

Southwest Airlines Co. NYSE:LUV

FQ2 2025 Earnings Call Transcripts

Thursday, July 24, 2025 4:30 PM GMT

S&P Global Market Intelligence Estimates

	-FQ2 2025-			-FQ3 2025-	-FY 2025-	-FY 2026-
	CONSENSUS	ACTUAL	SURPRISE	CONSENSUS	CONSENSUS	CONSENSUS
EPS Normalized	0.51	0.43	▼ (15.69 %)	(0.06)	1.00	NA
Revenue (mm)	7288.99	7244.00	▼ (0.62 %)	6947.96	28059.25	NA

Currency: USD
Consensus as of Jul-25-2025 2:46 PM GMT

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- EPS NORMALIZED -			
	CONSENSUS	ACTUAL	SURPRISE
FQ3 2024	0.04	0.15	▲1 275.00 %
FQ4 2024	0.46	0.56	▲2 21.74 %
FQ1 2025	(0.19)	(0.13)	NM
FQ2 2025	0.51	0.43	▼3 (15.69 %)

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Call Participants

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Presentation

Operator

Hello, everyone, and welcome to the Southwest Airlines Second Quarter 2025 Conference Call. I'm Gary, and I'll be moderating today's call, which is being recorded. A replay will be available on southwest.com in the Investor Relations section. [Operator Instructions]

Now Lauren Yett from Investor Relations will begin the discussion. Please go ahead, Lauren.

Lauren Yett

Advisor of Investor Relations

Thank you. Hello, everyone, and welcome to Southwest Airlines Second Quarter 2025 Earnings Call. In just a moment, we will share our prepared remarks, after which we will move into Q&A. I'm joined today by our President, CEO and Vice Chairman of the Board, Bob Jordan; Chief Operating Officer, Andrew Watterson; and Executive Vice President and CFO, Tom Doxey.

A quick reminder that we will make forward-looking statements, which are based on our current expectation of future performance, and our actual results could differ materially from expectations.

Also, we will reference our non-GAAP results, which exclude special items that are called out and reconciled to GAAP results in our earnings press release. Our press release with second quarter 2025 results and supplemental information were both issued yesterday afternoon and are available on our Investor Relations website.

And now, I am pleased to turn the call over to you, Bob.

Robert E. Jordan

President, CEO & Vice Chairman of the Board

Thank you, Lauren, and thanks to everyone for joining us today. Southwest is on a transformational journey, the largest in our history, as we work to evolve our product and deliver increased value for shareholders and more choice for our customers. Our plan remains on track, and I have high confidence in our transformational journey and the significant value it brings. And that value accelerates this year and then more meaningfully in 2026. Additionally, I'm happy to report that we are seeing signs of improvement in industry demand. Changes and enhancements are being implemented very rapidly. In first quarter, we amended our agreement with Chase. We implemented enhancements to our Rapid Rewards program and launched Expedia, which continues to exceed our expectations.

We began 24-hour operations with our first red-eye flights, and we launched our partnership with Icelandair. We accelerated our cost reduction plan and continue to execute very well on cost with broad-based cost discipline across the company. Moving to the second quarter. The pace and the quality of execution continued. We began charging checked bag fees. We reintroduced the expiration of flight credits and implemented our basic economy product and enhanced fare structure, which lays the foundation for meaningful product differentiation when assigned and premium seating become available. Those changes were announced in March and successfully launched in less than 100 days. I'm just extremely proud of our operations, commercial and technology teams for their work to support an exceptional operational rollout. The revenue contribution from bag fees has exceeded our expectations so far, and we've experienced no negative impact to the operation.

Additionally, during the quarter, we began retrofitting aircraft for extra legroom seating with about 1/4 of our fleet now modified. Moving on to the third quarter. Earlier this week, we announced that we will begin selling assigned and premium seating on July 29 for flights beginning on January 27. We announced service to St. Thomas, which will begin operation early next year. And just this morning, we announced new and enhanced benefits to our co-brand credit cards offered through Chase. These benefits align with our new product offering and are designed to incentivize increased spending with perks like more points for everyday spending on things like groceries, gas and dining purchases. And I'm pleased with the pace of the execution, and we are not slowing down.

Our initiatives will continue to roll up and to ramp, and we expect them to deliver a more meaningful contribution in the fourth quarter of this year and a much greater contribution in 2026 once we begin operating assigned and premium seating along with this year's enhancements. And I want to reiterate that our current initiatives are not the endpoint in our product strategy and evolution. As we've stated before, we are committed to evolving further to meet the needs of our current and our future customers. Turning to the macro environment. Industry demand stabilized in the second quarter. And while it's early, our recent bookings show clear signs of

improvement. This improving demand environment, along with moderated capacity in the industry and the accelerating ramp-up of the contribution from our Southwest-specific initiatives provides a constructive backdrop for the second half of the year and into 2026.

We have provided an updated full year EBIT guide of \$600 million to \$800 million and a reconciliation to our previous guide of \$1.7 billion. This includes nearly a \$1 billion drop from the precipitous decline in the macro environment that's being felt by the industry, net of some inflection back up for the rest of the year and a \$100 million decrease from higher fuel costs with our \$1.8 billion portfolio of initiatives and relative domestic unit revenue outperformance continuing to drive incremental value for the year.

Our updated full year EBIT guide still represents meaningful year-over-year improvement and we continue to expect significant EBIT expansion in 2026 as the value contribution from our slate of initiatives continues to accelerate. On top of that, given our overweighting to the domestic market, we would expect to be an outsized beneficiary of any recovery in the domestic demand environment. Our strong and efficient investment-grade balance sheet continues to provide support and flexibility as well. Underscoring the belief in our transformational plan, strong management execution and the ability to deliver significant value for our shareholders, our Board of Directors has authorized a new \$2 billion share repurchase program expected to be completed over a period of up to 2 years.

Tom will provide insight into our strong capital allocation framework, which balances a strong and durable investment-grade balance sheet with the capacity for further share buybacks at what we believe are attractive levels. I'm very excited about the future that we're building here at Southwest, and we will continue executing on our plans with urgency and with purpose. Above all, I want to recognize our incredible employees for their excellence and their one-of-a-kind hospitality as we all work together to deliver on our vision.

And with that, Andrew, I will turn it over to you.

