

REFINITIV

## DELTA REPORT

### 10-Q

LUV - SOUTHWEST AIRLINES CO

10-Q - MARCH 31, 2024 COMPARED TO 10-Q - SEPTEMBER 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS 5061

█ CHANGES 340

█ DELETIONS 4211

█ ADDITIONS 510

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **September 30, 2023****March 31, 2024**

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File No. **1-7259**



**SOUTHWEST AIRLINES CO.**

(Exact name of registrant as specified in its charter)

**Texas**

(State or other jurisdiction of  
incorporation or organization)

**74-1563240**

(IRS Employer  
Identification No.)

**P.O. Box 36611**

**Dallas, Texas**

**75235-1611**

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code: **(214) 792-4000**

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock (\$1.00 par value)	LUV	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

Number of shares of Common Stock outstanding as of the close of business on **October 26, 2023****April 25, 2024: 596,115,380****598,456,459**

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PART I - FINANCIAL INFORMATION

REFINITIV CORPORATE DISCLOSURES | [www.refinitiv.com](http://www.refinitiv.com) | Contact Us

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**Condensed Consolidated Balance Sheet**  
(in millions)  
(unaudited)

		September 30, 2023	December 31, 2022		
		March 31, 2024		March 31, 2024	December 31, 2023
ASSETS	ASSETS	ASSETS		ASSETS	
Current assets:	Current assets:	—	—	—	—
Cash and cash equivalents	Cash and cash equivalents	\$ 9,497	\$ 9,492		
Short-term investments	Short-term investments	2,236	2,800		
Accounts and other receivables	Accounts and other receivables	1,467	1,040		
Inventories of parts and supplies, at cost	Inventories of parts and supplies, at cost	799	790		
Prepaid expenses and other current assets	Prepaid expenses and other current assets	632	686		
Total current assets	Total current assets	14,631	14,808		
Property and equipment, at cost:	Property and equipment, at cost:				
Property and equipment, at cost:	Property and equipment, at cost:				

Flight equipment			
Flight equipment			
Flight equipment	Flight equipment	25,724	23,725
Ground property and equipment	Ground property and equipment	7,344	6,855
Deposits on flight equipment purchase contracts	Deposits on flight equipment purchase contracts	345	376
Assets constructed for others	Assets constructed for others	51	28
		33,464	30,984
34,097			
Less allowance for depreciation and amortization	Less allowance for depreciation and amortization	14,389	13,642
		19,075	17,342
Goodwill	Goodwill	970	970
Operating lease right-of-use assets	Operating lease right-of-use assets	1,288	1,394
Other assets	Other assets	1,016	855
		\$ 36,980	\$ 35,369

#### LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:	Current liabilities:	Current liabilities:
Accounts payable	Accounts payable	\$ 1,736 \$ 2,004
Accrued liabilities	Accrued liabilities	2,880 2,043
Current operating lease liabilities	Current operating lease liabilities	220 225
Air traffic liability	Air traffic liability	7,246 6,064
Current maturities of long-term debt	Current maturities of long-term debt	30 42
Total current liabilities	Total current liabilities	12,112 10,378
Long-term debt less current maturities	Long-term debt	7,984 8,046
Long-term debt less current maturities		
Long-term debt less current maturities		
Air traffic liability - noncurrent	Air traffic liability - noncurrent	1,754 2,186
Deferred income taxes	Deferred income taxes	2,157 1,985

Noncurrent operating lease liabilities			
Noncurrent operating lease liabilities			
Noncurrent operating lease liabilities	Noncurrent operating lease liabilities	1,039	1,118
Other noncurrent liabilities	Other noncurrent liabilities	880	969
Stockholders' equity:			
Common stock	Common stock	888	888
Capital in excess of par value	Capital in excess of par value	4,135	4,037
Retained earnings	Retained earnings	16,657	16,261
Accumulated other comprehensive income	Accumulated other comprehensive income	201	344
Treasury stock, at cost	Treasury stock, at cost	(10,827)	(10,843)
Total stockholders' equity	Total stockholders' equity	11,054	10,687
		\$ 36,980	\$ 35,369

See accompanying notes.

**Southwest Airlines Co.**  
**Condensed Consolidated Statement of Comprehensive Income (Loss) Loss**  
 (in millions, except per share amounts)  
 (unaudited)

OPERATING REVENUES:	OPERATING REVENUES:	Three months ended September 30,		Nine months ended September 30,		
		2023		2022		
<b>OPERATING REVENUES:</b>						
<b>OPERATING REVENUES:</b>						
Passenger	Passenger	\$ 5,912	\$ 5,613	\$ 17,426	\$ 15,867	
Passenger						
Passenger						
Freight						
Freight	Freight	44	44	131	133	
Freight						
Other	Other	569	563	1,711	1,642	
Other						
Total operating revenues						
Total operating revenues						
Total operating revenues	Total operating revenues	6,525	6,220	19,268	17,642	

OPERATING EXPENSES:	OPERATING EXPENSES:				
<b>OPERATING EXPENSES:</b>					
<b>OPERATING EXPENSES:</b>					
Salaries, wages, and benefits					
Salaries, wages, and benefits					
Salaries, wages, and benefits	Salaries, wages, and benefits	2,728	2,322	7,991	6,771
Fuel and oil	Fuel and oil	1,564	1,750	4,514	4,390
Fuel and oil					
Fuel and oil					
Maintenance materials and repairs					
Maintenance materials and repairs					
Maintenance materials and repairs	Maintenance materials and repairs	326	204	836	624
Landing fees and airport rentals	Landing fees and airport rentals	457	395	1,324	1,128
Landing fees and airport rentals					
Landing fees and airport rentals					
Depreciation and amortization					
Depreciation and amortization					
Depreciation and amortization	Depreciation and amortization	375	335	1,107	984
Other operating expenses	Other operating expenses	958	819	2,868	2,343
Other operating expenses					
Other operating expenses					
Total operating expenses					
Total operating expenses					
Total operating expenses	Total operating expenses	6,408	5,825	18,640	16,240
<b>OPERATING INCOME</b>		117	395	628	1,402
<b>OPERATING LOSS</b>					
<b>OPERATING LOSS</b>					
<b>OTHER EXPENSES (INCOME):</b>					
<b>OTHER EXPENSES (INCOME):</b>					
OTHER EXPENSES (INCOME):	OTHER EXPENSES (INCOME):				
Interest expense	Interest expense	63	86	193	272
Interest expense					
Interest expense					
Capitalized interest					
Capitalized interest					
Capitalized interest	Capitalized interest	(4)	(11)	(15)	(31)
Interest income	Interest income	(156)	(70)	(425)	(101)
Loss on extinguishment of debt		—	76	—	192
Other (gains) losses, net		(23)	(39)	(44)	57
Total other expenses (income)		(120)	42	(291)	389
Interest income					
Interest income					
<b>INCOME BEFORE INCOME TAXES</b>		237	353	919	1,013

<b>PROVISION FOR INCOME TAXES</b>		44		76		202		254
Other gains, net								
<b>NET INCOME</b>	\$	193	\$	277	\$	717	\$	759
Other gains, net								
<b>NET INCOME PER SHARE, BASIC</b>	\$	0.32	\$	0.47	\$	1.20	\$	1.28
Other gains, net								
Total other income								
Total other income								
Total other income								
<b>NET INCOME PER SHARE, DILUTED</b>	\$	0.31	\$	0.44	\$	1.15	\$	1.21
<b>LOSS BEFORE INCOME TAXES</b>								
<b>COMPREHENSIVE INCOME (LOSS)</b>	\$	336	\$	(223)	\$	574	\$	676
<b>LOSS BEFORE INCOME TAXES</b>								
<b>LOSS BEFORE INCOME TAXES</b>								
<b>BENEFIT FOR INCOME TAXES</b>								
<b>BENEFIT FOR INCOME TAXES</b>								
<b>BENEFIT FOR INCOME TAXES</b>								
<b>NET LOSS</b>								
<b>NET LOSS</b>								
<b>NET LOSS</b>								
<b>NET LOSS PER SHARE, BASIC</b>								
<b>NET LOSS PER SHARE, BASIC</b>								
<b>NET LOSS PER SHARE, BASIC</b>								
<b>NET LOSS PER SHARE, DILUTED</b>								
<b>NET LOSS PER SHARE, DILUTED</b>								
<b>NET LOSS PER SHARE, DILUTED</b>								
<b>COMPREHENSIVE LOSS</b>								
<b>COMPREHENSIVE LOSS</b>								
<b>COMPREHENSIVE LOSS</b>								
<b>WEIGHTED AVERAGE SHARES</b>								
<b>OUTSTANDING</b>								
<b>WEIGHTED AVERAGE SHARES</b>								
<b>OUTSTANDING</b>								
<b>WEIGHTED AVERAGE</b>	<b>WEIGHTED AVERAGE</b>							
<b>SHARES</b>	<b>SHARES</b>							
<b>OUTSTANDING</b>	<b>OUTSTANDING</b>							
Basic	Basic	596		593		595		593
Basic								
Basic								
Diluted	Diluted	640		639		639		643
Diluted								
Diluted								

See accompanying notes.

**Southwest Airlines Co.**  
**Condensed Consolidated Statement of Stockholders' Equity**  
(in millions, except per share amounts)  
(unaudited)

	Capital						Common Stock	Capital in excess of par value	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock	Total						
	in excess		Accumulated other															
	Common Stock	of par value	Retained earnings	comprehensive income (loss)	Treasury stock	Total												
	Balance at December 31, 2022																	
Balance at December 31, 2023	\$ 888	\$ 4,037	\$ 16,261	\$ 344	\$ (10,843)	\$ 10,687												
Issuance of common and treasury stock pursuant to Employee stock plans																		
Issuance of common and treasury stock pursuant to Employee stock plans																		
Issuance of common and treasury stock pursuant to Employee stock plans																		
Share-based compensation																		
Cash dividends, \$0.18 per share																		
Comprehensive loss																		
Balance at March 31, 2023	\$ 888	\$ 4,058	\$ 15,995	\$ 197	\$ (10,836)	\$ 10,302												
Issuance of common and treasury stock pursuant to Employee stock plans																		
Share-based compensation																		
Cash dividends, \$0.18 per share																		
Comprehensive income (loss)																		
Comprehensive income (loss)																		
Comprehensive income (loss)																		
Balance at March 31, 2024																		
Comprehensive income (loss)																		
Balance at June 30, 2023	\$ 888	\$ 4,103	\$ 16,571	\$ 58	\$ (10,831)	\$ 10,789												
Issuance of common and treasury stock pursuant to Employee stock plans																		
Share-based compensation																		
Cash dividends, \$0.18 per share																		
Comprehensive income																		
Balance at September 30, 2023	\$ 888	\$ 4,135	\$ 16,657	\$ 201	\$ (10,827)	\$ 11,054												
Accumulated other comprehensive income (loss)																		
Common Stock																		
par value																		
Retained earnings																		
Treasury stock																		
Total																		
Balance at December 31, 2021	\$ 888	\$ 4,224	\$ 15,774	\$ 388	\$ (10,860)	\$ 10,414												
Cumulative effect of adopting Accounting Standards Update No. 2020-06, Debt		(300)	55	—	—	(245)												

Issuance of common and treasury stock pursuant to Employee stock plans	—	—	—	—	—	7	7
Share-based compensation	—	16	—	—	—	—	16
Comprehensive income (loss)	—	—	(278)	503	—	—	225
Balance at March 31, 2022	\$ 888	\$ 3,940	\$ 15,551	\$ 891	\$ (10,853)	\$ 10,417	
Issuance of common and treasury stock pursuant to Employee stock plans	—	10	—	—	—	3	13
Share-based compensation	—	16	—	—	—	—	16
Comprehensive income (loss)	—	—	760	(86)	—	—	674
Balance at June 30, 2022	\$ 888	\$ 3,966	\$ 16,311	\$ 805	\$ (10,850)	\$ 11,120	
Issuance of common and treasury stock pursuant to Employee stock plans	—	9	—	—	—	4	13
Share-based compensation	—	14	—	—	—	—	14
Comprehensive income (loss)	—	—	277	(500)	—	—	(223)
Balance at September 30, 2022	\$ 888	\$ 3,989	\$ 16,588	\$ 305	\$ (10,846)	\$ 10,924	

	Accumulated other comprehensive income (loss)						Total					
	Common Stock		Capital in excess of par value		Retained earnings	Treasury stock						
	\$	888	\$	4,037	\$	16,261	\$	344	\$	(10,843)	\$	10,687
Balance at December 31, 2022	\$	888	\$	4,037	\$	16,261	\$	344	\$	(10,843)	\$	10,687
Issuance of common and treasury stock pursuant to Employee stock plans	—	1	—	—	—	—	—	7	—	—	—	8
Share-based compensation	—	20	—	—	—	—	—	—	—	—	—	20
Cash dividends, \$0.18 per share	—	—	—	(107)	—	—	—	—	—	—	—	(107)
Comprehensive loss	—	—	—	(159)	—	(147)	—	—	—	—	—	(306)
Balance at March 31, 2023	\$	888	\$	4,058	\$	15,995	\$	197	\$	(10,836)	\$	10,302

See accompanying notes.

**Southwest Airlines Co.**  
**Condensed Consolidated Statement of Cash Flows**  
 (in millions)  
 (unaudited)

**Three months ended**

**Three months ended**

**Three months ended**

**March 31,**

**March 31,**

**March 31,**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Net loss

Net loss

Net loss

Adjustments to reconcile net loss to cash provided by (used in) operating activities:

Adjustments to reconcile net loss to cash provided by (used in) operating activities:
Adjustments to reconcile net loss to cash provided by (used in) operating activities:
Depreciation and amortization
Depreciation and amortization
Depreciation and amortization
Unrealized mark-to-market adjustment on available for sale securities
Unrealized mark-to-market adjustment on available for sale securities
Unrealized mark-to-market adjustment on available for sale securities
Unrealized/realized loss on fuel derivative instruments
Unrealized/realized loss on fuel derivative instruments
Unrealized/realized loss on fuel derivative instruments
Deferred income taxes
Deferred income taxes
Deferred income taxes
Changes in certain assets and liabilities:
Changes in certain assets and liabilities:
Changes in certain assets and liabilities:
Accounts and other receivables
Accounts and other receivables
Accounts and other receivables
Other assets
Other assets
Other assets
Accounts payable and accrued liabilities
Accounts payable and accrued liabilities
Accounts payable and accrued liabilities
Air traffic liability
Air traffic liability
Air traffic liability
Other liabilities
Other liabilities
Other liabilities
Cash collateral received from (provided to) derivative counterparties
Cash collateral received from (provided to) derivative counterparties
Cash collateral received from (provided to) derivative counterparties
Other, net
Other, net
Other, net
Net cash provided by (used in) operating activities
Net cash provided by (used in) operating activities

Net cash provided by (used in) operating activities				
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Capital expenditures				
Capital expenditures				
Capital expenditures				
Assets constructed for others				
Assets constructed for others				
Assets constructed for others				
Purchases of short-term investments				
Purchases of short-term investments				
Purchases of short-term investments				
Proceeds from sales of short-term and other investments				
Proceeds from sales of short-term and other investments				
Proceeds from sales of short-term and other investments				
Other, net				
Other, net				
Other, net				
Net cash used in investing activities				
Net cash used in investing activities				
Net cash used in investing activities				
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>				
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>				
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>				
	Three months ended		Nine months ended	
	September 30,		September 30,	
	2023	2022	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Net income	\$ 193	\$ 277	\$ 717	\$ 759
Adjustments to reconcile net income to cash provided by operating activities:				
Depreciation and amortization	375	335	1,107	984
Impairment of long-lived assets	—	4	—	35
Unrealized mark-to-market adjustment on available for sale securities	—	—	(4)	7
Unrealized/realized (gain) on fuel derivative instruments	(21)	(26)	(14)	(11)
Deferred income taxes	57	76	214	250
Loss on extinguishment of debt	—	76	—	192
Changes in certain assets and liabilities:				

Accounts and other receivables	(216)	58	(405)	162
Other assets	(35)	30	74	(14)
Accounts payable and accrued liabilities	352	(70)	645	436
Air traffic liability	(59)	(93)	750	700
Other liabilities	(89)	(83)	(180)	(292)
Cash collateral received from (provided to)				
derivative counterparties	40	(325)	(6)	(41)
Other, net	19	(25)	(159)	44
Net cash provided by operating activities	616	234	2,739	3,211
Proceeds from Employee stock plans				
<b>CASH FLOWS FROM INVESTING</b>				
<b>ACTIVITIES:</b>				
Capital expenditures	(842)	(1,072)	(2,812)	(2,568)
Assets constructed for others	(8)	(7)	(23)	(14)
Purchases of short-term investments	(1,620)	(1,743)	(5,347)	(4,213)
Proceeds from sales of short-term and other investments	2,406	1,702	5,914	3,982
Net cash used in investing activities	(64)	(1,120)	(2,268)	(2,813)
<b>CASH FLOWS FROM FINANCING</b>				
<b>ACTIVITIES:</b>				
Proceeds from Employee stock plans				
Proceeds from Employee stock plans	13	12	36	32
Payments of long-term debt and finance lease obligations	Payments of long-term debt and finance lease obligations	(11)	(1,679)	(78)
Payments of long-term debt and finance lease obligations				(1,825)
Payments of cash dividends	Payments of cash dividends	(214)	—	(428)
Payments for repurchases and conversions of convertible debt	—	(239)	—	(648)
Payments of cash dividends				
Payments of cash dividends				
Other, net				
Other, net				
Other, net	Other, net	(1)	1	4
Net cash used in financing activities	Net cash used in financing activities	(213)	(1,905)	(466)
Net cash used in financing activities				(2,435)
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	339	(2,791)	5
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>				(2,037)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>				

CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD								
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	9,158	13,234	9,492	12,480			
CASH AND CASH EQUIVALENTS AT END OF PERIOD	CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 9,497	\$ 10,443	\$ 9,497	\$ 10,443			
CASH AND CASH EQUIVALENTS AT END OF PERIOD								
CASH PAYMENTS FOR:								
CASH PAYMENTS FOR:								
CASH PAYMENTS FOR:	CASH PAYMENTS FOR:							
Interest, net of amount capitalized	Interest, net of amount capitalized	\$ 19	\$ 42	\$ 134	\$ 203			
Interest, net of amount capitalized	Interest, net of amount capitalized							
Income taxes	Income taxes	\$ 1	\$ 8	\$ 9	\$ 19			
SUPPLEMENTAL DISCLOSURE OF NONCASH TRANSACTIONS:								
Adoption of Accounting Standards Update 2020-06, Debt		\$ —	\$ —	\$ —	\$ 245			
SUPPLEMENTAL DISCLOSURE OF NON-CASH TRANSACTIONS:								
SUPPLEMENTAL DISCLOSURE OF NON-CASH TRANSACTIONS:								
Right-of-use assets acquired under operating leases	Right-of-use assets acquired under operating leases	\$ 9	\$ 14	\$ 78	\$ 42			
See accompanying notes.								

**Southwest Airlines Co.**  
**Notes to Condensed Consolidated Financial Statements**  
 (unaudited)

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**Southwest Airlines Co.**  
**Notes to Condensed Consolidated Financial Statements**  
 (unaudited)

**1. BASIS OF PRESENTATION**

Southwest Airlines Co. (the "Company" or "Southwest") operates Southwest Airlines, a major passenger airline that provides scheduled air transportation in the United States and near-international markets. The unaudited Condensed Consolidated Financial Statements include accounts of the Company and its wholly owned subsidiaries.

In late December 2022, the Company experienced a wide-scale operational disruption as historically extreme winter weather across a significant portion of the United States impacted its operational plan and flight schedules. Subsequent to Winter Storm Elliott, the Company was challenged to realign flight crews, flight schedules, and aircraft for a period of several days during this peak demand travel period. This disruption and subsequent recovery efforts resulted in the cancellation of more than 16,700 flights during the period from December 21 through December 31, 2022. These events also created a deceleration in bookings, primarily isolated to January and February 2023, as well as increased first quarter 2023 expenses by approximately \$55 million, which are included in the accompanying unaudited Condensed Consolidated Statement of Comprehensive Income (Loss) Loss for the nine months ended **September 30, 2023** March 31, 2023. These first quarter 2023 expenses included reimbursements to Customers impacted by the cancellations for costs they incurred in excess of the amounts accrued as of December 31, 2022, adjustments to the estimated value of Rapid Rewards points offered as a gesture of goodwill to Customers as a result of changes in the estimates of the points expected to be redeemed, and additional premium pay and additional compensation for Employees directly or indirectly impacted by the cancellations and recovery efforts. There were no material impacts.

Based on the Company's wide-scale operational disruption, the Company has been subject to operating revenues inquiries and investigations by governmental agencies (including with respect to a December 2023 settlement with the Department of Transportation) and could be subject to fines and/or expenses beyond first quarter 2023 penalties resulting from those inquiries and investigations, as a result of this disruption, well as litigation from Customers and Shareholders.

The accompanying unaudited Condensed Consolidated Financial Statements of the Company and its subsidiaries have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles in the United States ("GAAP") for complete financial statements. The unaudited Condensed Consolidated Financial Statements for the interim periods ended **September 30, 2023** March 31, 2024 and **2022** 2023 include all adjustments which are, in the opinion of management, necessary for a fair presentation of the results for the interim periods. This includes all normal and recurring adjustments and elimination of significant intercompany transactions. Financial results for the Company and airlines in general can be seasonal in nature. In many years, the Company's revenues, as well as its Operating income and Net income, have performed better in its second and third fiscal quarters than in its first and fourth fiscal quarters. Air travel is also significantly impacted by general economic conditions, the amount of disposable income available to consumers and changes in consumer behavior, unemployment levels, corporate travel budgets, global pandemics, such as COVID-19, extreme or severe weather and natural disasters, fears of terrorism or war, governmental actions, and other factors beyond the Company's control. These and other factors, such as the price of jet fuel in some periods, the nature of the Company's fuel hedging program, and the periodic volatility of commodities used by the Company for hedging jet fuel, have created, and may continue to create, significant volatility in the Company's financial results. See Note 3 for further information on fuel and the Company's hedging program. Operating results for the three and nine months ended **September 30, 2023** March 31, 2024, are not necessarily indicative of the results that may be expected for future quarters or for the year ended **December 31, 2023** December 31, 2024. For further information, refer to the Consolidated Financial Statements and footnotes thereto included in the Company's Annual Report on Form 10-K for the year ended **December 31, 2022** December 31, 2023.

**2. NEW ACCOUNTING PRONOUNCEMENTS**

On January 7, 2021 December 14, 2023, the FASB Financial Accounting Standards Board (the "FASB") issued ASU 2021-01, Reference Rate Reform Accounting Standards Update ("ASU") 2023-09, Income Taxes (Topic 848).740: Improvements to Income Tax Disclosures. This standard provides optional temporary guidance increases transparency and decision usefulness of income tax disclosures for entities transitioning away from London Interbank Offered Rate ("LIBOR") investors by requiring information to new reference interest rates so that derivatives affected by the discounting transition are explicitly eligible for certain optional expedites and exceptions with Topic 848. These amendments do not apply to any contract modifications made after December 31, 2024, any new hedging relationships entered into after December 31, 2024, or to existing hedging relationships evaluated for effectiveness existing as of December 31, 2024, that apply certain optional practical expedites. This standard was effective immediately and may be applied (i) on a full retrospective basis as

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of any date from the beginning of better assess how an interim period that includes or is subsequent entity's operations and related tax risks and tax planning and operational opportunities affect its tax rate and prospects for future cash flows. This standard requires entities to March 12, 2020, or (ii) on a prospective basis to new modifications from any date within an interim period that includes or is subsequent provide enhanced disclosures related to the date of the issuance of a final update, up income tax rate reconciliation and income taxes paid. This standard is effective for all entities that are subject to the date that financial statements are available to be issued. Topic 740, Income Taxes for annual periods beginning after December 15, 2024, but early adoption is permitted. The Company had no material LIBOR-related contract modifications during is evaluating this new standard but does not expect it to have a significant impact on its financial statement presentation or results.

On November 27, 2023, the nine months ended September 30, 2023, FASB issued ASU 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures. This standard improves reportable segment disclosures by adding and enhancing interim disclosure requirements, clarifying circumstances in which entities can disclose multiple segment measures of profit or loss, providing new segment disclosure requirements for entities with a single reportable segment, and adding other disclosure requirements. This standard is effective for all entities that are subject to Topic 280, Segment Reporting for annual periods beginning after December 15, 2023, but early adoption is permitted. The Company is evaluating this new standard but does not expect it to have a significant impact on its financial statement presentation or results.

### 3. FINANCIAL DERIVATIVE INSTRUMENTS

#### Fuel Contracts

Airline operators are inherently dependent upon energy to operate and, therefore, are impacted by changes in jet fuel prices. Furthermore, jet fuel and oil typically represents one of the largest operating expenses for airlines. The Company endeavors to acquire jet fuel at the lowest possible cost and to reduce volatility in operating expenses through its fuel hedging program.

The Company has used financial derivative instruments for both short-term and long-term timeframes, and primarily uses historically has used a mixture of purchased call options, collar structures (which include both a purchased call option and a sold put option), call spreads (which include a purchased call option and a sold call option), put spreads (which include a purchased put option and a sold put option), and fixed price swap agreements in its portfolio. The Company does not purchase or hold any financial derivative instruments for trading or speculative purposes.

For the purpose of evaluating its net cash spend for jet fuel and for forecasting its future estimated jet fuel expense, the Company evaluates its hedge volumes strictly from an "economic" standpoint and thus does not consider whether the hedges have qualified or will qualify for hedge accounting. The Company defines its "economic" hedge as the net volume of fuel derivative contracts held, including the impact of positions that have been offset through sold positions, regardless of whether those contracts qualify for hedge accounting. The level at which the Company is economically hedged for a particular period is also dependent on current market prices for that period, as well as the types of derivative instruments held and the strike prices of those instruments. For example, the Company may enter into "out-of-the-money" option contracts (including "catastrophic" protection, which the Company defines as prices significantly higher than historical average levels), which may not generate intrinsic gains at settlement if market prices do not rise above the option strike price. Therefore, even though the Company may have an economic hedge in place for a particular period, that hedge may not produce any hedging gains at settlement and may even produce hedging losses depending on market prices, the types of instruments held, and the strike prices of those instruments.

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As of September 30, 2023 March 31, 2024, the Company had fuel derivative instruments in place to provide coverage at varying price levels. The following table provides information about the Company's volume of fuel hedging on an economic basis:

Period (by year)	Period (by year)	Maximum fuel hedged as of (gallons in millions) (a)	Maximum fuel hedged as of	Derivative underlying commodity type as of
			September 30, 2023	
Remainder of 2023		271	Maximum fuel hedged as of March 31, 2024 Maximum fuel hedged as of March 31, 2024 Maximum fuel hedged as of March 31, 2024	West Texas Intermediate ("WTI") crude oil, Brent crude oil, and Heating oil

			WTI crude oil and Brent crude oil
2024		1,265	
<b>Period (by year)</b>			
<b>Period (by year)</b>			
Remainder of 2024			
Remainder of 2024			
Remainder of 2024			
2025			
2025			
2025	2025	1,033	Brent crude oil
2026	2026	176	Brent crude oil
2026			
2026			

(a) Due to the types of derivatives utilized by the Company and different price levels of those contracts, these volumes represent the maximum economic hedge in place and may vary significantly as market prices and the Company's flight schedule fluctuate.

Upon proper qualification, the Company accounts for its fuel derivative instruments as cash flow hedges. Qualification is re-evaluated quarterly, and all periodic changes in fair value of the derivatives designated as hedges

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are recorded in Accumulated other comprehensive income ("AOCI") until the underlying jet fuel is consumed. See Note 4.

When the Company has sold derivative positions in order to effectively "close" or offset a derivative already held as part of its fuel derivative instrument portfolio, any subsequent changes in fair value of those positions are marked to market through earnings. the unaudited Condensed Consolidated Statement of Comprehensive Loss. Likewise, any changes in fair value of those positions that were offset by entering into the sold positions and were de-designated as hedges are concurrently marked to market through earnings. the unaudited Condensed Consolidated Statement of Comprehensive Loss. However, any changes in value related to hedges that were deferred as part of AOCI while designated as a hedge would remain until the originally forecasted transaction occurs. In a situation where it becomes probable that a fuel hedged forecasted transaction will not occur, any gains and/or losses that have been recorded to AOCI would be required to be immediately reclassified into earnings. the unaudited Condensed Consolidated Statement of Comprehensive Loss. The Company did not have any such situations where a derivative ceased to qualify for hedge accounting during 2022, 2023, or during the nine three months ended September 30, 2023 March 31, 2024.

All cash flows associated with purchasing and selling fuel derivatives are classified as Other operating cash flows in the unaudited Condensed Consolidated Statement of Cash Flows. The following table presents the location of all assets and liabilities associated with the Company's derivative instruments within the unaudited Condensed Consolidated Balance Sheet:

(in millions)	Balance Sheet location	Asset derivatives		Liability derivatives	
		Fair value at 9/30/2023	Fair value at 12/31/2022	Fair value at 9/30/2023	Fair value at 12/31/2022
<b>Derivatives designated as hedges (a)</b>					
Fuel derivative contracts (gross)	Prepaid expenses and other current assets	\$ 250	\$ 352	\$ —	\$ —
Fuel derivative contracts (gross)	Other assets	223	160	—	—
Interest rate derivative contracts	Other assets	23	14	—	—
<b>Total derivatives designated as hedges</b>		<b>\$ 496</b>	<b>\$ 526</b>	<b>\$ —</b>	<b>\$ —</b>
<b>Derivatives not designated as hedges (a)</b>					
Fuel derivative contracts (gross)	Prepaid expenses and other current assets	\$ 42	\$ —	\$ 28	\$ —
<b>Total derivatives</b>		<b>\$ 538</b>	<b>\$ 526</b>	<b>\$ 28</b>	<b>\$ —</b>

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(in millions)	Balance Sheet location	Asset derivatives		Liability derivatives	
		Fair value at 3/31/2024	Fair value at 12/31/2023	Fair value at 3/31/2024	Fair value at 12/31/2023
<b>Derivatives designated as hedges (a)</b>					
Fuel derivative contracts (gross)	Prepaid expenses and other current assets	\$ 113	\$ 86	\$ —	\$ —
Fuel derivative contracts (gross)	Other assets	148	137	—	—
<b>Total derivatives designated as hedges</b>		<b>\$ 261</b>	<b>\$ 223</b>	<b>\$ —</b>	<b>\$ —</b>
<b>Derivatives not designated as hedges (a)</b>					
Fuel derivative contracts (gross)	Prepaid expenses and other current assets	\$ 19	\$ —	\$ 23	\$ —
<b>Total derivatives</b>		<b>\$ 280</b>	<b>\$ 223</b>	<b>\$ 23</b>	<b>\$ —</b>

(a) Represents the position of each trade before consideration of offsetting positions with each counterparty and does not include the impact of cash collateral deposits provided to or received from counterparties. See discussion of credit risk and collateral following in this Note.

In addition, the Company had the following amounts associated with fuel derivative instruments and hedging activities in its unaudited Condensed Consolidated Balance Sheet:

(in millions)	Balance Sheet location	September 30, 2023		December 31, 2022		Balance Sheet location	March 31, 2024	December 31, 2023
		(in millions)	(in millions)	(in millions)	(in millions)			
Cash collateral deposits held from counterparties for fuel contracts - current	Cash collateral deposits held from counterparties for fuel contracts - current	Offset against Prepaid expenses and other current assets	\$ 70	\$ 106	—			
Cash collateral deposits held from counterparties for fuel contracts - noncurrent	Cash collateral deposits held from counterparties for fuel contracts - noncurrent	Offset against Other assets	30	—	—			
Receivable from third parties for fuel contracts	Receivable from third parties for fuel contracts	Accounts receivables	45	34	—			
Receivable from third parties for fuel contracts								
Receivable from third parties for fuel contracts								

All of the Company's fuel derivative instruments and interest rate swaps are subject to agreements that follow the netting guidance in the applicable accounting standards for derivatives and hedging. The types of derivative

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instruments the Company has determined are subject to netting requirements in the accompanying unaudited Condensed Consolidated Balance Sheet are those in which the Company pays or receives cash for transactions with the same counterparty and in the same currency via one net payment or receipt. For cash collateral held by the Company or provided to counterparties, the Company nets such amounts against the fair value of the Company's derivative portfolio by each counterparty. The Company has elected to utilize netting for both its fuel derivative instruments and interest rate swap agreements and also classifies such amounts as either current or noncurrent, based on the net fair value position with each of the Company's counterparties in the unaudited Condensed Consolidated Balance Sheet. If its fuel derivative instruments are in a net asset position with a counterparty, cash collateral amounts held are first netted against current outstanding derivative asset amounts associated with that counterparty until that balance is zero, and then any remainder is applied against the fair value of noncurrent outstanding derivative instruments. As of September 30, 2023, no cash collateral deposits were provided by or held by the Company based on its outstanding interest rate swap agreements.

The Company had the following recognized financial assets and financial liabilities resulting from those transactions that meet the scope of the disclosure requirements as necessitated by applicable accounting guidance for balance sheet offsetting:

Offsetting of derivative assets (in millions)													
Description	Balance Sheet location	(i)		(ii)		(iii) = (i) + (ii)		(i)		(ii)		(iii) = (i) + (ii)	
		September 30, 2023				December 31, 2022							
		Net amounts of assets presented in the Balance Sheet	Gross amounts of recognized assets	Gross amounts offset in the Balance Sheet	Net amounts of assets presented in the Balance Sheet	Net amounts of assets presented in the Balance Sheet	Gross amounts of recognized assets	Gross amounts offset in the Balance Sheet	Net amounts of assets presented in the Balance Sheet	Net amounts of assets presented in the Balance Sheet	Gross amounts of recognized assets	Gross amounts offset in the Balance Sheet	Net amounts of assets presented in the Balance Sheet
Fuel derivative contracts	Prepaid expenses and other current assets	\$ 292	\$ (98)	\$ 194	\$ 352	\$ (106)	\$ 246	\$ 160	\$ —	\$ 160	\$ 14	\$ —	\$ 14 (a)
Fuel derivative contracts	Other assets	\$ 223	\$ (30)	\$ 193 (a)	\$ 160	\$ —	\$ 160 (a)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Interest rate derivative contracts	Other assets	\$ 23	\$ —	\$ 23 (a)	\$ 14	\$ —	\$ 14 (a)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —

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Offsetting of derivative assets  
(in millions)

Description	Balance Sheet location	(i)		(ii)		(iii) = (i) + (ii)		(i)		(ii)		(iii) = (i) + (ii)	
		March 31, 2024				December 31, 2023							
		Net amounts of assets presented in the Balance Sheet	Gross amounts of recognized assets	Gross amounts offset in the Balance Sheet	Net amounts of assets presented in the Balance Sheet	Net amounts of assets presented in the Balance Sheet	Gross amounts of recognized assets	Gross amounts offset in the Balance Sheet	Net amounts of assets presented in the Balance Sheet	Net amounts of assets presented in the Balance Sheet	Gross amounts of recognized assets	Gross amounts offset in the Balance Sheet	Net amounts of assets presented in the Balance Sheet
Fuel derivative contracts	Prepaid expenses and other current assets	\$ 132	\$ (41)	\$ 91	\$ 86	\$ (15)	\$ 71	\$ 116 (a)	\$ 137	\$ (35)	\$ 102 (a)	\$ —	\$ —
Fuel derivative contracts	Other assets	\$ 148	\$ (32)	\$ 116 (a)	\$ 137	\$ (35)	\$ 102 (a)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —

(a) The net amounts of derivative assets and liabilities are reconciled to the individual line item amounts presented in the unaudited Condensed Consolidated Balance Sheet in Note 8.

Offsetting of derivative liabilities  
(in millions) **Offsetting of derivative liabilities**

(i)	(ii)	(iii) = (i) + (ii)		(i)		(ii)		(iii) = (i) + (ii)	
		September 30, 2023		December 31, 2022					
		(iii) = (i) + (ii)	(i)	(ii)	(i)	(ii)	(ii)	(iii) = (i) + (ii)	(ii)
(in millions)	(in millions)								

The following tables present the impact of derivative instruments and their location within the unaudited Condensed Consolidated Statement of Comprehensive Loss for the three months ended March 31, 2024 and 2023.

<u>Location and amount recognized in income on cash flow and fair value hedging relationships</u>  (in millions)		Three months ended March 31, 2024		Three months ended March 31, 2023	
		Fuel and oil	Other operating expenses	Fuel and oil	Other operating expenses
Total		\$ 22	\$ 2	\$ (28)	\$ 2
(Gain) loss on cash flow hedging relationships					
Commodity contracts:					
Amount of (gain) loss reclassified from AOCI into income		22	—	(28)	—
Other:					
Amount of loss reclassified from AOCI into income		—	2	—	2

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The following tables present the impact of derivative instruments and their location within the unaudited Condensed Consolidated Statement of Comprehensive Income (Loss) for the three and nine months ended September 30, 2023 and 2022:

**Derivatives designated and qualified in cash flow hedging relationships**

(in millions)	(Gain) loss recognized in AOCI on derivatives, net of tax	
	Three months ended March 31,	
	2024	2023
Fuel derivative contracts	\$ (1)	\$ 125
Other	—	2
<b>Total</b>	<b>\$ (1)</b>	<b>\$ 127</b>

**Location and amount recognized in income on cash flow and fair value hedging relationships**

(in millions)	Three months ended September 30, 2023		Three months ended September 30, 2022	
	Fuel and oil	Other operating expenses	Fuel and oil	Other operating expenses
	\$ (52)	\$ 2	\$ (195)	\$ 2
(Gain) loss on cash flow hedging relationships				
Commodity contracts:				
Amount of (gain) reclassified from AOCI into income	(52)	—	(195)	—
Interest contracts:				
Amount of loss reclassified from AOCI into income	—	2	—	2

**Location and amount recognized in income on cash flow and fair value hedging relationships**

(in millions)	Nine months ended September 30, 2023		Nine months ended September 30, 2022	
	Fuel and oil	Other operating expenses	Fuel and oil	Other operating expenses
	\$ (93)	\$ 5	\$ (703)	\$ 5
(Gain) loss on cash flow hedging relationships				
Commodity contracts:				
Amount of (gain) reclassified from AOCI into income	(93)	—	(703)	—
Interest contracts:				
Amount of loss reclassified from AOCI into income	—	5	—	5

**Derivatives designated and qualified in cash flow hedging relationships**

(in millions)	(Gain) loss recognized in AOCI on derivatives, net of tax	
	Three months ended September 30,	
	2023	2022
Fuel derivative contracts	\$ (175)	\$ 354
Interest rate derivatives	(7)	(2)
<b>Total</b>	<b>\$ (182)</b>	<b>\$ 352</b>

Derivatives designated and qualified in cash flow hedging relationships

(in millions)	(Gain) loss recognized in AOCI on derivatives, net of tax	
	Nine months ended	
	September 30,	
	2023	2022
Fuel derivative contracts	\$ 78	\$ (438)
Interest rate derivatives	(7)	(14)
Total	\$ 71	\$ (452)

Derivatives not designated as hedges

(in millions)	(Gain) loss recognized in income on derivatives		Location of (gain) loss recognized in income on derivatives	
	Three months ended			
	September 30,			
	2023	2022		
Fuel derivative contracts	\$ (33)	\$ (38)	Other (gains) losses, net	

Derivatives not designated as hedges

(in millions)	(Gain) loss recognized in income on derivatives		Location of (gain) loss recognized in income on derivatives	
	Three months ended			
	September 30,			
(in millions)	2023	2022		
Fuel derivative contracts	\$ (26)	\$ (23)		
Fuel derivative contracts	\$ 1	\$ —		
Fuel derivative contracts	\$ (25)	\$ (23)	Other (gains) losses, net	
Fuel derivative contracts	\$ 1	\$ —	Other (gains) losses, net	

The Company also recorded expense (benefit) associated with premiums paid for fuel derivative contracts that settled/expired during the three and nine months ended **September 30, 2023** **March 31, 2024** and **2022**. Gains and/or losses associated with fuel derivatives that qualify for hedge accounting are ultimately recorded to Fuel and oil expense. Gains and/or losses associated with fuel derivatives that do not qualify for hedge accounting are recorded to Other (gains) and losses, net. The following table presents the impact of premiums paid for fuel derivative contracts and their location within the unaudited Condensed Consolidated Statement of Comprehensive Income (Loss) during the period the contract settles:

(in millions)	Premium expense (benefit) recognized in income on derivatives		Location of premium expense (benefit) recognized in income on derivatives	
	Three months ended			
	September 30,			
	2023	2022		
Fuel derivative contracts designated as hedges	\$ 30	\$ 26	Fuel and oil	

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Premium expense (benefit) recognized in income on derivatives	Premium expense recognized in income on derivatives			
	Nine months ended	Location of premium expense (benefit) recognized in income on derivatives		
September 30,	Three months ended	Location of premium expense recognized in income on derivatives		
(in millions)	(in millions)			
2023	2022			
		(in millions)		
		(in millions)		
Fuel derivative contracts not designated as hedges	\$ 91	\$ 79	Fuel and oil losses, net	
Fuel derivative contracts designated as hedges	\$ —	\$(14)	Other (gains) losses, net	
Fuel derivative contracts designated as hedges	\$	39	\$30	Fuel and oil

The fair values of the derivative instruments, depending on the type of instrument, were determined by the use of present value methods or option value models with assumptions about commodity prices based on those observed in underlying markets or provided by third parties. Included in the Company's cumulative unrealized gains losses from fuel hedges as of **September 30, 2023** **March 31, 2024**, recorded in AOCI, were approximately **\$77** **\$34** million in unrealized gains, losses, net of taxes, which are expected to be realized in **earnings** the **unaudited Condensed Statement of Comprehensive Loss** during the twelve months subsequent to **September 30, 2023** **March 31, 2024**.

#### Interest Rate Swaps

The Company is at times party to certain interest rate swap agreements that are accounted for as cash flow hedges, but had none in place as of **March 31, 2024**, or as of **December 31, 2023**. The Company also did not have any interest rate swap agreements designated as fair value hedges, as defined, during the periods presented. All During the three months ended **March 31, 2023**, all of the Company's interest rate swap agreements qualify for the "shortcut" or "critical terms match" methods of accounting for hedges, which dictate that the hedges were assumed to be perfectly effective at origination, and, thus, there was no ineffectiveness to be recorded in **earnings** the **unaudited Condensed Statement of Comprehensive Loss**. All interest rate swap agreements were terminated prior to **December 31, 2023**.

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## Credit Risk and Collateral

Credit exposure related to fuel derivative instruments is represented by the fair value of contracts that are an asset to the Company at the reporting date. At such times, these outstanding instruments expose the Company to credit loss in the event of nonperformance by the counterparties to the agreements. However, the Company has not experienced any significant credit loss as a result of counterparty nonperformance in the past. To manage credit risk, the Company selects and periodically reviews counterparties based on credit ratings, limits its exposure with respect to each counterparty, and monitors the market position of the fuel hedging program and its relative market position with each counterparty. As of **September 30, 2023** **March 31, 2024**, the Company had agreements with all of its active counterparties containing early termination rights and/or bilateral collateral provisions whereby security is required if market risk exposure exceeds a specified threshold amount based on the counterparty's credit rating. The Company also had agreements with counterparties in which cash deposits and letters of credit were required to be posted as collateral whenever the net fair value of derivatives associated with those counterparties exceeds specific thresholds. In certain cases, the Company has the ability to substitute among these different forms of collateral at its discretion.

The following table provides the fair values of fuel derivatives, amounts posted as collateral, and applicable collateral posting threshold amounts as of **September 30, 2023** **March 31, 2024**, at which such postings are triggered:

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	Counterparty (CP)								Counterparty (CP)										
	(in millions)	A	B	C	D	E	F	G	H	Total	(in millions)	A	B	C	D	E	F	G	H
Fair value of fuel derivatives	Fair value of fuel derivatives	\$120	\$57	\$84	\$28	\$77	\$35	\$60	\$26	\$487									
Cash collateral held from CP	Cash collateral held from CP	100	—	—	—	—	—	—	—	100									
Option to substitute	Option to substitute	N/A	N/A	(a)	(a)	(a)	N/A	(a)	N/A										
LC for cash	LC for cash																		
Option to substitute	LC for cash																		
Option to substitute	LC for cash										N/A	N/A			(a)	(a)	(a)	N/A	(a)
If credit rating is investment grade, fair value of fuel derivative level at which:	If credit rating is investment grade, fair value of fuel derivative level at which:										If credit rating is investment grade, fair value of fuel derivative level at which:								
Cash is provided to CP	Cash is provided to CP	>(100)	>(50)	>(75)	>(125)	>(40)	>(65)	>(100)	>(100)		Cash is provided to CP	>(100)	>(50)	>(75)	>(125)	>(40)	>(65)	>(100)	
Cash is received from CP	Cash is received from CP	>0(b)	>150(b)	>250(b)	>125(b)	>100(b)	>70(b)	>100(b)	>100(b)		Cash is received from CP	>0(b)	>150(b)	>250(b)	>125(b)	>100(b)	>70(b)	>100(b)	

If credit rating is non-investment grade, fair value of fuel derivative level at which:

If credit rating is non-investment grade, fair value of fuel derivative level at which:

If credit rating is non-investment grade, fair value of fuel derivative level at which:

Cash is received from CP (c) (c) (c) (c) (c) (c) (c) (c)

Cash is received from CP  
Cash is received from CP (c) (c) (c) (c)

(a) The Company has the option to substitute letters of credit for 100 percent of cash collateral requirement.

(b) Thresholds may vary based on changes in credit ratings within investment grade.

(c) Cash collateral is provided at 100 percent of fair value of fuel derivative contracts.

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4. COMPREHENSIVE INCOME (LOSS) LOSS

Comprehensive income (loss) includes changes in the fair value of certain financial derivative instruments that qualify for hedge accounting and actuarial gains/losses arising from the Company's postretirement benefit obligation. The differences between Net income loss and Comprehensive income (loss) loss for the three and nine months ended September 30, 2023 March 31, 2024 and 2022 2023 were as follows:

(in millions)	Three months ended September 30,	
	2023	2022
<b>NET INCOME</b>		
Unrealized gain (loss) on fuel derivative instruments, net of deferred taxes of \$41 and (\$153)	\$ 193	\$ 277
Unrealized gain on interest rate derivative instruments, net of deferred taxes of \$2 and \$—	135	(504)
Total other comprehensive income (loss)	8	4
<b>COMPREHENSIVE INCOME (LOSS)</b>	\$ 143	\$ (500)
	\$ 336	\$ (223)

(in millions)	Nine months ended September 30,	
	2023	2022
<b>NET INCOME</b>		
Unrealized loss on fuel derivative instruments, net of deferred taxes of (\$45) and (\$31)	\$ 717	\$ 759
Unrealized gain on interest rate derivative instruments, net of deferred taxes of \$2 and \$5	(150)	(101)
	11	18

Other, net of deferred taxes of \$4 and \$—		(4)	—
Total other comprehensive loss		\$ (143)	\$ (83)
<b>COMPREHENSIVE INCOME</b>		<b>\$ 574</b>	<b>\$ 676</b>

(in millions)	Three months ended March 31,	
	2024	2023
<b>NET LOSS</b>		
Unrealized gain (loss) on fuel derivative instruments, net of deferred taxes of \$6 and \$(44)		17 (147)
Other, net of deferred taxes of \$— and \$—	2	—
Total other comprehensive income (loss)	\$ 19	\$ (147)
<b>COMPREHENSIVE LOSS</b>	<b>\$ (212)</b>	<b>\$ (306)</b>

A rollforward of the amounts included in AOCI, net of taxes, is shown below for the three and nine months ended September 30, 2023 March 31, 2024:

(in millions)	Fuel derivatives	Interest rate derivatives	Defined benefit plan items	Deferred tax impact	Accumulated other comprehensive income (loss)
Balance at June 30, 2023	\$ (65)	\$ (29)	\$ 170	\$ (18)	\$ 58
Changes in fair value	228	8	—	(55)	181
Reclassification to earnings	(52)	2	—	12	(38)
<b>Balance at September 30, 2023</b>	<b>\$ 111</b>	<b>\$ (19)</b>	<b>\$ 170</b>	<b>\$ (61)</b>	<b>\$ 201</b>

(in millions)	Fuel derivatives	Interest rate derivatives	Defined benefit plan items	Deferred tax impact	Accumulated other comprehensive income (loss)
Balance at December 31, 2022	\$ 305	\$ (32)	\$ 170	\$ (99)	\$ 344
Changes in fair value	(101)	8	—	21	(72)
Reclassification to earnings	(93)	5	—	17	(71)
<b>Balance at September 30, 2023</b>	<b>\$ 111</b>	<b>\$ (19)</b>	<b>\$ 170</b>	<b>\$ (61)</b>	<b>\$ 201</b>

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(in millions)	Fuel derivatives	Defined benefit plan items	Other	Deferred tax impact	Accumulated other comprehensive income (loss)
Balance at December 31, 2023	\$ (135)	\$ 149	\$ (15)	\$ 1	\$ —
Changes in fair value	1	—	—	—	1
Reclassification to earnings	22	—	2	(6)	18
<b>Balance at March 31, 2024</b>	<b>\$ (112)</b>	<b>\$ 149</b>	<b>\$ (13)</b>	<b>\$ (5)</b>	<b>\$ 19</b>

The following tables illustrate the significant amounts reclassified out of each component of AOCI for the three and nine months ended September 30, 2023 March 31, 2024:

Three months ended **September 30, 2023** **March 31, 2024**

(in millions)	Amounts reclassified from AOCI	Affected line item in the unaudited Condensed Consolidated Statement of Comprehensive Income (Loss) Loss
<b>AOCI components</b>		
Unrealized (gain) loss on fuel derivative instruments	\$ (52)22	Fuel and oil expense
	(12) 6	Less: Tax expense
	\$ (40)16	Net of tax
Unrealized loss on interest rate derivative instruments	\$ 2	Other operating expenses
	—	Less: Tax expense
	\$ 2	Net of tax
<b>Total reclassifications for the period</b>	<b>\$ (38)</b>	<b>Net of tax</b>

**Nine months ended September 30, 2023**

(in millions)	Amounts reclassified from AOCI	Affected line item in the unaudited Condensed Consolidated Statement of Comprehensive Income (Loss)
<b>AOCI components</b>		
Unrealized (gain) on fuel derivative instruments	\$ (93)	Fuel and oil expense
	(22)	Less: Tax expense
	\$ (71)	Net of tax
Unrealized loss on interest rate derivative instruments	\$ 5	Other operating expenses
	1	Less: Tax expense
	\$ 4	Net of tax
Other	\$ 2	Other operating expenses
	—	Other
	\$ 4	Less: Tax Expense expense
	\$ (4)2	Net of tax
<b>Total reclassifications for the period</b>	<b>\$ (71)18</b>	<b>Net of tax</b>

## 5. REVENUE

### Passenger Revenues

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The Company's contracts with its Customers primarily consist of its tickets sold, which are initially deferred as Air traffic liability. Passenger revenue associated with tickets is recognized when the performance obligation to the Customer is satisfied, which is primarily when travel is provided.

Revenue is categorized by revenue source as the Company believes it best depicts the nature, amount, timing, and uncertainty of revenue and cash flow. The following table provides the components of Passenger revenue recognized for the three and nine months ended **September 30, 2023** **March 31, 2024** and **2022**: **2023**:

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(in millions)	(in millions)	Three months ended September 30,		Nine months ended September 30,	
		2023	2022	2023	2022
(in millions)	(in millions)				
(in millions)	(in millions)				

Passenger non-loyalty								
Passenger non-loyalty								
Passenger non-loyalty	Passenger non-loyalty	\$ 4,758	\$ 4,630	\$ 14,023	\$ 13,112			
Passenger loyalty - air transportation	Passenger loyalty - air transportation	916	791	2,730	2,236			
Passenger loyalty - air transportation								
Passenger ancillary sold separately								
Passenger ancillary sold separately								
Passenger ancillary sold separately	Passenger ancillary sold separately	238	192	673	519			
<b>Total passenger revenues</b>	<b>Total passenger revenues</b>	<b>\$ 5,912</b>	<b>\$ 5,613</b>	<b>\$ 17,426</b>	<b>\$ 15,867</b>			
<b>Total passenger revenues</b>								
<b>Total passenger revenues</b>								

As of **September 30, 2023** **March 31, 2024**, and **December 31, 2022** **December 31, 2023**, the components of Air traffic liability, including contract liabilities based on tickets sold and unused flight credits available to the Customer, both of which are net of recorded breakage, and loyalty points available for redemption, within the unaudited Condensed Consolidated Balance Sheet were as follows:

(in millions)	Balance as of		March 31, 2024	December 31, 2023
	September 30, 2023	December 31, 2022 (in millions)		
Air traffic liability - passenger travel and ancillary passenger services	Air traffic liability - passenger travel and ancillary passenger services	\$ 4,004	\$ 3,061	
Air traffic liability - loyalty program	Air traffic liability - loyalty program	4,996	5,189	
<b>Total Air traffic liability</b>	<b>Total Air traffic liability</b>	<b>\$ 9,000</b>	<b>\$ 8,250</b>	

The balance in "Air traffic liability - passenger travel and ancillary passenger services" also includes flight credits not currently associated with a ticket that can be applied by Customers towards the purchase of future travel. These flight credits are typically created as a result of a prior ticket cancellation or exchange, and are reflected net of associated breakage. Rollforwards of the Company's "Air traffic liability - loyalty program" for the three and nine months ended **September 30, 2023** **March 31, 2024** and **2022** **2023** were as follows (in millions): follows:

(in millions)	Three months ended September 30,		Nine months ended September 30,	
	2023		2023	
	Three months ended March 31,	Three months ended March 31,	Three months ended March 31,	2022
Air traffic liability - loyalty program - beginning balance				
Air traffic liability - loyalty program - beginning balance				

Air traffic liability - loyalty program - beginning balance	Air traffic liability - loyalty program - beginning balance	\$ 5,079	\$ 4,885	\$ 5,189	\$ 4,789
Amounts deferred associated with points awarded	Amounts deferred associated with points awarded	859	815	2,609	2,395
Amounts deferred associated with points awarded					
Amounts deferred associated with points awarded					
Revenue recognized from points redeemed - Passenger	Revenue recognized from points redeemed - Passenger	(916)	(791)	(2,730)	(2,236)
Revenue recognized from points redeemed - Passenger					
Revenue recognized from points redeemed - Passenger					
Revenue recognized from points redeemed - Other					
Revenue recognized from points redeemed - Other	Revenue recognized from points redeemed - Other	(26)	(24)	(72)	(63)
Air traffic liability - loyalty program - ending balance	Air traffic liability - loyalty program - ending balance	\$ 4,996	\$ 4,885	\$ 4,996	\$ 4,885
Air traffic liability - loyalty program - ending balance					
Air traffic liability - loyalty program - ending balance					

Air traffic liability includes consideration received for ticket and loyalty related performance obligations which have not been satisfied as of a given date. Rollforwards of the amounts included in Air traffic liability as of **September 30, 2023** **March 31, 2024** and **2022** **2023** were as follows (in millions): follows:

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(in millions)	Three months ended March 31,	
	2024	2023
Air traffic liability - beginning balance	\$ 8,279	\$ 8,250
Current period sales (a)	6,850	6,072
Revenue from amounts included in contract liability opening balances	(2,557)	(2,568)
Revenue from current period sales	(3,178)	(2,557)
Air traffic liability - ending balance	\$ 9,394	\$ 9,197
(a) Current period sales includes passenger travel, ancillary services, flight loyalty, and partner loyalty		<b>Air traffic liability</b>
Balance at December 31, 2022		\$ 8,250
Current period sales (passenger travel, ancillary services, flight loyalty, and partner loyalty)		18,249
Revenue from amounts included in contract liability opening balances		(5,263)
Revenue from current period sales		(12,236)
Balance at September 30, 2023		\$ 9,000

	<b>Air traffic liability</b>
Balance at December 31, 2021	\$ 7,725
Current period sales (passenger travel, ancillary services, flight loyalty, and partner loyalty)	16,630
Revenue from amounts included in contract liability opening balances	(3,750)
Revenue from current period sales	(12,180)
Balance at September 30, 2022	<u><u>\$ 8,425</u></u>

On July 28, 2022, Under the Company's policy, flight credits never expire. However, as the Company announced that all existing Customer flight credits as of that date, as well as any future flight credits issued, will no longer expire and will thus remain redeemable by Customers. Flight credits for non-refundable fares will be issued as long as the flight is cancelled more than 10 minutes prior to the scheduled departure. As the Company continues to believe believes that a portion of Customer flight credits issued after July 28, 2022, will not be redeemed, it continues to estimate estimates and record records breakage associated with such amounts. The amount of Customer flight credits represents approximately 76 percent and 98 percent of the total Air traffic liability balance as of September 30, 2023 March 31, 2024, and December 31, 2022 December 31, 2023, respectively.

The Company recognized revenue related to the marketing, advertising, and other travel-related benefits of the revenue associated with various loyalty partner agreements including, but not limited to, the Agreement its co-branded credit card agreement with Chase Bank USA, N.A. within Other operating revenues. For the three months ended September 30, 2023 March 31, 2024 and 2022, 2023, the Company recognized \$526 \$542 million and \$521 million, respectively. For the nine months ended September 30, 2023 and 2022, the Company recognized \$1.6 billion and \$1.5 billion, respectively.

#### 6. NET INCOME LOSS PER SHARE

The following table sets forth the computation of basic and diluted net income loss per share (in millions, except per share amounts). Basic net income loss per share is calculated by dividing net income loss by the weighted average of shares outstanding during the period. Diluted net income loss per share reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock. For the three and nine months ended September 30, 2023 and 2022, an immaterial number of shares related to the Company's restricted stock units and stock warrants were excluded from the denominator because inclusion of such shares would be antidilutive.

	<b>Three months ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
<b>NUMERATOR:</b>		
Net loss attributable to common stockholders	\$ (231)	<u><u>\$ (159)</u></u>
<b>DENOMINATOR:</b>		
Weighted-average shares outstanding, basic and diluted	<u><u>597</u></u>	<u><u>594</u></u>
<b>NET LOSS PER SHARE:</b>		
Basic	\$ (0.39)	\$ (0.27)
Diluted	<u><u>\$ (0.39)</u></u>	<u><u>\$ (0.27)</u></u>
Antidilutive amounts excluded from calculations:		
Convertible debt	43	42
Restricted stock units	3	3
Stock warrants	2	1

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	<b>Three months ended September 30,</b>		<b>Nine months ended September 30,</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
<b>NUMERATOR:</b>				
Net income	\$ 193	\$ 277	\$ 717	\$ 759
Add: Interest expense	<u><u>5</u></u>	<u><u>5</u></u>	<u><u>15</u></u>	<u><u>17</u></u>

Net income attributable to common stockholders	198	282	732	776
<b>DENOMINATOR:</b>				
Weighted-average shares outstanding, basic	596	593	595	593
Dilutive effects of Convertible Notes	42	45	42	(a) 49
Dilutive effect of restricted stock units	2	1	2	1
Adjusted weighted-average shares outstanding, diluted	<u>640</u>	<u>639</u>	<u>639</u>	<u>643</u>
<b>NET INCOME PER SHARE:</b>				
Basic	\$ 0.32	\$ 0.47	\$ 1.20	\$ 1.28
Diluted	<u>\$ 0.31</u>	<u>\$ 0.44</u>	<u>\$ 1.15</u>	<u>\$ 1.21</u>

## 7. FAIR VALUE MEASUREMENTS

Accounting standards pertaining to fair value measurements establish a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include: Level 1, defined as observable inputs such as quoted prices in active markets; Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions.

As of **September 30, 2023** **March 31, 2024**, the Company held certain items that are required to be measured at fair value on a recurring basis. These included cash equivalents, short-term investments (primarily treasury bills), **interest rate derivative contracts**, fuel derivative contracts, and available-for-sale securities. The majority of the Company's cash equivalents and short-term investments consist of instruments classified as Level 1. However, the Company has certificates of deposit, commercial paper, and time deposits that are classified as Level 2, due to the fact that the fair value for these instruments is determined utilizing observable inputs in non-active markets. Equity securities primarily consist of investments with readily determinable market values associated with the Company's excess benefit plan.

The Company's **fuel and interest rate** derivative instruments consist of over-the-counter contracts, which are not traded on a public exchange. Fuel derivative instruments currently consist solely of option contracts, whereas interest rate derivatives **consist** **have historically consisted** solely of swap agreements. See Note 3 for further information on the Company's derivative instruments and hedging activities. **The fair values of swap contracts are determined based on inputs that are readily available in public markets or can be derived from information available in publicly quoted markets. Therefore, the Company has categorized these swap contracts as Level 2.** The Company's Treasury Department, which reports to the Chief Financial Officer, determines the value of option contracts utilizing an option pricing model based on inputs that are either readily available in public markets, can be derived from information available in publicly quoted markets, or are provided by financial institutions that trade these contracts. The option pricing model used by the Company is an industry standard model for valuing options and is a similar model used by the broker/dealer community (i.e., the Company's counterparties). The inputs to this option pricing model are the option

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strike price, underlying price, risk free rate of interest, time to expiration, and volatility. Because certain inputs used to determine the fair value of option contracts are unobservable (principally implied volatility), the Company has categorized these option contracts as Level 3. Volatility information is obtained from external sources but is analyzed by the Company for reasonableness and compared to similar information received from other external sources. The fair value of option contracts considers both the intrinsic value and any remaining time value associated with those derivatives that have not yet settled. The Company also considers counterparty credit risk and its own credit risk in its determination of all estimated fair values. To validate the reasonableness of the Company's option pricing model, on a monthly basis, the Company compares its option valuations to third party valuations. If any significant differences were to be noted, they would be researched in order to determine the reason. However, historically, no significant differences have been noted. The Company has consistently applied these valuation techniques in all periods presented and believes it has obtained the most accurate information available for the types of derivative contracts it holds.

Included in Other available-for-sale securities are the Company's investments associated with its deferred compensation plans, which consist of mutual funds that are publicly traded and for which market prices are readily available. These plans are non-qualified deferred compensation plans designed to hold contributions in excess of limits established by the Internal Revenue Code of 1986, as amended. The distribution timing and payment amounts under these plans are made based on the participant's distribution election and plan balance. Assets related to the funded portions of the deferred compensation plans are held in a rabbi trust, and the Company remains liable to these participants for the unfunded portion of the plans. The Company records changes in the fair value of plan obligations and plan assets, which net to zero, within the Salaries, wages, and benefits line and Other **(gains) losses** **gains, net** line, respectively, of the unaudited Condensed Consolidated Statement of Comprehensive Income (Loss).

The following tables present the Company's assets and liabilities that are measured at fair value on a recurring basis as of **September 30, 2023**, **March 31, 2024**, and **December 31, 2022**, **December 31, 2023**:

		Fair value measurements at reporting date using:			Fair value measurements at reporting date using:	
		Quoted prices in active markets for identical assets	Significant other inputs	Significant observable inputs		
		Quoted prices in active markets for identical assets			Quoted prices in active markets for identical assets	Significant other observable inputs
		Quoted prices in active markets for identical assets			Quoted prices in active markets for identical assets	Significant unobservable inputs
Description	Description	September 30, 2023	(Level 1)	(Level 2)	(Level 3)	Description
Assets	Assets	(in millions)			March 31, 2024	(Level 1)
Cash equivalents:	Cash equivalents:				Cash equivalents:	(Level 2)
Cash equivalents (a)	Cash equivalents (a)	\$ 9,166	\$ 9,166	—	\$ —	(Level 3)
Commercial paper	Commercial paper	314	—	314	—	
Certificates of deposit	Certificates of deposit	17	—	17	—	
Time deposits						
Time deposits						
Time deposits						
Short-term investments:	Short-term investments:					
Treasury bills	Treasury bills	2,029	2,029	—	—	
Treasury bills	Treasury bills					
Certificates of deposit	Certificates of deposit					
Certificates of deposit	Certificates of deposit					
Certificates of deposit (b)	Certificates of deposit (b)	207	—	207	—	
Fuel derivatives:	Fuel derivatives:					
Fuel derivatives:	Fuel derivatives:					
Option contracts (b)	Option contracts (b)	515	—	—	515	
Interest rate derivatives (see Note 3)		23	—	23	—	
Option contracts (b)						

Option contracts (b)						
Equity Securities						
Equity Securities						
Equity Securities	Equity Securities	249	249	—	—	—
<b>Total assets</b>	<b>Total assets</b>	<b>\$ 12,520</b>	<b>\$ 11,444</b>	<b>\$ 561</b>	<b>\$ 515</b>	<b>—</b>
Liabilities	Liabilities					
Fuel derivatives:	Fuel derivatives:					
Option contracts	Option contracts					
(b)	(b)	\$ (28)	\$ —	\$ —	\$ (28)	
Option contracts (b)						
Option contracts (b)						

(a) Cash equivalents are primarily composed of money market investments and treasury bills.

