



Southwest Airlines

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Jamie: All right. I'm always quick with the introductions, but we're very pleased to have overweight rated Southwest Airlines back in the auditorium today. We'll have a presentation from the company and then some more spirited Q&A. At least that's the intent. Mark and I will do our best.

Please, as always, we encourage the audience to engage as fully as they feel comfortable. Let me turn the podium and the table over to the team. We have Bob Jordan definitely a household name recognized CEO here at this event, Tammy Romo, CFO, and Ryan Martinez in the front row.

Yeah, please, the podium is yours. Thank you.

Bob Jordan: OK. Thank you. Appreciate it. How's everybody doing?

Audience: Great.

Bob: That was very, come on. How's everybody doing?

Audience Member: Great. Better if they moved this to Florida.

Bob: I'm not in charge of moving it to Florida. I'm sorry. I think when he said the household name is actually Tammy. It's not Bob.

It's clearly early. I got to get better material for the group here, but hey. I'm Bob Jordan. Jamie, Mark, thank you again so much for hosting the conference today. It's great to be here with everybody in person and joining via webcast.

Before I jump in, I want to mention that my presentation today includes forward looking statements. We filed an 8K this morning, as you know, and this slide and other disclosures in our 8K outline a variety of factors that could cause our actual results to differ materially from our

projections.

Jumping into slide three, I'll recap our investor update that we issued this morning and provide some color on the trends. I'm really pleased with our first quarter revenue outlook, which is currently trending in line with our expectations. Revenue trends have remained steady and yields and point redemptions remain strong.

We continue to estimate a negative revenue impact of roughly \$300 to \$350 million here in the first quarter related to book away that we saw following our ops disruption in late December, but this impact continues to be largely isolated to January and February.

March revenue trends are encouraging, both from a revenue perspective and from a customer loyalty perspective. I'll talk more about our customer loyalty here in just a minute. We continue to expect March managed business revenues to be roughly in line and restored to March 2019 levels, which would represent a big and significant milestone.

The net of all this is that we have tightened our operating revenue guide range to up 21 to 23 percent year over year, which is basically the same midpoint as earnings.

Based on current trends, bookings for the second quarter appear solid and in line with our expectations as we head into the busy summer travel season. Regarding bookings, the overall booking curve now seems to be generally in line with pre-pandemic trends.

Close in leisure demand seems to return to more historic levels versus being elevated during the pandemic recovery, but that's offset by managed business revenues returning to 2019 levels, which of course typically book closer in.

Based on current revenue trends for March and what we can see so far in second quarter, we are currently tracking in line with our expectations. I'll touch on our full-year capacity plan on the next slide, but our current first quarter 2023 capacity remains unchanged at up approximately 10 percent year over year.

Looking at fuel market, fuel prices have fallen over recent weeks, in particular heating oil cracks, and we have experienced significant cost relief in our first quarter fuel prices and are now expecting our first quarter fuel price to be in the range of 3.10 to 3.20 per gallon down about 15 cents from our previous guidance, which includes a hedging gain of 13 cents a gallon.

In regards to non-fuel costs, we now expect first quarter CASM ex to increase in the range of 5.5 to 6.5 percent year over year up roughly three points from our previous CASM ex guidance.

About half of that increase is due to increased expenses related to the late December operational disruption, including expected travel expense reimbursements to customers and an increase in the redemption rate of rapid awards points offered as a gesture of goodwill.

Another point of the increase is related to anticipated higher technology spend and other ops disruption related expenses, and the remainder of the increase versus previous guidance is primarily timing of maintenance and airport costs.

This puts our pretax negative impact of the disruption in the \$350 to \$400 million range for the first quarter. We currently estimate further cost increases of up to \$50 million across the year, which puts the total estimated pretax impact including fourth quarter 2022 in the \$1.2 billion range.

We're still expecting a net loss, excluding special items in the first quarter. Thankfully, our lower first quarter fuel cost outlook is offsetting a portion of our first quarter non-fuel cost increases due to the disruption.

Moving to slide four. We have also updated our full year 2023 outlook, which is primarily impacted by trimming capacity, lower fuel prices, and an increase in non-fuel costs mostly related to the operational disruption.

Beginning with aircraft, in light of recent discussions with Boeing and continued challenges in supply chain, we now expect to receive roughly 90 aircraft deliveries in 2023 compared to our previous expectation of 100. That would put us at 833 aircraft at year end, net, of course, of our 27 planned retirements.