Andrew M. Watterson
Chief Operating Officer

Thanks, Bob. I'll start by also recognizing our people for continuing to run an excellent operation. I'm especially proud that we led the industry in on-time performance for the first half of this year. We continue to have a strong completion factor, canceling fewer flights during the regular operations compared with our larger peers and recovering very quickly with little to no hangover in the days that follow. I commend our teams for rising to the challenge during this transformational time.

We reached a key milestone with the launch of our basic economy product and checked bag fees on May 28. A tremendous amount of work enabled that rollout, including training for our people on new policies and tools. The operational rollout was incredibly smooth. Implementing these changes in May was designed to set the foundation for our product differentiation ahead of beginning to sell assigned and premium seating. Today, the incentives to buy up are primarily flexibility and free checked bags. When we begin selling the assigned and premium seating next week, more enhancements and choices will exist, allowing for incremental product differentiation for customers.

As we've previously shared, we did not see a measurable customer impact in the period between the announcement of these changes back in March and the implementation in late May. The day before the changes were implemented, we did see a modest pull forward in bookings. And in the days following May 28, we experienced a temporary decline in bookings, primarily in basic economy. Starting from day 1, the team has worked continuously to optimize our approach to selling basic economy. There has been an ongoing effort to optimize the product descriptions and the basic economy booking flow, which initially included barriers to booking basic economy that resulted in reductions in overall website conversion.

We quickly refined the booking flow and product descriptions to reduce friction and bookings have returned to expected levels, with promotional activity backfilling gaps from this brief period of lower conversion. This resulted in an impact to second quarter 2025 year-over-year RASM of nearly 0.5 point, and we expect an impact to third quarter 2025 year-over-year RASM of approximately 1 point. Moving to checked bags, well over half of our customers are now flying on bookings made beginning May 28. We are encouraged to be seeing higher-than-anticipated take rates for paid bags. At this early stage, we're already trending at the higher end of the bag revenue per passenger rate of our larger peers, which is in excess of our estimates. We've seen a modest increase in gate checked bags as expected, but have experienced no negative impact to the operation.

We prepared for this change by implementing new systems and processes, which have supported the exceptional operational rollout. For example, we're using a machine-learning tool that predicts the number of gate checked bags needed for each flight, which enables our teams to act early and keep the operation running smoothly. Overall, we're pleased with the product changes and look forward to the continued ramp of these initiatives according to our plan. We're excited to begin selling assigned and premium seating on Tuesday and look forward to operating these new products beginning January 27.

As Bob mentioned, we've modified about 1/4 of our fleet, and we've already started to monetize these retrofit aircraft by notifying customers that will be on a flight with extra legroom seats and inviting them to take advantage of our existing upgraded boarding product. We've been very pleased with our co-brand agreement with Chase, and we're excited about the new and enhanced benefits on our credit cards announced this morning, which align with our new product offering.

New benefits include one free checked bag, pre-flight seat selection and upgrades to extra legroom with any fare bundle as well as earlier boarding. Even before these new products and card enhancements, we've seen increased sign-ups with our existing card. Beginning in our August schedule, we're providing more connecting opportunities to drive load factors. We will still have the largest point-to-point network in the industry, but with additional connection options layered in, driving improved network utility and more options for our customers. The connection opportunities will vary by season, day of week and time of day with less structure connectivity in peak times.

We're expanding our network and look forward to launching service to St. Thomas early next year. This is our first new destination to launch since 2021, and we expect to announce at least 2 more new destinations later this summer. We recently announced our second airline partner, China Airlines, and plan to launch operations with them early next year. We also announced 3 new gateways for our Icelandair partnership, Pittsburgh, Orlando and Raleigh-Durham, bringing us to a total of 6 gateways. We've made progress with our Getaways by Southwest product, which is planned to launch this quarter. And through the combination of [turn] and red eye initiatives, we have exceeded 2019 aircraft utilization levels, while at the same time improving the quality of our operation.

After a steady trend of deteriorating demand starting in the first quarter, the macro environment stabilized at lower levels during the second quarter and resulted in 2Q RASM down 3.1% year-over-year, including the nearly 0.5 point impact from the decline in bookings following our May 28 policy changes. I'm pleased that we again outperformed our large industry peers on domestic unit revenue. Our 3Q RASM guide of down 2% to up 2% year-over-year assumes a modest sequential improvement in demand, includes roughly 1 point impact from the decline in bookings following our May 28 policy change, a 1-point headwind from lapping last year's CrowdStrike incident and is partially mitigated by our initiatives continuing to ramp.

Looking to 4Q RASM, we assume further sequential improvement from third quarter, both from anticipated improvement in domestic leisure travel trends and accelerating incremental revenue from our initiatives continuing to ramp. We will provide more specific RASM guidance for the fourth quarter during our next earnings call. We remain committed to our reduced capacity plan for this year with full year capacity up just 1% year-over-year, with trips down roughly 2% this year and the modest growth driven by our turn and red eye efficiency initiatives. We've made tremendous progress, and we're not slowing down.

With that, I'll turn it over to Tom.

Tom Doxey
Executive VP & CFO

Thanks, Andrew, and hello, everyone. As you've heard from both Bob and Andrew, we remain on track for our slate of initiatives. We are reiterating our incremental initiative EBIT contribution targets of \$1.8 billion in 2025 and \$4.3 billion in 2026.

Of the \$1.8 billion initiative EBIT in 2025, we have successfully executed and met our plan expectations in both the first and second quarter of the year, already realizing roughly 1/3 of this year's expected value. We continue to expect the remaining 2/3 of this year's EBIT contribution to be achieved in the back half of this year as the ramp of the initiatives continues to accelerate according to our product rollout and plan. We feel confident in our ability to deliver against these targets and the Southwest specific levers we have to mitigate the current industry demand environment.

We'd like to provide more detail into some of the early successes that we are seeing from several of our initiatives. First, checked bags. As Andrew mentioned, we are already trending at the higher end of the bag revenue per passenger rate of our legacy peers. We currently estimate that checked bag fees will result in more than \$350 million of EBIT for the full year 2025, which compares favorably to our initial estimates and has a run rate of approximately \$1 billion of EBIT had it been in place for the full year.

