

# Corporate Facts

## Southwest Airlines Co. (NYSE: LUV)

October 26, 2017

### EXECUTIVE LEADERSHIP:

[Gary Kelly](#), Chairman of the Board and Chief Executive Officer  
[Tom Nealon](#), President  
[Mike Van de Ven](#), Chief Operating Officer  
[Bob Jordan](#), Executive Vice President Corporate Services  
[Tammy Romo](#), Executive Vice President and Chief Financial Officer  
[Andrew Watterson](#), Executive Vice President and Chief Revenue Officer  
[Greg Wells](#), Executive Vice President Daily Operations

**HEADQUARTERS:** P.O. Box 36611  
2702 Love Field Drive  
Dallas, TX 75235

### ABOUT THE COMPANY:

In its 47th year of service, Dallas-based **Southwest Airlines** (NYSE: LUV) continues to differentiate itself from other air carriers with exemplary Customer Service delivered by more than 55,000 Employees to a Customer base topping 115 million passengers annually, in recent years. Southwest became the nation's largest 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. During peak travel season, Southwest operates more than 4,000 weekday departures a day among a network of 99 destinations in the United States and nine additional countries. Service to Turks & Caicos is expected to begin November 5, 2017. Southwest has announced its intention to sell tickets in 2018 for service to Hawaii, subject to requisite governmental approvals.

Southwest coined Transfarency® 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® to everyone (first and second checked pieces of luggage, size and weight limits apply, some carriers offer free checked bags on

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select routes or in qualified circumstances), and there are no change fees, though fare differences might apply. As launch Customer of the Boeing 737 MAX 8 in North America, the Company operates the largest fleet in the world of Boeing aircraft, all of which are equipped with satellite-based WiFi. Customers who connect to the WiFi may use their personal devices to view on-demand movies and television shows, as well as nearly 20 channels of free, live TV. With a bold new look first unveiled in 2014, Southwest is progressing through a multi-year refresh of its fleet to showcase the carrier's *Heart*: a new logo, aircraft livery, interior design featuring new seats, Employee-designed uniforms, and an updated airport experience, all of which showcase a dedication of Southwest Employees to connect Customers with what's important in their lives.

From its first flights on June 18, 1971, Southwest Airlines launched an era of unprecedented affordability in air travel described by the U.S. Department of Transportation as "The Southwest Effect," a lowering of fares and increase in passenger traffic whenever the carrier enters new markets. With 44 consecutive years of profitability, 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. The 2016 Southwest Airlines One Report™ can be found at **SouthwestOneReport.com**.

Book Southwest Airlines' low fares online at [Southwest.com](https://www.southwest.com) or by phone at 800-I-FLY-SWA.

## HISTORY:

Southwest Airlines was incorporated in Texas and commenced Customer Service on June 18, 1971, with three Boeing 737 aircraft serving three Texas cities—Houston, Dallas, and San Antonio—and grew to become a major airline in 1989 when it exceeded the billion-dollar revenue mark. In 1994, Southwest became the first major airline to offer ticketless travel. In 1996, Southwest became the first major airline to post a website with the launch of our "Home Gate." Southwest topped the monthly domestic originating passenger

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rankings for the first time in May 2003. In 2013, Southwest started its Southwest service to a destination outside the 48 contiguous states with service to Puerto Rico. In July 2014, Southwest became an international airline with its first flights to Nassau, Bahamas; Montego Bay, Jamaica; and Aruba, and continues to expand.

Read more about [Southwest's Company History](#).

## DAILY DEPARTURES:

Southwest Airlines operates more than 4,000 flights a day during peak travel season.

## EMPLOYEES:

More than 55,000 People work to deliver exemplary Customer Service throughout the Southwest system.

## STOCK:

Common stock is traded under the symbol "LUV" on the NYSE. Southwest paid its first quarterly dividend in fourth quarter 1976. In third quarter 2017, the Company returned \$375 million to Shareholders through a combination of \$75 million in dividends and \$300 million in share repurchases.

