

Southwest, Boeing agree on compensation over 737 MAX

December 12 2019



Grounded Southwest Airlines Boeing 737 MAX aircraft parked at Southern California Logistics Airport in Victorville, California

Southwest Airlines said Thursday it reached a settlement with Boeing to provide compensation for losses tied to the grounding of 737 MAX jets nine months ago.

The US airline also said it would share \$125 million in profits with employees including pilots next year, though it did not disclose details of the amount or nature of compensation.

The announcement came as a new survey showed the flying public may initially be reluctant to travel aboard the aircraft once authorities give the [green light](#) for it to fly again.

The 737 MAX has been grounded since mid-March following two deadly crashes that left 346 people dead.

"The company continues to engage in ongoing discussions with Boeing regarding compensation for damages related to the MAX groundings," Southwest said in a statement, adding that those discussions were confidential like the settlement.

The company expects to receive lower prices on existing and future aircraft orders as a result, it said.

The top Federal Aviation Administration official said Wednesday the MAX will not be certified to return to [service](#) before next year, contrary to Boeing's stated expectations.

Southwest last month said it did not expect the MAX to fly again before March 2020. The airline had 34 of the planes in its fleet at the time of the grounding, the most of any company.

Boeing in July recorded a \$5.6 billion charge to cover [compensation](#) to airlines which were forced to cancel thousands of flights or swap out aircraft in their schedules due to the MAX grounding.

Meanwhile, a Bank of America Global Research survey released Wednesday showed US residents were skeptical that the plane would be

safe and only 20 percent said they would fly aboard a MAX immediately after it returns to service.

"This may create demand uncertainty when the MAX returns to service, which could negatively impact pricing," according to the survey.

"The majority of respondents said they would switch flights if they are scheduled on a MAX [aircraft](#)."

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