Second, we remain on track with our cost savings target of \$370 million for 2025 based on actions we have taken to date, most notably, the headcount reductions in the first half of this year and the related salaries, wages and benefit savings and additional cost savings that have been identified. Leaders across our organization are highly engaged in our cost reduction plan, and we are seeing cost discipline across the company. Third, the evolution of our marketing and distribution strategy. As Bob mentioned, bookings through our new channels have exceeded our expectations, in particular with Expedia, which now represents roughly 5% of our passenger volume and more than half of that 5% being customers that are net new to Southwest. These items, together with other initiatives such as our loyalty program earn and burn changes, our amended Chase deal, new credit card sign-ups, flight credit

expiration, network changes, the creation of additional connection opportunities, red-eye flying and more give us high confidence in our ability to achieve our target this year.

And finally, our new basic economy product is now in place and sets the stage for the additional product differentiation that will come from the operation of seat assignments and extra legroom seats that will start in January. We expect EBIT contribution to continue to increase into 2026 as our current year initiatives mature and as we launch new initiatives. We're pleased to have provided the full year 2025 EBIT guidance that Bob walked you through, and we'll remain focused on strong execution to drive meaningful EBIT expansion in 2026.

Turning to nonfuel costs. Second quarter CASM-X came in at up 4.7%, near the midpoint of our guidance range and included a headwind of roughly 0.5 point from a noncash mark-to-market adjustment for nonqualified deferred compensation plans, which was driven solely by the recent strong stock market performance. I am pleased with our management of controllable cost items in the second quarter. We expect third quarter CASM-X to be in the range of up 3.5% to 5.5%, sequentially in line with the second quarter, but on a lower capacity base and includes roughly 0.5 point from aircraft retrofit costs to support our extra leg room seating, which launches in 2026 and roughly 1 point of year-over-year pressure from the timing of engine overhaul expenses in the quarter.

Fourth quarter CASM-X, excluding the impact of book gains from fleet transactions in the fourth quarter of both years, is expected to be in the low single digits. As a reminder, we had a large sale-leaseback transaction that resulted in a \$92 million book gain in the fourth quarter of 2024. We also expect aircraft retrofit costs to drive up to 1 point of 4Q CASM-X pressure. We will provide more specific cost detail for the fourth quarter during our next earnings call. Overall, we are managing costs very well. And again, I am very pleased with our overall cost management and cost reduction efforts, which create good momentum as we head into 2026.

Moving to fuel. We recently terminated our remaining hedge portfolio for cash proceeds of \$40 million, which reduces our future premium expense through 2027. Further detail is included in yesterday's press release. We now have no active fuel derivative contracts and currently estimate third quarter fuel cost per gallon to be in the \$2.40 to \$2.50 range. Turning to fleet. We've updated our 2025 aircraft delivery assumption from 38 to 47 deliveries this year as Boeing continues to ramp up production. We continue to be encouraged by the progress being made by Boeing and are pleased to have received 17 aircraft deliveries in the second quarter.

As we have previously communicated, additional deliveries of new aircraft give us increased fleet flexibility. As Bob and Andrew stated, we're committed to keeping our full year capacity growth at up about 1% this year. With these incremental deliveries, we now expect to retire roughly 55 aircraft in 2025, an increase of about 5 from the previous estimate. And this also includes five 737-800 aircraft that we expect to sell this year. And just recently, we also executed agreements for the sale of eight 737-800 aircraft that will occur in the first half of 2026. And we're in the process of negotiating additional sales transactions.

We continue to expect 2025 capital spending to be in the range of \$2.5 billion to \$3 billion, which includes the additional aircraft deliveries expected this year as well as the expected proceeds from aircraft sales. Moving to the balance sheet. We repurchased the remaining \$1.5 billion under the previously announced \$2.5 billion buyback and expect final settlement of shares to complete by the end of this month. We're pleased with the expected outcome of this program, having purchased shares at prices well below current levels. Completion of this share repurchase authorization effectively offsets the dilution from our common stock offering in May 2020. And yesterday, we announced that our Board of Directors has approved a new \$2 billion share repurchase authorization, which we expect to be completed over a period of up to 2 years, demonstrating our continued optimism around our plan.

I'd also like to provide more detail on the capital allocation framework that we will use as a guide as we move forward, which will support our continued commitment to a strong and efficient investment-grade balance sheet. We will be shifting from a cash target to a liquidity target, which will be \$4.5 billion, comprised of \$3 billion in cash and an upsized revolver of \$1.5 billion, which is an increase of \$500 million from the previous revolver size. We completed the upsizing of the revolver earlier this week. This target provides appropriate liquidity levels to cover near-term business needs with access to additional liquidity available through a significant amount of unencumbered assets. We will target a gross leverage range of 1 to 2.5x adjusted debt, meaning gross debt plus operating leases to adjusted EBITDAR.

After paying off \$2.6 billion of debt for the prepayment of the first tranche of the Payroll Support Program notes and the payoff of our convertible notes, we ended the quarter with leverage of 2.1x. We will prioritize our use of capital to: one, continue to invest in the business; two, reduce leverage and maintain balance sheet strength; and three, provide returns to shareholders through repurchases or dividends through free cash flow, surplus cash or surplus debt capacity.

And with that, I'll hand it back to Bob.

Robert E. Jordan
President, CEO & Vice Chairman of the Board

Thank you, Tom. Before we move on to Q&A, I want to leave you with a few key points. First, we are performing well on a relative basis and are encouraged with the recent signs of improvement in the demand environment. We continue to execute on our initiatives. We had an exceptional operational rollout of bags and basic, and we are making rapid progress to sell and operate assigned and premium seating, which will bring many of our initiatives together.

Second, we are confident we have an appropriate capital allocation framework and guardrails in place to operate as efficiently as possible and maintain our relative balance sheet strength and position, which we view as a significant strategic advantage. Finally, we remain committed to the plan we have in place, including successful execution and implementation of our transformational initiatives. All of this is focused on controlling what we can control to not only deliver exceptional customer value and continued loyalty, but also restore the financial returns we are known for while maintaining our unique and differentiated culture with much more to come as we roll out further enhancements to our product offering.

And with that, I'll pass it back to Lauren to start our Q&A.

Question and Answer

Lauren Yett

Advisor of Investor Relations

Thank you, Bob. This completes our prepared remarks. We will now open the line for analyst questions. [Operator Instructions]

Operator

[Operator Instructions] Our first question comes from Catherine O'Brien with Goldman Sachs.

Catherine Maureen O'Brien

Goldman Sachs Group, Inc., Research Division

I just had a question on how we should think about the EBIT initiatives ramping up over 3Q and 4Q. I realize 2/3 of the initiatives are coming back half of the year. But on my math, your guide implies an EBIT loss in the third quarter, which taken in conjunction with the first half means the majority of this year's expected EBIT will be produced in the fourth quarter. What drives that 4Q versus 3Q ramp? I'm just trying to understand how much of it is ramping initiatives versus industry assumptions.

