

April 28, 2020



Southwest Airlines Announces Pricing Of Upsized Offerings Of Common Stock And 1.250% Convertible Senior Notes Due 2025

DALLAS, April 28, 2020 /PRNewswire/ -- [Southwest Airlines Co.](#) (NYSE: LUV) (the "Company") today announced it has priced its underwritten public offering of 70,000,000 shares of common stock of the Company at a public offering price of \$28.50 per share (the "Common Stock Offering") and its underwritten public offering of \$2.0 billion aggregate principal amount of 1.250% Convertible Senior Notes due 2025 (the "Convertible Notes" and such offering, the "Convertible Notes Offering"). The size of the Common Stock Offering was increased from the previously announced 55,000,000 shares of common stock of the Company, and the aggregate principal amount of the Convertible Notes Offering was increased from the previously announced \$1.0 billion. The gross proceeds to the Company from the Common Stock Offering and the Convertible Notes Offering, before deducting underwriting discounts and other offering expenses, are expected to be approximately \$4.0 billion.

The Company has granted the underwriters a 30-day option to purchase up to 10,500,000 additional shares of common stock at the public offering price less the underwriting discount in the Common Stock Offering (reflecting an increase from the previously announced option of up to 8,250,000 additional shares of common stock) and a 30-day option to purchase up to \$300 million aggregate principal amount of additional Convertible Notes, solely to cover over-allotments, in the Convertible Notes Offering (reflecting an increase from the previously announced option of up to \$150 million aggregate principal amount of additional Convertible Notes). The Convertible Notes will be convertible by holders if certain conditions are met, based on an initial conversion rate of 25.9909 shares of common stock per \$1,000 principal amount of the Convertible Notes, which is equivalent to a conversion price of approximately \$38.48 per share, representing a premium of 35% above the offering price per share in the Common Stock Offering. The Company will settle conversions of the Convertible Notes in cash, shares of common stock, or a combination thereof at the Company's election.

The Company expects to use the net proceeds from the Common Stock Offering and the Convertible Notes Offering for general corporate purposes. Each of the Common Stock Offering and the Convertible Notes Offering is expected to close on May 1, 2020, subject to customary closing conditions. Neither of the closings of the Common Stock Offering or the Convertible Notes Offering is conditioned upon the closing of the other offering.

Morgan Stanley, BofA Securities, J.P. Morgan, BNP Paribas, and Citigroup are acting as the joint book-running managers for the Common Stock Offering and the Convertible Notes Offering, and Morgan Stanley, BofA Securities, and J.P. Morgan are acting as representatives of the underwriters of the offerings. A shelf registration statement relating to these securities has been filed with the U.S. Securities and Exchange Commission ("SEC") and has become effective. Each of the Common Stock Offering and the Convertible Notes Offering may be made only by means of a prospectus supplement and an accompanying base prospectus. The preliminary prospectus supplements and accompanying base

prospectus relating to each of the Common Stock Offering and the Convertible Notes Offering have been filed, and final prospectus supplements will be filed, with the SEC and will be available on the SEC's website at www.sec.gov. Copies of the preliminary prospectus supplements and accompanying base prospectus relating to the Common Stock Offering and the Convertible Notes Offering may be obtained from (1) Morgan Stanley & Co. LLC, 180 Varick Street, 2nd Floor, New York, NY 10014, Attention: Prospectus Department, (2) BofA Securities, NC1-004-03-43, 200 North College Street, 3rd floor, Charlotte NC 28255-0001, Attention: Prospectus Department, or via email: dg.prospectus_requests@bofa.com, or (3) J.P. Morgan Securities LLC, c/o Broadridge Financial Solutions, 1155 Long Island Avenue, Edgewood, New York 11717, or via telephone: 1-866-803-9204.

This press release does not constitute an offer to sell or a solicitation of an offer to buy the shares of common stock or the Convertible Notes or any other securities and shall not constitute an offer, solicitation or sale in any jurisdiction in which such an offer, solicitation or sale would be unlawful prior to the registration and qualification under the securities laws of such state or jurisdiction.

About Southwest Airlines Co.

In its 49th year of service, Dallas-based Southwest Airlines Co. continues to differentiate itself from other air carriers with exemplary Customer Service delivered by more than 60,000 Employees to a Customer base topping 130 million passengers in 2019. Southwest became the nation's largest domestic air carrier in 2003 and maintains that ranking based on the U.S. Department of Transportation's most recent reporting of domestic originating passengers boarded. In peak travel seasons during 2019, Southwest operated more than 4,000 weekday departures among a network of 101 destinations in the United States and 10 additional countries.

Cautionary Statement Regarding Forward-Looking Statements

This press release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Specific forward-looking statements include, without limitation, statements related to the proposed terms of the offerings described herein, the completion, timing, and size of the proposed offerings, and the anticipated use of proceeds from the offerings. Forward-looking statements involve risks, uncertainties, assumptions, and other factors that are difficult to predict and that could cause actual results to vary materially from those expressed in or indicated by them. Factors include, among others, (i) the extent of the impact of the COVID-19 pandemic, including the duration, spread, severity, and any recurrence of the COVID-19 pandemic, the duration and scope of related government orders and restrictions, and the extent of the impact of the COVID-19 pandemic on overall demand for air travel and the Company's access to capital; (ii) the impact of fears or actual outbreaks of infectious disease, economic conditions, governmental actions, extreme or severe weather and natural disasters, fears of terrorism or war, actions of competitors, fuel prices, consumer perception, and other factors beyond the Company's control, on consumer behavior and the Company's results of operations and business decisions, plans, strategies, and results; (iii) the impact of fuel price changes, fuel price volatility, volatility of commodities used by the Company for hedging jet fuel, and any changes to the Company's fuel hedging strategies and positions on the Company's business plans and results of operations; and (iv) other factors, as described in the Company's filings with the Securities and Exchange Commission, including the detailed factors discussed under the heading "Risk Factors" in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2019,

as supplemented in the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2020. Caution should be taken not to place undue reliance on the Company's forward-looking statements, which represent the Company's views only as of the date this report is filed. The Company undertakes no obligation to update publicly or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.

Forward-looking statements should not be relied upon as a prediction of actual results. Subject to any continuing obligations under applicable law or any relevant stock exchange rules, we expressly disclaim any obligation to disseminate, after the date of this press release, any updates or revisions to any such forward-looking statements to reflect any change in expectations or events, conditions or circumstances on which any such statements are based.

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