(b) In the unaudited Condensed Consolidated Balance Sheet amounts are presented as a net asset. See Note 3.

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Fair value measurements at reporting date using:							Fair value measurements at reporting date using:									
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 33.33%; text-align: center; padding: 5px;">Quoted prices in active markets for identical assets</td><td style="width: 33.33%; text-align: center; padding: 5px;">Significant other inputs</td><td style="width: 33.33%; text-align: center; padding: 5px;">Significant unobservable inputs</td></tr> </table>							Quoted prices in active markets for identical assets	Significant other inputs	Significant unobservable inputs	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 33.33%; text-align: center; padding: 5px;">Quoted prices in active markets for identical assets</td><td style="width: 33.33%; text-align: center; padding: 5px;">Significant other inputs</td><td style="width: 33.33%; text-align: center; padding: 5px;">Significant unobservable inputs</td></tr> </table>				Quoted prices in active markets for identical assets	Significant other inputs	Significant unobservable inputs
Quoted prices in active markets for identical assets	Significant other inputs	Significant unobservable inputs														
Quoted prices in active markets for identical assets	Significant other inputs	Significant unobservable inputs														
Description		December 31, 2022					Description		December 31, 2023							
		(Level 1)			(Level 2)		(Level 1)		(Level 2)							
Assets	Assets	(in millions)					Assets	(in millions)								
Cash equivalents:	Cash equivalents:						Cash equivalents:									
Cash equivalents (a)	Cash equivalents (a)	\$ 9,040	\$ 9,040	\$ —	\$ —	\$ —	Short-term investments:									
Commercial paper	Commercial paper	179	—	179	—	—	Short-term investments:									
Certificates of deposit	Certificates of deposit	23	—	23	—	—	Short-term investments:									
Time deposits	Time deposits	250	—	250	—	—	Short-term investments:									
Short-term investments:	Short-term investments:						Short-term investments:									
Treasury bills	Treasury bills	2,226	2,226	—	—	—	Short-term investments:									
Certificates of deposit	Certificates of deposit	124	—	124	—	—	Short-term investments:									
Time deposits	Time deposits	450	—	450	—	—	Short-term investments:									

Fuel derivatives:					
Fuel derivatives:					
Fuel derivatives:	Fuel derivatives:				
Option contracts (b)	Option contracts (b)	512	—	—	512
Option contracts (b)					
Interest rate derivatives (see Note 3)					
		14	—	14	—
Option contracts (b)					
Equity Securities					
Equity Securities					
Equity Securities	Equity Securities	235	235	—	—
<b>Total assets</b>	<b>Total assets</b>	<b>\$ 13,053</b>	<b>\$ 11,501</b>	<b>\$ 1,040</b>	<b>\$ 512</b>

(a) Cash equivalents are primarily composed of money market investments, investments and treasury bills.

(b) In the unaudited Condensed Consolidated Balance Sheet amounts are presented as an asset. See Note 3.

The Company did not have any material assets or liabilities measured at fair value on a nonrecurring basis during the **nine** **three** months ended **September 30, 2023** **March 31, 2024**, or the year ended **December 31, 2022** **December 31, 2023**. The following **tables** **present** **table** presents the

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Company's activity for items measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the three **and nine** months ended **September 30, 2023** **March 31, 2024**:

**Fair value measurements using significant unobservable inputs (Level 3)**

(in millions)	Fuel derivatives
Balance at June 30, 2023 as of December 31, 2023	\$ 316,223
Total gains (losses) for the period	
Included in other comprehensive income loss	2281
Purchases	451 (b)
Settlements	(94)(18)
Balance at September 30, 2023 as of March 31, 2024	\$ 487,257
The amount of total gains/losses for the period included in earnings attributable to the change in unrealized gains or losses relating to assets still held at September 30, 2023 as of March 31, 2024	\$ (16)1 (a)
The amount of total gains for the period included in other comprehensive income attributable to the change in unrealized gains or losses relating to assets still held at September 30, 2023	\$ (182)

(a) Included in Other (gains) losses, net, within the unaudited Condensed Consolidated Statement of Comprehensive Income.

(b) The purchase of fuel derivatives is recorded on a gross basis based on the structure of the derivative instrument and whether a contract with multiple derivatives was purchased as a single instrument or separate instruments.

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**Fair value measurements using significant unobservable inputs (Level 3)**

(in millions)	Fuel derivatives
Balance at December 31, 2022	\$ 512
<b>Total gains (losses) for the period</b>	
Included in earnings	26 (a)
Included in other comprehensive income	(100)
Purchases	245 (b)
Settlements	(196)
Balance at September 30, 2023	\$ 487
The amount of total gains for the period included in earnings attributable to the change in unrealized gains or losses relating to assets still held at September 30, 2023	\$ (14) (a)
The amount of total losses for the period included in other comprehensive income attributable to the change in unrealized gains or losses relating to assets still held at September 30, 2023 as of March 31, 2024	\$ 264

(a) Included in Other (gains) losses, gains, net, within the unaudited Condensed Statement of Comprehensive Income, Loss.

(b) The purchase of fuel derivatives is recorded on a gross basis based on the structure of the derivative instrument and whether a contract with multiple derivatives was purchased as a single instrument or separate instruments.

The significant unobservable input used in the fair value measurement of the Company's derivative option contracts is implied volatility. Holding other inputs constant, an increase (decrease) in implied volatility would have resulted in a higher (lower) fair value measurement, respectively, for the Company's derivative option contracts.

The following table presents a range and weighted average of the unobservable inputs utilized in the fair value measurements of the Company's fuel derivatives classified as Level 3 as of **September 30, 2023** **March 31, 2024**:

<b>Quantitative information about Level 3 fair value measurements</b>									
	Valuation technique	Unobservable input	Period (by year)	Weighted Average (a)		Valuation technique	Unobservable input	Period (by year)	Weighted Average (a)
Fuel derivatives			Fuel derivatives		Option model	Implied volatility	Second quarter	14-2024	24 %
			Third quarter 2024					Third quarter 2024	21-31% 25 %
			Fourth quarter 2024					Fourth quarter 2024	22-30% 25 %
			2025					2025	21-23% 22 %
			2026					2026	21-22% 21 %
Fuel derivatives	Option model	Implied volatility	Fourth quarter 2023	19-41% 31 %					
			2024	26-38% 28 %					
			2025	24-28% 25 %					
			2026	23-26% 25 %					

(a) Implied volatility weighted by the notional amount (barrels of fuel underlying commodity) that will settle in respective period.

The carrying amounts and estimated fair values of the Company's short-term and long-term debt (including current maturities), as well as the applicable fair value hierarchy tier, as of **September 30, 2023** **March 31, 2024**, are presented in the table below. The fair values of the Company's publicly held long-term debt are determined based on inputs that are readily available in public markets or can be derived from information available in publicly quoted markets; therefore, the Company has categorized these agreements as Level 2. All privately held debt agreements are categorized as Level 3. The Company has determined the

estimated fair value of this debt to be Level 3, as certain inputs used to determine the fair value of these agreements are unobservable. The Company utilizes indicative pricing from counterparties and a discounted cash flow method to estimate the fair value of the Level 3 items.

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(in millions)	(in millions)	Carrying value	Estimated fair value	Fair value level hierarchy (in millions)	Carrying value	Estimated fair value	Fair value level hierarchy
5.25% Notes due 2025							
5.25% Notes due 2025							
5.25% Notes due 2025	5.25% Notes due 2025	1,302	1,287	Level 2	1,302	1,298	Level 2
1.25% Convertible Notes due 2025	1.25% Convertible Notes due 2025	1,611	1,616	Level 2	1.25% Convertible Notes due 2025	1,611	1,630
3.00% Notes due 2026	3.00% Notes due 2026	300	278	Level 2	3.00% Notes due 2026	300	283
7.375% Debentures due 2027	7.375% Debentures due 2027	111	104	Level 2	7.375% Debentures due 2027	110	114
3.45% Notes due 2027	3.45% Notes due 2027	300	275	Level 2	3.45% Notes due 2027	300	283
5.125% Notes due 2027	5.125% Notes due 2027	1,727	1,683	Level 2	5.125% Notes due 2027	1,727	1,725
2.625% due 2030	2.625% due 2030	500	414	Level 2	2.625% due 2030	500	435
1.000% Payroll Support Program Loan due 2030 (a)	1.000% Payroll Support Program Loan due 2030 (a)	976	893	Level 3	1.000% Payroll Support Program Loan due 2030 (a)	976	953
1.000% Payroll Support Program Loan due 2030 (a)	1.000% Payroll Support Program Loan due 2030 (a)	976	953	Level 3	1.000% Payroll Support Program Loan due 2030 (a)	976	953
1.000% Payroll Support Program Loan due 2031 (a)	1.000% Payroll Support Program Loan due 2031 (a)	566	500	Level 3	1.000% Payroll Support Program Loan due 2031 (a)	566	532
1.000% Payroll Support Program Loan due 2031 (a)	1.000% Payroll Support Program Loan due 2031 (a)	526	457	Level 3	1.000% Payroll Support Program Loan due 2031 (a)	526	489

(a) The interest rate will change to Secured Overnight Financing Rate +2% plus two percent on the fifth anniversary of the loans.

## 8. SUPPLEMENTAL FINANCIAL INFORMATION

(in millions)	(in millions)	September 30, 2023	December 31, 2022
(in millions)	(in millions)		
Trade receivables			
Trade receivables			
Trade receivables	Trade receivables	\$ 142	\$ 117
Credit card receivables	Credit card receivables	382	85
Credit card receivables			
Credit card receivables			
Business partners and other suppliers			
Business partners and other suppliers			
Business partners and other suppliers	Business partners and other suppliers	606	478
Taxes receivable	Taxes receivable	53	133
Taxes receivable			
Taxes receivable			
Fuel hedging and receivables	Fuel hedging and receivables	45	34
Fuel hedging and receivables			
Fuel hedging and receivables			
Reinsurance receivable			
Reinsurance receivable			
Reinsurance receivable			
Other			
Other			
Other	Other	239	193
Accounts and other receivables	Accounts and other receivables	\$ 1,467	\$ 1,040
Accounts and other receivables			
Accounts and other receivables			
(in millions)	(in millions)	September 30, 2023	December 31, 2022
(in millions)	(in millions)		
Derivative contracts	Derivative contracts	\$ 216	\$ 174
Derivative contracts			
Derivative contracts			
Intangible assets, net			
Intangible assets, net			
Intangible assets, net	Intangible assets, net	296	296
Equity securities	Equity securities	249	235
Equity securities			
Equity securities			
Prepaid maintenance			
Prepaid maintenance			
Prepaid maintenance			
Other			
Other			
Other	Other	255	150
Other assets	Other assets	\$ 1,016	\$ 855
Other assets			
Other assets			

(in millions)	(in millions)	September 30, 2023	December 31, 2022
(in millions)			
(in millions)			
Accounts payable trade			
Accounts payable trade			
Accounts payable trade	Accounts payable trade	\$ 329	\$ 277
Salaries, withholdings and payroll taxes	Salaries, withholdings and payroll taxes	338	456
Salaries, withholdings and payroll taxes			
Salaries, withholdings and payroll taxes			
Ticket taxes and fees			
Ticket taxes and fees			
Ticket taxes and fees	Ticket taxes and fees	357	242
Aircraft maintenance payable	Aircraft maintenance payable	121	65
Aircraft maintenance payable			
Aircraft maintenance payable			
Fuel payable			
Fuel payable			
Fuel payable	Fuel payable	153	188
Dividends payable	Dividends payable	—	107
Customer reimbursements and refunds (a)		6	311
Dividends payable			
Dividends payable			
Accrued third party services			
Accrued third party services			
Accrued third party services	Accrued third party services	225	196
Other payable	Other payable	207	162
Other payable			
Other payable			
Accounts payable	Accounts payable	\$ 1,736	\$ 2,004
Accounts payable			
Accounts payable			

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(in millions)	(in millions)	September 30, 2023	December 31, 2022
(in millions)			
Voluntary Separation Program	Voluntary Separation Program	\$ 65	\$ 72
Voluntary Separation Program			
Voluntary Separation Program			
Profitsharing and savings plans	Profitsharing and savings plans	184	167
Profitsharing and savings plans			
Profitsharing and savings plans			
Vacation pay			
Vacation pay			

Vacation pay	Vacation pay	513	484
Health	Health	315	261
Health			
Health			
Workers compensation			
Workers compensation			
Workers compensation	Workers compensation	128	164
Property and income taxes	Property and income taxes	64	37
Property and income taxes			
Property and income taxes			
Interest	Interest	72	45
Bonus and incentive pay (b)		1,250	563
Interest			
Interest			
Bonus and incentive pay (a)			
Bonus and incentive pay (a)			
Bonus and incentive pay (a)			
Reinsurance payable			
Reinsurance payable			
Reinsurance payable			
Other			
Other			
Other	Other	289	250
Accrued liabilities	Accrued liabilities	\$ 2,880	\$ 2,043
Accrued liabilities			
Accrued liabilities			
<b>(in millions)</b>			
<b>(in millions)</b>			
<b>(in millions)</b>	<b>(in millions)</b>	<b>September 30, 2023</b>	<b>December 31, 2022</b>
Voluntary Separation Program	Voluntary Separation Program	\$ 83	\$ 147
Voluntary Separation Program			
Postretirement obligation			
Postretirement obligation			
Postretirement obligation	Postretirement obligation	246	241
Other deferred compensation	Other deferred compensation	327	331
Other deferred compensation			
Other deferred compensation			
Other			
Other			
Other	Other	224	250
Other noncurrent liabilities	Other noncurrent liabilities	\$ 880	\$ 969
Other noncurrent liabilities			
Other noncurrent liabilities			

(a) As of December 31, 2022, included customer reimbursement expenses due to the Company's December 2022 operational disruption and refund submissions that had yet to be processed. As of September 30, 2023, amounts primarily consist of normal current activity.

(b) Primarily consists of anticipated contract labor ratification bonuses and/or accruals. Also includes non-contract incentive pay. Included Approximately \$1.35 billion was paid in Salaries, wages and benefits expense for the three and nine months ended September 30, 2023, is incremental expense of \$96 million and \$180 million, respectively, for changes in estimate related first quarter 2024 to the contract Pilots as a ratification bonus upon the Company's Flight Attendants as part ratification of the tentative labor contract agreement

reached in October 2023 with the Transport Workers Union 556 Southwest Airlines Pilots Association ("TWU 556" SWAPA"). The cumulative \$180 million is included in the balance as of September 30, 2023. The Company began accruing for all of its open labor contracts on April 1, 2022, and this incremental \$180 million expense extends the timeframe covered by the ratification bonus to the date the Flight Attendant contract became amendable on November 1, 2018, to compensate for missed wage increases over that time period.

For further information on fuel derivative and interest rate derivative contracts, instruments, see Note 3.

#### Other Operating Expenses

Other operating expenses consist of aircraft rentals, distribution costs, advertising expenses, personnel expenses, professional fees, and other operating costs, none of which individually exceeded 10 percent of Total operating expenses.

## 9. COMMITMENTS AND CONTINGENCIES

### Commitments

On October 25, 2023, the Company entered into a supplemental agreement The Company's contractual order book with The Boeing Company ("Boeing") relating for 737-7 ("7") and 737-8 ("8") aircraft, which extends to its contractual order book for Boeing 737-7 and Boeing 737-8 aircraft. Based on 2031, was designed to support the Company's agreement growth and fleet modernization plans, while also providing significant flexibility to manage its fleet size, including opportunities to accelerate fleet modernization efforts if growth opportunities do not materialize. The Company received five -8 aircraft deliveries from Boeing in first quarter 2024 and retired three 737-700 ("700") aircraft.

Boeing continues to experience delays in fulfilling its commitments with regards to delivery of MAX aircraft to the Company, as a result of manufacturing challenges, as well as delays in achieving FAA certification of one of its new aircraft types, the -7, for which Southwest expects to be the launch customer. As a result of Boeing's delivery delays, the Company has conservatively re-planned its capacity and delivery expectations for the remainder of this year and next.

The Company entered into a Supplemental Agreement with Boeing capital commitments associated with to formalize the conversion of 19 2025 -7 firm orders into -8 firm orders as of October 26, 2023 March 31, 2024. Therefore, as of March 31, 2024, were: \$133 million remaining in 2023, \$2.1 billion in 2024, \$1.7 billion in 2025, \$1.8 billion in 2026, \$2.6 billion in 2027, \$2.9 billion in 2028, the Company had the following firm orders and \$5.3 billion thereafter.

options for future periods:

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The Boeing Company				
	-7 Firm Orders	-8 Firm Orders	-7 or -8 Options	Total
2024	27	58	—	85 (c)
2025	40	19	15	74
2026	59	—	26	85
2027	19	46	25	90
2028	15	50	25	90
2029	38	34	18	90
2030	45	—	45	90
2031	45	—	45	90
	288 (a)	207 (b)	199	694

(a) The delivery timing for the -7 is dependent on the Federal Aviation Administration ("FAA") issuing required certifications and approvals to Boeing and the Company. The FAA will ultimately determine the timing of the -7 certification and entry into service, and the Company therefore offers no assurances that current estimations and timelines are correct.

(b) The Company has flexibility to designate firm orders or options as -7s or -8s, upon written advance notification as stated in the contract.

(c) Includes five -8 deliveries received year-to-date through March 31, 2024. Given the Company's continued discussions with Boeing and expected aircraft delivery delays, the Company is currently planning for approximately 20 -8 aircraft deliveries in 2024.

Based on the Company's current agreement with Boeing, capital commitments associated with firm orders as of March 31, 2024, were: \$1.9 billion remaining in 2024, \$1.7 billion in 2025, \$1.8 billion in 2026, \$2.6 billion in 2027, \$2.9 billion in 2028, \$2.5 billion in 2029, and \$2.8 billion thereafter.

### Contingencies

The Company is from time to time subject to various legal proceedings and claims arising in the ordinary course of business and records a liability for such claims when it is probable that a loss will be incurred and the amount is reasonably estimable.

Based on the wide-scale operational disruption for the Company, which led to the cancellation of a significant number of flights between December 21 and December 29, 2022, the Company could be subject to fines and/or penalties resulting from investigations by the Department of Transportation or other government agencies. See Note 1. On October 27, 2023, the Department of Transportation notified the Company that it has determined the Company had failed to provide adequate customer service assistance, prompt flight status notifications, and proper and prompt refunds and that the assessment of a civil penalty is warranted. The Company could also face monetary damages or other costs resulting from litigation initiated by Customers and/or Shareholders. The Company is currently not able to estimate a range of possible loss for such items.

The Company is a defendant in class action litigation asserting it has not provided paid short-term military leave to certain employees, in violation of the federal Uniformed Services Employment and Reemployment Rights Act ("USERRA"). The United States District Court for the Northern District of California previously issued an order to effectively stay the action, pending an appeal from an order by the United States District Court for the Eastern District of Washington granting summary judgment in favor of an airline in a separate case involving substantially the same claims at issue in this action. On February 1, 2023, the Ninth Circuit reversed the district court's grant of summary judgment and remanded the separate airline case to the District Court. The Ninth Circuit's decision may adversely affect the Company's defenses in the USERRA proceeding and may give rise to additional litigation in this or other areas. On March 22, 2024, the parties in the Company's case submitted a proposed case schedule through trial. The Court subsequently set a trial date of July 21, 2025. The Company is currently not able to estimate a range of possible loss with regards to the litigation to which it is a defendant.

#### 10. FINANCING ACTIVITIES

On May 1, 2020, the Company completed the public offering of \$2.3 billion aggregate principal amount of Convertible Senior Notes (the "Convertible Notes"). The Convertible Notes bear interest at a rate of 1.25% and will mature on May 1, 2025. Interest on the notes is payable semi-annually in arrears.

Holders may convert their Convertible Notes at their option at any time prior to the close of business on the business day immediately preceding February 1, 2025, in the event certain conditions are met, as stated in the offering

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documents. The Convertible Notes did not meet the criteria to be converted as of the date of the financial statements, and thus are classified as Long-term debt in the accompanying unaudited Condensed Consolidated Balance Sheet as of **September 30, 2023** **March 31, 2024**. Upon conversion, the Company will pay or deliver, as the case may be, cash, shares of the Company's common stock, or a combination of cash and shares of common stock, at the Company's election. The Company intends to settle conversions by paying cash up to the principal amount of the Convertible Notes, with any excess conversion value settled in cash or shares of common stock. The initial conversion rate was 25.9909 shares of common stock per \$1,000 principal amount of Convertible Notes (equivalent to an initial conversion price of approximately \$38.48 per share of common stock). However, based on the Company's most recent cash dividends declared in **August 2023**, **January 2024**, the bond conversion rate changed, to **26.5559** on **September 5, 2023** and was **26.8605** as of **March 31, 2024**. The Company repurchased **\$689 million** in principal of its Convertible Notes during the years ended **December 31, 2021** and **2022**, and the net carrying amount and principal amount of the Convertible Notes was **\$1.6 billion** as of **September 30, 2023** **March 31, 2024**, and **December 31, 2022** **December 31, 2023**. There were no Convertible Note conversions exercised or settled or partial extinguishments of debt during the three months ended **March 31, 2024** and **2023**.

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The Company recognized interest expense associated with the Convertible Notes as follows:

<b>(in millions)</b>	<b>Three months ended September 30,</b>		<b>Nine months ended September 30,</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Non-cash amortization of debt issuance costs	\$ 3	\$ 3	\$ 8	\$ 9
Contractual coupon interest	5	5	15	18
<b>Total interest expense</b>	<b>\$ 8</b>	<b>\$ 8</b>	<b>\$ 23</b>	<b>\$ 27</b>

<b>(in millions)</b>	<b>Three months ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
Non-cash amortization of debt issuance costs	\$ 3	\$ 3

Contractual coupon interest	5	5
Total interest expense	\$ 8	\$ 8

The unamortized debt issuance costs are being recognized as non-cash interest expense based on the 5-year term of the notes, through May 1, 2025, less amounts that were or will be required to be accelerated immediately upon conversion or repurchases. The Company had no changes to contingencies with regards to the Convertible Notes during the **nine** three months ended **September 30, 2023** **March 31, 2024**. The effective interest rate associated with the Convertible Notes was approximately 1.9 percent for the three and **nine** months ended **September 30, 2023** **March 31, 2024**.

The following tables present the impact of the partial extinguishment of the Company's Convertible Notes and early prepayment of debt (excluding payments on finance leases) for the three and nine months ended September 30, 2022. No such instances of partial extinguishment or early prepayment of debt occurred for the three and nine months ended September 30, 2023.

(in millions)	Three months ended September 30, 2022				
	Cash paid for debt and interest	Principal repayment	Loss on extinguishment	Non-cash amortization of debt	Accrued Interest
				discount and (issuance) costs	
1.25% Convertible Notes due 2025	\$ 240	\$ 184	\$ 59	\$ (3)	\$ —
5.125% Notes due 2027	149	143	3	1	2
4.75% Notes due 2023	1,274	1,247	8	—	19
5.25% Notes due 2025	227	217	6	—	4
<b>Total</b>	<b>\$ 1,890</b>	<b>\$ 1,791</b>	<b>\$ 76</b>	<b>\$ (2)</b>	<b>\$ 25</b>

(in millions)	Nine months ended September 30, 2022				
	Cash paid for debt and interest	Principal repayment	Loss on extinguishment	Non-cash amortization of debt	Accrued Interest
				discount and (issuance) costs	
1.25% Convertible Notes due 2025	\$ 649	\$ 486	\$ 171	\$ (9)	\$ 1
5.125% Notes due 2027	209	199	6	2	2
4.75% Notes due 2023	1,278	1,250	9	—	19
5.25% Notes due 2025	228	218	6	—	4
<b>Total</b>	<b>\$ 2,364</b>	<b>\$ 2,153</b>	<b>\$ 192</b>	<b>\$ (7)</b>	<b>\$ 26</b>

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The Company has access to \$1.0 billion under its amended and restated revolving credit facility (the "Amended A&R Credit Agreement"). In, which expires in August 2023, this facility was amended to (i) extend the maturity to August 4, 2028, (ii) release all aircraft and other assets constituting collateral securing the loans made under the credit facility, (iii) delete all provisions and terminate all agreements, in each case, relating to the grant of such collateral, (iv) eliminate the role of "Collateral Agent" under the credit facility after giving effect to the amendment, terminations, and releases, (v) eliminate the minimum liquidity covenant, (vi) add a Coverage Ratio financial covenant, (vii) amend the Collateral Coverage Test covenant requiring that a pool of lien-free specified aircraft and related assets have a minimum aggregate appraised value, and add certain covenants with respect to such pool of assets, (viii) amend the pricing and fees, (ix) increase certain materiality thresholds, (x) grant longer grace periods for certain defaults, and (xi) update and amend certain other provisions. For the **nine** three months ended **September 30, 2023** **March 31, 2024** and **2022, 2023**, there were no amounts outstanding under the Amended A&R Credit Agreement.

On December 5, 2022, the Company signed an aircraft sale agreement with AerCap Ireland Limited ("AerCap") to purchase 39 -700 aircraft, all of which were already in the Company's fleet under finance lease terms. As each aircraft was purchased, the Company relieved its related lease liability but continued to recognize the cost of the aircraft within Property and equipment in the unaudited Condensed Consolidated Balance Sheet. As of March 31, 2023, the Company had completed the purchase of all 39 aircraft, including the 31 aircraft purchased in 2022. The Company paid the lessor \$88 million as part of this transaction for the remaining eight aircraft in first quarter 2023, of which \$50 million was recorded as the elimination of the Company's remaining finance lease obligation for the aircraft, and which was also reflected within Payments of long-term debt and finance lease obligations in the accompanying unaudited Condensed Consolidated Statement of Cash Flows. The remaining \$38 million was the net purchase price of the aircraft and is included as part of the Company's Capital expenditures for the three months

ended March 31, 2023. As of March 31, 2024, the Company has 24 finance leased aircraft remaining. There was no gain or loss recorded as a result of these transactions.

**Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations**

Relevant comparative operating statistics for the three and nine months ended September 30, 2023 March 31, 2024 and 2022 2023 are included below. The Company provides these operating statistics because they are commonly used in the airline industry and, as such, allow readers to compare the Company's performance against its results for the prior year period, as well as against the performance of the Company's peers.

		Three months ended September 30,			Three months ended March 31,		
		2023	2022	Change			
Revenue passengers carried (000s)	Revenue passengers carried (000s)	35,349	34,434	2.7 %			
Revenue passengers carried (000s)							
Revenue passengers carried (000s)							
Enplaned passengers (000s)	Enplaned passengers (000s)	44,598	43,157	3.3 %			
Revenue passenger miles (RPMs) (in millions) <sup>(a)</sup>	Revenue passenger miles (RPMs) (in millions) <sup>(a)</sup>	35,624	33,534	6.2 %			
Revenue passenger miles (RPMs) (in millions) <sup>(a)</sup>							
Available seat miles (ASMs) (in millions) <sup>(b)</sup>	Available seat miles (ASMs) (in millions) <sup>(b)</sup>	44,169	39,272	12.5 %			
Available seat miles (ASMs) (in millions) <sup>(b)</sup>							
Available seat miles (ASMs) (in millions) <sup>(b)</sup>							
Load factor <sup>(c)</sup>	Load factor <sup>(c)</sup>	80.7 %	85.4 %	(4.7) pts.	78.3 %	77.6 %	0.7 pts. pts.
Average length of passenger haul (miles)	Average length of passenger haul (miles)	1,008	974	3.5 %			

Average aircraft stage length (miles)	Average aircraft stage length (miles)	735	711	3.4 %
Average aircraft stage length (miles)				
Average aircraft stage length (miles)				
Trips flown				
Trips flown	Trips flown	374,926	351,218	6.8 %
Seats flown (000s) <sup>(d)</sup>	Seats flown (000s) <sup>(d)</sup>	59,494	54,609	8.9 %
Seats flown (000s) <sup>(d)</sup>				
Seats flown (000s) <sup>(d)</sup>				
Seats per trip <sup>(e)</sup>				
Seats per trip <sup>(e)</sup>	Seats per trip <sup>(e)</sup>	158.7	155.5	2.1 %
Average passenger fare	Average passenger fare	\$167.24	\$163.01	2.6 %
Average passenger fare				
Average passenger fare				
Passenger revenue yield per RPM (cents) <sup>(f)</sup>				
Passenger revenue yield per RPM (cents) <sup>(f)</sup>				
Passenger revenue yield per RPM (cents) <sup>(f)</sup>	Passenger revenue yield per RPM (cents) <sup>(f)</sup>	16.60	16.74	(0.8) %
Operating revenues per ASM (cents) <sup>(g)</sup>	Operating revenues per ASM (cents) <sup>(g)</sup>	14.77	15.84	(6.8) %
Operating revenues per ASM (cents) <sup>(g)</sup>				
Operating revenues per ASM (cents) <sup>(g)</sup>				
Passenger revenue per ASM (cents) <sup>(h)</sup>				
Passenger revenue per ASM (cents) <sup>(h)</sup>				
Passenger revenue per ASM (cents) <sup>(h)</sup>	Passenger revenue per ASM (cents) <sup>(h)</sup>	13.38	14.29	(6.4) %
Operating expenses per ASM (cents) <sup>(i)</sup>	Operating expenses per ASM (cents) <sup>(i)</sup>	14.51	14.83	(2.2) %
Operating expenses per ASM (cents) <sup>(i)</sup>				

Operating expenses per ASM (cents) <sup>(i)</sup>				
Operating expenses per ASM, excluding fuel (cents)				
Operating expenses per ASM, excluding fuel (cents)				
Operating expenses per ASM, excluding fuel (cents)	Operating expenses per ASM, excluding fuel (cents)	10.97	10.38	5.7 %
Operating expenses per ASM, excluding fuel and profitsharing (cents)	Operating expenses per ASM, excluding fuel and profitsharing (cents)	10.88	10.23	6.4 %
Operating expenses per ASM, excluding fuel and profitsharing (cents)				
Operating expenses per ASM, excluding fuel and profitsharing (cents)				
Fuel costs per gallon, including fuel tax	Fuel costs per gallon, including fuel tax	\$ 2.80	\$ 3.39	(17.4)%
Fuel costs per gallon, including fuel tax, economic		\$ 2.78	\$ 3.34	(16.8)%
Fuel costs per gallon, including fuel tax				
Fuel costs per gallon, including fuel tax				
Fuel costs per gallon, including fuel tax (economic)				
Fuel costs per gallon, including fuel tax (economic)				
Fuel costs per gallon, including fuel tax (economic)				
Fuel consumed, in gallons (millions)				
Fuel consumed, in gallons (millions)				
Fuel consumed, in gallons (millions)	Fuel consumed, in gallons (millions)	557	515	8.2 %
Active fulltime equivalent Employees	Active fulltime equivalent Employees	74,181	64,123	15.7 %

Aircraft at end of period <sup>(j)</sup>	817	742	10.1 %
Active fulltime equivalent			
Employees			
Active fulltime equivalent			
Employees			
Aircraft at end of period			
Aircraft at end of period			
Aircraft at end of period			

	Nine months ended September 30,		
	2023	2022	Change
Revenue passengers carried (000s)	101,296	93,688	8.1 %
Enplaned passengers (000s)	127,050	116,446	9.1 %
Revenue passenger miles (RPMs) (in millions) <sup>(a)</sup>	100,676	92,540	8.8 %
Available seat miles (ASMs) (in millions) <sup>(b)</sup>	124,810	110,978	12.5 %
Load factor <sup>(c)</sup>	80.7 %	83.4 %	(2.7) pts.
Average length of passenger haul (miles)	994	988	0.6 %
Average aircraft stage length (miles)	726	733	(1.0) %
Trips flown	1,074,136	965,817	11.2 %
Seats flown (000s) <sup>(d)</sup>	170,116	149,913	13.5 %
Seats per trip <sup>(e)</sup>	158.4	155.2	2.1 %
Average passenger fare	\$ 172.03	\$ 169.37	1.6 %
Passenger revenue yield per RPM (cents) <sup>(f)</sup>	17.31	17.15	0.9 %
Operating revenues per ASM (cents) <sup>(g)</sup>	15.44	15.90	(2.9) %
Passenger revenue per ASM (cents) <sup>(h)</sup>	13.96	14.30	(2.4) %
Operating expenses per ASM (cents) <sup>(i)</sup>	14.93	14.63	2.1 %
Operating expenses per ASM, excluding fuel (cents)	11.32	10.68	6.0 %
Operating expenses per ASM, excluding fuel and profitsharing (cents)	11.19	10.52	6.4 %
Fuel costs per gallon, including fuel tax	\$ 2.85	\$ 3.05	(6.6) %
Fuel costs per gallon, including fuel tax, economic	\$ 2.85	\$ 3.03	(5.9) %
Fuel consumed, in gallons (millions)	1,578	1,438	9.7 %
Active fulltime equivalent Employees	74,181	64,123	15.7 %
Aircraft at end of period <sup>(j)</sup>	817	742	10.1 %

(a)

(a) A revenue passenger mile is one paying passenger flown one mile. Also referred to as "traffic," which is a measure of demand for a given period.

(b) An available seat mile is one seat (empty or full) flown one mile. Also referred to as "capacity," which is a measure of the space available to carry passengers in a given period.

(c) Revenue passenger miles divided by available seat miles.

(d) Seats flown is calculated using total number of seats available by aircraft type multiplied by the total trips flown by the same aircraft type during a particular period.

(e) Seats per trip is calculated by dividing seats flown by trips flown.

(f) Calculated as passenger revenue divided by revenue passenger miles. Also referred to as "yield," this is the average cost paid by a paying passenger to fly one mile, which is a measure of revenue production and fares.

(g) Calculated as operating revenues divided by available seat miles. Also referred to as "operating unit revenues" or "RASM," this is a measure of operating revenue production based on the total available seat miles flown during a particular period.

(h) Calculated as passenger revenue divided by available seat miles. Also referred to as "passenger unit revenues," this is a measure of passenger revenue production based on the total available seat miles flown during a particular period.

(i) Calculated as operating expenses divided by available seat miles. Also referred to as "unit costs," "costs" or "cost per available seat mile," or "CASM," this is the average cost to fly an aircraft seat (empty or full) one mile, which is a measure of cost efficiencies.

(j) Included three Boeing 737 Next Generation aircraft in storage as of September 30, 2023.

## Financial Overview

The Company recorded first quarter 2024 operating revenues of \$6.3 billion, a first quarter record, due to strong demand and continued capacity growth combined with record first quarter ancillary revenue, passengers carried, and new Rapid Rewards Members. The Company nevertheless reported a first quarter 2024 net loss of \$231 million, primarily because of higher salaries, wages, and benefits expense and maintenance materials and repairs expense.

In late December 2022, the Company experienced a wide-scale operational disruption as historically extreme winter weather across a significant portion of the United States impacted its operational plan and flight schedules. Subsequent to Winter Storm Elliott, the Company was challenged to realign flight crews, flight schedules, and aircraft for a period of several days during this peak demand travel period. This disruption and subsequent recovery efforts resulted in the cancellation of more than 16,700 flights during the period from December 21 through December 31, 2022. For first quarter 2023, these events also created a deceleration in bookings, primarily largely isolated to January and February 2023, as well as increased additional expenses primarily in the form of reimbursing Customers for costs incurred as a result of the flight cancellations. The financial impact of this disruption on the first quarter 2023 results was approximately \$380 million on a pre-tax basis. There Other than a fourth quarter 2023 charge associated with a Department of Transportation settlement of \$107 million, there were no material impacts to operating revenues or expenses in 2023 following first quarter as a result of this disruption.

To boost operational resiliency in key areas across the Company and to mitigate the risk of a recurrence, the Company developed a three-part tactical action plan focused on improving winter operations, accelerating operational-related investments, and enhancing cross-team collaboration. The Company's action plan was released in March 2023 and key winter operations steps were completed as of October 2023, as planned.

No assurance can be given that these efforts to boost operational resiliency in key areas across the Company will be successful in eliminating the risk of a recurrence. See "Risk Factors – The airline industry is made up of inherently complex systems, and is affected by many conditions that are disruption beyond its control, which can impact the Company's business strategies and results of operations" included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2022, first quarter 2023.

The Company recorded third first quarter and year-to-date results for 2023 2024 and 2022 2023 on an accounting principles generally accepted in the United States ("GAAP") and non-GAAP basis, as noted in the following tables. See Note Regarding Use of Non-GAAP Financial Measures and the Reconciliation of Reported Amounts to Non-GAAP Financial Measures for additional detail regarding non-GAAP financial measures.

	Three months ended September 30,		
	2023	2022	Change
(in millions, except per share amounts)			
GAAP			
Operating income	\$ 117	\$ 395	(70.4)%
Net income	\$ 193	\$ 277	(30.3)%
Net income per share, diluted	\$ 0.31	\$ 0.44	(29.5)%
Non-GAAP			
Operating income	\$ 224	\$ 425	(47.3)
Net income	\$ 240	\$ 316	(24.1)
Net income per share, diluted	\$ 0.38	\$ 0.50	(24.0)

	Three months ended March 31,		
	2024	2023	Change
(in millions, except per share amounts)			
GAAP			
Operating loss	\$ (393)	\$ (284)	38.4 %
Net loss	\$ (231)	\$ (159)	45.3 %
Net loss per share, diluted	\$ (0.39)	\$ (0.27)	44.4 %
Non-GAAP			
Operating loss	\$ (377)	\$ (284)	32.7 %
Net loss	\$ (218)	\$ (163)	33.7 %
Net loss per share, diluted	\$ (0.36)	\$ (0.27)	33.3 %

The Company's financial results net loss for the three months ended September 30, 2023 March 31, 2024, on a GAAP and non-GAAP basis, decreased increased compared to the same prior year period primarily due to higher salaries, wages, and benefits expense and maintenance materials and repairs expense. On a GAAP basis, expense, partially offset by the Company's results for the three months ended September 30, 2023 also included incremental expense of \$96 million related to the contract ratification bonus for the Company's Flight Attendants as part of the tentative agreement reached in October 2023, and for the three months ended

September 30, 2022, also included a \$76 million loss on extinguishment of debt due to the repurchase of the Company's Convertible Senior Notes (the "Convertible Notes").

(in millions, except per share amounts)	Nine months ended September 30,		
	2023	2022	Change
GAAP			
Operating income	\$ 628	\$ 1,402	(55.2)%
Net income	\$ 717	\$ 759	(5.5)%
Net income (loss) per share, diluted	\$ 1.15	\$ 1.21	(5.0)%
Non-GAAP			
Operating income	\$ 832	\$ 1,463	(43.1)%
Net income	\$ 836	\$ 950	(12.0)%
Net income per share, diluted	\$ 1.33	\$ 1.51	(11.9)%

The Company's financial results for the nine months ended September 30, 2023, on a GAAP and non-GAAP basis, included a negative prior year financial impact of approximately \$380 million on a pre-tax basis related to the previously mentioned Winter Storm Elliot and the Company's December 2022 operational disruption. Additionally, Operating income decreased compared to the same prior year period primarily due to higher salaries, wages, and benefits expense and maintenance materials and repairs expense. On a GAAP basis, the Company's results for the nine months ended September 30, 2023 also included incremental expense of \$180 million related to the contract ratification bonus for the Company's Flight Attendants as part of the tentative agreement reached in October 2023, and for the nine months ended September 30, 2022 also included a \$192 million loss on extinguishment of debt due to the repurchase of a portion of the Company's Convertible Notes.

## 2023 2024 Outlook

The following tables present current selected financial guidance for fourth second quarter and full year 2023:2024:

	4Q 2023	2Q 2024	Estimation
RASM (a), year-over-year	Down 9%	1.5% to 11%	3.5%
ASMs (b), year-over-year	Up ~21%	8% to 9%	
Economic fuel costs per gallon (c)(d)	\$2.90	2.70 to \$3.00	\$2.80
Fuel hedging premium expense per gallon	\$0.05	0.07	
Fuel hedging cash settlement gains per gallon	\$0.19	0.04	
ASMs per gallon (fuel efficiency)	78	80 to 81	81
CASM-X (e), year-over-year (c)(f)	Down 16%	Up 6.5% to 19%	7.5%
Scheduled debt repayments (millions)	~\$7		
Interest expense (millions)	-\$63	62	

	2023	2024 Estimation
ASMs (b), year-over-year		Up 14% to 15% -4%
Economic fuel costs per gallon (c)(d)	\$2.85	\$2.70 to \$2.95
Fuel hedging premium expense per gallon	\$0.06	0.07
Fuel hedging cash settlement gains per gallon	\$0.14	0.04
CASM-X (e), year-over-year (c)(f)(g)		Down 1% Up 7% to 29% 8%
Scheduled debt repayments (millions)	-\$85	29
Interest expense (millions)	-\$256	252
Aircraft (h)(g)	814	802
Effective tax rate		-23% 24% to 25%
Capital spending (billions)	-\$3.5	2.5

(a) Operating revenue per available seat mile ("RASM" or "unit revenues").

(b) Available seat miles ("ASMs" or "capacity"). The Company's flight schedule is currently published for sale through August 4, 2024 March 5, 2025. Adjusting for the December 2022 operational disruption, which lowered capacity in fourth quarter 2022, the Company's fourth quarter 2023 capacity would have been up roughly 15 percent, year-over-year. The Company now expects first third quarter 2024 capacity to increase in the range of approximately 10 percent low-single digits and fourth quarter 2024 capacity to 12 percent, year-over-year, of which all is from decrease in the carryover effect of low- to mid-single digits, resulting in capacity growth in 2023, compared with its previous guidance to increase in the range of 14 percent flat to 16 percent, year-over-year. The Company also expects full year down low-single digits in second half 2024, capacity to increase in the range of 6 percent to 8 percent, year-over-year, all on a year-over-year percentage basis.

(c) See Note Regarding Use of Non-GAAP Financial Measures for additional information on special items. In addition, information regarding special items and economic results is included in the accompanying table Reconciliation of Reported Amounts to Non-GAAP Measures (also referred to as "excluding special items").

(d) Based on the Company's existing fuel derivative contracts and market prices as of October 18, 2023 April 18, 2024, fourth second quarter and full year 2023 2024 economic fuel costs per gallon are both estimated to be in the range of \$2.90 \$2.70 to \$3.00 and \$2.85 to \$2.95, respectively. \$2.80. Economic fuel cost projections do not reflect the potential impact of special items because the Company cannot reliably predict or estimate the hedge accounting impact associated with the volatility of the energy markets, or the impact to its financial statements in future periods. Accordingly, the Company believes a reconciliation of non-GAAP financial measures to the equivalent GAAP financial measures for projected results is not meaningful or available without unreasonable effort. See Note Regarding Use of Non-GAAP Financial Measures.

(e) Operating expenses per available seat mile, excluding fuel and oil expense, special items, and profitsharing ("CASM-X").

(f) Projections do not reflect the potential impact of fuel and oil expense, special items, and profitsharing because the Company cannot reliably predict or estimate those items or expenses or their impact to its financial statements in future periods, especially considering the significant volatility of the fuel and oil expense line item. Accordingly, the Company believes a reconciliation of non-GAAP financial measures to the equivalent GAAP financial measures for these projected results is not meaningful or available without unreasonable effort.

(g) 2023 CASM-X guidance excludes the impact of approximately \$84 million related to labor accrual adjustments in second quarter 2023 that related primarily to prior periods. The Company has treated this amount, and the approximately \$96 million labor accrual adjustment in third quarter 2023, as special items in its year-to-date 2023 Non-GAAP financial results. See the Reconciliation of Reported Amounts to Non-GAAP Financial Measures for further information.

(h) Aircraft on property, end of period. The Company now plans for approximately 85 20 Boeing 737-8 ("8") aircraft deliveries and 41 Boeing 737-700 ("700") 35 aircraft retirements in 2023, 2024, comprised of 31 Boeing 737-700s ("700") and still plans to end the year with 814 aircraft. four Boeing 737-800s ("800"). This is compared with its previous plan for approximately 70 46 -8 deliveries and 26 -700 49 aircraft retirements. The delivery schedule for the Boeing 737-7 ("7") is dependent on the Federal Aviation Administration ("FAA") issuing required certifications and approvals to The Boeing Company ("Boeing") and the Company. The FAA will ultimately determine the timing of the -7 certification and entry into service, and Boeing may continue to experience supply chain manufacturing challenges, so the Company therefore offers no assurances that current estimations and timelines are correct. will be met.

Thus far in fourth quarter 2023, overall demand for travel remains stable, including strong bookings to-date for the holiday travel periods. While leisure demand remains healthy, leisure trends appear to be returning to historically seasonal norms, and business travel trends continue to be stable. Based on current trends, the Company anticipates record fourth quarter operating revenue driven by record fourth quarter passengers.

The Company expects fourth quarter 2023 RASM to decline in the range of 9 percent to 11 percent, year-over-year. This decline includes an approximate one and one-half point offset from the December 2022 operational disruption. The expected RASM decline is driven by higher-than-seasonally-normal ASM growth in fourth quarter 2023 as the

Based on current booking trends, the Company closes out the restoration of the network and normalizes the utilization of the fleet. Further, unit continues to expect an all-time quarterly record for operating revenue pressure in second quarter 2024. Second quarter 2024 RASM is also driven by higher-than-normal investment in development markets and schedules that are not ideally matched to current business travel trends. The Company is addressing these challenges in its 2024 network plan by adjusting capacity and further optimizing the network.

The Company expects fourth quarter 2023 CASM-X expected to decrease in the range of 16.1.5 percent to 19.3.5 percent, on capacity growth of 8 percent to 9 percent, both year-over-year. The comparison includes just over one point of year-over-year 15-points headwind from the combined impact of Easter and 4th of July timing. Once again, the Company currently expects nominal second quarter 2024 sequential RASM trends to exceed normal seasonal trends. This anticipated sequential improvement includes expected benefits from revenue initiatives—most notably a full quarter of network optimization. The Company's initiatives, which

relates include the estimated benefit of network changes, are expected to contribute between \$1.0 billion and \$1.5 billion in 2024 year-over-year pre-tax profits, compared with its initial plan of roughly \$1.5 billion.

Significant challenges presented by Boeing aircraft delivery delays, and the related reduction in second half 2024 capacity, negatively impacted the Company's previous expectation for double-digit percentage year-over-year operating expenses revenue growth for full year 2024. As such, the Company now expects full year 2024 year-over-year percentage operating revenue growth approaching high-single digits when adjusted for current trends and planned reductions for post-summer schedules.

The Company continues to expect inflationary cost pressures throughout the year, driving second quarter 2024 CASM-X to an expected increase in the range of 6.5 percent to 7.5 percent, year-over-year. The Company expects full year 2024 CASM-X to increase in the range of 7 percent to 8 percent, based on a reduction of roughly 2 points of lower than expected capacity, levels on a year-over-year basis.

## Company Overview

The recent news from Boeing regarding further aircraft delivery delays presents significant challenges for both 2024 and 2025. The Company is reacting and replanning quickly to mitigate the operational and financial impacts while maintaining dependable and reliable flight schedules for its Customers. To improve its financial performance, the Company has intensified its network optimization efforts to address underperforming markets, including making the difficult decision to cease operations at Bellingham International Airport, Cozumel International Airport, Houston's George Bush Intercontinental Airport, and Syracuse Hancock International Airport on August 4, 2024, and significantly restructure other markets, most notably by implementing capacity reductions in fourth quarter 2022 both Hartsfield-Jackson Atlanta International Airport and Chicago O'Hare International Airport. Additionally, the Company is evaluating options to enhance its Customer Experience as a result of the December 2022 operational disruption. It studies product preferences and expectations, including onboard seating and its cabin. The guidance range Company is inclusive of higher labor rates also simultaneously implementing cost control initiatives, including limiting hiring and market wage rate accruals for all Employee workgroups, including wage rate increases associated offering voluntary time off programs, and now expects to end 2024 with approximately 2,000 fewer Employees as compared with the recently announced tentative agreement with end of 2023.

On April 24, 2024, the Company's nearly 20,000 Flight Attendants, represented by the Transport Workers of America Union Local 556 ("TWU 556").

## Company Overview

For the nine months ended September 30, 2023, the Company hired approximately 7,300 Employees, net of attrition. The Company's number of active full-time equivalent Employees increased by 15.7 percent from September 30, 2022 to September 30, 2023, primarily to support the Company's restoration of its flight schedule after emerging from the pandemic, as well as the year-over-year growth in its fleet. The Company has made additional investments to attract and retain talent, including raising the Company's starting hourly pay rates for certain of its workgroups, subject, in each case, to acceptance of such change by the applicable union.

On July 27, 2023, the Company's 2,865 Mechanics & Related Employees, represented by the Aircraft Mechanics Fraternal Association ("AMFA"), voted to ratify a four-year contract extension with the Company. The newly ratified agreement becomes amendable in August 2027, May 2028.

On August 15, 2023 March 21, 2024, the Company reached a tentative collective-bargaining agreement with Company's nearly 18,000 Ramp, Operations, Provisioning, and Cargo Agents, represented by the Transport Workers Union Local 555 ("TWU 555"), which represents the Company's more than 17,000 Ramp, Operations, Provisioning, and Cargo Agents. However, during September 2023, TWU 555 membership voted not to ratify the agreement. The Company will continue to engage in discussions on a new agreement with TWU 555.

On October 6, 2023, the Company's more than 480 Material Specialists, represented by the International Brotherhood of Teamsters ("IBT"), voted to ratify a three-year five-year contract extension with the Company. The newly ratified agreement becomes amendable in October 2026, March 2029.

On October 25, 2023 January 22, 2024, the Company reached a tentative collective-bargaining agreement with TWU 556, which represents the Company's nearly 19,000 Flight Attendants. The ratification vote is scheduled to conclude in fourth quarter 2023. If the tentative agreement is ratified, it will become amendable in December 2028.

The Company remains in negotiations for a new collective-bargaining agreement with the 11,000 Pilots, represented by Southwest Airlines Pilots Association which represents ("SWAPA"), voted to ratify a five-year contract extension with the Company's almost 10,000 Pilots. Company. The Company's consolidated financial statements include market wage rate accruals for newly ratified agreement becomes amendable in January 2029.

On February 28, 2024, the Pilots for all periods after Company announced the current collective-bargaining agreement's September 2020 amendable date. launch of Southwest Airlines Renewable Ventures, LLC ("SARV"), a wholly owned subsidiary of the Company dedicated to creating more opportunities to obtain scalable sustainable aviation fuel ("SAF"), a critical component in the success of the Company's goal to replace 10 percent of its total jet fuel consumption with SAF by 2030. The Company also announced a \$30 million investment in LanzaJet, Inc., a SAF technology provider and producer, as part of the SARV investment portfolio. Furthermore, on

March 28, 2024, the Company announced the acquisition of SAFFiRE Renewables, LLC ("SAFFiRE"), also as part of the SARV investment portfolio. SAFFiRE is part of a project supported by the U.S. Department of Energy to develop and produce scalable renewable ethanol that can be upgraded into SAF. These investments are key to the Company's approach towards sustainability and goal of achieving net zero carbon emissions by 2050.

During ~~third~~ first quarter 2023, 2024, the Company announced two new benefits Customer Experience enhancements and plans, including a redesigned cabin and new seats. The redesigned aircraft cabin interior is expected to debut in early 2025 and is intended to enhance the Company's inflight Customer Experience. These updates join other enhancements the Company has begun implementing, such as part of an ongoing commitment to provide Customers with more choices, more flexibility, enhanced WiFi, onboard power ports and more value when they fly Southwest. Customers traveling larger overhead bins, and new functionality on Wanna Get Away® fares now are able to make the Company's digital platforms and airport kiosks, such as same-day standby, changes digital bag tracking, and add standby listings online or on the Southwest app. Previously, Rapid Rewards Tier Members and Customers traveling on Business Select®, Anytime, and Wanna Get Away Plus™ fares had flexibility to list on a different flight free of charge on their day of scheduled travel. This new offering expands the same-day standby benefit to all Southwest Customers. The Company also began offering free inflight Internet for Customers who purchase a Business Select fare.

During October 2023, the Company announced enhancements to its Rapid Rewards loyalty program to reward loyal Members by making it easier for Customers to earn tier status and making credit card spend count double toward tier requirements, awarding A-List Preferred Members with up to two complimentary premium drinks, and, starting in spring of 2024, allowing Customers to pay for flights by using a combination of cash and Rapid Rewards points, starting with as few as 1,000 points baggage check-in.

The Company ended ~~third~~ first quarter 2023, 2024 with 817 819 Boeing 737 aircraft, including 206 228 -8 aircraft. During ~~third~~ first quarter 2023, 2024, the Company retired ~~four~~ three -700 aircraft and took delivery of 18 five -8 aircraft. On October 25, 2023, In 2023, the Company secured an updated its order book with Boeing that is expected to help modernize the Company's fleet with less carbon-intensive aircraft and enable the Company's long-term plan growth plans. In April 2024, the Company entered into a Supplemental Agreement with Boeing in response to the continued -7 certification delay to (i) formalize the conversion of 19 2025 -7 firm orders into -8 firm orders as of March 31, 2024, and (ii) shift one 2025 -8 option into 2026 as of April 2024. See Note 9 to the unaudited Condensed Consolidated Financial Statements for ~~orderly~~ further information.

The Company is currently planning for approximately 20 -8 aircraft deliveries in 2024, which differs from its contractual order book due to Boeing's continued manufacturing challenges and ~~measured~~ growth. In light the current status of the ~~new~~ order book, the -7 certification. The Company now plans for approximately 85 -8 deliveries from Boeing in 2023, and plans to accelerate additional -700 retire approximately 35 aircraft, retirements into 2023, retiring a total comprised of approximately 41 -700 31 -700s and four -800s, ending 2024 with roughly 802 aircraft in 2023. As a result, the Company continues to expect to end 2023 with 814 aircraft. The revised order book with Boeing will continue to support the modernization of the Company's fleet, a key component of its environmental sustainability efforts. fleet. The Company's order book with Boeing as of October 26, 2023, consists of a total of 573 MAX firm orders (302 -7 aircraft delivery and 271 -8 aircraft) retirement expectations for the years 2023 through 2031 2024 and 207 MAX options (-7s or -8s) for the years 2025 through 2031. beyond are fluid and subject to Boeing's production capability.

The Company has published its flight schedule for sale through August 4, 2024 March 5, 2025. The Company is in the midst continues to focus on its goals of planning for 2024 and is focused on operational excellence and driving out inefficiencies, reliability, regaining efficiencies, increasing productivity, improving reliability, and returning margins back to historical levels.

As part of its commitment to corporate sustainability, the Company published expects to publish its 2022 2023 One Report describing and Diversity, Equity, and Inclusion ("DEI") Report on May 8, 2024. These reports describe the Company's sustainability strategies, on May 3, 2023, which include the Company's fuel conservation and emissions mitigation initiatives and other efforts to minimize greenhouse gas emissions and address other environmental matters such as energy and water conservation, waste minimization, and recycling. The Company also published its Diversity, Equity, recycling, and Inclusion ("DEI") Report on May 3, 2023. A companion piece to the One Report, the DEI Report takes a dive deeper into the Company's DEI goals and initiatives and highlights highlight the Company's DEI plans for the future. Information contained in the Southwest One Report and/or the DEI Report is not incorporated by reference into, and does not constitute a part of, this Form 10-Q. While the Company believes that the disclosures contained in the Southwest One Report, the DEI Report, and other voluntary disclosures regarding environmental, social, and governance ("ESG") matters are responsive to various areas of investor interest, the Company believes that certain of these disclosures do not currently address matters that are currently not material in the near term to the Company's operations, strategy, financial condition, or financial results, although this view may change in the future based on new information that could materially alter the estimates, assumptions, or timelines used to create these disclosures. Given the estimates, assumptions, and timelines used to create the Southwest One Report, the DEI Report, and other voluntary disclosures, the materiality of these disclosures is inherently difficult to assess.

#### Material Changes in Results of Operations

Comparison of three months ended September 30, 2023 March 31, 2024 and September 30, 2022 March 31, 2023

#### Operating Revenues

Total operating revenues for **third** first quarter **2023** **2024** increased by **\$305 million** **\$623 million**, or **4.9** **10.9** percent, year-over-year, to achieve a **third** first quarter Company record of **\$6.5 billion** **\$6.3 billion**. Passenger revenues for **third** first quarter **2023** **2024** increased by **\$299 million** **\$607 million**, or **5.3** **11.9** percent, year-over-year. Other revenues for **third** first quarter **2023** **2024** increased by **\$6 million** **\$15 million**, or **1.1** **2.7** percent, year-over-year. These revenue increases were primarily due to a **12.5** **an 11.0** percent increase in capacity and a **2.6** **2.9** percent higher average fare, aided by **increases in loyalty** **record** first quarter ancillary revenue and ancillary passenger revenues, **passengers carried**. The Company's Rapid Rewards® loyalty program continues to be a point of strength, with record **third** first quarter new Member additions and a **third** first quarter record level of Member engagement, **and as measured by record** **third** first quarter spend on the Company's co-branded Chase® Visa credit card. **Third** First quarter **2024** managed business revenues (defined as travel booked through the Company's managed business tools) strengthened sequentially, finishing roughly flat when compared with first quarter 2019 levels, and up approximately 25 percent, year-over-year, partially as a result of the first quarter 2023 deceleration in bookings following the operational disruption. First quarter 2024 RASM was **14.77** **14.98** cents, a decrease of 6.8 percent, compared **essentially flat** with **third** first quarter **2022**. Also on a unit basis, **third** quarter Passenger revenues decreased 6.4 percent, year-over-year. These year-over-year per unit decreases were largely driven by a 4.7 point decrease in Load factor as capacity growth outpaced demand in **third** quarter **2023**.

## Operating Expenses

Operating expenses for **third** first quarter **2023** **2024** increased by **\$583 million** **\$732 million**, or **10.0** **12.2** percent, compared with **third** first quarter **2022**, **2023**, while capacity increased **12.5** **11.0** percent over the same prior year period. The vast majority of the dollar increase was due to higher Salaries, wages, and benefits expense **partially offset by a year-over-year decrease in Fuel and oil Maintenance materials and repairs expense**. Historically, except for changes in the price of fuel, changes in Operating expenses for airlines have been largely driven by changes in capacity, or ASMs. The following table presents the Company's Operating expenses per ASM for the **third** first quarter of **2023** **2024** and **2022**, **2023**, followed by explanations of these changes on a dollar basis. Unless otherwise specified, changes on a per ASM basis were driven by changes in capacity, which increased and caused the Company's fixed costs to be spread over significantly more ASMs.

(in cents, except for percentages)	Three months ended September 30,			Three months ended March 31,			Per ASM change	Percent change		
	(in cents, except for percentages)		Per ASM							
	2023	2022	change	change						
Salaries, wages, and benefits	Salaries, wages, and benefits	6.17 ¢	5.92 ¢	0.25 ¢	4.2 %					
Salaries, wages, and benefits						6.96 ¢	6.51 ¢	0.45 ¢		
Fuel and oil								6.9 %		
Fuel and oil	Fuel and oil	3.54	4.45	(0.91)	(20.4)					
Maintenance materials and repairs	Maintenance materials and repairs	0.74	0.52	0.22	42.3					
Landing fees and airport rentals	Landing fees and airport rentals	1.04	1.01	0.03	3.0					
Depreciation and amortization	Depreciation and amortization	0.85	0.85	—	—					
Other operating expenses	Other operating expenses	2.17	2.08	0.09	4.3					
Total	Total	14.51 ¢	14.83 ¢	(0.32) ¢	(2.2) %	Total	15.91 ¢	15.74 ¢		
							0.17 ¢	1.1 %		

Operating expenses per ASM for **third** first quarter **2023** **2024** increased by **2.2** **1.1** percent, compared with **third** first quarter **2022**, **2023**, primarily due to **increases in Salaries, wages, and benefits expense and Maintenance, materials and repairs expense, partially offset by a significant decrease in the Company's fuel cost per gallon**. Operating expenses per ASM for **third** first quarter **2023**, **2024**, excluding Fuel and oil expense, profitsharing, and special items (a non-GAAP

financial measure), increased 4.45.0 percent, compared with third first quarter 2022, 2023, primarily due to general inflationary higher 2024 overall labor cost pressures, in particular higher labor rates for all Employee workgroups, including market wage rate accruals associated with open contract labor agreements, increases, as well as the timing of planned pressure from maintenance expenses. See Note Regarding Use of Non-GAAP Financial Measures and the Reconciliation of Reported Amounts to Non-GAAP Financial Measures for additional detail regarding non-GAAP financial measures.

Salaries, wages, and benefits expense for third first quarter 2023 2024 increased by \$406 million \$462 million, or 17.518.6 percent, compared with third first quarter 2022, 2023. On a per ASM basis, third first quarter 2023 2024 Salaries, wages, and benefits expense increased 4.26.9 percent, compared with third first quarter 2022, 2023. On a dollar and per ASM basis, approximately 60 percent of the increase was primarily due to step/pay rate increases and related benefits for certain workgroups (including the recently ratified labor contract with the Company's Pilots effective January 1, 2024), including market wage rate accruals for open collective bargaining agreements (inclusive of \$96 million on a GAAP basis in additional compensation in third through first quarter 2023 for past services, as part of the contract ratification bonus negotiated as part of the tentative agreement reached with TWU 556), and approximately 20 percent of the increase was driven by an increase in capacity and/or number of trips flown. 2024. See Note Regarding Use of Non-GAAP Financial Measures and the

Reconciliation of Reported Amounts to Non-GAAP Financial Measures for additional detail regarding non-GAAP measures.

Fuel and oil expense for third first quarter 2023 2024 decreased by \$186 million \$16 million, or 10.61.0 percent, compared with third first quarter 2022, 2023. On a per ASM basis, third first quarter 2023 2024 Fuel and oil expense decreased 20.410.8 percent. On a dollar basis, the decrease was primarily attributable to a decrease in the Company's average economic jet fuel cost per gallon, prices, partially offset by an increase in fuel gallons consumed. The Company's third first quarter 2023 2024 average economic jet fuel price of \$2.78 \$2.92 per gallon is net of approximately \$94 million \$18 million in cash settlements from hedging activities. On a per ASM basis, the majority of the change was also due to lower average economic jet fuel prices. The following table provides more information on the Company's economic fuel cost per gallon, including the impact of fuel hedging premium expense and fuel derivative contract settlements:

		Three months ended September 30,	
		2023	2022
		Three months ended March 31,	
		Three months ended March 31,	
		Three months ended March 31,	
2024			
2024			
Economic fuel costs per gallon			
Economic fuel costs per gallon			
Economic fuel costs per gallon	Economic fuel costs per gallon	\$ 2.78	\$ 3.34
Fuel hedging premium expense (in millions)	Fuel hedging premium expense (in millions)	\$ 30	\$ 12
Fuel hedging premium expense (in millions)			
Fuel hedging premium expense (in millions)			
Fuel hedging cash settlement gain (in millions)			
Fuel hedging cash settlement gain (in millions)			
Fuel hedging cash settlement gain (in millions)			
Fuel hedging premium expense per gallon			
Fuel hedging premium expense per gallon			
Fuel hedging premium expense per gallon	Fuel hedging premium expense per gallon	\$ 0.05	\$ 0.02
Fuel hedging cash settlement gain per gallon	Fuel hedging cash settlement gain per gallon	\$ 0.16	\$ 0.43
Fuel hedging cash settlement gain per gallon			
Fuel hedging cash settlement gain per gallon			

See Note Regarding Use of Non-GAAP Financial Measures and the Reconciliation of Reported Amounts to Non-GAAP Financial Measures for additional detail regarding non-GAAP financial measures.

The Company's **third** **first** quarter **2023** **2024** available seat miles per gallon ("fuel efficiency") increased **3.9** **2.5** percent, year-over-year, due to **the Company** operating more **of its** **8** aircraft, the Company's most fuel-efficient **MAX** aircraft, **within** **as a percentage** of its fleet. The continued deliveries of MAX aircraft are expected to remain critical to the Company's efforts to modernize its fleet, reduce carbon emissions intensity, and achieve its near-term environmental sustainability goals.