Robert E. Jordan

President, CEO & Vice Chairman of the Board

Yes. Catie, thanks for the question. I'll give it a start and then pass it over to Andrew, but you've got a combination of, obviously, initiatives ramping up like bags. We gave you an annualized number on bags at \$1 billion in EBIT. And with the booking curve, most of that's in place in the fourth quarter. You have flight credits and rapid rewards optimization and a long, long list of initiatives that ramp across that period. You also have some assumptions around the continued sequential improvement in the demand environment. And I think split between kind of those 2, you've got about 4 points of improvement between the initiatives ramping and the assumptions around sequential improvement. But it's really that. But Andrew, I think you can give a little more detail.

Andrew M. Watterson

Chief Operating Officer

Yes, so flat RASM in Q3, the guide implies roughly a 6 point improvement in RASM. So let's focus on the revenue side. So of those 6 points, 2 are the kind of the lack of a negative. So we have the basic economy headwind in Q3 as well as the CrowdStrike compare in Q3. So that leaves you with the 4 points that Bob referenced split between macro and initiatives. If you decompose the macro, you have the improved environment we see right now. So we -- like others, we see from June to July, we saw improvement in the macro environment. And that means Q4, its booking curve is much less exposed to weakness compared to Q3. So that's a tailwind that will persist even if nothing else improves.

And you also have the capacity coming out of the marketplace starting post summer ramping through. So a combination of already published capacity reductions, the already seen macro improvement gives you tailwinds into Q4, and we see, I think, a strengthening trends, so it could be more than that. And then on the initiative side, Tom and Bob both gave you the bag numbers. And so those, as you see, ramp through the whole booking curve, all of Q3 was not exposed to bag fees, but essentially all of Q4 will be because of the nature of when the bookings take place. And then there's a few other things that are also in the initiative bucket that are also previously implemented and still in the booking curve compared to earlier in the year.

The earned burn change will be fully in Q4, then the flight credit expiration as well will be fully in there. And so those initiatives together provide a sequential 3Q to 4Q improvement as we kind of fully bake into the booking curve. What's not in there, though, is basic economy. We're assuming it will be kind of a flattish impact. We assume there will be a positive impact in Q1 when we go to assigned seat, that's a more compelling buy-up from basic economy to choice. However, should we succeed in making it a positive before then, that's an additional tailwind as we go throughout the second half.

Tom, anything to add to that?

Tom Doxey

Executive VP & CFO

I think you said it well.

Catherine Maureen O'Brien

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Goldman Sachs Group, Inc., Research Division

Okay. Great. And maybe just one follow-up on the bag fees. So I guess you said that it's tracking ahead of plan. Is that just a volume thing, the rate you're able to charge? How do we think about that? And then on the other side, how are you tracking any potential book away from bag fees? As customers were used to your fare, including a bag fee, has there been any impact to sold fares post bag fee rollout? Like can you talk about book PRASM pre and post bag fee? That was a loaded question. I'm sorry. So please go wherever you want.

Robert E. Jordan*President, CEO & Vice Chairman of the Board*

And no, the rollout of bag fees and basic economy, which came together along with some other things. I've just got to stop and just say thank you to our folks. I'm really pleased. I mean from sort of conception and agreement we were going to do that to the implementation on 5/28 was, I think, 91 days. So just a terrific execution. And then the execution and the launch itself, we were well prepared, just saw no operational impact. We're checking about 1/3 less bags. Very few of those are turning into gate checked bags. So very prepared operationally, so no impact there. And then really no customer impact that we can detect, certainly no book away. We did have a couple of week period where we were tweaking really the digital flows of selling basic economy, but that was more about how we were selling it versus customers not buying.

So there's no customer reaction to bag fees and what we put in on the 28th. The outperformance really is because we've not modified our pricing. It really is -- we're checking more bags per passenger than expected. That's really where the outperformance is. We're sort of middle to above midpoint of the industry in terms of bags that are being checked and paid for. So that's really where the outperformance is. And it's been incredibly stable from the day we started 5/28, just calculating an annualized number through today, it's been sitting right on top of that \$1 billion number the whole time. Andrew?

Andrew M. Watterson*Chief Operating Officer*

I'd add to that, Bob, that if people were displeased with our offering and no longer had affinity for Southwest Airlines, they wouldn't come to our website. And we actually saw no change in website traffic kind of pre post 5/28. We did see, as we went through the booking flow, lower conversion on the basic economy fare. And in particular, that was from 5/28 through June 15. That couple of week period of time, we saw that reduced conversion rate as people who were booking basic economy kind of the -- it was concentrated further out DBDs where people's travel plans are less certain combined with the kind of increased restrictions on the product that comes from Wanna Get Away moving to basic economy.

And so the teams were able to modify language, booking flow and such on the website, a combination of digital and marketing teams. And so that conversion rate then came back up. So in 6/15, we were back to regular business, if you will. Now there was a whole period of dislocation we had to backfill the missed bookings, if you will. And so we had a heightened promotional activity after that to kind of backfill those missed bookings. And then in addition to that, unrelated to our promotional activity, at the end of June, like specifically look to us like June 28, we saw this kind of macro step-up that happened. There was a further tailwind to our bookings.

So overall, it was kind of a brief period of dislocation related to conversion and related specifically to basic economy conversion really focused on further DBDs.

Tom Doxey*Executive VP & CFO*

And the impact that we've talked about, the 0.5 point in 2Q and the full point in 3Q, just to be very clear on Andrew's comments, those are bookings for flights or bookings that occurred during that temporary time period immediately following that Andrew just outlined or should have occurred or would have occurred for flights that would have been flown in second quarter and third quarter. So the point that is the impact for 3Q is not about a continuation of that dislocation. It's from that period of when the bookings should have occurred for flights that would have been flown in 3Q. So that is behind us.

Operator

The next question is from Jamie Baker with JPMorgan.

Jamie Nathaniel Baker*JPMorgan Chase & Co, Research Division*

So building on this -- on the EBIT math, you're guiding \$1.8 billion of incremental EBIT, but \$600 million of total EBIT at the low end. So obviously, that implies that \$1.2 billion of your core may have weakened. And Bob, I know you cited the macro. You could see the basic economy got off to a challenging start, however you want to put it. But does the macro plus basic economy explain the entire \$1.2 billion decline or apparent decline in your core? Or should -- or could there be some other contributing factors?