## THIRD QUARTER 2017 FINANCIAL AND OPERATING STATISTICS:

- Net income: \$503 million
- Net income, excluding special items: \$528 million
- Third quarter record revenue passengers carried: 33.0 million
- Third quarter record RPMs: 33.1 billion
- Load factor: 84.8%
- Third quarter record total operating revenues: \$5.3 billion

## FLEET:

As of September 30, 2017, Southwest operated 687 Boeing 737 aircraft:

<u>Type</u>	<u>Number</u>	<u>Seats</u>
737-700	508	143
737-800	170	175
737 MAX 8	9	175

- On April 11, 2012, Southwest's first 737-800 began scheduled service.
- The Company's fleet has an average age of approximately 11 years.

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- The shortest daily Southwest flight is between Austin (AUS) and Houston Hobby (HOU) (148 miles). The longest daily Southwest flight is between Baltimore (BWI) and Oakland (OAK) (2,447 miles).
- In 2016, the Company's average aircraft trip length was 760 miles with an average duration of two hours and three minutes.
- In 2016, Southwest aircraft flew an average of nearly five flights or about 11 hours per day.
- Southwest was the launch customer for the Boeing 737-700 in 1997. Southwest also was a launch customer for the Boeing 737-500 and 737-300 series aircraft. And, in December 2011, Southwest announced it would be the launch customer for the Boeing 737 MAX.
- Southwest's 737-800 aircraft also feature Boeing's Sky Interior. The Boeing Sky Interior offers a quieter, more comfortable environment for Customers, with taller ceilings and more overhead bin space, improved operational security features, and ambient LED reading and ceiling lighting, which is more effective as well as energy efficient and adaptable to the mood onboard the aircraft.
- All of Southwest's 737-800s are equipped with Split Scimitar Winglets, and the Company is currently replacing the Blended Winglets with Split Scimitar Winglets on its 737-700s. The Split Scimitar Winglet adds new strengthened stringers at the wing, aerodynamic scimitar tips, and a large ventral strake to the existing Blended Winglet while also providing additional incremental fuel savings beyond the approximate 3.5 percent per aircraft from Blended Winglets. In total, the Company's winglet program saved nearly 75 million gallons of fuel in 2016. In 2017, Southwest introduced the Boeing 737 MAX 8 into its fleet featuring the Advance Technology Winglet.
- In 2013, Southwest became the first and only carrier to offer gate-to-gate connectivity. Customers may use small portable electronic devices (PEDs) in "airplane mode" from gate to gate. This means Southwest Customers may use the airline's onboard WiFi, which is available on the majority of the airline's fleet, and can stay connected from the time they step onboard a Southwest plane to the time they exit.
- As of October 1, 2017, all Southwest aircraft are equipped to provide satellite-based broadband internet. Customers are able to enjoy free live and on-demand TV compliments of the Company's valued partners as well as \$5 movies throughout their flights, without interruption if on a mobile device or tablet due to our gate-to-gate connectivity. Customers do not need to purchase WiFi in order to access other entertainment selections within the Portal. Also, Customers can purchase Messaging service for \$2 and have access to iMessage, WhatsApp, and Viber. Panasonic will join Global Eagle as a WiFi provider on new aircraft in late 2017, giving Southwest a multi-vendor solution going forward and supporting our commitment to enhance the inflight Customer Experience and improve internet connectivity on our flights.

## CITIES SERVED AS OF OCTOBER 26, 2017:

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## SOUTHWEST TOP TEN AIRPORTS BY DEPARTURES:

*Reflects September 30, 2017 Operational Schedule*

Cities	Daily Departures	Number of Gates	Nonstop Cities Served	Year Established	
				WN	FL
Chicago (Midway)	242	32	62	1985	1994
Las Vegas	212	24	55	1982	2003
Baltimore	208	32	57	1993	2001
Denver	198	24	55	2006	2003
Dallas	180	18	50	1971	-
Phoenix	171	24	50	1982	2007
Houston (Hobby)	153	25	49	1971	1997
Los Angeles	128	15	30	1982	2003
Oakland	123	15	28	1996	1998
Atlanta	120	18	38	1989	-

## CUSTOMER SUPPORT AND SERVICES CENTERS:

- Southwest currently operates seven Customer Support and Services Centers: Albuquerque, Atlanta, Chicago, Houston, Oklahoma City, Phoenix, and San Antonio.
- Southwest Airlines Customer Representatives book, on average, 55,167 reservations daily; 388,290 reservations weekly; and 1.7 million reservations monthly. Approximately 20.2 million reservations have been booked by Southwest Airlines Customer Representatives in the last 12 months.

