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SOUTHWEST AIRLINES BRINGS SUSTAINABLE AVIATION FUEL TO CHICAGO MIDWAY INTERNATIONAL AIRPORT IN THE STATE'S LARGEST SAF SUPPLY AGREEMENT

Supply from Valero is expected to deliver the highest volume of SAF announced to date in Illinois

DALLAS, Oct. 17, 2024 /PRNewswire/ -- [Southwest Airlines Co.](#) (NYSE: LUV) today announced a sustainable aviation fuel (SAF) supply agreement with Valero Marketing and Supply Company (Valero), a subsidiary of Valero Energy Corporation (NYSE: VLO), to bring SAF to Chicago Midway International Airport (MDW) in the state's largest announced SAF supply agreement.

As part of the two-year agreement, Southwest® will purchase a minimum of 3.6 million gallons of neat SAF (about 12 million gallons blended) for use in its operations as early as Q4 2024, with the option to purchase up to 25 million gallons of neat SAF (about 84 million gallons blended) over the agreement's term. On a blended basis, this would represent up to 35% of Southwest's jet fuel out of MDW based on the carrier's usage in the last year.

"Since day one as Governor, I've committed to making Illinois a national leader in sustainability and clean energy, which is why I was proud to support a nation-leading SAF tax credit last year that we've already seen make an impact on adoption rates in Illinois," said Governor JB Pritzker. "Our airports are some of the largest and most connected in the country and I'm thrilled that Southwest and Midway International Airport are partnering to expand sustainable fuel use in their flights, an essential step toward a clean energy future."

The neat SAF is expected to be produced from waste-based feedstocks, including used cooking oil, animal tallow, and distiller's corn oil, with a lifecycle greenhouse gas emission reduction ranging from approximately 74% to 84% compared to conventional jet fuel¹. Furthermore, the SAF is expected to be certified by a CORSIA-approved Sustainability Certification Scheme (SCS) at the batch level, providing third-party verification that the SAF meets or exceeds all the requirements of Southwest's SAF policy.

Diamond Green Diesel, a joint venture between an affiliate of Valero and Darling Ingredients Inc., will supply the neat SAF, which will be blended with Valero's conventional jet fuel and delivered via existing fuel delivery infrastructure, including Explorer Pipeline and West Shore's Chicagoland pipeline network.

"I commend Southwest Airlines for making this significant move forward to bring the first supply of sustainable aviation fuel for its flights out of Midway International Airport," said U.S. Senator Tammy Duckworth (D-IL). "One of the most important things we can do to make

American aviation more sustainable is to dramatically increase the supply of SAF. At the federal level, I'm going to keep pushing to increase the supply of American-grown, American-made SAF from a wide range of feedstocks—a true win-win solution that supports domestic farmers and blenders while reducing our nation's carbon footprint."

"As one of the world's busiest aviation systems, it is critical that Chicago's airports work together with our airline partners to promote a cleaner, greener future for aviation," said Commissioner Jamie L. Rhee of the Chicago Department of Aviation (CDA), which owns and operates both O'Hare and Midway international airports. "We are thrilled that Southwest Airlines has chosen Midway International Airport to advance its commitment to sustainability through the use of SAF, and we applaud their leadership team for embracing innovative solutions that will benefit our community, travelers, and the planet for generations to come."

Scaling SAF will require collaboration across and beyond the value chain. This agreement was made possible by the Illinois Sustainable Aviation Fuel Purchase Credit and support from valued Southwest Corporate Customers in Southwest's Scope 3 SAF Program. With this SAF volume, Southwest can expand access for Corporate and Cargo Customers to support the use of SAF in the carrier's operations.

"Today's announcement marks a milestone in our efforts to utilize more SAF in our operation," said Michael AuBuchon, Managing Director of Fuel Strategy and Management at Southwest Airlines. "We're grateful to the state of Illinois for making the Sustainable Aviation Fuel Purchase Credit available to airlines serving Illinois, and we thank our incredible Corporate Customers for supporting our use of SAF, which is a great example of public-private collaboration that we anticipate will help scale SAF and meet our long-term sustainability goals."

