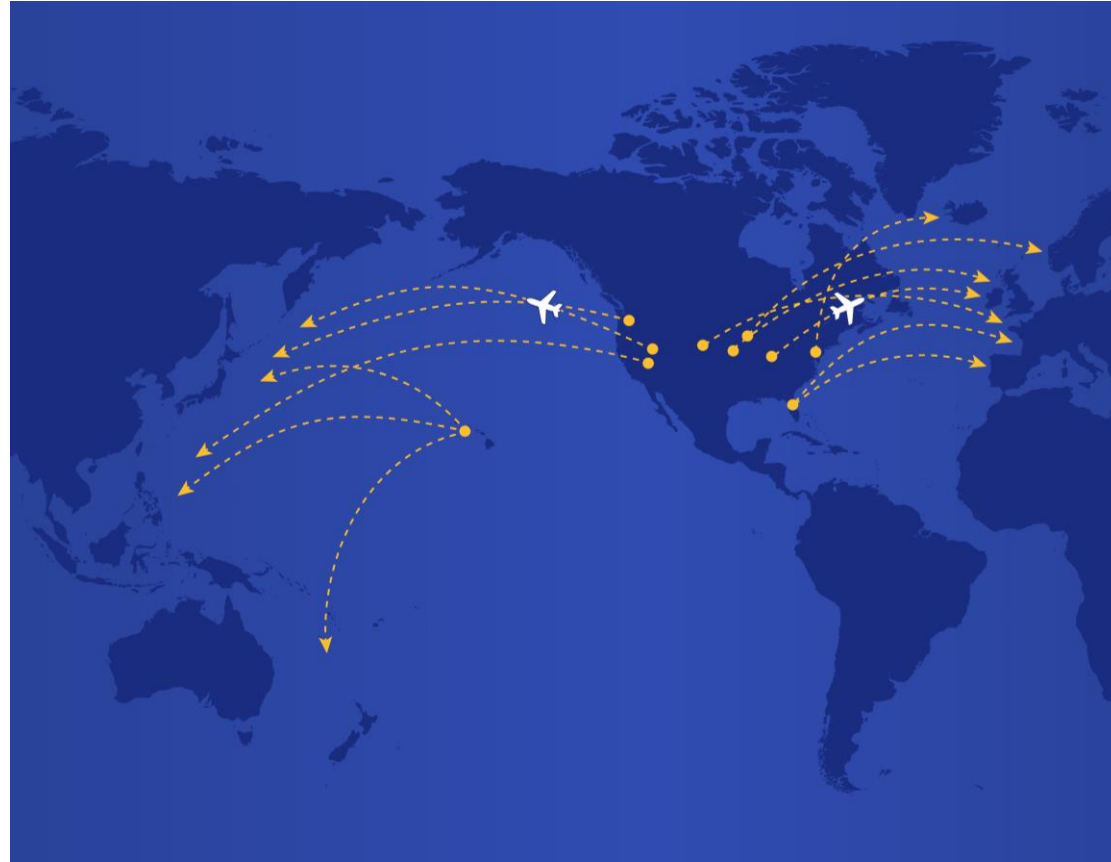
Partnerships expand the reach of Southwest and Rapid Rewards globally

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

Airline partnerships

Enhanced vacations product

Loyalty and co-brand

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

The screenshot shows the Getaways by Southwest website. At the top, there's a navigation bar with the logo, 'Log In', 'Create account', 'Rapid Rewards', and 'Español'. Below that are links for 'Destinations', 'Deals', 'Why Getaways by Southwest?', and 'Manage My Vacation'. A travel advisory banner is present. The main hero section features a large image of a couple swimming in turquoise water with the headline 'Vacations that are easy to book and hard to leave'. Below the image is a search form with tabs for 'Flight + Hotel', 'Flight + Hotel + Car', and 'Flight + Car'. The form is set for '1 Room, 2 Adults'. The 'FROM' field contains 'DAL' (Dallas Love Field, TX). The 'DEPART' date is '6/17' (Thursday, Jun 17, 2024) and the 'RETURN' date is '6/20' (Sunday, Jun 20, 2024). A 'Find a vacation' button is visible. Below the search form is a 'Featured Deals' section with four cards: 'Honolulu, HI' (5 stars), 'Downtown Honolulu, HI' (5 stars), 'Las Vegas, NV' (5 stars), and 'Montego Bay Beach, Jamaica...' (5 stars).

