

Performance.  
People.  
Planet.  
It's our passion.



**SOUTHWEST**<sup>®</sup>

TWO THOUSAND NINE / ONE REPORT

# It's On! At Southwest Airlines, we're passionate about our Performance, our People, and our Planet.

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**IT'S THE SOUTHWEST WAY.** Our commitment to this triple bottom line supports our goal to remain a sustainable, profitable airline for years to come. It is our Culture to take care of our People and our Planet, and our goal to produce a favorable Performance.





# To Our Stakeholders:

I couldn't be more thankful for our remarkable Southwest Airlines Employees who made it possible for us to weather the economic storm of 2009. In an era now labeled as the "Great Recession," it's more important than ever that we, as Southwest Airlines Employees, continue to stay true to our passion—our Performance, our People, and our Planet—in order to remain a sustainable and prosperous airline. To illustrate our steadfast focus on this triple bottom line, this year we decided to highlight these three elements of sustainability in a new format, our first annual One Report. This comprehensive document combines a report on our 2009 financial Performance and updated content from our 2008 *Southwest Cares* report—our corporate responsibility and environmental report—while elevating our triple bottom line through adherence to the Global Reporting Initiative (GRI), an internationally recognized standard for sustainability reporting. The *Southwest Airlines 2009 One Report* fully complies with the GRI's C+ application level, and it has been third-party verified for completeness and accuracy.

In 2009, the airline industry faced another tumultuous year. The turbulence of the "Great Recession" led companies to restrict travel and forced leisure travelers to tighten their budgets, leaving little discretionary spending. The decline in business travel reduced the percentage of full-fare ticket purchases, and many airlines, including Southwest Airlines, responded to the decline in travel demand by cutting capacity and aggressively discounting fares. Volatile fuel prices, in the midst of the worst recession most of us can remember, had a lasting impact on the airline industry. Although 2009 fuel prices were lower than in 2008, fuel costs remained high compared to long-term historical averages.

At Southwest Airlines, we weathered the stormy, recessionary economy of 2009 by focusing on our triple bottom line—our Performance, our People, and our Planet.

## OUR PERFORMANCE

I'm proud to report that 2009 marked our 37th year of consecutive profitability, a great feat during the "Great Recession." We ended the year on a high note with a remarkable fourth quarter Performance that kept our annual profitability streak intact. We also had a record fourth quarter load factor of 77.3 percent and an all-time high operating revenue yield per available seat mile of 11.54 cents.

To return to the profitability levels that our Shareholders expect, we need to sustain our low-cost structure and produce significant incremental revenue. To accomplish that goal, change has been ongoing and eminent. In 2009, we aggressively evaluated our network and optimized our flight schedule, cutting approximately 10 percent of flights, those deemed to be unpopular and unprofitable. We reallocated some of this unproductive flying to begin service in four new markets: Minneapolis-St. Paul International Airport, New York's LaGuardia Airport, Boston's Logan International Airport, and Milwaukee's General Mitchell International Airport. We also increased daily flights in developing markets with increased Customer demand such as Denver.

With strategic technology enhancements, we laid the groundwork for future revenue-generating opportunities. We also increased revenues with new programs, including EarlyBird Check-In, P.A.W.S. (Pets Are Welcome on Southwest), and an Unaccompanied Minor service charge.

We trimmed costs where possible. We offered a voluntary early retirement program, froze overall headcount and senior management salaries, avoided fleet growth, and employed programs that continued our efforts to conserve jet fuel.



## GLOBAL REPORTING INITIATIVE: A FRAMEWORK FOR SUSTAINABILITY REPORTING

The GRI's universal framework for sustainability reporting standardizes corporate reporting in a credible, measurable manner and allows participating corporations to report on their triple bottom lines. As a voluntary reporting framework, the GRI communicates the full range of environmental, social, economic, and other standard disclosures relevant to the reporting organization and its stakeholders. Companies and organizations worldwide comply with GRI standards at a variety of application levels. The application level range provides an obtainable starting point for first-time GRI reports and adds a level of assurance and validation to the reporting organization's stakeholders.



We focused our programs on how we can help those struggling during the recession by not charging fees for items Customers would expect to get for free. Our Bags Fly Free advertisements that started airing in June 2009 enthusiastically declared that it's time to kick the recession to the curb with "Grab Your Bag. It's On."