The Company's multi-year fuel hedging program continues to provide protection against spikes in energy prices. The Company's current fuel derivative contracts contain a combination of instruments based **in** **on** West Texas Intermediate and Brent crude oil, and refined products, such as heating oil. The economic fuel price per gallon sensitivities provided in the table below assume the relationship between Brent crude oil and refined products based on market prices as of **October 18, 2023** **April 18, 2024**.

Estimated economic fuel price per gallon, including taxes and fuel hedging premiums (b)			
Average Brent Crude Oil price per barrel	4Q 2023	2Q 2024	2023
\$70	\$2.45 - \$2.55	\$2.75	\$2.50 - \$2.85
			\$2.60
\$80	\$2.65 - \$2.75	\$2.70 - \$2.80	\$2.80
<b>Current Market (a)</b>	<b>\$2.90</b>	<b>\$2.70 - \$3.00</b>	<b>\$2.85</b>
\$90	\$2.95	\$2.80 - \$3.05	\$2.90
\$100	\$3.15	\$3.00 - \$3.25	\$3.10
\$110	\$3.40	\$3.10 - \$3.50	\$3.20
<b>Fair market value of fuel derivative contracts</b>			
settling in period	<b>\$110</b>	<b>27 million</b>	<b>\$306</b>
			<b>109 million</b>
<b>Estimated premium costs</b>	<b>\$30</b>	<b>39 million</b>	<b>\$121</b>
			<b>158 million</b>

(a) Brent crude oil average market prices as of **October 18, 2023** **April 18, 2024**, were **\$89** **\$87** and **\$84** per barrel for **fourth** **second** quarter and full year **2023** **2024**, respectively.  
(b) Based on the Company's existing fuel derivative contracts and market prices as of **October 18, 2023** **April 18, 2024**, **fourth** **second** quarter and full year **2023** **2024** economic fuel costs per gallon are **both** estimated to be in the range of **\$2.90** **\$2.70** to **\$3.00** and **\$2.85** to **\$2.95**, respectively. **\$2.80**. Economic fuel cost projections

do not reflect the potential impact of special items because the Company cannot reliably predict or estimate the hedge accounting impact associated with the volatility of the energy markets, or the impact to its financial statements in future periods. Accordingly, the Company believes a reconciliation of non-GAAP financial measures to the equivalent GAAP financial measures for projected results is not meaningful or available without unreasonable effort. See Note Regarding Use of Non-GAAP Financial Measures.

In addition, the Company is providing its maximum percentage of estimated fuel consumption covered by fuel derivative contracts in the following table:

Period	Period	Maximum fuel hedged percentage (a)(b)	Period	Maximum fuel hedged percentage (a)(b)	
				2023	2024
2023		50%			
2024	2024	55%	2024		58%
2025	2025	43%	2025		47%
		Less than			
2026	2026	10%	2026		26%

(a) Based on the Company's current available seat mile plans. The Company is currently **47** **55** percent hedged in second quarter 2024 and 58 percent hedged for **fourth quarter 2023** **second half 2024**.

(b) The Company's maximum fuel hedged percentage is calculated using the maximum number of gallons that are covered by derivative contracts divided by the Company's estimate of total fuel gallons to be consumed for each respective period. The Company's maximum number of gallons that are covered by derivative contracts may be at different strike prices and at strike prices materially higher than the current market prices. The volume of gallons covered by derivative contracts that **are ultimately** **get** exercised in any given

period may vary significantly from the volumes used to calculate the Company's maximum fuel hedged percentages, as market prices and the Company's fuel consumption fluctuate.

As a result of applying hedge accounting in prior periods, the Company has amounts in Accumulated other comprehensive income ("AOCI") that will be recognized in earnings the unaudited Condensed Consolidated Statement of Comprehensive Loss in future periods when the underlying fuel derivative contracts settle. The following table displays the Company's estimated fair value of remaining fuel derivative contracts (not considering the impact of the cash collateral provided to or received from counterparties—see Note 3 to the unaudited Condensed Consolidated Financial Statements for further information), as well as the deferred amounts in AOCI as of September 30, 2023 March 31, 2024, and the expected future periods in which these items are expected to settle and/or be recognized in earnings the unaudited Condensed Consolidated Statement of Comprehensive Loss (in millions):

Year	Year	Amount of		Fair value of fuel derivative contracts at March 31, 2024	Amount of gains (losses) deferred in AOCI at March 31, 2024 (net of tax)
		Fair value of fuel derivative contracts at September 30, 2023	gains (losses) deferred in AOCI at September 30, 2023 (net of tax)		
Remainder of					
2023		\$ 122	\$ 59		
2024		191	26		
Remainder of 2024					
2025	2025	144	(3)		
2026	2026	\$ 30	\$ 4		
Total	Total	\$ 487	\$ 86		
Total					

Maintenance materials and repairs expense for third first quarter 2023 2024 increased by \$122 million \$121 million, or 59.8 50.4 percent, compared with third first quarter 2022 2023. On a per ASM basis, Maintenance materials and repairs expense increased 42.3 34.9 percent, compared with third first quarter 2022 2023. On a dollar and per ASM basis, approximately 65 percent of the increase was primarily due to an increase in engine shop visits and various other engine repairs. These engine expenses are expense associated with both the Company's -700 fleet, due to an increase in the number of engines inducted for planned performance shop restoration visits as a result of their utilization, and planned shop visits for the Company's Boeing 737-800 (" -800") fleet, -800 engines, as the -800 aircraft emerge from their maintenance "honeymoon" period, during which the engines have required significantly lower levels of maintenance while in the early phases of their useful lives. The remainder of the increase is primarily due to airframe repairs and various other engine repairs for the -700 fleet.

Landing fees and airport rentals expense for third first quarter 2023 2024 increased by \$62 million \$56 million, or 15.7 13.7 percent, compared with third first quarter 2022 2023. On a per ASM basis, Landing fees and airport rentals expense increased 3.0 2.8 percent, compared with third first quarter 2022 2023. On a dollar and per ASM basis, approximately 50 percent of the increase was attributable primarily due to an increase in airport rental expense throughout the network driven by higher rates and approximately 40 percent of the increase was attributable to higher landing fees, primarily driven both by the increase in trips flown and higher rates charged by airports.

Depreciation and amortization expense for third first quarter 2023 2024 increased by \$40 million \$43 million, or 11.9 11.8 percent, compared with third first quarter 2022 2023. On a per ASM basis, Depreciation and amortization expense remained flat, compared with third first quarter 2022 2023. On a dollar basis, approximately 50 percent of the increase was due to accelerating the depreciation for certain -700 aircraft planned for early retirement in 2024. The remainder of the year-over-year increase was primarily due to the acquisition of 102 61 -8 aircraft since third first quarter 2022.

2023, net of 35 -700 retirements.

Other operating expenses for third first quarter 2023 2024 increased by \$139 million \$66 million, or 17.0 6.9 percent, compared with third first quarter 2022 2023. Included within this line item was aircraft rentals expense in the amounts of \$49 million \$51 million and \$50 million for each of the three-month periods ended September 30, 2023 March 31, 2024 and 2022 2023, respectively. On a per ASM basis, Other operating expenses increased 4.3 decreased 3.6 percent, compared with third first quarter 2022 2023. On 2023. The dollar increase in Other operating expenses was partially offset by a decrease in costs associated with the Company's December 2022 operational disruption, the majority of which were accrued in 2022, but some of which were adjusted in first quarter 2023, which was also the primary driver of the year-over-year decline on a per-ASM basis. Excluding the impact of these first quarter 2023 expenses associated with the disruption, (i) approximately 30 percent of the year-over-year increase, on a dollar basis, approximately 20 percent of the increase was due to higher advertising expenses, expense, (ii) approximately 20 percent of the increase was due to higher revenue related expenses (including credit card processing charges), (iii)

approximately 15 percent was due to higher personnel expenses, driven by an increase in Crew lodging expense primarily associated with the increase in trips increased capacity and inflationary pressure, and (iv) approximately 2015 percent of the increase was due to higher professional fees, driven by an increase in technology spending. The remainder of the year-over-year increase was primarily due to various flight-driven expenses.projects.

#### Other expenses (income)

Interest expense income for third first quarter 2023 decreased 2024 increased by \$23 million \$16 million, or 26.7 12.8 percent, compared with third first quarter 2022, primarily due to various debt repurchases since third quarter 2022. See Note 10 to the unaudited Condensed Consolidated Financial Statements for further information.

Capitalized interest for third quarter 2023, decreased by \$7 million, or 63.6 percent, compared with third quarter 2022, primarily due to a significant amount of assets being placed into service since third quarter 2022, most notably the delivery of 18 -8 aircraft in third quarter 2023.

Interest income for third quarter 2023 increased by \$86 million, compared with third quarter 2022, primarily due to higher interest rates earned on the Company's cash and short-term investments.

Loss on extinguishment of debt for third quarter 2023 decreased by \$76 million compared with third quarter 2022, primarily due to the partial extinguishment of the Company's Convertible Notes in third quarter 2022, compared to none in third quarter 2023.

The following table displays the components of Other (gains) losses, net, for the three months ended September 30, 2023 March 31, 2024 and 2022: 2023:

	Three months ended March 31,		Three months ended March 31,	
	(in millions)	(in millions)	2024	2023
Mark-to-market impact from fuel contracts settling in future periods				
		Three months ended September 30,		
		2023 2022		
Mark-to-market impact from fuel contracts settling in current and future periods			\$(33) \$(38)	
Premium cost of fuel contracts not designated as hedges			— (14)	
Unrealized mark-to-market adjustment on available for sale securities				
Unrealized mark-to-market adjustment on available for sale securities				
Unrealized mark-to-market adjustment on available for sale securities				
Mark-to-market impact on deferred compensation plan investments	Mark-to-market impact on deferred compensation plan investments		9 13	
Other	Other		1 —	

**Income Taxes**

The Company's effective tax rate was 18.5 22.5 percent in **third** first quarter 2023, 2024, compared with 21.6 22.0 percent in **third** first quarter 2022, 2023. The year-over-year **decline** **increase** in the tax rate was primarily due to the absence of losses on convertible debt repurchases, which were largely disallowed as a tax deduction an increase in 2022, nondeductible expenses related to higher per diem rates and employee fringe benefits. The Company currently estimates its annual 2023 2024 effective tax rate to be approximately 23 in the range of 24 percent to 25 percent.

**Comparison of nine months ended September 30, 2023 and September 30, 2022****Operating Revenues**

Passenger revenues for the nine months ended September 30, 2023, increased by \$1.6 billion, or 9.8 percent, compared with the first nine months of 2022. On a unit basis, Passenger revenues decreased 2.4 percent, year-over-year. The dollar increase was primarily due to a 12.5 percent increase in capacity and improvement in leisure and business travel demand for the nine months ended September 30, 2023 versus 2022. For the nine months ended September 30, 2023, the year-over-year Passenger revenue yield per ASM decrease was primarily driven by a 2.7 percent decrease in Load factor as the capacity growth of 12.5 percent outpaced the growth in demand of 8.8 percent for the nine months ended September 30, 2023.

Other revenues for the nine months ended September 30, 2023, increased by \$69 million, or 4.2 percent, year-over-year. On a dollar basis, the increase was primarily due to additional marketing revenue from Chase Bank USA, N.A., driven by improved retail spend on the Company's co-brand credit card.

**Operating Expenses**

Operating expenses for the nine months ended September 30, 2023, increased by \$2.4 billion, or 14.8 percent, compared with the first nine months of 2022, while capacity increased 12.5 percent over the same prior year period. Approximately 50 percent of the increase was due to higher Salaries, wages, and benefits expense, approximately 20 percent was due to higher Other operating expenses, and approximately 10 percent was due to higher Maintenance, materials, and repairs expense. Historically, except for changes in the price of fuel, changes in Operating expenses for airlines have been largely driven by changes in capacity, or ASMs. The following table presents the Company's Operating expenses per ASM for the first nine months of 2023 and 2022, followed by explanations of these changes on a dollar basis. Unless otherwise specified, changes on a per ASM basis were driven by changes in capacity, which increased and caused the Company's fixed costs to be spread over significantly more ASMs.

(in cents, except for percentages)	Nine months ended September 30,		Per ASM change	Percent change
	2023	2022		
Salaries, wages, and benefits	6.40 ¢	6.11 ¢	0.29 ¢	4.7 %
Fuel and oil	3.61	3.95	(0.34)	(8.6)
Maintenance materials and repairs	0.67	0.56	0.11	19.6
Landing fees and airport rentals	1.06	1.02	0.04	3.9
Depreciation and amortization	0.89	0.89	—	—
Other operating expenses	2.30	2.10	0.20	9.5
<b>Total</b>	<b>14.93 ¢</b>	<b>14.63 ¢</b>	<b>0.30 ¢</b>	<b>2.1 %</b>

Operating expenses per ASM for the first nine months of 2023 increased by 2.1 percent, compared with the first nine months of 2022. The majority of the year-over-year unit cost increase was driven by higher salaries, wages, and benefits expense, partially offset by a decrease in the Company's fuel cost per gallon. Operating expenses per ASM for the first nine months of 2023, excluding Fuel and oil expense, profitsharing, and special items (a non-GAAP financial measure), increased 5.2 percent, year-over-year. See Note Regarding Use of Non-GAAP Financial Measures and the Reconciliation of Reported Amounts to Non-GAAP Financial Measures for additional detail regarding non-GAAP financial measures.

Salaries, wages, and benefits expense for the first nine months of 2023 increased by \$1.2 billion, or 18.0 percent, compared with the first nine months of 2022. On a per ASM basis, Salaries, wages, and benefits expense for the first nine months of 2023 increased 4.7 percent, compared with the first nine months of 2022. On a dollar basis, approximately 50 percent of the increase was due to step/pay rate increases for certain workgroups, including market wage rate accruals for open collective bargaining agreements (inclusive of \$180 million on a GAAP basis in additional compensation related to past services negotiated as part of the tentative agreement reached with TWU 556) and approximately 30 percent of the increase was driven by an increase in capacity and/or number of trips flown. See Note Regarding Use of Non-GAAP Financial Measures and the Reconciliation of Reported Amounts to Non-GAAP Financial Measures for additional detail regarding non-GAAP measures.

Fuel and oil expense for the first nine months of 2023 increased by \$124 million, or 2.8 percent, compared with the first nine months of 2022. On a per ASM basis, Fuel and oil expense for the first nine months of 2023 decreased 8.6

percent. On a dollar basis, the increase was primarily attributable to an increase in fuel gallons consumed. The following table provides more information on the Company's economic fuel cost per gallon, including the impact of fuel hedging premium expense and fuel derivative contracts:

	Nine months ended September 30,	
	2023	2022
Economic fuel costs per gallon	\$ 2.85	\$ 3.03
Fuel hedging premium expense (in millions)	\$ 91	\$ 65
Fuel hedging premium expense per gallon	\$ 0.06	\$ 0.05
Fuel hedging cash settlement gains per gallon	\$ 0.12	\$ 0.54

See Note Regarding Use of Non-GAAP Financial Measures and the Reconciliation of Reported Amounts to Non-GAAP Financial Measures for additional detail regarding non-GAAP financial measures.

Maintenance materials and repairs expense for the first nine months of 2023 increased by \$212 million, or 34.0 percent, compared with the first nine months of 2022. On a per ASM basis, Maintenance materials and repairs expense increased 19.6 percent, compared with the first nine months of 2022. On a dollar and per ASM basis, the increase was primarily due to an increase in engine shop visits and various other engine repairs.

Landing fees and airport rentals expense for the first nine months of 2023 increased by \$196 million, or 17.4 percent, compared with the first nine months of 2022. On a per ASM basis, Landing fees and airport rentals expense increased 3.9 percent, compared with the first nine months of 2022. On a dollar basis, approximately 50 percent of the increase was attributable to higher landing fees, primarily driven by the increase in trips flown and higher rates charged by airports and approximately 45 percent of the increase was largely due to higher airport rental expense throughout the network, associated with both higher rates and additional space leased at airports.

Depreciation and amortization expense for the first nine months of 2023 increased by \$123 million, or 12.5 percent, compared with the first nine months of 2022. On a per ASM basis, Depreciation and amortization expense remained flat, compared with the first nine months of 2022. On a dollar basis, the increase was primarily due to the acquisition of 102 -8 aircraft since third quarter 2022.

Other operating expenses for the first nine months of 2023 increased by \$525 million, or 22.4 percent, compared with the first nine months of 2022. Included within this line item was aircraft rentals expense in the amount of \$149 million and \$146 million for the nine months ended September 30, 2023 and 2022, respectively. On a per ASM basis, Other operating expenses increased 9.5 percent, compared with the first nine months of 2022. On a dollar and per ASM basis, approximately 15 percent of the increase was due to higher interrupted trip expense, primarily in first quarter 2023 driven by costs associated with the Company's December 2022 operational disruption, approximately 15 percent of the increase was due to higher personnel expenses, and approximately 15 percent of the increase was due to higher professional fees driven by an increase in technology projects. The majority of the remaining increase was due to various flight-driven expenses.

#### Other expenses (income)

Interest expense for the first nine months of 2023 decreased by \$79 million, or 29.0 percent, compared with the first nine months of 2022, primarily due to various debt repurchases since third quarter 2022.

Capitalized interest for the first nine months of 2023 decreased by \$16 million, or 51.6 percent, compared with the first nine months of 2022, primarily due to a significant amount of assets being placed into service, most notably 102 MAX aircraft being delivered since third quarter 2022.

Interest income for the first nine months of 2023 increased by \$324 million, compared with the first nine months of 2022, primarily due to higher interest rates earned on the Company's cash and short-term investments.

Loss on extinguishment of debt for the first nine months of 2023 decreased by \$192 million, compared with the first nine months of 2022, primarily due to the partial extinguishment of the Company's Convertible Notes in the first nine months of 2022, compared with none in the first nine months of 2023.

The following table displays the components of Other (gains) losses, net, for the nine months ended September 30, 2023 and 2022:

(in millions)	Nine months ended September 30,	
	2023	2022
Mark-to-market impact from fuel contracts settling in current and future periods	\$ (26)	\$ (23)

Premium cost of fuel contracts not designated as hedges	—	(14)
Unrealized mark-to-market adjustment on available for sale securities	(4)	7
Mark-to-market impact on deferred compensation plan investment	(17)	84
Other	3	3
	\$ (44)	\$ 57

#### Income Taxes

The Company's effective tax rate was approximately 22.0 percent for the first nine months of 2023, compared with 25.1 percent for the first nine months of 2022. The year-over-year decline in the tax rate was primarily due to the absence of losses on convertible debt repurchases, which were largely disallowed as a tax deduction in 2022.

#### Reconciliation of Reported Amounts to Non-GAAP Financial Measures (excluding special items) (unaudited) (in millions, except per share amounts and per ASM amounts)

	Three months ended September 30,		Percent Change	Nine months ended September 30,		Percent Change
	2023	2022		2023	2022	
<b>Fuel and oil expense, unhedged</b>	\$ 1,616	\$ 1,931		\$ 4,608	\$ 5,079	
Add: Premium cost of fuel contracts designated as hedges	30	26		91	79	
Deduct: Fuel hedge gains included in Fuel and oil expense, net	(82)	(207)		(185)	(768)	
<b>Fuel and oil expense, as reported</b>	<u>\$ 1,564</u>	<u>\$ 1,750</u>	(10.6)	<u>\$ 4,514</u>	<u>\$ 4,390</u>	
Deduct: Fuel hedge contracts settling in the current period, but for which gains were reclassified from AOCI (b)	(11)	(12)		(12)	(12)	
Deduct: Premium benefit of fuel contracts not designated as hedges	—	(14)		—	(14)	
<b>Fuel and oil expense, excluding special items (economic)</b>	<u>\$ 1,553</u>	<u>\$ 1,724</u>	(9.9)	<u>\$ 4,502</u>	<u>\$ 4,364</u>	3.2
<b>Total operating expenses, as reported</b>	\$ 6,408	\$ 5,825		\$ 18,640	\$ 16,240	
Deduct: Labor contract adjustment (a)	(96)	—		(180)	—	
Deduct: Fuel hedge contracts settling in the current period, but for which gains were reclassified from AOCI (b)	(11)	(12)		(12)	(12)	
Deduct: Premium benefit of fuel contracts not designated as hedges	—	(14)		—	(14)	
Deduct: Impairment of long-lived assets	—	(4)		—	(35)	
Deduct: Litigation settlement	—	—		(12)	—	
<b>Total operating expenses, excluding special items</b>	<u>\$ 6,301</u>	<u>\$ 5,795</u>	8.7	<u>\$ 18,436</u>	<u>\$ 16,179</u>	14.0
Deduct: Fuel and oil expense, excluding special items (economic)	(1,553)	(1,724)		(4,502)	(4,364)	
<b>Operating expenses, excluding Fuel and oil expense and special items</b>	<u>\$ 4,748</u>	<u>\$ 4,071</u>	16.6	<u>\$ 13,934</u>	<u>\$ 11,815</u>	17.9
Deduct: Profitsharing expense	(38)	(57)		(158)	(175)	
<b>Operating expenses, excluding Fuel and oil expense, special items, and profitsharing</b>	<u>\$ 4,710</u>	<u>\$ 4,014</u>	17.3	<u>\$ 13,776</u>	<u>\$ 11,640</u>	18.4
<b>Operating income, as reported</b>	\$ 117	\$ 395		\$ 628	\$ 1,402	
Add: Labor contract adjustment (a)	96	—		180	—	
Add: Fuel hedge contracts settling in the current period, but for which gains were reclassified from AOCI (b)	11	12		12	12	
Add: Premium benefit of fuel contracts not designated as hedges	—	14		—	14	
Add: Impairment of long-lived assets	—	4		—	35	
Add: Litigation settlement	—	—		12	—	
<b>Operating income, excluding special items</b>	<u>\$ 224</u>	<u>\$ 425</u>	(47.3)	<u>\$ 832</u>	<u>\$ 1,463</u>	(43.1)

	Three months ended March 31,	Percent

	2024	2023	Change
<b>Fuel and oil expense, unhedged</b>	\$ 1,510	\$ 1,575	
Add: Premium cost of fuel contracts designated as hedges	39	30	
Deduct: Fuel hedge gains included in Fuel and oil expense, net	(18)	(58)	
<b>Fuel and oil expense, as reported (and economic)</b>	<u>\$ 1,531</u>	<u>\$ 1,547</u>	(1.0)
 <b>Total operating expenses, net, as reported</b>	 \$ 6,722	 \$ 5,990	
Deduct: Labor contract adjustment (a)	(9)	—	
Deduct: Litigation accrual	(7)	—	
<b>Total operating expenses, excluding special items</b>	<u>\$ 6,706</u>	<u>\$ 5,990</u>	12.0
Deduct: Fuel and oil expense, as reported (and economic)	(1,531)	(1,547)	
<b>Operating expenses, excluding Fuel and oil expense, special items, and profitsharing</b>	<u>\$ 5,175</u>	<u>\$ 4,443</u>	16.5
 <b>Operating loss, as reported</b>	 \$ (393)	 \$ (284)	
Add: Labor contract adjustment (a)	9	—	
Add: Litigation accrual	7	—	
<b>Operating loss, excluding special items</b>	<u>\$ (377)</u>	<u>\$ (284)</u>	32.7
 <b>Other gains, net, as reported</b>	 \$ (12)	 \$ (14)	
Deduct: Mark-to-market impact from fuel contracts settling in future periods (b)	(1)	—	
Add: Unrealized mark-to-market adjustment on available for sale securities	—	4	
<b>Other gains, net, excluding special items</b>	<u>\$ (13)</u>	<u>\$ (10)</u>	30.0%
 <b>Loss before income taxes, as reported</b>	 \$ (298)	 \$ (205)	
Add: Labor contract adjustment (a)	9	—	
Add: Mark-to-market impact from fuel contracts settling in future periods (b)	1	—	
Add: Litigation accrual	7	—	
Deduct: Unrealized mark-to-market adjustment on available for sale securities	—	(4)	
<b>Loss before income taxes, excluding special items</b>	<u>\$ (281)</u>	<u>\$ (209)</u>	34.4
 <b>Benefit for income taxes, as reported</b>	 \$ (67)	 \$ (46)	
Add: Net loss tax impact of fuel and special items (c)	4	—	
<b>Benefit for income taxes, net, excluding special items</b>	<u>\$ (63)</u>	<u>\$ (46)</u>	37.0
 <b>Net loss, as reported</b>	 \$ (231)	 \$ (159)	
Add: Labor contract adjustment (a)	9	—	
Add: Mark-to-market impact from fuel contracts settling in future periods (b)	1	—	
Add: Litigation accrual	7	—	
Deduct: Unrealized mark-to-market adjustment on available for sale securities	—	(4)	
Deduct: Net loss tax impact of special items (c)	(4)	—	
<b>Net loss, excluding special items</b>	<u>\$ (218)</u>	<u>\$ (163)</u>	33.7

	Three months ended September 30,		Percent Change	Nine months ended September 30,		Percent Change
	2023	2022		2023	2022	
<b>Other (gains) losses, net, as reported</b>	\$ (23)	\$ (39)		\$ (44)	\$ 57	
Add: Mark-to-market impact from fuel contracts settling in current and future periods (b)	33	38		26	23	
Add: Premium benefit of fuel contracts not designated as hedges	—	14		—	14	
Add (Deduct): Unrealized mark-to-market adjustment on available for sale securities	—	—		4	(7)	

<b>Other (gains) losses, net, excluding special items</b>	\$ 10	\$ 13	(23.1)%	\$ (14)	\$ 87	n.m.
<b>Income before income taxes, as reported</b>	\$ 237	\$ 353		\$ 919	\$ 1,013	
Add: Labor contract adjustment (a)	96	—		180	—	
Add: Fuel hedge contracts settling in the current period, but for which gains were reclassified from AOCI (b)	11	12		12	12	
Deduct: Mark-to-market impact from fuel contracts settling in current and future periods (b)	(33)	(38)		(26)	(23)	
Add: Impairment of long-lived assets	—	4		—	35	
Add (Deduct): Unrealized mark-to-market adjustment on available for sale securities	—	—		(4)	7	
Add: Loss on extinguishment of debt	—	76		—	192	
Add: Litigation settlement	—	—		12	—	
<b>Income before income taxes, excluding special items</b>	<b>\$ 311</b>	<b>\$ 407</b>	<b>(23.6)</b>	<b>\$ 1,093</b>	<b>\$ 1,236</b>	<b>(11.6)</b>
<b>Provision for income taxes, as reported</b>	\$ 44	\$ 76		\$ 202	\$ 254	
Add: Net income tax impact of fuel and special items (c)	27	15		55	32	
<b>Provision for income taxes, net, excluding special items</b>	<b>\$ 71</b>	<b>\$ 91</b>	<b>(22.0)</b>	<b>\$ 257</b>	<b>\$ 286</b>	<b>(10.1)</b>
<b>Net income, as reported</b>	<b>\$ 193</b>	<b>\$ 277</b>		<b>\$ 717</b>	<b>\$ 759</b>	
Add: Labor contract adjustment (a)	96	—		180	—	
Add: Fuel hedge contracts settling in the current period, but for which gains were reclassified from AOCI (b)	11	12		12	12	
Deduct: Mark-to-market impact from fuel contracts settling in current and future periods (b)	(33)	(38)		(26)	(23)	
Add: Loss on extinguishment of debt	—	76		—	192	
Add (Deduct): Unrealized mark-to-market adjustment on available for sale securities	—	—		(4)	7	
Deduct: Net income tax impact of special items (c)	(27)	(15)		(55)	(32)	
Add: Impairment of long-lived assets	—	4		—	35	
Add: Litigation settlement	—	—		12	—	
<b>Net income, excluding special items</b>	<b>\$ 240</b>	<b>\$ 316</b>	<b>(24.1)</b>	<b>\$ 836</b>	<b>\$ 950</b>	<b>(12.0)</b>

	Three months ended September 30,		Percent Change	Nine months ended September 30,		Percent Change
	2023	2022		2023	2022	
<b>Net income per share, diluted, as reported</b>	\$ 0.31	\$ 0.44		\$ 1.15	\$ 1.21	
Add (Deduct): Impact of special items	0.14	0.12		0.29	0.38	
Deduct: Net impact of net income above from fuel contracts divided by dilutive shares	(0.03)	(0.04)		(0.02)	(0.02)	
Deduct: Net income tax impact of special items (c)	(0.04)	(0.02)		(0.09)	(0.06)	
<b>Net income per share, diluted, excluding special items</b>	<b>\$ 0.38</b>	<b>\$ 0.50</b>	<b>(24.0)</b>	<b>\$ 1.33</b>	<b>\$ 1.51</b>	<b>(11.9)</b>
<b>Operating expenses per ASM (cents)</b>	14.51 ¢	14.83 ¢		14.93 ¢	14.63 ¢	
Deduct: Impact of special items	(0.24)	(0.01)		(0.16)	(0.03)	
Deduct: Fuel and oil expense divided by ASMs	(3.52)	(4.45)		(3.61)	(3.95)	
Deduct: Profitsharing expense divided by ASMs	(0.08)	(0.15)		(0.12)	(0.16)	
<b>Operating expenses per ASM, excluding Fuel and oil expense, profitsharing, and special items (cents)</b>	<b>10.67 ¢</b>	<b>10.22 ¢</b>	<b>4.4</b>	<b>11.04 ¢</b>	<b>10.49 ¢</b>	<b>5.2</b>

	Three months ended March 31,		Percent Change
	2024	2023	
<b>Net loss per share, diluted, as reported</b>	\$ (0.39)	\$ (0.27)	
Add: Impact of special items	0.04	—	
Deduct: Net loss tax impact of special items (c)	(0.01)	—	
<b>Net loss per share, diluted, excluding special items</b>	<b>\$ (0.36)</b>	<b>\$ (0.27)</b>	<b>33.3</b>
 <b>Operating expenses per ASM (cents)</b>	 15.91 ¢	 15.74 ¢	
Deduct: Impact of special items	(0.03)	—	
Deduct: Fuel and oil expense divided by ASMs	(3.63)	(4.07)	
<b>Operating expenses per ASM, excluding Fuel and oil expense, special items, and profitsharing (cents)</b>	<b>12.25 ¢</b>	<b>11.67 ¢</b>	<b>5.0</b>

(a) Represents changes in estimate related to the contract ratification bonus for the Company's Flight Attendants Ramp, Operations, Provisioning, & Cargo Agents as part of the tentative agreement reached ratified in October 2023 March 2024 with TWU 556, 555. The Company began accruing for all of its open labor contracts on April 1, 2022, and this incremental \$180 million expense extends the timeframe covered by the ratification bonus to the date the Flight Attendant contract became amendable on November 1, 2018, to compensate for missed wage increases over that time period. The Company's consolidated financial statements for the three and nine months ended September 30, 2023 include market rate wage accrual for all workgroups with open collective bargaining agreements. The Company had not previously included an approximate \$84 million adjustment associated with ongoing labor contract negotiations during second quarter 2023 as a special item, but has now included such amount in its calculation of Non-GAAP financial measures for the year-to-date period ended September 30, 2023. The Company is therefore providing adjusted reconciliation schedules for second quarter 2023 as supplemental information below. See the Note Regarding Use of Non-GAAP Financial Measures for further information.

(b) See Note 3 to the unaudited Condensed Consolidated Financial Statements for further information.

(c) Tax amounts for each individual special item are calculated at the Company's effective rate for the applicable period and totaled in this line item.

#### Revised Three Months Ended June 30, 2023 Reconciliation

#### Non-GAAP Return on Invested Capital (ROIC) (in millions) (unaudited)

	Twelve months ended	March 31, 2024
<b>Operating income, as reported</b>	\$ 115	
TWU 555 contract adjustment	9	
TWU 556 contract adjustment	180	
SWAPA contract adjustment	354	
Net impact from fuel contracts	17	
DOT settlement	107	
Litigation settlements	19	
<b>Operating income, non-GAAP</b>	\$ 801	
Net adjustment for aircraft leases (a)	128	
<b>Adjusted operating income, non-GAAP (A)</b>	\$ 929	
<b>Non-GAAP tax rate (B)</b>	23.5% (d)	
<b>Net operating profit after-tax, NOPAT (A* (1-B) = C)</b>	\$ 711	
Debt, including finance leases (b)	\$ 8,016	
Equity (b)	10,571	
Net present value of aircraft operating leases (b)	990	
<b>Average invested capital</b>	\$ 19,577	
Equity adjustment for hedge accounting (c)	(99)	
<b>Adjusted average invested capital (D)</b>	\$ 19,478	
<b>Non-GAAP ROIC, pre-tax (A/D)</b>	4.8%	
<b>Non-GAAP ROIC, after tax (C/D)</b>	3.7%	

(a) Net adjustment related to presumption that all aircraft in fleet are owned (i.e., the impact of **Reported Amounts** eliminating aircraft rent expense and replacing with estimated depreciation expense for those same aircraft). The Company makes this adjustment to enhance comparability to other entities that have different capital structures by utilizing alternative financing decisions.

(b) Calculated as an average of the five most recent quarter end balances or remaining obligations. The Net present value of aircraft operating leases represents the assumption that all aircraft in the Company's fleet are owned, as it reflects the remaining contractual commitments discounted at the Company's estimated incremental borrowing rate as of the time each individual lease was signed.

(c) The Equity adjustment in the denominator adjusts for the cumulative impacts, in Accumulated other comprehensive income and Retained earnings, of gains and/or losses that will settle in future periods, including those associated with the Company's fuel hedges. The current period impact of these gains and/or losses is reflected in the Net impact from fuel contracts in the numerator.

(d) The GAAP twelve month rolling tax rate as of March 31, 2024, was 27.1 percent, and the Non-GAAP twelve month rolling tax rate was 23.5 percent. See Note Regarding Use of Non-GAAP Financial Measures (excluding special items) (unaudited)

**(in millions, except per share amounts and per ASM amounts)**

	Three months ended June 30,		Percent Change
	2023	2022	
<b>Fuel and oil expense, unhedged</b>	\$ 1,418	\$ 1,942	
Add: Premium cost of fuel contracts designated as hedges	30	26	
Deduct: Fuel hedge gains included in Fuel and oil expense, net	(45)	(332)	
<b>Fuel and oil expense, as reported (economic)</b>	\$ 1,403	\$ 1,636	(14.2)
<b>Total operating expenses, as reported</b>	\$ 6,242	\$ 5,570	
Deduct: Labor contract adjustment	(84)	—	
Deduct: Impairment of long-lived assets	—	(15)	
Deduct: Litigation settlement	(12)	—	
<b>Total operating expenses, excluding special items</b>	\$ 6,146	\$ (5,555)	n.m.
Deduct: Fuel and oil expense, as reported (economic)	(1,403)	(1,636)	
<b>Operating expenses, excluding Fuel and oil expense and special items</b>	\$ 4,743	\$ 3,919	16.6
Deduct: Profitsharing expense	(121)	(81)	

<b>Operating expenses, excluding Fuel and oil expense, special items, and profitsharing</b>	<b>\$ 4,622</b>	<b>\$ 3,838</b>	<b>17.3</b>
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	<b>Three months ended June 30,</b>		<b>Percent</b>
	<b>2023</b>	<b>2022</b>	<b>Change</b>
<b>Operating income, as reported</b>	\$ 795	\$ 1,158	
Add: Labor contract adjustment	84	—	
Add: Impairment of long-lived assets	—	15	
Add: Litigation settlement	12	—	
<b>Operating income, excluding special items</b>	<b>\$ 891</b>	<b>\$ 1,173</b>	<b>(24.0)</b>
<b>Other (gains) losses, net, as reported</b>	\$ (7)	\$ 25	
Add (Deduct): Mark-to-market impact from fuel contracts settling in current and future periods	(6)	20	
Deduct: Unrealized mark-to-market adjustment on available for sale securities	—	(4)	
<b>Other (gains) losses, net, excluding special items</b>	<b>\$ (13)</b>	<b>\$ 41</b>	<b>n.m.</b>
<b>Income before income taxes, as reported</b>	\$ 886	\$ 1,036	
Add: Labor contract adjustment	84	—	
Add (Deduct): Mark-to-market impact from fuel contracts settling in current and future periods	6	(20)	
Add: Impairment of long-lived assets	—	15	
Add: Unrealized mark-to-market adjustment on available for sale securities	—	4	
Add: Loss on extinguishment of debt	—	43	
Add: Litigation settlement	12	—	
<b>Income before income taxes, excluding special items</b>	<b>\$ 988</b>	<b>\$ 1,078</b>	<b>(8.3)</b>
<b>Provision for income taxes, as reported</b>	\$ 203	\$ 276	
Add (Deduct): Net income tax impact of fuel and special items (a)	27	(23)	
<b>Provision for income taxes, net, excluding special items</b>	<b>\$ 230</b>	<b>\$ 253</b>	<b>(9.1)</b>
<b>Net income, as reported</b>	\$ 683	\$ 760	
Add: Labor contract adjustment	84	—	
Add (Deduct): Mark-to-market impact from fuel contracts settling in current and future periods	6	(20)	
Add: Loss on extinguishment of debt	—	43	
Add: Unrealized mark-to-market adjustment on available for sale securities	—	4	
Add (Deduct): Net income tax impact of fuel and special items (a)	(27)	23	
Add: Impairment of long-lived assets	—	15	
Add: Litigation settlement	12	—	
<b>Net income, excluding special items</b>	<b>\$ 758</b>	<b>\$ 825</b>	<b>(8.1)</b>
<b>Net income per share, diluted, as reported</b>	\$ 1.08	\$ 1.20	
Add: Impact of special items	0.14	0.08	
Add (Deduct): Net impact of net income above from fuel contracts divided by dilutive shares	0.01	(0.03)	
Add (Deduct): Net income tax impact of special items (a)	(0.04)	0.05	
<b>Net income per share, diluted, excluding special items</b>	<b>\$ 1.19</b>	<b>\$ 1.30</b>	<b>(8.5)</b>
<b>Operating expenses per ASM (cents)</b>	14.66 ¢	14.92 ¢	
Deduct: Impact of special items	(0.23)	(0.04)	
Deduct: Fuel and oil expense divided by ASMs	(3.29)	(4.38)	
Deduct: Profitsharing expense divided by ASMs	(0.29)	(0.22)	
<b>Operating expenses per ASM, excluding Fuel and oil expense, profitsharing, and special items (cents)</b>	<b>10.85 ¢</b>	<b>10.28 ¢</b>	<b>5.5</b>

(a) Tax amounts for each individual special item are calculated at the Company's effective rate for the applicable period and totaled in this line item. additional information.

#### Note Regarding Use of Non-GAAP Financial Measures

The Company's unaudited Condensed Consolidated Financial Statements are prepared in accordance with GAAP. These GAAP financial statements may include (i) unrealized noncash adjustments and reclassifications, which can be significant, as a result of accounting requirements and elections made under accounting pronouncements relating to derivative instruments and hedging and (ii) other charges and benefits the Company believes are unusual and/or infrequent in nature and thus may make comparisons to its prior or future performance difficult.

As a result, the Company also provides financial information in this filing that was not prepared in accordance with GAAP and should not be considered as an alternative to the information prepared in accordance with GAAP. The Company provides supplemental non-GAAP financial information (also referred to as "excluding special items"), including results that it refers to as "economic," which the Company's management utilizes to evaluate its ongoing financial performance and the Company believes provides additional insight to investors as supplemental information to its GAAP results. The non-GAAP measures provided that relate to the Company's performance on an economic fuel cost basis include Fuel and oil expense, non-GAAP; Total operating expenses, non-GAAP; Operating expenses, non-GAAP excluding Fuel and oil expense; Operating expenses, non-GAAP excluding Fuel and oil expense and profitsharing; Operating income, loss, non-GAAP; Other (gains) losses, gains, net, non-GAAP; Income Loss before income taxes, non-GAAP; Provision Benefit for income taxes, net, non-GAAP; Net income, loss, non-GAAP; Net income loss per share, diluted, non-GAAP; and Operating expenses per ASM, non-GAAP, excluding Fuel and oil expense and profitsharing (cents). The Company's economic Fuel and oil expense results differ from GAAP results in that they only include the actual cash settlements from fuel hedge contracts - all reflected within Fuel and oil expense in the period of settlement. Thus, Fuel and oil expense on an economic basis has historically been utilized by the Company, as well as some of the other airlines that utilize fuel hedging, as it reflects the Company's actual net cash outlays for fuel during the applicable period, inclusive of settled fuel derivative contracts. Any net premium costs paid related to option contracts that are designated as hedges are reflected as a component of Fuel and oil expense, for both GAAP and non-GAAP (including economic) purposes in the period of contract settlement. The Company believes these economic results provide further insight into the impact of the Company's fuel hedges on its operating performance and liquidity since they exclude the unrealized, noncash adjustments and reclassifications that are recorded in GAAP results in accordance with accounting guidance relating to derivative instruments, and they reflect all cash settlements related to fuel derivative contracts within Fuel and oil expense. This enables the Company's management, as well as investors and analysts, to consistently assess the Company's operating performance on a year-over-year or quarter-over-quarter basis after considering all efforts in place to manage fuel expense. However, because these measures are not determined in accordance with GAAP, such measures are susceptible to varying calculations, and not all companies calculate the measures in the same manner. As a result, the aforementioned measures, as presented, may not be directly comparable to similarly titled measures presented by other companies.

Further information on (i) the Company's fuel hedging program, (ii) the requirements of accounting for derivative instruments, and (iii) the causes of hedge ineffectiveness and/or mark-to-market gains or losses from derivative instruments is included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2022 December 31, 2023 and Note 3 to the unaudited Condensed Consolidated Financial Statements.

The Company's GAAP results in the applicable periods may include other charges or benefits that are also deemed "special items," that the Company believes make its results difficult to compare to prior periods, anticipated future periods, or industry trends. Financial measures identified as non-GAAP (or as excluding special items) have been adjusted to exclude special items. For the periods presented, in addition to the items discussed above, special items include:

1. Noncash impairment charges, primarily Accruals associated with adjustments labor contract negotiations with TWU 555, which represents the Company's Ramp, Operations, Provisioning, & Cargo Agents. These amounts accrued in 2024 relate to the salvage values additional compensation for previously retired airframes; services performed by Employees outside of this fiscal year;
2. Charges associated with tentative litigation settlements regarding certain California state meal-and-rest-break regulations for flight attendants and an arbitration award in favor of the Company's Pilots relating to a collective-bargaining matter;
3. Unrealized mark-to-market adjustment associated with certain available for sale securities;
3. Losses associated with the partial extinguishment of the Company's Convertible Notes and early prepayment of debt. Such losses are incurred as a result of opportunistic decisions made by the Company to

prepay portions of its debt, most of which was incurred during the pandemic in order to provide liquidity during the prolonged downturn in air travel;

4. A charge associated with a tentative litigation settlement regarding certain California state meal-and-rest-break regulations for flight attendants; and
5. Incremental expense associated with ongoing labor contract negotiations with TWU 556 which represents the Company's recently ratified Pilot and Flight Attendants. Attendant contracts. The change in estimate recognized in the second and third quarters of 2023 relates to additional compensation for services performed by Employees outside of those the applicable fiscal periods. period; and
5. A charge associated with a settlement reached with the Department of Transportation as a result of the Company's December 2022 operational disruption.

Because management believes special items can distort the trends associated with the Company's ongoing performance as an airline, the Company believes that evaluation of its financial performance can be enhanced by a supplemental presentation of results that exclude the impact of special items in order to enhance consistency and comparativeness with results in prior periods that do not include such items and as a basis for evaluating operating results in future periods. The following measures are often provided, excluding special items, and utilized by the Company's management, analysts, and investors to enhance comparability of year-over-year results, as well as to industry trends: Fuel and oil expense, non-GAAP; Total operating expenses, non-GAAP; Operating expenses, non-GAAP excluding Fuel and oil expense; Operating expenses, non-GAAP excluding Fuel and oil expense and profitsharing; Operating income, loss, non-GAAP; Other (gains) losses, gains, net, non-GAAP; Income Loss before income taxes, non-GAAP; Provision Benefit for income taxes, net, non-GAAP; Net income, loss, non-GAAP; Net income loss per share, diluted, non-GAAP; and Operating expenses per ASM, non-GAAP, excluding Fuel and oil expense and profitsharing (cents).

The Company has also provided its calculation of return on invested capital, which is a measure of financial performance used by management to evaluate its investment returns on capital. Return on invested capital is not a substitute for financial results as reported in accordance with GAAP and should not be utilized in place of such GAAP results. Although return on invested capital is not a measure defined by GAAP, it is calculated by the Company, in part, using non-GAAP financial measures. Those non-GAAP financial measures are utilized for the same reasons as those noted above for Net loss, non-GAAP and Operating loss, non-GAAP. The comparable GAAP measures include charges or benefits that are deemed "special items" that the Company believes make its results difficult to compare to prior periods, anticipated future periods, or industry trends, and the Company's profitability targets and estimates, both internally and externally, are based on non-GAAP results since "special items" cannot be reliably predicted or estimated. The Company believes non-GAAP return on invested capital is a meaningful measure because it quantifies the Company's effectiveness in generating returns relative to the capital it has invested in its business. Although return on invested capital is commonly used as a measure of capital efficiency, definitions of return on invested capital differ; therefore, the Company is providing an explanation of its calculation for non-GAAP return on invested capital in the accompanying reconciliation in order to allow investors to compare and contrast its calculation to the calculations provided by other companies.

#### Liquidity and Capital Resources

Net cash provided by used in operating activities was \$616 \$104 million for the three months ended September 30, 2023 March 31, 2024, compared with \$234 million \$706 million provided by operating activities in the same prior year period. Net cash provided by operating activities was \$2.7 billion for the nine months ended September 30, 2023, compared with \$3.2 billion provided by operating activities in the same prior year period. Operating cash inflows are historically primarily derived from providing air transportation to Customers. The vast majority of tickets are purchased prior to the day on which travel is provided and, in some cases, several months before the anticipated travel date. Operating cash outflows are related to the recurring expenses of airline operations. The operating cash flows for the nine three months ended September 30, 2023 March 31, 2024, were largely impacted by the Company's net income (as adjusted for noncash items), a \$750 million increase \$1.35 billion outflow due to contract ratification bonuses paid to the Company's Pilots as a result of ratifying a new labor contract in Air traffic liability driven by higher ticket sales related to an increase in travel demand, January 2024, partially offset by a \$245 million \$105 million payout of the Company's ProfitSharing Plan contribution for 2023, and a \$51 million decrease related to the purchase of fuel derivative instruments, which is included within Other, net operating cash flows in the accompanying unaudited Condensed Consolidated Statement of Cash Flows, and partially offset by a \$1.1 billion increase in Air traffic liability driven by higher ticket sales related to an increase in capacity. The operating cash flows for the three months ended March 31, 2023, were largely impacted by the Company's net income (as adjusted for noncash items), a \$947 million increase in Air traffic liability driven by higher ticket sales related to an increase in travel demand, partially offset by a \$215 million decrease due to the payment of Customer reimbursement expenses in first quarter 2023 related to the December 2022 operational disruption. The disruption, a \$127 million decrease due to the funding of the Company's ProfitSharing Plan contribution for 2022, and a \$106 million decrease related to the purchase of fuel derivative instruments, which is included within Other, net operating cash flows for in the nine months ended September 30, 2022, were largely impacted by the Company's net income (as adjusted for noncash items), a \$700 million increase in Air traffic liability driven by higher ticket sales related to an increase in travel demand, and a \$472 million cash tax refund from the Internal Revenue Service associated with the 2020 tax year. accompanying unaudited Condensed Consolidated Statement of Cash Flows. Net cash provided by operating activities is primarily used to finance capital expenditures, repay debt, pay dividends, and provide working capital.

Net cash used in investing activities totaled \$64 million \$585 million during the three months ended September 30, 2023 March 31, 2024, compared with \$1.1 billion used in investing activities in the same prior year period. Net cash used in investing activities for the nine months ended September 30, 2023, was \$2.3 billion, compared with \$2.8 billion \$1.6 billion used in investing activities in the same prior year period. Investing activities in both years included

Capital expenditures and changes in the balance of the Company's short-term and noncurrent investments. During the nine three months ended September 30, 2023 March 31, 2024, Capital expenditures were \$2.8 billion \$583 million, compared with \$2.6 billion \$1.0 billion in the same prior year period. Capital expenditures increased, decreased, year-over-year, largely due to an increase in progress and delivery payments made for current period and future fewer aircraft deliveries during the nine three months ended September 30, 2023 March 31, 2024, compared to the same prior year period.

The Company continues to estimate now estimates its 2023 2024 capital spending to be roughly \$3.5 billion, \$2.5 billion, which includes approximately \$2.3 billion \$1.0 billion in aircraft capital spending, assuming approximately 85 20 -8 aircraft deliveries in 2023 2024 and \$1.2 billion in non-aircraft capital spending.

including tens of millions in operational investments related to continued progress delivery payments for the Company's winter operations plan. The Company continues to estimate its total annual capital spending to be approximately \$4 billion, on average, for the five years 2023 through 2027. contractual 2025 firm orders.

Net cash used in financing activities was \$213 million \$232 million during the three months ended September 30, 2023 March 31, 2024, compared with \$1.9 billion used in financing activities for the same prior year period. Net cash used in financing activities was \$466 million during the nine months ended September 30, 2023, compared with \$2.4 billion \$262 million used in financing activities for the same prior year period. The Company paid \$428 million \$215 million in cash dividends to Shareholders and repaid \$78 million \$8 million in finance lease obligations during the nine three months ended September 30, 2023 March 31, 2024. The Company may engage in early debt repurchases from time to time and some of these at its discretion; however, any early future repurchases are not included in the Company's current maturities of long-term debt. The Company's 2023 2024 total scheduled debt repayments are expected to be \$85 \$29 million. During the nine three months ended September 30, 2022 March 31, 2023, the Company paid \$214 million in cash dividends to Shareholders and repaid \$2.5 billion \$59 million in debt and finance lease obligations, including a \$1.3 billion prepayment for all of its outstanding 4.75% Notes due 2023 and the early extinguishment of \$486 million in principal of its Convertible Notes for cash payments totaling \$648 million obligations.

The Company is a "well-known seasoned issuer" and currently has an effective shelf registration statement registering an indeterminate amount of debt and equity securities for future sales. The Company currently intends to use the proceeds from any future securities sales off this shelf registration statement for general corporate purposes.

The Company has access to \$1.0 billion under its amended and restated revolving credit facility (the "Amended A&R Credit Agreement"). In, which expires in August 2028. For the three months ended March 31, 2024 and 2023 this facility was amended to, among other things, (i) extend the expiration date to August 2028, (ii) release all aircraft and other assets constituting collateral securing loans under the facility, (iii) eliminate the minimum liquidity covenant, (iv) add a Coverage Ratio financial covenant, and (v) amend the covenant requiring that a pool of lien-free specified aircraft and related assets have a minimum aggregate appraised value. There were no amounts outstanding under the Amended A&R Credit Agreement as of September 30, 2023. Agreement. See Note 10 to the unaudited Condensed Consolidated Financial Statements for further information.

Although not the case at September 30, 2023, March 31, 2024 due to the Company's significant financing activities throughout the early stages of the pandemic, the Company has historically carried a working capital deficit, in which its current liabilities exceed its current assets. This is common within the airline industry and is primarily due to the nature of the Air traffic liability account, which is related to advance ticket sales, unused flight credits available to Customers, and loyalty deferred revenue, which are performance obligations for future Customer flights, do not require future settlement in cash, and are mostly nonrefundable. See Note 5 to the unaudited Condensed Consolidated Financial Statements for further information.

The Company believes it has various options available to meet its capital and operating commitments, including unrestricted cash and short-term investments of \$11.7 \$10.5 billion as of September 30, 2023 March 31, 2024, and anticipated future internally generated funds from operations. The Company continues to have a large base of unencumbered assets with a net book value of more than \$14.5 approximately \$17.2 billion, including \$14.4 billion in aircraft valued in excess of \$12.0 billion value and more than \$2.5 \$2.8 billion in non-aircraft assets such as spare engines, ground equipment, and real estate. In addition, the Company continues to maintain investment-grade credit ratings by all three major credit agencies (Moody's, S&P Global, and Fitch).

#### Contractual Obligations

On October 25, 2023, For the years 2024 through 2031, the Company entered into a supplemental agreement has firm orders with Boeing relating to its contractual order book for -7 and -8 aircraft. This agreement, which extends the order book to 2031, provides flexibility in support of the Company's growth plans and fleet modernization.

The Company now plans for approximately 85 -8 495 aircraft, deliveries from Boeing and 41 -700 retirements in 2023. The delivery schedule below reflects contractual commitments, although the timing of future deliveries could be affected by any potential or prolonged delays in the manufacturing process or with the -7 certification. The Company retains significant flexibility to manage its fleet size, including opportunities to accelerate fleet modernization efforts if growth opportunities do not materialize.

As of October 26, 2023, the Company had firm deliveries and options for -7 and -8 aircraft as follows:

The Boeing Company				
	-7 Firm Orders	-8 Firm Orders	-7 or -8 Options	Total
2023	—	85	—	85 (c)
2024	27	53	—	80
2025	54	3	23	80
2026	59	—	26	85
2027	19	46	25	90

2028	15	50	25	90
2029	38	34	18	90
2030	45	—	45	90
2031	45	—	45	90
	302 (a)	271 (b)	207	780

(a) The delivery timing of an additional 199 aircraft. See Note 9 to the unaudited Condensed Consolidated Financial Statements for the -7 is dependent on the FAA issuing required certifications and approvals to Boeing and the Company. The FAA will ultimately determine the timing of the -7 certification and entry into service, and the Company therefore offers no assurances that current estimations and timelines are correct.

(b) The Company has flexibility to designate firm orders or options as -7s or -8s, upon written advance notification as stated in the contract.

(c) Includes 69 -8 deliveries received year-to-date through September 30, 2023. The Company now plans for approximately 85 -8 aircraft deliveries in 2023.

Based on the Company's revised agreement with Boeing, capital commitments associated with its firm orders as of October 26, 2023, were: \$133 million remaining in 2023, \$2.1 billion in 2024, \$1.7 billion in 2025, \$1.8 billion in 2026, \$2.6 billion in 2027, \$2.9 billion in 2028, and \$5.3 billion thereafter. further information.

The following table details information on the aircraft in the Company's fleet as of September 30, 2023/March 31, 2024:

Type	Seats	Average Age (Yrs)	Number of Aircraft	Number Owned	Number Leased
737-700	143	18	404 (a)	369	35
737-800	175	8	207	190	17
737 -8	175	2	206	177	29
Totals		12	817	736	81

(a) Included three Boeing 737 Next Generation aircraft in storage as of September 30, 2023.

Type	Seats	Average Age (Yrs)	Number of Aircraft	Number Owned	Number Leased
737-700	143	19	384	350	34
737-800	175	9	207	190	17
737 -8	175	2	228	199	29
Totals		11	819	739	80

#### Critical Accounting Policies and Estimates

For information regarding the Company's Critical Accounting Policies and Estimates, see the "Critical Accounting Policies and Estimates" section of "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2022/December 31, 2023.

#### Cautionary Statement Regarding Forward-Looking Statements

This Form 10-Q contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 ("Exchange Act"). Forward-looking statements are based on, and include statements about, the Company's estimates, expectations, beliefs, intentions, and strategies for the future, and the assumptions underlying these forward-looking statements. Specific forward-looking statements can be identified by the fact that they do not relate strictly to historical or current facts and include, without limitation, statements related to the following:

- the Company's expectations with respect to steps taken to boost operational resiliency and to mitigate the risk of an operational disruption recurrence, including with respect to expected benefits;
- the Company's financial guidance for fourth/second quarter and full year 2023/2024 and factors that could impact the Company's financial results;
- the Company's capacity guidance; guidance and expectations;
- the Company's estimated fuel costs, hedging gains, and fuel efficiency and the assumptions underlying the Company's fuel-related expectations and estimates, including expectations related to the Company's fuel derivative contracts;

- the Company's plans and expectations for the repayment of debt, its effective tax rate, and its capital spending;
- the Company's fleet plans, including with respect to fleet modernization, fleet utilization, flexibility, **benefits**, and expected fleet deliveries and retirements, and underlying expectations and dependencies;
- the Company's expectations regarding passenger demand, revenue trends, and bookings;
- the Company's **labor plans** **focus areas, goals, opportunities, and expectations; initiatives;**
- the Company's fleet and network-related **plans and goals** including, without limitation, with respect to **restoring** and better optimizing its network, **normalizing the utilization of its fleet, adjustments and closures with respect to certain airports, operational excellence, goals**, driving out inefficiencies, increasing productivity, and improving reliability;
- the Company's **goals** **labor plans and expectations, including** with respect to **returning margins back to historical levels; hiring plans and headcount reductions;**
- the Company's **short-term and long-term financial and operational goals;**
- the Company's plans and expectations with respect to the Customer **experience and the Rapid Rewards loyalty program; Experience;**
- the Company's cash flow expectations and capital spending guidance, in particular with respect to aircraft capital expenditures and underlying aircraft delivery expectations;
- the Company's expectations with respect to its ability to meet its ongoing capital and operating commitments, including underlying assumptions and factors that could impact this ability;
- the Company's assessment of market risks; and
- the Company's plans and expectations related to legal and regulatory proceedings.

While management believes these forward-looking statements are reasonable as and when made, forward-looking statements are not guarantees of future performance and involve risks and uncertainties that are difficult to predict. Therefore, actual results may differ materially from what is expressed in or indicated by the Company's forward-looking statements or from historical experience or the Company's present expectations. Factors that could cause these differences include, among others:

- the impact of fears or actual outbreaks of diseases, extreme or severe weather and natural disasters, actions of competitors (including, without limitation, pricing, scheduling, capacity, and network decisions, and consolidation and alliance activities), consumer perception, economic conditions, banking conditions, **fears or actual acts 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;**
- the Company's dependence on Boeing, Boeing's suppliers, and the FAA with respect to the Company's fleet plans and deliveries, capacity and operational plans, and other operational plans, strategies, and goals;
- the **Company's dependence on its workforce, including its ability to employ and retain sufficient numbers of qualified Employees to effectively and efficiently maintain its operations;**
- the impact of labor and hiring matters on the Company's business decisions, plans, strategies, and results;
- 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;
- 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;
- the Company's dependence on other third parties, in particular with respect to its technology plans, its plans and expectations related to operational excellence and reliability, fuel supply, maintenance, environmental sustainability, Global Distribution Systems, and the impact on the Company's operations and results of operations of any third party delays or non-performance;
- the Company's ability to obtain and maintain adequate infrastructure and equipment to support its operations and initiatives;
- the emergence of additional costs or effects associated with the December 2022 operational disruption, including litigation, government investigation and actions, and internal actions;
- the impact of governmental regulations and other governmental actions on the Company's plans, strategies, financial results, and operations;
- the **Company's dependence on its workforce, including its ability to employ and retain sufficient numbers of qualified Employees to effectively and efficiently maintain its operations;**
- the impact of fears or actual acts of terrorism or war, political instability, cyber-attacks, and other factors beyond the Company's control on the Company's plans, financial results, operations, and ability to adequately insure against risks; and
- other factors as set forth in the Company's filings with the Securities and Exchange Commission (the "SEC"), including the detailed factors discussed under the heading "Risk Factors" in the Company's Annual Report on Form 10-K for the year ended **December 31, 2022** **December 31, 2023**.

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.

### Item 3. Quantitative and Qualitative Disclosures About Market Risk

#### *Hedging*

As discussed in Note 3 to the unaudited Condensed Consolidated Financial Statements, the Company endeavors to acquire jet fuel at the lowest possible price and to reduce volatility in operating expenses through its fuel hedging program with the use of financial derivative instruments. As of **September 30, 2023** **March 31, 2024**, the estimated fair value of outstanding contracts was a net asset of **\$487 million** **\$257 million**.

The Company's credit exposure related to fuel derivative instruments is represented by the fair value of contracts that are in an asset position to the Company. At such times, these outstanding instruments expose the Company to credit loss in the event of nonperformance by the counterparties to the agreements. As of **September 30, 2023** **March 31, 2024**, the Company had eight counterparties for which the derivatives held were **an asset and none in a net asset loss position**. To manage credit risk, the Company selects and periodically reviews counterparties based on credit ratings, limits its exposure with respect to each counterparty, and monitors the market position of the fuel hedging program and its relative market position with each counterparty. However, if one or more of these counterparties were in a net liability position to the Company and were unable to meet their obligations, any open derivative contracts with the counterparty could be subject to early termination, which could result in substantial losses for the Company. As of **September 30, 2023** **March 31, 2024**, the Company had agreements with all of its active counterparties containing early termination rights and/or bilateral collateral provisions whereby security is required if market risk exposure exceeds a specified threshold amount based on the counterparty's credit rating. The Company also had agreements with counterparties in which cash deposits and/or letters of credit are required to be posted as collateral whenever the net fair value of derivatives associated with those counterparties exceeds specific thresholds. Refer to the counterparty credit risk and collateral table provided in Note 3 to the unaudited Condensed Consolidated Financial Statements for the fair values of fuel derivatives, amounts held as collateral, and applicable collateral posting threshold amounts as of **September 30, 2023** **March 31, 2024**, at which such postings are triggered.

As of **September 30, 2023** **March 31, 2024**, **\$100 million** **\$50 million** in cash collateral deposits were held by the Company from counterparties based on the Company's outstanding fuel derivative instrument portfolio. Due to the types of derivatives held as of **September 30, 2023** **March 31, 2024**, the Company does not have cash collateral exposure. See Note 3 to the unaudited Condensed Consolidated Financial Statements.

The Company is also subject to the risk that the fuel derivatives it uses to hedge against fuel price volatility do not provide adequate protection. The Company has found that financial derivative instruments in commodities, such as WTI crude oil, Brent crude oil, and refined products, such as heating oil and unleaded gasoline, can be useful in decreasing its exposure to jet fuel price volatility.

#### *Financial Market Risk*

The Company currently has agreements with organizations that process credit card transactions arising from purchases of air travel tickets by its Customers utilizing American Express, Discover, and MasterCard/VISA. Credit card processors have financial risk associated with tickets purchased for travel because the processor generally forwards the cash related to the purchase to the Company soon after the purchase is completed, but the air travel generally occurs after that time; therefore, the processor will have liability if the Company does not ultimately provide the air travel. Under these processing agreements, and based on specified conditions, increasing amounts of cash reserves could be required to be posted with the counterparty. There was no cash reserved for this purpose as of **September 30, 2023** **March 31, 2024**.

A majority of the Company's sales transactions are processed by Chase Paymentech. Should chargebacks processed by Chase Paymentech reach a certain level, proceeds from advance ticket sales could be held back and used to establish a reserve account to cover such chargebacks and any other disputed charges that might occur. Additionally, cash reserves are required to be established if the Company's credit rating falls to specified levels below investment grade. Cash reserve requirements are based on the Company's public debt rating and a corresponding percentage of the Company's Air traffic liability. As of **September 30, 2023** **March 31, 2024**, no holdbacks were in place.

See Item 7A "Quantitative and Qualitative Disclosures About Market Risk" in the Company's Annual Report on Form 10-K for the year ended **December 31, 2022** **December 31, 2023**, for further information about market risk, and Note 3 to the unaudited Condensed Consolidated Financial Statements in this Form 10-Q for further information about the Company's fuel derivative instruments.

### Item 4. Controls and Procedures

## Disclosure Controls and Procedures

The Company maintains disclosure controls and procedures (as defined in Rule 13a-15(e) of the Exchange Act) designed to provide reasonable assurance that the information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms. These include controls and procedures designed to ensure that this information is accumulated and communicated to the Company's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure. Management, with the participation of the Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the Company's disclosure controls and procedures as of **September 30, 2023** **March 31, 2024**. Based on this evaluation, the Company's Chief Executive Officer and Chief Financial Officer have concluded that the Company's disclosure controls and procedures were effective as of **September 30, 2023** **March 31, 2024**, at the reasonable assurance level.

## Changes in Internal Control over Financial Reporting

There were no changes in the Company's internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) during the fiscal quarter ended **September 30, 2023** **March 31, 2024**, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

## PART II. OTHER INFORMATION

### Item 1. Legal Proceedings

On June 30, 2015, the U.S. Department of Justice ("DOJ") issued a Civil Investigative Demand ("CID") to the Company. The CID sought information and documents about the Company's capacity from January 2010 to the date of the CID, including public statements and communications with third parties about capacity. In June 2015, the Company also received a letter from the Connecticut Attorney General requesting information about capacity. The Company is cooperating fully with the DOJ CID and the state inquiry.