Robert E. Jordan

President, CEO & Vice Chairman of the Board

Jamie, thank you. No, I think it's fully explained. So yes, the one point -- and there's a lot of moving parts and math in here. But the one -- so we reiterated the \$1.8 billion contribution from the initiatives. And those -- it's like the bags, they're all performing very well. They're on track from a timing perspective. They're on track from a financial perspective. And in fact, when you hear us talking about the impact of this temporary conversion of basic period, the 0.5 point in Q2 and the full point in Q3, we are capturing that in reiterating the \$1.8 billion.

So in other words, making up for that in other initiatives is part of the \$1.8 billion. So reiterating the \$1.8 billion, it's there. So the offset from the \$1.7 billion guided for the year to the current midpoint [7], so it's \$1 billion. It's really -- fuel is up a bit and then it really is -- it's the macro. And we've talked about macro impact of 5% to 6%. Basically, all of our competitors have talked about a macro impact in the 5% to 6% range. And if you just -- and we all know that started kind of, call it, February 1 and then step down in March, step down in April. And if you think about booking curves and kind of do the math, you'll come to the \$1 billion.

And especially as you think about a modest sequential improvement in the third, more sequential into fourth. So not trying to get too wonky on you, but if you take that and then you kind of pro forma that impact on first, second, third and fourth, you get the macro impact of \$1 billion. So it is completely that 5% to 6% macro impact, not some other thing occurring in the base business.

Jamie Nathaniel Baker

JPMorgan Chase & Co, Research Division

All right. Got it. And then a quick one for Tom. So cash is down to its targeted level. You've got the new repurchase plan. You've got CapEx. It looks to us like Southwest might need to raise debt. If that's the case, should we be thinking unsecured public bonds or aircraft debt?

Tom Doxey

Executive VP & CFO

I think there's an opportunity if we decide to go that route, I think there's an opportunity for us to do either. And again, this is where the balance sheet strength comes in. We saw an issuance from one of our competitors a couple of months back that was really well received in the market. Maybe even just taking a step back from that. We were very deliberate about the time period with which we're rolling out this next round of share repurchases. We, over the next couple of years, have a lot of incremental EBIT generation that we're expecting based on these initiatives as they roll in.

And as that occurs, that gives us that flexibility that we have or that we would want to use that free cash flow that comes from the business that excess debt or surplus debt capacity that would be there within the framework that we've communicated today, but it's about doing that in conjunction with the improvements in the base business. And if that means that we raise some debt or refinance some debt as it matures, we'll do that.

Operator

The next question is from Michael Linenberg with Deutsche Bank.

Hillary Cacanando

Deutsche Bank AG, Research Division

This is Hillary calling in for Mike. I just have a quick question on other revenue. That line was lower despite the start of back season late May. Was there any accounting or noncash revenue recognition changes impacting that line or any impact from royalty changes?

Andrew M. Watterson

Chief Operating Officer

Yes. I'd say that our loyalty program hasn't been doing as well as we'd like in recent times. That is also though the subject of our card -- enhanced card portfolio initiative today, so which goes hand-in-hand with the product changes we've made. So we fully expect that line item to improve starting in Q3 as we come out with a new card portfolio with new benefits.

The benefits include a seating benefit, which is not common in the industry as well as a bag benefit, which is common and improved bonus points on dining, gas and groceries, which will increase kind of the debit active rate, how often one uses one's card, it will move to the top of the wallet. And these things are part of the new agreement with Chase, and that will drive increased acquisitions as well as increased spending per cardholder. And so we fully expect that then to show up into Q3 and beyond. That's one of the initiatives I referenced earlier in answering Catie's question.

Robert E. Jordan
President, CEO & Vice Chairman of the Board

And we made announcements today about additional benefits on the Chase card, really seating benefits. And -- but even before that, when we began to talk about the bag benefit in the card, we've seen a meaningful step-up in an increase in sign-ups for the co-brand card. And I expect that to accelerate with the announcements today around the seating benefits that come with the card.

Andrew M. Watterson
Chief Operating Officer

And it started on 5/28. So people knew about it after we announced it in March, but really, we saw the behavior change the day it went live.

Hillary Cacanando
Deutsche Bank AG, Research Division

Got it. Got it. That's helpful. And then just regarding your fleet planning, you increased your delivery assumptions to 47 aircraft from 38 previously. Is that number subject to increase again depending on Boeing's ramp-up in production, I guess, during the rest of the year? And if you could just talk about what you're seeing from Boeing as it relates to your planning.

Robert E. Jordan
President, CEO & Vice Chairman of the Board

Sure. And probably better questions for Boeing next Tuesday. But no, we're seeing -- I think we're seeing good stability out of Boeing. They ramp to rate 38 on the 737 production, and they've done a good job holding that. Next step would be, I think, rate 42. So -- and we're seeing good quality. So I think everything that we see out of Boeing is heading in the right direction.

Now the production and our deliveries are still well behind our contractual plan and what we actually need. But the point is we're seeing them move up, not down, which is good. So yes, we changed -- we moved our assumptions up from 38 to 47. Our retirements are fixed at roughly 55 this year. So as we get incremental aircraft or deliveries from Boeing beyond what we expected in our plan, we have a lot of flexibility in terms of what we can do with those, replacing older aircraft. We've got these sales into the market right now of -800. So yes, but I think net-net, the -- what we're seeing out of Boeing is a positive improvement. There's no -- you didn't ask, but there's no real new news on the -7 certification. We're still expecting that sometime -- for us sometime maybe first half of 2026, which would put entry into service for us at earliest late in '26. But there's really no new news on that certification at this point.

Tom Doxey
Executive VP & CFO

And with the increase in deliveries coming from Boeing, as you know, we're not changing our capacity plans. And you saw in the release that we talked about an incremental 5 aircraft, which gets to the 55 Bob referenced that we'll be selling later this year and then an additional 8 aircraft that we'll be selling at the beginning of next year. This gives us the confidence to be able to execute those sorts of sales as we start to see these deliveries come in with a higher frequency.

Operator

The next question is from Scott Group with Wolfe Research.

Scott H. Group
Wolfe Research, LLC

I just have one really, really quick one and then just a bigger picture question. So does your -- am I looking at this right that you're implying closer to like 4% capacity growth in the fourth quarter?