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

Airline partnerships

Enhanced vacations product

Loyalty and co-brand

Grow membership

- Broadened appeal with better core product
- Additional ways to earn and redeem loyalty currency
 - ✓ Long-haul international trips via airline partnerships
 - ✓ Vacations products via Getaways by Southwest

+

New benefits to increase engagement

- Seat selection and extra legroom benefits for A-List Preferred / A-List
- Enhanced co-brand benefits

=

Improved loyalty unit economics

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

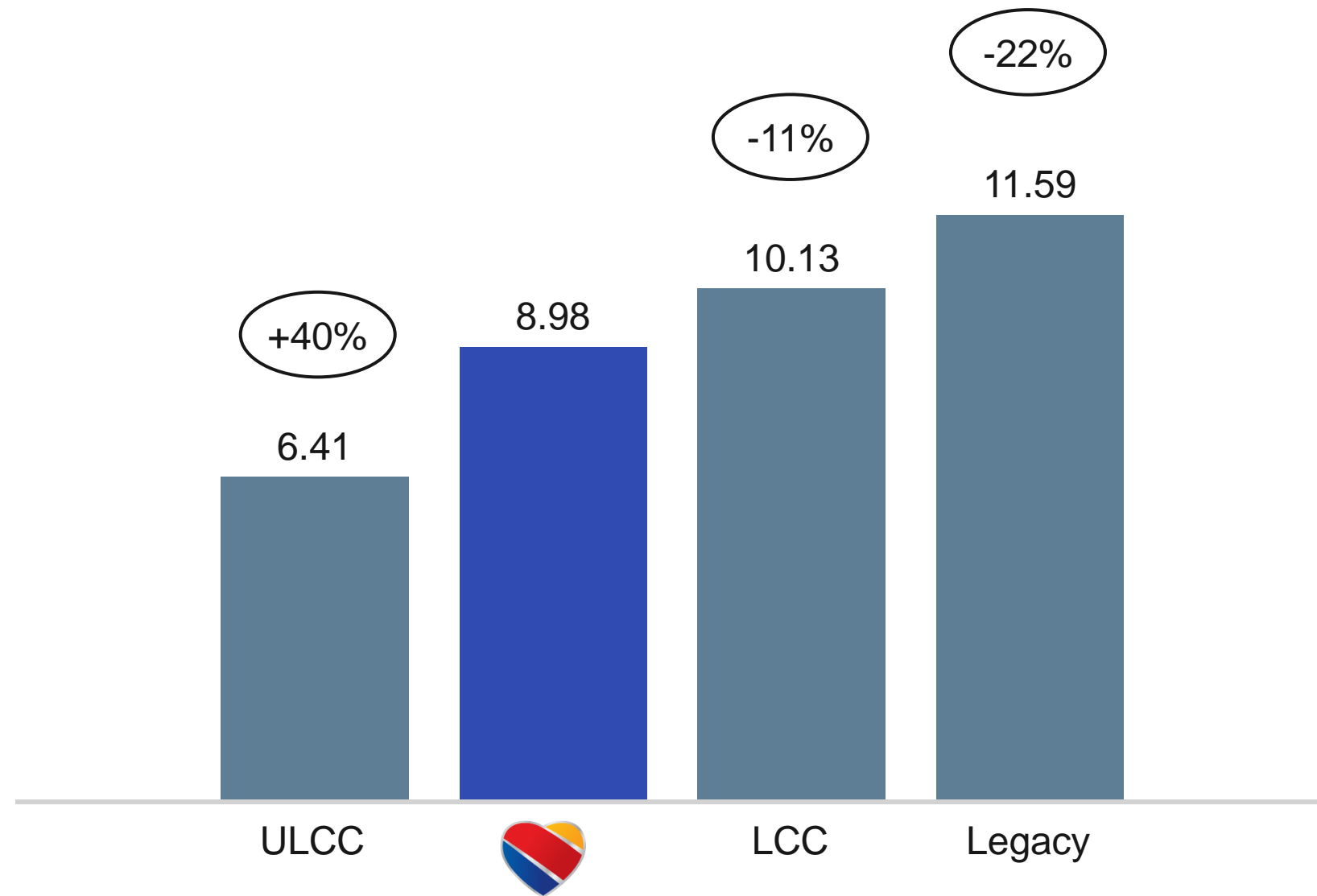
3. Includes the estimated market value for the Company's Rapid Rewards loyalty program as of 9/20/2024, and the net book value of unencumbered aircraft, and non-aircraft assets such as spare engines, ground equipment, and real estate as of 6/30/2024