Further, on July 1, 2015, a complaint was filed in the United States District Court for the Southern District of New York on behalf of putative classes of consumers alleging collusion among the Company, American Airlines, Delta Air Lines, and United Airlines to limit capacity and maintain higher fares in violation of Section 1 of the Sherman Act. Since then, a number of similar class action complaints were filed in the United States District Courts for the Central District of California, the Northern District of California, the District of Columbia, the Middle District of Florida, the Southern District of Florida, the Northern District of Georgia, the Northern District of Illinois, the Southern District of Indiana, the Eastern District of Louisiana, the District of Minnesota, the District of New Jersey, the Eastern District of New York, the Southern District of New York, the Middle District of North Carolina, the District of Oklahoma, the Eastern District of Pennsylvania, the Northern District of Texas, the District of Vermont, and the Eastern District of Wisconsin. On October 13, 2015, the Judicial Panel on Multi-District Litigation centralized the cases to the United States District Court in the District of Columbia. On March 25, 2016, the plaintiffs filed a Consolidated Amended Complaint in the consolidated cases alleging that the defendants conspired to restrict capacity from 2009 to present. The plaintiffs seek to bring their claims on behalf of a class of persons who purchased tickets for domestic airline travel on the defendants' airlines from July 1, 2011 to present. They seek treble damages, injunctive relief, and attorneys' fees and expenses. On May 11, 2016, the defendants moved to dismiss the Consolidated Amended Complaint, which the Court denied on October 28, 2016. On December 20, 2017, the Company reached an agreement to settle these cases with a proposed class of all persons who purchased domestic airline transportation services from July 1, 2011, to the date of the settlement. The Company agreed to pay \$15 million and to provide certain cooperation with the plaintiffs as set forth in the settlement agreement. After notice was provided to the proposed settlement class and the Court held a fairness hearing the Court issued an order granting final approval of the settlement on May 9, 2019. On June 10, 2019, certain objectors filed notices of appeal to the United States Court of Appeals for the District of Columbia Circuit, which the Court dismissed on July 9, 2021, for lack of jurisdiction because the district court's order approving the settlements was not a final appealable order. The case is continuing as to the remaining defendants. The Company denies all allegations of wrongdoing.

On January 7, 2019, a complaint alleging a violation of the federal Uniformed Services Employment and Reemployment Rights Act ("USERRA") and seeking a certification as a class action was filed against the Company in the United States District Court for the Northern District of California. The complaint alleges that the Company violates section 4316(b) of USERRA because it does not provide paid "short-term" military leave (i.e., a military leave of 14 days or fewer) but does provide paid jury duty leave, bereavement leave, and sick leave, which the plaintiff alleges are "comparable" forms of leave under USERRA and its implementing regulations. The complaint seeks declaratory and injunctive relief, damages, liquidated damages, interest, and attorneys' fees, expert fees, and litigation costs. On February 3, 2021, the court granted the plaintiff's motion for class certification and issued an order certifying a class comprised of current or former Employees who, during their employment with the Company at any time from October 10, 2004, through the date of judgment in this action, have taken short-term military leave and were subject to a collective bargaining agreement, except for Employees subject to the Transport Workers Union Local 550 agreement covering meteorologists. On January 11, 2022, the court granted the parties' stipulated request to vacate the trial date as the Department of Defense had not yet produced the class members' military pay and service records pursuant to the Company's third-party subpoena. On August 18, 2022, the court entered an order that effectively stayed the action,

except for attention to the third-party subpoena, until after the Ninth Circuit issued its opinion in the matter of *Clarkson v. Alaska Airlines, Inc. and Horizon Industries, Inc.*, an appeal from an order by the United States District Court for the Eastern District of Washington granting summary judgment in defendants' favor on substantially the same claims at issue in this action. The Ninth Circuit issued its order in *Clarkson* on February 1, 2023, reversing the district court's grant of summary judgment and remanding the *Clarkson* case to the District Court with instructions to consider the "pay during leave" issue in the first instance. On

March 22, 2024, the parties in the Company's case submitted a proposed case schedule through trial. The Court subsequently set a trial date of July 21, 2025. The Company denies all allegations of wrongdoing, believes the plaintiff's positions are without merit, and intends to vigorously defend itself in all respects.

On February 19, 2020, a complaint alleging violations of federal securities laws and seeking certification as a class action was filed against the Company and certain of its officers in the United States District Court for the Northern District of Texas in Dallas (the "2020 Securities Litigation"). A lead plaintiff has been appointed in the case, and an amended complaint was filed on July 2, 2020. The amended complaint seeks damages on behalf of a putative class of persons who purchased the Company's common stock between February 7, 2017, and January 29, 2020. The amended complaint asserts claims under Sections 10(b) and 20 of the Exchange Act and alleges that the Company made material misstatements to investors regarding the Company's safety and maintenance practices and its compliance with federal regulations and requirements. The amended complaint generally seeks money damages, pre-judgment and post-judgment interest, and attorneys' fees and other costs. On August 17, 2020, the Company and the individual defendants filed a motion to dismiss. On October 1, 2020, the lead plaintiff filed a response in opposition to the motion to dismiss. The Company filed a reply on or about October 21, 2020. On September 20, 2023, the District Court issued an opinion granting the Company's motion to dismiss as to all claims. On October 5, 2023, the District Court entered a final judgment dismissing the suit in its entirety with prejudice. The Company denies all allegations of wrongdoing, including those in the amended complaint. The Company believes the plaintiffs' positions are without merit, and intends to vigorously defend itself in all respects.

On June 22, 2020, a derivative action for breach of fiduciary duty was filed in the United States District Court for the Northern District of Texas naming the members of the Company's Board of Directors (the "Board") as defendants and the Company as a nominal defendant (the "Derivative Action"). The plaintiff alleges unspecified damage to Company's reputation, goodwill, and standing in the community, as well as damage from exposure to civil and regulatory liability and defense costs. According to the lawsuit, these damages arise from the Company's alleged failure to comply with safety and record maintenance regulations and false statements in public filings regarding the Company's safety practices. The plaintiff alleges the Board, in the absence of good faith, exhibited reckless disregard for its duties of oversight. On October 7, 2020, the Court entered an order staying and administratively closing the Derivative Action, pending the District Court's final resolution of the Company's motion to dismiss in a parallel securities class action under Section 10(b) of the ongoing 2020 Securities Litigation brought under the federal securities laws Exchange Act that was filed on February 19, 2020, or upon the occurrence of certain other conditions. On While the parallel securities class action was dismissed with prejudice on October 5, 2023, the District Court entered a final judgment dismissing plaintiff in the 2020 Securities Litigation Derivative Action has taken no steps to lift the stay in its entirety with prejudice. the case, which remains stayed. The Board and Company deny all allegations of wrongdoing made in the Derivative Action.

On August 26, 2021, a complaint alleging breach of contract and seeking certification as a class action was filed against the Company in the United States District Court for the Western District of Texas in Waco. The complaint alleges that the Company breached its Contract of Carriage and other alleged agreements in connection with its use of the allegedly defective MAX aircraft manufactured by The Boeing Company. The complaint seeks damages on behalf of putative classes of customers who provided valuable consideration, whether in money or other form (e.g., voucher, miles/points, etc.), in exchange for a ticket for air transportation with the Company, which transportation took place between August 29, 2017, and March 13, 2019. The complaint generally seeks money damages, declaratory relief, and attorneys' fees and other costs. On October 27, 2021, the Company filed a multi-faceted motion challenging the complaint based upon lack of subject matter jurisdiction, the existence of a prior-filed complaint on appeal in the Fifth Circuit (the "Sherman Complaint"), improper venue, and failure to state a claim, and seeking to have the complaint's class contentions stricken. That motion was fully briefed by both parties and was argued to a United States Magistrate Judge on June 27, 2022. On July 5, 2022, the Magistrate Judge granted the motion in part and ordered the case stayed until the issuance of the Fifth Circuit's opinion in the Sherman Complaint. On November 28, 2022, the parties jointly notified the Court of the Fifth Circuit's decision regarding the Sherman Complaint. On March 23, 2023, the parties jointly notified the Court of the dismissal of the Sherman Complaint for lack of jurisdiction. The case remains stayed, and there has been no effort either to lift the stay or to further pursue the asserted claims following the dismissal of the Sherman Complaint. The Company denies all allegations of wrongdoing, believes the plaintiffs' positions are without merit, and intends to vigorously defend itself in all respects.

Two complaints alleging violations of federal securities laws and seeking certification as a class action have been filed (on January 10, 2023, and March 13, 2023, respectively) against the Company and certain of its officers in the United States District Court for the Southern District of Texas in Houston. The complaints seek damages on behalf of a putative class of persons who purchased or otherwise acquired the Company's common stock between June 13,

2020, June 13, 2020, and December 31, 2022. The complaints assert claims under Sections 10(b) and 20 of the Exchange Act and allege that the Company made material misstatements to investors regarding the Company's internal technology and alleged vulnerability to large-scale flight disruptions. The complaints generally seek money damages, pre-judgment and post-judgment interest, and attorneys' fees and other costs. The deadline in the first of these two cases to file a motion seeking appointment of lead plaintiff was March 13, 2023; four separate motions were filed, and three of the parties seeking appointment have continued to contest the issue. On July 17, 2023, the Court signed an order consolidating the two federal securities cases into the first-filed suit and also appointed plaintiff Michael Berry as lead plaintiff in the consolidated case, with his counsel of record to serve as lead counsel and liaison counsel. On September 15, 2023, the lead plaintiff filed an

amended complaint that expanded the class period to include persons who purchased or otherwise acquired the Company's common stock between February 4, 2020, and March 14, 2023, while continuing to assert claims under Sections 10(b) and 20 of the Exchange Act based on alleged misstatements regarding the Company's internal technology and alleged vulnerability to large-scale flight disruptions. On November 20, 2023, the Company and the individual defendants filed a motion to dismiss the amended complaint for failure to state a claim. Plaintiffs filed an opposition brief on January 26, 2024. The Company and the individual defendants filed a reply brief on February 23, 2024. The motion to dismiss remains pending for decision. The Company denies all allegations of wrongdoing in the complaint, believes the plaintiffs' positions are without merit, and intends to vigorously defend itself in all respects.

Since about January 24, 2023, the Company's senior officers and the Board of Directors have received multiple derivative demand letters from legal counsel for purported Southwest shareholders demanding that the Board investigate claims, initiate legal action, and take remedial measures in connection with the service disruptions occurring in December 2022. Generally, the demand letters broadly assert that the Company's directors and senior officers did not make sufficient investments in internal technology systems to prevent large-scale flight disruptions, did not exercise sufficient oversight over the Company's operations, approved or received unwarranted compensation, caused the Company to make materially misleading public statements, and breached their fiduciary duties to the Company. Additionally, since January 27, 2023, the Company has received multiple letters from counsel for purported Southwest shareholders making statutory demands for the production of various books and records of the Company, purportedly in an effort to investigate possible derivative claims similar to those made the subject of the derivative demands discussed above. On June 13, 2023, a shareholder derivative suit was filed against certain of the Company's current and former officers and directors in the 14th Judicial District Court of Dallas County, Texas, asserting claims for damages from alleged breach of fiduciary duty, waste of corporate assets, and unjust enrichment derivatively on the Company's behalf against the individual defendants based on similar factual allegations as contained in the demand letters and in the federal class action complaints. On June 15, 2023, a second shareholder derivative suit was filed against certain of the Company's current and former officers and directors in the United States District Court for the Northern District of Texas, asserting claims under Section 14(a) of the Exchange Act and for damages from alleged breach of fiduciary duty, indemnification, and unjust enrichment derivatively on the Company's behalf against the individual defendants based on similar factual allegations as contained in the demand letters and in the federal class action complaints. On November 14, 2023, a third shareholder derivative suit was filed in the 134th Judicial District of Dallas County, Texas, by some of the same counsel involved in the June 13, 2023, suit against the same defendants in that suit and making allegations of the same operative facts and claims. The Company and its the Board of Directors intend to address the derivative and books and records demands and the shareholder derivative suits in accordance with the applicable Texas statutes governing such demands and litigation. Pursuant to those statutes, a committee of independent and disinterested directors ("Special Litigation Committee") has been appointed to conduct an inquiry regarding the allegations in the derivative suits and derivative demand letters. In that regard, on December 15, 2023, the plaintiffs in the two state court derivative cases filed an unopposed motion to consolidate the two state derivative cases, to appoint lead counsel, and to stay the consolidated state court derivative case pending the outcome of the ongoing inquiry of the Special Litigation Committee. Further, in light of the ongoing inquiry of the Special Litigation Committee, on December 19, 2023, the Company filed an unopposed motion to extend a stay of the federal derivative case until at least February 26, 2024. On February 26, 2024, the Company filed a second unopposed motion to extend the stay of the federal derivative case until at least April 26, 2024, and the Company will file an additional motion on or about April 26, 2024, to further extend that stay.

Based on the Company's wide-scale operational disruption, which led to the cancelation of a significant number of flights between December 21 and December 29, 2022, the Company has been subject to inquiries and investigations by governmental agencies (including with respect to a December 2023 settlement with the Department of Transportation) and could be subject to fines and/or penalties resulting from those inquiries and investigations, by the Department of Transportation or other governmental agencies. On October 27, 2023, the Department of Transportation notified the Company that it has determined the Company failed to provide adequate customer service assistance, prompt flight status notifications, as well as litigation from Customers and proper and prompt refunds and that the assessment of a civil penalty is warranted. The Company intends to engage with the Department of Transportation to resolve the matter, which may involve payment of a civil penalty. Shareholders.

The Company is from time to time subject to various legal proceedings and claims arising in the ordinary course of business, including, but not limited to, examinations by the Internal Revenue Service.

The Company's management does not expect that the outcome in any of its currently ongoing legal proceedings or the outcome of any proposed adjustments presented to date by the Internal Revenue Service, individually or collectively, will have a material adverse effect on the Company's financial condition, results of operations, or cash flow. Nevertheless, an adverse outcome for any of these matters could be material.

#### Item 1A. Risk Factors

There have been no material changes to the factors disclosed in Item 1A. Risk Factors in the Company's Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023.

#### Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

(c) On May 15, 2019, the Company's Board of Directors authorized the repurchase of up to \$2.0 billion of the Company's common stock. Subject to certain conditions, repurchases may be made in accordance with applicable securities laws in open market or private, including accelerated, repurchase transactions from time to time, depending on market conditions. The Company has suspended share repurchase activity until further notice. The Company has approximately \$899 million remaining under its current share repurchase authorization.

**Item 3. Defaults Upon Senior Securities**

None

**Item 4. Mine Safety Disclosures**

Not applicable

**Item 5. Other Information**

(a) On October 25, 2023, the Company entered into Supplemental Agreement No. 20 (the "Supplement") to its Purchase Agreement No. 3729 with Boeing relating to the Company's purchase of -8 and -7 aircraft (collectively, "MAX aircraft"). Pursuant to the Supplement, the Company added 108 firm orders and 108 MAX aircraft options. The Supplement also amended the order book's delivery schedule to better allocate deliveries from 2023 through 2031.

The Company continues to estimate its 2023 capital spending to be approximately \$3.5 billion. This assumes approximately \$2.3 billion in aircraft capital spending and \$1.2 billion in non-aircraft capital spending, which includes tens of millions in operational investments related to the Company's winter operations plan. The Company continues to estimate its total annual capital spending to be approximately \$4 billion, on average, for the five years 2023 through 2027.

As a result of the Supplement, the Company has the following contractual firm deliveries and options for -7 and -8 aircraft:

**New 737 Contractual Order Book as of October 26, 2023:**

	The Boeing Company			Total
	-7 Firm Orders	-8 Firm Orders	-7 or -8 Options	
2023	—	85	—	85 (c)
2024	27	53	—	80
2025	54	3	23	80
2026	59	—	26	85
2027	19	46	25	90
2028	15	50	25	90
2029	38	34	18	90
2030	45	—	45	90
2031	45	—	45	90
	302 (a)	271 (b)	207	780

(a) The delivery timing for the -7 is dependent on the FAA issuing required certifications and approvals to Boeing and the Company. The FAA will ultimately determine the timing of the -7 certification and entry into service, and the Company therefore offers no assurances that current estimations and timelines are correct.

(b) The Company has flexibility to designate firm orders or options as -7s or -8s, upon written advance notification as stated in the contract.

(c) Includes 69 -8 deliveries received year-to-date through September 30, 2023. The Company now plans for approximately 85 -8 aircraft deliveries in 2023.

The foregoing summary of the Supplement does not purport to be complete and is qualified in its entirety by reference to the full text of the Supplement, a copy of which will be filed with the Company's Annual Report on Form 10-K for the fiscal year ending December 31, 2023.

(b) None

(c) None

**Item 6. Exhibits**

3.1	<a href="#">Restated Certificate of Formation of the Company, effective May 18, 2012 (incorporated by reference to Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2012 (File No. 1-7259)).</a>
3.2	<a href="#">Third Amended and Restated Bylaws of the Company, effective February 1, 2023 February 2, 2024 (incorporated by reference to Exhibit 3.2 to the Company's Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023 (File No. 1-7259)).</a>
10.14.1	<a href="#">Fifth Amendment to Revolving Credit Facility Agreement Indenture dated as of August 3, 2016 February 6, 2024, as amended between the Company and U.S. Bank Trust Company, National Association (incorporated by reference to Exhibit 4.1 to the First Amendment dated as of March 30, 2020, the Second Amendment dated as of November 23, 2020, the Third Amendment dated as of July 28, 2021, and the Fourth Amendment dated as of July 19, 2022, among Southwest Airlines Co., the banks party thereto, JPMorgan Chase Bank, N.A., as Paying Agent and Collateral Agent, and JPMorgan Chase Bank, N.A. and Citibank, N.A., as Co-Administrative Agents, dated as of August 4, 2023 Company's Registration Statement on Form S-3 filed February 7, 2024 (File No. 1-7259)).</a>
31.1	<a href="#">Rule 13a-14(a) Certification of Chief Executive Officer.</a>
31.2	<a href="#">Rule 13a-14(a) Certification of Chief Financial Officer.</a>
32.1	<a href="#">Section 1350 Certifications of Chief Executive Officer and Chief Financial Officer. (1)</a>
101.INS	XBRL Instance Document - The instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document.
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

(1) Furnished, not filed.

#### SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SOUTHWEST AIRLINES CO.

October 27, 2023 April 26, 2024

By: /s/ Tammy Romo

Tammy Romo  
*Executive Vice President & Chief Financial Officer  
 (On behalf of the Registrant and in  
 her capacity as Principal Financial  
 and Accounting Officer)*

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Execution Version

## **FIFTH AMENDMENT TO REVOLVING CREDIT FACILITY AGREEMENT**

Fifth Amendment (this "Amendment") dated as of August 4, 2023 to Revolving Credit Facility Agreement, dated as of August 3, 2016 (as amended by the First Amendment dated as of March 30, 2020, Second Amendment dated as of November 23, 2020, the Third Amendment dated as of July 28, 2021, Fourth Amendment dated as of July 19, 2022 (the "Fourth Amendment") and as further amended, supplemented or otherwise modified prior to the date hereof, the "Existing Credit Agreement"; the Existing Credit Agreement, as amended by this Amendment and as further amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among Southwest Airlines Co. (the "Company"), the Banks party hereto, JPMorgan Chase Bank, N.A., as Paying Agent and, for purposes of Sections 2(b) and 12 of this Amendment, and the signature pages to this Amendment, the Collateral Agent, and JPMorgan Chase Bank, N.A. and Citibank, N.A., as Co-Administrative Agents for the Banks (in such capacity, the "Co-Administrative Agents") (with capitalized terms used, but not defined, in this paragraph and the recitals below to be defined as provided in Section 1 below). For purposes of this Amendment only, "Collateral Agent" has the meaning given to it in the Existing Credit Agreement prior to giving effect to this Amendment. For the avoidance of doubt, there will be no "Collateral Agent" after the Fifth Amendment Effective Date (as defined below).

### **RECITALS**

WHEREAS, the Company entered into the Existing Credit Agreement with the Banks party thereto and the Co-Administrative Agents;

WHEREAS, the Company has requested certain amendments and modifications to the Existing Credit Agreement and the other Loan Papers as set forth herein;

WHEREAS, in accordance with Section 9.1 of the Existing Credit Agreement, the Company has requested, and the Agents and the Banks party hereto have agreed, to amend certain provisions of the Existing Credit Agreement on the terms and subject to the conditions set forth herein; and

WHEREAS, for the transactions contemplated by this Amendment, JPMorgan Chase Bank N.A., Citibank, N.A., Barclays Bank PLC, Wells Fargo Bank, N.A. and Bank of America, N.A. are acting as joint lead arrangers and joint bookrunners (in such capacity, the "Fifth Amendment Arrangers");

WHEREAS, for the transactions contemplated by this Amendment, BNP Paribas, Goldman Sachs Bank USA, Morgan Stanley Senior Funding, Inc., U.S. Bank National Association and Standard Chartered Bank, New York are acting as documentation agents (in such capacity, the "Fifth Amendment Documentation Agents");

WHEREAS, for the transactions contemplated by this Amendment, Barclays Bank PLC, Wells Fargo Bank, N.A. and Bank of America, N.A. are acting as syndication agents (in such capacity, the "Fifth Amendment Syndication Agents");

NOW THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

**SECTION 1. Defined Terms; Rules of Construction.** Capitalized terms used herein and not otherwise defined herein have the meanings assigned to such terms in the Credit Agreement (as amended hereby).

### **SECTION 2. Amendments and Releases and Terminations.**

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(a) **Amendments to the Existing Credit Agreement.** Effective as of the Fifth Amendment Effective Date (as defined below), and subject to the terms and conditions set forth herein:

(i) **Credit Agreement.** The Existing Credit Agreement is hereby amended and restated in its entirety as set forth in Credit Agreement attached hereto as Annex I.

(ii) **Schedule I and Schedule III.** Schedule I and Schedule III to the Existing Credit Agreement are hereby replaced in their entirety with the Schedule I and Schedule III that are attached to the amended Credit Agreement set forth in Annex II attached hereto.

(iii) **Exhibit I and Exhibit J to Existing Credit Agreement.** Exhibit I and Exhibit J to the Existing Credit Agreement (and all references thereto) are hereby deleted in their entirety.

(iv) **All Other Schedules and Exhibits.** Except as set forth in clause (ii), the remaining Schedule to the Existing Credit Agreement will continue unchanged as part of the Schedules to the Credit Agreement and is set forth in Annex III for convenience and reference only. All Exhibits to the Credit Agreement are amended and restated as set forth in Annex III attached hereto.

(b) **Releases and Terminations.** Effective as of the Fifth Amendment Effective Date (as defined below),

(i) all mortgages, Liens, pledges, assignments and security interests in or on the Collateral (as defined in the Existing Credit Agreement) granted to the Collateral Agent for the benefit of the Secured Parties (each such term as defined in the Existing Credit Agreement) securing the Obligations pursuant to any Loan Paper (as defined in the Existing Credit Agreement) existing immediately prior to the Fifth Amendment Effective Date (collectively, the "Released Collateral") shall be automatically released with no further action required by any party; provided that notwithstanding anything herein or in any Loan Paper to the contrary, the foregoing release of the mortgages, Liens, pledges, assignments or security interests granted to the Collateral Agent for the benefit of the Secured Parties (as each such term is defined in the Existing Credit Agreement) pursuant to the Loan Papers (as defined in the Existing Credit Agreement) is solely in connection with the Obligations owed under the Credit Agreement and Loan Papers and not any other mortgages, Liens, pledges, assignments or security interests at any time granted by the Company or any of its Subsidiaries in favor of JPMorgan Chase Bank, N.A. or any of its affiliates pursuant to any other document that was not a Loan Paper (as defined in the Existing Agreement), and

(ii) each of the Aircraft Mortgages and the Mortgaged Aircraft Operating Agreement (as such terms are defined in the Existing Credit Agreement) and each other Loan Paper providing (or purporting to provide) for the grant of a mortgage, Lien, pledge, assignment or security interest in any of the Released Collateral existing immediately prior to the Fifth Amendment Effective Date securing the Obligations are hereby terminated, and all such security interests created thereby are hereby released and discharged.

**SECTION 3. Representations and Warranties.** To induce the other parties hereto to enter into this Amendment, the Company hereby represents and warrants to each other party hereto that, as of the Fifth Amendment Effective Date:

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(a) The execution and delivery of this Amendment, and performance of this Amendment and the Credit Agreement, the borrowings thereunder, and the execution, delivery, and performance of the other Loan Papers to which it is a party by the Company have been duly authorized by all requisite corporate action on the part of the Company and will not violate its charter or bylaws and will not violate any Law or any order of any Tribunal, and will not conflict with, result in a breach of the provisions of or constitute a default under, or result in the imposition of any Lien upon the Property of the Company pursuant to the provisions of, any material loan agreement, credit agreement, indenture, mortgage, deed of trust, franchise, permit, license, note, contract, or other material agreement or instrument to which the Company is now a party. The Loan Papers that include obligations of the Company are the legal, valid and binding obligations of the Company and are enforceable in accordance with their respective terms, except as such enforceability may be limited by general equitable principles (whether enforcement is sought by proceedings in equity or at law) or applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally;

(b) no Default or Event of Default exists, both before and after giving effect to this Amendment; and

(c) the representations and warranties contained in Article V of the Credit Agreement are correct in all material respects (or, to the extent subject to materiality or Material Adverse Effect qualifiers, in all respects) on and as of the date hereof (or, if any such representation or warranty is expressly stated to have been made as of a specific date, as of such specific date), before and after giving effect to this Amendment, as though made on and as of such date.

**SECTION 4. Conditions of Effectiveness of this Amendment.** This Amendment shall become effective as of the first date (the "Fifth Amendment Effective Date") when each of the conditions set forth in this Section 4 shall have been satisfied:

(a) The Paying Agent shall have received this Amendment, executed and delivered by the Paying Agent, the Co-Administrative Agents, the Company, each Bank under the Existing Credit Agreement and each other Person named on Schedule III.

(b) The Paying Agent shall have received the following, each dated (unless otherwise indicated) the Fifth Amendment Effective Date:

(i) Officer's Certificates certifying, inter alia, (A) true and correct copies of existing resolutions previously adopted by the Board of Directors or Executive Committee, as appropriate, of the Company authorizing the Company to borrow and effect other transactions hereunder, (B) true and correct copies of the Company's bylaws and charter (and all amendments thereto) (which charter shall be certified by the Secretary of State

of the State of Texas) in effect on the Fifth Amendment Effective Date, (C) the incumbency and specimen signatures of the Persons executing any documents on behalf of the Company, (D) that the representations and warranties made by the Company in Article V of the Credit Agreement are true and correct in all material respects (or, to the extent subject to materiality or Material Adverse Effect qualifiers, in all respects) on and as of the date thereof (or, if any such representation or warranty is expressly stated to have been made as of a specific date, as of such specific date), and (E) the absence of the occurrence and continuance of any Default or Event of Default.

(ii) Certificates (dated within twenty days prior to the Fifth Amendment Effective Date or such other date acceptable to the Paying Agent) of existence and good standing of the Company from appropriate officials of Texas.

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(iii) The written opinions of internal counsel to the Company and Winstead PC, in a form substantially the same as delivered in connection with the Fourth Amendment, but in each case eliminating all provisions relating to (A) Liens, (B) Loan Papers (as defined in the Existing Credit Agreement) that are terminated or released under or in connection with this Amendment and/or (C) Collateral (as defined in the Existing Credit Agreement).

(c) The Paying Agent shall have received any fees or expenses of the Paying Agent, the other Agents and the Banks required to be paid by the Credit Agreement and any fee letter executed by the Company on or before the Fifth Amendment Effective Date shall have been paid; provided that with respect to legal fees, a reasonably detailed invoice therefor shall have been delivered to the Company at least one full Business Day prior to the closing.

**SECTION 5. Effect of Amendment.** (a) Except as expressly set forth in (i) this Amendment, (ii) the releases and terminations executed in connection with this Amendment or (iii) the Credit Agreement, this Amendment shall not by implication or otherwise limit, impair, constitute a waiver of or otherwise affect the rights and remedies of the Banks or the Agents under the Credit Agreement or any other Loan Papers, and shall not alter, modify, amend or in any way affect any of the terms, conditions, obligations, covenants or agreements contained in the Credit Agreement or any other provision of the Credit Agreement or of any other Loan Papers. Nothing herein shall be deemed to entitle the Company to a consent to, or a waiver, amendment, modification or other change of, any of the terms, conditions, obligations, covenants or agreements contained in the Credit Agreement or any other Loan Paper in similar or different circumstances, except with respect to those obligations required by Section 12(a) below.

(b) On and after the Fifth Amendment Effective Date, each reference in the Credit Agreement to "this Agreement", "hereunder", "hereof", "herein", or words of like import, and each reference to the Credit Agreement in any other Loan Paper, in each case shall be deemed a reference to the Credit Agreement as modified by this Amendment. This Amendment shall constitute a "Loan Paper" for all purposes of the Credit Agreement and the other Loan Papers.

(c) This Amendment, the Credit Agreement, the releases and terminations executed in connection with this Amendment, and the other Loan Papers constitute the entire agreement among the parties hereto with respect to the subject matter hereof and thereof and supersede all other prior agreements and understandings, both written and verbal, among the parties hereto with respect to the subject matter hereof.

(d) This Amendment may not be amended, modified or waived except in accordance with Section 9.1 of the Credit Agreement.

**SECTION 6. GOVERNING LAW; WAIVERS OF JURY TRIAL. THIS AMENDMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THIS AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK. SECTIONS 9.7, 9.8 and 9.18 OF THE EXISTING CREDIT AGREEMENT ARE HEREBY INCORPORATED BY REFERENCE INTO THIS AMENDMENT AND SHALL APPLY TO THIS AMENDMENT, MUTATIS MUTANDIS.**

**SECTION 7. Headings.** Section headings herein are included for convenience of reference only and shall not affect the interpretation of this Amendment.

**SECTION 8. Severability.** Section 9.14 of the Credit Agreement is hereby incorporated by reference into this Amendment and shall apply to this Amendment, *mutatis mutandis*.

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**SECTION 9. Counterparts.** Section 9.17 of the Credit Agreement is hereby incorporated by reference into this Amendment and shall apply to this Amendment, *mutatis mutandis*.

**SECTION 10. Indemnity.** Section 9.5 of the Credit Agreement is hereby incorporated by reference to this Amendment and shall apply to this Amendment, *mutatis mutandis*.

**SECTION 11. Reaffirmation.**

(a) The Company hereby (i) expressly acknowledges the terms of the Credit Agreement (as amended by this Amendment) and the Notes, (ii) ratifies and affirms its obligations under the Credit Agreement, as amended by this Amendment, and the Notes, (iii) acknowledges, renews and extends its continued liability under the Credit Agreement, as amended by this Amendment, and the Notes, and agrees that the Credit Agreement and the Notes remains in full force and effect as amended hereby and (iv) confirms this Amendment does not represent a novation of the Credit Agreement or the Notes.

(b) The Company hereby reaffirms, as of the Fifth Amendment Effective Date, the covenants and agreements contained in the Credit Agreement, as modified and in effect immediately after giving effect to this Amendment and the transactions contemplated thereby.

(c) The Company hereby acknowledges and agrees that the acceptance by each Co-Administrative Agent and each applicable Bank of this document shall not be construed in any manner to establish any course of dealing on such Person's part, including the providing of any notice or the requesting of any acknowledgment not otherwise expressly provided for in any Loan Paper with respect to any future amendment, waiver, supplement or other modification to any Loan Paper or any arrangement contemplated by any Loan Paper.

**SECTION 12. Release of Released Collateral.**

(a) Effective as of the Fifth Amendment Effective Date, each Bank hereby authorizes and directs the Collateral Agent (as defined in the Existing Credit Agreement) to, and the Collateral Agent agrees to, in each case at the Company's expense and solely with respect to the security interests in and Liens on the Released Collateral granted in favor of the Collateral Agent (for the benefit of the Secured Parties, as defined in the Existing Credit Agreement) pursuant to the Aircraft Mortgages (as defined in the Existing Credit Agreement), (i) file UCC termination statements to terminate any UCC financing statements filed pursuant to the Existing Credit Agreement, the Aircraft Mortgages and the Mortgaged Aircraft Operating Agreement (as defined in the Existing Credit Agreement), (ii) execute and deliver to the Company (or its designee) in recordable form, customary releases reasonably requested by the Company in respect of the Aircraft Mortgages, and the Company (or its designee) is hereby authorized to file such releases with the appropriate authority upon such execution and delivery by the Collateral Agent, (iii) discharge all international interests registered with the International Registry and (iv) take such additional steps as may from time to time reasonably be requested by the Company to evidence the release of the Released Collateral from any mortgages, Liens, pledges, assignments or security interests in favor of the Collateral Agent (for the benefit of the Secured Parties) under any of the Loan Papers. All such terminations, notices and releases shall be prepared and, if applicable, filed at the expense of the Company.

(b) Effective as of the Fifth Amendment Effective Date, the Collateral Agent (as defined in the Existing Credit Agreement) discharges any International Interests created by the Security Agreement and registered on the International Registry against the collateral in favor of the Collateral Agent.

*[Remainder of page intentionally blank.]*

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IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed by their duly authorized officers, all as of the date and year first above written.

SOUTHWEST AIRLINES CO.

By:

/s/ Dean Jenkins

Name:

Dean Jenkins

Title:

Vice President Finance & Treasurer

[Signature page to Southwest Airlines  
Fifth Amendment to Revolving Credit Facility Agreement]

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JPMORGAN CHASE BANK, N.A., as a Bank, an

Issuing Bank, a Co-Administrative Agent, the  
Paying Agent and the Collateral Agent

By:

/s/ Cristina Caviness

Name:

Cristina Caviness

Title:

Executive Director

[Signature page to Southwest Airlines  
Fifth Amendment to Revolving Credit Facility Agreement]

---

CITIBANK, N.A., as a Bank, an Issuing Bank and a Co-

Administrative Agent

By:

/s/ Maureen Maroney

Name:

Maureen Maroney

Title:

Vice President

[Signature page to Southwest Airlines  
Fifth Amendment to Revolving Credit Facility Agreement]

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BARCLYAS BANK PLC, as a Bank

By: /s/ Charlene Saldanha  
Name: Charlene Saldanha  
Title: Vice President

[Signature page to Southwest Airlines  
Fifth Amendment to Revolving Credit Facility Agreement]

---

Bank of America, N.A., as a Bank

By: /s/ Prathamesh Kshirsagar  
Name: Prathamesh Kshirsagar  
Title: Director

[Signature page to Southwest Airlines  
Fifth Amendment to Revolving Credit Facility Agreement]

---

BNP, Paribas, as a Bank

By: /s/ Robert Papas  
Name: Robert Papas  
Title: Managing Director

By: /s/ Ahsan Avais  
Name: Ahsan Avais  
Title: Director

[Signature page to Southwest Airlines  
Fifth Amendment to Revolving Credit Facility Agreement]

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**MORGAN STANLEY BANK N.A., as a Lender**

By: /s/ Michael King  
Name: Michael King  
Title: Authorized Signatory

[Signature page to Southwest Airlines  
Fifth Amendment to Revolving Credit Facility Agreement]

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**MORGAN STANLEY SENIOR FUNDING, INC.,  
as a Lender**

By: /s/ Michael King  
Name: Michael King  
Title: Vice President

[Signature page to Southwest Airlines  
Fifth Amendment to Revolving Credit Facility Agreement]

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**GOLDMAN SACHS BANK USA, as a Bank**

By: /s/ Jonathan Dworkin  
Name: Jonathan Dworkin  
Title: Authorized Signatory

[Signature page to Southwest Airlines  
Fifth Amendment to Revolving Credit Facility Agreement]

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U.S. Bank National Association, as a Bank

By: /s/ Ken Gorski

Name: Ken Gorski

Title: Vice President

[Signature page to Southwest Airlines  
Fifth Amendment to Revolving Credit Facility Agreement]

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WELLS FARGO BANK, NATIONAL ASSOCIATION,  
as a Bank

By: /s/ Adam Spreyer

Name: Adam Spreyer

Title: Director

[Signature page to Southwest Airlines  
Fifth Amendment to Revolving Credit Facility Agreement]

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Comerica Bank

By: /s/ Gerald R. Finney Jr.

Gerald R. Finney Jr.

Senior Vice President

[Signature page to Southwest Airlines  
Fifth Amendment to Revolving Credit Facility Agreement]

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Standard Chartered Bank, as a Bank

By: /s/ Powell Robinson

Powell Robinson

Regional Head, Financing Solutions-  
Americas

[Signature page to Southwest Airlines  
Fifth Amendment to Revolving Credit Facility Agreement]

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Sumitomo Mitsui Banking Corporation, as a Bank

By: /s/ Laurent Levy

Laurent Levy

Managing Director

[Signature page to Southwest Airlines  
Fifth Amendment to Revolving Credit Facility Agreement]

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ANNEX I

AMENDED AND RESTATED CREDIT AGREEMENT

[See attached]

ANNEX I

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**\$1,000,000,000 REVOLVING CREDIT FACILITY AGREEMENT**

among

**SOUTHWEST AIRLINES CO.,**

**THE BANKS PARTY HERETO,**

**BARCLAYS BANK PLC,**

as Syndication Agent,

**BANK OF AMERICA, N.A.,**

**BNP PARIBAS,**

**GOLDMAN SACHS BANK USA,**

**MORGAN STANLEY SENIOR FUNDING, INC.,**

**U.S. BANK NATIONAL ASSOCIATION**

and

**WELLS FARGO BANK, N.A.,**

as Documentation Agents

and

**JPMORGAN CHASE BANK, N.A.**

and

**CITIBANK, N.A.,**

as Co-Administrative Agents

and

**JPMORGAN CHASE BANK, N.A.,**

as Paying Agent

As of August 3, 2016,

as amended by First Amendment dated March 30, 2020,

Second Amendment dated November 23, 2020,

Third Amendment dated July 28, 2021,

Fourth Amendment dated July 19, 2022, and

Fifth Amendment dated August 4, 2023

**JPMORGAN CHASE BANK, N.A.**

and

**CITIGROUP GLOBAL MARKETS INC.,**

as Joint Lead Arrangers and Joint Bookrunners

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III

## REVOLVING CREDIT FACILITY AGREEMENT

REVOLVING CREDIT FACILITY AGREEMENT, dated as of August 3, 2016 (as amended by FIRST AMENDMENT, dated as of March 30, 2020, SECOND AMENDMENT, dated as of November 23, 2020, THIRD AMENDMENT, dated as of July 28, 2021, FOURTH AMENDMENT, dated as of July 19, 2022 and FIFTH AMENDMENT, dated as of August 4, 2023, and as further amended, restated, amended and restated, supplemented or otherwise modified from time to time, this "Agreement"), among SOUTHWEST AIRLINES CO. (the "Company"), the Banks (as herein defined), JPMORGAN CHASE BANK, N.A., as Paying Agent (as herein defined), JPMORGAN CHASE BANK, N.A. and CITIBANK, N.A., as co-administrative agents for the Banks (in such capacity, the "Co-Administrative Agents"), BARCLAYS BANK PLC, as syndication agent for the Banks (in such capacity, the "Syndication Agent"), and BANK OF AMERICA, N.A., BNP PARIBAS, GOLDMAN SACHS BANK USA, MORGAN STANLEY SENIOR FUNDING, INC., U.S. BANK NATIONAL ASSOCIATION and WELLS FARGO BANK, N.A., as documentation agents for the Banks (collectively, in such capacity, the "Documentation Agents").

The Company has requested the Banks to extend credit to the Company in order to enable it to borrow on a revolving credit basis and to obtain letters of credit on and after the Effective Date and at any time and from time to time prior to the Termination Date (each as herein defined) in an aggregate principal amount not in excess of the Commitments outstanding at such time. The Banks are willing to extend such credit to the Company on the terms and conditions herein set forth. Accordingly, the Company, the Agents (as herein defined), and the Banks agree as follows:

### ARTICLE I

#### DEFINITIONS AND ACCOUNTING TERMS

Section 1.1 Certain Defined Terms. As used in this Agreement, the following terms shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

"Additional Commitment Bank" is defined in Section 2.25(c).

**"Adjusted Daily Simple SOFR Rate"** means an interest rate per annum equal to (a) the Daily Simple SOFR, plus (b) 0.10%; provided that if the Adjusted Daily Simple SOFR Rate as so determined would be less than the Floor, such rate shall be deemed to be equal to the Floor for the purposes of this Agreement.

**"Adjusted Pre-Tax Income"** of any Person means, with respect to any period, income before income taxes of such Person for such period, but excluding (i) any gain or loss arising from the sale of capital assets other than capital assets consisting of Aircraft, (ii) any gain or loss arising from any write-up or write-down of assets, (iii) income or loss of any other Person, substantially all of the assets of which have been acquired by such Person in any manner, to the extent that such income or loss was realized by such other Person prior to the date of such acquisition, (iv) income or loss of any other Person (other than a Subsidiary) in which such Person has an ownership interest, (v) the income or loss of any other Person to which assets of such Person shall have been sold, transferred, or disposed of, or into which such Person shall have merged, to the extent that such income or loss arises prior to the date of such transaction, (vi) any gain or loss arising from the acquisition of any securities of such Person, (vii) gains or losses reported as extraordinary in accordance with GAAP not previously excluded in clauses (i) through (vi), and (viii) the cumulative effect of changes in accounting methods permitted by GAAP during such period. Notwithstanding the foregoing, the determination of income before income taxes for any period shall be

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adjusted by any pre-tax non-GAAP financial measures for such period as identified in "Reconciliation of Reported Amounts to Non-GAAP Financial Measures" contained in the Management's Discussion and Analysis of Financial Condition and Results of Operations in the Company's filings in respect of such period on Form 10-Q or Form 10-K with the Securities and Exchange Commission.

**"Adjusted Term SOFR Rate"** means, for any Interest Period, an interest rate per annum equal to (a) the Term SOFR Rate for such Interest Period, plus (b) 0.10%; provided that if the Adjusted Term SOFR Rate as so determined would be less than the Floor, such rate shall be deemed to be equal to the Floor for the purposes of this Agreement.

**"Administrative Questionnaire"** means an Administrative Questionnaire in a form satisfactory to the Paying Agent, which each Bank shall complete and provide to the Paying Agent.

**"Affected Financial Institution"** means (a) any EEA Financial Institution or (b) any UK Financial Institution.

**"Affiliate"** means a Person that directly, or indirectly through one or more intermediaries, controls or is controlled by or is under common control with another Person. For purposes of this definition, "control" of a Person shall mean having the power, directly or indirectly, to direct or cause the direction of the management and policies of such Person, whether by ownership of voting equity, by contract, or otherwise.

**"Agents"** means the Paying Agent, the Co-Administrative Agents, the Syndication Agent, the Documentation Agents, the Fifth Amendment Syndication Agents, the Fifth Amendment Documentation Agents and the Fifth Amendment Arrangers.

**"Agreed Maximum Rate"** means, for any date, 2% per annum above the interest rate then applicable to Alternate Base Loans.

**"Agreement"** has the meaning assigned to it in the preamble hereto.

**"Aircraft"** means, collectively, airframes and aircraft engines now owned or hereafter acquired by the Company, together with all appliances, equipment, instruments, and accessories (including radio and radar, but excluding passenger convenience equipment) from time to time belonging to, installed in, or appurtenant to such airframes and aircraft engines; provided, however, the term "Aircraft" shall not include airframes and engines leased by the Company.

**"Aircraft Rentals"** means the operating expense attributable to aircraft rentals, calculated in accordance with the line item described as such in the Current Financials.

**"Alternate Base Loan"** means any Committed Loan with respect to which the Company shall have selected an interest rate based on the Alternate Base Rate in accordance with the provisions of Article II.

**"Alternate Base Rate"** means, for any day, a rate per annum equal to the greatest of (a) the Prime Rate in effect on such day, (b) the NYFRB Rate in effect on such day plus 1/2 of 1% and (c) the Adjusted Term SOFR Rate for a one month Interest Period as published two U.S. Government Securities Business Days prior to such day (or if such day is not a U.S. Government Securities Business Day, the immediately preceding U.S. Government Securities Business Day) (giving effect

to any floor in such rate) plus 1%; provided that for the purpose of this definition, the Adjusted Term SOFR Rate for any day shall be based on the Term SOFR Reference Rate at approximately 5:00 a.m. Chicago time on such day (or any

amended publication time for the Term SOFR Reference Rate, as specified by the CME Term SOFR Administrator in the Term SOFR Reference Rate methodology). Any change in the Alternate Base Rate due to a change in the Prime Rate, the NYFRB Rate or the Adjusted Term SOFR Rate shall be effective from and including the effective date of such change in the Prime Rate, the NYFRB Rate or the Adjusted Term SOFR Rate, respectively. If the Alternate Base Rate is being used as an alternate rate of interest pursuant to Section 2.10 (for the avoidance of doubt, only until the Benchmark Replacement has been determined pursuant to Section 2.10(b)), then the Alternate Base Rate shall be the greater of clauses (a) and (b) above and shall be determined without reference to clause (c) above. For the avoidance of doubt, if the Alternate Base Rate as determined pursuant to the foregoing would be less than 1.00%, such rate shall be deemed to be 1.00% for purposes of this Agreement. For purposes hereof: "Prime Rate" shall mean the rate of interest last quoted by The Wall Street Journal as the "Prime Rate" in the U.S. or, if The Wall Street Journal ceases to quote such rate, the highest per annum interest rate published by the Fed Reserve Board in Federal Reserve Statistical Release H.15 (519) (Selected Interest Rates) as the "bank prime loan" rate or, if such rate is no longer quoted therein, any similar rate quoted therein (as determined by the Paying Agent) or any similar release by the Fed Reserve Board (as determined by the Paying Agent). Each change in the Prime Rate shall be effective from and including the date such change is publicly announced or quoted as being effective.

"Ancillary Document" has the meaning assigned to it in Section 9.17(b).

"Anti-Corruption Laws" means all laws, rules and regulations of any jurisdiction applicable to the Company or its Subsidiaries from time to time concerning or relating to bribery or corruption.

"Applicable Lending Office" means, with respect to each Bank, such Bank's Domestic Lending Office in the case of an Alternate Base Loan and such Bank's Term Benchmark Lending Office in the case of a Term Benchmark Loan.

"Applicable Percentage" means, with respect to any Bank, the percentage of the Total Commitments represented by such Bank's Commitment; provided that, in the case of Section 2.22 when a Defaulting Bank shall exist, "Applicable Percentage" shall mean the percentage of the Total Commitments (disregarding any Defaulting Bank's Commitment pursuant to Section 2.22) represented by such Bank's Commitment. If the Commitments have terminated or expired, the Applicable Percentages shall be determined based upon the Commitments most recently in effect, giving effect to any assignments and to any Bank's status as a Defaulting Bank at the time of determination.

"Applicable Rate" means the relevant rate determined by reference to the Index Debt Rating in effect on such date as set forth below:

Index Debt Ratings S&P/Moody's	Applicable Rate (Term Benchmark		
	Loans)	Applicable Rate (Alternate Base Loans)	Commitment Fee Rate
A2/A or better	0.875%	0.000%	0.070%
A3/A-	1.000%	0.000%	0.090%
Baa1/BBB+	1.250%	0.250%	0.125%
Baa2/BBB	1.500%	0.500%	0.150%
Baa3/BBB or below	2.000%	1.000%	0.200%

Each change in the Applicable Rate shall apply during the period commencing on the date that is three Business Days after the effective date of the applicable change to the Index Debt Rating and ending on the date immediately preceding the effective date of the next change to the Applicable Rate. If the rating system of Moody's or S&P shall change, the Company and the Banks shall negotiate in good faith to amend this definition to reflect such changed rating system and, pending the effectiveness of any such amendment, the Applicable Rate shall be determined by reference to the rating most recently in effect prior to such change.

"Application" means an application, in such form as an Issuing Bank may specify from time to time, requesting such Issuing Bank to open a Letter of Credit. Each Issuing Bank shall furnish to the Company a form of Application satisfactory to it promptly following the request therefor by the Company.

"Appraisal" means a "desk-top" appraisal report addressed to the Paying Agent and substantially in the form of Exhibit E, which will not include physical inspection of aircraft, engines or maintenance records and will assume the equipment is half life in its maintenance cycle, dated the date of delivery of such report to the Banks pursuant to the terms of this Agreement, by one or more independent appraisal firms of recognized national standing selected by the Company (such firm to be reasonably satisfactory, at the time of such Appraisal, to the Paying Agent) setting forth the fair market value, as determined in accordance with the definition of "current market value" promulgated by the International Society of Transport Aircraft Trading, as of the date of such appraisal, of each Pool Asset or a proposed Pool Asset, as the case may be.

"Appraisal Delivery Date" means (a) the Effective Date, (b) the First Amendment Effective Date, (c) each anniversary of the First Amendment Effective Date (other than such date falling in the year of the Termination Date) and (d) each date of replacement, removal or addition of any Pool Asset if such Pool Asset is an airframe or an airframe and one or more engines installed thereon.

**"Appraised Value"** means, as of any date of determination, (a) in respect of all Pool Assets, the aggregate current market value as of such date of such Pool Assets and (b) in respect of any Pool Asset or proposed Pool Asset, as the case may be, the current market value as of such date of such Pool Asset or proposed Pool Asset, as applicable, in each case, as provided in the most recently delivered Appraisal.

**"Assignment and Assumption"** is defined in [Section 9.11\(c\)](#).

**"Auditors"** means independent certified public accountants of recognized national standing selected by the Company.

**"Available Revolving Commitment"** means, as to any Bank at any time, an amount equal to the excess, if any, of (a) such Bank's Commitment then in effect over (b) such Bank's Revolving Credit Exposure then outstanding.

**"Available Tenor"** means, as of any date of determination and with respect to the then-current Benchmark, as applicable, any tenor for such Benchmark (or component thereof) or payment period for interest calculated with reference to such Benchmark (or component thereof), as applicable, that is or may be used for determining the length of an Interest Period for any term rate or otherwise, for determining any frequency of making payments of interest calculated pursuant to this Agreement as of such date and not including, for the avoidance of doubt, any tenor for such Benchmark that is then-removed from the definition of "Interest Period" pursuant to clause (e) of [Section 2.10](#).

**"Bail-In Action"** means the exercise of any Write-Down and Conversion Powers by the applicable Resolution Authority in respect of any liability of an Affected Financial Institution.

**"Bail-In Legislation"** means (a) with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the

implementing law, regulation rule or requirement for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule and (b) with respect to the United Kingdom, Part I of the United Kingdom Banking Act 2009 (as amended from time to time) and any other law, regulation or rule applicable in the United Kingdom relating to the resolution of unsound or failing banks, investment firms or other financial institutions or their affiliates (other than through liquidation, administration or other insolvency proceedings).

**"Banks"** means those banks and other financial institutions signatory hereto and other banks or financial institutions which from time to time become party hereto pursuant to the provisions of this Agreement.

**"Benchmark"** means, initially, with respect to any Term Benchmark Loan, the Term SOFR Rate; provided that if a Benchmark Transition Event and the related Benchmark Replacement Date have occurred with respect to the Term SOFR Rate or the then-current Benchmark, then "Benchmark" means the applicable Benchmark Replacement to the extent that such Benchmark Replacement has replaced such prior benchmark rate pursuant to clause (b) of [Section 2.10](#).

**"Benchmark Replacement"** means, for any Available Tenor, the first alternative set forth in the order below that can be determined by the Paying Agent for the applicable Benchmark Replacement Date:

(1) the Adjusted Daily Simple SOFR Rate;

(2) the sum of: (a) the alternate benchmark rate that has been selected by the Paying Agent and the Company as the replacement for the then-current Benchmark for the applicable Corresponding Tenor giving due consideration to (i) any selection or recommendation of a replacement benchmark rate or the mechanism for determining such a rate by the Relevant Governmental Body or (ii) any evolving or then-prevailing market convention for determining a benchmark rate as a replacement for the then-current Benchmark for dollar-denominated syndicated credit facilities at such time in the United States and (b) the related Benchmark Replacement Adjustment;

If the Benchmark Replacement as determined pursuant to clause (1) or (2) above would be less than the Floor, the Benchmark Replacement will be deemed to be the Floor for the purposes of this Agreement and the other Loan Papers.

**"Benchmark Replacement Adjustment"** means, with respect to any replacement of the then-current Benchmark with an Unadjusted Benchmark Replacement for any applicable Interest Period and Available Tenor for any setting of such Unadjusted Benchmark Replacement, the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected by the Paying Agent and the Company for the applicable Corresponding Tenor giving due consideration to (i) any selection or recommendation of a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement by the Relevant Governmental Body on the applicable Benchmark Replacement Date and/or (ii) any evolving or then-prevailing market convention for determining a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement for dollar-denominated syndicated credit facilities at such time.

**"Benchmark Replacement Conforming Changes"** means, with respect to any Benchmark Replacement and/or any Term Benchmark Loan, any technical, administrative or operational changes (including changes to the definition of "Alternate Base Rate," the definition of "Business Day," the

definition of "U.S. Government Securities Business Day," the definition of "Interest Period," timing and frequency of determining rates and making payments of interest, timing of borrowing requests or prepayment, conversion or continuation notices, length of lookback periods, the applicability of breakage provisions, and other technical, administrative or operational matters) that the Paying Agent decides in its reasonable discretion may be appropriate to reflect the adoption and implementation of such Benchmark and to permit the administration thereof by the Paying Agent in a manner substantially consistent with market practice (or, if the Paying Agent decides that adoption of any portion of such market practice is not administratively feasible or if the Paying Agent determines that no market practice for the administration of such Benchmark exists, in such other manner of administration as the Paying Agent decides is reasonably necessary in connection with the administration of this Agreement and the other Loan Papers).

**"Benchmark Replacement Date"** means, with respect to any Benchmark, the earliest to occur of the following events with respect to such then-current Benchmark:

(1) in the case of clause (1) or (2) of the definition of "Benchmark Transition Event," the later of (a) the date of the public statement or publication of information referenced therein and (b) the date on which the administrator of such Benchmark (or the published component used in the calculation thereof) permanently or indefinitely ceases to provide all Available Tenors of such Benchmark (or such component thereof); or

(2) in the case of clause (3) of the definition of "Benchmark Transition Event," the first date on which such Benchmark (or the published component used in the calculation thereof) has been determined and announced by the regulatory supervisor for the administrator of such Benchmark (or such component thereof) to be no longer representative; provided, that such non-representativeness will be determined by reference to the most recent statement or publication referenced in such clause (3) and even if any Available Tenor of such Benchmark (or such component thereof) continues to be provided on such date.

For the avoidance of doubt, (i) if the event giving rise to the Benchmark Replacement Date occurs on the same day as, but earlier than, the Reference Time in respect of any determination, the Benchmark Replacement Date will be deemed to have occurred prior to the Reference Time for such determination and (ii) the "Benchmark Replacement Date" will be deemed to have occurred in the case of clause (1) or (2) with respect to any Benchmark upon the occurrence of the applicable event or events set forth therein with respect to all then-current Available Tenors of such Benchmark (or the published component used in the calculation thereof).

**"Benchmark Transition Event"** means, with respect to any Benchmark, the occurrence of one or more of the following events with respect to such then-current Benchmark:

(1) a public statement or publication of information by or on behalf of the administrator of such Benchmark (or the published component used in the calculation thereof) announcing that such administrator has ceased or will cease to provide all Available Tenors of such Benchmark (or such component thereof), permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide any Available Tenor of such Benchmark (or such component thereof);

(2) a public statement or publication of information by the regulatory supervisor for the administrator of such Benchmark (or the published component used in the calculation thereof), the Federal Reserve Board, the NYFRB, the CME Term SOFR Administrator, an insolvency official with jurisdiction over the administrator for such Benchmark (or such component), a resolution authority with jurisdiction over the administrator for such Benchmark (or such component) or a court or an entity with similar insolvency or resolution authority over the administrator for such Benchmark (or such component), in each case, which states that the administrator of such Benchmark (or such component) has ceased or will cease to provide all Available Tenors of such Benchmark (or such component thereof) permanently or indefinitely; provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide any Available Tenor of such Benchmark (or such component thereof); or

(3) a public statement or publication of information by the regulatory supervisor for the administrator of such Benchmark (or the published component used in the calculation thereof) announcing that all Available Tenors of such Benchmark (or such component thereof) are no longer, or as of a specified future date will no longer be, representative.

For the avoidance of doubt, a "Benchmark Transition Event" will be deemed to have occurred with respect to any Benchmark if a public statement or publication of information set forth above has occurred with respect to each then-current Available Tenor of such Benchmark (or the published component used in the calculation thereof).

**"Benchmark Unavailability Period"** means, with respect to any Benchmark, the period (if any) (x) beginning at the time that a Benchmark Replacement Date pursuant to clauses (1) or (2) of that definition has occurred if, at such time, no Benchmark Replacement has replaced such then-current Benchmark for all purposes hereunder and under any Loan Paper in accordance with Section 2.10 and (y) ending at the time that a Benchmark Replacement has replaced such then-current Benchmark for all purposes hereunder and under any Loan Paper in accordance with Section 2.10.

**"Borrowing"** means a Committed Borrowing.

**"Borrowing Date"** means the Business Day on which the proceeds of any Borrowing are to be made available to the Company.

**"Business Day"** means a day other than a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required by law to close; provided that, in addition to the foregoing, a Business Day shall be, in relation to Loans referencing the Adjusted Term SOFR Rate and any interest rate settings, fundings, disbursements, settlements or payments of any such Loans referencing the Adjusted Term SOFR Rate or any other dealings of such Loans referencing the Adjusted Term SOFR Rate, any such day that is only a U.S. Government Securities Business Day.

**"Capital Stock"** means any and all shares, interests, participations or other equivalents (however designated) of capital stock of a corporation, any and all equivalent ownership interests in a Person (other than a corporation) and any and all warrants, rights or options to purchase any of the foregoing.

**"CME Term SOFR Administrator"** means CME Group Benchmark Administration Limited as administrator of the forward-looking term Secured Overnight Financing Rate (SOFR) (or a successor administrator).

**"Co-Administrative Agents"** is defined in the introduction to this Agreement.

**"Code"** means the Internal Revenue Code of 1986, as amended from time to time.

**"Collateral Coverage Test"** means, on any date, the requirement that the Appraised Value of the Pool Assets on such date shall not be less than an amount equal to 1.25 times the Total Commitment on

such date (or, after termination of the Commitments, the sum of the aggregate outstanding amount of Loans and L/C Obligations).

**"Collateral Coverage Test Cure Period"** is defined in Section 6.12.

**"Commitment"** means, with respect to each Bank, the obligation of such Bank to make Loans and to issue or participate in Letters of Credit in the aggregate principal and/or face amount set forth opposite the name of such Bank on Schedule III, and, if applicable, amendments hereto, as such amount may be permanently terminated or reduced from time to time pursuant to Section 2.5 and Section 7.2, as such amount may be obtained or increased from time to time pursuant to Section 2.24, and as such amount may be increased or reduced from time to time by assignment or assumption pursuant to Section 2.23(b) and Section 9.11(c). The Commitments shall automatically and permanently terminate on the Termination Date.

**"Commitment Fee"** is defined in Section 2.4.

**"Committed Borrowing"** means a borrowing consisting of simultaneous Committed Loans from each of the Banks distributed ratably among the Banks in accordance with their respective Commitments.

**"Committed Loan"** means a loan by a Bank to the Company pursuant to Section 2.1, and shall be either a Term Benchmark Loan or an Alternate Base Loan.

**"Communications"** is defined in Section 9.2.

**"Company"** is defined in the introduction to this Agreement.

**"Corresponding Tenor"** with respect to any Available Tenor means, as applicable, either a tenor (including overnight) or an interest payment period having approximately the same length (disregarding business day adjustment) as such Available Tenor.

**"Coverage Ratio"** means, as of any date, the ratio of (i) for the four fiscal quarter period for which the Company's annual or quarterly Financial Statements have been most recently required to have been delivered pursuant to Section 6.10(a) and Section 6.10(b), the Company's and its Subsidiaries' consolidated Adjusted Pre-Tax Income, plus Aircraft Rentals, plus consolidated Net Interest Expense, and depreciation and amortization, and minus cash dividends paid by the Company, to (ii) the Company's and its Subsidiaries' consolidated Net Interest Expense and Aircraft Rentals for such four-quarter period.

**"Current Financials"** means the Financial Statements of the Company and its Subsidiaries for the fiscal year ended December 31, 2022.

**"Daily Simple SOFR"** means, for any day (a "SOFR Rate Day"), a rate per annum equal to SOFR for the day (such day "SOFR Determination Date") that is five (5) U.S. Government Securities Business Days prior to (i) if such SOFR Rate Day is a U.S. Government Securities Business Day, such SOFR Rate Day or (ii) if such SOFR Rate Day is not a U.S. Government Securities Business Day, the U.S. Government Securities Business Day immediately preceding such SOFR Rate Day, in each case, as such SOFR is published by the SOFR Administrator on the SOFR Administrator's Website. Any change in Daily Simple SOFR due to a change in SOFR shall be effective from and including the effective date of such change in SOFR without notice to the Company.

**"Debt"** means, without duplication, (a) any indebtedness for borrowed money or incurred in connection with the acquisition or construction of any Property, (b) any obligation under any lease of any

Property entered into after the date of this Agreement which is required under GAAP to be capitalized on the lessee's balance sheet, and (c) any direct or indirect guarantee or assumption of indebtedness or obligations described in clause (a) or (b), including without limitation any agreement to provide funds to or otherwise assure the ability of an obligor to repay indebtedness or meet its obligations.

**"Debtor Relief Laws"** means the Bankruptcy Code of the United States of America and all other applicable liquidation, conservatorship, bankruptcy, moratorium, rearrangement, receivership, insolvency, reorganization, fraudulent transfer or conveyance, suspension of payments, or similar Laws from time to time in effect affecting the Rights of creditors generally.

**"Default"** means the occurrence of any event which with the giving of notice or the passage of time or both would become an Event of Default.

**"Defaulting Bank"** means any Bank, as determined by the Paying Agent, that (a) has failed, in the determination of the Paying Agent, which determination shall be conclusive subject to manifest error, to fund any portion of its Loans or participations in Letters of Credit within three Business Days of the date required to be funded by it hereunder unless such Bank notifies the Paying Agent in writing that such failure is the result of such Bank's reasonable determination that one or more conditions precedent to funding has not been satisfied, (b) has notified the Company, the Paying Agent, any Issuing Bank or any Bank in writing that it does not intend to comply with any of its funding obligations under this Agreement or has made a public statement to the effect that it does not intend to comply with its funding obligations under this Agreement (unless such writing or public statement relates to such Bank's obligation to fund a Loan hereunder and states that such position is based on such Bank's reasonable determination that a condition precedent to funding cannot be satisfied) or generally under agreements in which it has committed to extend credit, (c) has failed, within three Business Days after written request by the Paying Agent (whether acting on its own behalf or at the reasonable request of the Company (it being understood that the Paying Agent shall comply with any such reasonable request)), to confirm that it will comply with the terms of this Agreement relating to its obligations to fund prospective Loans and participations in then outstanding Letters of Credit; provided that any such Bank shall cease to be a Defaulting Bank under this clause (c) upon receipt of such confirmation by the Paying Agent, (d) has otherwise failed to pay over to the Paying Agent or any other Bank any other amount required to be paid by it hereunder within three Business Days of the date when due, unless the subject of a good faith dispute, (e) has become the subject of a bankruptcy or insolvency proceeding, or has had a receiver, conservator, trustee or custodian appointed for it, or has a direct or indirect parent company that has become the subject of a bankruptcy or insolvency proceeding, or has had a receiver, conservator, trustee or custodian appointed for it, or (f) has, or has a direct or indirect parent company that has, become the subject of a Bail-In Action. No Bank shall be a Defaulting Bank solely by virtue of the ownership or acquisition of any equity interest in such Bank or a parent company thereof by a Governmental Authority or an instrumentality thereof so long as such ownership interest does not result in or provide such Bank with immunity from the jurisdiction of courts within the United States or from the enforcement of judgments or writs of attachment on its assets or permit such Bank (or such Governmental Authority) to reject, repudiate, disavow or disaffirm any contracts or agreements made with such Bank.

**"Documentation Agents"** is defined in the introduction to this Agreement.

**"dollars"** and the symbol **"\$"** mean the lawful currency of the United States of America.

**"Domestic Lending Office"** means, with respect to any Bank, the office of such Bank specified as its **"Domestic Lending Office"** on **Schedule I** to this Agreement or such other office of such Bank as such Bank may from time to time specify to the Company and the Paying Agent.

**"EEA Financial Institution"** means (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition, or (c) any financial institution established in an EEA Member Country which is a subsidiary of an institution described in clauses (a) or (b) of this definition and is subject to consolidated supervision with its parent.

