

March 14, 2023



SOUTHWEST AIRLINES PLANS TO BOOST OPERATIONAL RESILIENCY TO ENHANCE SUPPORT FOR EMPLOYEES AND CUSTOMERS

Southwest's internal and third-party assessments identify and prioritize actions

DALLAS, March 14, 2023 /PRNewswire/ -- [Southwest Airlines Co.](#) (NYSE: LUV) today will share an overview of the prioritized actions being implemented to strengthen the airline's operational resiliency. The actions will be previewed by Bob Jordan, Southwest's President and Chief Executive Officer, at the J.P. Morgan Industrials Conference in New York and are designed for Customers and Employees to continue benefiting from the airline's 52-year history of providing Safe, reliable, and Customer-friendly Southwest Hospitality.

As a result of the initial assessments conducted by Southwest, and the globally-recognized aviation consultancy Oliver Wyman, the airline has developed a three-part Tactical Action Plan to boost operational resiliency in key areas across the Company. The airline's existing five-year Operational Modernization Plan, which began in 2022, is also underway and focuses on operational investments and organizational alignment to support Customers and Employees.

"We understand the root causes that led to the holiday disruption, and we're validating our internal review with the third-party assessment. Now, we expect to mitigate the risk of an event of this magnitude ever happening again," said [Bob Jordan](#), Southwest's President and Chief Executive Officer. "Work is well underway implementing action items to prepare for next winter—with some items already completed. I want to thank our Employees and Customers for their patience and grace, and we're resolved to emerge an even stronger airline."

In addition to Winter Storm Elliot, which was more severe than expected, a driver of the disruption was determined to be the volume of cascading and close-in flight cancellations during the storm which overwhelmed Station operations and the airline's Crew Network and hindered established processes and internal tools. While the airline had existing technology and staffing in place to handle many types of irregular operations, the pace and breadth of disruptions during this extreme event strained the ability to create timely operational solutions. The airline will provide additional communication in the coming weeks, including a microsite summarizing key findings and mitigation actions.

Highlights of the Tactical Action Plan

Accelerate Operational Investments: The airline began a five-year Operational Modernization Plan prior to December 2022 with many initiatives already underway to support operational resiliency. Now, ongoing implementation of tools and technology that allow for a greater pace of recovery during extreme events will be prioritized, and the airline

is, currently, budgeted to spend more than \$1.3 billion on investments, upgrades, and maintenance of information technology systems in 2023. For example, Crew Optimization software has been recently upgraded to address a functional gap that was revealed in December. Crew Scheduling and Customer phone systems also will be upgraded for better surge protection and efficiency during periods of high call volumes.

Winter Operations: Challenges with infrastructure, winter equipment, and winter weather preparedness have been, or will be, addressed through various actions, including purchasing additional deicing trucks; securing additional deicing pads and deicing fluid capacity at key network locations; and purchasing more engine covers and engine heaters for cold weather operations. Southwest was the first U.S. airline to hire back to pre-pandemic total staffing by June 2022, and, going forward, the airline will further augment winter staffing levels—for example, when Ground Operations Employees are limited to the amount of time they can work outside in extreme temperatures. Additionally, the airline plans to implement a new weather application to provide Crews with more real-time and dynamic weather indications to enhance deicing holdover times—which determines the time required before aircraft must be deiced again prior to departure.

Cross-Team Collaboration: Actions have already been taken to align various Network Planning and Network Operations Control Teams under one Senior Leader for better execution of operational plans. Additionally, data on early-indicator dashboards has been enhanced to highlight key operational metrics, and the airline will better integrate aircraft and Crew recovery decision making and optimization.

"I'm very encouraged by the work underway to address the challenges we faced in December. Our operational performance this year has been among the best in the industry, and we're committed to completing our action items while also running a Safe, reliable operation supported by our Legendary Customer Service that has made us famous throughout our 52-year history," said [Andrew Watterson](#), Southwest's Chief Operating Officer. "I'm confident in our path forward and truly believe our best days are ahead."

A live webcast of the Company's 2023 J.P. Morgan Industrials Conference presentation is available on the Company's website at www.southwestairlinesinvestorrelations.com, in the Events and Presentations section under Upcoming Events. Likewise, a replay of the webcast will be made available following the conclusion of the live event.

