

Corporate Facts

Southwest Airlines Co. (NYSE: LUV)

January 25, 2018

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 56,000 Employees to a Customer base topping 120 million passengers annually, in recent years. Southwest became the nation's largest domestic 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 seasons, Southwest operates more than 4,000 weekday departures among a network of 100 destinations in the United States and 10 additional countries. 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 select routes or in qualified circumstances), and there are no change

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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 network 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 wherever the carrier serves. With 45 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.

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

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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 seasons.

EMPLOYEES:

More than 56,000 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 2017, the Company returned approximately \$1.9 billion to Shareholders through a combination of \$274 million in dividends and \$1.6 billion in share repurchases.

2017 FINANCIAL AND OPERATING STATISTICS:

- Record Net income: \$3.5 billion
- Net income, excluding special items: \$2.1 billion
- Record revenue passengers carried: 130.3 million
- Record RPMs: 129.0 million
- Load factor: 83.9%
- Record total operating revenues: \$21.2 billion

FLEET:

As of December 31, 2017, Southwest operated 706 Boeing 737 aircraft:

<u>Type</u>	<u>Number</u>	<u>Seats</u>
737-700	512	143
737-800	181	175
737 MAX 8	13	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.
- 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 2017, the Company's average aircraft trip length was 754 miles with an average duration of two hours and two minutes.

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- In 2017, Southwest aircraft flew an average of just over five flights or just above 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.
- Most 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 many of 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 79 million gallons of fuel in 2017. 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, 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.

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CITIES SERVED AS OF JANUARY 25, 2018:

Southwest serves 100 destinations across the United States and 10 additional countries.

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



revised 01/05/18

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SOUTHWEST TOP TEN AIRPORTS BY DEPARTURES:

Reflects December 2017 Operational Schedule

Cities	Daily Departures	Number of Gates	Nonstop Cities Served	Year Established	
				WN	FL
Chicago (Midway)	251	32	63	1985	1994
Baltimore	237	32	61	1993	2001
Denver	196	24	59	2006	2003
Dallas	180	18	50	1971	-
Houston	175	25	55	1971	1997
Las Vegas	173	24	56	1982	2003
Phoenix	168	24	50	1982	2007
Oakland	127	15	30	1989	-
Atlanta	120	18	38	2013	1993
Los Angeles	118	15	31	1982	2003

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, 69,380 reservations daily; 487,000 reservations weekly; and 2.1 million reservations monthly. Approximately 25.3 million reservations have been booked by Southwest Airlines Customer Representatives in the last 12 months.

IN 2017, SOUTHWEST:

- Enplaned approximately 158 million Customers which is an average of more than 13 million onboard Customers per month.
- Received 301,825 resumes and hired 6,275 new Employees.
- Served more than 106 million peanuts and more than 38 million pretzels.
- Moved more than 166 million pounds of cargo.

Southwest.com:

- During 2017, 80 percent of passenger revenues were booked via **Southwest.com** and **Swabiz.com**.
- More than 21 million people subscribe to Southwest's weekly Click 'N Save emails.

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- 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.

DISTINCTIONS:

- Southwest was the first in the industry to offer a ProfitSharing Plan.
- We have an industry-leading balance sheet and have 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.
- 2017 was the 23rd year Southwest appeared on FORTUNE Magazine's Most Admired Companies list and was the only commercial airline among the Top 10.
- Based on the latest data available from the U.S. Department of Transportation (DOT), Southwest is America's largest domestic airline in terms of originating passengers with 24 percent market share.
- Southwest is the only domestic airline with a decades-long history of returning capital to Shareholders.
- Southwest is the only domestic airline with 45 consecutive years of profitability.
- Southwest has been #1 in the DOT Consumer Satisfaction Ranking for 22 of the last 26 years.

RECOGNITIONS:

- Ranked #1 in the U.S. Department of Transportation Customer Satisfaction Ranking for 2017
- Named Domestic Carrier of the Year by the Airforwarders Association for the 8th consecutive year

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- Ranked the highest Low-Cost Carrier in the J.D. Power 2017 North America Airline Satisfaction Survey
- Named one of Corporate Responsibility's 100 Best Corporate Citizens 2017
- Recognized by Express Delivery and Logistics Association with the 2016 Express Cargo Standard of Excellence award
- Received Readers' Pick for Best Frequent Flyer Program (U.S.) for our Rapid Rewards program by SmarterTravel
- Ranked among the Best Airline Rewards Programs by U.S. News & World Report
- Named one of Glassdoor's Best Places to work for the 9th consecutive year
- Named Program of the Year for our Rapid Rewards Program and recognized for providing the Best Loyalty Credit Card, the Best Airline Redemption Ability, and for the 5th consecutive year, the Best Customer Service by the Freddie Awards
- Designated as a 2017 Most Valuable Employer for military by Recruit Military
- Named as a Best Employer in Forbes' 2017 list

Non-GAAP Reconciliation

(in millions)

	Year Ended	
	<u>December 31, 2017</u>	
Net income, as reported	\$	3,488
Deduct: Mark-to-market impact from fuel contracts settling in future periods		69
Add: Ineffectiveness from fuel hedges settling in future periods		31
Deduct: Other net impact of fuel contracts settling in the current or a prior period (excluding reclassifications)		(150)
Add: Lease termination expense		33
Add: Aircraft grounding charge		63
Deduct: Net income tax impact of fuel and special items, excluding Tax reform impact (a)		(17)
Deduct: Tax reform impact (b)		(1,410)
Net income, excluding special items	\$	<u>2,107</u>

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

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(b) Adjustment related to the Tax Cuts and Jobs Act legislation enacted in December 2017, which resulted in a re-measurement of the Company's deferred tax assets and liabilities at the new corporate tax rate.

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

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