**"EEA Member Country"** means any of the member states of the European Union, Iceland, Liechtenstein, and Norway.

**"EEA Resolution Authority"** means any public administrative authority or any person entrusted with public administrative authority of any EEA Member Country (including any delegatee) having responsibility for the resolution of any EEA Financial Institution.

**"Effective Date"** means the date on which the conditions set forth in **Section 4.1** are first met, which date is August 3, 2016.

**"Electronic Signature"** means an electronic sound, symbol, or process attached to, or associated with, a contract or other record and adopted by a Person with the intent to sign, authenticate or accept such contract or record.

**"Eligible Affiliate Assignee"** means, with respect to any Bank, an Affiliate thereof that is: (i) a commercial bank organized under the Laws of the United States, or any state thereof, and having total assets in excess of \$1,000,000,000; (ii) a commercial bank organized under the Laws of France, Germany, the Netherlands or the United Kingdom, or under the Laws of a political subdivision of any such country, and having total assets in excess of \$1,000,000,000; provided that such bank is acting through a branch or agency located in such country or the United States; or (iii) a commercial bank organized under the Laws of any other country which is a member of the OECD, or under the Laws of a political subdivision of any such country, and having total assets in excess of \$1,000,000,000; provided that such bank is acting through a branch or agency located in the United States.

**"ERISA"** means the Employee Retirement Income Security Act of 1974, as amended from time to time, and the regulations promulgated thereunder.

**"EU Bail-In Legislation Schedule"** means the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor person), as in effect from time to time.

**"Event of Default"** means any of the events described in **Article VII**, provided there has been satisfied any requirement in connection therewith for the giving of notice, lapse of time, or happening of any further condition, event, or act.

**"Excluded Taxes"** means with respect to any payment made by the Company under this Agreement or any Loan Papers, any of the following Taxes imposed on or with respect to the Paying Agent, a Bank or an Issuing Bank: (a) income or franchise Taxes imposed on (or measured by) net income by the United States of America (including a state, locality or other political subdivision thereof), or by the jurisdiction (including a state, locality or other political subdivision thereof) under the laws of which such Paying Agent, Bank or Issuing Bank is organized or in which its principal office is located or, in the case of any Bank, in which its applicable

lending office is located, (b) any branch profits Taxes imposed by the United States of America or any similar Taxes imposed by any other jurisdiction in which the Company is located, (c) in the case of a Foreign Bank (other than an assignee pursuant to a request by the Company under Section 2.23), any U.S. Federal withholding Taxes resulting from any Law in effect

on the date such Foreign Bank becomes a party to this Agreement (or designates a new lending office) or is attributable to such Foreign Bank's failure to comply with Section 2.18(f), except to the extent that such Foreign Bank (or its assignor, if any) was entitled, at the time of designation of a new lending office (or assignment), to receive additional amounts from the Company with respect to such withholding Taxes pursuant to Section 2.18(a), (d) Other Connection Taxes, and (e) any U.S. withholding Taxes imposed by reason of FATCA.

"Existing Bank" is defined in Section 2.24(c).

"Existing Credit Agreement" means the Revolving Credit Facility Agreement, dated as of April 2, 2013, among the Company, the banks party thereto and the agents referred to therein.

"Existing Termination Date" is defined in Section 2.25(a).

"Extended Termination Date" is defined in Section 2.25(a).

"Extension Date" is defined in Section 2.25(d).

"FAA" means the Federal Aviation Administration of the United States of America and any successor thereto.

"FATCA" means Sections 1471 through 1474 of the Code as of the date of this Agreement (including any amendment or successor to any such Section so long as such amendment or successor is substantially similar or comparable to the reporting and withholding (and related) obligations of Sections 1471 through 1474 of the Code as of the date of this Agreement and not materially more onerous to comply with), any current or future Treasury regulations promulgated thereunder or published administrative guidance or any other official interpretations thereof, any agreements entered into pursuant to Section 1471(b)(1) of the Code and any law, regulation, rule, promulgation, guidance notes, practices or official agreement implementing an official government agreement with respect to the foregoing.

"Fed Reserve Board" means the Board of Governors of the Federal Reserve System of the United States of America.

"Federal Funds Effective Rate" means, for any day, the rate calculated by the NYFRB based on such day's federal funds transactions by depository institutions, as determined in such manner as shall be set forth on the NYFRB's Website from time to time, and published on the next succeeding Business Day by the NYFRB as the effective federal funds rate; provided that if the Federal Funds Effective Rate as so determined would be less than zero, such rate shall be deemed to be zero for the purposes of this Agreement.

"Fifth Amendment" means Fifth Amendment to Credit Agreement dated as of the Fifth Amendment Effective Date.

"Fifth Amendment Arrangers" has the meaning assigned to it in the Fifth Amendment.

"Fifth Amendment Documentation Agents" has the meaning assigned to it in the Fifth Amendment.

"Fifth Amendment Syndication Agents" has the meaning assigned to it in the Fifth Amendment.

"Fifth Amendment Effective Date" means August 4, 2023, the date on which all conditions precedent set forth in Section 4 of the Fifth Amendment are satisfied.

"Financial Report Certificate" means a certificate substantially in the form of Exhibit D.

"Financial Statements" means balance sheets, income and loss statements, statements of stockholders' equity, and statements of cash flow prepared in accordance with GAAP and in comparative form to the corresponding period of the preceding fiscal year.

"First Amendment" means First Amendment to Credit Agreement dated as of the First Amendment Effective Date.

"First Amendment Effective Date" means March 30, 2020, the date on which all conditions precedent set forth in Section 4 of the First Amendment are satisfied.

"Floor" means the benchmark rate floor, if any, provided in this Agreement initially (as of the execution of this Agreement, the modification, amendment or renewal of this Agreement or otherwise) with respect to the Adjusted Term SOFR Rate or the Adjusted Daily Simple SOFR Rate, as applicable. For the avoidance of doubt the initial Floor for each of the Adjusted Term SOFR Rate and the Adjusted Daily Simple SOFR Rate shall be 1.00%.

"Foreign Bank" is defined in Section 2.18.

**"Fourth Amendment"** means Fourth Amendment to Credit Agreement dated as of the Fourth Amendment Effective Date.

**"Fourth Amendment Effective Date"** means July 19, 2022, the date on which all conditions precedent set forth in Section 4 of the Fourth Amendment are satisfied.

**"GAAP"** means generally accepted accounting principles in the United States which are applicable as of the date in question for the purpose of the definition of "Financial Statements."

**"Governmental Authority"** means the government of the United States of America, any other nation or any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

**"Increased Facility Activation Notice"** means a notice substantially in the form of Exhibit H-1.

**"Increased Facility Bank"** is defined in Section 2.24(c).

**"Increased Facility Closing Date"** means any Business Day designated as such in an Increased Facility Activation Notice.

**"Indemnified Taxes"** means (a) Taxes other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of the Company under any Loan Papers and (b) Other Taxes.

**"Index Debt"** means senior, unsecured, non-credit enhanced debt with an original term of longer than one year issued by the Company.

**"Index Debt Rating"** means, as of any date, the rating that has been most recently announced by S&P and Moody's for the Index Debt of the Company. For purposes of the foregoing, (a) if only one of S&P and Moody's shall have in effect an Index Debt Rating, the Applicable Rate shall be determined by reference to the available rating; (b) if the Index Debt Ratings established by S&P and Moody's shall fall within different levels, the Applicable Rate shall be based upon the higher rating, except that if the difference is two or more levels, the Applicable Rate shall be based on the rating that is one level below the higher rating; (c) if any Index Debt Rating established by S&P or Moody's shall be changed, such change shall be effective as of the date on which such change is first announced publicly by the rating agency making such change; (d) if S&P or Moody's shall change the basis on which ratings are established, each reference to the rating for the Index Debt announced by S&P or Moody's, as the case may be, shall refer to the then equivalent rating by S&P or Moody's, as the case may be; and (e) if neither S&P nor Moody's shall have in effect an Index Debt Rating, the Applicable Rate shall be set in accordance with the lowest level rating and highest percentage rate set forth in the table in the definition of "Applicable Rate".

**"Initial Issuing Banks"** means, collectively, JPMorgan Chase Bank, N.A., Citibank, N.A., Barclays Bank PLC, Wells Fargo Bank, N.A. and Bank of America, N.A.

**"Interest Payment Date"** means (i) with respect to any Alternate Base Loan, each Quarterly Payment Date, or if earlier the Termination Date or the date of prepayment of such Loan or conversion of such Loan to a Term Benchmark Loan and (ii) with respect to any Term Benchmark Loan, the last day of each Interest Period applicable thereto and, in the case of a Term Benchmark Loan with an Interest Period longer than three months each day that would have been the Interest Payment Date for such Loan had successive Interest Periods of three months been applicable to such Loan, or if earlier, the Termination Date or the date of prepayment of such Loan or conversion of such Loan to an Alternate Base Loan.

**"Interest Period"** means, as to any Term Benchmark Loan, the period commencing on the date of such Loan and ending on the numerically corresponding day (or if there is no corresponding day, the last day) in the calendar month that is one, three or six months thereafter (in each case, subject to the availability for the Benchmark applicable to the relevant Loan), as the Company may elect; provided, that (a) if any Interest Period would end on a day which shall not be a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless, with respect to Term Benchmark Loans only, such next succeeding Business Day would fall in the next calendar month, in which case such Interest Period shall end on the next preceding Business Day, (b) any Interest Period that commences on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the last calendar month of such Interest Period) shall end on the last Business Day of the last calendar month of such Interest Period, (c) no tenor that has been removed from this definition pursuant to Section 2.10(e) shall be available for specification in any Notice of Committed Borrowing and (d) no Interest Period may be selected that ends later than the Termination Date. Interest shall accrue from and including the first day of an Interest Period to but excluding the last day of such Interest Period.

**"Issuing Bank"** means each Initial Issuing Bank and each other Bank approved by the Company and that has agreed in writing to act as an "Issuing Bank" hereunder (in each case, through itself or through one of its designated affiliates or branch offices). Each reference herein to "the Issuing Bank" shall be deemed to be a reference to the relevant Issuing Bank.

**"L/C Commitment"** means \$300,000,000.

**"L/C Obligations"** means at any time, an amount equal to the sum of (a) the aggregate then undrawn and unexpired amount of the then outstanding Letters of Credit, if any, and (b) the aggregate amount of drawings under Letters of Credit that have not then been reimbursed pursuant to Section 3.5.

The L/C Obligations of any Bank at any time shall be its Applicable Percentage of the L/C Obligations at such time. For all purposes of this Agreement, if on any date of determination a Letter of Credit has expired by its terms but any amount may still be drawn thereunder by reason of the operation of Article 29(a) of the Uniform Customs and Practice for Documentary Credits, International Chamber of Commerce Publication No. 600 (or such later version thereof as may be in effect at the applicable time) or Rule 3.13 or Rule 3.14 of the International Standby Practices, International Chamber of Commerce Publication No. 590 (or such later version thereof as may be in effect at the applicable time) or similar terms in the governing rules or laws or of the Letter of Credit itself, or if compliant documents have been presented but not yet honored, such Letter of Credit shall be deemed to be "outstanding" and "undrawn" in the amount so remaining available to be paid, and the obligations of the Company and each Bank shall remain in full force and effect until the Issuing Bank and the Banks shall have no further obligations to make any payments or disbursements under any circumstances with respect to any Letter of Credit.

**"L/C Participants"** means the collective reference to all the Banks other than the Issuing Bank.

**"Laws"** means all applicable statutes, laws, treaties, ordinances, rules, regulations, orders, writs, injunctions, decrees, judgments, or opinions of any Tribunal.

**"Letters of Credit"** is defined in [Section 3.1\(a\)](#).

**"Lien"** means any mortgage, lien, pledge, charge, security interest or other encumbrance in or on, or any interest or title of any vendor, lessor, lender or other secured party to or of any Person under, any conditional sale or other title retention agreement or lease with respect to any Property or asset of such Person. For avoidance of doubt, (i) the filing of a Uniform Commercial Code financing statement by a Person that is not entitled or authorized in accordance with the applicable Uniform Commercial Code to file such financing statement or (ii) any Uniform Commercial Code financing statement that has not been terminated as of record after the underlying Lien has been released shall not, in and of itself, constitute a Lien; *provided* that the Company agrees to use commercially reasonable efforts to have such financing statement terminated promptly after it becomes aware of existence of such financing statement.

**"Litigation"** means any action conducted, pending, or threatened by or before any Tribunal.

**"Loan"** means a Committed Loan, a Term Benchmark Loan, or an Alternate Base Loan.

**"Loan Papers"** means, on any date of determination (i) this Agreement, certificates delivered pursuant to this Agreement and exhibits and schedules hereto, (ii) any notes, guaranties, and other agreements in favor of the Agents and/or the Banks delivered in connection with this Agreement to the extent not terminated or released in accordance with their respective terms, (iii) any Letters of Credit and (iv) all renewals, extensions, or restatements of, or amendments or supplements to, any of the foregoing (in each case in accordance with the applicable terms thereof), but in each case of (i) through (iv) preceding, specifically excluding any and all (a) release agreements, (b) termination agreements, (c) agreements granting or perfecting any lien securing Obligations for the benefit of any of the Agents or Banks that are terminated on or prior to the Fifth Amendment Effective Date and/or all certificates, exhibits and schedules related to any of the foregoing agreements described in clauses (a), (b) and (c) preceding.

**"Majority Banks"** means, at any time, Banks having Revolving Credit Exposures and unused Commitments representing more than 50% of the sum of the total Revolving Credit Exposures and unused Commitments at such time.

**"Material Adverse Change"** or **"Material Adverse Effect"** means an act, event or circumstance which materially and adversely affects the business, financial condition or results of operations of the Company and its Subsidiaries on a consolidated basis or the ability of the Company to perform its obligations under this Agreement or any Loan Paper.

**"Material Subsidiary"** means, at any time, any Subsidiary of the Company having at such time (i) total assets, as of the last day of the most recently ended fiscal quarter for which the Company's annual or quarterly Financial Statements have been most recently required to have been delivered pursuant to Section 6.10, having a net book value greater than or equal to 10% of the total assets of the Company and all of its Subsidiaries on a consolidated basis, (ii) Adjusted Pre-Tax Income, as of the last day of the most recently ended fiscal quarter for which the Company's annual or quarterly Financial Statements have been most recently required to have been delivered pursuant to Section 6.10, greater than or equal to 10% of the total Adjusted Pre-Tax Income of the Company and all of its Subsidiaries on a consolidated basis or (iii) any Pool Assets.

**"Moody's"** means Moody's Investors Service, Inc. (or any successor thereto).

**"Net Interest Expense"** means the greater of (a) zero and (b) interest expense minus interest income, excluding in either case capitalized interest, but including payments in the nature of interest under capital leases if and to the extent characterized as such in accordance with GAAP.

**"New Bank"** is defined in [Section 2.24\(b\)](#).

**"New Bank Supplement"** is defined in [Section 2.24\(b\)](#).

**"Non-Extending Bank"** is defined in [Section 2.25\(b\)](#).

**"Note"** means a promissory note which a Bank may require the Company to execute in accordance with [Section 2.7\(b\)](#), payable to the order of such Bank, in substantially the form of [Exhibit B](#) hereto, with the blanks appropriately completed, to evidence the aggregate indebtedness of the Company to such Bank resulting from the Committed Loans made by such Bank to the Company, together with all modifications, extensions, renewals, and rearrangements thereof.

**"Notice Deadline"** is defined in **Section 2.25(b)**.

**"Notice of Committed Borrowing"** is defined in **Section 2.2**.

**"NYFRB"** means the Federal Reserve Bank of New York.

**"NYFRB Rate"** means, for any day, the greater of (a) the Federal Funds Effective Rate in effect on such day and (b) the Overnight Bank Funding Rate in effect on such day (or for any day that is not a Business Day, for the immediately preceding Business Day); provided that if none of such rates are published for any day that is a Business Day, the term "NYFRB Rate" means the rate for a federal funds transaction quoted at 11:00 a.m. on such day received by the Paying Agent from a federal funds broker of recognized standing selected by it; provided, further, that if any of the aforesaid rates as so determined be less than zero, such rate shall be deemed to be zero for purposes of this Agreement.

**"NYFRB's Website"** means the website of the NYFRB at <http://www.newyorkfed.org>, or any successor source.

**"Obligation"** means all present and future indebtedness, obligations, and liabilities, and all renewals, extensions, and modifications thereof, owed to the Agents and Banks, or any or some of them, by the Company, arising pursuant to any Loan Paper, together with all interest thereon and costs, expenses, and reasonable attorneys' fees incurred in the enforcement or collection thereof.

**"OECD"** means the Organization for Economic Cooperation and Development as constituted on the date hereof (excluding Mexico, Poland and the Czech Republic).

**"Officer's Certificate"** means a certificate signed in the name of the Company by either its Chairman, its Chief Executive Officer, its Chief Financial Officer, its President, one of its Vice Presidents, its Treasurer, or its Assistant Treasurer, in each case without personal liability.

**"Original Termination Date"** means August 4, 2028.

**"Other Connection Taxes"** means with respect to the Paying Agent, any Bank or any Issuing Bank, as the case may be, Taxes imposed as a result of a present or former connection between the Paying Agent, such Bank or such Issuing Bank, as the case may be, and the jurisdiction imposing such Taxes (other than a connection arising solely from the Paying Agent, such Bank or such Issuing Bank having executed, delivered, enforced, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, or engaged in any other transaction pursuant to, or enforced, any Loan Papers, or, in each case in accordance with and subject to the provisions of this Agreement, sold or assigned an interest in any Loan Papers).

**"Other Taxes"** means any present or future stamp, court, documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the registration, receipt or perfection of a security interest under, or otherwise with respect to, this Agreement or any Loan Papers, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment (other than Other Connection Taxes imposed with respect to an assignment under **Section 2.23**).

**"Overnight Bank Funding Rate"** means, for any day, the rate comprised of both overnight federal funds and overnight eurodollar transactions denominated in Dollars by U.S.-managed banking offices of depository institutions, as such composite rate shall be determined by the NYFRB as set forth on the NYFRB's Website from time to time, and published on the next succeeding Business Day by the NYFRB as an overnight bank funding rate.

**"Participant Register"** is defined in **Section 9.11(b)**.

**"Paying Agent"** means JPMorgan Chase Bank, N.A. or any successor to JPMorgan Chase Bank, N.A. appointed in accordance with the provisions of **Section 8.6**, in each case, as the paying agent for the Banks under this Agreement and the other Loan Papers.

**"Payment"** has the meaning assigned to it in **Section 8.7**.

**"Payment Notice"** has the meaning assigned to it in **Section 8.7**.

**"Permitted Liens"** means: (a) Liens for taxes, assessments and governmental charges or levies which either are not yet due and payable or are being contested in good faith by appropriate proceedings and for which adequate reserves are established in accordance with GAAP; (b) Liens securing judgments, but only to the extent, for an amount and for a period not resulting in an Event of Default under **Section 7.1(d)**; (c) Liens securing all or any portion of the Obligations under this Agreement; (d) Liens

constituting normal operational usage of the affected Property, including charter, third party maintenance, storage, leasing, pooling or interchange thereof; (e) Liens imposed by law such as materialmen's, mechanics', carriers', workmen's and repairmen's Liens and other similar Liens arising in the ordinary course of business securing obligations that (i) are not overdue for a period of more than 30 days, **provided** that no enforcement, collection, execution, levy or foreclosure proceeding shall have been commenced with respect thereto, or (ii) are being contested in good faith and for which adequate reserves are established in accordance with GAAP; and (f) salvage or similar rights of insurers under the insurances required to be maintained pursuant to any Loan Papers or otherwise.

**"Person"** means and includes an individual, partnership, joint venture, corporation, trust, limited liability company or other entity, Tribunal, unincorporated organization, or government, or any department, agency, or political subdivision thereof.

**"Plan"** means any plan defined in Section 4021(a) of ERISA in respect of which the Company is an "employer" or a "substantial employer" as such terms are defined in ERISA.

**"Pool Assets"** means assets of the Company and any of its Wholly Owned Domestic Subsidiaries listed on Schedule II, to the extent modified pursuant to Section 6.12, and shall include only Specified Equipment owned legally by the Company and any of its Wholly Owned Domestic Subsidiaries.

**"Prime Rate"** is defined in the definition of the term Alternate Base Rate.

**"Principal Office"** of the Paying Agent means 500 Stanton Christiana Road, NCC5 / 1st Floor, Newark, Delaware 19713-2107, or such other office as the Paying Agent may hereafter designate from time to time as its "Principal Office" by notice to the Company and the Banks.

**"Property"** means all types of real, personal, tangible, intangible, or mixed property.

**"Quarterly Payment Date"** means the 15th day of each March, June, September and December of each year, the first of which shall be the first such day after the Effective Date.

**"Reference Time"** with respect to any setting of the then-current Benchmark means (1) if such Benchmark is the Term SOFR Rate, 5:00 a.m. (Chicago time) on the day that is two U.S. Government Securities Business Days preceding the date of such setting or (2) if such Benchmark is not the Term SOFR Rate, the time determined by the Paying Agent in its reasonable discretion.

**"Register"** is defined in Section 9.11(e).

**"Regulation D"** means Regulation D of the Fed Reserve Board, as the same is from time to time in effect, and all official rulings and interpretations thereunder or thereof.

**"Regulatory Change"** means, with respect to any Bank, (a) any adoption or change after the Effective Date of or in United States federal, state or foreign laws, rules, regulations (including Regulation D) or guidelines applying to a class of banks including such Bank, (b) the adoption or making after the Effective Date of any interpretations, directives or requests applying to a class of banks including such Bank of or under any United States federal, state or foreign laws, rules, regulations or guidelines (whether or not having the force of law) by any Tribunal, monetary authority, central bank, or comparable agency charged with the interpretation or administration thereof, or (c) any change in the interpretation or administration of any United States federal, state or foreign laws, rules, regulations or guidelines applying to a class of banks including such Bank by any Tribunal, monetary authority, central bank, or comparable agency charged with the interpretation or administration thereof.

**"Reimbursement Obligation"** means the obligation of the Company to reimburse the Issuing Bank pursuant to Section 3.5 for amounts drawn under Letters of Credit.

**"Relevant Anniversary Date"** is defined in Section 2.25(a).

**"Relevant Governmental Body"** means, the Federal Reserve Board and/or the NYFRB or a committee officially endorsed or convened by the Federal Reserve Board and/or the NYFRB or, in each case, any successor thereto.

**"Relevant Rate"** means (a) with respect to any Term Benchmark Borrowing, the Adjusted Term SOFR Rate or (ii) with respect to any Adjusted Daily Simple SOFR Rate Loan, the Adjusted Daily Simple SOFR Rate.

**"Request Date"** is defined in Section 2.25(a).

**"Resolution Authority"** means an EEA Resolution Authority or, with respect to any UK Financial Institution, a UK Resolution Authority.

**"Revolving Credit Exposure"** means, with respect to any Bank at any time, the sum of the outstanding principal amount of such Bank's Loans and its L/C Obligations at such time.

**"Rights"** means rights, remedies, powers, and privileges.

**"S&P"** means Standard & Poor's Financial Services LLC and any successor to its rating agency business.

**"Sanctioned Country"** means, at any time, a country, region or territory which is itself the subject or target of any Sanctions (at the time of this Agreement, the so-called Donetsk People's Republic, the so-called Luhansk People's Republic, the Crimea Region of Ukraine, Cuba, Iran, North Korea and Syria).

**"Sanctioned Person"** means, at any time, (a) any Person listed in any Sanctions-related list of designated Persons maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury, the U.S. Department of State or by the United Nations Security Council, the European Union or any

European Union member state, (b) any Person operating, organized or resident in a Sanctioned Country, (c) any Person owned or controlled by any such Person or Persons described in the foregoing clauses (a) or (b), or (d) any Person otherwise the subject of any Sanctions.

**"Sanctions"** means economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by the U.S. government, including those administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the U.S. Department of State.

**"Senior Officer"** means, in each case for the Company, its Chief Executive Officer, Chief Financial Officer, President, Treasurer, or its Assistant Treasurer.

**"SOFR"** means a rate equal to the secured overnight financing rate as administered by the SOFR Administrator.

**"SOFR Administrator"** means the NYFRB (or a successor administrator of the secured overnight financing rate).

**"SOFR Administrator's Website"** means the NYFRB's website, currently at <http://www.newyorkfed.org>, or any successor source for the secured overnight financing rate identified as such by the SOFR Administrator from time to time.

**"SOFR Determination Date"** has the meaning specified in the definition of "Daily Simple SOFR".

**"SOFR Rate Day"** has the meaning specified in the definition of "Daily Simple SOFR".

**"Specified Equipment"** means aircraft consisting of the Boeing 737-700, Boeing 737-800, Boeing 737 MAX 7 and Boeing 737 MAX 8 models (and any later generation model of any thereof), including, its related engines; provided that aircraft that is Boeing 737 MAX 7 or Boeing 737 MAX 8 may constitute Specified Equipment solely to the extent that the applicable model is issued an airworthiness certificate by the FAA confirming that it is certified to fly.

**"Subsidiary"** of a Person means any entity of which an aggregate of more than 50%(in number of votes) of the stock (or equivalent interests) is owned of record or beneficially, directly or indirectly, by such Person.

**"Successor Company"** is defined in [Section 6.14\(a\)](#).

**"Syndication Agent"** is defined in the introduction to this Agreement.

**"Taxes"** means all present or future taxes, assessments, fees, levies, imposts, duties, deductions, withholdings (including backup withholding), value added taxes or any other goods and services, use or sales taxes, assessments, fees or other charges at any time imposed by any Laws or Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

**"Term Benchmark"** when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are bearing interest at a rate determined by reference to the Adjusted Term SOFR Rate.

**"Term Benchmark Lending Office"** means, with respect to each Bank, the branches or affiliates of such Bank which such Bank has designated on [Schedule 1](#) as its "Term Benchmark Lending Office" or may hereafter designate from time to time as its "Term Benchmark Lending Office" by notice to the Company and the Paying Agent.

**"Term SOFR Determination Day"** has the meaning assigned to it under the definition of Term SOFR Reference Rate.

**"Term SOFR Rate"** means, with respect to any Term Benchmark Borrowing and for any tenor comparable to the applicable Interest Period, the Term SOFR Reference Rate at approximately 5:00 a.m., Chicago time, two U.S. Government Securities Business Days prior to the commencement of such tenor comparable to the applicable Interest Period, as such rate is published by the CME Term SOFR Administrator.

**"Term SOFR Reference Rate"** means, for any day and time (such day, the "Term SOFR Determination Day"), with respect to any Term Benchmark Borrowing denominated in Dollars and for any tenor comparable to the applicable Interest Period, the rate per annum published by the CME Term SOFR Administrator and identified by the Paying Agent as the forward-looking term rate based on SOFR. If by 5:00 pm (New York City time) on such Term SOFR Determination Day, the "Term SOFR

Reference Rate" for the applicable tenor has not been published by the CME Term SOFR Administrator and a Benchmark Replacement Date with respect to the Term SOFR Rate has not occurred, then so long as such day is otherwise a U.S. Government Securities Business Day, the Term SOFR Reference Rate for such Term SOFR Determination Day will be the Term SOFR Reference Rate as published in respect of the first preceding U.S. Government Securities Business Day for which such Term SOFR Reference Rate was published by the CME Term SOFR Administrator, so long as such first preceding U.S. Government Securities Business Day is not more than five (5) U.S. Government Securities Business Days prior to such Term SOFR Determination Day.

**"Termination Date"** means, the earlier of (a) the Original Termination Date, subject to extension thereof pursuant to [Section 2.25](#), and (b) the date of termination in whole of the Total Commitment pursuant to [Section 2.5](#) or [Section 7.2](#); provided, however, that the Termination Date of any Bank that is a Non-Extending Bank with respect to any requested extension pursuant to [Section 2.25](#) shall be the Termination Date in effect immediately prior to the applicable Extension Date for all purposes of this Agreement.

**"Total Commitment"** means at any time the aggregate amount of the Banks' Commitments, as in effect at such time.

**"Tribunal"** means any municipal, state, commonwealth, federal, foreign, territorial, or other court, governmental body, subdivision, agency, department, commission, board, bureau, or instrumentality.

**"Type"** refers to the distinction between Committed Loans or Committed Borrowings that are Alternate Base Loans or Committed Borrowings consisting of Alternate Base Loans, on the one hand, and Committed Loans or Committed Borrowings that are Term Benchmark Loans or Committed Borrowings consisting of Term Benchmark Loans, on the other.

**"UK Financial Institution"** means any BRRD Undertaking (as such term is defined under the PRA Rulebook (as amended from time to time) promulgated by the United Kingdom Prudential Regulation Authority) or any person falling within IFPRU 11.6 of the FCA Handbook (as amended from time to time) promulgated by the United Kingdom Financial Conduct Authority, which includes certain credit institutions and investment firms, and certain affiliates of such credit institutions or investment firms.

**"UK Resolution Authority"** means the Bank of England or any other public administrative authority having responsibility for the resolution of any UK Financial Institution.

**"Unadjusted Benchmark Replacement"** means the Benchmark Replacement excluding the Benchmark Replacement Adjustment.

**"United States"** and **"U.S."** each means United States of America.

**"U.S. Government Securities Business Day"** means any day except for (i) a Saturday, (ii) a Sunday or (iii) a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in United States government securities.

**"U.S. Tax Compliance Certificate"** is defined in [Section 2.18](#).

**"Wholly Owned Domestic Subsidiary"** means a Wholly Owned Subsidiary of the Company organized under the laws of any jurisdiction within the United States.

**"Wholly Owned Subsidiary"** means, as to any Person, any other Person all of the Capital Stock of which (other than directors' qualifying shares required by law) is owned by such Person directly and/or through other Wholly Owned Subsidiaries.

**"Withholding Agent"** means the Company and the Paying Agent.

**"Write-Down and Conversion Powers"** means, (a) with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule, and (b) with respect to the United Kingdom, any powers of the applicable Resolution Authority under the Bail-In Legislation to cancel, reduce, modify or change the form of a liability of any UK Financial Institution or any contract or instrument under which that liability arises, to convert all or part of that liability into shares, securities or obligations of that person or any other person, to provide that any such contract or instrument is to have effect as if a right had been exercised under it or to suspend any obligation in respect of that liability or any of the powers under that Bail-In Legislation that are related to or ancillary to any of those powers.

**Section 1.2 Computation of Time Periods.** In this Agreement in the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including" and the words "to" and "until" each means "to but excluding."

**Section 1.3 Interest Rates.** The interest rate on a Loan denominated in dollars may be derived from an interest rate benchmark that may be discontinued or is, or may in the future become, the subject of regulatory reform. Upon the occurrence of a Benchmark Transition Event, [Section 2.10\(b\)](#) provides a mechanism for determining an alternative rate of interest. The Paying Agent does not warrant or accept any responsibility for, and shall not have any liability with respect to, the administration, submission, performance or any other matter related to any interest rate used in this Agreement, or with respect to any alternative or successor rate thereto, or replacement rate thereof, including without limitation, whether the composition or characteristics of any such alternative, successor or replacement reference rate will be similar to, or produce the same value or economic equivalence of, the existing interest rate being replaced or have the same volume or liquidity as did any existing interest rate prior to its discontinuance or unavailability. The Paying Agent and its affiliates and/or other related entities may engage in transactions that affect the calculation of any interest rate used in this Agreement or any alternative, successor or alternative rate (including any Benchmark Replacement) and/or any relevant adjustments thereto, in each case, in a manner adverse to the Company. The Paying Agent may select information sources or services in its reasonable discretion to ascertain any interest rate used in this Agreement, any component thereof, or rates referenced in the definition thereof, in each case pursuant to the terms of this Agreement, and shall have no liability to the Company, any Bank or any other person or entity for damages of any kind, including direct or indirect, special, punitive, incidental or consequential damages, costs, losses or expenses (whether in tort, contract or otherwise and whether at law or in equity), for any error or calculation of any such rate (or component thereof) provided by any such information source or service.

**Section 1.4 Classification of Loans and Borrowings.** For purposes of this Agreement, Loans may be classified and referred to by Type (e.g., a "Term Benchmark Loan"), and Borrowings also may be classified and referred to by class (e.g., a "Term Benchmark Borrowing").

**Section 1.5 Divisions.** For all purposes under the Loan Papers, in connection with any division or plan of division under Delaware law (or any comparable event under a different jurisdiction's laws): (a) if any asset, right, obligation or liability of any Person becomes the asset, right, obligation or liability of a different Person, then it shall be deemed to have been transferred from the

original Person to the subsequent Person, and (b) if any new Person comes into existence, such new Person shall be deemed to have been organized on the first date of its existence by the holders of its Capital Stock at such time.

## ARTICLE II

### LOANS

**Section 2.1 Commitments.** Subject to the terms and conditions and relying upon the representations and warranties herein set forth, each Bank, severally and not jointly, agrees to make revolving credit loans in dollars to the Company, at any time and from time to time on and after the Effective Date and until the earlier of the Termination Date and the termination of the Commitment of such Bank in accordance with the terms hereof. Notwithstanding the foregoing, (a) the aggregate principal amount at any time outstanding of all Committed Loans of a Bank shall not exceed such Bank's Commitment and (b) the Total Commitment shall be deemed used from time to time to the extent of the L/C Obligations, and such deemed use of the Total Commitment shall be applied to the Banks ratably according to their respective Commitments, subject, however, to the conditions that (i) at no time shall (A) the sum of (x) the outstanding aggregate principal amount of all Committed Loans made by all Banks and (y) the L/C Obligations exceed (B) the Total Commitment, and (ii) at all times the outstanding aggregate principal amount of all Committed Loans made by a Bank shall equal the product of (x) the percentage which its Commitment represents of the Total Commitment times (y) the outstanding aggregate principal amount of all Committed Loans obligated to have been made by all Banks.

Within the foregoing limits, the Company may borrow, repay, prepay, and reborrow hereunder, on and after the Effective Date and prior to the Termination Date, subject to the terms, provisions, and limitations set forth herein.

**Section 2.2 Committed Borrowing Procedure.** In order to effect a Committed Borrowing, the Company shall hand deliver, telecopy or e-mail to the Paying Agent a duly completed request for Committed Borrowing, substantially in the form of Exhibit A hereto (a "Notice of Committed Borrowing"), (i) in the case of Term Benchmark Loans, not later than 11:00 a.m., New York City time, three U.S. Government Securities Business Days before the Borrowing Date specified for a proposed Committed Borrowing, and (ii) in the case of Alternate Base Loans, not later than 11:00 a.m., New York City time, on the Business Day which is the Borrowing Date specified for a proposed Committed Borrowing. Such notice shall be irrevocable and shall in each case refer to this Agreement and specify (x) whether the Loans then being requested are to be Term Benchmark Loans, or Alternate Base Loans, (y) the Borrowing Date of such Loans (which shall be a Business Day) and the aggregate amount thereof (which shall not be less than \$10,000,000 and shall be an integral multiple of \$1,000,000) and (z) in the case of a Term Benchmark Loan, the Interest Period with respect thereto (which shall not end later than the Termination Date). If no Interest Period with respect to any Term Benchmark Loan is specified in any such Notice of Committed Borrowing, then the Company shall be deemed to have selected an Interest Period of one month's duration. Promptly, and in any event on the same day the Paying Agent receives a Notice of Committed Borrowing pursuant to this Section 2.2 if such notice is received by 11:00 a.m., New York City time on a Business Day and otherwise on the next succeeding Business Day, the Paying Agent shall advise the other Banks of such Notice of Committed Borrowing and of each Bank's portion of the requested Committed Borrowing by telecopier or e-mail. Each Committed Borrowing shall consist of Loans of the same Type made on the same day and having the same Interest Period.

### Section 2.3 Refinancings; Conversions.

(a) The Company may refinance all or any part of any Loan with a Loan of the same or a different type made pursuant to Section 2.2, subject to the conditions and limitations set forth herein and elsewhere in this Agreement. Any Loan or part thereof so refinanced shall be deemed to be repaid in accordance with Section 2.17 with the proceeds of a new Borrowing hereunder and the proceeds of the new Loan, to the extent they do not exceed the principal amount of the Loan being refinanced, shall not be paid by the Banks to the Paying Agent or by the Paying Agent to the Company pursuant to Section 2.6(c); provided, however, that (i) if the principal amount extended by a Bank in a refinancing is greater than the principal amount extended by such Bank in the Borrowing being refinanced, then such Bank shall pay such difference to the Paying Agent for distribution to the Banks described in (ii) below, (ii) if the principal amount extended by a Bank in the Borrowing being refinanced is greater than the principal amount being extended by such Bank in the refinancing, the Paying Agent shall return the difference to such Bank out of amounts received pursuant to (i) above, (iii) to the extent any Bank fails to pay the Paying Agent amounts due from it pursuant to (i) above, any Loan or portion thereof being refinanced shall not be deemed repaid in accordance with Section 2.17 to the extent of such failure and the Company shall pay such amount to the Paying Agent pursuant to Section 2.17 and (iv) to the extent the Company fails to pay to the Paying Agent any amounts due in accordance with Section 2.17 as a result of the failure of a Bank to pay the Paying Agent any amounts due as described in (iii) above, the portion of any refinanced Loan deemed not repaid shall be deemed to be outstanding solely to the Bank which has failed to pay the Paying Agent amounts due from it pursuant to (i) above to the full extent of such Bank's portion of such refinanced Loan.

(b) Subject to the conditions and limitations set forth in this Agreement, the Company shall have the right from time to time to convert all or part of one Type of Committed Loan into another Type of Committed Loan or to continue all or a part of any Committed Loan that is a Term Benchmark Loan from one Interest Period to another Interest Period by giving the Paying Agent written notice (by means of a Notice of Committed Borrowing) (i) in the case of Term

Benchmark Loans, not later than 11:00 a.m., New York City time, three Business Days before the date specified for such proposed conversion or continuation, and (ii) in the case of Alternate Base Loans, not later than 11:00 a.m., New York City time, on the Business Day which is the date specified for such proposed conversion or continuation. Such notice shall specify (A) the proposed date for conversion or continuation, (B) the amount of the Committed Loan to be converted or continued, (C) in the case of conversions, the Type of Committed Loan to be converted into, and (D) in the case of a continuation of or conversion into a Term Benchmark Loan, the duration of the Interest Period applicable thereto; provided that (1) Term Benchmark Loans may be converted only on the last day of the applicable Interest Period, (2) except for conversions to Alternate Base Loans, no conversion shall be made while a Default or Event of Default has occurred and is continuing and no continuations of any Term Benchmark Loan from one Interest Period to another Interest Period shall be made while a Default or Event of Default has occurred and is continuing, unless such conversion or continuation has been approved by Majority Banks, and (3) each such conversion or continuation shall be in an amount not less than \$10,000,000 and shall be an integral multiple of \$1,000,000. All notices given under this Section shall be irrevocable. If the Company shall fail to give the Paying Agent the notice as specified above for continuation or conversion of a Term Benchmark Loan prior to the end of the Interest Period with respect thereto, such Term Benchmark Loan shall automatically be converted into an Alternate Base Loan on the last day of the Interest Period for such Term Benchmark Loan.

**Section 2.4 Fees.** The Company agrees to pay to each Bank, through the Paying Agent, on each Quarterly Payment Date and on the Termination Date in arrears, in immediately available funds, a commitment fee (a "Commitment Fee") calculated by multiplying the Applicable Rate by the amount of the average daily Available Revolving Commitment of such Bank during the preceding three-month period (or shorter period commencing with the Effective Date and/or ending with the Termination Date). All Commitment Fees shall be computed by the Paying Agent on the basis of the actual number of

days elapsed in a year of 360 days, and shall be conclusive and binding for all purposes, absent manifest error. The Commitment Fee due to each Bank shall commence to accrue on the Effective Date and shall cease to accrue on the Termination Date or, if earlier, the date of the termination of the Commitment of such Bank as provided herein.

#### **Section 2.5 Termination and Reduction of Commitments.**

(a) Subject to Section 2.11(b), the Company may permanently terminate, or from time to time in part permanently reduce, the Total Commitment, in each case upon at least three Business Days' prior (or, in the case of a refinancing or new facility with one or more of the Agents, on a same-day basis with) written notice to the Paying Agent (who shall promptly forward a copy thereof to each Bank); provided that the Company shall not terminate or reduce the Total Commitments if, after giving effect to any concurrent prepayment of the Loans in accordance with Section 2.11, any Bank's Revolving Credit Exposure would exceed its Commitment. Such notice shall specify the date and the amount of the termination or reduction of the Total Commitment. Each such partial reduction of the Total Commitment shall be in a minimum aggregate principal amount of \$10,000,000 and in an integral multiple of \$1,000,000.

(b) On the Termination Date the Total Commitment shall be zero.

(c) Each reduction in the Total Commitment pursuant to this Section 2.5 shall be made ratably among the Banks in accordance with their respective Commitments. Simultaneously with any termination of Commitments pursuant to this Section, the Company shall pay to the Paying Agent for account of the Banks the Commitment Fees on the amount of the Total Commitment so terminated, accrued through the date of such termination.

#### **Section 2.6 Loans.**

(a) Each Borrowing made by the Company on any date shall be in an integral multiple of \$1,000,000 and in a minimum aggregate principal amount of \$10,000,000. Committed Loans shall be made by the Banks ratably in accordance with their respective Commitments on the Borrowing Date of the Committed Borrowing; provided, however, that the failure of any Bank to make any Loan shall not in itself relieve any other Bank of its obligation to lend hereunder.

(b) Each Committed Loan shall be a Term Benchmark Loan or an Alternate Base Loan, as the Company may request subject to and in accordance with Section 2.2 or Section 2.3(b), as applicable. Each Bank may at its option make any Term Benchmark Loan by causing any branch or Affiliate of such Bank to make such Loan; provided, however, that any exercise of such option shall not affect the obligation of the Company to repay such Loan in accordance with the terms of this Agreement or increase the Company's obligations to such Bank hereunder. Loans of more than one interest rate option may be outstanding at the same time; provided, however, that the Company shall not be entitled to request any Loan which, if made, would result in an aggregate of more than ten separate Interest Periods being outstanding hereunder at any one time. For purposes of the foregoing, Loans having different Interest Periods, regardless of whether they commence on the same date, shall be considered separate Loans.

(c) Subject to Section 2.3, each Bank shall make its portion of each Committed Borrowing on the proposed Borrowing Date thereof by paying the amount required to the Paying Agent at the Principal Office in immediately available funds not later than 1:00 p.m., New York City time, and the Paying Agent shall by 2:00 p.m., New York City time, credit the amounts so received to the general deposit account of the Company with the Paying Agent or, if Loans are not made on such date because

any condition precedent to a Borrowing herein specified shall not have been met, return the amounts so received to the respective Banks as soon as practicable; provided, however, if and to the extent the Paying Agent fails to return any such amounts to a Bank on the Borrowing Date for such Borrowing, the Paying Agent

shall pay interest on such unreturned amounts, for each day from such Borrowing Date to the date such amounts are returned to such Bank, at the Federal Funds Effective Rate.

(d) The outstanding principal amount of each Committed Loan shall be due and payable on the Termination Date.

#### Section 2.7 Loan Accounts.

(a) The Loans made by each Bank shall be evidenced by one or more loan accounts or records maintained by such Bank in the ordinary course of business. Absent manifest error, the loan accounts or records maintained by the Paying Agent and each Bank shall be *prima facie* evidence of the amount of the Loans made by the Banks to the Company and the interest and payments thereon. Any failure so to record or any error in doing so shall not, however, limit or otherwise affect the obligation of the Company hereunder to pay any amount owing with respect to the Loans.

(b) Upon the request of any Bank made through the Paying Agent, the Loans made by such Bank may be evidenced by one or more Notes, instead of or in addition to loan accounts, and upon any such request the Company shall execute and deliver such Notes to such Bank. Each such Bank shall, and is hereby authorized by the Company to, endorse on the schedule attached to the relevant Note held by such Bank (or on a continuation of such schedule attached to each such Note and made a part thereof) or in its records relating to such Note an appropriate notation evidencing the date and amount of each Committed Loan of such Bank, each payment or prepayment of principal of any Committed Loan, and the other information provided for on such schedule. The failure of any Bank to make such a notation or any error therein shall not in any manner affect the obligation of the Company to repay the Committed Loans made by such Bank in accordance with the terms of the relevant Note.

#### Section 2.8 Interest on Loans.

(a) Subject to the provisions of Section 2.9, each Term Benchmark Loan shall bear interest at a rate per annum (computed on the basis of the actual number of days elapsed over a year of 360 days) equal to the Adjusted Term SOFR Rate for the Interest Period in effect for such Loan plus the Applicable Rate. Interest on each Term Benchmark Loan shall be payable on each Interest Payment Date applicable thereto. The applicable Adjusted Term SOFR Rate for each Interest Period shall be determined by the Paying Agent, and such determination shall be conclusive absent manifest error.

(b) Subject to the provisions of Section 2.9, each Alternate Base Loan shall bear interest at the rate per annum equal to the Alternate Base Rate plus the Applicable Rate (if the Alternate Base Rate is based on the Prime Rate, computed on the basis of the actual number of days elapsed over a year of 365 or 366 days, as the case may be; if the Alternate Base Rate is based on the Adjusted Term SOFR Rate or the Federal Funds Effective Rate, computed on the basis of the actual number of days elapsed over a year of 360 days). Interest on each Alternate Base Loan shall be payable on each Interest Payment Date applicable thereto. The applicable Alternate Base Rate shall be determined by the Paying Agent, and such determination shall be conclusive absent manifest error.

Section 2.9 Interest on Overdue Amounts. If the Company shall default in the payment of the principal of or interest on any Loan or any other amount becoming due hereunder, the Company shall on demand from time to time pay interest, to the extent permitted by Law, on such defaulted amount up to (but not including) the date of actual payment (after as well as before judgment) at

a rate per annum equal to (i) in the case of the principal amount of any Term Benchmark Loan, 2% above the rate otherwise applicable thereto and (ii) in all other cases, the Agreed Maximum Rate (if the Alternate Base Rate is based on the Prime Rate, computed on the basis of the actual number of days elapsed over a year of 365 or 366 days, as the case may be; if the Alternate Base Rate is based on the Adjusted Term SOFR Rate or the Federal Funds Effective Rate, computed on the basis of the actual number of days elapsed over a year of 360 days).

#### Section 2.10 Alternate Rate of Interest.

(a) Subject to clauses (b), (c), (d), (e) and (f) of this Section 2.10, if:

(i) the Paying Agent determines (which determination shall be conclusive absent manifest error) (A) prior to the commencement of any Interest Period for a Term Benchmark Borrowing, that adequate and reasonable means do not exist for ascertaining the Adjusted Term SOFR Rate (including because the Term SOFR Reference Rate is not available or published on a current basis), for such Interest Period or (B) at any time, that adequate and reasonable means do not exist for ascertaining the applicable Adjusted Daily Simple SOFR Rate; or

(ii) the Paying Agent is advised by the Majority Banks that (A) prior to the commencement of any Interest Period for a Term Benchmark Borrowing, the Adjusted Term SOFR Rate for such Interest Period will not adequately and fairly reflect the cost to such Banks (or Bank) of making or maintaining their Loans (or its Loan) included in such Borrowing for such Interest Period or (B) at any time, Adjusted Daily Simple SOFR Rate will not adequately and fairly reflect the cost to such Banks (or Bank) of making or maintaining their Loans (or its Loan) included in such Borrowing;

then the Paying Agent shall give notice thereof to the Company and the Banks by telephone, telecopy or electronic mail as promptly as practicable thereafter and, until (x) the Paying Agent notifies the Company and the Banks that the circumstances giving rise to such notice no longer exist with respect to the relevant Benchmark and (y) the Company delivers a new Notice of Committed Borrowing in accordance with the terms of Section 2.3, any Notice of Committed Borrowing that requests the conversion of any Borrowing to, or continuation of any Borrowing as, a Term Benchmark Borrowing and any Notice of Committed Borrowing that requests a Term Benchmark Borrowing shall instead be deemed to be an Notice of Committed Borrowing for (x) an Adjusted Daily Simple SOFR Rate Borrowing so long as the Adjusted Daily Simple SOFR Rate is not also the subject of Section 2.10(a)(i) or (ii) above or (y) an Alternate Base Rate Borrowing if the Adjusted Daily

Simple SOFR Rate also is the subject of Section 2.10(a)(i) or (ii) above; provided that if the circumstances giving rise to such notice affect only one Type of Borrowings, then all other Types of Borrowings shall be permitted. Furthermore, if any Term Benchmark Loan or Adjusted Daily Simple SOFR Rate Loan is outstanding on the date of the Company's receipt of the notice from the Paying Agent referred to in this Section 2.10(a) with respect to a Relevant Rate applicable to such Term Benchmark Loan, then until (x) the Paying Agent notifies the Company and the Banks that the circumstances giving rise to such notice no longer exist with respect to the relevant Benchmark and (y) the Company delivers a new Notice of Committed Borrowing in accordance with the terms of Section 2.3, (1) any Term Benchmark Loan shall on the last day of the Interest Period applicable to such Loan, be converted by the Paying Agent to, and shall constitute, (x) an Adjusted Daily Simple SOFR Rate Borrowing so long as the Adjusted Daily Simple SOFR Rate is not also the subject of Section 2.10(a)(i) or (ii) above or (y) an Alternate Base Loan if the Adjusted Daily Simple SOFR Rate also is the subject of Section 2.10(a)(i) or (ii) above, on such day, and (2) any Adjusted Daily Simple SOFR Rate Loan shall on and from such day be converted by the Paying Agent to, and shall constitute, an Alternate Base Loan.

(b) Notwithstanding anything to the contrary herein or in any other Loan Paper, if a Benchmark Transition Event and its related Benchmark Replacement Date have occurred prior to the Reference Time in respect of any setting of the then-current Benchmark, then (x) if a Benchmark Replacement is determined in accordance with clause (1) of the definition of "Benchmark Replacement" for such Benchmark Replacement Date, such Benchmark Replacement will replace such Benchmark for all purposes hereunder and under any Loan Paper in respect of such Benchmark setting and subsequent Benchmark settings without any amendment to, or further action or consent of any other party to, this Agreement or any other Loan Paper and (y) if a Benchmark Replacement is determined in accordance with clause (2) of the definition of "Benchmark Replacement" for such Benchmark Replacement Date, such Benchmark Replacement will replace such Benchmark for all purposes hereunder and under any Loan Paper in respect of any Benchmark setting at or after 5:00 p.m. (New York City time) on the fifth (5th) Business Day after the date notice of such Benchmark Replacement is provided to the Banks without any amendment to, or further action or consent of any other party to, this Agreement or any other Loan Paper so long as the Paying Agent has not received, by such time, written notice of objection to such Benchmark Replacement from Banks comprising the Majority Banks.

(c) Notwithstanding anything to the contrary herein or in any other Loan Paper, the Paying Agent will have the right to make Benchmark Replacement Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in any other Loan Paper, any amendments implementing such Benchmark Replacement Conforming Changes will become effective without any further action or consent of any other party to this Agreement or any other Loan Paper.

(d) The Paying Agent will promptly notify the Company and the Banks of (1) any occurrence of a Benchmark Transition Event, (2) the implementation of any Benchmark Replacement, (3) the effectiveness of any Benchmark Replacement Conforming Changes, (4) the removal or reinstatement of any tenor of a Benchmark pursuant to clause (f) below and (5) the commencement or conclusion of any Benchmark Unavailability Period. Any determination, decision or election that may be made by the Paying Agent or, if applicable, any Bank (or group of Banks) pursuant to this Section 2.10, including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection, will be conclusive and binding absent manifest error and may be made in its or their sole discretion and without consent from any other party to this Agreement or any other Loan Paper, except, in each case, as expressly required pursuant to this Section 2.10.

(e) Notwithstanding anything to the contrary herein or in any other Loan Paper, at any time (including in connection with the implementation of a Benchmark Replacement), (1) if the then-current Benchmark is a term rate (including the Term SOFR Rate) and either (a) any tenor for such Benchmark is not displayed on a screen or other information service that publishes such rate from time to time as selected by the Paying Agent in its reasonable discretion or (b) the regulatory supervisor for the administrator of such Benchmark has provided a public statement or publication of information announcing that any tenor for such Benchmark is or will be no longer representative, then the Paying Agent may modify the definition of "Interest Period" for any Benchmark settings at or after such time to remove such unavailable or non-representative tenor and (2) if a tenor that was removed pursuant to clause (1) above either (A) is subsequently displayed on a screen or information service for a Benchmark (including a Benchmark Replacement) or (B) is not, or is no longer, subject to an announcement that it is or will no longer be representative for a Benchmark (including a Benchmark Replacement), then the Paying Agent may modify the definition of "Interest Period" for all Benchmark settings at or after such time to reinstate such previously removed tenor.

(f) Upon the Company's receipt of notice of the commencement of a Benchmark Unavailability Period, the Company may revoke any request for a Term Benchmark Borrowing of,

conversion to or continuation of Term Benchmark Loans to be made, converted or continued during any Benchmark Unavailability Period and, failing that, the Company will be deemed to have converted any request for a Term Benchmark Borrowing into a request for a Borrowing of or conversion to (A) an Adjusted Daily Simple SOFR Rate Borrowing so long as the Adjusted Daily Simple SOFR Rate is not the subject of a Benchmark Transition Event or (B) an Alternate Base Rate Borrowing if the Adjusted Daily Simple SOFR Rate is the subject of a Benchmark Transition Event. During any Benchmark Unavailability Period or at any time that a tenor for the then-current Benchmark is not an Available Tenor, the component of the Alternate Base Rate based upon the then-current Benchmark or such tenor for such Benchmark, as applicable, will not be used in any determination of the Alternate Base Rate. Furthermore, if any Term Benchmark Loan is outstanding on the date of the Company's receipt of notice of the commencement of a Benchmark Unavailability Period with respect to a Relevant Rate applicable to such Term Benchmark Loan, then until such time as a Benchmark Replacement is implemented pursuant to this Section 2.10, any Term Benchmark Loan shall on the last day of the Interest Period applicable to such Loan, be converted by the Paying Agent to, and shall constitute, (x) an Adjusted Daily Simple SOFR Rate Borrowing so long as the Adjusted Daily Simple SOFR Rate is not the subject of a Benchmark Transition Event or (y) an Alternate Base Loan if the Adjusted Daily Simple SOFR Rate is the subject of a Benchmark Transition Event, on such day.

## Section 2.11 Prepayment of Loans.

(a) Prior to the Termination Date, the Company shall have the right at any time to prepay any Committed Borrowing, in whole or in part, subject to the requirements of Section 2.14 or Section 2.15 but otherwise without premium or penalty, upon at least five Business Days prior written notice to the Paying Agent; provided, however, that each such partial prepayment shall be in an integral multiple of \$1,000,000 and in a minimum aggregate principal amount of \$5,000,000. Each notice of prepayment shall specify the prepayment date and the aggregate principal amount of each Borrowing to be prepaid, shall be irrevocable and shall commit the Company to prepay such Borrowing by the amount stated therein.

(b) On the date of any termination or reduction of the Total Commitment pursuant to Section 2.5(a), the Company shall pay or prepay so much of the Loans as shall be necessary in order that the sum of (x) the aggregate principal amount of the Loans outstanding and (y) the L/C Obligations will not exceed the Total Commitment following such termination or reduction. Subject to the foregoing, any such payment or prepayment shall be applied to such Borrowing or Borrowings as the Company shall select. All prepayments under this paragraph shall be subject to Section 2.14 and Section 2.15.

(c) All prepayments under this Section 2.11 shall be accompanied by accrued interest on the principal amount being prepaid to the date of prepayment.

#### Section 2.12 Reserve Requirements; Change in Circumstances.

(a) Notwithstanding any other provision herein, if after the date of this Agreement any Regulatory Change or change in any Law (i) shall subject the Paying Agent, a Bank or an Issuing Bank to any Taxes (other than (w) Indemnified Taxes, (x) Taxes described in clauses (c) and (e) of Excluded Taxes, (y) Other Taxes and (z) Other Connection Taxes imposed on or measured by net income (however denominated) or that are franchise Taxes or branch profits Taxes) on its loans, loan principal, letters of credit, commitments, or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto, (ii) shall impose, modify, or deem applicable any reserve, special deposit, compulsory loan, insurance charge or similar requirement with respect to any Term Benchmark Loan against assets of, deposits with or for the account of, or credit extended by, such Bank under this Agreement, or (iii) with respect to any Term Benchmark Loan, shall impose on such Bank any other condition, cost or expense affecting this Agreement or any Term Benchmark Loan made by such Bank, and the result of any of the foregoing shall be to materially increase the actual cost to such Bank (or such Paying Agent or Issuing Bank in the case of (i)) of maintaining its Commitment or of making, converting to, continuing or maintaining any Term Benchmark Loan or to materially reduce the amount of any sum received or receivable by such Bank (or such Paying Agent or Issuing Bank in the case of (i)) hereunder (whether of principal, interest, or otherwise) in respect thereof, then the Company shall pay to the Paying Agent for the account of such Bank (or such Paying Agent or Issuing Bank in the case of (i)), within ten days following delivery to the Company of the certificate specified in paragraph (c) below by such Bank (or such Paying Agent or Issuing Bank in the case of (i)), such additional amount or amounts as will reimburse such Bank (or such Paying Agent or Issuing Bank in the case of (i)) for such increase or reduction to such Bank (or such Paying Agent or Issuing Bank in the case of (i)) to the extent reasonably allocable to this Agreement.

(b) If any Bank shall have determined in good faith that any Regulatory Change regarding capital or liquidity requirements or compliance by any Bank (or its parent or any lending office of such Bank) with any request or directive issued subsequent to the Effective Date regarding capital or liquidity requirements (whether or not having the force of Law) of any Tribunal, monetary authority, central bank, or comparable agency, has or would have the effect of reducing the rate of return on such Bank's (or its parent's) capital as a consequence of its obligations hereunder to a level below that which such Bank (or its parent) could have achieved but for such Regulatory Change, or compliance (taking into consideration such Bank's policies with respect to capital adequacy or liquidity) by an amount deemed by such Bank to be material, then from time to time, the Company shall pay to the Paying Agent for the account of such Bank, within ten days following delivery to the Company of the certificate specified in paragraph (d) below by such Bank, such additional amount or amounts as will reimburse such Bank (or its parent) for such reduction.

(c) Notwithstanding anything herein to the contrary, (i) all requests, rules, guidelines, requirements and directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or by United States or foreign regulatory authorities, in each case pursuant to Basel III, and (ii) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines, requirements and directives thereunder or issued in connection therewith or in implementation thereof, shall in each case be deemed to be a Regulatory Change and a change in Law, regardless of the date enacted, adopted or issued.

(d) Each Bank or the Paying Agent or each Issuing Bank shall notify the Company of any event occurring after the date hereof entitling such Bank to compensation under paragraph (a) or (b) of this Section 2.12 (together with a good faith estimate of the amounts it would be entitled to claim in respect of such event) as promptly as practicable, but in any event on or before the date which is 60 days after the related Regulatory Change, change in any Law or other event; provided that (i) if such Bank or the Paying Agent or such Issuing Bank fails to give such notice by such date, such Bank or the Paying Agent or such Issuing Bank shall, with respect to compensation payable pursuant to paragraph (a) or (b) of this Section 2.12 in respect of any costs resulting from such Regulatory Change, change in any Law or other event, only be entitled to payment under paragraph (a) or (b) of this Section 2.12 for costs incurred from and after the date of such notice and (ii) such Bank or the Paying Agent or such Issuing Bank will take such reasonable actions, if any (including the designation of a different Applicable Lending Office for the Loans of such Bank affected by such event) to avoid the need for, or reduce the amount of, such compensation so long as such actions will not, in the reasonable opinion of such Bank or the Paying Agent or such Issuing Bank, be materially disadvantageous to such Bank or the Paying Agent or such Issuing Bank, as the case may be. A certificate of a Bank or the Paying Agent or such Issuing Bank setting forth in reasonable detail (i) the Regulatory Change, change in any Law or other event giving rise to any costs, (ii) such amount or amounts as shall be necessary to reimburse such Bank or the Paying

Agent or such Issuing Bank (or participating banks or other entities pursuant to Section 9.11) as specified in paragraph (a) or (b) of this Section 2.12, as the case may be, and (iii) the calculation of such amount or amounts, shall be delivered to the Company (with a copy to the Paying Agent) promptly after such Bank or the

Paying Agent or such Issuing Bank determines it is entitled to payment under this Section 2.12, and shall be conclusive and binding absent manifest error. In preparing such certificate, such Bank or the Paying Agent or such Issuing Bank may employ such assumptions and allocations of costs and expenses as it shall in good faith deem reasonable and may use any reasonable averaging and attribution method.

(e) In the event any Bank shall seek payment pursuant to this Section 2.12 or the events contemplated under Section 2.10 or Section 2.13 shall have occurred with respect to any Bank, the Company shall have the right to replace such Bank with, and add as "Banks" under this Agreement in place thereof, one or more assignees as provided in Section 2.23(b).

(f) Without prejudice to the survival of any other obligations of the Company hereunder, the obligations of the Company under this Section 2.12 shall survive for one year after the termination of this Agreement and/or the payment or assignment of any of the Loans or Notes.

### Section 2.13 Change in Legality.

(a) Notwithstanding anything to the contrary herein contained, if any Regulatory Change shall make it unlawful for any Bank to make or maintain any Term Benchmark Loan or to give effect to its obligations in respect of Term Benchmark Loans as contemplated hereby, then, by prompt written notice to the Company and to the Paying Agent, such Bank may:

(i) declare that Term Benchmark Loans will not thereafter be made by such Bank hereunder, whereupon the Company shall be prohibited from requesting Term Benchmark Loans from such Bank hereunder unless such declaration is subsequently withdrawn; and

(ii) if such unlawfulness shall be effective prior to the end of any Interest Period of an outstanding Term Benchmark Loan, require that all outstanding Term Benchmark Loans with such Interest Periods made by it be converted to Alternate Base Loans, in which event (A) all such Term Benchmark Loans shall be automatically converted to Alternate Base Loans as of the effective date of such notice as provided in paragraph (b) below and (B) all payments and prepayments of principal which would otherwise have been applied to repay the converted Term Benchmark Loans shall instead be applied to repay the Alternate Base Loans resulting from the conversion of such Term Benchmark Loans.

(b) For purposes of this Section 2.13, a notice to the Company (with a copy to the Paying Agent) by any Bank pursuant to paragraph (a) above shall be effective on the date of receipt thereof by the Company. Any Bank having furnished such a notice agrees to withdraw the same promptly following any Regulatory Change that makes it lawful for such Bank to make and maintain Term Benchmark Loans.

(c) If, with respect to any Bank, a condition arises or an event occurs which would, or would upon the giving of notice, result in the payment of amounts pursuant to Section 2.12 or permit such Bank, pursuant to this Section 2.13, to suspend its obligation to make Term Benchmark Loans, such Bank, promptly upon becoming aware of the same, shall notify the Company thereof and shall take such steps as may reasonably be available to it (including, without limitation, changing its Applicable Lending Office) to mitigate the effects of such condition or event, provided that such Bank shall be under no

obligation to take any step that, in its good faith opinion, would (a) result in its incurring any additional costs in performing its obligations hereunder and under any outstanding Loan (unless the Company has notified such Bank of the Company's agreement to reimburse it for the same) or (b) be otherwise adverse to such Bank in a material respect.

