

Corporate Facts

Southwest Airlines Co. (NYSE: LUV)

July 27, 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 more than 100 million Customers annually. Southwest proudly operates a network of 101 destinations in the United States and nine additional countries with more than 4,000 departures a day during peak travel season. Service to Turks & Caicos is expected to begin November 5, 2017, subject to requisite government approvals. On Sept. 5, 2017, Southwest will cease service to Varadero and Santa Clara to concentrate its future Cuba service in Havana.

Based on the U.S. Department of Transportation's most recent data, Southwest Airlines is the nation's largest carrier in terms of originating domestic passengers boarded. The Company operates the largest fleet of Boeing aircraft in the world, the majority of which are equipped with satellite-based WiFi providing gate-to-gate connectivity. That connectivity enables Customers to use their personal devices to view video on-demand movies and television shows, as well as more than 20 channels of free, live TV compliments of our valued Partners.

Read more about Southwest's commitment to the triple bottom line: Performance, People, and Planet

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Southwest created Transfarency[®], a philosophy that treats Customers honestly and fairly, and in which low fares actually stay 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 airlines may allow free checked bags on select routes or for qualified circumstances), and there are no change fees, though fare differences might apply. The airline proudly unveiled a bold new look: *Heart. A new logo*, aircraft livery, interior design featuring a new seat and Flight Attendant galley, Employee-designed uniforms, and an updated airport experience all showcase the 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 rankings for the first time in May 2003. In 2013, Southwest started its Southwest service to a destination outside the 48 contiguous states

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[Southwest.com](https://www.southwest.com)

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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 second quarter 2017, the Company returned \$476 million to Shareholders through a combination of \$76 million in dividends and \$400 million in share repurchases.

SECOND QUARTER 2017 FINANCIAL AND OPERATING STATISTICS:

- Net income: \$746 million
- Net income, excluding special items: \$748 million
- Quarterly record revenue passengers carried: 34.0 million
- Quarterly record RPMs: 34.4 billion
- Quarterly record load factor: 85.6%
- Quarterly record total operating revenues: \$5.7 billion

FLEET:

As of June 30, 2017, Southwest operated 735 Boeing 737 aircraft:

<u>Type</u>	<u>Number</u>	<u>Seats</u>
737-300	69	137/143
737-700	502	143
737-800	164	175

- On April 11, 2012, Southwest's first 737-800 began scheduled service.
- The Company's fleet has an average age of approximately 12 years.
- The shortest daily Southwest flight is between Austin (AUS) and Houston Hobby (HOU) (148 miles). The longest daily Southwest flight is between Los Angeles (LAX) and Liberia, Costa Rica (LIR) (2,627 miles).

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- 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 will introduce 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.
- By the end of first quarter 2013, all Southwest 737-700 and 737-800 aircraft were equipped to provide satellite-based broadband internet from WiFi provider, Global Eagle. 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 begin providing WiFi 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 JULY 27, 2017:

Southwest serves 101 destinations across the United States and nine additional countries.

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Download the current [System Map](#).
Download [City Fact Sheets](#).



Southwest Airlines service to Varadero, Cuba, and Santa Clara, Cuba, discontinuing on September 5, 2017.

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SOUTHWEST TOP TEN AIRPORTS BY DEPARTURES:

Reflects June 30, 2017 Operational Schedule

Cities	Daily Departures	Number of Gates	Nonstop Cities Served	Year Established	
				WN	FL
Chicago (Midway)	265	32	68	1985	1994
Baltimore	234	31	64	1993	2001
Las Vegas	218	24	56	1982	2003
Denver	209	23	62	2006	2003
Dallas	180	18	55	1971	-
Phoenix	177	24	50	1982	2007
Houston (Hobby)	164	23	54	1971	1997
Los Angeles	130	15	31	1982	2003
Orlando	123	20	42	1996	1998
Atlanta	123	18	38	2012	1998

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 23rd 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 March 31, 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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- Named a Best Employer in Forbes' 2017 list
- Received the Readers' Pick for Best Frequent Flier Program (U.S.) by SmarterTravel
- Highest ranking Low-Cost Carrier in the J.D. Power 2017 North America Airline Satisfaction Study
- Named Program of the Year for Rapid Rewards® Program and recognized for providing the Best Loyalty Credit Card, the Best Airline Redemption Ability and, for the fifth consecutive year, the Best Customer Service by the Freddie Awards
- Named Domestic Carrier of the Year by the Airforwarders Association for the eighth consecutive year
- Named as one of Corporate Responsibility Magazine's 100 Best Corporate Citizens 2017
- Designated a 2017 Most Valuable Employer for Military by Recruit Military

Non-GAAP Reconciliation

(in millions)

	Three Months Ended June 30, 2017
Net income, as reported	\$ 746
Add: Mark-to-market impact from fuel contracts settling in future periods	25
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)	(39)
Add: Lease termination expense	8
Net income, non-GAAP	\$ 748

See note regarding use of non-GAAP financial measures at www.southwestairlinesinvestorrelations.com

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