

Corporate Facts

Southwest Airlines Co. (NYSE: LUV)

January 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 and Chief Commercial Officer
[Jeff Lamb](#), Executive Vice President Corporate Services
[Tammy Romo](#), Executive Vice President and Chief Financial 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 46th 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 53,000 Employees to more than 100 million Customers annually. Southwest proudly operates a network of 101 destinations in the United States and eight additional countries with more than 3,900 departures a day during peak travel season. Service to both Grand Cayman and Cincinnati begins June 4, 2017.

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. 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

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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 2015 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 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. International service has continued to

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expand and will include its ninth additional country outside of the U.S. with service to Grand Cayman beginning June 4, 2017.

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

DAILY

DEPARTURES:

Southwest Airlines operates more than 3,900 flights a day.

EMPLOYEES:

More than 53,000 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 2016, the Company returned \$1.97 billion to Shareholders through a combination of \$222 million in dividends and \$1.75 billion in share repurchases.

2016 FINANCIAL AND OPERATING STATISTICS:

- Record net income: \$2.24 billion
- Record net income, excluding special items: \$2.37 billion
- Record revenue passengers carried: 124.7 million
- Record RPMs: 124.8 billion
- Record load factor: 84.0%
- Record total operating revenues: \$20.4 billion

FLEET:

As of December 31, 2016, Southwest operated 723 Boeing 737 aircraft:

<u>Type</u>	<u>Number</u>	<u>Seats</u>
737-300	87	137/143
737-700	494	143
737-800	142	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 Company's average aircraft trip length is 760 miles with an average duration of two hours and three minutes.
- Southwest aircraft fly an average of nearly five flights or about 11 hours per day.

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- 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 Boeing 737-700s, as well as a majority of its 737-300s, are equipped with Blended Winglets. All of Southwest's 737-800s are equipped with Boeing Split Scimitar Winglets. The Split Scimitar Winglet adds new strengthened spars, 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 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: Southwest serves 101 destinations across the United States and eight additional countries.

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

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SOUTHWEST TOP TEN AIRPORTS BY DEPARTURES:

Reflects December 2016 Schedule

Cities	Daily Departures	Number of Gates	Nonstop Cities Served	Year Established	
				WN	FL
Chicago (Midway)	256	32	62	1985	1994
Baltimore	235	31	61	1993	2001
Denver	197	23	56	2006	2003
Las Vegas	191	24	59	1982	2003
Dallas	180	18	50	1971	-
Phoenix	172	24	50	1982	2007
Houston (Hobby)	168	23	53	1971	1997
Atlanta	124	18	38	2012	1998
Los Angeles	123	15	31	1982	2003
Oakland	122	15	27	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.

FACTS:

- Enplaned approximately 152 million Customers during 2016, which is an average of more than 12.5 million onboard Customers per month.
- Received 342,664 resumes and hired 7,207 new Employees in 2016.
- Served more than 103 million peanuts and more than 36 million pretzels in 2016.
- In 2016, moved 166 million pounds of cargo.
- 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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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.
- 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 "Southwest Shortcut" 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 first launched an iPhone app in December 2009 and an Android app in 2011. New versions of both the mobile site and the apps were launched in 2013. In 2014, Southwest launched the capability for Customers to use a mobile boarding pass when traveling on Southwest flights.

DISTINCTIONS:

- 44 consecutive years of annual profitability, a record unmatched in the U.S. airline industry.
- In 2016, average passenger airfare was \$149.09 one way, and the average passenger trip length was approximately.
- Filed fares in more than 5,911 city-pair markets and offered nonstop service in 743 roundtrip markets in 2016.
- Flight completion record was 99.0 percent in 2016.
- Ranked #1 in 2016 and have consistently been included at the top of the Department of Transportation (DOT) Customer Satisfaction rankings since these statistics started being tracked in 1987 and published in the DOT's Air Travel Consumer Report.
- Adopted the first profitsharing plan in the U.S. airline industry in 1973.
- Approximately 83 percent of the Company's Employees were represented for collective bargaining purposes by labor unions as of December 31, 2016.
- Member of the FORTUNE 500.