Given a more conservative approach to capacity, we expect our full year 2023 capacity growth plan to decrease by approximately one point, primarily due to trimming about three points of planned capacity out of fourth quarter. We now expect our full year 2023 capacity to be in the range of up 15 to 16 percent year-over-year.

Based on the current forward curve for jet fuel, our improved fuel cost outlook has more than offset our higher 2023 CASM-X outlook, which is currently expected to be down in the range of 3.5 to 5.5 percent year-over-year. One point of the roughly 2.5-point CASM-X increase relative to

our prior guidance is due to our decision to reduce full year capacity.

The remainder of the increase is primarily related to anticipated higher technology spend and other ops disruption-related expenses throughout the full year.

With fewer anticipated aircraft deliveries, we now expect total 2023 CapEx to be about \$4 billion. While non-aircraft CapEx is expected to increase in the tens of millions of dollars due to additional investments in operational resilience, those increases are more than offset by lower aircraft CapEx.

Lastly, our investment grade balance sheet remains very strong. We currently have a healthy cash and short-term investment balance of \$12.2 billion with very modest debt repayments this year.

We're committed to sharing the findings of our review of the December operational disruption. I know that's on everybody's mind, and I want to spend some time walking you through that as I know it's been a source of a lot of questions.

In terms of the work streams that we have underway related to this, we worked early on with the board of directors. They established an operations review committee that's been working with management to understand the events, help oversee the company's response.

We also engaged a third-party global aviation firm, Oliver Wyman, for a third-party assessment of the event and to make recommendations of additional mitigation elements to consider. All of that work is largely complete. With that assessment and our own internal review and assessments, we are in a position now to report out on the key findings.

In summary, we identified a key root cause of the disruption that I want to cover in two parts. First, it all started with the effects of Winter Storm Elliot and what began as a weather-related event across our system.

The severity of the weather conditions were more sudden and more severe than predicted, and therefore had a greater impact on our station operations than we had planned for. This ultimately strained our ability to keep up with the pace and the breadth of the disruptions.

Second, we experienced outsized impacts in two of our largest airports, Denver and Chicago Midway, where we have a very large volume of flights and aircraft, but we also have about 25

percent of our crew base there.

We had severe impacts at other airports as well, most notably Nashville, but these two airports, again Denver and Chicago, being shut down for multiple days created waves and waves of close-in flight cancellations. The cascading close-in flight cancellations overwhelmed our processes and technology, which led to manual alternatives and efforts that were both tedious and took longer to solve.

This was the point at which the weather-related event turned into a crew-related event for us and eventually resulted in a three-day reset of our aircraft and crew networks. While there's a lot more detail that I could go into, these are the two primary root causes of our disruption.

That leads us to our response to the root causes, learnings, and the tactical action plan to boost our operational resiliency and significantly reduce the likelihood of repeating an event of that magnitude and impact. We divided our action plan into three buckets, and I want to cover all three buckets with you here.

First, improve winter operations. This focuses on airport infrastructure, equipment, and winter preparedness. We are in the process of purchasing 10 closed cab deicing trucks, five for Denver, five for Chicago Midway, as well as additional ground equipment.

We procured additional deicing pads in Denver. We're in the process of increasing glycol, which is basically deicing fluid, capacity at several key locations. We will be implementing a new weather application for our crews to provide more real-time and dynamic weather indications to enhance deicing holdover times, which is essentially how long you have to depart before you have to deice again.

Our existing weather application requires more subjective judgment, and in the case of our Denver operation, produced inferior holdover times for our aircraft, effectively stopping departures for a significant amount of time, in a couple of cases, for days.

We have purchased additional engine covers and heaters in the event that we experience prolonged severe extreme weather conditions again. We plan to augment winter staffing in certain work groups and locations.

Second, enhance cross-team collaboration, which focuses on our processes, decision-making, escalation procedures, and communication during irregular operations. We've already taken

action in two items in this category. We improved alignment between our network planning team and our network operational control team by combining both under one senior leader.

We updated our leading indicators operational dashboard that we are currently using today to enhance real-time monitoring of numerous operational metrics across the network. We will soon be improving our dashboard alerting and decision support tools to further enhance this daily monitoring. We'll also be upgrading capabilities to better integrate our aircraft and our crew recovery optimization.

While this includes the technology component, we're currently engaged with third parties to assist with developing a timely solution to allow better collaboration between our aircraft and our crew network systems.

Third, we will accelerate other investments. That includes technology and tools that will allow for greater volume and pace during irregular operations. First and foremost, we've already upgraded our Skysolver crew optimization software.