Our relative unit cost advantage remains strong

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

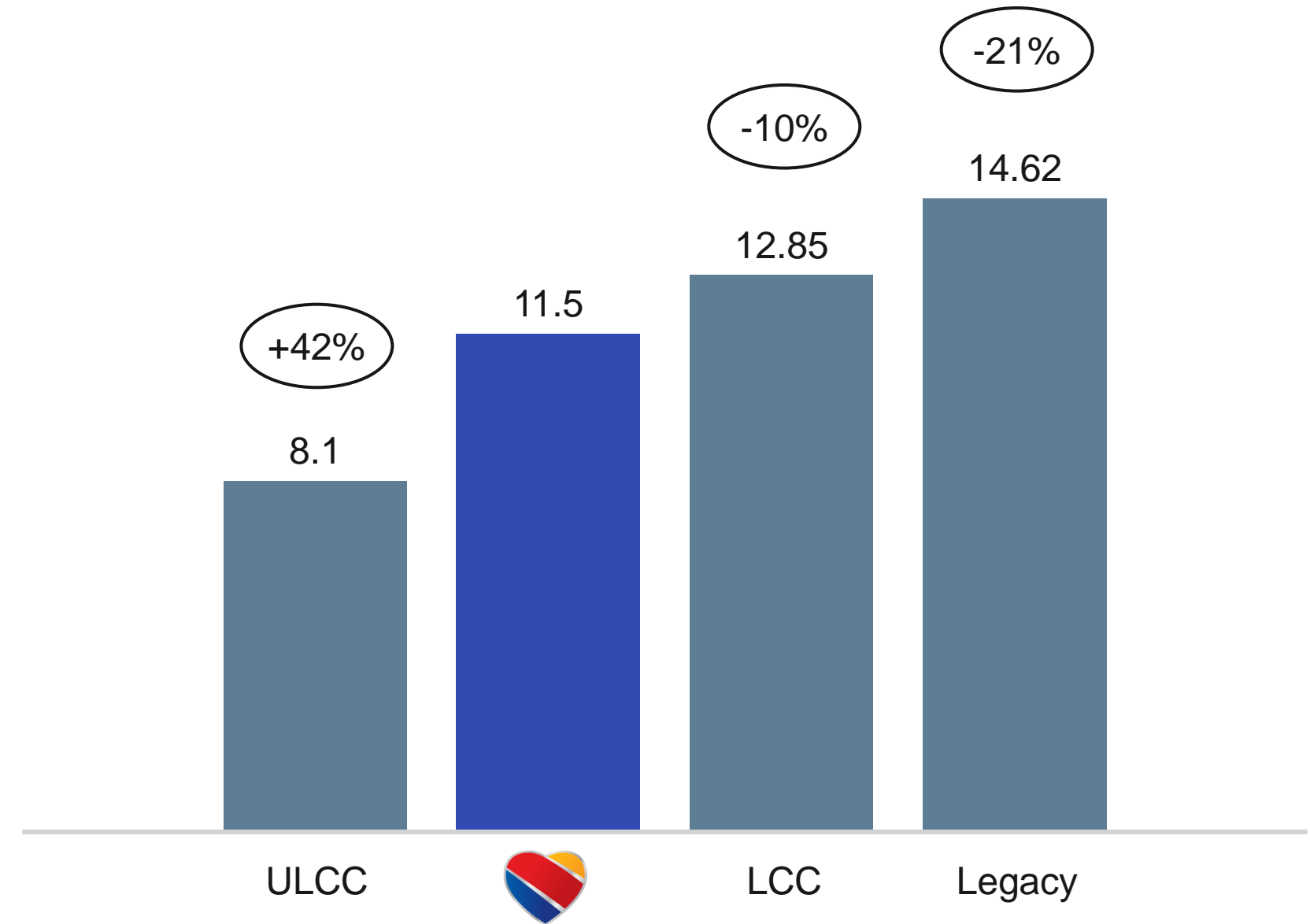
Pre-pandemic unit costs

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, Diio 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