Andrew M. Watterson
Chief Operating Officer

Yes. The fourth quarter of last year was kind of abnormally low because of fleet shortages. So it was down lower. If you look at sequentially from Q3 to Q4, we're about 1 point high, but that's because Q2 to Q3 is about 3 points low. We are modulating that capacity versus peak off-peak, which creates kind of like slightly abnormal sequential changes. And particularly, we wanted to reduce exposure to August, September, but keep exposure to the strong parts of Q4, which was in October, November and December. They all have good peak periods in them. And so as we're taking that 1% growth we promised, we're putting that in places where it gives us the most return on our capital.

Scott H. Group
Wolfe Research, LLC

Right. I mean I guess my bigger picture question is you and others seem to be counting on a much better Q4 this year. And your capacity is accelerating in Q4. We heard from American, they're going to be accelerating a little bit in Q4. Like is that -- are we at risk of capacity is picking up in Q4, but we're counting on RASM to get meaningfully better in Q4?

Andrew M. Watterson
Chief Operating Officer

I think it's a comp issue, not necessarily what the market bears. So right now, what we see in the bookings, we like what we see. We've only modified October, by the way. November, December has not been modified in our promised reduction to get to our 1%. And so October is not 100% firm, but it's the one that had the reduction that we promised at Q1 earnings.

Robert E. Jordan
President, CEO & Vice Chairman of the Board

Yes, I was going to say you're not seeing final schedules just yet. And yes, we're going to end the full year capacity up 1 seats, I think roughly down 1% to 5%, trips down 2%. So yes, I mean, it's all a very constructive backdrop in terms of capacity, especially on top of what we all hope is a continued inflection in domestic demand here.

Andrew M. Watterson
Chief Operating Officer

Yes, because our seats in Q4 kind of going to be up like 0.7%. So what we need to sell is not actually a big Herculean lift because we introduced red and some longer haul and utilization, the ASM seems bigger, but the kind of lift to sell our capacity is much more modest than that.

Operator

The next question is from Savi Syth with Raymond James.

Savanthi Nipunika Prelis-Syth
Raymond James & Associates, Inc., Research Division

I'm just curious on the aircraft sales, just a follow-up on there. Just how you plan on handling that in terms of kind of cash flow and P&L?

Tom Doxey
Executive VP & CFO

Yes. So the aircraft sales will flow in, and you've got the book side of it, but you've also got the cash proceeds side of it. These are largely aircraft that are fully paid for. And so as we sell these aircraft, of course, the market continues to be very strong for used aircraft. A lot of the values for the aircraft is in the engine value. And so that becomes from a cash flow standpoint, basically flowing through kind of fully accretive to us. And there's book gains that are there as well. And maybe one thing to clarify, we continue to guide without any book gains in any of our guide. So that number that we gave you for the full year does not include any gains from sale. So we'll continue to do that as well. The book gains are less than the cash that will come to the business just with the net book values that are still on the aircraft.

Savanthi Nipunika Prelis-Syth
Raymond James & Associates, Inc., Research Division

And then maybe I can ask on the recovery side, you're seeing demand. Is that kind of leisure? Is that corporate? And could you give a little bit of color on what you saw corporate do in 2Q and how it's progressing?

Andrew M. Watterson
Chief Operating Officer

Certainly, I'll start with the corporate, which we saw in Q2, May was the worst. And so then June was better than May. July is better than June, and August is off to a strong start, even though it's kind of good for corporate. So good inflection in Q2 for corporate. And then also leisure, it was the same thing. We saw leisure customers really come alive there just before the 4th of July holiday.

Robert E. Jordan
President, CEO & Vice Chairman of the Board

And I think just generally, but I was saying, again, it's 4 or 5 weeks of trend. It's always hard to tell. But what I think what feels really different is just overall, is that it was just tough to get volume. I mean you could get yield close in on the flights that we knew were very strong. But even with promotions, it was tough to get volume going back several months. And we're starting to see the volume return. And that -- I think that's a strong sign that it's a broad-based recovery, again, a short period of time. But to me, that's very encouraging.

Operator

The next question is from Dan McKenzie with Seaport Global.

Daniel J. McKenzie
Seaport Research Partners

A couple of questions here on revenue segmentation. First, what percent of tickets today are clearing at an ultra-low-cost carrier fare? And what would you expect it to look like in 2026 once assigned seats are offered?

Andrew M. Watterson
Chief Operating Officer

I actually don't have that down off the top of my head. I apologize. We are seeing kind of a reduction in basic economy fares sold versus Wanna Get Away, you will buy up in a choice. And so we like the momentum of people deciding to voluntarily buy up. We do have bags now with it. So at the margin, it would give you incentive to sell a slightly lower fare if you thought a bag would come with it. But it really doesn't change our pricing strategy at the moment. And really, we want to use this to segment customers into those who are flexible in their travel and those who are not flexible in the travel. And those who are not flexible give them different options to buy up quality enhancements to the fare product.

Robert E. Jordan
President, CEO & Vice Chairman of the Board

And I think it's more about giving you a reason to buy up. And especially when we have the seating benefits, and you'll see this again next week when we start selling the new products with the seating benefit, give you a reason to buy up because in addition to other flexibility and other things in there, you've got a seating benefit or seating map and extra leg room access that goes with the product. It's more about letting you buy up to get the thing that's important to you.

Andrew said it, but just to give you a little more color, I mean, we haven't given you exact numbers, but the vast majority of our seats before were sold and Wanna Get Away. And there was a limited number of seats sold in that next column Wanna Get Away plus. And today -- and again, obviously, it's very early after just weeks, roughly half of seats are being -- half of passengers and seats are being sold in that lowest now called basic economy bucket. So that does give you some indication of the level of mix change we're already seeing and buyup we're seeing. And I expect that to continue because the reasons to buy up with the seating benefits should drive even more. But we're already seeing that vast majority become more like half.

Daniel J. McKenzie
Seaport Research Partners

Yes. Second question here, going back to the script that current initiatives are not the endpoint of the strategy evolution. I know the focus is -- on the fleet side, I know the focus is on the MAX 7, but is there any interest in the MAX 10 aircraft once approved and potentially a further segmentation of premium demand?