As you might recall, the volume and pace of close-in cancellations, and we just had waves and waves of them, revealed a functional gap in our crew optimization software's ability to dynamically solve past flight cancellations in conjunction with upcoming flight cancellations.

We designed and implemented an upgrade to address this functional gap. This represents a swift implementation, and it's in production, and an outstanding effort by our team and by our partners at GE Digital. Just my huge, sincere thanks to everybody that worked on this.

In the near future, we have a few other key enhancements and upgrades, things like enhancing our electronic crew notification system and crew phone system. We will upgrade our customer support and services phone system to provide greater stability for surges in calls, and we'll have upgrades planned for mobility tools for our employees.

This list is by no means meant to be exhaustive. There are other learnings and action items that will also be prioritized for this year. We will likely have other communications in the coming weeks about these items. This summarizes the key root cause, along with the most notable tactical actions we believe we need to take in each area.

As I hope you can tell, we're well underway on a remediation plan. We have a target completion date of October to be fully prepared as we head into next winter.

The next slide may look familiar to some of you as it was a summary of the multiyear operations modernization plan that our chief operating officer, Andrew Watterson, outlined at our investor day last December. The real reason for this slide I want to show you is to show that our tactical action plan complements the existing multiyear ops plan.

We have highlighted in red the initiative categories where our investments in operational resiliency will roll up. As an example, many of the items that were previously planned to strengthen our performance during irregular operations fell under the category called Network Design and Recovery.

I won't go through this list again. Hopefully, this visual conveys that the near-term tactical items will not only align, but will accomplish many items that were already planned for the next few years, some of which we are accelerating in our multiyear timeline.

Shifting gears. Our operational performance prior to the last week of December was very solid. Our performance since has also been very good. A few key metrics that we closely monitor are obviously on-time performance and completion factor.

On the left side of the slide, you can see the industry ranking for on-time performance year-to-date through February. Southwest is number two in the industry, and that's up four spots from last year. This is through several winter storms, irregular operational events, the FAA NOTAM ground stoppage.

At last count, I believe there were already eight named winter storms out there since the beginning of the year, including an ice storm in Dallas. Following all of these events, we had no aircraft or crew network hangover. In the three days following each event, we were number one or number two in OTP in the industry and we had a solid completion factor.

Again, my point is to illustrate that we had these severe events and the operation managed them, recovered, and performed very well the days following those events. Our performance has been very solid. We have several improvements already in place and producing positive results. I'm just really, really, really proud of our people.

On the right side of the slide, it shows our completion factor year-to-date through February compared to the three-year average pre-pandemic. The pre-pandemic average completion factor for January-February 2018 to 2020 was 97.5 percent and our January-February 2023 completion

factor was 97.7 percent. We're slightly better than our historical average.

We've gotten several questions regarding whether we are proactively canceling more flights this year than we would typically. This illustrates that we are continuing to be proactive in a similar manner that we have been for many, many years. That continues to serve us very, very well as an airline.

Another encouraging sign is what we've seen with customer engagement. In addition to strong revenue trends in March, we've been monitoring several engagement metrics that are trending upward and remaining very steady.

On the left side of this slide, the chart shows the percentage of customers who were impacted during the December disruption that have since flown on Southwest or have booked future travel on Southwest. You can see how the volume has grown week by week and by early this month it was up to nearly 50 percent.

While these customers receive rapid rewards points as gestures of goodwill, many of these are cash bookings. Either way, to me, it's really encouraging that folks that were part of our disruption in December are very willing to fly Southwest again so soon.

We've also seen new account signups for rapid rewards and points redeemed for travel rebound since late December and remain well above the trailing 12-month average.

In addition, we do extensive research and surveys that monitor, among other things, customer consideration for Southwest when shopping for air travel, as well as confidence that Southwest can get them to their destination on time. Both of these metrics, consideration and confidence, have shown significant improvement since the beginning of the year.

I'm so thankful for our customers and appreciate that they are sticking with Southwest Airlines.

We continue to invest in the customer experience. In addition to better mobility and tools, we're adding power ports in our seats, larger bins on the aircraft, and stronger and more reliable WiFi across our fleet.

I'm happy to report that that new WiFi is on roughly 60 percent of the fleet at this point. We'll absolutely keep on this path and not interrupt those important investments for our customers and their upgrades.

All of this, to me, begs a question. Are there structural changes needed to the Southwest business model or route network based on what happened in December? We believe the answer is no.