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



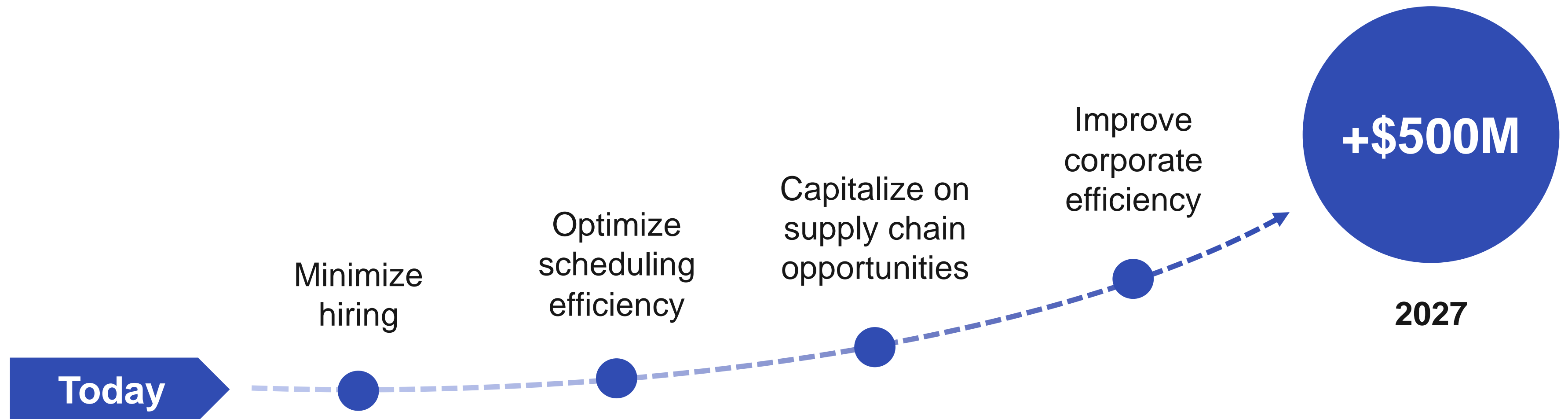
Multi-year plan expected to deliver over \$500M¹ in cost savings

Run rate savings in 2027

Disciplined
cost initiative

Strategic fleet
management

Prudent capital
deployment



1. Excludes profitsharing

Capacity moderation through turn, redeyes, and modernization

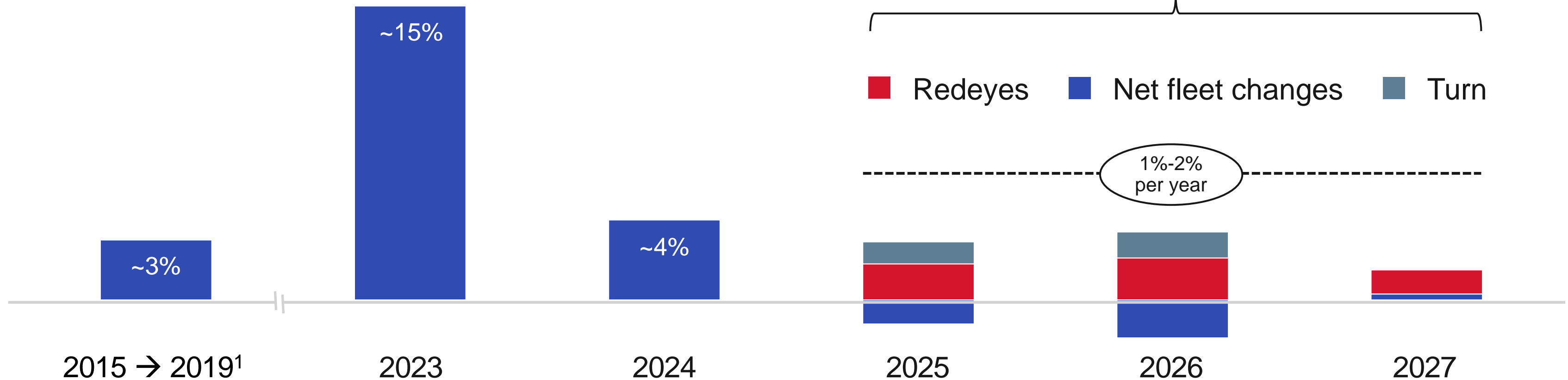
Disciplined cost initiative

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	209	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