We preserved our financial health through reduced capital and non-strategic spending. We ended the year with \$2.6 billion in cash and short-term investments and a \$600 million fully available credit line.

#### OUR PEOPLE

With a Warrior Spirit, a Servant's Heart, and a Fun-LUVing Attitude, our Employees carried out the mission of Southwest Airlines—dedication to the highest quality of Customer Service delivered with a sense of warmth, friendliness, individual pride, and Company Spirit.

We enhanced our Customers' flying experience both in the sky and on the ground with initiatives including improved baggage tracking, social media presence, and additions to Customer Support & Services such as an e-mail option and call-back feature to avoid waiting on hold. And in spite of the turmoil around us, we made it a priority to share the LUV with those who need it most in the cities and states we serve by donating more than \$11.6 million and more than 45,000 Employee Volunteer hours to the charities we supported in 2009.

#### OUR PLANET

At Southwest Airlines, we strive to be good environmental stewards in every aspect of our business, which starts with applying a green filter to our operations and business decisions. In 2009, we purchased green power in the form of wind energy, flew our first Required Navigation Performance flight, a critical step in long-term jet fuel conservation; participated in innovative emissions reduction research; unveiled the Southwest Airlines Green Plane to test the latest environmentally friendly cabin materials and Customer comfort products; and launched a more robust onboard recycling program.

We also conducted a greenhouse gas inventory in 2009 to better track our efforts to reduce greenhouse gas emissions.

We continued curbing emissions and reducing fuel consumption through winglet installation on more of our aircraft, ground idle speed reduction, use of gate electrification, improved flight efficiencies, and an engine wash program, leading to total savings of an additional 8.5 million gallons of jet fuel in 2009. We also continued our efforts to convert our ground support equipment to cleaner-burning technologies, including electric and interim tier-4 diesel.

Environmentally responsible operations are not only in the best interest of Southwest Airlines, but also of the communities where we live and work. It's essential to preserving our Planet for future generations. And it's the right thing to do.

As part of our commitment to conserve our natural resources, the *Southwest Airlines 2009 One Report* is being distributed electronically.

#### THE YEAR AHEAD

The "Great Recession" has continued thus far in 2010, but we will face the challenge with our enduring focus on our triple bottom line—our Performance, our People, and our Planet.

In 2010, we will continue offering low fares and enhancing the Customer Experience to win new Customers and retain those already captivated by the Southwest Culture. We intend to limit our fleet size while at the same time expanding service to the Northwest Florida Beaches International Airport near Panama City Beach, Fla., and will continue our efforts to optimize the Performance of our network.

All of this would not be possible without the dedication of Southwest Airlines Employees, who strive to do their best every day. Our Warrior Spirit is as strong as ever. It's on!

GARY C. KELLY

Chairman of the Board, President, and Chief Executive Officer

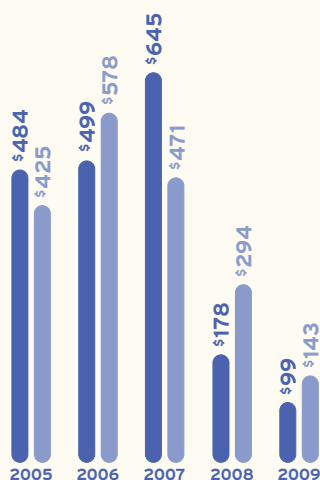
Our Performance in 2009  
continued our profitability streak  
for the 37th consecutive year,  
a remarkable feat in the midst  
of the worst recession most of  
us can remember.

**IT'S THE SOUTHWEST WAY.** We weathered the "Great Recession" of 2009 by strengthening our low-fare brand, enhancing Customer Experience while responsibly improving our revenue-generating opportunities, containing our costs in the face of continued high energy prices, avoiding overall capacity growth, and retaining our strong Balance Sheet. Our People, once again, showed their Warrior Spirits and faced the economy head on, paving our own path with a maverick approach that allowed us to ride out the brutal economic storm and still provide job security for our Southwest Warriors.