**Section 2.14 Indemnity.** The Company shall indemnify each Bank against any loss or reasonable expense which such Bank may sustain or incur as a consequence of (a) any failure by the Company to fulfill on the date of any Borrowing hereunder the applicable conditions set forth in Article IV, (b) any failure by the Company to borrow hereunder after a Notice of Committed Borrowing pursuant to Article II has been given, (c) any payment, prepayment, or conversion of a Term Benchmark Loan required by any other provision of this Agreement or otherwise made on a date other than the last day of the applicable Interest Period for any reason, including without limitation the acceleration of outstanding Loans as a result of any Event of Default or (d) any failure by the Company for any reason (including without limitation the existence of a Default or an Event of Default) to pay, prepay or convert a Term Benchmark Loan on the date for such payment, prepayment or conversion, specified in the relevant notice of payment, prepayment or conversion under this Agreement. The indemnity of the Company pursuant to the immediately preceding sentence shall include, but not be limited to, any loss or reasonable expense sustained or incurred or to be sustained or incurred in liquidating or employing deposits from third parties acquired to effect or maintain such Loan or any part thereof as a Term Benchmark Loan. Such loss or reasonable expense shall include, without limitation, an amount equal to the excess, if any, as reasonably determined by each Bank of (i) its cost of obtaining the funds for the Loan being paid, prepaid, or converted or not borrowed, paid, prepaid or converted (based on the Adjusted Term SOFR Rate) for the period from the date of such payment, prepayment, or conversion or failure to borrow, pay, prepay or convert to the last day of the Interest Period for such Loan (or, in the case of a failure to borrow, pay, prepay or convert, the Interest Period for the Loan which would have commenced on the date of such failure to borrow, pay, prepay or convert) over (ii) the amount of interest (as reasonably determined by such Bank) that would be realized by such Bank in reemploying the funds so paid, prepaid, or converted or not borrowed, paid, prepaid or converted for such period or Interest Period, as the case may be. A certificate of each Bank setting forth any amount or amounts and, in reasonable detail, the computations thereof, which such Bank is entitled to receive pursuant to this Section 2.14 shall be delivered to the Company (with a copy to the Paying Agent) and shall be conclusive, if made in good faith, absent manifest error. The Company shall pay to the Paying Agent for the account of each Bank the amount shown as due on any certificate within 30 days after its receipt of the same. The obligations of the Company pursuant to this Section 2.14 shall survive the termination of this Agreement and/or the payment or assignment of any of the Loans or Notes.

**Section 2.15 Pro Rata Treatment.** Except as permitted under Section 2.12(d) and Section 2.14 with respect to interest and Section 2.25(e) with respect to principal and interest, (a) each payment or prepayment of principal and each payment of interest with respect to a Committed Borrowing shall be made

pro rata among the Banks in accordance with the respective principal amounts of the Loans extended by each Bank, if any, with respect to such Committed Borrowing, and (b) conversions of Committed Loans to Committed Loans of another Type, continuations of Committed Loans that are Term Benchmark Loans from one Interest Period to another Interest Period, and Committed Loans which are not refinancings of other Loans shall be made pro rata among the Banks in accordance with their respective Commitments.

**Section 2.16 Sharing of Setoffs.** Each Bank agrees that if it shall through the exercise of a right of banker's lien, setoff, or counterclaim against the Company (pursuant to Section 9.6 or otherwise), including, but not limited to, a secured claim under Section 506 of Title 11 of the United States Code or other security or interest arising from, or in lieu of, such secured claim, received by such Bank under any applicable Debtor Relief Law or otherwise, obtain payment (voluntary or involuntary) in

respect of the Committed Loans held by it (other than pursuant to Section 2.12, or Section 2.14) as a result of which the unpaid principal portion of the Committed Loans held by it shall be proportionately less than the unpaid principal portion of the Committed Loans held by any other Bank, it shall be deemed to have simultaneously purchased from such other Bank a participation in the Committed Loans held by such other Bank, so that the aggregate unpaid principal amount of the Committed Loans and participations in Committed Loans pursuant to this Section 2.16 held by each Bank shall be in the same proportion to the aggregate unpaid principal amount of all Committed Loans then outstanding as the principal amount of the Committed Loans held by it prior to such exercise of banker's lien, setoff, or counterclaim was to the principal amount of all Committed Loans outstanding prior to such exercise of banker's lien, setoff, or counterclaim; provided, however, that if any such purchase or purchases or adjustments shall be made pursuant to this Section 2.16 and the payment giving rise thereto shall thereafter be recovered, such purchase or purchases or adjustments shall be rescinded to the extent of such recovery and the purchase price or prices or adjustment restored without interest. The Company expressly consents to the foregoing arrangements and agrees that any Bank holding a participation in a Committed Loan deemed to have been so purchased may exercise any and all rights of banker's lien, setoff, or counterclaim with respect to any and all moneys owing by the Company to such Bank as fully as if such Bank had made a Committed Loan directly to the Company in the amount of such participation.

**Section 2.17 Payments.**

(a) The Company shall make each payment hereunder and under any instrument delivered hereunder not later than 12:00 noon (New York City time) on the day when due in dollars, without setoff or counterclaim, to the Paying Agent at its Principal Office for the account of the Banks, in federal or other immediately available funds. The Paying Agent will promptly thereafter cause to be distributed like funds relating to the payment of principal of or interest on Committed Loans (other than pursuant to Section 2.12 and Section 2.14) or Commitment Fees ratably to the Banks and like funds relating to the payment of any other amount payable to any Bank to such Bank for the account of its Applicable Lending Office, in each case to be applied in accordance with the terms of this Agreement.

(b) Whenever any payment hereunder or under any Note shall be stated to be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day, and such extension of time shall in all such cases be included in the computation of payment of interest or Commitment Fee, as the case may be; provided, however, if such extension would cause payment of interest on or principal of a Term Benchmark Loan to be made in the next following calendar month, such payment shall be made on the next preceding Business Day.

(c) Unless the Paying Agent shall have received notice from the Company prior to the date on which any payment is due to the Banks hereunder that the Company will not make such payment in full, the Paying Agent may assume that the Company has made or will make such payment in full to the Paying Agent on such date and the Paying Agent may, in reliance upon such assumption, cause to be distributed to each Bank on such due date an amount equal to the amount then due such Bank. If and to the extent the Company shall not have so made such payment in full to the Paying Agent, each Bank shall repay to the Paying Agent forthwith on demand such amount distributed to such Bank together with interest thereon, for each day from the date such amount is distributed to such Bank until the date such Bank repays such amount to the Paying Agent, at the Federal Funds Effective Rate.

**Section 2.18 Taxes.**

(a) Each payment by the Company under this Agreement or any Loan Papers shall be made without withholding for any Taxes, unless such withholding is required by applicable Law. If any Withholding Agent determines, in its sole discretion exercised in good faith, that it is so required to

withhold Taxes, then such Withholding Agent may so withhold and shall timely pay the full amount of withheld Taxes to the relevant Governmental Authority in accordance with applicable Law. If such Taxes are Indemnified Taxes, then the amount payable by the Company shall be increased as necessary so that, net of such withholding (including such withholding applicable to additional amounts payable under this Section), the amounts received with respect to this Agreement equal the amount which would have received had no such withholding been made.

(b) The Company shall timely pay any Other Taxes to the relevant Governmental Authority in accordance with applicable Law.

(c) As soon as practicable after any payment of Indemnified Taxes by the Company to a Governmental Authority, the Company shall deliver to the Paying Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Paying Agent.

(d) The Company shall indemnify the Paying Agent and each Bank, within 30 days after demand therefor, for the full amount of Indemnified Taxes (including, without limitation, any Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section 2.18) payable or paid by the Paying Agent or such Bank (or its beneficial owner), as the case may be, and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Company by a Bank (with a copy to the Paying Agent), or by the Paying Agent on its own behalf or on behalf of a Bank, shall be conclusive, if made in good faith, absent manifest error.

(e) Each Bank shall severally indemnify the Paying Agent, within 10 days after demand therefor, for the full amount of any Taxes attributable to such Bank that are payable or paid by the Paying Agent, and reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority, but only to the extent that the Company has not already indemnified the Paying Agent for such Indemnified Taxes and without limiting the obligation of the Company to do so. A certificate as to the amount of such payment or liability delivered to any Bank by the Paying Agent shall be conclusive absent manifest error. For the avoidance of doubt, there shall be no double recovery under this paragraph where the indemnified party has been indemnified for the same loss under a separate provision of the agreement.

(f) (i) Any Bank that is entitled to an exemption from or reduction of any applicable withholding Tax with respect to payments hereunder or under any other Loan Papers shall deliver to the Company and the Paying Agent, at the time or times requested by the Company or the Paying Agent, such properly completed and executed documentation prescribed by Law as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Bank, if requested by the Company or the Paying Agent, shall deliver such other documentation prescribed by Law or reasonably requested by the Company or the Paying Agent as will enable the Company or the Paying Agent to determine whether or not such Bank is subject to any withholding (including backup withholding) or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such forms (other than such documentation set forth in Sections 2.18(f)(ii)(A) through (E) below or any successor or substantially similar or comparable documentation thereto) shall not be required if in the Bank's good faith judgment such completion, execution or submission would subject such Bank to any material unreimbursed cost or expense (or, in the case of a change in Law, any incremental material unreimbursed cost or expense), unless indemnified by the Company in an amount reasonably satisfactory to such Bank, or would materially prejudice the legal or commercial position of such Bank. If any form or certification

previously delivered pursuant to this Section expires or becomes obsolete or inaccurate in any respect with respect to a Bank, such Bank shall promptly (and in any event within 10 days after such expiration, obsolescence or inaccuracy) notify the Company and the Paying Agent in writing of such expiration, obsolescence or inaccuracy and update the form or certification if it is legally eligible to do so.

(ii) Without limiting the generality of the foregoing, any Bank that is not a "United States person" within the meaning of Section 7701(a)(30) of the Code (a "Foreign Bank") shall, to the extent it is legally entitled to do so, deliver to the Company and the Paying Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Bank becomes a lender under this Agreement (and from time to time thereafter upon the reasonable request of the Company or the Paying Agent), whichever of the following is applicable:

- (A) duly completed copies of Internal Revenue Service Form W-8BEN or W-8BEN-E, as applicable, claiming eligibility for benefits of an income tax treaty to which the United States of America is a party;
- (B) duly completed copies of Internal Revenue Service Form W-8ECI;
- (C) in the case of a Foreign Bank claiming the benefits of the exemption for portfolio interest under section 881(c) of the Code, (x) a certificate substantially in the form of Exhibit G-1 to the effect that (i) such Foreign Bank is not (A) a "bank" within the meaning of section 881(c)(3)(A) of the Code, (B) a "10 percent shareholder" of the Company within the meaning of section 881(c)(3)(B) of the Code, and (C) a "controlled foreign corporation" described in section 881(c)(3)(C) of the Code, and (ii) the interest payments in question are not effectively connected with the United States trade or business conducted by such Bank (a "U.S. Tax Compliance Certificate") and (y) duly completed copies of Internal Revenue Service Form W-8BEN or W-8BEN-E, as applicable;
- (D) to the extent a Foreign Bank is not the beneficial owner (for example, where the Foreign Bank is a partnership or participating Bank granting a typical participation), an Internal Revenue Service Form W-8IMY, accompanied by a Form W-8ECI, W-8BEN or W-8BEN-E, U.S. Tax Compliance Certificate substantially in the form of Exhibit G-2 or G-3 (as applicable), Form W-9, and/or other certification documents from each beneficial owner, as applicable; provided that, if the Foreign Bank is a partnership (and not a participating Bank) and one or more beneficial owners of such Foreign Bank are claiming the portfolio interest exemption, such Foreign Bank may provide a U.S. Tax Compliance Certificate substantially in the form of Exhibit G-4 on behalf of each such beneficial owner; or
- (E) any other form prescribed by Law as a basis for claiming exemption from or a reduction in U.S. federal withholding Tax

duly completed together with such supplementary documentation as may be prescribed by applicable Law to permit the Company to determine the withholding or deduction required to be made.

(iii) If a payment made to a Bank under this Agreement or any other Loan Papers would be subject to U.S. Federal withholding Tax imposed by FATCA if such Bank were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Bank shall deliver to the Withholding Agent, at the time or times prescribed by Law and at such time or times reasonably requested by the Withholding Agent, such documentation prescribed by applicable Law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Withholding Agent as may be necessary for the Withholding Agent to comply with its obligations under FATCA, to determine that such Bank has or has not complied with such Bank's obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this Section 2.18(f)(iii), "FATCA" shall include all amendments made to FATCA after the date of this Agreement.

(g) If any party determines, in its sole discretion exercised in good faith, that it has received a refund of any Taxes as to which it has been indemnified pursuant to this Section 2.18 (including additional amounts paid pursuant to this Section 2.18), it shall pay to the indemnifying party an amount equal to such refund (but only to the extent of indemnity payments made under this Section with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses (including any Taxes) of such indemnified party and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund). Such indemnifying party, upon the request of such indemnified party, shall promptly repay to such indemnified party the amount paid to such indemnified party pursuant to the previous sentence (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) in the event such indemnified party is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this Section 2.18(g), in no event will any indemnified party be required to pay any amount to any indemnifying party pursuant to this Section 2.18(g) if such payment would place such indemnified party in a less favorable position (on a net after-Tax basis) than such indemnified party would have been in if the indemnification payments or additional amounts giving rise to such refund had never been paid. This Section 2.18(g) shall not be construed to require any indemnified party to make available its Tax returns (or any other information relating to its Taxes which it deems confidential) to the indemnifying party or any other Person.

(h) The provisions of this Section 2.18 shall survive the termination of this Agreement and/or the payment or assignment of any of the Loans or Notes.

(i) For purposes of this Section 2.18, the term "Bank" includes any Issuing Bank and the term "applicable Law" includes FATCA.

**Section 2.19 Calculation of Interest Rates.** The provisions of this Agreement relating to calculation of the Adjusted Term SOFR Rate, the Term SOFR Rate, the Adjusted Daily Simple SOFR Rate, the Daily Simple SOFR and any other rate of interest are included only for the purpose of determining the rate of interest or other amounts to be paid hereunder that are based upon such rate, it being understood that each Bank shall be entitled to fund and maintain its funding of all or any part of a Loan as it sees fit.

**Section 2.20 Booking Loans.** Subject to Section 2.18, any Bank may make, carry, or, transfer Loans at, to, or for the account of any of its branch offices or the office of any Affiliate.

**Section 2.21 Quotation of Rates.** It is hereby acknowledged that the Company may call the Paying Agent on or before the date on which notice of a Borrowing, continuation or conversion is to be delivered by the Company in order to receive an indication of the rate or rates then in effect, but that such projection shall not be binding upon the Paying Agent or any Bank nor affect the rate of interest which thereafter is actually in effect when the election is made.

**Section 2.22 Defaulting Banks.** Notwithstanding any provision of this Agreement to the contrary, if any Bank becomes a Defaulting Bank, the Paying Agent shall deliver written notice to such effect, upon the Paying Agent's obtaining knowledge of such event, to the Company and such Defaulting Bank, and the following provisions shall apply for so long as such Bank is a Defaulting Bank:

(a) Commitment Fees shall cease to accrue with respect to the Commitment of such Defaulting Bank pursuant to Section 2.4.

(b) The Commitment and Revolving Credit Exposure of such Defaulting Bank shall not be included in determining whether all Banks or the Majority Banks have taken or may take any action hereunder (including any consent to any amendment or waiver pursuant to Section 9.1), provided that any waiver, amendment or modification requiring the consent of all Banks or each affected Bank which would increase or extend the term of the Commitment of such Defaulting Bank or which affects such Defaulting Bank differently than other affected Banks shall require the consent of such Defaulting Bank.

(c) If any L/C Obligations exist at the time a Bank becomes a Defaulting Bank, then:

(i) all or any part of such L/C Obligations shall be reallocated among the non-Defaulting Banks ratably in accordance with their respective Commitments but only to the extent that (x) the sum of all non-Defaulting Banks' Revolving Credit Exposures does not then exceed the total of all non-Defaulting Banks' Commitments, (y) no non-Defaulting Bank's Revolving Credit Exposure then exceeds such non-Defaulting Bank's Commitments and (z) the conditions set forth in Section 4.3 are satisfied at such time;

(ii) if the reallocation described in clause (i) above cannot, or can only partially, be effected, the Company shall within one Business Day following notice by the Paying Agent cash collateralize the percentage such Defaulting Bank's Commitment represents of the Total Commitment of the L/C Obligations (after giving effect to any partial reallocation pursuant to clause (i) above) in accordance with the procedures set forth in Section 7.2 for so long as such L/C Obligations are outstanding;

(iii) if the Company cash collateralizes any portion of such Defaulting Bank's L/C Obligations pursuant to this Section 2.22(c), the Company shall not be required to pay any fees to such Defaulting Bank pursuant to Section 3.3 with respect to such Defaulting Bank's portion of the L/C Obligations during the period of such collateralization;

(iv) if the L/C Obligations of the non-Defaulting Banks are reallocated pursuant to this Section 2.22(c), then the fees payable to the Banks pursuant to Section 3.3 shall be adjusted ratably in accordance with their respective Commitments; and

(v) if any Defaulting Bank's L/C Obligations are neither cash collateralized nor reallocated pursuant to this Section 2.22(c), then, without prejudice to any rights or

remedies of the applicable Issuing Bank or any Bank hereunder, all Commitment Fees that otherwise would have been payable to such Defaulting Bank (solely with respect to the portion of such Defaulting Bank's Commitment that was utilized by such L/C Obligations) and letter of credit fees payable under Section 3.3 with respect to such Defaulting Bank's L/C Obligations shall be payable to the applicable Issuing Bank until such L/C Obligations are cash collateralized and/or reallocated.

(d) So long as any Bank is a Defaulting Bank, no Issuing Bank shall be required to issue, amend or increase any Letter of Credit, unless it is satisfied that the related exposure will be 100% covered by the Commitments of the non-Defaulting Banks and/or cash collateral will be provided by the Company in accordance with Section 2.22(c), and participating interests in any such newly issued or increased Letter of Credit shall be allocated among non-Defaulting Banks in a manner consistent with Section 2.22(c)(i) (and Defaulting Banks shall not participate therein).

(e) Any amount payable to such Defaulting Bank hereunder (whether on account of principal, interest, fees or otherwise and including any amount that would otherwise be payable to such Defaulting Bank pursuant to Section 2.16, but excluding amounts payable pursuant to Section 2.23) shall, in lieu of being distributed to such Defaulting Bank, subject to any applicable requirements of law, be applied at such time or times as may be determined by the Paying Agent (i) first, to the payment of any amounts owing by such Defaulting Bank to the Paying Agent hereunder, (ii) second, pro rata, to the payment of any amounts owing by such Defaulting Bank to the Issuing Banks hereunder, (iii) third, if so determined by the Paying Agent or requested by an Issuing Bank, held in such account as cash collateral for future funding obligations of the Defaulting Bank in respect of any existing or future participating interest in any Letter of Credit, (iv) fourth, to the funding of any Loan in respect of which such Defaulting Bank has failed to fund its portion thereof as required by this Agreement, as determined by the Paying Agent, (v) fifth, if so determined by the Paying Agent and the Company, held in such account as cash collateral for future funding obligations of the Defaulting Bank in respect of any Loans under this Agreement, (vi) sixth, to the payment of any amounts owing to the Banks or an Issuing Bank as a result of any judgment of a court of competent jurisdiction obtained by any Bank or such Issuing Bank against such Defaulting Bank as a result of such Defaulting Bank's breach of its obligations under this Agreement, (vii) seventh, to the payment of any amounts owing to the Company as a result of any judgment of a court of competent jurisdiction obtained by the Company against such Defaulting Bank as a result of such Defaulting Bank's breach of its obligations under this Agreement, and (viii) eighth, to such Defaulting Bank or as otherwise directed by a court of competent jurisdiction, provided, with respect to this clause (viii), that if such payment is (x) a prepayment of the principal amount of any Loans or reimbursement obligations in respect of any drafts paid by an Issuing Bank under any Letters of Credit which a Defaulting Bank has funded its participation obligations and (y) made at a time when the conditions set forth in Section 4.3 are satisfied, such payment shall be applied solely to prepay the Loans of, and reimbursement obligations owed to, all non-Defaulting Banks pro rata prior to being applied to the prepayment of any Loans, or reimbursement obligations owed to, any Defaulting Bank.

In the event that the Paying Agent, each Issuing Bank and the Company each agrees that a Defaulting Bank has adequately remedied all matters that caused such Bank to be a Defaulting Bank or upon receipt by the Paying Agent of the confirmation referred to in clause (c) of the definition of "Defaulting Bank", as applicable, then on such date such Bank shall purchase at par such portion of the Loans of the other Banks as the Paying Agent shall determine may be necessary in order for such Bank to hold such Loans ratably in accordance with its Commitment.

#### Section 2.23 Mitigation Obligations; Replacement of Banks.

(a) If any Bank requests compensation under Section 2.12 or Section 2.18, or if the Company is required to pay any additional amount to any Bank or any Governmental Authority for the account of any Bank pursuant to Section 2.12 or Section 2.18, then such Bank shall use reasonable efforts to designate a different lending office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the judgment of such Bank, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 2.12 or Section 2.18 in the future and (ii) would not subject such Bank to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Bank. The Company hereby agrees to pay all reasonable costs and expenses incurred by any Bank in connection with any such designation or assignment.

(b) If (i) any Bank requests compensation under Section 2.12 or Section 2.18, (ii) the Company is required to pay any additional amount to any Bank or any Governmental Authority for the account of any Bank pursuant to Section 2.12 or Section 2.18, (iii) an event contemplated under Section 2.10 or Section 2.13 shall have occurred with respect to any Bank, (iv) any Bank becomes a Defaulting Bank or (v) any Bank becomes a Non-Extending Bank, then, in each case, the Company may, at its sole expense and effort, upon notice to such Bank and the Paying Agent, require such Bank to assign and delegate, without recourse (except for certain customary representations and warranties, in accordance with and subject to the restrictions contained in Section 9.10), all its interests, rights and obligations under this Agreement to an assignee that shall assume such obligations (which assignee may be another Bank, if a Bank accepts such assignment); provided that (i) the Company shall have received the prior written consent of the Paying Agent, which consent shall not unreasonably be withheld, (ii)

such Bank shall have received payment of an amount equal to the outstanding principal of its Loans and participations in any drafts paid by an Issuing Bank under any Letters of Credit, accrued interest thereon, accrued fees and all other amounts payable to it hereunder, from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Company (in the case of all other amounts), (iii) in the case of any such assignment resulting from a claim for compensation under Section 2.12 or Section 2.18 or payments required to be made pursuant to Section 2.12 or Section 2.18, such assignment will result in a reduction in such compensation or payments and (iv) in the case of any such assignment resulting from a Bank becoming a Non-Extending Bank, such assignee shall have provided written notice to the Paying Agent that it consents to the requested extension of the Existing Termination Date with respect any Commitments held (or to be held) by it on the applicable Extension Date. A Bank shall not be required to make any such assignment and delegation if, prior thereto, as a result of a waiver by such Bank or otherwise, the circumstances entitling the Company to require such assignment and delegation cease to apply.

#### Section 2.24 Commitment Increases.

(a) The Company and any one or more Banks (including New Banks) may from time to time agree that such Banks shall obtain or increase the amount of their Commitments by executing and delivering to the Paying Agent an Increased Facility Activation Notice specifying (i) the amount of such increase and (ii) the applicable Increased Facility Closing Date; provided that (i) the aggregate amount of incremental Commitments obtained after the Effective Date pursuant to this Section 2.24 shall not exceed \$500,000,000, (ii) with respect to any Increased Facility Closing Date, the increases effected on such date pursuant to this Section 2.24 shall be in a minimum amount of \$25,000,000 and (iii) no more than four Increased Facility Closing Dates may occur after the Effective Date. No Bank shall have any obligation to participate in any increase described in this paragraph unless it agrees to do so in its sole discretion.

(b) Any additional bank or financial institution which, with the consent of the Company, each Issuing Bank (which consent shall not be unreasonably withheld) and the Paying Agent (which consent shall not be unreasonably withheld), elects to become a "Bank" under this Agreement in connection with any increase described in Section 2.24(a) shall execute a New Bank Supplement (each, a

"New Bank Supplement"), substantially in the form of Exhibit H-2, whereupon such bank or financial institution (each, a "New Bank") shall become a Bank for all purposes and to the same extent as if originally a party hereto and shall be bound by and entitled to the benefits of this Agreement.

(c) On each Increased Facility Closing Date, each Bank holding Committed Loans prior to giving effect to this Section 2.24(c) (each, an "Existing Bank") shall be deemed to have assigned to each Bank participating in the relevant Commitment increase (each, an "Increased Facility Bank"), and each such Increased Facility Bank shall be deemed to have purchased from each Existing Bank, at the principal amount thereof (together with accrued interest), such interests in the Committed Loans and participations in Letters of Credit outstanding on such date as shall be necessary in order that, after giving effect to all such assignments and purchases, such Committed Loans and participations in Letters of Credit will be held by all the Banks (including such Increased Facility Banks) ratably in accordance with the percentage which its Commitment represents of the Total Commitment after giving effect to the increase to the Commitments on such Increased Facility Closing Date. In furtherance of the foregoing, on such Increased Facility Closing Date, (i) each Increased Facility Bank agrees to make payments to the Paying Agent for the benefit of the Existing Banks in an amount equal to the principal amount (together with accrued interest) of the interests in the Committed Loans and funded participations in any Letters of Credit relating to any unreimbursed drawings thereunder deemed to have been purchased by such Increased Facility Bank on such Increased Facility Closing Date pursuant to the immediately preceding sentence and (ii) each Existing Bank agrees to accept payments in an amount equal to the principal amount (together with accrued interest) of the interests in the Committed Loans and funded participations in any Letters of Credit relating to any unreimbursed drawings thereunder deemed to have been assigned by such Existing Bank on such Increased Facility Closing Date pursuant to the immediately preceding sentence.

(d) The effectiveness of any increase to the Commitments pursuant to this Section 2.24 shall be subject to the satisfaction of the following conditions precedent: (i) no Default or Event of Default shall have occurred and be continuing immediately prior to, and immediately after, giving effect to such increase to the Commitments, (ii) the representations and warranties contained in Article V shall be correct in all material respects (or, to the extent subject to materiality or Material Adverse Effect qualifiers, in all respects) on and as of the date of such increase to the Commitments (or, if any such representation or warranty is expressly stated to have been made as of a specific date, as of such specific date), immediately prior to, and after giving effect to, such increase to the Commitments, as though made on and as of such date and (iii) the Company shall have delivered such legal opinions, board resolutions, certificates and other documents reasonably requested by the Paying Agent in connection with such increase to the Commitments.

#### Section 2.25 Extension of the Termination Date.

(a) The Company may, by notice (the date of such notice, the "Request Date") to the Paying Agent (who shall promptly notify the Banks) not earlier than 60 days and not later than 30 days prior to any anniversary of the Effective Date (each a "Relevant Anniversary Date"), request that each Bank extend such Bank's Termination Date for an additional year from the Termination Date then in effect hereunder (the "Existing Termination Date"; any anniversary of the Existing Termination Date to which Commitments shall be extended being called the "Extended Termination Date"); provided that the Company shall not make more than two such requests during the term of this Agreement.

(b) Each Bank, acting in its sole and individual discretion, shall, by written notice to the Paying Agent given not later than the date that is 20 days following the Request Date (the "Notice Deadline"), advise the Paying Agent whether or not such Bank agrees to such extension (and each Bank that determines not to so extend its Termination Date (a "Non-Extending Bank") shall notify the Paying

Agent of such fact promptly after such determination (but in any event no later than the Notice Deadline) and any Bank that does not so advise the Paying Agent on or before the Notice Deadline shall be deemed to be a Non-Extending Bank. The election of any Bank to agree to such extension shall not obligate any other Bank to so agree. Promptly following the Notice Deadline, the Paying Agent shall notify the Company of each Bank's determination under this Section.

(c) The Company shall have the right on or before the Relevant Anniversary Date to replace each Non-Extending Bank with, and add as "Banks" under this Agreement in place thereof, one or more assignees with Commitments terminating on the Extended Termination Date (each, an "Additional Commitment Bank") as provided in Section 2.23(b), each of which Additional Commitment Banks shall have entered into an Assignment and Assumption pursuant to which such Additional Commitment Bank shall undertake a Commitment of such Non-Extending Bank at par (and, if any such Additional Commitment Bank is already a Bank, its Commitment of such Non-Extending Bank shall be in addition to such Bank's Commitment hereunder on such date).

(d) If (and only if) the aggregate Commitments of the Banks that have agreed to so to extend their Termination Date pursuant to this Section 2.25 and the additional Commitments of the Additional Commitment Banks shall be more than 50% of the aggregate amount of the Commitments in effect immediately prior to the Relevant Anniversary Date, then, effective as of the Relevant Anniversary Date (each such effective date, an "Extension Date"), the Termination Date of each extending Bank and of each Additional Commitment Bank shall be extended to the Extended Termination Date (except that, if such date is not a Business Day, such Extended Termination Date shall be the immediately preceding Business Day), so long as: (i) at the time of and immediately after giving effect to such extension, no Default or Event of Default shall have occurred and be continuing and (ii) the representations and warranties contained in Article V shall be correct in all material respects (or, to the extent subject to materiality or Material Adverse Effect qualifiers, in all respects) on and as of the date of such extension (or, if any such representation or warranty is expressly stated to have been made as of a specific date, as of such specific date), immediately prior to, and after giving effect to, such extension, as though made on and as of such date.

(e)

(i) Any Non-Extending Bank may, by written notice to the Paying Agent, at any time after the relevant Extension Date and prior to the applicable Existing Termination Date, elect to extend its Termination Date to the Extended Termination Date and, upon the Paying Agent's receipt of such written notice from any Non-Extending Bank, (x) the Termination Date of such Bank shall be automatically extended to the Extended Termination Date (except that, if such date is not a Business Day, such Extended Termination Date shall be the immediately preceding Business Day) and (y) such Bank shall no longer be a Non-Extending Bank with respect to the applicable extension. The Paying Agent shall promptly give notice to the Company of any such extension pursuant to this Section 2.25(e)(i).

(ii) On the Termination Date applicable to the Loans of any Non-Extending Bank, the Company shall repay any then outstanding Loans of such Non-Extending Bank (and pay any additional amounts required pursuant to Section 2.14). Following any extension pursuant to this Section 2.25, the L/C Obligations shall continue to be deemed to be held ratably among the Banks, but on the Termination Date applicable to the Loans of any Non-Extending Bank, the L/C Obligations deemed to be held by such Non-Extending Bank immediately prior to giving effect to such Termination Date shall be ratably reallocated, to the extent of the unused Commitments of the extending Banks, to

such extending Banks (without regard to whether the conditions set forth in Section 4.3 can then be satisfied); provided that the Company shall repay the Loans of the extending Banks prorata to the extent necessary to allow the L/C Obligations deemed to be held by such Non-Extending Bank immediately prior to giving effect to such Termination Date to be fully reallocated to the extending Banks.

(f) Conflicting Provisions. This Section 2.25 shall supersede any provisions in Section 2.15 or Section 9.1 to the contrary.

## ARTICLE III

### LETTERS OF CREDIT

#### Section 3.1 L/C Commitment

(a) Subject to the terms and conditions hereof, each Issuing Bank, in reliance on the agreements of the other Banks set forth in Section 3.4(a), agrees to issue letters of credit ("Letters of Credit") in dollars for the account of the Company on any Business Day on and after the Effective Date and until the termination of the Commitment of the Issuing Bank in accordance with the terms hereof, in such form as may be approved from time to time by the Issuing Bank; provided that Barclays Bank PLC shall have no obligation to issue commercial Letters of Credit hereunder; provided, further, that no Issuing Bank shall issue any Letter of Credit if, after giving effect to such issuance, (i) the L/C Obligations would exceed the L/C Commitment or (ii) the excess of the Total Commitment over the aggregate amount of Loans and L/C Obligations then outstanding would be less than zero; provided, further, that no Initial Issuing Bank shall at any time be obligated to issue any Letter of Credit if, after giving effect to such issuance, the sum of (x) the aggregate undrawn and unexpired amount of all then outstanding Letters of Credit issued by such Initial Issuing Bank and (y) the aggregate amount of drawings under Letters of Credit issued by such Initial Issuing Bank that have not then been reimbursed pursuant to Section 3.5 would exceed \$60,000,000. Each Letter of Credit shall (i) be denominated in dollars and (ii) expire no later than the earlier of (x) the first anniversary of its date of issuance and (y) the date that is five Business Days prior to the later of (A) the Original Termination Date and (B) if

any Commitments are extended pursuant to Section 2.25, such extended termination date as determined pursuant to Section 2.25, provided that any Letter of Credit with a one-year term may provide for the renewal thereof for additional one-year periods (which shall in no event extend beyond the date referred to in clause (y) in this sentence above).

(b) No Issuing Bank shall at any time be obligated to issue any Letter of Credit if such issuance would conflict with, or cause such Issuing Bank or any L/C Participant to exceed any limits imposed by, any applicable Laws.

**Section 3.2 Procedure for Issuance of Letter of Credit.** The Company may from time to time request that the Issuing Bank issue a Letter of Credit by delivering to the Issuing Bank at its address for notices specified herein an Application therefor, completed to the reasonable satisfaction of the Issuing Bank, and such other certificates, documents and other papers and information as the Issuing Bank may reasonably request. Upon receipt of any Application, the Issuing Bank will process such Application and the certificates, documents and other papers and information delivered to it in connection therewith in accordance with its customary procedures and shall promptly issue the Letter of Credit requested thereby (but in no event shall the Issuing Bank be required to issue any Letter of Credit earlier than three Business Days after its receipt of the Application therefor and all such other certificates, documents and other papers and information relating thereto) by issuing the original of such Letter of Credit to the beneficiary thereof or as otherwise may be agreed by the Issuing Bank and the Company.

The Issuing Bank shall furnish a copy of such Letter of Credit to the Company promptly following the issuance thereof. The Issuing Bank shall promptly furnish to the Paying Agent, which shall in turn promptly furnish to the Banks, notice of the issuance of each Letter of Credit (including the amount thereof).

**Section 3.3 Fees and Other Charges.**

(a) The Company will pay to the Paying Agent for the ratable benefit of the Banks on each Quarterly Payment Date after the issuance date and on the Termination Date a fee on all outstanding Letters of Credit at a per annum rate equal to the Applicable Rate then in effect with respect to Term Benchmark Loans. In addition, the Company shall pay to the Issuing Bank for its own account a fronting fee at a per annum rate separately agreed upon between the Company and the Issuing Bank (which fee, in the case of Citibank, N.A., is reflected in the fee letter dated June 23, 2016, between the Company and Citibank, N.A. and, in the case of JPMorgan Chase Bank, N.A., is reflected in the fee letter dated June 23, 2016, between the Company and JPMorgan Chase Bank, N.A.) on the undrawn and unexpired amount of each Letter of Credit, payable quarterly in arrears on each Quarterly Payment Date after the issuance date and on the Termination Date. Fees payable pursuant this Section 3.3(a) shall be calculated on the basis of a 360-day year for the actual days elapsed.

(b) In addition to the foregoing fees, the Company shall pay or reimburse the Issuing Bank for such normal and customary costs and expenses as are incurred or charged by the Issuing Bank in issuing, negotiating, effecting payment under, amending or otherwise administering any Letter of Credit.

**Section 3.4 L/C Participations.**

(a) The Issuing Bank irrevocably agrees to grant and hereby grants to each L/C Participant, and, to induce the Issuing Bank to issue Letters of Credit, each L/C Participant irrevocably agrees to accept and purchase and hereby accepts and purchases from the Issuing Bank, on the terms and conditions set forth below, for such L/C Participant's own account and risk an undivided interest, equal to the such L/C Participant's Applicable Percentage, in the Issuing Bank's obligations and rights under and in respect of each Letter of Credit and the amount of each draft paid by the Issuing Bank thereunder. Each L/C Participant unconditionally and irrevocably agrees with the Issuing Bank that, if a draft is paid under any Letter of Credit for which the Issuing Bank is not reimbursed in full by the Company in accordance with the terms of this Agreement, such L/C Participant shall pay to the Issuing Bank an amount equal to such L/C Participant's Applicable Percentage of the amount of such draft, or any part thereof, that is not so reimbursed in accordance with Section 3.5.

(b) If any amount required to be paid by any L/C Participant to the Issuing Bank pursuant to Section 3.4(a) in respect of any unreimbursed portion of any payment made by the Issuing Bank under any Letter of Credit is paid to the Issuing Bank within three Business Days after the date such payment is due, such L/C Participant shall pay to the Issuing Bank on demand an amount equal to the product of (i) such amount, times (ii) the daily average Federal Funds Effective Rate during the period from and including the date such payment is required to the date on which such payment is immediately available to the Issuing Bank, times (iii) a fraction the numerator of which is the number of days that elapse during such period and the denominator of which is 360. If any such amount required to be paid by any L/C Participant pursuant to Section 3.4(a) is not made available to the Issuing Bank by such L/C Participant within three Business Days after the date such payment is due, the Issuing Bank shall be entitled to recover from such L/C Participant, on demand, such amount with interest thereon calculated from such due date at the rate per annum applicable to Alternate Base Loans. A certificate of the Issuing Bank submitted to any L/C Participant with respect to any amounts owing under this Section shall be conclusive in the absence of manifest error.

(c) Whenever, at any time after the Issuing Bank has made payment under any Letter of Credit and has received from any L/C Participant its prorata share of such payment in accordance with Section 3.4(a), the Issuing Bank receives any payment related to such Letter of Credit (whether directly from the Company or otherwise, including proceeds of collateral applied thereto by the Issuing Bank), or any payment of interest on account thereof, the Issuing Bank will distribute to such L/C Participant its prorata share thereof; provided, however, that in the event that any such payment received by the Issuing Bank shall be required to be returned by the Issuing Bank, such L/C Participant shall return to the Issuing Bank the portion thereof previously distributed by the Issuing Bank to it.

**Section 3.5 Reimbursement Obligation of the Company.** If any draft is paid under any Letter of Credit, the Company shall reimburse the Issuing Bank for the amount of (a) the draft so paid and (b) any Taxes, fees, charges or other costs or expenses incurred by the Issuing Bank in connection with such payment, not later than 12:00 noon, New York City time, on (i) the Business Day that the Company receives notice of such draft, if such notice is received on

such day prior to 10:00 a.m., New York City time, or (ii) if clause (i) above does not apply, the Business Day immediately following the day that the Company receives such notice; provided that the Company may, subject to the conditions to borrowing set forth herein, request in accordance with Section 2.2 that such payment be financed with an Alternate Base Loan in an equivalent amount, to the extent so financed, the Company's obligation to make such payment shall be discharged and replaced by the resulting Alternate Base Loan. If the Company fails to make such payment when due, the Paying Agent shall notify each Bank of the applicable draft, the payment then due from the Company in respect thereof and such Bank's Applicable Percentage thereof. Promptly following receipt of such notice, each Bank shall pay to the Paying Agent its Applicable Percentage of the payment then due from the Company, in the same manner as provided in Section 2.6 with respect to Loans made by such Bank (and Section 2.6 shall apply, mutatis mutandis, to the payment obligations of the Bank), and the Paying Agent shall promptly pay to the respective Issuing Bank the amounts so received by it from the Banks. Promptly following receipt by the Paying Agent of any payment from the Company pursuant to this paragraph, the Paying Agent shall distribute such payment to the respective Issuing Bank or, to the extent that Banks have made payments pursuant to this paragraph to reimburse such Issuing Bank, then to such Bank and such Issuing Bank as their interests may appear. Any payment made by a Bank pursuant to this paragraph to reimburse an Issuing Bank for any draw (other than the funding of Alternate Base Loans as contemplated above) shall not constitute a Loan and shall not relieve the Company of its obligation to reimburse such draw. Each such payment shall be made to the Issuing Bank at its address for notices referred to herein in dollars and in immediately available funds. Interest shall be payable on any such amounts from the date on which the relevant draft is paid until payment in full at the rate set forth in (x) until the Business Day next succeeding the date of the relevant notice, Section 2.8(b) and (y) thereafter, Section 2.9. Without limiting the requirements of Section 3.1(a) or Section 7.2(b), if any L/C Obligations remain outstanding after the expiration date specified in Section 3.1(a) or the Termination Date, the Company shall immediately deposit into the Collateral Account an amount in cash equal to 100% of such L/C Obligations as of such date plus any accrued and unpaid interest thereon.

**Section 3.6 Obligations Absolute.** The Company's obligations under this Article III shall be absolute, unconditional and irrevocable under any and all circumstances and irrespective of any setoff, counterclaim or defense to payment that the Company may have or have had against the Issuing Bank, any beneficiary of a Letter of Credit or any other Person. The Company also agrees with the Issuing Bank that the Issuing Bank shall not be responsible for, and the Company's Reimbursement Obligations under Section 3.5 shall not be affected by, among other things, the validity or genuineness of documents or of any endorsements thereon, even though such documents shall in fact prove to be invalid, fraudulent or forged, or any dispute between or among the Company and any beneficiary of any Letter of Credit or any other party to which such Letter of Credit may be transferred or any claims whatsoever of the Company against any beneficiary of such Letter of Credit or any such transferee. The Issuing Bank

shall not be liable for any error, omission, interruption or delay in transmission, dispatch or delivery of any message or advice, however transmitted, in connection with any Letter of Credit, except for errors or omissions found by a final and nonappealable decision of a court of competent jurisdiction to have resulted from the gross negligence, willful misconduct or bad faith of the Issuing Bank. The Company agrees that any action taken or omitted by the Issuing Bank under or in connection with any Letter of Credit or the related drafts or documents, if done in the absence of gross negligence, willful misconduct or bad faith and in accordance with the standards of care specified in the Uniform Commercial Code of the State of New York, shall be binding on the Company and shall not result in any liability of the Issuing Bank to the Company.

**Section 3.7 Letter of Credit Payments.** The Issuing Bank for any Letter of Credit shall, within the time allowed by applicable Laws or the specific terms of the Letter of Credit following its receipt thereof, examine all documents purporting to represent a demand for payment under such Letter of Credit. Such Issuing Bank shall promptly after such examination notify the Administrative Agent and the Company in writing of such demand for payment if such Issuing Bank has made or will make an L/C Disbursement thereunder; provided that any failure to give or delay in giving such notice shall not relieve the Borrower of its obligation to reimburse such Issuing Bank and the Lenders with respect to any such L/C disbursement. The responsibility of the Issuing Bank to the Company in connection with any draft presented for payment under any Letter of Credit shall, in addition to any payment obligation expressly provided for in such Letter of Credit, be limited to determining that the documents (including each draft) delivered under such Letter of Credit in connection with such presentation are substantially in conformity with such Letter of Credit.

**Section 3.8 Applications.** To the extent that any provision of any Application related to any Letter of Credit is inconsistent with the provisions of this Article III, the provisions of this Article III shall apply.

## ARTICLE IV

## CONDITIONS OF LENDING

Section 4.1 Conditions Precedent. The effectiveness of this Agreement is subject to the satisfaction of the following conditions precedent:

(a) The Paying Agent shall have received this Agreement, executed and delivered by the Paying Agent, the Co-Administrative Agents, the Company, each Person listed on Schedule I and each of the other parties hereto.

(b) The Paying Agent shall have received the following, each dated (unless otherwise indicated) the Effective Date:

(i) Officer's Certificates dated the Effective Date certifying, inter alia, (i) true and correct copies of resolutions adopted by the Board of Directors or Executive Committee, as appropriate, of the Company authorizing the Company to borrow and effect other transactions hereunder, (ii) a true and correct copy of the Company's bylaws in effect on the date hereof, (iii) the incumbency and specimen signatures of the Persons executing any documents on behalf of the Company, (iv) the truth of the representations and warranties made by the Company in this Agreement (or, if any such representation or warranty is expressly stated to have been made as of a specific date, as of such specific date), and (v) the absence of the occurrence and continuance of any Default or Event of Default.

(ii) A copy of the Company's charter and all amendments thereto, accompanied by certificates that such copy is correct and complete, one certificate dated within a reasonable time prior to the Effective Date and issued by the Secretary of State of Texas and one certificate dated the Effective Date and executed by the corporate secretary or assistant secretary of the Company.

(iii) Certificates (dated within twenty days prior to the Effective Date) of existence and good standing of the Company from appropriate officials of Texas.

(iv) The written opinions of internal and outside counsel to the Company and counsel to the Paying Agent, substantially in the form set out in Exhibits C-1, C-2 and C-3, respectively, each dated the Effective Date.

(v) An Administrative Questionnaire (dated any date on or prior to the Effective Date) completed by each Bank which is a party hereto on the Effective Date.

(vi) Such other agreements, documents, instruments, opinions, certificates, and evidences as the Paying Agent may reasonably request prior to the Effective Date.

(c) Any fees or expenses of the Paying Agent, the other Agents and the Banks required to be paid on or before the Effective Date shall have been paid.

(d) The commitments under the Existing Credit Agreement shall have been terminated and all amounts owing thereunder shall have been paid in full. Each party hereto that is also a party to the Existing Credit Agreement hereby waives any requirement under the Existing Credit Agreement of advance notice for any such termination or payment.

**Section 4.2 Conditions Precedent to Each Committed Borrowing.** The obligation of each Bank to make a Committed Loan on the occasion of any Committed Borrowing (including the initial Committed Borrowing, but excluding any Committed Borrowing used exclusively to finance the payment of any Reimbursement Obligation) shall be subject to the further conditions precedent that on the date of such Committed Borrowing the following statements shall be true (and each of the giving of the applicable Notice of Committed Borrowing and the acceptance by the Company of the proceeds of such Committed Borrowing shall constitute a representation and warranty by the Company that on the date of such Committed Borrowing such statements are true):

(a) The representations and warranties contained in Article V (except the last sentence of Section 5.2 and except Section 5.5) are correct in all material respects (or, to the extent subject to materiality or Material Adverse Effect qualifiers, in all respects) on and as of the date of such Committed Borrowing (or, if any such representation or warranty is expressly stated to have been made as of a specific date, as of such specific date), before and after giving effect to such Committed Borrowing, as though made on and as of such date;

(b) No event has occurred and is continuing, or would result from such Committed Borrowing, which constitutes either a Default or an Event of Default; and

(c) Following the making of such Committed Borrowing and all other Borrowings to be made on the same day under this Agreement, the sum of the aggregate principal amount of all Loans then outstanding and of the L/C Obligations shall not exceed the Total Commitment.

**Section 4.3 Conditions Precedent to Each Letter of Credit Issuance.** The obligation of the Issuing Bank to issue a Letter of Credit (including the initial Letter of Credit) shall be subject to the further conditions precedent that on the date of the issuance of such Letter of Credit the following statements shall be true (and each delivery of an Application by the Company shall constitute a representation and warranty by the Company that on the date of such Application such statements are true):

(a) The representations and warranties contained in Article V (except the last sentence of Section 5.2 and except Section 5.5) are correct in all material respects (or, to the extent subject to materiality or Material Adverse Effect qualifiers, in all respects) on and as of the date of the issuance of such Letter of Credit (or, if any such representation or warranty is expressly stated to have been made as of a specific date, as of such specific date), before and after giving effect to such issuance, as though made on and as of such date;

(b) No event has occurred and is continuing, or would result from the issuance of such Letter of Credit, which constitutes either a Default or an Event of Default; and

(c) Following the issuance of such Letter of Credit and the making of any Borrowings to be made on the same day under this Agreement, the sum of the aggregate principal amount of all Loans then outstanding and of the L/C Obligations shall not exceed the Total Commitment.

## ARTICLE V

### REPRESENTATIONS AND WARRANTIES

The Company represents and warrants to the Agents and Banks as follows:

**Section 5.1 Organization, Authority and Qualifications.**

(a) The Company and each of its Material Subsidiaries is a Person duly organized, validly existing, and in good standing under the Laws of the jurisdiction of its organization;

(b) The Company has the corporate power and authority to execute, deliver, and perform this Agreement and the other Loan Papers to which it is a party and to borrow hereunder;

(c) On the Fifth Amendment Effective Date, the Company and each of its Material Subsidiaries is duly qualified as a foreign Person to do business and is in good standing in every jurisdiction where the character of its Properties or nature of its activities make such qualification necessary, except where the failure to be so qualified or in good standing would not have a Material Adverse Effect; and

(d) On the Fifth Amendment Effective Date, the Company has no Material Subsidiaries.

**Section 5.2 Financial Statements.** The Current Financials present fairly in all material respects the consolidated financial position of the Company and its Subsidiaries on the date thereof and the consolidated results of operations and changes in financial position of the Company and its Subsidiaries for the period then ended, all in conformity with GAAP. Except for transactions related to or contemplated by the Loan Papers and transactions disclosed in Forms 10-Q and 8-K that the Company shall have filed with the Securities and Exchange Commission before the Fifth Amendment Effective Date, there has been no Material Adverse Change since December 31, 2022.

**Section 5.3 Compliance with Agreement and Laws.** On the Fifth Amendment Effective Date, neither the Company nor any of its Material Subsidiaries is in default under the provisions of any instrument evidencing any obligation, indebtedness, or liability of the Company or any of its Material Subsidiaries or of any agreement relating thereto, which, individually or in the aggregate, would reasonably be expected to have a Material Adverse Effect. To its knowledge, neither the Company nor any of its Material Subsidiaries is in violation of any Law, which default or violation would have a Material Adverse Effect.

**Section 5.4 Authorization; No Breach; and Valid Agreements.** The execution, delivery, and performance of this Agreement, the borrowings hereunder, and the execution, delivery, and performance of the other Loan Papers to which it is a party by the Company (a) have been duly authorized by all requisite corporate action on the part of the Company, (b) will not violate its charter or bylaws, (c) will not violate any Law or any order of any Tribunal, and (d) will not conflict with, result in a breach of the provisions of or constitute a default under, or result in the imposition of any Lien upon the Property of the Company pursuant to the provisions of, any loan agreement, credit agreement, indenture, mortgage, deed of trust, franchise, permit, license, note, contract, or other agreement or instrument to which the Company is now a party, in the case of clause (c) and clause (d) which violation, conflict, breach, default or Lien individually or in the aggregate would have a Material Adverse Effect. The Loan Papers that include obligations of the Company are the legal, valid and binding obligations of the Company and are enforceable in accordance with their respective terms, except as such enforceability may be limited by general equitable principles (whether enforcement is sought by proceedings in equity or at law) or applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally.

**Section 5.5 Litigation and Judgments.** Except as previously disclosed to the Paying Agent in writing, neither the Company nor any of its Subsidiaries is either party to or aware of the threat of any Litigation which has, in the Company's opinion, a reasonable probability of success and which, if determined adversely to the Company or such Subsidiary, would have a Material Adverse Effect. To the knowledge of the Company, on the Fifth Amendment Effective Date there is no outstanding unsatisfied money judgment against the Company or any of its Subsidiaries in an amount in excess of \$200,000,000, and there are no outstanding unsatisfied money judgments against the Company or any of its Subsidiaries which individually or in the aggregate have or would have a Material Adverse Effect.

**Section 5.6 Ownership of Properties.** The Company and each of its Material Subsidiaries (a) has good and marketable title (except for Permitted Liens) to all of the Pool Assets, and (b) owns or has valid leasehold (or, in the case of intellectual property, license) interests in all of its other Properties which are owned or used in connection with its business, except in the case of this clause (b) where the failure to so own or have valid leasehold or license would not individually or in the aggregate have a Material Adverse Effect.

**Section 5.7 Taxes.** To the extent that failure to do so would have a Material Adverse Effect, the Company and each of its Material Subsidiaries has filed all Tax returns or reports required of it and has paid all Tax liability shown thereon as due to the extent the same has become due and before it may have become delinquent (except to the extent being contested in good faith by appropriate proceedings and for which adequate reserves have been established).

**Section 5.8 Approvals Required.** Neither the execution and delivery of this Agreement and the other Loan Papers to which it is a party by the Company, nor the consummation by the Company of any of the transactions contemplated hereby or thereby requires the consent or approval of, the giving of notice to, or the registration, recording, or filing of any document with, or the taking of

any other action in respect of any Tribunal except for the routine filing of copies of this Agreement and certain other Loan Papers with the Securities and Exchange Commission, except for any of the foregoing required of any Bank or Agent.

**Section 5.9 Business; Status as Air Carrier.** The Company is an air carrier engaged in scheduled air transportation and is in all material respects duly qualified and licensed under all applicable Laws to carry on its business as a scheduled airline currently subject to regulation by the FAA and the Department of Transportation.

**Section 5.10 [Reserved].**

**Section 5.11 Purpose of Loan.** The proceeds of the Loans will be used for general corporate purposes, including acquisitions, and no part of the proceeds of any Loan will be used for any purpose which would violate, or be inconsistent with, any of the margin regulations of the Fed Reserve Board.

**Section 5.12 Investment Company Act.** Neither the Company nor any of its Subsidiaries is an "investment company", or a company "controlled" by an "investment company", within the meaning of the Investment Company Act of 1940, as amended.

**Section 5.13 General.** As of the Fifth Amendment Effective Date, there is no material fact or condition relating to the financial condition and business of the Company and its Subsidiaries which is not reflected in its most recently filed financial statements or any posted SEC Form 8-K which has a Material Adverse Effect and which has not been related, in writing, to the Paying Agent, other than industry-wide risks in the ordinary course of business associated with the types of business conducted by the Company and its Subsidiaries; *provided* that, with respect to projections, estimates or other forward looking information the Company and its Subsidiaries represent only that such information was prepared in good faith based upon assumptions believed to be reasonable at the time that such forward-looking information was prepared.

**Section 5.14 Affected Financial Institutions.** The Company is not an Affected Financial Institution.

**Section 5.15 Anti-Corruption Laws and Sanctions.** The Company has implemented and maintains in effect policies and procedures designed to maintain material compliance by the Company, its Subsidiaries and their respective directors, officers, employees and agents with Anti-Corruption Laws and applicable Sanctions, and the Company, its Subsidiaries and their respective officers and employees, and to the knowledge of the Company its directors and agents, are in compliance with Anti-Corruption Laws and applicable Sanctions in all material respects and are not knowingly engaged in any activity that would reasonably be expected to result in the Company being designated as a Sanctioned Person. None of (a) the Company, any of its Subsidiaries or to the knowledge of the Company or such Subsidiary of the Company any of their respective directors, officers or employees, or (b) to the knowledge of the Company, any agent of the Company or any of its Subsidiaries that will act in any capacity in connection with or benefit from the credit facility established hereby, is a Sanctioned Person. No Loan or Letter of Credit, use of proceeds or other transaction contemplated by this Agreement will violate any Anti-Corruption Law or applicable Sanctions. Notwithstanding the foregoing or any other provision of this Agreement, the Company shall not be in breach of this Section 5.15 or Section 6.3 if it operates any of its aircraft (including any Pool Asset) in a Sanctioned Country for which it has obtained legal authority from all applicable United States government agencies, to conduct operations in such Sanctioned Country.

## ARTICLE VI

### COVENANTS

So long as the Company may borrow hereunder and until the Obligations have been paid in full, the Company covenants as follows:

**Section 6.1 Performance of Obligations.** The Company shall duly and punctually pay and perform each of the Obligations under this Agreement and the other Loan Papers under which the Company has Obligations.

**Section 6.2 Compliance with Laws.** The Company shall comply, and shall cause each of its Material Subsidiaries to comply, in all material respects with all applicable Laws, except for any noncompliance which individually or in the aggregate would not have a Material Adverse Effect, and such compliance shall include, without limitation, paying before the same become delinquent all Taxes imposed upon the Company or any of its Material Subsidiaries or its or their Properties, except to the extent contested diligently and in good faith by proper proceedings, and for which adequate reserves are established in accordance with GAAP.

**Section 6.3 Maintenance of Existence, Licenses and Franchises: Compliance With Agreements.** Except to the extent otherwise permitted in Article VI, (a) the Company shall maintain, and shall cause each of its Material Subsidiaries to maintain, its existence, and (b) the Company shall preserve and maintain, and shall cause each of its Material Subsidiaries to preserve and maintain, all material licenses, privileges, franchises, certificates, authorizations, and

other permits and agreements necessary for the operation of its business, except, with respect to this clause (b), where failure to do so would not, in the aggregate, have a Material Adverse Effect. The Company shall comply, and shall cause each of its Material Subsidiaries to comply, with all material agreements binding on it or affecting its properties or business, except for any noncompliance which individually or in the aggregate would not have a Material Adverse Effect. The Company shall maintain in effect and enforce policies and procedures designed to cause material compliance by the Company, its Subsidiaries and their respective directors, officers, employees and agents with Anti-Corruption Laws and applicable Sanctions.

#### Section 6.4 Maintenance of Properties

(a) The Company shall, and shall cause each of its Material Subsidiaries to, cause all of its Properties used or useful in the conduct of its business to be maintained and kept in good condition, repair, and working order, and supplied with all necessary equipment, and cause to be made all necessary repairs, renewals, replacements, betterments, and improvements thereof, all as in the judgment of the Company may be necessary so that the business carried on in connection therewith may be properly conducted at all times.

(b) The Company shall, at its expense, maintain, service, repair, overhaul, improve, and rebuild the Aircraft so as to keep all Aircraft in good operating condition and as required to meet, no later than the applicable termination date (i.e., the date by which compliance with such standards is required), the airworthiness standards of the Federal Aviation Administration and the Department of Transportation (to the extent such standards are applicable to the Aircraft) or the standards observed by the Company with respect to Property of similar type, whichever is higher. The Company shall maintain, service, repair and overhaul all Aircraft in compliance with its Federal Aviation Administration approved maintenance program. The Company shall comply with all Laws of Tribunals having jurisdiction over the Company or the Aircraft, including all applicable requirements of the Federal Aviation Administration and the Department of Transportation as to operation, maintenance, or use of the Aircraft. In the event that any such Law requires alteration of any Aircraft, the Company shall conform thereto or obtain conformance therewith at no expense to the Agents or the Banks no later than the applicable termination date (i.e., the date by which such alteration is required).

(c) Notwithstanding anything to the contrary in this Section 6.4, (A) (i) the Company may place an Aircraft in storage in accordance with the Company's standard storage procedures (including, in the case of Aircraft in the Company's Boeing 737-300 and 737-500 fleet, for decommissioning purposes), (ii) an Aircraft (or any component thereof) may undergo maintenance in accordance with the Company's Federal Aviation Administration approved maintenance program and (iii) an Aircraft may be grounded by applicable government authorities, in each case, without the necessity of keeping such Aircraft in good operating condition or maintaining such Aircraft's airworthiness certification or otherwise complying with the foregoing provisions of this Section 6.4, (B) the Company may contest the applicability of any Laws or directives described in this Section 6.4 in any reasonable manner and defer compliance therewith until such contest is finally determined or adjudicated, so long as, notwithstanding such deferred compliance with respect to any Aircraft, the Company keeps such Aircraft in good operating condition and maintains such Aircraft's airworthiness certification and (C) the Company may defer maintenance and defer conformity with any airworthiness directive in a manner that is consistent with its Federal Aviation Administration approved maintenance program and applicable Laws; provided that if any Aircraft that is a Pool Asset that has been placed into storage or grounded as provided in the preceding clause (A) is not in good operating condition or lacks airworthiness certification (any such Aircraft, a "Non-Compliant Pool Aircraft") for a period of more than 30 days, then, within 60 days of the end of such 30 day period the Company shall be required to replace such Aircraft with another Aircraft in compliance with Section 6.12(b) hereof; provided, further, that the Company shall not permit the Appraised Value of all Non-Compliant Pool Aircraft at any time to exceed an amount equal to 7.5% of the Appraised Value of all Pool Assets at such time for a period of more than ten Business Days.

Section 6.5 Maintenance of Books and Records. The Company shall, and shall cause each of its Subsidiaries to, maintain proper books of record and account in which full, true, and correct entries in conformity in all material respects with GAAP will be made in respect of all financial dealings and transactions that are, individually or in the aggregate, material in relation to their business and activities.

Section 6.6 Inspection. At reasonable times and upon reasonable notice, the Company shall permit, and shall cause each of its Material Subsidiaries to permit, any employees and other representatives of the Paying Agent, during normal business hours, (1) to visit the Company and inspect any Pool Assets; provided, however that (a) any such inspection (i) shall be limited to Pool Assets, (ii) shall be a visual, walk-around inspection and (iii) may not include opening any panels, bays or the like and (b) no exercise of any inspection rights provided for in this Section shall interfere with the normal operation or maintenance of any Aircraft by, or the business of, the Company, (2) to examine and make extracts from all books of account and all records that relate to the Pool Assets or the financial operations of the Company (subject to any confidentiality agreements, copyright restrictions, and similar limitations), and (3) to discuss the Company's and Material Subsidiaries' affairs, finances, Properties, condition (financial or otherwise) and accounts with the Company's and Material Subsidiaries' officers, in each case of the preceding clauses (1) and (2), for the purpose of verifying the accuracy of the various reports delivered by the Company to the Paying Agent and the Banks pursuant to this Agreement or otherwise ascertaining compliance this Agreement and at such times and as often as may be reasonably requested, but in any event, and notwithstanding the foregoing, in the case of the preceding clauses (1) and (2), so long as no Event of Default has occurred and is continuing, the Company and its Subsidiaries shall not bear the cost of any inspections under this Agreement, and inspections may not be performed more than one time per year.

Section 6.7 Insurance. The Company shall maintain insurance on its Properties with insurers or associations of recognized standing in such amounts (including by way of self-insurance) as it determines to be prudent and consistent with its insurance and loss prevention policies, and in such forms and covering such risks as may then be customary with airlines of a comparable credit standing flying equipment and routes comparable to the Company.

Section 6.8 Appraisals. On each Appraisal Delivery Date, the Company shall submit an Appraisal of the Pool Assets to the Paying Agent (for onward distribution to the Banks) as of the date which is no more than 30 days prior to such Appraisal Delivery Date; provided, however, that if such Appraisal is

to be delivered on such Appraisal Delivery Date as a consequence of clause (d) of the definition thereof, the Appraisal to be delivered on such date shall only be in respect of the assets to be removed from and/or added to the Pool Assets.

**Section 6.9 Coverage Ratio**. The Company shall, on the last day of each fiscal quarter of the Company, maintain a Coverage Ratio of not less than 1.25 to 1.0.

The Company shall have the option to reduce the required Coverage Ratio to 0.80 to 1.0 for two consecutive fiscal quarters by written notice to the Banks. If such notice is given, the Company shall be irrevocably obligated to pay to each Bank a quarterly fee equal to 0.25% of such Bank's Commitment for each quarter (with the amount of such Commitment being determined on an average basis if such Commitment has changed during such quarter), payable on each date on which financial statements for the two relevant fiscal quarters are required to be delivered; provided that (i) such option may be exercised no more than once between the Fifth Amendment Effective Date and the Termination Date and (ii) such fee shall be payable in respect of any quarter only if the Coverage Ratio for such quarter is less than 1.25 to 1.0.

**Section 6.10 Reporting Requirements**. The Company shall furnish to the Paying Agent (with sufficient copies for each Bank):

(a) Within 120 days after the last day of each fiscal year of the Company, Financial Statements (it being understood that delivery of the Company's annual report on Form 10-K for any fiscal year as filed with the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended, will satisfy this requirement with respect to such fiscal year) showing the consolidated financial condition and results of operations of the Company and its Subsidiaries as of, and for the year ended on, such last day, accompanied by (i) the opinion, without material qualification, of Auditors, based on an audit using generally accepted auditing standards, that such Financial Statements were prepared in accordance with GAAP and present fairly, in all material respects, the consolidated financial position and results of operations of the Company and its consolidated Subsidiaries for the periods presented and (ii) a Financial Report Certificate;

(b) Within 60 days after the last day of each of the first three fiscal quarters of the Company (i) Financial Statements showing the consolidated financial condition and results of operations of the Company and its consolidated Subsidiaries as of and for the period from the beginning of the current fiscal year to, such last day (it being understood that delivery of the Company's quarterly report on Form 10-Q for any fiscal quarter as filed with the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended, will satisfy this requirement with respect to such fiscal quarter), and (ii) a Financial Report Certificate;

(c) (i) Promptly after mailing, true copies of all reports, statements, documents, plans, and other written communications furnished by or on behalf of the Company or any of its Subsidiaries to stockholders generally and (ii) promptly upon the filing thereof, copies of all registration statements (other than the exhibits thereto and any registration statements on Form S-8 or its equivalent) and reports on Forms 10-K, 10-Q and 8-K (or their equivalents) which the Company shall have filed with the Securities and Exchange Commission;

(d) Notice, promptly after the Company or any of its Material Subsidiaries knows or has reason to know of a Default or Event of Default, specifying the nature thereof and what action the Company or any Subsidiary has taken, is taking, or proposes to take with respect thereto;

(e) Prompt notice of any legal or arbitral proceedings, and of all proceedings by or before any governmental or regulatory authority or agency, and any material development in respect of such legal or other proceedings, affecting the Company, except proceedings which, if adversely determined, would not have a Material Adverse Effect or proceedings with respect to which the Company, in good faith and upon consultation with outside counsel, believes an adverse determination in respect thereof to be unlikely; and

(f) Promptly upon the Paying Agent's reasonable request, such other relevant information (not otherwise required to be furnished under the Loan Papers) respecting the business affairs, assets, and liabilities of the Company and any of its Material Subsidiaries.

In the case of paragraphs (a), (b) and (c) above (other than the Financial Report Certificate), the Company may satisfy the reporting requirements in respect thereof by making the documents referred to therein available to the Banks on its website or posted on the Security and Exchange Commission's website at [www.sec.gov](http://www.sec.gov). Notwithstanding the foregoing, the Company shall deliver hard copies of any such documents to any Bank that notifies the Company that such delivery is required by any Laws applicable to such Bank.

