

Stronger Southwest

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Elliott's Letter to Southwest Shareholders

9/24/2024 | [Click Here to Read Letter](#)

Delivering a Stronger Southwest Airlines for Customers, Employees and Shareholders

Elliott Investment Management, one of Southwest Airline's largest shareholders, believes that Southwest represents the most compelling airline turnaround opportunity in the last two decades. Our goal is to restore Southwest's status as an industry-leading airline.

The Stronger Southwest plan calls for clear steps to improve performance for the benefit of customers, employees and shareholders, including:

- ▶ Restoring the efficiency required to **continue offering low fares**
- ▶ Modernizing the product offering to **align with today's customer preferences and expectations**
- ▶ Strengthening management capabilities to **ensure strong operational performance**
- ▶ Facilitating investment in technology and new assets to **run the reliable operation that passengers and employees deserve**

As one of the Company's largest investors, we look forward to collaborating with Southwest to restore best-in-class performance.

“”

I would rate them as the worst-performing management team in airlines. This was a Company that has destroyed more value based on their own inaction than anyone else in the industry. They need to go.

— Top Ten Active Shareholder

We plan to nominate ten independent, highly qualified candidates for Southwest's Board.

These candidates were selected through a months-long global search for the best individuals with the optimal mix of backgrounds and expertise to address Southwest's current challenges and deliver on the company's potential.

The final group of candidates includes four former airline CEOs and Deputy CEOs and six candidates with complementary expertise in technology, hospitality, consumer-focused businesses, labor relations and regulatory oversight, including experience leading organizational change in these areas.



Michael Cawley

Former Deputy CEO, COO and CFO of Ryanair



David Cush

Former CEO of Virgin America



Sarah Feinberg

Former Transportation Regulator and Administrator of the Federal Railroad Administration



Hon. Joshua "Josh" Gotbaum

Seasoned Advisor to Companies and Labor Groups and Former Hawaiian Airlines Trustee



David "Dave" Grissen

Former Group President of Marriott International



Nancy Killefer

Former Senior Partner in the Consumer and Retailing Practice at McKinsey



Robert Milton

Former CEO of Air Canada and ACE Aviation Holdings and Former Chairman of United Airlines



Gregg Saretsky

Former CEO of WestJet



Easwaran "Eash" Sundaram

Former Chief Digital & Technology Officer of JetBlue



Patricia "Patty" Watson

CIO and CTO of NCR Atleos

Southwest's Response Shows the Need for New Leadership

Since we released our materials on June 10, 2024, Southwest's leadership has:

- Reduced second quarter revenue guidance – representing the eighth guidance cut in 18 months
- Adopted a shareholder-unfriendly "poison pill" to prevent Elliott from increasing its ownership above 12.5%
- Added a hand-picked new director in a clear effort to entrench the current Board and management
- Initiated disappointing third-quarter guidance continuing the trend of deteriorating performance

Southwest's response demonstrates how profoundly out of touch the Board and management are with shareholder sentiment and the reality of the situation.



The CEO is a headwind to a turnaround. Firing him is the tailwind.

— Top Ten Active Shareholder

About Elliott

Founded in 1977, Elliott Investment Management L.P. (together with its affiliates, “Elliott”) is one of the oldest investment managers of its kind under continuous management. Elliott manages multi-strategy investment funds with approximately \$69.7 billion of assets as of June 30, 2024. Our investors include pension funds, private endowments, charitable foundations, family offices and employees of the firm, and our offices are located in Florida, Connecticut, New York, California and London.

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CERTAIN INFORMATION CONCERNING THE PARTICIPANTS

Elliott Investment Management L.P., together with the other participants named herein (collectively, "Elliott"), intend to file a proxy statement and accompanying proxy card with the Securities and Exchange Commission ("SEC") to be used to solicit proxies with respect to the election of Elliott's slate of highly qualified director candidates and other proposals that may come before the next shareholder meeting of Southwest Airlines Co., a Texas corporation (the "Company"), whether an annual or special meeting of shareholders.

THE PARTICIPANTS STRONGLY ADVISE ALL SHAREHOLDERS OF THE COMPANY TO READ THE PROXY STATEMENT AND OTHER PROXY MATERIALS, INCLUDING A PROXY CARD, AS THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION. SUCH PROXY MATERIALS WILL BE AVAILABLE AT NO CHARGE ON THE SEC'S WEB SITE AT [HTTP://WWW.SEC.GOV](http://www.sec.gov). IN ADDITION, THE PARTICIPANTS WILL PROVIDE COPIES OF THE PROXY STATEMENT WITHOUT CHARGE, WHEN AVAILABLE, UPON REQUEST. REQUESTS FOR COPIES SHOULD BE DIRECTED TO THE PARTICIPANTS' PROXY SOLICITOR.

The participants in the solicitation are anticipated to be Elliott Investment Management L.P. ("EIM"), Elliott Associates, L.P. ("Elliott Associates"), Elliott International, L.P. ("Elliott International"), The Liverpool Limited Partnership ("Liverpool"), Elliott Investment Management GP LLC ("EIM GP"), Paul E. Singer ("Singer"), Michael Cawley, David Cush, Sarah Feinberg, Joshua Gotbaum, David Grissen, Nancy Killefer, Robert Milton, Gregg Saretsky, Easwaran Sundaram and Patricia Watson.

As of September 24, 2024, Elliott has combined economic exposure in the Company of approximately 11.0% of the shares of its Common Stock, \$1.00 par value per share (the "Common Stock"), outstanding. As of September 24, 2024, EIM, the investment manager of Elliott Associates and Elliott International (together, the "Elliott Funds") with respect to the shares of Common Stock held by the Elliott Funds and/or their respective subsidiaries, beneficially owns 61,116,500 shares of Common Stock. Additionally, as of September 24, 2024, the Elliott Funds are party to notional principal amount derivative agreements in the form of cash settled swaps with respect to an aggregate of 4,808,000 shares of Common Stock (the "Derivative Agreements"). Elliott Associates, Elliott International and Liverpool are the direct holders of the shares of Common Stock beneficially owned by EIM, and are party to the Derivative Agreements. Liverpool is a wholly-owned subsidiary of Elliott Associates. EIM GP is the sole general partner of EIM. Singer is the sole managing member of EIM GP. As of September 24, 2024, Mr. Cawley holds 19,765 shares of Common Stock, Mr. Cush holds 10,000 shares of Common Stock, Ms. Feinberg beneficially owns 3,068 shares of Common Stock, including 2,800 shares of Common Stock held directly and 268 shares of Common Stock held by her domestic partner, Mr. Gotbaum holds 19,162 shares of Common Stock, Mr. Milton holds 1,953 shares of Common Stock, Mr. Saretsky holds 4,000 shares of Common Stock, Mr. Sundaram holds 2,073 shares of Common Stock, and Ms. Watson beneficially owns 5,243 shares of Common Stock, including 3,964 shares of Common Stock held directly and 1,279 shares of Common Stock held by her spouse.



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