# Financial Highlights

## NET INCOME

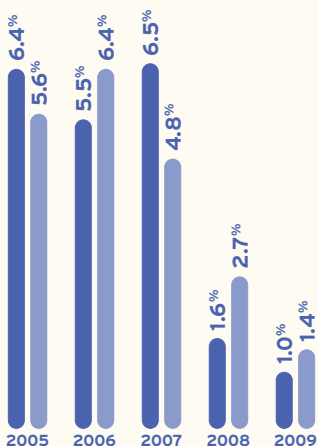
millions of dollars



■ GAAP ■ NON-GAAP\*

\*See reconciliation of reported amounts to non-GAAP financial measures

## NET MARGIN



## RECONCILIATION OF REPORTED AMOUNTS TO NON-GAAP FINANCIAL MEASURES (SEE RELATED NOTE ON PAGES 12-13) (UNAUDITED)

dollars in millions	2005	2006	2007	2008	2009
Net income, as reported	\$484	\$499	\$645	\$178	\$ 99
(Deduct)/Add: Impact from fuel contracts, net	(96)	142	(319)	206	14
Add/(Deduct): Income tax impact of fuel contracts, net	37	(54)	122	(78)	(5)
Add: Charge from voluntary early-out program, net	—	—	12	—	35
(Deduct): Change in Texas state law, net	—	(9)	—	—	—
Add/(Deduct): Charge (Reversal) from change in Illinois state income tax	—	—	11	(12)	—
Net income, non-GAAP	\$425	\$578	\$471	\$294	\$143