**Section 6.11 Use of Proceeds**. Proceeds advanced hereunder shall be used only as represented herein. The Company shall not request any Loan or Letter of Credit, and the Company shall not use, and shall procure that its Subsidiaries and its or their respective directors, officers, employees and agents shall not use, the proceeds of any Loan or Letter of Credit (a) in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any Person in violation of any Anti-Corruption Laws, (b) for the purpose of funding, financing or facilitating any activities, business or transaction of or with any Sanctioned Person, or in any Sanctioned Country, to the extent such activities, businesses or transaction would be prohibited by Sanctions if conducted by a corporation incorporated in the United States or (c) in any manner that would result in the violation of any Sanctions applicable to any party hereto. Notwithstanding the foregoing or any other provision of this Agreement, the Company shall not be in breach of this Section 6.11 if it operates any of its aircraft (including any Pool Asset) in a Sanctioned Country for which it has obtained legal authority from all applicable United States government agencies, to conduct operations in such Sanctioned Country.

**Section 6.12 Pool Assets**. The Company (i) will ensure that, subject to clause (c) below, the Appraised Value of the Pool Assets shall satisfy the Collateral Coverage Test (based upon the most recent Appraisal delivered to the Paying Agent and the Banks pursuant to the provisions of Section 6.8), and (ii)

will not (and will not permit any Wholly Owned Domestic Subsidiary to) convey, sell, lease, transfer or otherwise dispose of, whether voluntarily or involuntarily (it being understood that loss of property due to theft, destruction, confiscation, prohibition on use or similar event shall constitute a disposal for purposes of this covenant), or remove or substitute, any Pool Asset (or any engine included in the Pool Assets unless such engine is replaced by another working engine or engines of comparable value, assuming half-time condition) or agree to do any of the foregoing in respect of the Pool Assets at any future time, except that:

(a) so long as no Event of Default exists, the Company or any of its Wholly Owned Domestic Subsidiaries owning a Pool Asset may replace a Pool Asset with another asset of the Company or such Wholly Owned Domestic Subsidiary (or any other Wholly Owned Domestic Subsidiary) (and Schedule II shall be modified to reflect such replacement), provided that (A) such replacement shall be made on at least a dollar-for-dollar basis based upon (x) in the case of the asset being removed from the Pool Assets, the Appraised Value of such Pool Asset (as determined by the most recently delivered Appraisal with respect to such Pool Asset) and (y) in the case of the asset being added to the Pool Assets, the Appraised Value of such asset (as determined by an Appraisal performed at (or relatively contemporaneously with) the time of such replacement), (B) prior to effecting the replacement, the Company shall have delivered an Officer's Certificate to the Paying Agent certifying compliance with this Section 6.12 and attaching to such certificate the Appraisal required by Section 6.8 and (C) the asset replacing a Pool Asset shall constitute Specified Equipment.

(b) so long as no Event of Default exists or would result therefrom, the Company or any of its Wholly Owned Domestic Subsidiaries owning a Pool Asset may remove an asset from the Pool Assets (and Schedule II shall be modified to reflect such removal), provided that (A) after giving effect to such removal, the Appraised Value of the remaining Pool Assets (as determined by an Appraisal of all Pool Assets performed at (or relatively contemporaneously with) the time of such removal) shall satisfy the Collateral Coverage Test, and (B) prior to effecting the removal, the Company shall have delivered an Officer's Certificate to the Paying Agent certifying that, and providing calculations demonstrating that, after giving effect to such removal, the Appraised Value of the Pool Assets shall satisfy the Collateral Coverage Test, and otherwise certifying compliance with this Section 6.12 and attaching to such certificate Appraisals of all Pool Assets obtained in connection with such removal;

(c) in the event (x) that an Appraisal furnished pursuant to Section 6.8 discloses that the Collateral Coverage Test is not satisfied or (y) the Collateral Coverage Test is not satisfied following an involuntary disposal of any Pool Asset (or any engine included in the Pool Assets unless such engine is replaced by another working engine or engines of comparable value, assuming half-time condition) (whether by loss of property due to theft, destruction, confiscation, prohibition on use, any similar event or otherwise), based upon the most recent Appraisal of the Pool Assets (from which the appraised values of the Pool Assets which are the subject of the involuntary disposition shall be subtracted) furnished pursuant to Section 6.8, the Company shall within 60 days after the date of such Appraisal or involuntary disposal, as the case may be (a "Collateral Coverage Test Cure Period"), designate additional assets as Pool Assets to the extent that, after giving effect to such designation, the Appraised Value of the Pool Assets, based on the most recently delivered Appraisal with respect to assets already constituting Pool Assets and based on an Appraisal performed at (or relatively contemporaneously with) the time of such addition with respect to assets being added to Pool Assets, shall satisfy the Collateral Coverage Test (and Schedule II shall be modified to reflect such addition), provided that (A) at the time of such addition, the Paying Agent and the Banks shall have received an Officer's Certificate certifying that the conditions set forth in this Section 6.12 shall have been satisfied after giving effect to such addition and attaching thereto such Appraisal, and (B) the asset being added shall constitute Specified Equipment; and

(d) the Company may at any time and from time to time designate any of its assets as Pool Assets and deliver to the Paying Agent an Appraisal with respect to such assets being added as Pool Assets (and Schedule II shall be modified to reflect such addition), provided that (A) at the time of such addition, the Paying Agent and the Banks shall have received an Appraisal with respect to such assets being added as Pool Assets, an Officer's Certificate certifying that the conditions set forth in this Section 6.12 shall have been satisfied after giving effect to such addition and attaching thereto such Appraisal, and (B) the asset being added shall constitute Specified Equipment.

#### Section 6.13 Restrictions on Liens.

(a) The Company will not, nor will it permit any Subsidiary to, create, assume or suffer to exist any Lien upon or with respect to the Pool Assets, or enter into any arrangement with any Person that would materially negatively impact the value of any Pool Asset realizable by any third party or assign any right to receive the proceeds from the sale, transfer or disposition of any of the Pool Assets, or file or authorize the filing with respect to any of the Pool Assets of any financing statement naming the Company or any Subsidiary as debtor under the Uniform Commercial Code or any similar notice of Lien naming the Company or any Subsidiary as debtor under any similar recording or notice statute (including, without limitation, any filing under Title 49, United States Code, Section 44107), other than Permitted Liens affecting Pool Assets.

(b) The Company will not enter into or suffer to exist, and will not permit any of its Subsidiaries to enter into or suffer to exist, any agreement prohibiting or conditioning the creation or assumption of any first priority Lien, subject to Permitted Liens, upon any Pool Asset to secure Debt or other obligations of the Company or of any Subsidiary of the Company that holds Pool Assets.

#### Section 6.14 Mergers and Dissolutions.

(a) The Company will not merge or consolidate with any other person unless:

(i) no Default or Event of Default has occurred and is continuing or would result therefrom;

(ii) the Company is the surviving corporation or, if otherwise, (x) such other Person or continuing corporation (the "Successor Company") is a corporation or other entity organized under the laws of a state of the United States and (y) such Successor Company is a U.S. certificated air carrier; and

(iii) in the case of a Successor Company, the Successor Company shall (A) execute, prior to or contemporaneously with the consummation of such transaction, such agreements, if any, as are in the reasonable opinion of the Paying Agent, necessary or advisable to evidence the assumption by the Successor Company of liability for all of the obligations of the Company hereunder and the other Loan Papers, and (B) cause to be delivered to the Paying Agent and the Banks such legal opinions (which may be from in-house counsel) as any of them may reasonably request in connection with the matters specified in the preceding clause (A) and (C) provide such information as each Bank or the Paying Agent reasonably requests in order to perform its "know your customer" due diligence with respect to the Successor Company.

Upon any consolidation or merger in accordance with this Section 6.14(a) in any case in which the Company is not the surviving corporation, the Successor Company shall succeed to, and be substituted for, and may exercise every right and power of, the Company under this Agreement with the same effect as if such Successor Company had been named as the Company herein. No such consolidation or merger shall have the effect of releasing the Company or any Successor Company which shall theretofore have become successor to the Company in the manner prescribed in this Section 6.14(a) from its liability with respect to any Loan Paper to which it is a party.

(b) The Company will not liquidate, wind up, or dissolve itself (or suffer any liquidation or dissolution).

**Section 6.15 Assignment.** The Company will not assign or transfer any of its Rights, duties, or obligations under any of the Loan Papers to which it is a party.

## ARTICLE VII

### EVENTS OF DEFAULT; REMEDIES

**Section 7.1 Events of Default.** Any one or more of the following events shall be "Events of Default" hereunder (which shall include by definition the expiration of any grace period with respect thereto), whether the same shall occur and be continuing for any reason whatsoever (and whether such occurrence shall be voluntary or involuntary or come about or be effected by operation of Law or otherwise):

(a) Payment of Obligation.

(i) Failure to pay any principal of any Loan or any Reimbursement Obligation when due whether at maturity, by declaration as authorized by this Agreement, or otherwise; or

(ii) failure to pay, within five Business Days after the due date thereof, any interest on any Loan or any Reimbursement Obligation; or

(iii) failure to pay, within ten Business Days after the due date thereof, or if no due date therefor is herein specified within ten Business Days after written demand therefor is given to the Company by the Paying Agent, any fee or other amount payable by the Company hereunder or under any of the other Loan Papers.

(b) Covenants. Default shall be made in the observance or performance of any other of the covenants, conditions, and agreements on the part of the Company (or in the case of Section 6.12, on the part of any Subsidiary having any Pool Assets) contained herein, or in any other Loan Papers and such default shall continue for a period of 30 days (or, in the case of Section 6.9, five Business Days) after the Paying Agent shall have given the Company notice thereof in writing; *provided that*, except with respect to a default under Section 6.12, if such Person is proceeding with diligence and good faith to cure or remedy such default and such default is susceptible to cure or remedy, such 30 day period shall be extended as may be necessary to cure such failure, such extended period not to exceed 60 days.

(c) Debtor Relief. The Company or any Material Subsidiary shall file a voluntary petition in bankruptcy or a petition or answer seeking reorganization, arrangement, composition, liquidation, receivership, or similar relief under any Debtor Relief Law, or shall file a petition to take advantage of any Debtor Relief Law, or shall make an assignment for the benefit of creditors, or shall admit in writing its inability to pay its debts as they become due, or shall fail generally to pay its debts as they become due, or shall consent to the appointment of any receiver, trustee, custodian or liquidator of it or all or a substantial part of its Property; or a proceeding or action shall be instituted or commenced against the Company or any Material Subsidiary seeking an order for relief or a reorganization, arrangement, composition, liquidation, receivership, or similar relief under any Debtor Relief Law or seeking the appointment, without the consent of the Company or any Material Subsidiary, of any receiver, trustee, custodian or liquidator of it or all or a substantial part of the Property of the Company or any Material Subsidiary and such proceeding or action shall remain undismissed or unstayed for a period of 90 days; or an order, decree, or judgment for an involuntary petition adjudicating the Company or any Material Subsidiary insolvent shall be entered by any court of competent jurisdiction and shall remain undismissed or unstayed for a period of 90 days.

(d) **Payment of Judgments.** The Company or any of its Material Subsidiaries fails to pay any final judgment or order for the payment of money in excess of \$200,000,000 rendered against it or

any of its assets (exclusive of any judgment or order the amounts of which are fully covered by insurance less any applicable deductible and as to which the insurer has been notified of such judgment or order and has not denied coverage in respect thereof) and either (i) any enforcement proceedings shall have been commenced by any creditor upon such judgment or order or (ii) the same shall not be stayed, vacated, satisfied, discharged or bonded pending appeal (or provisions shall not be made for such stay, vacation, satisfaction, discharge or bond), or a stay of execution thereof shall not be procured, within 60 days from the date of entry thereof and the Company or the relevant Material Subsidiary shall not, within said period of 60 days, or such longer period during which execution of the same shall have been stayed, appeal therefrom and cause the execution thereof to be stayed during such appeal.

(e) **Default on Other Debt or Security.** The Company or any Material Subsidiary shall (i) fail to pay any principal of or interest on any Debt (other than the Obligation) the principal or face amount of which exceeds \$200,000,000 when due (or, where permitted, within any applicable grace period), whether by scheduled maturity, required prepayment, acceleration, demand or otherwise and such default continues unremedied for five Business Days after such due date or applicable grace period, or (ii) fail to perform or observe any other provision (other than a provision that is substantially identical to a provision in this Agreement) contained in any agreement securing or relating to such Debt (or any other breach or default under such Debt agreement occurs) if the effect of such failure to perform or observe such other provisions (or breach or default) is to cause such Debt to become due prior to its stated maturity; provided, however, that if any such failure, breach or default shall be waived or cured (as evidenced by a writing from such holder or trustee) then, to the extent of such waiver or cure, the Event of Default hereunder by reason of such failure, breach or default shall be deemed likewise to have been thereupon waived or cured.

(f) **ERISA.** A termination of a Plan of the Company or an ERISA Affiliate pursuant to Section 4042 of ERISA that would reasonably be expected to result in a Material Adverse Effect.

(g) **Misrepresentation.** Any representation or warranty made by the Company is untrue in any material respect, or any certificate, schedule, statement, report, notice or writing (excluding any Appraisal, for which the Company makes no representation) furnished by the Company to the Agents or to the Banks, or any of them, is untrue in any material respect on the date as of which the facts set forth are stated or certified, shall remain material at the time of discovery and shall, if curable, remain incorrect in any material respect after 30 days after written notice thereof to the Company (it being understood that any failure by the Company to include within any such schedule, statement, report, notice, or writing any information the omission of which would cause the material included to be misleading shall be as much an untruth as a false statement contained therein).

## Section 7.2 Remedies Upon Default.

(a) If an Event of Default specified in Section 7.1(c) occurs, the Commitments of the Banks shall thereupon automatically terminate and the aggregate unpaid principal balance of and accrued interest on the Obligation shall thereupon become due and payable concurrently therewith, without any action by the Paying Agent or any Bank and without diligence, presentment, demand, protest, notice of protest or intent to accelerate, or notice of any other kind, all of which are hereby expressly waived. Except as set forth in the preceding sentence, should any other Event of Default occur and be continuing, the Paying Agent may, and if requested by the Majority Banks, shall, do any one or more of the following:

(i) **Acceleration.** Declare (by written notice to the Company) the entire unpaid balance of the Obligation, or any part thereof, immediately due and payable, whereupon it shall be due and payable, without diligence, presentment, demand, protest,

notice of protest or intent to accelerate, or other notice of any kind (except any notice or demand specified in this Agreement), all of which are hereby expressly waived.

(ii) **Termination.** Terminate the Commitments by written notice to the Company.

(iii) **Judgment.** Reduce any claim to judgment.

(iv) **Rights.** Exercise any and all legal and equitable Rights available to it.

(b) With respect to all Letters of Credit with respect to which presentment for honor shall not have occurred at the time of an acceleration pursuant to this Section 7.2, the Company shall, upon any such acceleration, deposit in a cash collateral account opened by the Paying Agent (the "Collateral Account") an amount equal to the aggregate then undrawn and unexpired amount of such Letters of Credit. Amounts held in such cash collateral account shall be applied by the Paying Agent to the payment of drafts drawn under such Letters of Credit, and the unused portion thereof after all such Letters of Credit shall have expired or been fully drawn upon, if any, shall be applied to repay other obligations of the Company hereunder and under the other Loan Papers. After all such Letters of Credit shall have expired or been fully drawn upon, all Reimbursement Obligations shall have been satisfied and all other obligations of the Company hereunder and under the other Loan Papers shall have been paid in full, the balance, if any, in such cash collateral account shall be returned to the Company (or such other Person as may be lawfully entitled thereto).

**Section 7.3 Remedies in General.** If any Event of Default shall occur and be continuing, the Paying Agent may immediately proceed to protect and enforce all or any Rights with respect thereto contained in this Agreement or any other Loan Papers or may enforce any other legal or equitable Rights.

Any Right may be exercised from time to time, independently or concurrently, and as often as shall be deemed expedient. No waiver of any Event of Default shall extend to any subsequent Event of Default.

## ARTICLE VIII

### THE AGENTS

**Section 8.1 Authorization and Action.** Each Bank hereby irrevocably appoints and authorizes (a) JPMorgan Chase Bank, N.A. to act as its Paying Agent hereunder and under each of the other Loan Papers, (b) JPMorgan Chase Bank, N.A. and Citibank, N.A. to act as Co-Administrative Agents hereunder and under each of the other Loan Papers, (c) Barclays Bank PLC to act as Syndication Agent hereunder and (d) Bank of America, N.A., BNP Paribas, Goldman Sachs Bank USA, Morgan Stanley Senior Funding, Inc., U.S. Bank National Association and Wells Fargo Bank, N.A. to act as Documentation Agents hereunder. JPMorgan Chase Bank, N.A. consents to such appointment as Paying Agent and agrees to perform the duties of the Paying Agent hereunder and under the other Loan Papers. Each of JPMorgan Chase Bank, N.A. and Citibank, N.A. consents to its appointment as a Co-Administrative Agent, Barclays Bank PLC consents to its appointment as Syndication Agent and each of Bank of America, N.A., BNP Paribas, Goldman Sachs Bank USA, Morgan Stanley Senior Funding, Inc., U.S. Bank National Association and Wells Fargo Bank, N.A. consents to its appointment as Documentation Agent. Each Bank authorizes and directs the Paying Agent to act on its behalf and to exercise such powers under this Agreement as are specifically delegated to or required of such Agent by the terms hereto, together with such powers as are reasonably incidental thereto. As to any matters not expressly provided for by this Agreement or the other Loan Papers (including, without limitation, enforcement or collection of the Loans or Notes), the Paying Agent shall not be required to exercise any

discretion or take any action, but shall be required to act or to refrain from acting (and shall be fully protected in so acting or refraining from acting) upon the instructions of the Majority Banks, and such instructions shall be binding upon all Banks and all holders of Loans or Notes; provided, however, that no Agent shall be required to take any action which exposes such Agent to liability or which is contrary to this Agreement or applicable Law.

**Section 8.2 Agents' Reliance, Etc.** None of the Agents and none of their respective Affiliates, directors, officers, agents, or employees shall be liable for any action taken or omitted to be taken by it or them under or in connection with the Loan Papers (i) with the consent or at the request of the Majority Banks (or all the Banks, if required) or (ii) in the absence of its or their own gross negligence or willful misconduct (it being the express intention of the parties that the Agents and their respective directors, officers, agents, and employees shall have no liability for actions and omissions under this **Section 8.2** resulting from their ordinary contributory negligence). Without limitation of the generality of the foregoing, each Agent (i) may treat the payee of each Loan or Note as the holder thereof until such Agent receives written notice of the assignment or transfer thereof signed by such payee and in form satisfactory to such Agent; (ii) may consult with legal counsel (including counsel for the Company), independent public accountants, and other experts selected by it and shall not be liable for any action taken or omitted to be taken in good faith by it in accordance with the advice of such counsel, accountants, or experts; (iii) makes no warranty or representation to any Bank and shall not be responsible to any Bank for any statements, warranties, or representations made by or on behalf of the Company in or in connection with any Loan Paper; (iv) except as otherwise expressly provided herein, shall not have any duty to ascertain or to inquire as to the performance or observance of any of the terms, covenants, or conditions of any Loan Paper or to inspect the property (including the books and records) of the Company or any of its Subsidiaries; (v) shall have no responsibility to ensure the satisfaction of any condition set forth in **Article IV** or elsewhere herein other than to confirm receipt of items expressly required to be delivered to the Paying Agent, (vi) shall not be responsible to any Bank for the due execution, legality, validity, enforceability, genuineness, sufficiency, or value of any Loan Paper or any other instrument or document furnished pursuant hereto or thereto; (vii) shall incur no liability under or in respect of any Loan Paper by acting upon any notice, consent, certificate, or other instrument or writing (which may be by telecopier or e-mail) reasonably believed by it to be genuine and signed or sent by the proper party or parties; and (viii) may rely upon any statement made to it orally or by telephone and believed by it to be made by the proper Person, and shall not incur any liability for relying thereon.

**Section 8.3 Rights of Agents as Banks.** With respect to their Commitments, the Loans, if any, made by them and the Notes, if any, issued to them, each Bank that is an Agent (including any Agent that hereafter becomes a holder of a Loan or Note) and its Affiliates shall have the same rights and powers under this Agreement or any other Loan Paper as any other Bank and may exercise the same as though it were not an Agent; and the term "Bank" or "Banks" shall, unless otherwise expressly indicated, include each Bank that is an Agent (including any Agent that hereafter becomes a holder of a Loan or Note), in its individual capacity. Each Bank that is an Agent (including any Agent that hereafter becomes a holder of a Loan or Note) and its Affiliates may accept deposits from, lend money to, act as trustee under indentures of, and generally engage in any kind of business with, the Company, any of the Subsidiaries and any Person who may do business with or own securities of the Company or of the Subsidiaries, all as if such Bank were not an Agent, and without any duty to account therefor to the Banks.

**Section 8.4 Bank Credit Decision.** Each Bank acknowledges and agrees that it has, independently and without reliance upon any of the Agents or any other Bank and based on the Current Financials and such other documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Bank also acknowledges and agrees that it will, independently and without reliance upon any of the Agents or any other Bank and based on such

documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement.

**Section 8.5 Agents' Indemnity.** None of the Agents shall be required to take any action hereunder or to prosecute or defend any suit in respect of this Agreement or the Loans or Notes unless indemnified to such Agent's satisfaction by the Banks against loss, cost, liability, and expense. If any indemnity furnished to such Agent shall become impaired, it may call for additional indemnity and cease to do the acts indemnified against until such additional indemnity is given. In addition, the Banks severally but not jointly agree to indemnify the Paying Agent (to the extent not reimbursed by the Company), ratably according to the respective principal amounts of the Committed Loans then held by each of them (or if no Committed Loans are at the time outstanding, ratably according to either (i) the respective amounts of their Commitments, or (ii) if the Commitments have terminated, the respective amounts of the Commitments immediately prior to such termination); provided that, in the case of Section 2.22, when a Defaulting Bank shall exist, any such Defaulting Bank's Commitment shall be disregarded in the calculation, from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses, or disbursements of any kind or nature whatsoever which may be imposed on, incurred by, or asserted against such Agent in any way relating to or arising out of this Agreement or any action taken or omitted by such Agent under this Agreement or the other Loan Papers (including, without limitation, any action taken or omitted under Article II of this Agreement); provided that no Bank shall be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses, or disbursements resulting from such Agent's fraud, gross negligence or willful misconduct. Each Bank agrees, however, that it expressly intends, under this Section 8.5, to indemnify each Agent ratably as aforesaid for all such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses, and disbursements arising out of or resulting from such Agent's ordinary or contributory negligence. Without limitation of the foregoing, each Bank agrees to reimburse the Paying Agent promptly upon demand for its ratable share of any out-of-pocket expenses (including reasonable counsel fees) incurred by such Agent in connection with the preparation, execution, administration, or enforcement of, or legal advice in respect of rights or responsibilities under, this Agreement and the other Loan Papers to the extent that such Agent is not reimbursed for such expenses by the Company. The provisions of this Section 8.5 shall survive the termination of this Agreement and/or the payment or assignment of any of the Loans or Notes.

**Section 8.6 Successor Paying Agent.** The Paying Agent may resign at any time by giving written notice thereof to the Banks and the Company and may be removed as Paying Agent under this Agreement and the other Loan Papers at any time with or without cause by the Majority Banks. Upon any such resignation or removal, the Majority Banks shall have the right, with the consent, not to be unreasonably withheld or delayed, of the Company (provided that the Company's consent shall not be required during the continuance of a Default or an Event of Default), to appoint a successor Paying Agent. If no successor Paying Agent shall have been so appointed and shall have accepted such appointment within 30 calendar days after the retiring Paying Agent's giving notice of resignation or the Majority Banks' removal of the retiring Paying Agent, then the retiring Paying Agent may, on behalf of the Banks, with the consent, not to be unreasonably withheld or delayed, of the Company (provided that the Company's consent shall not be required during the continuance of a Default or Event of Default), appoint a successor Paying Agent, which shall be a commercial bank organized under the Laws of the United States of America or of any state thereof and having a combined capital and surplus of at least \$500,000,000. Upon the acceptance of any appointment as Paying Agent hereunder and under the other Loan Papers by a successor Paying Agent, such successor Paying Agent shall thereupon succeed to and become vested with all rights, powers, privileges and duties of the retiring Paying Agent, and the retiring Paying Agent shall be discharged from its duties and obligations under this Agreement and the other Loan Papers. After any retiring Paying Agent's resignation or removal as the Paying Agent hereunder and under the other Loan Papers, the provisions of this Article VIII shall inure to its benefit as to any actions.

taken or omitted to be taken by it while it was the Paying Agent under this Agreement and the other Loan Papers.

**Section 8.7 Erroneous Payments.** Each Bank hereby agrees that (x) if the Paying Agent notifies such Bank that the Paying Agent has determined in its sole discretion that any funds received by such Bank from the Paying Agent or any of its Affiliates (whether as a payment, prepayment or repayment of principal, interest, fees or otherwise; individually and collectively, a "Payment") were erroneously transmitted to such Bank (whether or not known to such Bank), and demands the return of such Payment (or a portion thereof), such Bank shall promptly, but in no event later than one Business Day thereafter, return to the Paying Agent the amount of any such Payment (or portion thereof) as to which such a demand was made in same day funds, together with interest thereon in respect of each day from and including the date such Payment (or portion thereof) was received by such Bank to the date such amount is repaid to the Paying Agent at the greater of the Federal Funds Effective Rate and a rate determined by the Paying Agent in accordance with banking industry rules on interbank compensation from time to time in effect, and (y) to the extent permitted by applicable law, such Bank shall not assert, and hereby waives, as to the Paying Agent, any claim, counterclaim, defense or right of set-off or recoupment with respect to any demand, claim or counterclaim by the Paying Agent for the return of any Payments received, including without limitation any defense based on "discharge for value" or any similar doctrine. A notice of the Paying Agent to any Bank under this Section 8.7 shall be conclusive, absent manifest error.

(i) Each Bank hereby further agrees that if it receives a Payment from the Paying Agent or any of its Affiliates (x) that is in a different amount than, or on a different date from, that specified in a notice of payment sent by the Paying Agent (or any of its Affiliates) with respect to such Payment (a "Payment Notice") or (y) that was not preceded or accompanied by a Payment Notice, it shall be on notice, in each such case, that an error has been made with respect to such Payment. Each Bank agrees that, in each such case, or if it otherwise becomes aware a Payment (or portion thereof) may have been sent in error, such Bank shall promptly notify the Paying Agent of such occurrence and, upon demand from the Paying Agent, it shall promptly, but in no event later than one Business Day thereafter, return to the Paying Agent the amount of any such Payment (or portion thereof) as to which such a demand was made in same day funds, together with interest thereon in respect of each day from and including the date such Payment (or portion thereof) was received by such Bank to the date such amount is repaid to the Paying Agent at the greater of the Federal Funds Effective Rate and a rate determined by the Paying Agent in accordance with banking industry rules on interbank compensation from time to time in effect.

(ii) The Company hereby agrees that (x) in the event an erroneous Payment (or portion thereof) are not recovered from any Bank that has received such Payment (or portion thereof) for any reason, the Paying Agent shall be subrogated to all the rights of such Bank with respect to such amount and (y) an erroneous Payment shall not pay, prepay, repay, discharge or otherwise satisfy any Obligations owed by the Company except, in each case, to the extent such erroneous Payment is, and solely with respect to the amount of such erroneous Payment that is, comprised of funds of the Company.

(iii) Each party's obligations under this Section 8.7 shall survive the resignation or replacement of the Paying Agent or any transfer of rights or obligations by, or the replacement of, a Bank, the termination of the Commitments or the repayment, satisfaction or discharge of all Obligations under any Loan Paper.

**Section 8.8 Notice of Default.** The Paying Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default hereunder unless the Paying Agent shall have received written notice from a Bank or the Company referring to this Agreement, describing such Default or Event of Default and stating that such notice is a "notice of default." If the Paying Agent receives such a notice, the Paying Agent shall give notice thereof to the Banks; provided, however, if such notice is received from a Bank, the Paying Agent also shall give notice thereof to the Company. The Paying Agent shall be entitled to take action or refrain from taking action with respect to such Default or Event of Default as provided in Section 8.1 and Section 8.2.

**Section 8.9 Co-Administrative Agents and Documentation Agent.** The Co-Administrative Agents, the Syndication Agent and the Documentation Agents shall not have any duties or responsibilities hereunder in their capacities as such.

## ARTICLE IX

### MISCELLANEOUS

#### Section 9.1 Amendments, Etc.

(a) Except as provided in Section 2.25, no amendment or waiver of any provision of this Agreement or any other Loan Paper, nor consent to any departure by the Company herefrom or therefrom, shall in any event be effective unless the same shall be in writing and signed by the Majority Banks (or the Paying Agent with the consent of the Majority Banks) in all cases, and then, in any case, such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided, however, that no amendment, waiver, or consent shall, unless in writing and signed by each Bank directly affected thereby (or the Paying Agent with the consent of each Bank directly affected thereby), do any of the following: (a) increase the amount of the Commitments of any Banks or subject any Banks to any additional obligations, (b) reduce the principal of, or rate or amount of interest applicable to, any Loan or participation in any Letter of Credit other than as provided in this Agreement, or any fees hereunder, (c) postpone any date fixed for any payment of principal of, or interest on, the Loans or any fees hereunder, (d) extend the expiration date of any Bank's Commitment, (e) eliminate or reduce the voting rights of any Bank under this Section 9.1 or lower the percentage set forth in the definition of "Majority Banks", (f) amend Section 2.5(c) or Section 2.15 in any manner that would alter the pro rata sharing of payments or Commitment reductions required thereby, or (g) change the percentage of the Commitments or of the aggregate unpaid principal amount of the Loans, or the number of Banks, which shall be required for the Banks or any of them to take any action hereunder; provided, further, that no amendment waiver, or consent shall modify or waive any provision of Section 2.22, Article III or Section 4.3 without the written consent of each Issuing Bank; and provided, further, that no amendment, waiver, or consent shall, unless in writing and signed by the Paying Agent in addition to the Banks required above to take such action, affect the rights or duties of the Paying Agent under this Agreement or any other Loan Paper, or modify or waive any provision of Section 2.22.

(b) Notwithstanding the foregoing, if the Paying Agent and the Company acting together identify any ambiguity, omission, mistake, typographical error or other defect in any provision of this Agreement or any other Loan Papers, then the Paying Agent and the Company shall be permitted to amend, modify or supplement such provision to cure such ambiguity, omission, mistake, typographical error or other defect, and such amendment shall become effective without any further action or consent of any other party to this Agreement.

**Section 9.2 Notices, Etc.** Any Agent, any Bank, or the holder of any Loan or Note giving consent or notice or making any request of the Company provided for hereunder, shall notify

each Bank and the Paying Agent thereof. In the event that the holder of any Loan or Note (including any Bank) shall transfer such Loan or Note, it shall promptly so advise the Paying Agent which shall be entitled to assume conclusively that no transfer of any Loan or Note has been made by any holder (including any Bank) unless and until such Agent receives written notice to the contrary. Notices, consents, requests, approvals, demands, and other communications (collectively "Communications") provided for herein shall be in writing (including telecopy Communications) and mailed, telecopied, e-mailed (where indicated) or delivered:

(a) If to the Company, to it at:

Southwest Airlines Co.  
P.O. Box 36611, HDQ-6TR  
Dallas, Texas 75235  
Telecopy Number: (214) 932-1322  
Attention: Treasurer  
E-mail: Capital\_Markets-DG@wnco.com

(b) If to the Paying Agent:

JPMorgan Chase Bank, N.A.  
500 Stanton Christiana Rd.  
NCC5 / 1st Floor  
Newark, DE 19713  
Attention: Loan & Agency Services Group  
Tel: +13025520561  
Email: matthew.d.frink @jpmchase.com

Agency Withholding Tax Inquiries:

Email: agency.tax.reporting@jpmorgan.com  
Agency Compliance/Financials/Intralinks:  
Email: covenant.compliance@jpmchase.com

(c) If to JPMorgan Chase Bank, N.A. in its capacity as an Issuing Bank:

JPMorgan Chase Bank, N.A.  
10420 Highland Manor Dr. 4th Floor  
Tampa, FL 33610  
Attention: Standby LC Unit  
Tel: 800-364-1969  
Fax: 856-294-5267  
Email: GTS.Client.Services@jpmchase.com

With a copy to:

JPMorgan Chase Bank, N.A.  
500 Stanton Christiana Rd.  
NCC5 / 1st Floor  
Newark, DE 19713  
Attention: Loan & Agency Services Group  
Tel: +13025520561

Email: matthew.d.frink@jpmchase.com

(d) If to any Bank, any other Issuing Bank or any other Agent, as specified on Schedule I hereto or, in the case of any party, such other address or telecopy number as such party may hereafter specify for such purpose by notice to the other parties. All Communications shall, when mailed, telecopied, e-mailed or delivered, be effective and shall be deemed to have been duly given when sent by telecopier or e-mail to any party or the telecopier number or e-mail address, as applicable, as set forth herein or on the signature pages hereof (or other telecopy number or e-mail address designated by such party in a written notice to the other parties hereto), or five days after being mailed to the address as set forth herein (or such other address designated by such party in a written notice to the other parties hereto) respectively, or when delivered to such address; provided, however, Communications to any Agent pursuant to Article II or Article VIII shall not be effective until received by such Agent.

**Section 9.3 No Waiver; Remedies.** No failure on the part of any Bank or any Agent to exercise, and no delay in exercising, any Right hereunder or under any other Loan Paper shall operate as a waiver thereof; nor shall any single or partial exercise of any such Right, or any abandonment or discontinuance of any steps to enforce such Right, preclude any other or further exercise thereof or the exercise of any other Right. No notice to or demand on the Company in any case shall entitle the Company to any other or further notice or demand in similar or other circumstances. The Rights herein provided are cumulative and not exclusive of any Rights provided by Law.

**Section 9.4 Costs, Expenses and Taxes.** The Company agrees to pay or reimburse: (i) all reasonable and documented or invoiced costs and out-of-pocket expenses of JPMorgan Chase Bank, N.A., in its capacity as Paying Agent and Administrative Agent in connection with (A) the preparation, execution, delivery, and administration of this Agreement and the other Loan Papers, including, without limitation, the reasonable fees and reasonable and invoiced out-of-pocket expenses of counsel for JPMorgan Chase Bank, N.A., in its capacity as Paying Agent and Administrative Agent with respect thereto and with respect to advising JPMorgan Chase Bank, N.A., in its capacity as Paying Agent and Administrative Agent as to its Rights and responsibilities under this Agreement and the other Loan Papers, and (B) any amendment, modification, supplement, or waiver of any of the terms of this Agreement (limited in the case of legal fees and expenses, to the reasonable fees, disbursements and other charges of Simpson Thacher & Bartlett LLP, as counsel to the Paying Agent and the Banks, one firm of aviation counsel, and, if necessary, a single local counsel in each appropriate jurisdiction), and (ii) all reasonable and documented or invoiced costs and out-of-pocket expenses of the Banks and the Agents (including reasonable counsel's fees, and including reasonable allocated in-house counsel fees for any Bank or any Agent) in connection with the enforcement of this Agreement and the other Loan Papers (limited in the case of legal fees and expenses, to one firm of outside counsel, one firm of aviation counsel, and, if necessary, a single local counsel in each appropriate jurisdiction to the Paying Agent and the Banks, taken as a whole (and, in each case, in the case of an actual or perceived conflict of interest, an additional counsel to all such similarly situated affected parties)). In addition, the Company shall pay any and all Taxes payable or determined to be payable in connection with the execution and delivery of this Agreement and the other Loan Papers, and agrees to save the Agents and each Bank harmless from and against any and all liabilities with respect to or resulting from any delay in paying or omitting to pay such Taxes, if any, which may be payable or determined to be payable in connection with the execution and delivery of this Agreement or any other Loan Paper. The obligations of the Company under this Section 9.4 shall survive the termination of this Agreement and/or repayment of the Loans.

**Section 9.5 Indemnity.** The Company agrees to indemnify and hold harmless the Agents, the Banks, the Issuing Banks and each of their respective Affiliates, officers, directors, employees, agents, advisors and representatives against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, claims, costs, deficiencies, expenses, and disbursements of

any kind or nature whatsoever (limited in the case of legal fees and expenses, to one firm of outside counsel, one firm of aviation counsel, and, if necessary, a single local counsel in each appropriate jurisdiction to the Paying Agent, the Banks and the Issuing Banks, taken as a whole (and, in each case, in the case of an actual or perceived conflict of interest, an additional counsel to all such similarly situated affected parties)) which may be imposed on, incurred by or asserted against any Agent, any Bank, any Issuing Bank or any of their respective Affiliates, officers, directors, employees, agents, advisors or other representatives in any way relating to or arising out of the Loan Papers, any transaction related hereto, or any act, omission, or transaction of the Company, its Subsidiaries, and Affiliates, or any of their employees, officers, directors or other representatives, to the extent that any of the same results, directly or indirectly, from any claims made or actions, suits, or proceedings commenced by or on behalf of any person other than an Agent, a Bank or an Issuing Bank.

The obligation of the Company under this section shall continue for a period of one year after payment of the Obligation and termination of any or all Loan Papers, and **SHALL APPLY WHETHER OR NOT SUCH LOSSES, CLAIMS, DAMAGES, LIABILITIES AND RELATED EXPENSES ARE IN ANY WAY OR TO ANY EXTENT OWED, IN WHOLE OR IN PART, UNDER ANY CLAIM OR THEORY OF STRICT LIABILITY OR CAUSED, IN WHOLE OR IN PART BY ANY NEGLIGENT ACT OR OMISSION OF ANY KIND BY ANY AGENT OR ANY BANK;**

provided, however, that (i) although each indemnified party shall have the right to be indemnified from its own ordinary negligence, no indemnified party shall have the right to be indemnified hereunder for willful misconduct, gross negligence or bad faith to the extent found by a final, non-appealable judgment of a court of competent jurisdiction and (ii) the indemnity set forth in this Section 9.5 shall not apply to any liabilities, obligations, losses, damages, penalties, actions, judgments, suits, claims, costs, deficiencies, expenses or disbursements resulting from a proceeding that does not involve an act or omission by the Company or any of its affiliates and that is brought by an indemnified party against any other indemnified party (other than claims against any Agent in its capacity or in fulfilling its role as an Agent under the Loan Papers).

To the fullest extent permitted by applicable law, the Company shall not assert, and hereby waives, any claim against any indemnified party, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Loan Papers or any agreement or instrument contemplated hereby, the transactions contemplated hereby or thereby, any Loan or Letter of Credit or the use of the proceeds thereof.

**Section 9.6 Right of Setoff.** If any Event of Default shall have occurred and is continuing, each Bank and each Issuing Bank and each of their respective Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by Law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by such Bank, Issuing Bank or Affiliate to or for the credit or the account of the Company against any and all obligations of the Company now or hereafter existing under this Agreement and the Loans held by such Bank, Issuing Bank or Affiliate, irrespective of whether or not such Bank, Issuing Bank or Affiliate shall have made any demand under this Agreement or any Note and although such obligations may be unmatured. Each Bank and Issuing Bank agrees promptly to notify the Company and the Paying Agent after any such setoff and application made by such Bank, Issuing Bank or Affiliate, but the failure to give such notice shall not affect the validity of such setoff and application. The

Rights of each Bank and each Issuing Bank under this Section 9.6 are in addition to the Rights and remedies (including, without limitation, other Rights of setoff) which such Bank or Issuing Bank may have.

**Section 9.7 Governing Law. THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.**

**Section 9.8 Submission To Jurisdiction; Waivers.** The Company hereby irrevocably and unconditionally:

(a) submits for itself and its property in any legal action or proceeding relating to this Agreement and the other Loan Papers to which it is a party, or for recognition and enforcement of any judgment in respect thereof, to the exclusive jurisdiction of the United States District Court for the Southern District of New York sitting in the Borough of Manhattan (or if such court lacks subject matter jurisdiction, the Supreme Court of the State of New York sitting in the Borough of Manhattan), and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement or any other Loan Paper or the transactions relating thereto or thereto, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may (and any such claims, cross-claims or third party claims brought against the Paying Agent or any of its Affiliates and the respective directors, officers, employees, agents and advisors may only) be heard and determined in such Federal (to the extent permitted by law) or New York State court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement or in any other Loan Paper shall (i) affect any right that any Co-Administrative Agent, any Issuing Bank or any Bank may otherwise have to bring any action or proceeding relating to this Agreement against the Company or its properties in the courts of any jurisdiction, (ii) waive any statutory, regulatory, common law, or other rule, doctrine, legal restriction, provision or the like providing for the treatment of bank branches, bank agencies, or other bank offices as if they were separate juridical entities for certain purposes, including Uniform Commercial Code Sections 4-106, 4-A-105(1)(b), and 5-116(b), UCP 600 Article 3 and ISP98 Rule 2.02, and URDG 758 Article 3(a), or (iii) affect which courts have or do not have personal jurisdiction over the issuing bank or beneficiary of any Letter of Credit or any advising bank, nominated bank or assignee of proceeds thereunder or proper venue with respect to any litigation arising out of or relating to such Letter of Credit with, or affecting the rights of, any Person not a party to this Agreement, whether or not such Letter of Credit contains its own jurisdiction submission clause;

(b) consents that any such action or proceeding may be brought in such courts and waives any objection that it may now or hereafter have to the venue of any such action or proceeding in any such court or that such action or proceeding was brought in an inconvenient court and agrees not to plead or claim the same;

(c) agrees that service of process in any such action or proceeding may be effected by mailing a copy thereof by registered or certified mail (or any substantially similar form of mail), postage prepaid, to the Company, as the case may be at its address set forth in Section 9.2 or at such other address of which the Paying Agent shall have been notified pursuant thereto; and

(d) agrees that nothing herein shall affect the right to effect service of process in any other manner permitted by law or shall limit the right to sue in any other jurisdiction.

**Section 9.9 Survival of Representations and Warranties.** All representations and warranties contained herein or made in writing by the Company in connection herewith shall survive the execution and delivery of this Agreement and the other Loan Papers, and no investigation by any Agent

or any Bank or any closing shall affect the representations and warranties or the Right of any Agent or any Bank to rely upon them.

**Section 9.10 Binding Effect.** This Agreement shall become effective when it shall have been executed by the Company, the Agents, and each Bank and thereafter shall be binding upon and inure to the benefit of the Company (subject to the provisions of Section 9.11), the Agents, each Bank and their respective successors and assigns.

**Section 9.11 Successors and Assigns; Participations.**

(a) Whenever in this Agreement any of the parties hereto is referred to, such reference shall be deemed to include the successors and permitted assigns of such party, and all covenants, promises, agreements, representations and warranties by or on behalf of the Company, the Agents or the Banks that are contained in this Agreement shall bind and inure to the benefit of their respective successors and assigns. Except for any assignment or transfer by the Company of its rights and obligations under this Agreement to a Successor Company in accordance with Section 6.14, the Company may not assign or transfer any its rights or obligations hereunder without the prior written consent of all of the Banks.

(b) Each Bank may without the consent of the Company sell participations to one or more banks or other entities in all or a portion of its rights and obligations under this Agreement (including, without limitation, all or a portion of its Commitment and the Loans owing to it and any Note or Notes held by it); provided, however, that (i) such Bank's obligations under this Agreement shall remain unchanged, (ii) such Bank shall remain solely responsible to the other parties hereto for the performance of such obligations, (iii) such Bank shall remain the holder of its Loans and Notes (if any) for all purposes of this Agreement, (iv) the participating banks or other entities shall be entitled to the cost protection provisions contained in Article II and Section 9.4, but only to the extent that such protection would have been available to such Bank, calculated as if no such participations had been sold, and the indemnity protection provisions contained in Section 9.5, (v) the Company, the Agents, and the other Banks shall continue to deal solely and directly with such Bank in connection with such Bank's rights and obligations under this Agreement, and (vi) such Bank shall not sell a participation that conveys to the participant the right to vote or give or withhold consents under

this Agreement or any other Loan Papers, other than the right to vote upon or consent to (y) amendments, modifications, or waivers with respect to any fees payable hereunder (including the dates fixed for the payment of any such fees) or the amount of principal or the rate of interest payable on, or the dates fixed for any payment of principal of or interest on, the Loans and (z) any extension of the Termination Date. Each Bank that sells a participation shall, acting solely for this purpose as a non-fiduciary agent of the Company, maintain a register on which it enters the name and address of each participant and the principal amounts (and stated interest) of each participant's interest in the Loans or other obligations under this Agreement (the "Participant Register"); provided that no Bank shall have any obligation to disclose all or any portion of the Participant Register to any Person except to the extent that such disclosure is necessary to establish that a Commitment, Loan, Letter of Credit or other obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive absent manifest error, and such Bank shall treat each person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary.

(c) Each Bank may assign to one or more Persons (other than a natural person, a Defaulting Bank or the Company or any of its Affiliates), all or a portion of its interests, rights, and obligations under this Agreement (including, without limitation, all or a portion of its Commitment and the same portion of the Committed Loans at the time owing to it); provided, however, that (i) such assignment, if not to a Bank or an Eligible Affiliate Assignee of the assigning Bank, shall be consented to

by the Company (which consent shall not be unreasonably withheld or delayed and shall not be required after the occurrence or during the continuance of a Default or Event of Default), the Paying Agent and each Issuing Bank (which consent shall not be unreasonably withheld or delayed), (ii) each Bank's Commitment (including Loans owing to it and its pro rata share of the L/C Obligations) to be assigned shall not be less than \$5,000,000 minus reductions pursuant to Section 2.5(a) unless (x) otherwise agreed by the Company and the Paying Agent, (y) in the case of the assigning Bank, such amount is reduced to zero pursuant to such assignment or (z) the assignment is to a Bank, (iii) each such assignment shall be of a constant, and not a varying, percentage of all the assigning Bank's rights and obligations under this Agreement, (iv) the assignee thereof shall deliver to the Company and the Paying Agent any Internal Revenue Service forms required by Section 2.18, and (v) the parties to each such assignment shall execute and deliver to the Paying Agent, for its acceptance and recording in the Register (as defined below), an Assignment and Assumption substantially in the form of Exhibit E hereto (an "Assignment and Assumption"), together with a properly completed Administrative Questionnaire, any Note or Notes subject to such assignment and a processing and recordation fee of \$3,500 (or such lesser amount as shall be acceptable to the Paying Agent); provided, however, no such fee shall be required in the case of any assignment requested by the Company pursuant to Article II of this Agreement. Upon such execution, delivery, acceptance, and recording, from and after the effective date specified in each Assignment and Assumption, which effective date shall be at least five Business Days after the execution thereof (unless a shorter period shall be agreed to by the Company, the Paying Agent, and the assignor Bank), (x) the assignee thereunder shall be a party hereto and, to the extent provided in such Assignment and Assumption, have the rights and obligations of a Bank hereunder and under the other Loan Papers and (y) the assignor Bank thereunder shall, to the extent provided in such Assignment and Assumption, be released from its obligations under this Agreement and the other Loan Papers (and, in the case of an Assignment and Assumption covering all of the remaining portion of an assigning Bank's rights and obligations under this Agreement and the other Loan Papers, such Bank shall cease to be a party hereto and thereto).

(d) By executing and delivering an Assignment and Assumption, the Bank assignor thereunder and the assignee confirm to and agree with each other and the other parties hereto as follows: (i) other than the representations and warranties that (x) it is the legal and beneficial owner of the interest being assigned thereby, (y) the interest being assigned thereby is free and clear of any lien, encumbrance or other adverse claim and (z) it has full power and authority, and has taken all action necessary, to execute and deliver such Assignment and Assumption and to consummate the transactions contemplated thereby, such Bank assignor makes no representation or warranty and assumes no responsibility with respect to any statements, warranties, or representations made in or in connection with this Agreement or any other Loan Paper or the execution, legality, validity, enforceability, genuineness, sufficiency, or value of this Agreement, any other Loan Paper or any other instrument or document furnished pursuant hereto; (ii) such Bank assignor makes no representation or warranty and assumes no responsibility with respect to the financial condition of the Company or the performance or observance of its respective obligations under this Agreement, any other Loan Paper or any other instrument or document furnished pursuant hereto or thereto; (iii) such assignee confirms that it has received a copy of this Agreement together with copies of financial information and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into such Assignment and Assumption; (iv) such assignee will, independently and without reliance upon the Agents, such Bank assignor, or any other Bank and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement; (v) such assignee appoints and authorizes the Paying Agent to take such action on behalf of such assignee and to exercise such powers under this Agreement and the other Loan Papers as are delegated to each such Agent by the terms hereof and thereof, together with such powers as are reasonably incidental thereto; and (vi) such assignee agrees that it will perform in accordance with their terms all of the obligations which by the terms of this Agreement are required to be performed by it as a Bank.

(e) The Paying Agent shall maintain at its office a copy of each Assignment and Assumption delivered to it and a register for the recordation of the names and addresses of the Banks and the Commitment of, and principal amount of the Loans and L/C Obligations owing to, each Bank from time to time (the "Register"). The entries in the Register shall be conclusive, in the absence of manifest error, and the Company, the Agents, and the Banks may treat each Person whose name is recorded in the Register as a Bank hereunder for all purposes of this Agreement. The Register shall be available for inspection by the Company, any Bank or the Paying Agent at any reasonable time and from time to time upon reasonable prior notice.

(f) Upon its receipt of an Assignment and Assumption executed by an assigning Bank and an assignee together with any Note or Notes subject to such assignment and the written consent to such assignment, the Paying Agent shall, if such Assignment and Assumption has been completed and is substantially in the form of Exhibit E hereto, (i) accept such Assignment and Assumption, (ii) record the information contained therein in the Register, and (iii) give prompt notice

thereof to the Banks, the Paying Agent and the Company. Within five Business Days after receipt of such notice, the Company, at its own expense, shall execute and deliver to the Paying Agent in exchange for the surrendered Note or Notes, if any, (x) a new Note or Notes to the order of such assignee in an amount equal to its portion of the Commitment assumed by it pursuant to such Assignment and Assumption and (y) if the assigning Bank has retained any Commitment hereunder, new Notes to the order of the assigning Bank in an amount equal to the Commitment retained by it hereunder. Such new Notes shall be in an aggregate principal amount equal to the aggregate principal amount of such surrendered Notes. Such new Notes shall be dated the effective date of such Assignment and Assumption and shall otherwise be in substantially the form of Exhibit B hereto. Cancelled Notes shall be returned to the Company.

(g) Notwithstanding any other provision herein, any Bank may, in connection with any assignment or participation or proposed assignment or participation pursuant to this Section 9.11 (or in connection with any swap, derivative, securitization or credit insurance relating to the Company and its obligations), disclose to the assignee or participant or proposed assignee or participant (or to any direct, indirect, actual or prospective counterparty (and its advisor) to any such swap, derivative or securitization) any information relating to the Company and its Subsidiaries furnished to such Bank by or on behalf of the Company; provided, that prior to any such disclosure, each such assignee or participant or proposed assignee or participant (or any such counterparty (and its advisor)) shall agree for the benefit of the Company to preserve the confidentiality of any confidential information relating to the Company received from such Bank.

(h) Notwithstanding any other provision set forth in this Agreement, any Bank may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Bank, including any pledge or assignment to secure obligations to a Federal Reserve Bank, and this Section shall not apply to any such pledge or assignment of a security interest; provided that no such pledge or assignment of a security interest shall release a Bank from any of its obligations hereunder or substitute any such pledgee or assignee for such Bank as a party hereto.

**Section 9.12 Confidentiality.** Each Agent, each Issuing Bank and each Bank agrees to keep confidential all Information (as defined below); provided that nothing herein shall prevent any Agent, any Issuing Bank or any Bank from disclosing any such Information (a) to any Agent, any Issuing Bank, any Bank or any affiliate thereof, (b) as permitted by Section 9.11(g), (c) to its employees, directors, agents, attorneys, accountants and other professional advisors or those of any of its affiliates in each case on a need-to-know basis, (d) upon the request or demand of any Governmental Authority, (e) in response to any order of any court or other Governmental Authority or as may otherwise be required pursuant to any Law, (f) if requested or required to do so in connection with any litigation or similar proceeding, (g) that has been publicly disclosed, (h) to the National Association of Insurance

Commissioners or any similar organization or any nationally recognized rating agency that requires access to information about a Bank's investment portfolio in connection with ratings issued with respect to such Bank, (i) in connection with the exercise of any remedy hereunder or under any other Loan Paper, or (j) if agreed by the Company in its sole discretion, to any other Person. "Information" means all information received from the Company relating to the Company or its business, other than any such information that is available to the Agents, any Issuing Bank or any Bank on a non-confidential basis prior to disclosure by the Company and other than information pertaining to this Agreement routinely provided by arrangers to data service providers, including league table providers, that serve the lending industry; provided that in the case of information received from the Company after the date hereof, such information is clearly identified at the time of delivery as confidential. Any Person required to maintain the confidentiality of Information as provided in this Section 9.12 shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information. If any Bank or Agent is in any manner requested or required to disclose any of the information delivered or made available to it by the Company under clauses (d), (e) or (f) of this Section, in each case other than in connection with any routine examination or audit conducted by a Governmental Authority in the ordinary course, such Bank or Agent will, to the extent permitted by law, provide the Company with prompt notice, to the extent reasonable, so that the Company may seek, at its sole expense, a protective order or other appropriate remedy or may waive compliance with this Section 9.12.

Each Bank acknowledges that information furnished to it pursuant to this Agreement or the other Loan Papers may include material non-public information concerning the Company and its Affiliates and their related parties or their respective securities, and confirms that it has developed compliance procedures regarding the use of material non-public information and that it will handle such material non-public information in accordance with those procedures and applicable law, including Federal and state securities laws.

All information, including requests for waivers and amendments, furnished by the Company or the Paying Agent pursuant to, or in the course of administering, this Agreement or the other Loan Papers will be syndicate-level information, which may contain material non-public information about the Company and its Affiliates and their related parties or their respective securities. Accordingly, each Bank represents to the Company and the Paying Agent that it has identified in its Administrative Questionnaire a credit contact who may receive information that may contain material non-public information in accordance with its compliance procedures and applicable law, including Federal and state securities laws.

**Section 9.13 Independence of Covenants.** All covenants contained in this Agreement shall be given independent effect so that if a particular action or condition is not permitted by any such covenants, the fact that such action or condition would be permitted by an exception to, or otherwise be within the limitations of, another covenant shall not avoid the occurrence of a Default or Event of Default if such action is taken or condition exists.

**Section 9.14 Severability.** Should any clause, sentence, paragraph, or Section of this Agreement be judicially declared to be invalid, unenforceable, or void, such decision will not have the effect of invalidating or voiding the remainder of this Agreement, and the parties hereto agree that the part or parts of this Agreement so held to be invalid, unenforceable, or void will be deemed to have been stricken herefrom and the remainder will have the same force and effectiveness as if such part or parts had never been included herein.

Section 9.15 Integration. This Agreement and the other Loan Papers represent the entire agreement of the Company, the Paying Agent and the Banks with respect to the

subject matter hereof and thereof, and there are no promises, undertakings, representations or warranties by the Paying Agent or any Bank relative to the subject matter hereof not expressly set forth or referred to herein or in the other Loan Papers.

Section 9.16 Descriptive Headings. The section headings appearing in this Agreement have been inserted for convenience only and shall be given no substantive meaning or significance whatever in construing the terms and provisions of this Agreement.

Section 9.17 Execution in Counterparts.

(a) This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

(b) Delivery of an executed counterpart of a signature page of (x) this Agreement, (y) any other Loan Paper and/or (z) any document, amendment, approval, consent, information, notice (including, for the avoidance of doubt, any notice delivered pursuant to Section 9.2), certificate, request, statement, disclosure or authorization related to this Agreement, any other Loan Paper and/or the transactions contemplated hereby and/or thereby (each an "Ancillary Document") that is an Electronic Signature transmitted by telecopy, emailed pdf. or any other electronic means that reproduces an image of an actual executed signature page shall be effective as delivery of a manually executed counterpart of this Agreement, such other Loan Paper or such Ancillary Document, as applicable. The words "execution," "signed," "signature," "delivery," and words of like import in or relating to this Agreement, any other Loan Paper and/or any Ancillary Document shall be deemed to include Electronic Signatures, deliveries or the keeping of records in any electronic form (including deliveries by telecopy, emailed pdf. or any other electronic means that reproduces an image of an actual executed signature page), each of which shall be of the same legal effect, validity or enforceability as a manually executed signature, physical delivery thereof or the use of a paper-based recordkeeping system, as the case may be; provided that nothing herein shall require the Paying Agent to accept Electronic Signatures in any form or format without its prior written consent and pursuant to procedures approved by it; provided, further, without limiting the foregoing, (i) to the extent the Paying Agent has agreed to accept any Electronic Signature, the Paying Agent, the Co-Administrative Agents and each of the Banks shall be entitled to rely on such Electronic Signature purportedly given by or on behalf of the Company without further verification thereof and without any obligation to review the appearance or form of any such Electronic signature and (ii) upon the request of the Paying Agent or any Bank, any Electronic Signature shall be promptly followed by a manually executed counterpart.

Section 9.18 WAIVERS OF JURY TRIAL. THE COMPANY, THE PAYING AGENT AND THE BANKS HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVE TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY OTHER LOAN PAPER AND FOR ANY COUNTERCLAIM THEREIN.

Section 9.19 No Fiduciary Duty. The Paying Agent, each Bank and their Affiliates (collectively, solely for purposes of this paragraph, the "Banks"), may have economic interests that conflict with those of the Company, its stockholders and/or its affiliates. The Company agrees that nothing in the Loan Papers or otherwise will be deemed to create an advisory, fiduciary or agency relationship or fiduciary or other implied duty between any Bank, on the one hand, and the Company, its stockholders or its affiliates, on the other. The Company acknowledges and agrees that (i) the transactions contemplated by the Loan Papers (including the exercise of rights and remedies hereunder and thereunder) are arm's-length commercial transactions between the Banks, on the one hand, and the Company, on the other, and (ii) in connection therewith and with the process leading thereto, (x) no Bank

has assumed an advisory or fiduciary responsibility in favor of the Company, its stockholders or its affiliates with respect to the transactions contemplated hereby (or the exercise of rights or remedies with respect thereto) or the process leading thereto (irrespective of whether any Bank has advised, is currently advising or will advise the Company, its stockholders or its affiliates on other matters) or any other obligation to the Company except the obligations expressly set forth in the Loan Papers and (y) each Bank is acting solely as principal and not as the agent or fiduciary of the Company, its management, stockholders, creditors or any other Person. The Company acknowledges and agrees that it has consulted its own legal and financial advisors to the extent it deemed appropriate and that it is responsible for making its own independent judgment with respect to such transactions and the process leading thereto. The Company agrees that it will not claim that any Bank has rendered advisory services of any nature or respect, or owes a fiduciary or similar duty to it, in connection with such transaction or the process leading thereto.

Section 9.20 USA Patriot Act. Each Bank hereby notifies the Company that pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "Patriot Act"), it is required to obtain, verify, and record information that identifies each borrower or guarantor (the "Loan Parties"), which information includes the name and address of each Loan Party and other information that will allow such Bank to identify such Loan Party in accordance with the Patriot Act. The Company agrees to provide such information as each Bank or the Paying Agent reasonably requests in order to perform its "know your customer" due diligence.

Section 9.21 Acknowledgement and Consent to Bail-In of Affected Financial Institutions. Notwithstanding anything to the contrary in any Loan Paper or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any Affected Financial Institution arising under any Loan Paper, to the extent such liability is unsecured, may be subject to the Write-Down and Conversion Powers of the applicable Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

(a) the application of any Write-Down and Conversion Powers by the applicable Resolution Authority to any such liabilities arising hereunder which may be payable to it by any party hereto that is an Affected Financial Institution; and

(b) the effects of any Bail-in Action on any such liability, including, if applicable:

(i) a reduction in full or in part or cancellation of any such liability;

(ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such Affected Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Loan Paper; or

(iii) the variation of the terms of such liability in connection with the exercise of the Write-Down and Conversion Powers of the applicable Resolution Authority.

Section 9.22 Interest Rate Limitation. Notwithstanding anything herein to the contrary, if at any time the interest rate applicable to any Loan, together with all fees, charges and other amounts which are treated as interest on such Loan under applicable law (collectively the "Charges"), shall exceed the maximum lawful rate (the "Maximum Rate") which may be contracted for, charged, taken, received or reserved by the Bank holding such Loan in accordance with applicable law, the rate of interest payable to such Bank in respect of such Loan hereunder, together with all Charges

payable to such Bank in respect thereof, shall be limited to the Maximum Rate and, to the extent lawful, the interest and Charges that would have been payable to such Bank in respect of such Loan but were not payable as a result of the operation of this Section shall be cumulated and the interest and Charges payable to such Bank in respect of other Loans or periods shall be increased (but not above the Maximum Rate therefor) until such cumulated amount, together with interest thereon at the Federal Funds Effective Rate to the date of repayment, shall have been received by such Bank.