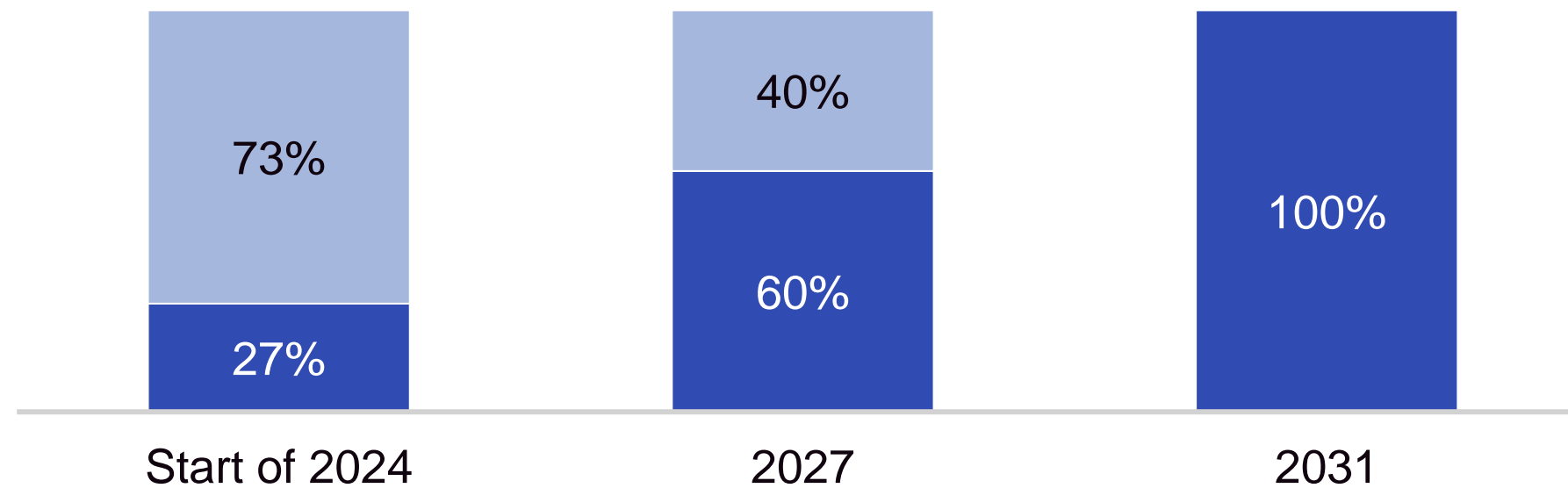
Disciplined
cost initiative

Strategic fleet
management

Prudent capital
deployment

Fleet composition through 2031¹

- -7 / -8
- -700 / -800



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

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

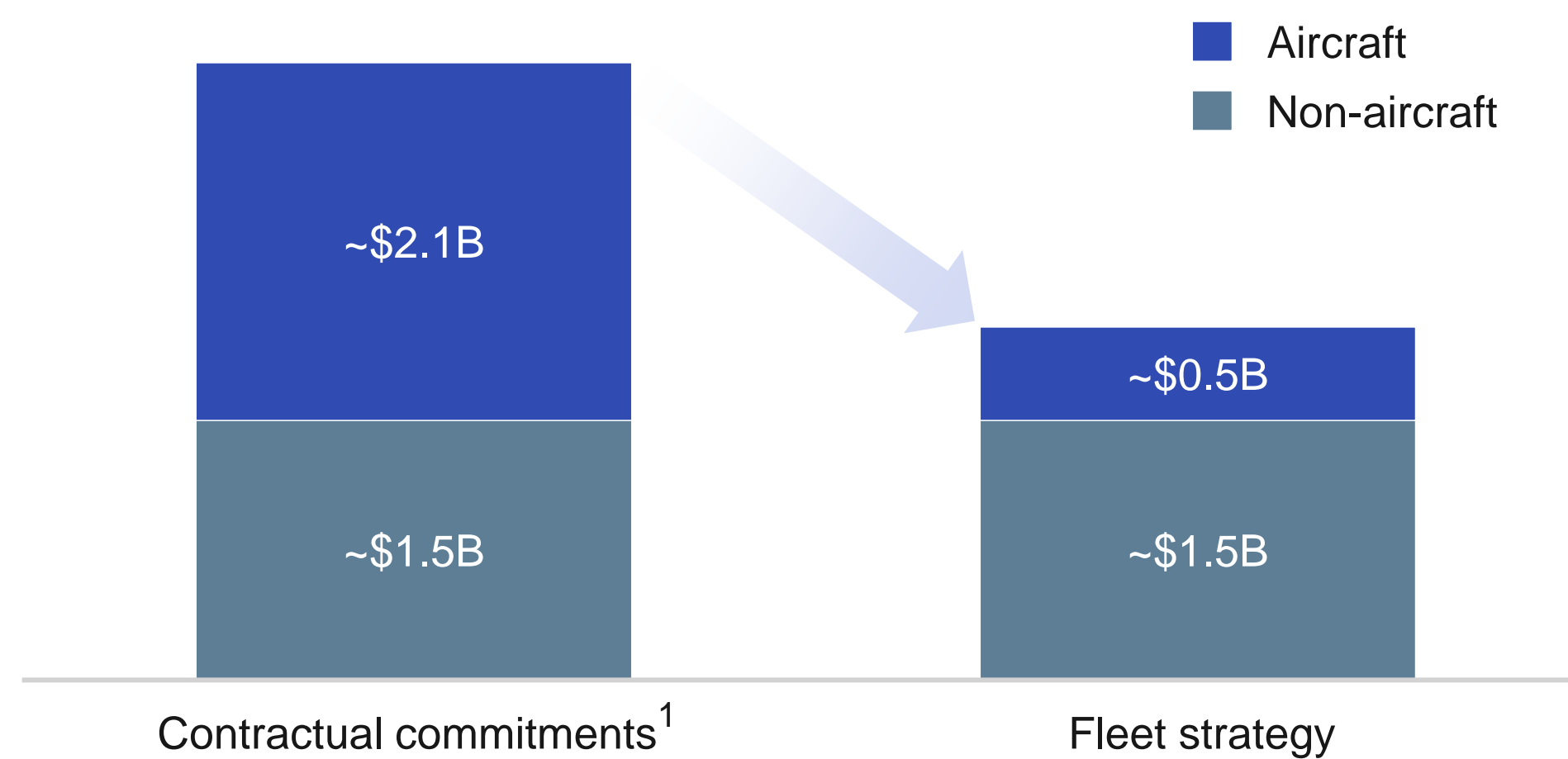
Fleet strategy helps moderate CapEx

Disciplined cost initiative

Strategic fleet management

Prudent capital deployment