dollars in millions, except per share amounts

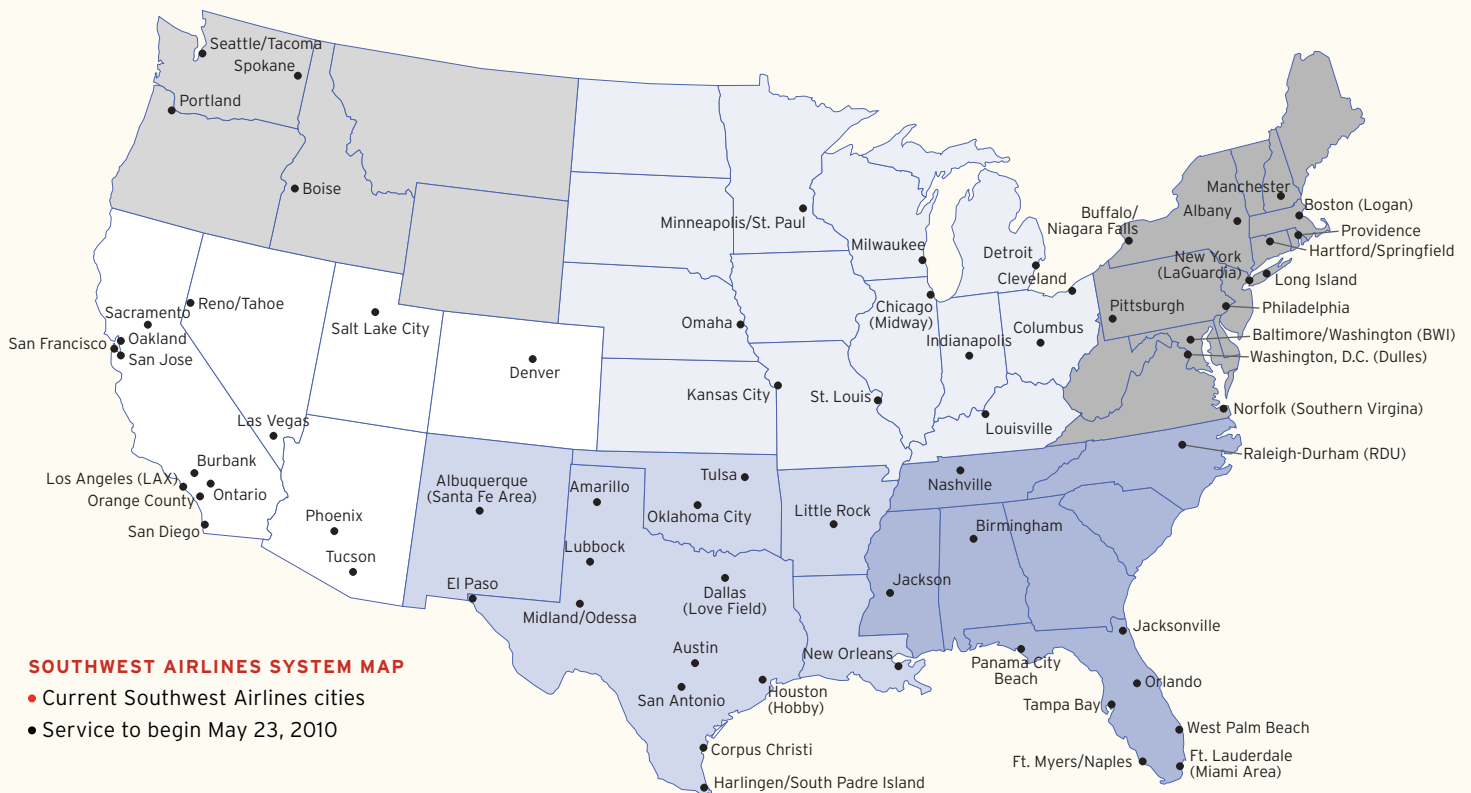
## CONSOLIDATED HIGHLIGHTS

	2009	2008	Change
Operating revenues	\$10,350	\$11,023	(6.1)%
Operating expenses	\$10,088	\$10,574	(4.6)%
Operating income	\$ 262	\$ 449	(41.6)%
Operating margin	2.5%	4.1%	(1.6) pts.
Net income	\$ 99	\$ 178	(44.4)%
Net margin	1.0%	1.6%	(0.6) pts.
Net income per share—basic	\$ 0.13	\$ 0.24	(45.8)%
Net income per share—diluted	\$ 0.13	\$ 0.24	(45.8)%
Stockholders' equity	\$ 5,466	\$ 4,953	10.4%
Return on average stockholders' equity	1.9%	3.0%	(1.1) pts.
Stockholders' equity per common share outstanding	\$ 7.36	\$ 6.69	10.0%
Revenue passengers carried	86,310,229	88,529,234	(2.5)%
Revenue passenger miles (RPMs) (000s)	74,456,710	73,491,687	1.3%
Available seat miles (ASMs) (000s)	98,001,550	103,271,343	(5.1)%
Passenger load factor	76.0%	71.2%	4.8 pts.
Passenger revenue yield per RPM	13.29¢	14.35¢	(7.4)%
Operating revenue yield per ASM	10.56¢	10.67¢	(1.0)%
Operating expenses per ASM	10.29¢	10.24¢	0.5%
Aircraft in service at yearend	537	537	—
Active full-time equivalent Employees at yearend	34,726	35,499	(2.2)%

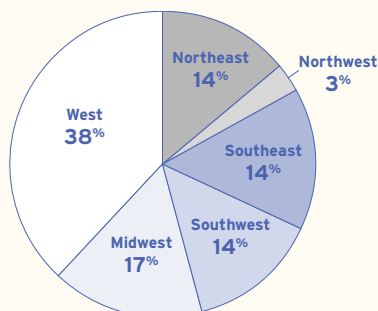
# Southwest Airlines at a Glance

After 38 years of service, Southwest Airlines (NYSE: LUV) continues to differentiate itself from other carriers—offering a reliable, low-fare product with exemplary Customer Service. Southwest Airlines is one of the most productive airlines in the sky and offers Customers a comfortable traveling experience. For 2009, Southwest Airlines was the nation's largest carrier in terms of originating domestic passengers boarded, serving 68 cities in 35 states. Based in Dallas, Southwest operates more than 3,200 flights a day and has nearly 35,000 Employees\* systemwide.

\*Based on active, full-time equivalent Employees as of December 31, 2009

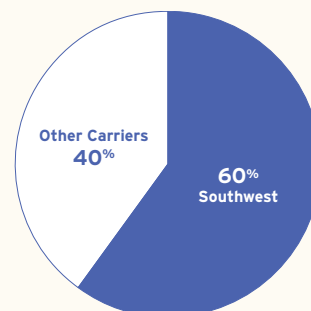


**CAPACITY BY REGION**  
at yearend



**MARKET SHARE**

top 100 city-pair markets based on passengers carried\*\*



\*\*Based on U.S. Department of Transportation data for the 12 months ending on September 30, 2009



Among all major U.S. airlines, only one can claim 37 consecutive years of profitability, industry-leading revenue Performance in a year with the largest year-over-year revenue declines on record for the domestic airline industry, and consistently high marks in Customer Satisfaction from the U.S. Department of Transportation. Amid the economic collapse and despite a turbulent start to the year that threatened Southwest's unique annual profitability record, we persevered. We triumphed to end the year profitably, thanks to a strong foundation built on the unwavering Warrior Spirit of every Southwest Airlines Employee.