Robert E. Jordan
President, CEO & Vice Chairman of the Board

Yes. I think -- and again, not trying to be coy. I've hinted at things we could be doing. And you know what those could be because there's only a limited number of things you could do. So it's either more that we can do to segment the existing cabins we have, which would be more premium as an example. And things could come along with that. I've even mentioned things like lounges. And then beyond that, you've got network expansion. So being able to fly to places that our customers want to go, we cannot serve with the current aircraft. And so the point rather than to say we've got specific plans to do all those things, the point is to say that we're going to follow the customer and work very hard to give you reasons not to split your wallet.

Today, you have -- today, people love Southwest Airlines. But today, you've got to split your wallet in even cities where we're strong because we can't offer you some of the things that you want, especially long-haul international is just one example. So this is a point on the journey, which we're incredibly focused on, but not the endpoint. And I'll take just one quick 1-minute detour. I'm just really pleased with the execution of this point on the journey. If you go back just over the last even 5 months, I mean, we've got a new Chase agreement. We've got enhancements to Rapid Rewards. We launched Expedia. We started red eyes. We've added partners. We accelerated our cost plan from \$170 million to \$370 million for the year. We've launched bag fees, basic economy, reintroduced flight credits, and now we're selling assigned in seats and extra legroom next week.

So I mean, just an incredible list in 5 months. And there's a lot more to come this year. And my point is beyond that, we're not stopping. We're going to continue to understand how we keep serving our customers and meeting their needs. And it's one of those more to come. We're focused on the current transition and transformation, but this is not the end point.

Operator

The next question is from Andrew Didora with Bank of America.

Andrew George Didora
BofA Securities, Research Division

Most of my questions have been asked and answered already, but just one for Tom and just on the new liquidity and balance sheet targets. When we look at them versus kind of where Southwest was pre-pandemic, they both seem a little bit more aggressive here. I guess how did you get comfortable with these new targets, particularly in a much more difficult macro and at a time when you're going through a pretty significant brand revamp. Just curious how you thought about that.

Tom Doxey
Executive VP & CFO

Yes. Thanks for the question, Andrew. Our balance sheet is a big differentiator for us. To my knowledge, there are 3 investment-grade airlines in the world. And there's a lot of benefits that come along with that. And that's something that we need to protect as we move forward. And as you look at the various metrics, whether it's a debt-to-EBITDA ratio, cash levels, those sorts of things, we want to set a framework that sets us strongly in that investment grade. And we feel like what we're seeing here does that. Now we want to have a strong and efficient balance sheet as well. And so you'll continue to see us work within that framework.

And as we continue to improve the business through all of the things that we've talked about today, I mean, that list that Bob just went through is a really impressive list. And to think that in less than 100 days, we're rolling these different things out and they will ramp up as the year goes on and into next year, they create additional free cash flow for us that gives us the ability to also return capital to shareholders. But we thought it was important that as we are sort of on the front end of this journey that we've been talking about today that we put a framework there so that our investors understand the guardrails that we want to work in as we move forward.

Operator

The next question is from Tom Wadewitz with UBS.

Thomas Richard Wadewitz
UBS Investment Bank, Research Division

I wanted to ask you how you think about load factor. The load factor down, I think, a little over 400 basis points year-over-year, and it's, I think, a relatively low level compared to other industry -- other network players or big players in the industry. Is that something that you say, okay, this is kind of not what we're optimizing on at the moment. We're optimizing on bag fees and other things, and that will come back eventually? Or is that something that -- is that just improving supply-demand driven that it improved? Or does that actually affect how much you grow capacity in the future? Just want to get some thoughts around that because it does -- you have a number of positive things happening, but that seems like that's a meaningful drag in terms of the pressure on load factor.

Robert E. Jordan

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President, CEO & Vice Chairman of the Board

Yes. Tom, no, there's a lot in there, and I'll let Andrew chime in as well. But the yes, our load factor change year-over-year was sort of roughly what we saw from our competitors, but we started at a base where you're right, we have a gap and it's a gap that we are squarely in our focus to close. We have been -- the first half of the year, we were really focused on targeting yields to get the improvement. You're seeing that. But really targeting load factor is the objective here in the back half of the year.

Beginning next month, we have a whole series of network changes that are intended to drive extra connectivity because especially at the beginning, the early and the later part of the days, that's where you see the load factor gap showing up. And connectivity will really assist that. I think our points, the number of -- if you want to call them, we call them intentional connections, but kind of banking to offer connecting opportunities. Andrew, I think it's up 40% year-over-year beginning in August. And it is solely intended to create itineraries that help fill that load factor gap. But yes, do you want to add anything, Andrew? But no, it is absolutely in focus.

Andrew M. Watterson
Chief Operating Officer

Indeed, the -- and we've been saying for almost a year now that the first half of this year, we would focus on yield, primarily through getting more money off of our best flights where you have the ability to move your yields. And then the second half, we'd be focused on load factor, both with the intentional connecting opportunities Bob talked about, the connectivity as well as the introduction of basic economy, those in our distribution channels that Tom hit on, those are things that give us more volume at the top of the funnel, if you will. And those are working.

So right now, August is only down 0.5 load factor points year-over-year. And last August itself was up, if I'm not mistaken, 1 or 2 points in August before that. So during this period of macro weakness, we focused on not unduly discounting. And I think that our year-over-year RASM performance compared to others showed that was a wise choice to go for yield and not necessarily try to chase a falling knife. But now as we rotate the volumes available, we are pushing that load factor back up.

One thing to kind of keep in mind is the load factor reduction is not a sign of customers moving away. It's as we're taking MAX 8 instead of MAX 7s, our seats per trip is up about 7% pre to post pandemic, the underlying trend. And then -- but our customers per trip is only up 1%. So customers are up slightly, insufficient to use the -- to fill the extra seats, but these efforts we talked about are opportunities to fill those seats, which is a potential tailwind for us and we have been moving capacity peak off-peak because you could say, well, Andrew, your seats per trip are up 7%, do some reductions on your -- thin out your routes. And our trips per nonstop market are actually down 10% kind of pre to post pandemic.

So we are moving capacity around to try to address the supply-demand imbalance. But as Bob mentioned, it's mostly time of day, and we have these actions we're taking to try to solve that. And August is a good encouraging first month where we're seeing traction on load factor.

Thomas Richard Wadewitz
UBS Investment Bank, Research Division

Okay. Just to follow up on that, we -- it sounds like your initiatives are maybe a key in the connecting flights and everything, and that's kind of the key driver. It's not necessarily just kind of improving demand? Or is it maybe both of those together helping you in August?