Cautionary Statement Regarding Forward-Looking Statements

This news release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Specific forward-looking statements include, without limitation, statements related to (i) the Company's plans to boost operational resiliency; (ii) the Company's plans to enhance support for Employees and Customers; (iii) the Company's tactical action plan in response to the operational disruption, including with respect to the expected tactical action plan components and enhancements, the anticipated timing of the tactical action plan, and the goals and expected results of the tactical action plan; (iv) the Company's strategic priorities and initiatives, including with respect to its focus areas and its multi-year operations plan; (v) the Company's expectations regarding mitigation of risk of future operational disruptions; (vi) the Company's plans towards becoming a stronger airline; (vii) the Company's financial outlook, expectations, and projections, including factors and assumptions underlying the Company's expectations and projections; (viii) the Company's plans and expectations with respect to capital spending, including factors and assumptions underlying the Company's plans and expectations; (ix) the Company's plans and

expectations with respect to investments in technology and operational resiliency; (x) the Company's plans and expectations with respect to Crew Scheduling and Customer phone systems (xi) the Company's plans and expectations with respect to deicing and engine covers; (xii) the Company's plans and expectations with respect to winter staffing levels; and (xiii) the Company's plans to integrate aircraft and Crew recovery decision making and optimization. These forward-looking statements are based on the Company's current estimates, intentions, beliefs, expectations, goals, strategies, and projections for the future and are not guarantees of future performance. Forward-looking statements involve risks, uncertainties, assumptions, and other factors that are difficult to predict and that could cause actual results to vary materially from those expressed in or indicated by them. Factors include, among others, (i) the Company's ability to timely and effectively implement, transition, and maintain the necessary information technology systems and infrastructure to support its operations and initiatives; (ii) the Company's dependence on third parties, in particular with respect to its tactical action plan, its technology related to operational resiliency, collaboration between aircraft and crew network systems, and the impact on the Company's operations and results of operations of any third party delays or non-performance; (iii) the Company's dependence on its workforce, including its ability to employ sufficient numbers of qualified Employees to effectively and efficiently maintain its operations; (iv) the Company's ability to timely and effectively prioritize its initiatives and focus areas and related expenditures; (v) the impact of labor matters on the Company's business decisions, plans, and strategies; (vi) the impact of governmental regulations and other governmental actions on the Company's business plans and operations; (vii) the impact of fears or actual outbreaks of diseases, extreme or severe weather and natural disasters, actions of competitors, consumer perception, economic conditions, fears of terrorism or war, socio-demographic trends, and other factors beyond the Company's control, on consumer behavior and the Company's results of operations and business decisions, plans, strategies, and results; and (viii) 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, 2022.

ABOUT SOUTHWEST AIRLINES CO.

Southwest Airlines Co. operates one of the world's most admired and awarded airlines, offering its one-of-a-kind value and Hospitality at 121 airports across 11 countries. Southwest took flight in 1971 to democratize the sky through friendly, reliable, and low-cost air travel and now carries more air travelers flying nonstop within the United States than any other airline¹. Based in Dallas and famous for an Employee-first corporate Culture, Southwest maintains an unprecedented record of no involuntary furloughs or layoffs in its history. By empowering its more than 66,000² People to deliver unparalleled Hospitality, the maverick airline cherishes a passionate loyalty among as many as 130 million Customers carried a year. That formula for success brought industry-leading prosperity and 47 consecutive years³ of profitability for Southwest Shareholders (NYSE: LUV). Southwest leverages a unique legacy and mission to serve communities around the world including harnessing the power of its People and Purpose to put communities at the Heart of its success. Learn more by visiting [Southwest.com/citizenship](https://www.southwest.com/citizenship). Southwest is also continuing to develop tangible steps toward achieving carbon neutrality by 2050, including offering Customers an opportunity to help the airline offset its carbon emissions. To be part of the solution, visit [Southwest.com/wannaoffsetcarbon](https://www.southwest.com/wannaoffsetcarbon).

1) U.S. Dept. of Transportation most recent reporting of domestic originating passengers boarded

- 2) *Fulltime-equivalent active Employees*
- 3) *1973-2019 annual profitability*

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