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Southwest Airlines Announces 15-Year Agreement With Velocys For 219 Million Gallons Of Sustainable Aviation Fuel

Volume sufficient to produce more than half a billion gallons of blended net zero fuel, enabled by sustainable aviation fuel with the lowest carbon intensity announced to date

DALLAS, Nov. 10, 2021 /PRNewswire/ -- [Southwest Airlines Co.](#) (NYSE: LUV) today announced a 15-year offtake agreement with Velocys Renewables LLC ("Velocys") for 219 million gallons of sustainable aviation fuel (SAF). As [announced](#) by Velocys today, once blended with conventional jet fuel, the SAF could produce the equivalent of 575 million gallons of net-zero¹ fuel and avoid 6.5 million metric tons of CO₂ over the term of the agreement. Southwest® plans to begin purchasing SAF from the Velocys Bayou Fuels facility in Natchez, Mississippi, as early as 2026. Additionally, as part of the offtake agreement, Southwest and Velocys have established a long-term strategic relationship, offering Southwest the opportunity to purchase significant volumes of SAF from future Velocys facilities.

"This agreement is a major advancement in our environmental sustainability strategy, furthering [our goal](#) to replace 10 percent of our total jet fuel consumption with sustainable aviation fuel by 2030," said Michael AuBuchon, Senior Director Fuel Supply Chain Management at Southwest Airlines. "This new strategic relationship with Velocys could ultimately provide Southwest access to additional significant quantities of sustainable aviation fuel."

"Our 15-year offtake agreement with Southwest Airlines will enable them to utilize the lowest carbon intensity sustainable aviation fuel announced to date," said Henrik Wareborn, CEO of Velocys. "The SAF produced at the Bayou Fuels facility plans to utilize a sustainable feedstock (forestry residues from plantation forests) and renewable power from a neighboring solar facility, as well as contract for carbon capture that will sequester more than 500,000 tons of carbon dioxide per year. It also is expected to have a greater than 99 percent reduction in sulfur as compared to conventional jet fuel, reducing the emissions of this conventional pollutant."

Southwest recognizes the critical role that commercially viable SAF will play in the carrier's strategy to achieve carbon neutrality by 2050. Southwest is one of the most honored airlines in the world and strives to maintain a steadfast focus on a triple bottom line: People, Performance, and Planet. Learn about Southwest's citizenship efforts and how the carrier gives back to communities across the world by visiting [Southwestonereport.com](#).

ABOUT VELOCYS

Velocys is an LSE-listed, international sustainable fuels technology company, traded on the AIM, providing clients with a technology solution to enable the production of negative Carbon

Intensity synthetic, drop-in fuels from a variety of waste materials. SAF ('Sustainable Aviation Fuel') is the only commercially available, permanent alternative to fossil aviation fuels.

The technology is IP-protected in all major jurisdictions.

Two reference projects in the US and UK (Bayou Fuels and Altalto) are designed to accelerate the adoption and standardize the Velocys proprietary Fischer Tropsch (FT) technology and Bio Energy with CCS solution, BECCS. Velocys is investing in increased capability to deliver its technology to clients, enabling commercial scale SAF production in response to the mandated fuel transition.

Velocys technology pathway is enabling the next generation of low carbon sustainable fuels with significant additional positive air quality impacts.

www.velocys.com

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, as amended. Specific forward-looking statements include, without limitation, statements related to (i) Southwest Airlines Co.'s (the "Company") plans and expectations with respect to purchasing sustainable aviation fuel from Velocys Renewables LLC ("Velocys"); (ii) the Company's ability to blend sustainable aviation fuel; (iii) Velocys' production abilities and plans for development of future facilities; (iv) the Company's goal to replace conventional jet fuel with sustainable aviation fuel; and (v) the expected environmental benefits realized from the purchase and use of sustainable aviation fuel from Velocys. 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 Company's dependence on other third parties, in particular with respect to the production, transport, storage, blending, and distribution of sustainable aviation fuel, and the impact on the Company's goals and plans of any third party delays or non-performance; (ii) the impact of legislative and regulatory activity related to sustainable aviation fuel, in particular with respect to tax credits and compliance requirements; (iii) the Company's ability to timely and effectively implement and maintain the necessary processes to support the utilization of sustainable aviation fuel; (iv) the impact of economic conditions, governmental actions, climate-related conditions and weather events, fuel prices, actions of competitors, socio-demographic trends, consumer perception, and other factors beyond the Company's control, on the Company's business plans, expectations, and goals; and (v) 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, 2020, the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2021, and the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2021. 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 release. 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.

ABOUT SOUTHWEST AIRLINES CO.

In its 51st year of service, Dallas-based Southwest Airlines Co. continues to differentiate itself from other air carriers with Customer Service delivered by approximately

54,000 Employees to a Customer base that topped 130 million Passengers in 2019. Southwest has a robust network of point-to-point service with a strong presence across top leisure and business markets. In peak travel seasons during 2019, Southwest operated more than 4,000 weekday departures among a network of 101 destinations in the United States and 10 additional countries. In 2020, the carrier added service to Hilo, Hawaii; Cozumel, Mexico; Miami; Palm Springs, Calif.; Steamboat Springs; and Montrose (Telluride), Colo. Thus far in 2021, Southwest has initiated service to Chicago (O'Hare) and Sarasota/Bradenton both on Feb. 14; Savannah/Hilton Head and Colorado Springs both on March 11; Houston (Bush) and Santa Barbara, Calif. both on April 12; Fresno, Calif. on April 25; Destin/Fort Walton Beach on May 6; Myrtle Beach, S.C. on May 23; Bozeman, Mont. on May 27; Jackson, Miss. on June 6; Eugene, Ore. on Aug. 29; and Bellingham, Wash. on Nov 7. The carrier will begin service to Syracuse on Nov. 14.

The carrier issued its **Southwest® Promise** in May 2020 to highlight new and round-the-clock efforts to support its Customers and Employees well-being and comfort. Among the changes are enhanced cleaning efforts at airports and onboard aircraft, along with a federal mandate requiring every person to wear a mask at all times throughout each flight. Additional details about the Southwest Promise are available at [Southwest.com/Promise](https://www.southwest.com/Promise).

Southwest coined **Transfarency®** to describe its purposed philosophy of treating Customers honestly and fairly, and low fares actually staying low. Southwest is the only major U.S. airline to offer bags fly free to everyone (first and second checked pieces of luggage, size and weight limits apply, some carriers offer free checked bags on select routes or in qualified circumstances). Southwest does not charge change fees, though fare differences might apply.

Book Southwest Airlines' low fares online at [Southwest.com](https://www.southwest.com) or by phone at 800-I-FLY-SWA®.

¹ Net zero is determined by a fuel with a carbon intensity of zero (0) gCO₂e/MJ or lower on a lifecycle basis.

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