Our review has not revealed structural changes, nor did it indicate that we need to depart from the key tenets of our business model that makes Southwest unique and support our competitive position within the industry.

We have the most robust domestic point-to-point network in the industry. We have the number one or number two passenger market share in 61 domestic cities. In the top 50 travel markets in the US, we have the number one market share in 23 of those, or roughly half, far more than our competitors.

We get significant productivity from our all Boeing-737 fleet, high-frequency point-to-point network, and high asset utilization. This low-cost business model enables our low-fare brand, and we have no plans to alter our business model.

Aside from the tactical action plan that I outlined earlier, we remain focused on restoring our route network by year-end 2023, and that will also provide additional operational resiliency with more depth and frequency across the network. It's good for our customers because it provides more and more choice. Growing our existing network is exciting as it represents relatively low-risk growth.

Lastly, tying back to the financial goals we outlined in Investor Day, our goals remain unchanged despite recent headwinds. As a reminder, our 2023 goals are restore the route network and utilize fully our fleet by year-end, grow profits, margins, and ROIC year over year, and return to 2019 profitability levels.

Obviously, lower market fuel prices are helpful in terms of this year's net income production, but we intend to offset as much of the revenue penalty as non-fuel cost increases as possible this year.

In closing, we have a lot to be excited about at Southwest. We continue to have many, many enduring strengths. We have sustainable competitive advantages. We're off to a very terrific start this year on blocking and tackling. We have exciting company-specific revenue initiatives.

We have, beyond a doubt, the best people in the industry. I believe our very best days are yet to come. I absolutely believe that. I appreciate everybody joining and listening today. With that, Jamie and Mark, I am ready to take questions.

Mark: I'll follow. [inaudible] this morning. When things were still fluid and happening in December, there was a lot of speculation just heaped on Southwest. They significantly underinvested or their bench is too entrenched, the company is just made up by longtime executives, and what have you. We obviously understand, and thank you for the detail as to what actually went wrong.

My question for you is that during this process, in terms of everything you were reading about the franchise, was there anything that you read that you thought, "You know, maybe that's a fair point, maybe I hadn't thought of that before?" You must have known that "I'm 1,000-year flawed," all that stuff.

I doubt you've learned anything new about your systems that you didn't already know. You just understand how they came under pressure. Was there any enlightenment or awakening as to "Maybe we hadn't considered that in the past"?

Bob: You got a lot in there, in that question. When you're in the middle of an operational mess like that, and we made a mess for our customers, we made a mess for our employees, there's no way around that. When you impact two million people, it's a mess.

It's not what Southwest Airlines wanted. It's not what we wanted for our employees or our customers. It's not what we stand for. This is why we're making it right. When you're in the middle of it, I'm not thinking about what others are thinking about or opining on.

The point was stay safe, get the network under control and back to normal, get our crews and our aircraft in the right spot, get back to flying, and then next, take care of the customers that we disrupted. Get them refunds, get them travel vouchers, get all their expenses recovered and paid for, all those things.

I'll admit that I wasn't paying a lot of attention to that. I was paying attention to getting us back on our feet and handling our customers. A lot of those stories you read early, there was a theme of it's all about technology. It's all about different things. They weren't all fully based in fact. Good headlines, but not based in fact.

I'll admit that's frustrating, but that always happens. There's a fog of war. People speculate. I'm pretty good about dividing and then you can just put that off to the side and come back to it. Some people speculated about everything before there was real good information. What I like now is we have real information today.

I just went through this. Where there was a connector, I had already acknowledged we need a five-year plan to modernize the operations, processes, tools, and some technology. All of those things would have been extremely helpful in this ops disruption. Rather than that's an aha, to me, it almost validated that we're on the right path because it validated our need to modernize.

I wish, number one, the disruption had not happened. I wish we had had more time to work on the modernization. It also validated the moves we were already making. We had already put a lot of staffing into crew scheduling before this ever happened.

We had already made that combination of network planning and the NOC, network ops control. Moves that had already been made, to me, validated they were needed because the ops disruption and these OW findings have revealed that.

I'm not trying to be arrogant at all. We knew a lot of these things. Again, I've been going on a long time, but the big discovery, the big aha for me was the winter ops preparedness. We've operated well historically. This storm was extraordinary, both in terms of cold, moisture in the air, and so just an understanding of how much more we need to do to be fully prepared.

This app that tells you how much holdover time that you have...We use an app. The vast majority of other carriers use something different called SureWeather. In Denver, our holdover time for two days was basically telling us zero minutes. In other words, you can't fly because once you decide, you have zero minutes to take off.