Average 2024-2027 net capital expenditures



- ✓ Retain commitment to **fleet modernization**
- ✓ Offset CapEx with **opportunistic fleet transactions**
- ✓ **Continue modernization** efforts through technology and facilities investments

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, ~\$1.8B in 2025, ~\$1.8B in 2026, and ~\$2.6B in 2027

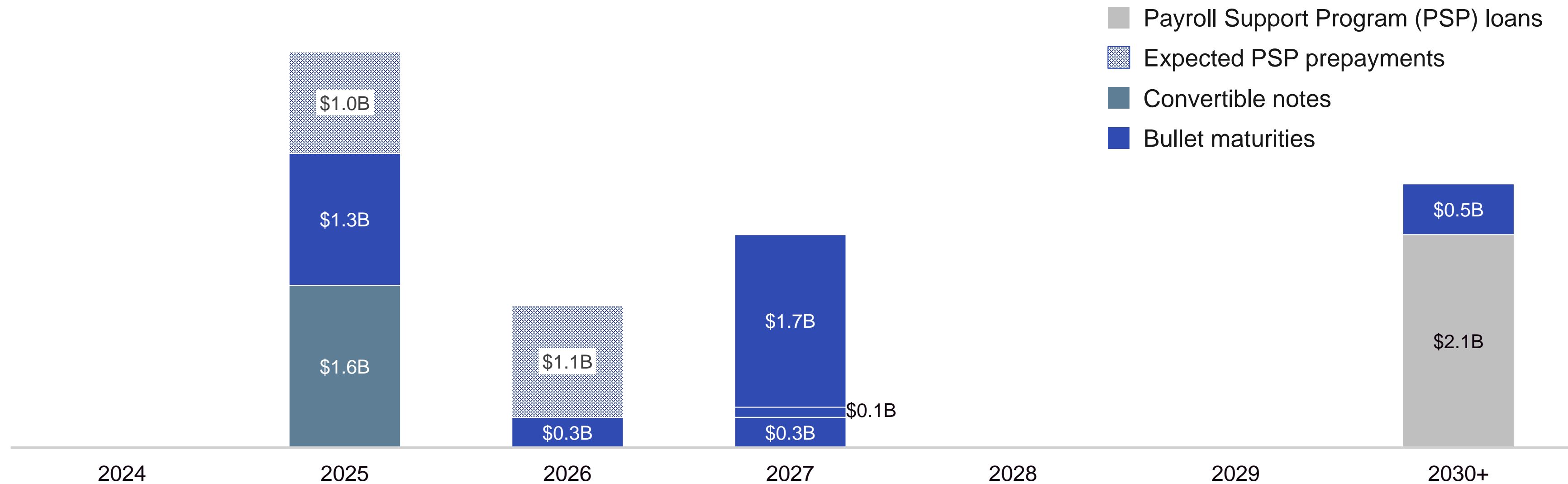
Preserving our investment-grade balance sheet