## IT'S ON!

Our 2009 results were burdened by the constant challenges of weak travel demand—particularly business travel—and persistently volatile energy prices. Although we began the year disappointed to report a quarterly loss, we bounced back in the fourth quarter to report our best quarterly earnings Performance of the year. We saw record fourth quarter traffic, despite almost 8 percent fewer seats. We reported a record fourth quarter load factor, and our fourth quarter revenue per available seat mile (unit revenue) Performance reached an all-time high.

How were we able to achieve a profit in 2009 despite the economic collapse and the losses reported by most domestic airlines? We responded aggressively and decisively to the rapidly changing environment with revenue and cost initiatives—some unplanned for 2009—but deemed necessary as travel demand deteriorated throughout the year. We stayed true to our low-fare brand and focused on enhancing our Customer Service with new products, programs, and processes. We used scheduling tools and techniques to optimize our network by pruning unpopular flights and reallocating that capacity to new and developing markets with growing Customer demand.

These initiatives included:

- **Focusing on our low-fare brand.** We continued to offer an array of low fares through successful fare restructuring and aggressive fare sales in summer and fall. We stayed true to our brand position of no hidden fees and chose not to follow our competitors' path of charging for first or second checked bags. Southwest Airlines Customers can save up to \$120 roundtrip when they check their luggage with us. To spread the word, we launched our Bags Fly Free advertising campaign with a message focused on our stance of not charging fees for services our Customers expect to get for free. Our Customers returned the LUV by choosing to fly with us—demonstrated by our record monthly load factors for the last six months of 2009 that led to a record full-year load factor of 76 percent. Furthermore, we saw our share of the annual domestic airline market increase by approximately 1 percent, which is estimated to have increased our annual revenues by nearly \$1 billion. We believe this shift is partly due to our Bags Fly Free campaign.

## 2009 AWARDS & ACCOLADES

**SEVENTH MOST ADMIRABLE COMPANY IN THE WORLD, WORLD'S MOST ADMIRABLE AIRLINE**  
*FORTUNE* magazine,  
The World's Most Admired Companies

**ONE OF THE MOST INNOVATIVE COMPANIES IN THE WORLD**  
*BusinessWeek*

**BEST LOW COST, NO FRILLS AIRLINE**  
OAG Airline Industry Awards

**TOP AIR CARRIER IN CARGO**  
*Logistics Management* magazine,  
2009 Quest for Quality Awards

**DOMESTIC AIRLINE OF THE YEAR IN CARGO**  
Express Delivery & Logistics Association

**SECOND LEADING DOMESTIC AIRLINE PROVIDING ON-TIME PERFORMANCE**  
U.S. Department of Transportation,  
Air Travel Consumer Reports

**AMERICA'S MOST SHAREHOLDER-FRIENDLY COMPANY**  
*Institutional Investor* magazine,  
consumer airline segment

- **Growing revenue responsibly.** In 2009, we introduced new revenue-generating programs—EarlyBird Check-In, P.A.W.S. (Pets Are Welcome on Southwest), and an Unaccompanied Minor service charge. Combined, these initiatives provided in excess of \$20 million in incremental revenues. We continued offering great rewards for our Business Select Customers, which contributed \$72 million in additional revenue for 2009. We introduced initial phases of a new and improved **southwest.com**, laying the foundation for future revenue-generating opportunities. With more than 80 percent of Customer bookings made on the newly upgraded **southwest.com**, these enhancements have already contributed positively to revenue with improved look-to-book ratios and higher average fares from shoppers.
- **Optimizing our network.** While we were prudent in avoiding fleet growth in 2009 and reduced our overall available seat mile capacity by 5.1 percent from 2008, our redeployment of unprofitable capacity allowed entrance into four new markets: Minneapolis-St. Paul International Airport, New York's LaGuardia Airport, Boston's Logan International Airport, and Milwaukee's General Mitchell International Airport. We also expanded service in markets such as Denver, where the competitive landscape is changing. In July, we submitted a bid for Frontier Airlines in its Bankruptcy Court auction process. In the end, our bid was not selected, but we have since surpassed Frontier as the second largest airline serving the Denver market based on originating passengers. We have continued to meet the strong demand for Southwest Airlines service in Denver and, as scheduled, will reach 144 daily departures by August 2010. As a result, Denver is on track to be the fifth largest city in our route network and our most successful

new city, in terms of rapid capacity and revenue growth, in the first five years of service. Growth in these new and developing markets was afforded by our trimming approximately 10 percent of total flights and redeploying a portion of that capacity. The revenue benefits of these optimization efforts were in the hundreds of millions of dollars.