*[Remainder of page intentionally blank; signature pages intentionally omitted]*

## ANNEX II

### SCHEDULE III COMMITMENTS

<b>Bank</b>	<b>Commitment</b>
JPMorgan Chase Bank, N.A.	\$100,000,000
Citibank, N.A.	\$100,000,000
Bank of America, N.A.	\$100,000,000
Barclays Bank PLC	\$100,000,000
Wells Fargo Bank, National Association	\$100,000,000
BNP Paribas	\$81,000,000
Goldman Sachs Bank USA	\$81,000,000
Morgan Stanley Senior Funding, Inc.	\$65,000,000
Morgan Stanley Bank, N.A.	\$16,000,000
Standard Chartered Bank	\$81,000,000
U.S. Bank National Association	\$81,000,000
Sumitomo Mitsui Banking Corporation	\$60,000,000
Comerica Bank	\$35,000,000
<b>Total</b>	<b>\$1,000,000,000</b>

ANNEX III

**SCHEDULES AND EXHIBITS**

*(including Schedule III, as amended hereby and set forth in Annex II)*

[Attached]

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**SCHEDULE I**

**SOUTHWEST AIRLINES CO.**

\$1,000,000,000 Revolving Credit Facility Agreement

Name	Notice and Contact Information	Lending Offices
JPMorgan Chase Bank, N.A.	<p>Matthew Frink JPMorgan Chase Bank, N.A. 500 Stanton Christiana Rd. NCC5 / 1st Floor Newark, DE 19713 Phone: 130-255-20561 <a href="mailto:matthew.d.frink@jpmchase.com">matthew.d.frink@jpmchase.com</a></p>	<p><u>Domestic Office</u> 500 Stanton Christiana Road, Floor 3, Ops 2 Newark, DE 19713</p> <p><u>Eurodollar</u> Same as Domestic</p>
Citibank, N.A.	<p>Loan Administration Citibank, NA 1615 Brett Road, Building III New Castle, DE 19720 Phone: 302-894-6010 Facsimile: 646-274-5000 <a href="mailto:GLOriginationOps@citigroup.com">GLOriginationOps@citigroup.com</a></p>	<p><u>Domestic Office</u> 388 Greenwich St. New York, NY 10013</p> <p><u>Eurodollar</u> Same as Domestic</p>
Barclays Bank PLC	<p>Gizella Ramirez 400 Jefferson Park, Whippany, NJ 07981 Phone: 201-499-4940 <a href="mailto:Gisella.Ramirez@barclays.com">Gisella.Ramirez@barclays.com</a></p> <p>Bank Debt Management 745 7th Avenue New York, New NY 10019 <a href="mailto:ltmny@barclays.com">ltmny@barclays.com</a></p>	<p><u>Domestic Office</u> Barclays Bank PLC 745 7th Avenue New York, New NY 10019</p> <p><u>Eurodollar</u> Same as Domestic</p>
Bank of America, N.A.	<p>Prathamesh Kshirsagar 110 N WACKER DR Mail Code: IL4-110-14-10 CHICAGO, IL, 60606-1511 Phone: 312.992.9035 <a href="mailto:prathamesh.s.kshirsagar@bofa.com">prathamesh.s.kshirsagar@bofa.com</a></p> <p>POD 2 Facsimile: 972-728-6160 <a href="mailto:bank_of_america_as_lender_2@bofa.com">bank_of_america_as_lender_2@bofa.com</a></p>	<p><u>Domestic Office</u> 100 N. Tryon Street Charlotte, NC 28255</p> <p><u>Eurodollar</u> Same as Domestic</p>

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Name	Notice and Contact Information	Lending Offices
BNP Paribas	<p>Robert Papas 787 7th Avenue New York, NY 10022 Phone: 917-472-4879 <a href="mailto:robert.papas@us.bnpparibas.com">robert.papas@us.bnpparibas.com</a></p> <p>525 Washington Blvd. Jersey City, NJ 07310 Phone: 514-285-5560 <a href="mailto:dl.afgny.mo@us.bnpparibas.com">dl.afgny.mo@us.bnpparibas.com</a>; <a href="mailto:DL_NYK_LS_REGIONAL@US.BNPPARIBAS.COM">DL_NYK_LS_REGIONAL@US.BNPPARIBAS.COM</a>; <a href="mailto:LOAN.BOOK@us.bnpparibas.com">LOAN.BOOK@us.bnpparibas.com</a></p>	<p>Domestic Office BNP Paribas 787 7th Avenue New York, NY 10019</p> <p>Eurodollar Same as Domestic</p>
Goldman Sachs Bank USA	<p>Dan Martis Goldman Sachs &amp; Co. 2001 Ross Ave, 37th Floor Dallas, TX 75201 Phone: 1-212-934-3921 Fax: 917-977-3966 <a href="mailto:gsd.link@gs.com">gsd.link@gs.com</a> (fax all notices; do not e-mail)</p>	<p>Domestic Office 200 West Street New York, NY 10282</p> <p>Eurodollar Same as Domestic</p>
Morgan Stanley Bank, N.A. Morgan Stanley Senior Funding, Inc.	<p>Morgan Stanley Loan Servicing 1300 Thames Street Wharf, 4th Floor Baltimore, MD 21231 Phone: 443-627-4355 Fax: 718-233-2140 <a href="mailto:msloanservicing@morganstanley.com">msloanservicing@morganstanley.com</a></p>	<p>Domestic Office One Utah Center 201 South Main Street, 5th Floor Salt Lake City, Utah 84111</p> <p>Eurodollar Same as Domestic</p>
U.S. Bank National Association	<p>Ken Gorski U.S. Bank National Association 425 Walnut Street, 8th Floor Cincinnati, OH 45202 Phone: 513-632-3961</p>	<p>Domestic Office U.S. Bank City Centre 1420 5th Ave, PD-WA-T9IN Seattle, WA 98101</p> <p>Eurodollar Same as Domestic</p>

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Name	Notice and Contact Information	Lending Offices
Wells Fargo Bank, N.A.	<p>Kim Coleman Wholesale Loan Servicing 7711 Plantation Road Roanoke, VA 24019 Phone: 866-647-7249, Option 4 Fax: 866-270-7214 <a href="mailto:RKELCNSVMemberSyndication@wellsfargo.com">RKELCNSVMemberSyndication@wellsfargo.com</a></p>	<p><u>Domestic Office</u> 420 Montgomery Street San Francisco, CA 94163</p> <p><u>Eurodollar</u> (by e-mail) <a href="mailto:RKELCFX@WellsFargo.com">RKELCFX@WellsFargo.com</a>; <a href="mailto:Loanadmin.London@WellsFargo.com">Loanadmin.London@WellsFargo.com</a></p>
Comerica Bank	<p>Gerald R. Finney, Jr. 1717 Main Street, 4th Floor Dallas, TX 75201 Phone: 214-462-4348 Fax: 214-462-4240 <a href="mailto:gfinney@comerica.com">gfinney@comerica.com</a></p> <p>Tracie Reyes 2900 North Loop West, 9th Floor Houston, TX 77092 Phone: 713-507-1391 Fax: 713-507-2889 <a href="mailto:treyes@comerica.com">treyes@comerica.com</a>; <a href="mailto:ComericaParticipations@comerica.com">ComericaParticipations@comerica.com</a></p>	<p><u>Domestic Office</u> 1717 Main Street, 4th Floor Dallas, TX 75201</p> <p><u>Eurodollar</u> Same as Domestic</p>
Sumitomo Mitsui Banking Corporation	<p>Attn: Hundal Singh Address: 277 Park Avenue, New York, NY, 10172 Email: <a href="mailto:Hundal_Singh@smbcgroup.com">Hundal_Singh@smbcgroup.com</a> and <a href="mailto:SMBCTPDNYCORE@smbcgroup.com">SMBCTPDNYCORE@smbcgroup.com</a></p>	<p><u>Domestic Office</u> 277 Park Avenue, New York, NY, 10172</p> <p><u>Eurodollar</u> Same as Domestic</p>
Standard Chartered Bank, New York	<p>Attn: Su-Lin Watson 1095 Ave of the Americas, New York, NY 10036 Phone: 347 331 8242 <a href="mailto:Sulin.Watson@sc.com">Sulin.Watson@sc.com</a></p>	<p><u>Domestic Office</u> Two Gateway Center 13th Floor Newark, New Jersey 07102</p> <p><u>Eurodollar</u> Same as Domestic</p>

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**SCHEDULE II**  
**POOL ASSETS (in US Millions)**

No.	Aircraft Model	Serial Number	Regist. No.	Build Date	Engine Type	MTOW (lbs)	Base Value	Current Market Value
1	737-700	32528	N273WN	Apr-07	CFM56-7B22E	154,500	\$13.08	\$10.98
2	737-700	33933	N7745A	May-07	CFM56-7B22E	154,500	\$13.16	\$11.05
3	737-700	32532	N279WN	Jun-07	CFM56-7B22E	154,500	\$13.23	\$11.10
4	737-700	33934	N7746C	Jun-07	CFM56-7B22E	154,500	\$13.23	\$11.10

5	737-700	32533	N280WN	Jun-07	CFM56-7B22E	154,500	\$13.23	\$11.10
6	737-700	36091	N7747C	Jun-07	CFM56-7B22E	154,500	\$13.23	\$11.10
7	737-700	36528	N281WN	Jun-07	CFM56-7B22E	154,500	\$13.23	\$11.10
8	737-700	36399	N7748A	Jul-07	CFM56-7B22E	154,500	\$13.31	\$11.17
9	737-700	32534	N282WN	Jul-07	CFM56-7B22E	154,500	\$13.31	\$11.17
10	737-700	36610	N283WN	Jul-07	CFM56-7B22E	154,500	\$13.31	\$11.17
11	737-700	32535	N284WN	Jul-07	CFM56-7B22E	154,500	\$13.31	\$11.17
12	737-700	32536	N285WN	Aug-07	CFM56-7B22E	154,500	\$13.39	\$11.24
13	737-700	32537	N287WN	Aug-07	CFM56-7B22E	154,500	\$13.39	\$11.24
14	737-700	36611	N288WN	Aug-07	CFM56-7B22E	154,500	\$13.39	\$11.24
15	737-700	36633	N289CT	Aug-07	CFM56-7B22E	154,500	\$13.39	\$11.24
16	737-700	36632	N290WN	Aug-07	CFM56-7B22E	154,500	\$13.39	\$11.24
17	737-700	32539	N291WN	Sep-07	CFM56-7B22E	154,500	\$13.46	\$11.30
18	737-700	32538	N292WN	Sep-07	CFM56-7B22E	154,500	\$13.46	\$11.30
19	737-700	36612	N293WN	Sep-07	CFM56-7B22E	154,500	\$13.46	\$11.30
20	737-700	32540	N294WN	Oct-07	CFM56-7B22E	154,500	\$13.39	\$11.24
21	737-700	36613	N296WN	Oct-07	CFM56-7B22E	154,500	\$13.54	\$11.37
22	737-700	32541	N295WN	Oct-07	CFM56-7B22E	154,500	\$13.54	\$11.37
23	737-700	32542	N297WN	Oct-07	CFM56-7B22E	154,500	\$13.54	\$11.37
24	737-700	36614	N299WN	Nov-07	CFM56-7B22E	154,500	\$13.62	\$11.43

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<u>No.</u>	<u>Aircraft Model</u>	<u>Serial Number</u>	<u>Regist. No.</u>	<u>Build Date</u>	<u>Engine Type</u>	<u>MTOW (lbs)</u>	<u>Base Value</u>	<u>Current Market Value</u>
25	737-700	32543	N298WN	Nov-07	CFM56-7B22E	154,500	\$13.62	\$11.43
26	737-700	32544	N900WN	Dec-07	CFM56-7B22E	154,500	\$13.69	\$11.49
27	737-700	32545	N901WN	Dec-07	CFM56-7B22E	154,500	\$13.69	\$11.49
28	737-700	36615	N902WN	Dec-07	CFM56-7B22E	154,500	\$13.69	\$11.49

29	737-700	36887	N906WN	Jan-08	CFM56-7B22E	154,500	\$13.77	\$11.57
30	737-700	36913	N943WN	Mar-10	CFM56-7B22E	154,500	\$16.02	\$13.46
31	737-700	36659	N944WN	Mar-10	CFM56-7B22E	154,500	\$15.87	\$13.33
32	737-700	36660	N945WN	Mar-10	CFM56-7B22E	154,500	\$15.87	\$13.33
33	737-700	36918	N946WN	Apr-10	CFM56-7B22E	154,500	\$15.97	\$13.41
34	737-700	36924	N947WN	May-10	CFM56-7B22E	154,500	\$16.06	\$13.49
35	737-700	36662	N948WN	Jun-10	CFM56-7B22E	154,500	\$16.16	\$13.57
36	737-700	36663	N949WN	Jul-10	CFM56-7B22E	154,500	\$16.25	\$13.65
37	737-700	36664	N950WN	Aug-10	CFM56-7B22E	154,500	\$16.35	\$13.73
38	737-700	36665	N951WN	Aug-10	CFM56-7B22E	154,500	\$16.35	\$13.73
39	737-700	36667	N952WN	Nov-10	CFM56-7B22E	154,500	\$16.78	\$14.09
40	737-700	36668	N953WN	Dec-10	CFM56-7B22E	154,500	\$16.73	\$14.05
41	737-700	36669	N954WN	Feb-11	CFM56-7B22E	154,500	\$16.92	\$14.21
42	737-700	36726	N555LV	Mar-11	CFM56-7B22E	154,500	\$17.18	\$14.43
43	737-700	36671	N955WN	Mar-11	CFM56-7B22E	154,500	\$17.18	\$14.43
44	737-700	33936	N556WN	Apr-11	CFM56-7B22E	154,500	\$17.28	\$14.52
45	737-700	36672	N956WN	Apr-11	CFM56-7B22E	154,500	\$17.13	\$14.39
46	737-700	41528	N957WN	May-11	CFM56-7B22E	154,500	\$17.23	\$14.47
47	737-700	36673	N958WN	May-11	CFM56-7B22E	154,500	\$17.38	\$14.60
48	737-700	36674	N959WN	Jun-11	CFM56-7B22E	154,500	\$17.48	\$14.68
49	737-700	36675	N960WN	Jul-11	CFM56-7B22E	154,500	\$17.44	\$14.65
50	737-700	36962	N961WN	Jul-11	CFM56-7B22E	154,500	\$17.59	\$14.78

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<u>No.</u>	<u>Aircraft Model</u>	<u>Serial Number</u>	<u>Regist. No.</u>	<u>Build Date</u>	<u>Engine Type</u>	<u>MTOW (lbs)</u>	<u>Base Value</u>	<u>Current Market Value</u>
51	737-700	36963	N962WN	Jul-11	CFM56-7B22E	154,500	\$17.59	\$14.78
52	737-700	36676	N963WN	Jul-11	CFM56-7B22E	154,500	\$17.59	\$14.78

53	737-700	36965	N964WN	Aug-11	CFM56-7B22E	154,500	\$17.69	\$14.86
54	737-700	36677	N965WN	Sep-11	CFM56-7B22E	154,500	\$17.79	\$14.94
55	737-700	36966	N966WN	Sep-11	CFM56-7B22E	154,500	\$17.79	\$14.94
56	737-700	36967	N967WN	Oct-11	CFM56-7B22E	154,500	\$17.89	\$15.03
57	737-800	36684	N8316H	Jul-12	CFM56-7B26E	174,200	\$24.85	\$22.86
58	737-800	36992	N8317M	Aug-12	CFM56-7B26E	174,200	\$24.99	\$22.99
59	737-800	36685	N8318F	Aug-12	CFM56-7B26E	174,200	\$24.99	\$22.99
60	737-800	36994	N8319F	Sep-12	CFM56-7B26E	174,200	\$25.13	\$23.12
61	737-800	36686	N8320J	Sep-12	CFM56-7B26E	174,200	\$25.13	\$23.12
62	737-800	36687	N8321D	Sep-12	CFM56-7B26E	174,200	\$25.13	\$23.12
63	737-800	36997	N8322X	Oct-12	CFM56-7B26E	174,200	\$25.27	\$23.25
64	737-800	37003	N8325D	Nov-12	CFM56-7B26E	174,200	\$25.40	\$23.37
65	737-800	35969	N8326F	Nov-12	CFM56-7B26E	174,200	\$25.40	\$23.37
66	737-800	37009	N8327A	Dec-12	CFM56-7B26E	174,200	\$25.54	\$23.50
67	737-800	38818	N8328A	Dec-12	CFM56-7B26E	174,200	\$25.54	\$23.50
68	737-800	37006	N8329B	Dec-12	CFM56-7B26E	174,200	\$25.54	\$23.50
69	737-800	36891	N8605E	Dec-12	CFM56-7B26E	174,200	\$25.54	\$23.50
70	737-800	36998	N8613K	Mar-13	CFM56-7B26E	174,200	\$25.97	\$23.85
71	737-800	36908	N8614M	Apr-13	CFM56-7B26E	174,200	\$26.12	\$23.99
72	737-800	36933	N8615E	Sep-13	CFM56-7B26E	174,200	\$26.84	\$24.65
73	737-800	36914	N8616C	Sep-13	CFM56-7B26E	174,200	\$26.84	\$24.65
74	737-800	36912	N8617E	Sep-13	CFM56-7B26E	174,200	\$26.84	\$24.65
75	737-800	36915	N8618N	Nov-13	CFM56-7B26E	174,200	\$27.13	\$24.92
76	737-800	42526	N8620H	Nov-13	CFM56-7B26E	174,200	\$27.13	\$24.92

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<u>No.</u>	<u>Aircraft Model</u>	<u>Serial Number</u>	<u>Regist. No.</u>	<u>Build Date</u>	<u>Engine Type</u>	<u>MTOW (lbs)</u>	<u>Base Value</u>	<u>Current Market Value</u>
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77	737-800	33939	N8619F	Nov-13	CFM56-7B26E	174,200	\$27.13	\$24.92
78	737-800	36731	N8623F	Dec-13	CFM56-7B26E	174,200	\$27.28	\$25.06
79	737-800	42385	N8631A	May-14	CFM56-7B26E	174,200	\$28.04	\$25.73
80	737-800	60082	N8632A	Jun-14	CFM56-7B26E	174,200	\$28.20	\$25.87
81	737-800	36905	N8633A	Jun-14	CFM56-7B26E	174,200	\$28.20	\$25.87
82	737-800	42522	N8634A	Jun-14	CFM56-7B26E	174,200	\$28.20	\$25.87
83	737-800	60083	N8635F	Jun-14	CFM56-7B26E	174,200	\$28.20	\$25.87
					<b>Grand Total</b>	<b>\$1,557.18</b>	<b>\$1,363.90</b>	

*Note: It is assumed that all 737 700s are equipped with winglets.*

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**SCHEDULE III**  
**COMMITMENTS**

<b>Bank</b>	<b>Commitment</b>
JPMorgan Chase Bank, N.A.	\$100,000,000
Citibank, N.A.	\$100,000,000
Bank of America, N.A.	\$100,000,000
Barclays Bank PLC	\$100,000,000
Wells Fargo Bank, National Association	\$100,000,000
BNP Paribas	\$81,000,000
Goldman Sachs Bank USA	\$81,000,000
Morgan Stanley Senior Funding, Inc.	\$65,000,000
Morgan Stanley Bank, N.A.	\$16,000,000
Standard Chartered Bank	\$81,000,000
U.S. Bank National Association	\$81,000,000
Sumitomo Mitsui Banking Corporation	\$60,000,000
Comerica Bank	\$35,000,000
<b>Total</b>	<b>\$1,000,000,000</b>

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**EXHIBIT A**  
**FORM OF NOTICE OF COMMITTED BORROWING**

JPMorgan Chase Bank, N.A.,  
as Paying Agent under the  
Credit Agreement referred to below  
JPM Loan and Agency Services  
500 Stanton Christiana Road  
Ops 2, 3rd Floor  
Newark, DE 19713-2107

Attention: Robert Madak

Dear Sirs:

Reference is made to the \$1,000,000,000 Revolving Credit Facility Agreement dated as of August 3, 2016 (as amended, modified, supplemented, renewed, or extended from time to time, the "Credit Agreement"), among Southwest Airlines Co., the Banks party thereto, JPMorgan Chase Bank, N.A., as Paying Agent, JPMorgan Chase Bank, N.A. and Citibank, N.A., as Co-Administrative Agents, Barclays Bank PLC, as Syndication Agent, and Bank of America, N.A., BNP Paribas, Goldman Sachs Bank USA, Morgan Stanley Senior Funding, Inc., U.S. Bank National Association and Wells Fargo Bank, N.A., as Documentation Agents. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Credit Agreement. The undersigned hereby (check whichever is applicable):

1. Gives you notice pursuant to Section 2.2 of the Credit Agreement that it requests a Committed Borrowing under the Credit Agreement, and in that connection sets forth below the terms on which such Committed Borrowing is requested to be made:

(A) Borrowing Date of Committed Borrowing (a Business Day)	_____
(B) Principal Amount of Committed Borrowing <sup>1</sup>	_____
(C) Interest rate basis <sup>2</sup>	_____
(D) Interest Period and the last day thereof <sup>3,4</sup>	_____

<sup>1</sup> Not less than \$10,000,000 or greater than the unused Total Commitment and in integral multiples of \$1,000,000.

<sup>2</sup> Term Benchmark Loan or Alternate Base Loan.

<sup>3</sup>Applicable only to Term Benchmark Loans.

<sup>4</sup>Interest Periods shall have a duration of one, three or six months and shall end not later than the Termination Date.

2. Gives you notice pursuant to Section 2.3(b) of the Credit Agreement that it requests the conversion of Committed Loans that are Term Benchmark Loans into Alternate Base Loans in the amount of \$ \_\_\_\_\_ on \_\_\_\_\_, 20 \_\_\_\_\_.<sup>5,6</sup>

3. Gives you notice pursuant to Section 2.3(b) of the Credit Agreement that it requests the conversion of Committed Loans that are Alternate Base Loans into Term Benchmark Loans in the amount of \$ \_\_\_\_\_<sup>5</sup>, having an Interest Period of \_\_\_\_\_ months,<sup>4</sup> on \_\_\_\_\_, 20 \_\_\_\_\_.<sup>6</sup>

4. Gives you notice pursuant to Section 2.3(b) of the Credit Agreement that it requests the continuation of Term Benchmark Loans in the amount of \$ \_\_\_\_\_<sup>5</sup> to another Interest Period of \_\_\_\_\_ months,<sup>4</sup> on \_\_\_\_\_, 20 \_\_\_\_\_.<sup>6</sup>

Very truly yours,

SOUTHWEST AIRLINES CO.

By:

Name: \_\_\_\_\_

Title: \_\_\_\_\_

<sup>5</sup> Not less than \$10,000,000 and in integral multiples of \$1,000,000.

<sup>6</sup> Must be the last day of the applicable Interest Period.

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**EXHIBIT B**  
**FORM OF NOTE**

\$ \_\_\_\_\_, 20 \_\_\_\_\_.<sup>6</sup>

FOR VALUE RECEIVED, the undersigned, SOUTHWEST AIRLINES CO., a Texas corporation (the "Company"), hereby promises to pay to the order of \_\_\_\_\_ (the "Bank") on or before the Termination Date the lesser of (i) the amount of the Bank's Commitment and (ii) the aggregate amount of Committed Loans made by the Bank to the Company and outstanding on the Termination Date.

The Company promises to pay interest on the unpaid principal amount of each Committed Loan from the date of such Committed Loan until such principal amount is paid in full, at such interest rates, and payable at such dates and times, as are specified in the \$1,000,000,000 Revolving Credit Facility Agreement dated as of August 3, 2016 (as amended, modified, supplemented, renewed, or extended from time to time, the "Credit Agreement," the terms defined therein and not otherwise defined herein being used herein as therein defined), among the Company, the Bank, certain other banks and financial institutions party thereto, JPMorgan Chase Bank, N.A., as Paying Agent, JPMorgan Chase Bank, N.A. and Citibank, N.A., as Co-Administrative Agents, Barclays Bank PLC, as Syndication Agent, and Bank of America, N.A., BNP Paribas, Goldman Sachs Bank USA, Morgan Stanley Senior Funding, Inc., U.S. Bank National Association and Wells Fargo Bank, N.A., as Documentation Agents.

Both principal and interest are payable in immediately available funds in lawful money of the United States of America to JPMorgan Chase Bank, N.A., as Paying Agent, at its Principal Office. The amount and type of each Committed Loan made by the Bank to the Company and the maturity thereof, the rate of interest applicable thereto and all payments made on account of principal and interest hereof shall be recorded by the Bank and, prior to any transfer hereof, endorsed on the grid attached hereto which is part of this promissory note; provided, however, any failure by the holder hereof to make any such endorsement shall not limit or otherwise affect the Company's obligations hereunder.

This promissory note may be held by the Bank for the account of its Domestic Lending Office or its Eurodollar Lending Office and may be transferred from one to the other from time to time as the Bank may determine.

This promissory note is one of the Notes referred to in, and is entitled to the benefits of, the Credit Agreement. The Credit Agreement, among other things, (i) provides for the making of Committed Loans by the Bank to the Company from time to time, the indebtedness of the Company resulting from each such Committed Loan being evidenced by this promissory note, and (ii) provisions for acceleration of the maturity hereof upon the happening of certain stated events, also for prepayment on account of principal hereof prior to the maturity hereof upon the terms and conditions therein specified.

Except as expressly provided in the Credit Agreement and the other Loan Papers, the Company and any and all endorsers, guarantors and sureties severally waive demand, presentment for payment notice of dishonor or default or intent to accelerate, protest and notice of protest and diligence in collecting and bringing of suit against any party hereto, and agree to all renewals, extensions, or partial payments hereon and to any release or substitution of security herefor, in whole or in part, with or without notice, before or after maturity.

**THIS PROMISSORY NOTE AND THE RIGHTS AND OBLIGATIONS ARISING HEREUNDER SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.**

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Very truly yours,

SOUTHWEST AIRLINES CO.

By:

Name:

Title:

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SCHEDULE TO NOTE DATED \_\_\_\_\_

ISSUED BY SOUTHWEST AIRLINES CO. TO \_\_\_\_\_

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509265-1983-ACTIVE.58114639.5

## EXHIBIT C-1

[See attached.]

509265-1983-ACTIVE.58114639.5

**Southwest Airlines Co.**  
Mark R. Shaw  
Executive Vice President  
Chief Legal & Regulatory Officer  
Southwest Airlines Co.  
P.O. Box 36611, HQD/4GC  
2702 Love Field Drive  
Dallas, Texas 75235-1611  
Direct: 214-792-6143  
Mark.Shaw@wnco.com



August 4, 2023

**The Banks and Agents**  
Referred-to Below

RE: Southwest Airlines Co. Fifth Amendment - \$1,000,000,000 Revolving Credit Facility

Ladies and Gentlemen:

This opinion is furnished pursuant to Section 4(b)(iii) of the Fifth Amendment (herein so called), dated as of August 4, 2023, to the \$1,000,000,000 Revolving Credit Facility Agreement dated as of August 3, 2016 (as amended, the "Credit Agreement"), among Southwest Airlines Co. (the "Company"), the Banks parties thereto, JPMorgan Chase Bank, N.A., as Paying Agent and Collateral Agent, and Citibank, N.A. and JPMorgan Chase Bank, N.A., as Co-Administrative Agents. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Credit Agreement.

I am the Executive Vice President, Chief Legal and Regulatory Officer of the Company and solely in such capacity have examined, either personally or through attorneys under my supervision, originals, or copies certified to my satisfaction, of the Fifth Amendment, and such corporate records, certificates of corporate officials as to certain matters of fact, and instruments and documents as I have deemed necessary or advisable as a basis for the opinions set forth herein.

In such examination, I have assumed (i) the genuineness of all signatures (other than the signatures of Persons signing on behalf of the Company), the authenticity and completeness of all documents, certificates, instruments and records submitted to me as originals and the conformity to the original instruments of all documents submitted to me as copies, and the authenticity and completeness of the originals of such copies, (ii) the due authorization, execution and delivery by the Paying Agent and the Banks of the Fifth Amendment, (iii) that the Paying Agent and the Banks have all requisite power and authority to execute, deliver and perform the Fifth Amendment and (iv) the enforceability of the Fifth Amendment against the Paying Agent and the Banks. In addition, in rendering this opinion, I have relied upon, as to certain matters of fact, certificates of officers of the Company and certificates of public officials, without any independent investigation of such matters.

Based upon the foregoing, and relying upon the correctness of all statements of fact contained in the documents, certificates and records that I have examined either personally or through attorneys under my supervision, I am of the opinion that:

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August 4, 2023

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1. The Company is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Texas, and is duly qualified to do business in each jurisdiction in which the character or location of its properties or the nature or conduct of its business makes such qualification necessary, except for those jurisdictions where the failure to be so qualified would not have a Material Adverse Effect on the consolidated financial

condition of the Company and its Subsidiaries, taken as a whole. The Company has the corporate power to own its properties and to carry on its businesses as now conducted.

2. The execution, delivery and performance by the Company of the Fifth Amendment is within its corporate powers, has been duly authorized by all necessary corporate action, and does not conflict with or constitute a default under (i) any law, rule, regulation, order or judgment known to me or contractual restriction of the Company known to me, the violation of which would have a Material Adverse Effect, or (ii) the Restated Certificate of Formation or the Amended and Restated Bylaws of the Company.
3. No authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required by the laws of the State of Texas, or the federal laws of the United States of America, for the due execution, delivery and performance by the Company of the Fifth Amendment other than routine filings of copies of the Fifth Amendment with the Securities and Exchange Commission.
4. To my knowledge, except as set forth in the Company's Form 10-Q for the quarter ended June 30, 2023 and subsequent Form 8-Ks, there are no legal or governmental proceedings or investigations pending or threatened against the Company or any Subsidiary or any property of the Company or any Subsidiary which individually or, to the extent involving related claims, in the aggregate, involve a material risk of a Material Adverse Effect on (i) the financial condition of the Company and its Subsidiaries considered as a whole, or (ii) the ability of the Company to perform its obligations under the Loan Papers.

This opinion is for the sole benefit of the Paying Agent and the Banks and may not be relied upon by any other Person without the express prior written consent of the undersigned. I am licensed to practice law only in the State of Texas and I express no opinion as to matters not governed by the laws of the United States of America or the laws of the State of Texas (except for the usury laws and choice-of-law provisions of the State of Texas, as to which I express no opinion).

The opinion speaks as of the date hereof, and I disclaim any duty to advise you regarding any changes subsequent to the date hereof in, or to otherwise communicate with you with respect to, the matters addressed herein.

[Signature Page Follows]

Very truly yours,

Mark Shaw  
Executive Vice President, Chief Legal and Regulatory Officer

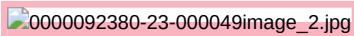
Signature Page

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**EXHIBIT C-2**  
**FORM OF COMPANY'S OUTSIDE COUNSEL OPINION**

[See attached.]

509265-1983-ACTIVE.58114639.5



August 4, 2023

To the Banks and Agents referred-to below

**Re: Southwest Airlines Co. Fifth Amendment - \$1,000,000,000 Revolving Credit Facility**

Ladies and Gentlemen:

This opinion is furnished pursuant to Section 4(b)(iii) of the Fifth Amendment (herein so called), dated as of August 4, 2023, to the \$1,000,000,000 Revolving Credit Facility Agreement dated as of August 3, 2016 (as amended, the "Credit Agreement"), among Southwest Airlines Co. (the "Company"), the Banks parties thereto, JPMorgan Chase Bank, N.A., as Paying Agent and Collateral Agent, and Citibank, N.A. and JPMorgan Chase Bank, N.A., as Co-Administrative Agents. For convenience of reference, terms defined in the Credit Agreement are used therein with the same meanings.

We have acted as special New York counsel of the Company in connection with the negotiation, documentation and consummation of the financing as contemplated by the Credit Agreement, and in this connection, we have examined, among other things, an executed copy of the Fifth Amendment.

We have also reviewed such other documents and certificates and such matters of law as we have considered relevant hereto. We have assumed, for purposes of our opinion hereinafter set forth, that the Fifth Amendment has been duly authorized, executed and delivered by each of the parties thereto and that, except as expressly made the subject of our opinions in the following paragraphs, the Fifth Amendment constitutes the legal, valid, binding and enforceable obligation of each of the parties thereto. As to any other facts material to our opinions expressed herein, we have relied upon the representations and warranties contained in the Fifth Amendment and related documents and certificates and upon originals or copies, certified or otherwise identified to our satisfaction, of such corporate records, documents, certificates and other instruments as in our judgment are necessary or appropriate to enable us to render this opinion. We have assumed the genuineness of all signatures, the legal capacity of all natural persons executing documents and the authenticity of all documents submitted to us as originals and the conformity with the authentic originals of all documents submitted to us as copies. In rendering the opinions expressed below, we have also assumed, with your permission and without investigation or inquiry, that the execution, delivery, and performance of the Fifth Amendment by each of the parties thereto do not breach or violate any law, rule, or regulation of any governmental authority or body of any jurisdiction.

Based upon and subject to the foregoing and having regard to legal considerations which we deem relevant, and subject to the comments and qualifications set forth below, we are of the opinion that:



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August 4, 2023

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1. The Fifth Amendment (the "Opinion Document") constitutes the legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, except that no opinion is expressed herein as to (A) whether a court outside of the State of New York would give effect to the choice of New York law provided for in the Opinion Document, (B) any provision in the Fifth Amendment relating to the severability of provisions in such documents, (C) any provision of the Fifth Amendment that requires any amendment or waiver thereof to be in writing, or (D) the effect of any provision of the Fifth Amendment imposing penalties or forfeitures.

Further, we wish to point out that provisions of the Fifth Amendment that permit any party thereto to make determinations or to take actions may be subject to a requirement that such determinations be made, and that such actions be taken, on a reasonable basis in good faith.

The opinions above are subject to:

(a) the application of general principles of equity (regardless of whether considered in a proceeding of equity or at law), including, without limitation, (x) the possible unavailability of specific performance, injunctive relief or any other equitable remedy and (y) concepts of materiality, reasonableness, good faith and fair dealing;

(b) all applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or similar laws, decrees or regulations affecting the enforcement of creditors' rights generally;

(c) with respect to indemnity, contribution and exculpation provisions contained in the Opinion Document, limitations based upon public policy considerations; and

(d) possible judicial action giving effect to foreign laws or foreign governmental or judicial action affecting or relating to the rights or remedies of creditors.

Without limiting the foregoing, we express no opinion as to the validity, binding effect or enforceability of any provision of any Loan Paper that purports to (i) grant a right to collect any amount that a court determines to constitute unearned interest, post-judgment interest, or a penalty or forfeiture, (ii) grant any right of set-off with respect to any contingent or unmatured obligation or to permit any Person purchasing a participation from a Bank to exercise set-off rights with respect to such participation, (iii) waive, release or vary any defense, right or privilege of, or any duties owing to, the Company to the extent that such waiver, release or variation may be limited by applicable law, (iv) maintain or impose any obligation to pay any amount in U.S. dollars, or specify any rate or method of exchange, where a final judgment concerning such obligation is rendered in another currency, (v) allow the Agents or the Banks to obtain reimbursement for costs and expenses, including without limitation attorney's fees and legal expenses and expenses incurred in connection with collection or enforcement or the custody, preservation, use or operation of the collateral under the Loan Papers, to the extent such reimbursement is not permitted by applicable law, (vi) constitute a waiver of inconvenient forum or improper venue, (vii) relate to the subject matter jurisdiction of a court to adjudicate any controversy, (viii) provide for liquidated



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damages or otherwise specify or limit damages, liabilities or remedies, (ix) allow for service of process by mail or through compliance with the notice provisions of any Loan Paper, or (x) provide for the severability of, or that the parties to any Loan Paper shall engage in negotiations to replace, any illegal, prohibited or unenforceable provision. In addition, the enforceability of any provision in any Loan Paper to the effect that (1) the terms thereof may not be waived or modified except in writing, (2) the express terms thereof supersede any inconsistent course of dealing, performance or usage of trade or (3) certain determinations made by one party shall have conclusive effect, may be limited under certain circumstances. Our opinion in paragraph 1 above with respect to the choice of law and choice of forum provisions of the Loan Papers is given in reliance on, and is limited in scope to, Sections 5-1401 and 5-1402 of the General Obligations Law of the State of New York, and we express no opinion with respect to any such provision insofar as it exceeds such scope. We express no opinion as to whether a United States federal court would accept jurisdiction in any dispute, action, suit or proceeding arising out of or relating to the Loan Papers or any of the transactions contemplated thereby.

We are members of the bar of the State of New York and we do not herein express any opinion as to matters governed by any laws other than the law of the State of New York and the Federal law of the United States of America currently in effect, in each case that in our experience are generally applicable to transaction of this type without regard to the particular nature of the businesses conducted by, or the legal or regulatory status of the Company or any other party to the Opinion Document. In particular (and without limiting the generality of the foregoing) we express no opinion as to (a) the laws of any country (other than the federal laws of the United States), (b) the effect of such laws (whether limiting, prohibitive or otherwise) on any of the rights or obligations of the Company or of any other party to or beneficiary of the Opinion Document, or (c) whether the choice of the law of the State of New York as the governing law in the Opinion Document would be given effect by any court or other governmental authority other than a New York State court.

Furthermore, without limiting the generality of the foregoing, we express no opinion with respect to, or with respect to the applicability to the opinions expressed herein of any (i) aviation laws (including, without limitation, the Transportation Code or any other laws, rules, or regulations governing, regulating or relating to the sale, acquisition, ownership, registration, leasing, financing, mortgaging, use or operation of any aircraft, aircraft engines or any part thereof), or any other laws, rules or regulations applicable to the particular nature of the equipment or other collateral subject to

the Opinion Document; (ii) any environmental, public health, safety, intellectual property, antitrust or tax laws or laws governing labor relations, pensions or employee benefits, including the Employee Retirement Income Security Act of 1974, as amended; (iii) financial industry regulatory authority rules and any laws relating to bribery, corruption, money-laundering, anti-terrorism, communications, customs, imports or exports, insurance, international trade, sanctions or embargoes (whether foreign trade, economic, financial or otherwise), public utilities, commodities trading, futures or swaps; (iv) compliance with fiduciary duty requirements; or (v) any laws, rules, regulations or ordinances of any county, town or municipality or subdivision or agency thereof.



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This opinion letter is limited to, and no opinion is implied or may be inferred beyond, the matters expressly stated herein. The opinions expressed herein are rendered only as of the date hereof, and we assume no responsibility to advise you of facts, circumstances, changes in law, or other events or developments that hereafter may occur or be brought to our attention and that may alter, affect or modify the opinions expressed herein.

Very truly yours,

WINSTEAD PC

By: \_\_\_\_\_

Melissa R. Stewart

Authorized Signatory



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**EXHIBIT D**

**FINANCIAL REPORT CERTIFICATE**

FOR \_\_\_\_\_ ENDED \_\_\_\_\_, \_\_\_\_\_

PAYING AGENT:

JPMorgan Chase Bank, N.A.

COMPANY:

Southwest Airlines Co.

RE:

\$1,000,000,000 Revolving Credit Facility Agreement

DATE:

\_\_\_\_\_, \_\_\_\_\_

This certificate is delivered pursuant to Section 6.10 of the \$1,000,000,000 Revolving Credit Facility Agreement dated as of August 3, 2016 (as amended, modified, supplemented, renewed, or extended from time to time, the "Credit Agreement"), among Southwest Airlines Co. (the "Company"), the Banks party thereto, JPMorgan Chase Bank, N.A., as Paying Agent, JPMorgan Chase Bank, N.A. and Citibank, N.A., as Co-Administrative Agents, Barclays Bank PLC, as Syndication Agent, and Bank of America, N.A., BNP Paribas, Goldman Sachs Bank USA, Morgan Stanley Senior Funding, Inc., U.S. Bank National Association and Wells Fargo Bank, N.A., as Documentation Agents. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Credit Agreement.

I certify to the Agents and the Banks that I am the \_\_\_\_\_ (president, chief financial officer, treasurer, or assistant treasurer) of the Company on the date hereof and that:

1. This certificate relates to the fiscal \_\_\_\_\_ ending on \_\_\_\_\_, \_\_\_\_\_ (the "Subject Period"). The Financial Statements for the Subject Period were prepared in conformity with GAAP, and present fairly in all material respects the consolidated financial position and results of operations of the Company and its consolidated Subsidiaries as of the last day of, and for, the Subject Period.

2. A review of the activities of the Company and its Subsidiaries during the Subject Period has been made under my supervision with a view to determining whether, during the Subject Period, each such entity has kept, observed, performed, and fulfilled all of its obligations under the Loan Papers, and during the Subject Period, to my knowledge, each such entity kept, observed, performed, and fulfilled each and every covenant and condition of the Loan Papers (except for any deviations set forth on the attached schedule).

3. During the Subject Period, no Default or Event of Default has occurred which has not been cured or waived (except for any Defaults or Events of Default set forth on the attached schedule).

4. The status of compliance by the Company with Section 6.9 of the Credit Agreement as of the last day of the Subject Period is set forth on the attached schedule.

5. This certificate is being delivered on behalf of the Company. No person or entity other than the Agents and the Banks (collectively, the "Subject Recipients") shall be entitled to receive or rely upon this certificate for any purpose. The Subject Recipients agree by their acceptance hereof that (a) they shall look solely to the Company for any loss, cost, damage, expense, claim, demand, suit, or cause of action arising out of or relating in any way to this certificate or its preparation and delivery, and (b) the undersigned shall not under any circumstances have any personal liability whatsoever for the preparation or execution of this certificate.

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Title: \_\_\_\_\_

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The status of compliance by the Company with Section 6.9 of the Credit Agreement as of the last day of the Subject Period is set forth below:

Section 6.9 — Coverage Ratio:

Consolidated Adjusted Pre-Tax Income*	\$ (1)
Aircraft Rentals*	\$ (2)
Net Interest Expense*	\$ (3)
Depreciation and amortization*	\$ (4)
Cash dividends paid*	\$ (5)
Sum of lines (1), (2), (3), and (4), minus line (5)	\$ (6)
Net Interest Expense*	\$ (7)
Aircraft Rentals*	\$ (8)
Sum of lines (7) and (8)	\$ (9)
Ratio of line (6) to line (9)	_____ to _____

Minimum Ratio

[1.25 to 1.00][.80 to 1.00]<sup>7</sup>

\* For four fiscal quarter period ending on last day of Subject Period.

<sup>7</sup> Select as applicable. Subject to compliance with Section 6.9 at the election of the Company.

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**EXHIBIT E**  
**FORM OF ASSIGNMENT AND ASSUMPTION**

This Assignment and Assumption (the "Assignment and Assumption") is dated as of the Effective Date set forth below and is entered into between the Assignor named below (the "Assignor") and the Assignee named below (the "Assignee"). Capitalized terms used but not defined herein shall have the meanings given to them in the Credit Agreement identified below (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), receipt of a copy of which is hereby acknowledged by the Assignee. The Standard Terms and Conditions set forth in Annex 1 attached hereto are hereby agreed to and incorporated herein by reference and made a part of this Assignment and Assumption as if set forth herein in full.

For an agreed consideration, the Assignor hereby irrevocably sells and assigns to the Assignee, and the Assignee hereby irrevocably purchases and assumes from the Assignor, subject to and in accordance with the Standard Terms and Conditions and the Credit Agreement, as of the Effective Date inserted by the Paying Agent below (i) all of the Assignor's rights and obligations in its capacity as a Bank under the Credit Agreement and any other documents or instruments delivered pursuant thereto to the extent related to the amount and percentage interest identified below of all of such outstanding rights and obligations of the Assignor under the respective facilities identified below (including any letters of credit included in such facilities) and (ii) to the extent permitted to be assigned under applicable Law, all claims, suits, causes of action and any other right of the Assignor (in its capacity as a Bank) against any Person, whether known or unknown, arising under or in connection with the Credit Agreement, any other documents or instruments delivered pursuant thereto or the loan transactions governed thereby or in any way based on or related to any of the foregoing, including contract claims, tort claims, malpractice claims, statutory claims and all other claims at law or in equity related to the rights and obligations sold and assigned pursuant to clause (i) above (the rights and obligations sold and assigned pursuant to clauses (i) and (ii) above being referred to herein collectively as the "Assigned Interest"). Such sale and assignment is without recourse to the Assignor and, except as expressly provided in this Assignment and Assumption, without representation or warranty by the Assignor.

1. Assignor:

2. Assignee: [and is an Eligible Affiliate Assignee of [identify Bank]]

3. Company: Southwest Airlines Co.

4. Paying Agent: JPMorgan Chase Bank, N.A., as paying agent under the Credit Agreement

5. Credit Agreement: \$1,000,000,000 Revolving Credit Facility Agreement dated as of August 3, 2016 (as amended, modified, supplemented, renewed, or extended from time to time) among Southwest Airlines Co., the Banks party thereto, JPMorgan Chase Bank, N.A., as Paying Agent, and the other agents parties thereto

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6. Assigned Interest:

Aggregate Amount of Commitment/Loans for all Banks	Amount of Commitment/Loans Assigned	Percentage Assigned of Commitment/Loans <sup>8</sup>
\$	\$	%
\$	\$	%
\$	\$	%

Effective Date: \_\_\_\_\_, 20 \_\_\_\_ [TO BE INSERTED BY PAYING AGENT AND WHICH SHALL BE THE EFFECTIVE DATE OF RECORDATION OF TRANSFER IN THE REGISTER THEREFOR.]

The Assignee agrees to deliver to the Paying Agent a completed Administrative Questionnaire in which the Assignee designates one or more credit contacts to whom all syndicate-level information (which may contain material non-public information about the Company, the Loan Parties and their Affiliates or their respective securities) will be made available and who may receive such information in accordance with the Assignee's compliance procedures and applicable laws, including Federal and state securities laws.

The terms set forth in this Assignment and Assumption are hereby agreed to:

ASSIGNOR

\_\_\_\_\_  
NAME OF ASSIGNOR

By: \_\_\_\_\_

Title: \_\_\_\_\_

ASSIGNEE

\_\_\_\_\_  
NAME OF ASSIGNEE

By: \_\_\_\_\_

Title: \_\_\_\_\_

<sup>8</sup> Set forth, to at least 9 decimals, as a percentage of the Commitment/Loans of all Banks.

**Consented to and Accepted:**

JPMORGAN CHASE BANK, N.A., as  
Paying Agent

By \_\_\_\_\_

Title: \_\_\_\_\_

[Consented to:

SOUTHWEST AIRLINES CO.

By \_\_\_\_\_

Title:]<sup>9</sup> \_\_\_\_\_

[Consented to:

[ \_\_\_\_\_ ], as  
Issuing Bank

By \_\_\_\_\_

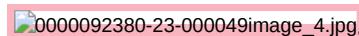
Title:]<sup>10</sup> \_\_\_\_\_

<sup>9</sup> Include if applicable

<sup>10</sup> Include if applicable

ANNEX 1

\$1,000,000,000 Revolving Credit Facility Agreement dated as of August 3, 2016 (as amended, modified, supplemented, renewed, or extended from time to time, the "Credit Agreement") among Southwest Airlines Co., the Banks party thereto, JPMorgan Chase Bank, N.A., as Paying Agent, and the other agents parties thereto



STANDARD TERMS AND CONDITIONS FOR

ASSIGNMENT AND ASSUMPTION

**1. Representations and Warranties.**

**1.1 Assignor.** The Assignor (a) represents and warrants that (i) it is the legal and beneficial owner of the Assigned Interest, (ii) the Assigned Interest is free and clear of any lien, encumbrance or other adverse claim and (iii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby and (b) makes no representation or warranty and assumes no responsibility with respect to (i) any statements, warranties or representations made in or in connection with the Credit Agreement or any other Loan Paper, (ii) the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Credit Agreement, any other Loan Papers or any other instrument or document furnished pursuant to the Credit Agreement, (iii) the financial condition of the Company or (iv) the performance or observance by the Company of its respective obligations under the Credit Agreement, any other Loan Paper or any other instrument or document furnished pursuant to the Credit Agreement or any other Loan Paper.

**1.2. Assignee.** The Assignee (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby and to become a Bank under the Credit Agreement, (ii) it satisfies the requirements, if any, specified in the Credit Agreement that are required to be satisfied by it in order to acquire the Assigned Interest and become a Bank, (iii) it has received a copy of the Credit Agreement, together with copies of financial information and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Assumption and to purchase the Assigned Interest on the basis of which it has made such analysis and decision independently and without reliance on the Paying Agent or any other Bank and (iv) if it is a Foreign Bank, attached to the Assignment and Assumption is any documentation required to be delivered by it pursuant to the terms of the Credit Agreement, duly completed and executed by the Assignee and (b) agrees that (i) it will, independently and without reliance on the Paying Agent, any other Agent, the Assignor or any other Bank, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Credit Agreement, (ii) it will perform in accordance with their terms all of the obligations which by the terms of the Credit Agreement and the other Loan Papers are required to be performed by it as a Bank, (iii) appoints and authorizes the Paying Agent to take such action on behalf of the Assignee and to exercise such powers under the Credit Agreement and the other Loan Papers as are delegated to the Paying Agent by the terms thereof, together with such powers as are reasonably incidental thereto and (iv) from and after the Effective Date, it shall be bound by the provisions of the Credit Agreement as a Bank thereunder and, to the extent of the Assigned Interest, shall have the obligations of a Bank thereunder.

**2. Payments.** From and after the Effective Date, the Paying Agent shall make all payments in respect of the Assigned Interest (including payments of principal, interest, fees and other amounts) to the Assignor for amounts which have accrued to but excluding the Effective Date and to the Assignee for amounts which have accrued from and after the Effective Date.

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**3. General Provisions.** This Assignment and Assumption shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. This Assignment and Assumption may be executed in any number of counterparts, which together shall constitute one instrument. Delivery of an executed counterpart of a signature page of this Assignment and Assumption by email or telecopy shall be effective as delivery of a manually executed counterpart of this Assignment and Assumption. This Assignment and Assumption shall be governed by, and construed in accordance with, the law of the State of New York.

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**EXHIBIT F**

**FORM OF APPRAISAL OF POOL ASSETS**

**[On file with Administrative Agent.]**

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**EXHIBIT G-1**  
**FORM OF**  
**U.S. TAX CERTIFICATE**

(For Foreign Banks That Are Not Partnerships For U.S. Federal Income Tax Purposes)

Reference is hereby made to the Revolving Credit Facility Agreement dated as of August 3, 2016 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among Southwest Airlines Co., the Banks party thereto, JPMorgan Chase Bank, N.A., as Paying Agent, JPMorgan Chase Bank, N.A. and Citibank, N.A., as Co-Administrative Agents, Barclays Bank PLC, as Syndication Agent, and Bank of America, N.A., BNP Paribas, Goldman Sachs Bank USA, Morgan Stanley Senior Funding, Inc., U.S. Bank National Association and Wells Fargo Bank, N.A., as Documentation Agents.

Pursuant to the provisions of Section 2.18 of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record and beneficial owner of the Loan(s) (as well as any Note(s) evidencing such Loan(s)) in respect of which it is providing this certificate, (ii) it is not a bank within the meaning of Section 881(c)(3)(A) of the Code, (iii) it is not a ten percent shareholder of the Company within the meaning of Section 871(h)(3)(B) of the Code, (iv) it is not a controlled foreign corporation related to the Company as described in Section 881(c)(3)(C) of the Code and (v) the interest payments in question are not effectively connected with the undersigned's conduct of a U.S. trade or business.

The undersigned has furnished the Paying Agent and the Company with a certificate of its non-U.S. Person status on IRS Form W-8BEN or W-8BEN-E, as applicable. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform the Company and the Paying Agent and (2) the undersigned shall have at all times furnished the Company and the Paying Agent with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

[NAME OF BANK]

By:

Name:

Title:

Date: \_\_\_\_\_, 20\_\_\_\_

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**EXHIBIT G-2**  
**FORM OF**  
**U.S. TAX CERTIFICATE**

(For Non-U.S. Participants That Are Partnerships For U.S. Federal Income Tax Purposes)

Reference is hereby made to the Revolving Facility Credit Agreement dated as of August 3, 2016 (as amended, modified, supplemented, renewed, or extended prior to the date hereof, the "Credit Agreement"), among Southwest Airlines Co., the Banks party thereto, JPMorgan Chase Bank, N.A., as Paying Agent,

JPMorgan Chase Bank, N.A. and Citibank, N.A., as Co-Administrative Agents, Barclays Bank PLC, as Syndication Agent, and Bank of America, N.A., BNP Paribas, Goldman Sachs Bank USA, Morgan Stanley Senior Funding, Inc., U.S. Bank National Association and Wells Fargo Bank, N.A., as Documentation Agents.

Pursuant to the provisions of Section 2.18 of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record owner of the participation in respect of which it is providing this certificate, (ii) its partners/members are the sole beneficial owners of such participation, (iii) with respect such participation, neither the undersigned nor any of its partners/members is a bank extending credit pursuant to a loan agreement entered into in the ordinary course of its trade or business within the meaning of Section 881(c)(3)(A) of the Code, (iv) none of its partners/members is a ten percent shareholder of the Company within the meaning of Section 871(h)(3)(B) of the Code, (v) none of its partners/members is a controlled foreign corporation related to the Company as described in Section 881(c)(3)(C) of the Code, and (vi) the interest payments in question are not effectively connected with the undersigned's or its partners/members' conduct of a U.S. trade or business.

The undersigned has furnished its participating Bank with IRS Form W-8IMY accompanied by one of the following forms from each of its partners/members that is claiming the portfolio interest exemption: (i) an IRS Form W-8BEN or W-8BEN-E, as applicable, or (ii) an IRS Form W-8IMY accompanied by an IRS Form W-8BEN or W-8BEN-E, as applicable, from each of such partner's/member's beneficial owners that is claiming the portfolio interest exemption. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform such Bank and (2) the undersigned shall have at all times furnished such Bank with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

[NAME OF PARTICIPANT]

By:

Name:

Title:

Date: \_\_\_\_\_, 20\_\_\_\_

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**EXHIBIT G-3**  
**FORM OF**  
**U.S. TAX CERTIFICATE**

(For Non-U.S. Participants That Are Not Partnerships For U.S. Federal Income Tax Purposes)

Reference is hereby made to the Revolving Facility Credit Agreement dated as of August 3, 2016 (as amended, modified, supplemented, renewed, or extended prior to the date hereof, the "Credit Agreement"), among Southwest Airlines Co., the Banks party thereto, JPMorgan Chase Bank, N.A., as Paying Agent, JPMorgan Chase Bank, N.A. and Citibank, N.A., as Co-Administrative Agents, Barclays Bank PLC, as Syndication Agent, and Bank of America, N.A., BNP Paribas, Goldman Sachs Bank USA, Morgan Stanley Senior Funding, Inc., U.S. Bank National Association and Wells Fargo Bank, N.A., as Documentation Agents.

Pursuant to the provisions of Section 2.18 of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record and beneficial owner of the participation in respect of which it is providing this certificate, (ii) it is not a bank within the meaning of Section 881(c)(3)(A) of the Code, (iii) it is not a ten percent shareholder of the Company within the meaning of Section 871(h)(3)(B) of the Code, (iv) it is not a controlled foreign corporation related to the Company as described in Section 881(c)(3)(C) of the Code, and (v) the interest payments in question are not effectively connected with the undersigned's conduct of a U.S. trade or business.

The undersigned has furnished its participating Bank with a certificate of its non-U.S. Person status on IRS Form W-8BEN or W-8BEN-E, as applicable. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform such Bank in writing and (2) the undersigned shall have at all times furnished such Bank with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

[NAME OF PARTICIPANT]

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_, 20\_\_\_\_

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**EXHIBIT G-4**  
**FORM OF**  
**U.S. TAX CERTIFICATE**

(For Foreign Banks That Are Partnerships For U.S. Federal Income Tax Purposes)

Reference is hereby made to the Revolving Credit Facility Agreement dated as of August 3, 2016 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among Southwest Airlines Co., the Banks party thereto, JPMorgan Chase Bank, N.A., as Paying Agent, JPMorgan Chase Bank, N.A. and Citibank, N.A., as Co-Administrative Agents, Barclays Bank PLC, as Syndication Agent, and Bank of America, N.A., BNP Paribas, Goldman Sachs Bank USA, Morgan Stanley Senior Funding, Inc., U.S. Bank National Association and Wells Fargo Bank, N.A., as Documentation Agents.

Pursuant to the provisions of Section 2.18 of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record owner of the Loan(s) (as well as any Note(s) evidencing such Loan(s)) in respect of which it is providing this certificate, (ii) its partners/members are the sole beneficial owners of such Loan(s) (as well as any Note(s) evidencing such Loan(s)), (iii) with respect to the extension of credit pursuant to this Credit Agreement, neither the undersigned nor any of its partners/members is a bank extending credit pursuant to a loan agreement entered into in the ordinary course of its trade or business within the meaning of Section 881(c)(3)(A) of the Code, (iv) none of its partners/members is a ten percent shareholder of the Company within the meaning of Section 871(h)(3)(B) of the Code, (v) none of its partners/members is a controlled foreign corporation related to the Company as described in Section 881(c)(3)(C) of the Code, and (vi) the interest payments in question are not effectively connected with the undersigned's or its partners/members' conduct of a U.S. trade or business.

The undersigned has furnished the Paying Agent and the Company with IRS Form W-8IMY accompanied by one of the following forms from each of its partners/members that is claiming the portfolio interest exemption: (i) an IRS Form W-8BEN or W-8BEN-E, as applicable, or (ii) an IRS Form W-8IMY accompanied by an IRS Form W-8BEN or W-8BEN-E, as applicable, from each of such partner's/member's beneficial owners that is claiming the portfolio interest exemption. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform the Company and the Paying Agent and (2) the undersigned shall have at all times furnished the Company and the Agent with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

[NAME OF BANK]

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_, 20\_\_\_\_

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**EXHIBIT H-1**  
**FORM OF INCREASED FACILITY ACTIVATION NOTICE**

**To:** JPMorgan Chase Bank, N.A., as Paying Agent  
under the Credit Agreement referred to below

Reference is made to the \$1,000,000,000 Revolving Credit Facility Agreement, dated as of August 3, 2016 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among Southwest Airlines Co., the Banks party thereto, JPMorgan Chase Bank, N.A., as Paying Agent, JPMorgan Chase Bank, N.A. and Citibank, N.A., as Co-Administrative Agents, Barclays Bank PLC, as Syndication Agent, and Bank of America, N.A., BNP Paribas, Goldman Sachs Bank USA, Morgan Stanley Senior Funding, Inc., U.S. Bank National Association and Wells Fargo Bank, N.A., as Documentation Agents. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Credit Agreement.

This notice is an Increased Facility Activation Notice referred to in Section 2.24 of the Credit Agreement, and the Company and each of the Banks party hereto hereby notify you that:

1. Each Bank party hereto severally agrees to obtain a Commitment or increase the amount of its Commitment as set forth opposite such Bank's name on the signature pages hereof under the caption "Incremental Commitment Amount".
2. The Increased Facility Closing Date is \_\_\_\_\_, 20\_\_\_\_.
3. The aggregate amount of incremental Commitments contemplated hereby is \$ \_\_\_\_\_.
4. The agreement of each Bank party hereto to obtain an incremental Commitment on the Increased Facility Closing Date is subject to the satisfaction of the following conditions precedent:
  - (a) **Activation Notice.** The Paying Agent shall have received this notice, executed and delivered by the Company and each Bank party hereto.
  - (b) **New Bank Supplement.** The Paying Agent shall have received a New Bank Supplement, executed by any New Bank that elects to be a "Bank" under the Credit Agreement.
  - (c) **Representations and Warranties; No Defaults; Coverage Ratio.** (i) Each of the representations and warranties contained in Article V of the Credit Agreement shall be correct in all material respects (or, to the extent subject to materiality or Material Adverse Effect qualifiers, in all respects) on and as of the Increased Facility Closing Date (or, if any such representation or warranty is expressly stated to have been made as of a specific date, as of such specific date), immediately prior to, and after giving effect to, the incremental Commitments contemplated hereby, as though made on and as of the Increased Facility Closing Date, (ii) no Default or Event of Default shall have occurred and be continuing immediately prior to, and immediately after, giving effect to the incremental Commitments contemplated hereby on the Increased Facility Closing Date and (iii) on a pro forma basis after giving effect to (x) the incremental Commitments

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contemplated hereby (assuming such incremental Commitments are fully drawn) and (y) any permanent repayment of Debt after the last day of the most recently ended fiscal quarter for which the Company's annual or quarterly Financial Statements have been most recently required to have been delivered pursuant to Section 6.01 of the Credit Agreement (assuming, for such purpose, that (A) such increase to the Commitments (and the full drawing thereof) and any such permanent repayment of Debt occurred on the first day of the four fiscal quarter period for which the Company's annual or quarterly Financial Statements have been most recently required to have been delivered pursuant to Section 6.01 of the Credit Agreement and (B) such incremental Commitments had been borrowed as Eurodollar Loans with successive one-month Interest Periods during the four fiscal quarter period for which the

Company's annual or quarterly Financial Statements have been most recently required to have been delivered pursuant to Section 6.01 of the Credit Agreement), the Coverage Ratio shall not be less than 1.25 to 1.0.

(d) The Paying Agent shall have received the following, each dated (unless otherwise indicated) the Increased Facility Closing Date:

(i) [insert other items to be delivered on the Increased Facility Closing Date, including, without limitation, such legal opinions, board resolutions, certificates and other documents reasonably requested by the Paying Agent].

(e) Fees and Expenses. Any fees required to be paid on or before the Increased Facility Closing Date shall have been paid.

(f) [Insert any other conditions precedent required by the Banks providing the incremental Commitments contemplated by the applicable Increased Facility Activation Notice].

5. Upon the satisfaction of the conditions precedent set forth in Section 4 hereof on the Increased Facility Closing Date, each Bank party hereto shall have a Commitment under the Credit Agreement equal to (i) in the case of any New Bank, the amount set forth opposite such Bank's name on the signature pages hereof under the caption "Incremental Commitment Amount" and (ii) in the case of any Bank holding a Commitment under the Credit Agreement prior to the effectiveness of the Increased Facility Closing Date, an amount equal to the sum of (x) such Bank's Commitment prior to giving effect to the Increased Facility Closing Date plus (y) the amount set forth opposite such Bank's name on the signature pages hereof under the caption "Incremental Commitment Amount".

[Signature Page Follows]

H-1-2

509265-1983-ACTIVE.58114639.5

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SOUTHWEST AIRLINES CO.

By:

\_\_\_\_\_  
Name:

Title:

H-1-3

509265-1983-ACTIVE.58114639.5

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Incremental Revolving Commitment Amount

[NAME OF BANK]

\$

By:

\_\_\_\_\_  
Name:

Title:

H-1-4

**CONSENTED TO:**

JPMORGAN CHASE BANK, N.A.,  
as Paying Agent

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

H-1-5

**EXHIBIT H-2****FORM OF NEW BANK SUPPLEMENT**

SUPPLEMENT, dated \_\_\_\_\_, to the \$1,000,000,000 Revolving Credit Facility Agreement dated as of August 3, 2016 (as amended, supplemented or modified from time to time, the "Credit Agreement"), among Southwest Airlines Co., the Banks party thereto, JPMorgan Chase Bank, N.A., as Paying Agent, JPMorgan Chase Bank, N.A. and Citibank, N.A., as Co-Administrative Agents, Barclays Bank PLC, as Syndication Agent, and Bank of America, N.A., BNP Paribas, Goldman Sachs Bank USA, Morgan Stanley Senior Funding, Inc., U.S. Bank National Association and Wells Fargo Bank, N.A., as Documentation Agents. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Credit Agreement.

**WITNESSETH:**

WHEREAS, the Credit Agreement provides in subsection 2.24(b) thereof that any bank or financial institution, although not originally a party thereto, may become a party to the Credit Agreement in accordance with the terms thereof by executing and delivering to the Company and the Paying Agent a supplement to the Credit Agreement in substantially the form of this Supplement; and

WHEREAS, the undersigned was not an original party to the Credit Agreement but now desires to become a party thereto;

NOW, THEREFORE, the undersigned hereby agrees as follows:

1. The undersigned agrees to be bound by the provisions of the Credit Agreement and agrees that it shall, on the date this Supplement is accepted by the Company and the Paying Agent, become a Bank for all purposes of the Credit Agreement to the same extent as if originally a party thereto, with a Commitment of \$ \_\_\_\_\_.

2. The undersigned (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Supplement and to consummate the transactions contemplated hereby and to become a Bank under the Credit Agreement, (ii) it satisfies the requirements, if any, specified in the Credit Agreement that are required to be satisfied by it in order to obtain the Commitment contemplated hereby and become a Bank, (iii) it has received a copy of the Credit Agreement, together with copies of financial information and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Supplement and to obtain the Commitment contemplated hereby on the basis of which it has made such analysis and decision independently and without reliance on the Paying Agent or any other Bank and (iv) if it is a Foreign Bank, attached to this Supplement is any documentation required to be delivered by it pursuant to the terms of the Credit Agreement, duly completed and executed by the undersigned and (b) agrees that (i) it will, independently and without reliance on the Paying Agent, any other Agent or any other Bank, and based on such documents and information as it shall deem

appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Credit Agreement, (ii) it will perform in accordance with their terms all of the obligations which by the terms of the Credit Agreement and the other Loan Papers are required to be performed by it as a Bank, (iii) appoints and authorizes the Paying Agent to take such action on behalf of the undersigned and to exercise such powers under the Credit Agreement and the other Loan Papers as are delegated to the Paying Agent by the terms

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thereof, together with such powers as are reasonably incidental thereto and (iv) from and after the date hereof, it shall be bound by the provisions of the Credit Agreement as a Bank thereunder and, to the extent of the Commitment contemplated hereby, shall have the obligations of a Bank thereunder.

3. The undersigned's address for notices for the purposes of the Credit Agreement is as follows:

Name	Notice and Contact Information	Lending Offices
		<u>Domestic</u> <u>Eurodollar</u>

IN WITNESS WHEREOF, the undersigned has caused this Supplement to be executed and delivered by a duly authorized officer on the date first above written.

[NAME OF NEW BANK]

By:

\_\_\_\_\_  
Title:

H-2-2

Accepted this \_\_\_\_\_ day of

\_\_\_\_\_,

SOUTHWEST AIRLINES CO.

By:

\_\_\_\_\_  
Title:

JPMORGAN CHASE BANK, N.A.,

as Paying Agent

By:

Title:

H-2-3

Exhibit 31.1

CERTIFICATION

I, Robert E. Jordan, President & Chief Executive Officer of Southwest Airlines Co., certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarter ended September 30, 2023 March 31, 2024 of Southwest Airlines Co.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 27, 2023 April 26, 2024

By: /s/ Robert E. Jordan

Robert E. Jordan

President & Chief Executive Officer  
(Principal Executive Officer)

## CERTIFICATION

I, Tammy Romo, Executive Vice President & Chief Financial Officer of Southwest Airlines Co., certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarter ended **September 30, 2023** **March 31, 2024** of Southwest Airlines Co.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: **October 27, 2023** **April 26, 2024**

By: /s/ Tammy Romo  
 Tammy Romo  
 Executive Vice President & Chief Financial Officer  
 (Principal Financial & Accounting Officer)

## CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,

## AS ADOPTED PURSUANT TO

## SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Southwest Airlines Co. (the "Company") for the period ended **September 30, 2023** **March 31, 2024** as filed with the Securities and Exchange Commission (the "Report"), Robert E. Jordan, President & Chief Executive Officer of the Company, and Tammy Romo, Executive Vice President & Chief Financial Officer of the Company, each certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: **October 27, 2023** April 26, 2024

By: /s/ Robert E. Jordan

Robert E. Jordan

President & Chief Executive Officer  
(Principal Executive Officer)

By: /s/ Tammy Romo

Tammy Romo

Executive Vice President & Chief Financial Officer  
(Principal Financial & Accounting Officer)

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