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

Disciplined
cost initiative

Strategic fleet
management

Prudent capital
deployment



Resuming share repurchase program with \$2.5B authorization

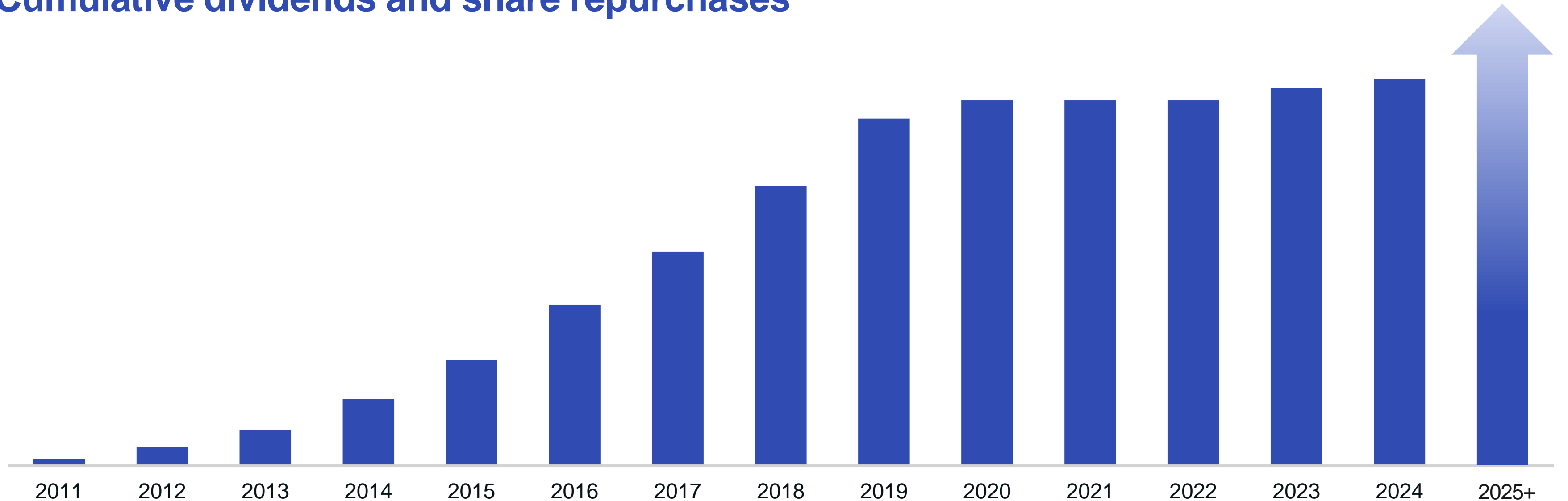
Longstanding commitment to return value to Shareholders

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

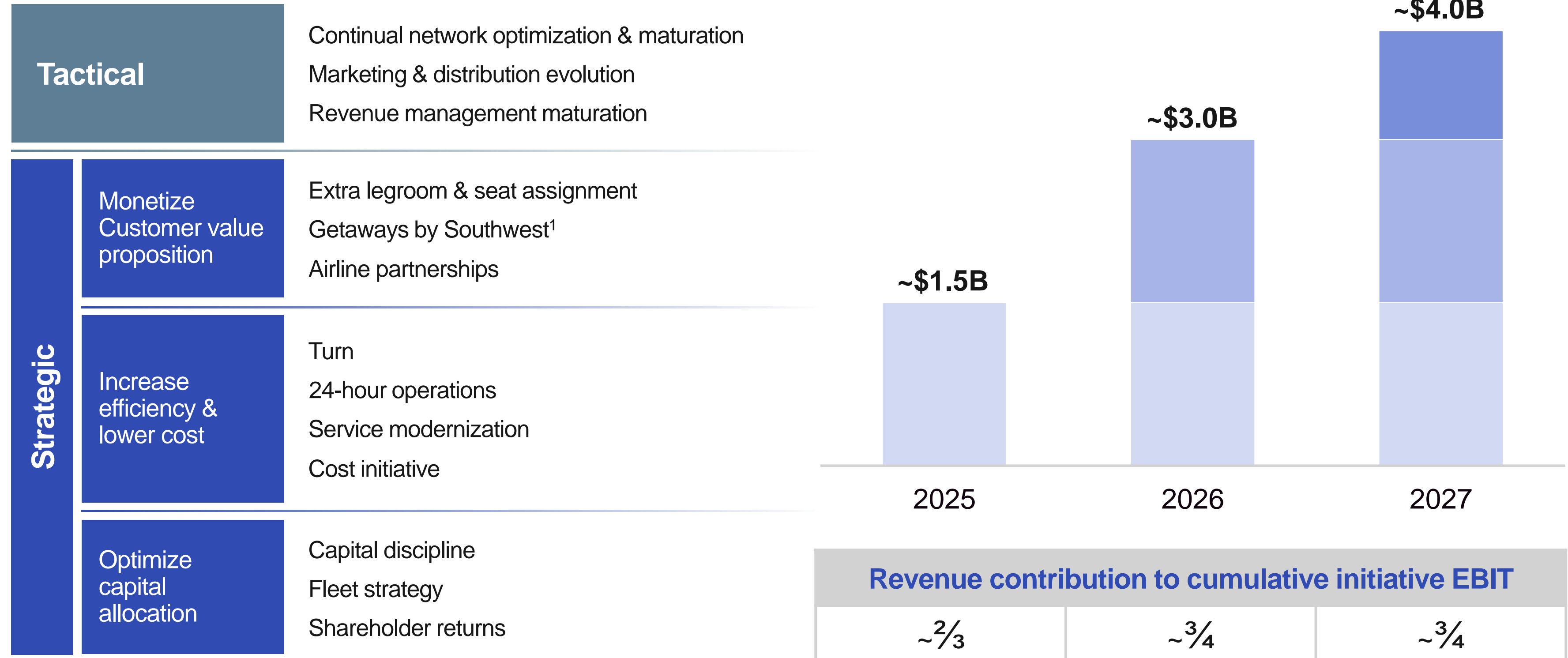
Executing our plan to drive Shareholder returns