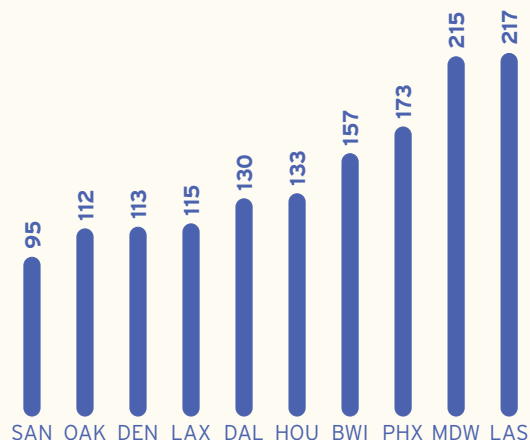
- **Containing our costs.** Although we followed through with the investment in and construction of our strategic revenue initiatives, we significantly reduced planned capital spending by approximately \$1.4 billion for 2009 and 2010 combined through reducing our discretionary spending and deferring aircraft deliveries as a result of our suspension of fleet growth. To better align staffing with our reduction in capacity, we launched a voluntary early retirement program, Freedom '09, that was accepted by 1,404 Employees. While this resulted in a one-time charge of \$66 million, before the impact of profit sharing or taxes, the decrease in staffing is designed to provide savings in subsequent years that will surpass the cost of the program. In addition to other cost containment measures, we also implemented a freeze on overall headcount and senior management salaries during 2009.

#### FUEL COSTS

With volatile fuel prices making it difficult to estimate and plan our costs, we continue to manage our fuel hedge portfolio and associated costs using a combination of swaps, collars, call options, and call spreads. Premium costs associated with our 2010 fuel hedge portfolio, which are recorded on our Income Statement as other gains and losses, are estimated to be approximately \$115 million for the year, which is less than the \$148 million spent in 2009.

#### TOP TEN AIRPORTS

daily departures at yearend



As of January 20, 2010, we had derivative contracts in place for about 50 percent of our estimated fuel consumption in 2010 at prices up to approximately \$100 per barrel. However, if market prices settle into the \$100 to \$120 per barrel range, our protection will decrease to 20 percent due to the sale of some call options. To provide catastrophic protection if prices exceed \$120 per barrel, we added another layer of purchased call options, increasing our protection to approximately 40 percent. Based on this 2010 fuel hedge portfolio and market prices as of January 20, 2010, we estimate our 2010 fuel price per gallon, including related taxes, could be in the \$2.35 per gallon range. For 2011, we had about 40 percent of our estimated fuel consumption hedged and had modest positions for 2012 and 2013. The total net liability of our current fuel hedge portfolio was \$477 million as of January 20, 2010.

#### **COSTS EXCLUDING FUEL**

Excluding fuel and special items, our 2009 unit costs were up 7.4 percent year-over-year to 7.13 cents. Our available seat mile reductions combined with inflationary pressures in salaries, wages, and benefits; maintenance expenses; and airport costs drove this increase.

Knowing that the most effective way to adapt to high energy prices was to generate substantial new revenue opportunities, we have focused about 90 percent of our new initiatives on revenue enhancements. Those efforts have paid off with hundreds of millions in incremental revenue gains over the past two years, and significant opportunities lie ahead with revenue initiatives still underway. However, we intend to continue our efforts to improve productivity to mitigate cost pressures.

#### **FINANCIAL STRENGTH**

Protecting our financial health remained a primary goal for 2009. We succeeded by maintaining a healthy cash balance, an investment-grade credit rating, and modest levels of debt.

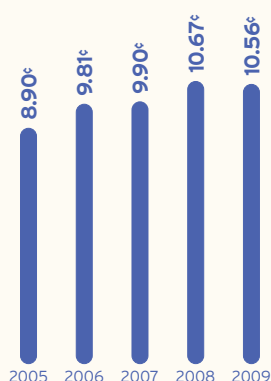
As of December 31, 2009, we had \$2.6 billion in unrestricted cash and short-term investments, which excludes \$330 million in cash collateral held by our fuel hedge counterparties, and we generated nearly \$1 billion in operating cash flow and \$400 million in free cash flow during 2009. Throughout the year, we completed several transactions to significantly boost liquidity. From the sale and leaseback of 11 Boeing 737-700s, we generated \$381 million, and another \$455 million came from the proceeds of secured-term loan agreements. We also entered 2010 with a fully available, unsecured, revolving credit line of \$600 million.