For more on Southwest's [Nonstop to Net Zero plan](#) outlining the carrier's path toward its goal of net zero carbon emissions by 2050², including its SAF progress, visit southwest.com/planet.

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 and expectations associated with the purchases of sustainable aviation fuel (SAF); (ii) the Company's plans and expectations with respect to the usage of SAF in operations and associated timing of usage; (iii) the Company's expectations with respect to jet fuel usage at Chicago Midway; (iv) the Company's expectations with respect to the production of SAF; (v) estimates of greenhouse gas emission reductions; (vi) expectations related to certification of the SAF; (vii) expectations regarding supply, blending, and delivery of SAF; and (viii) the Company's expectations with respect to scaling SAF and meeting long-term sustainability goals. 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) any negative developments in any phase of business development, including limitations on the availability of feedstock, transportation, and refinery availability; (ii) the continuation of government support for Valero's and Diamond Green Diesel objectives and renewable fuels generally, including SAF; (iii) the Company's dependence on third parties, in particular with respect to fuel supply, technology licensing, environmental sustainability, and the production, transport,

storage, blending, and distribution of SAF, and the impact on the Company's goals and plans of any third party delays or non-performance; (iv) the Company's ability to timely and effectively prioritize its focus areas and initiatives and related expenditures, including its ability to implement and maintain the necessary processes to support the utilization of sustainable aviation fuel; (v) the consequences of competition with other existing and new sources of aviation fuel, whether or not sustainable; (vi) the ability to obtain and protect intellectual property rights relating to the development and commercialization of technology, including with respect to converting feedstocks to SAF; (vii) the impact of governmental regulations and other governmental actions on the Company's business plans and operations, including with respect to carbon emissions, SAF, SAF tax credits, environmental compliance requirements, and other sustainability matters; (viii) the impact of fears or actual outbreaks of diseases, extreme or severe weather and natural disasters, actions of competitors, consumer perception, economic conditions, fuel prices, socio-demographic trends, and other factors beyond the Company's control, on the Company's business plans, expectations, and goals; (ix) 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 (x) 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, 2023, and in the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2024. Caution should be taken not to place undue reliance on the Company's forward-looking statements, which represent the Company's views only as of the date this release. The Company undertakes no obligation to update publicly or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.

ABOUT SOUTHWEST AIRLINES CO.

[Southwest Airlines Co.](#) operates one of the world's most admired and awarded airlines, offering its one-of-a-kind value and Hospitality at 117 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 airline³. 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 74,000⁴ People to deliver unparalleled Hospitality, the maverick airline cherishes a passionate loyalty among more than 137 million Customers carried in 2023. That formula for success brought industry-leading prosperity and 47 consecutive years⁵ 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](#). As the airline with Heart, Southwest has set a goal to work toward achieving net zero carbon emissions by 2050⁶. Southwest has also set near-term targets and a three-pillar strategy to achieve its environmental goals. Learn more by visiting [Southwest.com/planet](#).

¹ Based on default lifecycle assessment values by feedstocks from the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) document "CORSIA Default Life Cycle Emissions Values for CORSIA Eligible Fuels", dated March 11, 2024.

² *Our net zero by 2050 goal includes Scope 1, Scope 2, and Scope 3 Category 3 emissions only and excludes any emissions associated with non-fuel products and services, such as inflight service items.*

³ *Based on U.S. Dept. of Transportation quarterly Airline Origin & Destination Survey since Q1 2021*

⁴ *Fulltime-equivalent active Employees*

⁵ *1973-2019 annual profitability*

⁶ *Our net zero by 2050 goal includes Scope 1, Scope 2, and Scope 3 Category 3 emissions only and excludes any emissions associated with non-fuel products and services, such as inflight service items.*

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