

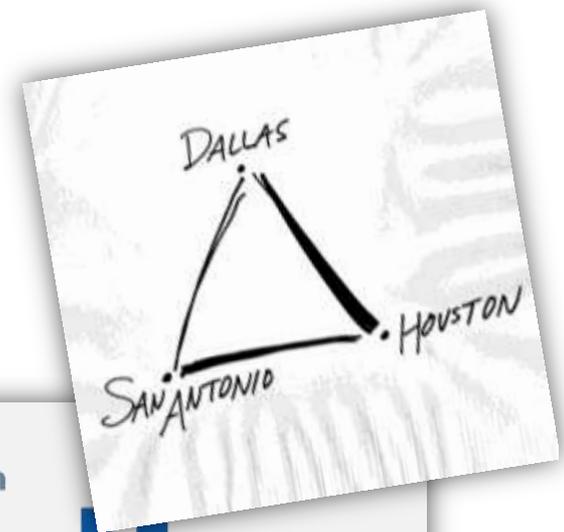


Managing for Unseen Risks: Business Continuity

ASA Conference

June 2016

Southwest Airlines – The Beginning



Based in

Dallas

Began in

1971

Serving only **3** cities

With only **3** aircraft

Southwest Airlines – History



Southwest Airlines – Today

TransfarencySM

[Trans - fair - uhn - see] n.

Philosophy in which Customers are treated honestly and fairly, and low fares actually stay low – no unexpected bag fees, change fees or hidden fees.



Southwest Airlines – 2015 Was One for the Record Books!

2015: A Record Year

4 new international destinations

Puerto Vallarta

Belize City

Liberia
San José

43
years
of profitability

Record annual profit

A record
\$620 million
in profitsharing

up
75%
from 2014

**New
HOU**
international
concourse

5 new gates
9 international
destinations

280,000
square feet

32.7%
ROIC
return on invested capital

All-time high

before taxes and excluding special items

21 consecutive years on
FORTUNE's
Most Admired
Companies in
the World

2015
rank:
7th

we added over
3,000
new jobs

We carried
118
million
Customers with an annual
record **83.6%** load factor

A Quote, and a History Lesson

“[He] is known as a genius, as the man who has helped turn [the company] into one of the most efficient money makers the business has ever seen.”

Comments on Russell Thayer, EVP of Corporate and Market Planning for Branniff International Airways

From Texas Monthly in December of 1975

Why is Business Continuity Important to Southwest?

OUR NIGHTMARE



SUPPLY CHAIN RESPONSIBILITY

Reliable Operations require a Robust Supply Chain

Things Happen... Be Prepared... No Excuses



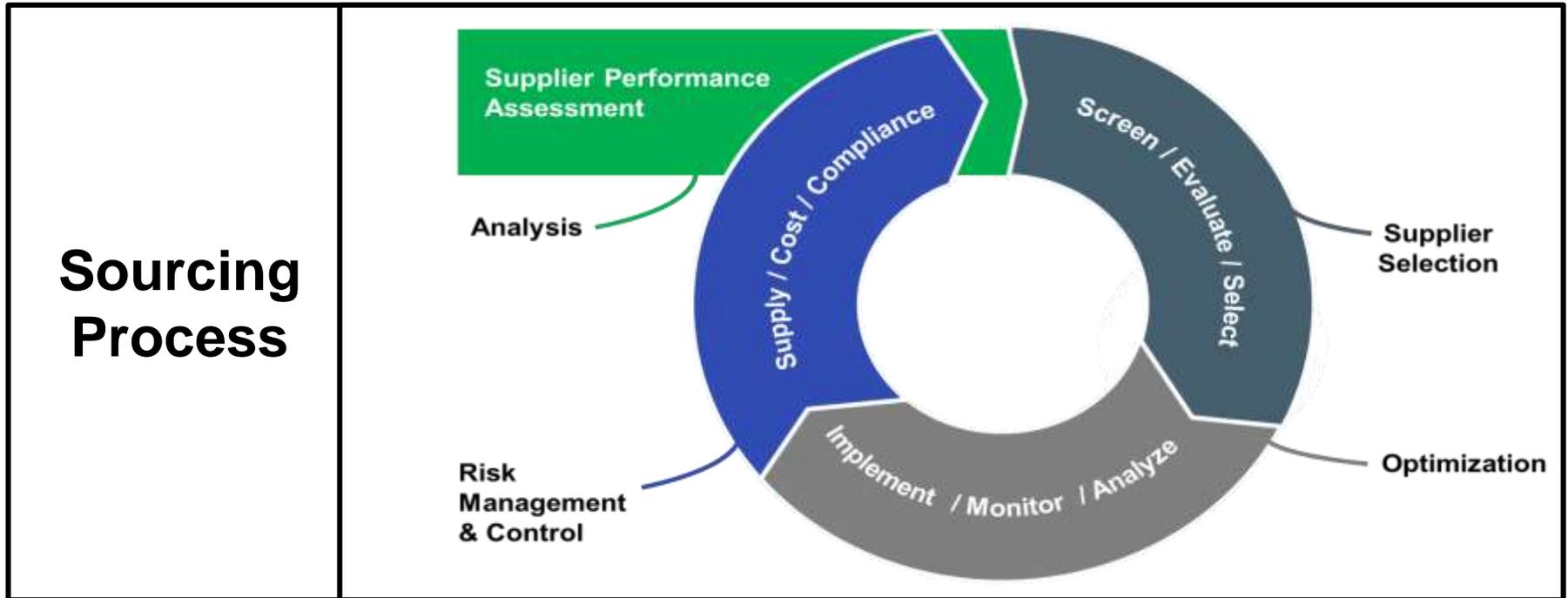
What Does Thailand Have to Do with Southwest Airlines?



Supply Chain Business Continuity Maturity Model

Category
General
Process
People
Technology
Strategy

Supply Chain Management – Value Chain



Summary

- Southwest Airlines is awesome (no bias here!)
 - Warrior Spirit with a Fun LUVing Attitude
 - Friendly Customer Service
 - Safe, Reliable, Low Cost Travel
- Reliable Operations require a Robust Supply Chain
 - Things happen...be prepared...no excuses
- Business Continuity
 - Evaluate potential risks & threats
 - Mitigate critical gaps
 - Develop “what if” recovery plans
 - Involve supplier and push for contractual compliance



Transparency
Low fares. Nothing to hide.

	Southwest	American	United	Spirit	Delta	Virgin	JetBlue
Southwest	10	10	10	10			
American	125	135	1200	1205			
United	125	135	1200	1200			
Spirit	130	140	1310	1262			
Delta	125	135	1200	1200			
Virgin	125	135	1200	1240			
JetBlue	120	135	120	1125			

#FeesDontFly

Southwest

Questions?