During 2009, we also repaid \$183 million in debt and repaid the \$400 million borrowed during 2008 under our revolving credit agreement. As of yearend, we had modest contractual debt payments in 2010, totaling less than \$200 million, and we continue to have tremendous value in our unencumbered assets, which we estimate to be between \$6 billion and \$7 billion for aircraft alone. Our leverage, including aircraft leases, was around 45 percent at December 31, 2009.

We carefully managed capital spending, spending less than \$600 million in 2009. Our fleet started and ended the year with 537 aircraft in active service. A total of 13 new 737-700s were delivered during 2009, and we retired the same number of aircraft from active service.

#### **OPERATING REVENUES**

per available seat mile

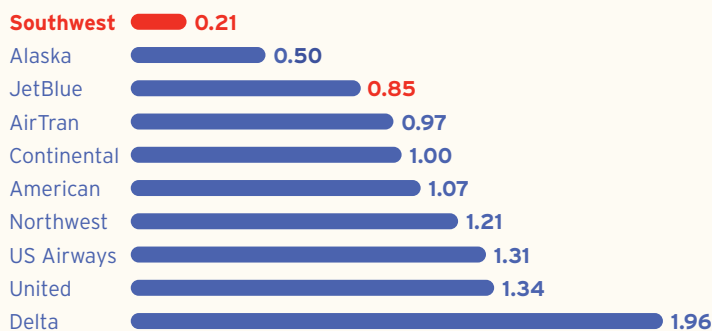


#### **SOURCE OF PASSENGER REVENUES**

	2005	2006	2007	2008	2009
Internet	67%	72%	76%	80%	81%
Customer Support & Services	15%	12%	9%	10%	7%
Travel agency	11%	11%	10%	6%	8%
Other	7%	5%	5%	3%	3%

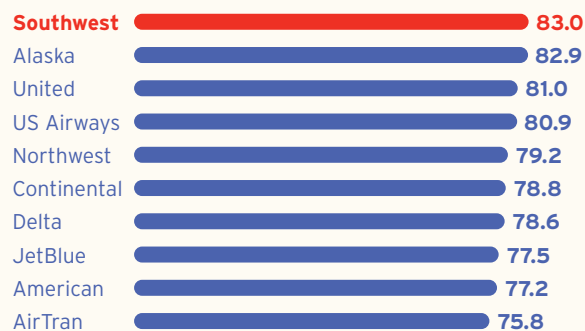
## CUSTOMER SATISFACTION

complaints per 100,000 customers boarded\*



## ONTIME PERFORMANCE RANKING

overall percentage of reported flight operations arriving ontime\*



\*From the 2009 yearend U.S. Department of Transportation Air Travel Consumer Report issued February 2010

## CUSTOMER SERVICE

Our profitable outcome for 2009 wouldn't have been possible without our People, who overcame enormous obstacles and achieved great heights in a recessionary environment. Their continued dedication to quality Customer Service paid off, as we again led the industry with the lowest Customer complaint ratio. Our ontime Performance was our second best this decade. And not only did our Customers' Bags Fly Free, 99.4 percent of checked luggage was delivered ontime.

With more than 86 million revenue Passengers—approximately 76 percent of whom flew nonstop in 2009—we were the largest air carrier in the U.S. in terms of passengers boarded. We continue to seek opportunities to enhance the Customer Experience with a variety of creature comforts, including Fly By priority security lane access. Additional examples from 2009 include:

**EarlyBird Check-In.** We recognize that calling “dibs” on that coveted window or aisle seat and having earlier access to overhead bins for carry-on luggage is important to our Customers. In September 2009, we made access to these flying comforts easier for Southwest Airlines Customers through EarlyBird Check-In. For \$10 one-way, Customers can be checked in automatically up to six hours before general boarding positions become available and have a confirmed boarding position ready and waiting for them at the airport. Customers can sign up for EarlyBird Check-In when they purchase tickets on **southwest.com** or by adding the option to existing reservations online or through the link in confirmation e-mails. In place for just four months of 2009, EarlyBird Check-In generated about \$15 million in revenue.