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- In 2016, Southwest Employees volunteered nearly 150,000 hours to national and local nonprofit organizations.
- In 2014, announced a multi-year commitment to placemaking, a process that puts people first in the process of designing and improving public spaces. Through the Southwest Airlines Heart of the Community program, Southwest works with pioneering nonprofit Project for Public Spaces and collaborates with local community partners in cities across the country to revitalize and bring new life to public spaces.
- In 2014, the Company launched LUV Seat: Repurpose with Purpose, a global sustainability initiative that upcycles the used leather seat coverings from cabin retrofits into new products that support local communities. Through the initiative's pilot program, the products benefitted communities in Kenya and the United States by providing access to employment, skills training, and livelihoods. To learn more about LUV Seat, visit www.swamedia.com/luvseat.

RECOGNITIONS:

- Named to FORTUNE Magazine's World's Most Admired Companies list for 22 consecutive years. Southwest was ranked as the No. 7 Most Admired Company in 2016, and is the only commercial airline to make the Top Ten.
- Named one of the Top 20 America's Best Employers of 2016 by Forbes.
- Among the Environmental Protection Agency's List of Fortune 500 Partners.
- Named a 2017 Military Friendly® Employer by Victory Media.
- Designated a 2016 Most Valuable Employer (MVE) for military by CivilianJobs.com.
- Recognized among Glassdoor's Best Places to Work 2017.
- Named Domestic Carrier of the year for Cargo by the Airforwarders Association.
- Air Cargo Excellence "ACE" Gold Award winner in the "up to 399,999 tonnes" category by Air Cargo World magazine.
- Received Logistics Management Magazine's 2016 Quest for Quality Award for the 20th consecutive year.
- Recognized by Newsweek as one of America's Greenest Companies 2016.
- Named one of the Best Corporate Citizens 2016 by Corporate Responsibility Magazine.
- Named the #2 Low-Cost Carrier in the 2016 North America Airline Satisfaction Survey and #2 for 2016 Airline Loyalty/Rewards Program Satisfaction Report by J.D. Power
- Ranked as a Top 100 Company by BetterInvesting.
- Ranked among the Top Companies for HR on the 2016 Workforce 100.

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- Recognized among the 2016 Top Domestic Airlines on Travel + Leisure's World's Best List.
- Named one of Best Companies for Work-Life Balance by Forbes.
- Ranked among 2016-2017 Best Airline Rewards Programs by U.S. News & World Report.
- Recognized as one of the Top Places to Work in PR 2016 by PR News
- Named Best Airline (Domestic) and Best Loyalty Airline Card in MONEY Magazine's Best in Travel Awards 2016.
- Named among the top 10 on Chief Executive Magazine's Best Companies for Leaders.
- Recognized for 2016 Airline Program of the Year by InsideFlyer for our Rapid Rewards® program.
- Voted Most Trusted Brand for Airlines in Reader's Digest's 2016 Most Trusted Brands.

Non-GAAP Reconciliation

(in millions)

	Year Ended December 31, 2016
Net income, as reported	\$ 2,244
Add: Union contract bonuses	356
Add: Mark-to-market impact from fuel contracts settling in future periods	9
Deduct: Ineffectiveness from fuel hedges settling in future periods	(11)
Deduct: Other net impact of fuel contracts settling in the current or a prior period (excluding reclassifications)	(197)
Add: Asset impairment	21
Add: Lease termination expense	22
Deduct: Net income tax impact of fuel and special items ¹	(74)
Net income, non-GAAP	\$ 2,370

¹Tax amounts for each individual special item are calculated at the Company's effective rate for the applicable period and totaled in this line item.

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

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