Andrew M. Watterson
Chief Operating Officer

Well, it is the connections, the connection opportunities. We do have a lot more connecting itineraries. Therefore, our connecting composition is up in August. So that's a check. We do see that basic economy does allow us to have a sharper price points in certain areas, and that was to stimulate without fear of diluting corporate demand. And the distribution agreements that we referenced earlier are giving us additional net new customers. So all those things come together to allow us to make -- take advantage of the additional seats per trip we get from taking MAX 8s instead of MAX 7s.

Robert E. Jordan
President, CEO & Vice Chairman of the Board

Well, and you look at the changes, yes, the -- this is all intended to drive financial performance, and that's both yield and it's managing costs and it's bringing new customers to Southwest Airlines. That's the whole basis of the transformational plan is giving our customers what they want, giving them more and more reasons to fly Southwest Airlines. We just took the launch of assigned seating

and extra leg room, which will begin flying late January next year. We know that the -- more than 80% of our customers want assigned seating. 85% of those who don't fly us want assigned seating. It's the #1 reason -- open seating is the #1 reason people leave us and open seating is the #1 reason that customers who won't fly Southwest won't fly Southwest.

So all those barriers would tell you it's very logical that you'll have share shift, you'll have customers coming your way because they'll now put Southwest Airlines in the consideration set because we have assigned seating. So I think all these things together, the intentional connections and then the initiatives over time do a lot to restore that load factor gap.

Andrew M. Watterson
Chief Operating Officer

And that's a good reminder, Bob, our initiative value for assigned seat extra legroom did not include a share shift from people all of a sudden being willing to fly Southwest since we have assigned seating. So that's an unquantified upside. We would show up as load factor as well. So lots of opportunity here to get incremental EBIT from those seats.

Lauren Yett
Advisor of Investor Relations

Thank you. That wraps up the analyst portion of today's call. We appreciate everyone joining.

Operator

Ladies and gentlemen, we now transition to our media portion of today's call. Ms. Whitney Eichinger, Chief Communications Officer, leads us off. Please go ahead, Whitney.

Whitney Eichinger
Senior VP & Chief Communications Officer

Thanks, Gary. Welcome to the media on our call today. Before we begin taking your questions, Gary, would you please share instructions on how to queue up for a question?

Operator

[Operator Instructions] The first question comes from Alison Sider with The Wall Street Journal.

Alison Sider

I wanted to ask, I know it's not decided or a done deal, but as you think about potential for lounges, what might that look like? Or what sorts of things would have to happen? Or how could that play out? I'm just sort of curious how you're thinking about it at this point.

Robert E. Jordan
President, CEO & Vice Chairman of the Board

Ali, it's Bob. I'm running the risk of getting over my skis, which we are a bit because I've used that premium long haul as examples, not decisions. We've certainly not made any kind of decision. So I can't answer your question because there's just not that work here. The whole point again is that we're just not going to be caught short of what our customers want.

In other words, many things that I've talked about, and again, if you use those examples, they take a long time to implement, decide and implement if you're going to fly long-haul international as an example. So we're going to be careful to understand what our customers want, why they split wallet, what customers that won't fly Southwest Airlines want. And then if it makes sense, we'll do it. So my point is I didn't want anybody to perceive that this set of initiatives is the stopping point. The point is that we're going to continue to pursue our customers. And there's a next set of things that I know will come as we finish up this set here. So again, I don't have any specific report on lounges of premium or international or long-haul international. Again, it's just -- I just want to make sure that everyone understands that we're not stopping. We're going to continue to pursue and understand what our customers want from us.

Alison Sider

And on long haul, I mean, is there a lot of like technological kind of systems work that would have to get done before you could really consider that or labor agreements? Or is there a lot of stuff like that, that you'd have to work through?

Robert E. Jordan
President, CEO & Vice Chairman of the Board

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Again, this is all totally hypothetical. So I just really -- yes, I prefer not to answer just because we don't -- we're not doing the work. We're looking at the strategy in terms of what is it our customers want, which is very different than the detail on what would it take. So yes, I'd rather just not answer because I'm afraid it might be viewed as more speculation on what we're doing.

Andrew M. Watterson
Chief Operating Officer

The one thing I'll add to that, Bob, is today, we are taking tickets sold by Icelandair in many different currencies, and we're lifting them and processing them and there's no problem.

Robert E. Jordan
President, CEO & Vice Chairman of the Board

I think one -- the only one obvious thing, again, this is not for speculation on what we're doing. It's just -- it's obvious is if you're going to fly a long-haul mission, it requires aircraft that can fly a lot longer. So it would take a different aircraft to be able to do that. I mean that's very, very obvious. But again, that's just to give you an example. It's not to give you any insight into something that we're doing. So -- but I appreciate the question, Ali.

Operator

The next question is from Robert Silk with Travel Weekly.

Robert Silk

Can you all provide maybe, Andrew, a little bit more detail on the connectivity that you -- where you're talking about connecting itineraries, where that's happening? Is it particular airports or particular type of routes, anything like that?

Andrew M. Watterson
Chief Operating Officer

Sure, Robert. It's kind of across our network. You look at our bigger stations, and those are places where we have a lot of flights and they have the opportunity to have more connectivity. The one I'd highlight that I'm most excited about is we launched red eyes. So we have a number of red eyes now that arrive into Baltimore in the morning. And then those flights connect to flights predominantly northbound, but kind of shorter-haul flights from Baltimore. And so if you're going from the West Coast to a smaller city on the East Coast, this is a very efficient itinerary for you to fly a red eye into Baltimore and connect to the first flight.

Those first flights generally have -- are less full. And so that allows us to get incremental load factor on those flights as well as incremental opportunities for our customers in the West to get to the East or people in the East to return home. And so that's one that I think is -- we really didn't have in past years. There's some we had in past years, we're just bringing back. There will be some of those in Denver and now some in Nashville, now we've built up Nashville. So we've added them kind of all throughout our network since we don't have like 3 really huge airports, we have like maybe 10 big airports. And all those 10 to 12, we've got these connecting banks sprinkled in.

Operator

This concludes our question-and-answer session for media. So back over to Whitney now for some closing thoughts.

Whitney Eichinger
Senior VP & Chief Communications Officer

If you have any further questions, our communications group is standing by. Their contact information along with today's news release are all available at swamedia.com.

Operator

The conference has concluded. Thank you all for attending. We'll meet again here next quarter. You may now disconnect.

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