Most other carriers were getting much longer times. They were effectively able to operate. We had to shut Denver down. The needs in the winter ops preparedness was the biggest aha for me by far.

Mark: Can I just ask a follow-up to that, Bob?

Bob: Yes, sir.

Mark: One of the questions we talk to investors about is, and this goes all the way back to why

don't you charge for bags and so forth, and all the conspiracy theories about whether the technology would have allowed for it when the industry first went there, and Southwest was so stuck in their ways and so forth.

The question I get all the time is, why is the best airline in the world, and you are, if not the best, one of the best airlines in the world, with the best balance sheet and the most cash flow, why don't you have the best of everything? Why don't you have the best technology backbone?

Is there something structural in the inherent simplicity of the Southwest business model that was just left over that led to this? You, your management team, and with the board, are you thinking about almost like the DNA, if you will, of Southwest Airlines and whether or not you should use this cash that you have and think about how you're investing differently going forward?

Bob: We've been a terrific operator for 52 years. It's not like, suddenly, we didn't know how to operate. Southwest has been a terrific operator. I've been here 35 years. We've been terrific that time and before. We are larger and more complex than we've ever been. We have a wider network. We have larger, we call them, mega cities.

Obviously, weather is more severe, period, just generally in the last 10 years. There's been a lot of focus on technology. Do you spend enough? Do you have technical debt? We spent \$1.3 billion a year on technology this year. Every company has technical debt. Every company has systems that are new and systems that they need to work on.

In the last five years, we put in new res systems, new tech ops, state-of-the-art maintenance system. We put in new gate management systems. We put in a new human capital, human resource system. I can go on and on and on. There's been a ton of investment in technology.

Not answering your question. When you go back to Investor Day, Andrew had a plan to modernize the operation for a reason. That's a theme for a reason. As we've gotten larger and complex, we have definitely discovered needs to be able to manage the turn better, take out paper, manage resources better, understand exactly where they are on the airfield as an example.

We've moved basic things. If you wanted to trade your shift as a ramp agent, until not long ago, that was a piece of paper that you submitted. That's now electronically. The aha maybe for me was that there were a number of places where we did need to modernize. I don't think any of those are fundamental to running the airline.

If you look at the Skysolver, there's been a lot of focus on the Skysolver gap, that there was a functional gap, it couldn't solve these past problems. That's what pushed us over, pushed us to manual, ultimately couldn't keep up. That's ultimately what caused the reset. That gap was never discovered because we'd never had past problems before.

The cascading, rapid close-in cancels overwhelmed the processes, which then pushed the solving instead of being in front of you solving a crew line, it's now behind you by an hour or two. The Skysolver had never seen that. Rather than being a deficit in the system, it was basically functionality that had never been asked for, which is now in place.

There's not something about the model of Southwest Airlines that is causing us to underinvest. We invest significantly in technology. I do think we have had places and systems maybe where we overcame processes just with hard work.

It's like the paper and the turn as an example, which is exactly why we had to modernize the operation strategy as one of our top strategies for the next five years. I do not think we have a chronic underinvestment in technology, though.

Mark: How much was the situation over the winter here exacerbated by the growth of connecting traffic on the network and how you think about running the airline with the growth of connecting traffic?

Bob: There's been a lot of speculation of it's the point-to-point network. It's the way the network is designed that is causing this issue. If you go back to the root cause that I just went through, the root cause was the inability to operate at the planned throughput in Denver, Chicago, and other places.

We had a plan. We did our advanced planning. We cut those cities down to about 40 percent. Had that executed properly, we would have been just fine. What happened is we got into the day and couldn't even come close to operating at that level. We weren't able to deice at the right pace.

Then you hit this deicing holdover limit where it said, "Doesn't matter. You can't take off because there's no holdover time between deicing and takeoff, so you must stop flying in Denver." Same thing happened in Chicago. That's what produced all these cancellations that then cascaded and provided so much work that it tilted us over into crew solves.

It wasn't the design of the network, it wasn't the crew flows, it wasn't the aircraft flows that was the root cause. It was the inability to deice and operate at the throughput that we expected. No matter what the crew or network design looked like, the fact that we couldn't operate at the planned level in those two cities, that's what caused the issue.

It would have caused the issue no matter what the network structure was makes sense. We found nothing in our network design that indicates it was an issue.

Bob: Just to level set, where is connecting traffic now versus a few years ago, coming out of COVID?