## IN 2016, SOUTHWEST:

- Enplaned approximately 152 million Customers which is an average of more than 12.5 million onboard Customers per month.
- Received 342,664 resumes and hired 7,207 new Employees.
- Served more than 103 million peanuts and more than 36 million pretzels.
- Moved 166 million pounds of cargo.

## Southwest.com:

- During 2016, 79 percent of passenger revenues were booked via **Southwest.com** and **Swabiz.com**.
- More than 20 million people subscribe to Southwest's weekly Click 'N Save emails.

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- During 2016, approximately 86 percent of Southwest Customers checked in online or at a kiosk.
- Over 60 percent of Fortune 1,000 Companies are enrolled in SWABIZ.
- Southwest was the first airline to establish a home page on the Internet. Initially, five Employees comprised Southwest's web site development Team, and the site took about nine months to create.
- The "Low Fare Calendar" feature on **Southwest.com** is the first online tool that helps Customers find the lowest fare based on availability across an entire month.
- In addition to flights, Customers are able to make car, hotel, and complete vacation package reservations on **Southwest.com**.
- Southwest launched new versions of both the native apps and mobile site in 2016. Both apps utilize innovation from Apple and Google, incorporating features like Touch ID for iOS and Material Design for Android. Looking at 2017 and 2018, we aim to have our most innovative years yet and are always improving for both the business and the Customer.

## DISTINCTIONS:

- Southwest was the first in the industry to offer a ProfitSharing Plan.
- We have an industry-leading balance sheet and remain the only domestic airline with investment grade ratings from all three credit rating agencies.
- We have the largest Boeing fleet in the world.
- For more than 30 years, Southwest Airlines has been the launch customer for each new generation of Boeing's 737-series aircraft, including the MAX.
- This year (2017) is the 23<sup>rd</sup> year Southwest has appeared on FORTUNE Magazine's Most Admired Companies list until 2009, it was called America's Most Admired. Southwest has appeared in the Top 10 the majority of the time.
- Southwest is America's largest airline in terms of originating passengers with 24 percent market share. (Based on data available from the U.S. Department of Transportation (DOT) as of June 30, 2017.)
- We are the only domestic airline with a decades-long history of returning capital to Shareholders.
- Southwest is the only domestic airline with 44 consecutive years of profitability.
- Southwest has been #1 in the DOT Consumer Satisfaction Ranking for 22 of the last 26 years.

## RECOGNITIONS:

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- Ranked on the list of Best Places to Work in 2017 by Indeed
- Included among the top 50 of Glassdoor's Best Places to Interview 2017
- Ranked among the Best Airline Rewards Programs by U.S. News & World Report
- Voted Most Trusted Brand for Airlines in Reader's Digest's 2017 Most Trusted Brands
- Named one of the 2017 Military Friendly® Supplier Diversity Programs by the National Veteran-Owned Business Association
- 2017 Women's Choice Award® for America's Best in Travel. Southwest was selected by American women as the most recommended for: best overall customer service, best value, best frequentflyer/loyalty programs, and best in-flight service.

## Non-GAAP Reconciliation

(in millions)

	<b>Three Months Ended September 30, 2017</b>
<b>Net income, as reported</b>	<b>\$ 503</b>
Deduct: Mark-to-market impact from fuel contracts settling in future periods	(3)
Add: Ineffectiveness from fuel hedges settling in future periods	8
Deduct: Other net impact of fuel contracts settling in the current or a prior period (excluding reclassifications)	(47)
Add: Lease termination expense	20
Add: Aircraft grounding charge	63
Deduct: Net income tax impact of fuel and special items <sup>1</sup>	(16)
<b>Net income, non-GAAP</b>	<b>\$ 528</b>

<sup>1</sup>Tax amounts for each individual special item are calculated at the Company's effective rate and totaled in this line item.

See note regarding use of non-GAAP financial measures at [www.southwestairlinesinvestorrelations.com](http://www.southwestairlinesinvestorrelations.com)

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