

# Southwest Airlines To Share Proceeds From Boeing Agreement With Employees

[Southwest Airlines Co.](#) (NYSE: LUV) recently reached a confidential agreement with The Boeing Company (Boeing) to compensate Southwest for a portion of projected financial damages related to the grounding of the airline's Boeing 737 MAX aircraft. In light of this agreement, the Southwest Board of Directors has authorized a discretionary, incremental profitsharing accrual for Employees, which is tied to the projected reduction in operating income for annual 2019 due to the MAX groundings. The Company currently estimates this incremental profitsharing accrual to be approximately \$125 million.

Gary C. Kelly, Chairman of the Board and Chief Executive Officer, stated, "Our People have done an incredible job managing through the MAX groundings, while providing the highest levels of Customer Service and one of the best operational performances in our history. On behalf of the Southwest Board of Directors, we are grateful to our Employees for their extraordinary efforts throughout the year and are pleased to share proceeds from our recent agreement with Boeing."

This incremental profitsharing award will be funded as part of the Company's annual 2019 profitsharing distribution in 2020, in accordance with normal ProfitSharing Plan policies and Board of Director approval. The Company plans to provide 2019 profitsharing details early next year, including the percentage each eligible Southwest Employee will receive.

The Company continues to engage in ongoing discussions with Boeing regarding compensation for damages related to the MAX groundings. The details of these discussions and the settlement with Boeing are confidential. While still evaluating the applicable accounting principles, the Company currently expects to account for substantially all of the compensation as a reduction in cost basis of both existing and future firm aircraft orders, which will reduce depreciation expense in future years.

The Boeing 737 MAX fleet has been grounded since the Federal Aviation Administration's (FAA) order was issued on March 13, 2019. Southwest Airlines continues to monitor information from Boeing and the FAA on the impending 737 MAX software enhancements and training requirements. The airline remains confident that, once certified by the FAA, the enhancements will support a safe return of the 737 MAX aircraft.

[ABOUT SOUTHWEST AIRLINES CO.](#)

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

Southwest coined [Transfarency](#)<sup>®</sup> to describe its purposed philosophy of treating Customers honestly and fairly, and low fares actually staying low. Southwest is the only major U.S. airline to offer bags fly free<sup>®</sup> to everyone (first and second checked pieces of luggage, size and weight limits apply, some carriers offer free checked bags on select routes or in qualified circumstances), and there are no change fees, though fare differences might apply.

Southwest is one of the most honored airlines in the world, known for a triple bottom line approach that contributes to the carrier's performance and productivity, the importance of its People and the communities they serve, and an overall commitment to efficiency and the planet. Learn more about how the carrier gives back to communities across the world by visiting [Southwest.com/citizenship.](#)

Book Southwest Airlines' low fares online at [Southwest.com](#) or by phone at 800-I-FLY-SWA.

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#### ABOUT SOUTHWEST AIRLINES CO.

[Southwest Airlines Co.](#) operates one of the world's most admired and awarded airlines, offering its one-of-a-kind value and Hospitality at 121 airports across 12 countries. Southwest took flight in 1971 to democratize the sky through friendly, reliable, and low-cost air travel and now carries more air travelers flying nonstop within the United States than any other airline(fn. 1). By empowering its more than 73,000(fn. 2) People to deliver unparalleled Hospitality, the maverick airline cherishes a passionate loyalty among more than 134 million Customers carried in 2025. Southwest leverages a unique legacy and mission to serve communities around the world including harnessing the power of its People and Purpose to put communities at the Heart of its success. Learn more by visiting [Southwest.com/citizenship.](#)

1. Based on U.S. Dept. of Transportation quarterly Airline Origin & Destination Survey as of Q4 2025
2. Fulltime-equivalent active Employees as of March 31, 2026

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