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

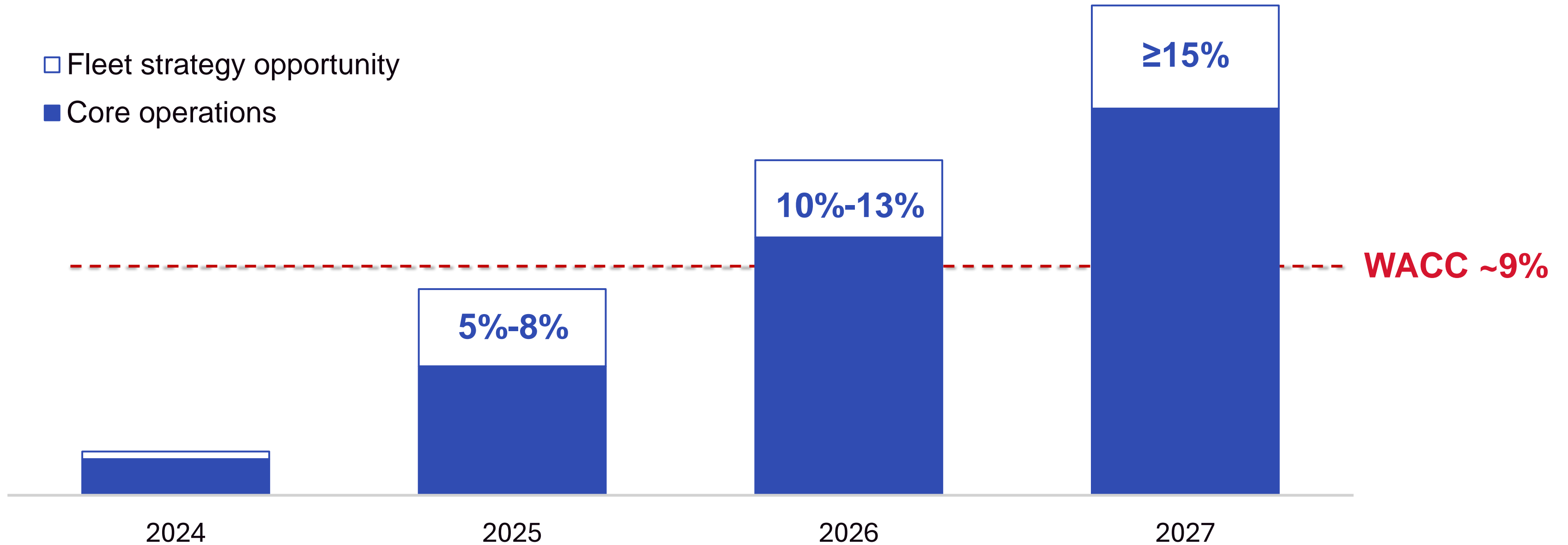
Tactical and strategic initiatives provide a path to prosperity

Our plan delivers ROIC well above WACC in 2027

ROIC contributions

After-tax ROIC

- Fleet strategy opportunity
- Core operations



Our 2027 targets support strong Shareholder returns

Capacity¹

1% to 2%

Operating margin

≥10%

Leverage

Low to mid 30%

Free cash flow

>\$1 billion

ROIC

≥15%

Balance sheet

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 $\geq 15\%$