Bob: We're roughly the same. Our one stop of connecting traffic is roughly 25 percent and 75 percent nonstop, so we really are very consistent where we have been historically.

Bob: Bob, I started...

[crosstalk]

Bob: in research in 1991. Tammy knows this. She was the very first airline executive that I ever met. The reason I mention this is because I've been around for a lot of downturns, starting with the Gulf War in '91 and everything since then. I won't recount that.

My impression, and I think the data would back me up, is that the Southwest has emerged stronger following every downturn. You think about the failure of Midway Airlines and what that allowed to accomplish in the post 9/11 environment.

Bob: Yes, sir.

Mark: The fuel hedge going into the financial...during 2008. Setting aside December, this seems to be the first downturn that you have not clearly and structurally emerged superior to your positioning going in. Why is that? Does that speak more to Southwest or just the unusual nature of the COVID downturn? This is the first time...

We all expected, back in 2020, they're going to inherit the earth. They're going to take over. This is just going to fuel their model and victory, victory, victory. It doesn't seem to have happened that way. How come?

Bob: Boy, that's a good question. This downturn was like no other. You look at COVID. When your business is down 98 percent, you have 2 percent of your folks flying, that's not a normal recessionary kind of downturn. We rocked along a business down 70 for nearly a year. We managed in a different way.

I would argue that we did exactly what you said. We came out of the downturn much better positioned than anybody else. We have net cash and cash in excess of debt of, I think, about \$4.2 billion right now. We opened 18 new cities.

We expanded the route network. We aggressively hired. We're on our Boeing contractual delivery plan. As you look forward, we've not tempered our growth. We gained market share. We gained passengers. We restored capacity at a faster rate. We have a much stronger balance sheet.

I think we came out of the pandemic in much better shape, and I also don't think that the story is fully written. We're still coming out here a bit. You've got this potential recession. Obviously, this event, with the disruption, is a factor that interrupts some of that progress, but I see that as a one-off.

We're in very, very good position. We're the first airline to be fully staffed back to pre-pandemic levels. I'm very proud of the way we handled the pandemic.

Mark: Questions from the room, before we run out the clock here.

Audience Member: Just speaking to your modernization goals, how much in capital investment do you think is needed to reach those goals? Over what time frame would these investments be made, and how do you expect to finance it? More specifically, should we expect your cash balance to decline materially?

Bob: There's a lot in there, because the modernize the operation is a very wide program. We always have a large amount of spending, particularly in technology devoted to operations. That will continue. We have boosted that modestly, even pre the operational disruption.

It's a five-year plan for a reason. Some of these things are faster. Some of them take longer, particularly the infrastructure. The operational disruption adds both additional new things on top of that technology plan, modernization plan, and it, in all likelihood, adds pace to some of those.

We're having the debate around the technology priorities and spending right now. I do expect the operational disruption to add tens of millions of dollars to the tech plan, but a lot of it was already in there. My guess, a lot of it is actually about timing and prioritization.

The balance sheet, we're very well positioned both from a balance sheet perspective and a free cash flow perspective. I don't see us having to finance that investment because, again, a lot of it is technology. It's already in our \$1.3 billion a year technology plan.

I almost see it as more routine than an extraordinary investment. What we're really doing is putting a focus on those things that we need to do to modernize the operation. The spending will come up. It will come up primarily to handle the ops disruption.

Mark: One last question for me, Tammy, for you. We've talked about it a little bit in the past, MAX 7s versus MAX 8s or Dash 7s versus Dash 8s.

Boeing, obviously, is still delayed with the Dash 7s. We've also talked a little bit about the carbon footprint of both. It's a more carbon efficient airplane, the bigger sized variant.

Have you rethought about sort of your mix of sevens versus eight going forward in light of everything that's going on? The production delays, carbon footprint, any change to thinking there?

Tammy Romo: Not really, Mark. We always evaluate and we will continue to do so. We do have a lot of flexibility with our order book.

No, having a healthy mix of Dash 7s in the fleet serves our business model well. It serves the needs of our more short haul to medium haul market. We are still excited to get the MAX 7. We're looking forward to that getting certified. As soon as we get the certification, we'll bring on the Dash 7, at least at this juncture, in line with our with our plans.

Really no wholesale changes to that thinking at all, although admittedly, that's something that we'll continue to evaluate.

Mark: Great. Bob, Tammy, Ryan, thank you very much. That's all we have time for.

Bob: Thank you all so much.

Ryan Martinez: Thank you.



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