**P.A.W.S.** In June 2009, we started P.A.W.S. for our Customers who prefer to fly with their beLUVed furry companions. For a pet fare of \$75 each-way, Customers can make a reservation for a small cat or dog to accompany them in the aircraft cabin during their flight. In the first seven months of this program, June through December 2009, we flew nearly 60,000 pets, which generated more than \$5 million in revenue.

**Inflight Internet.** Starting in February 2009, Customers onboard our prototype aircraft could surf the Web while flying 30,000 feet above home. Southwest tested Wi-Fi on four of our airplanes, and in late 2009, we made the decision to begin installing satellite-delivered broadband from our Wi-Fi provider, Row 44, on the rest of our fleet. We currently estimate that our entire fleet will be Wi-Fi enabled in the first half of 2012. Customers will be able to identify which aircraft have inflight Internet by the Wi-Fi hotspot sign displayed on the aircraft and will find instructions for logging on in the seatback pocket. For a minimal connection charge, Passengers aboard Wi-Fi enabled aircraft can have the World Wide Web at their fingertips. In addition to Internet access, Customers can track the flight's progress, see photographs of sites over which they are flying, research restaurants at their destination, or read breaking news.

**LOOKING FORWARD**

Without a doubt, 2010 will be another challenging year. Similar to 2009, we are approaching capacity growth cautiously and are not planning to grow our aircraft fleet. We expect that our firm orders for ten 737-700 aircraft in 2010 will be offset by the same number of expiring leases and owned aircraft retirements. This approach aligns with our expectation that full-year capacity will remain roughly flat with 2009. We retain flexibility in our retirement schedule should we need to respond to changing market conditions. Our schedule optimization efforts also will continue. We are excited to expand service in 2010 to the Northwest Florida Beaches International Airport near Panama City Beach, Fla., an underdeveloped air market that we believe presents opportunity.

Three major system upgrades were completed in 2009: a new point-of-sale system in airports, replacement of our ticketless system, and a new revenue accounting system. All three upgrades were foundational improvements necessary to proceed with development of international codesharing capabilities, the development of our revamped Rapid Rewards program, and other potential revenue initiatives.

We are confident that we are well-prepared for another challenging year due to:

- Our actions to attract more business and leisure travelers with our powerful low-fare brand and outstanding Customer Service commitment
- Our continued focus on revenue management enhancement and schedule optimization
- Our continued focus on maintaining our healthy financial strength
- Our commitment to contain costs and maximize productivity to protect our position as one of the premiere low-cost producers among major airlines

We will not give up on achieving our financial targets, including a 15 percent pre-tax return on invested capital, and our People have proven they are up to the task. It's on!

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS: This report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements are based on, and include statements about, the Company's beliefs, intentions, estimates, expectations, and strategies for the future. Specific forward-looking statements include, without limitation, statements regarding (i) the Company's strategies and goals and its related revenue, cost control, sustainability, and other initiatives; (ii) its expectations related to its initiatives; (iii) its growth plans; (iv) its plans and expectations for managing risk associated with changing jet fuel prices; and (v) its financial targets and expectations. These statements are not guarantees of future performance and involve risks, uncertainties, assumptions, and other factors that are difficult to predict. Therefore, actual results may differ materially from what is expressed in or indicated by the Company's forward-looking statements. Factors that could cause these differences include, among others, (i) the price and availability of aircraft fuel, the impact of hedge accounting, and any changes to the Company's strategies for addressing fuel price volatility; (ii) continued economic uncertainty, which could continue to impact the demand for air travel and the Company's ability to adjust fares; (iii) the impact of fuel prices and economic conditions on the Company's overall business plan and strategies; (iv) the impact of technological initiatives on the Company's infrastructure and controls; (v) the Company's ability to timely and effectively prioritize its initiatives and its related ability to timely and effectively implement, transition, and maintain the necessary information technology systems and infrastructure to support these initiatives; (vi) the impact of governmental regulations on the Company's operations; and (vii) other factors, as described in the Company's filings with the Securities and Exchange Commission, including the detailed factors discussed under the heading "Risk Factors" in the Company's Annual Report on Form 10-K for the year ending December 31, 2009.



# Ten-Year Summary

## SELECTED CONSOLIDATED FINANCIAL DATA (GAAP)

dollars in millions, except per share amounts	2009 <sup>(3)</sup>	2008 <sup>(3)</sup>	2007 <sup>(3)</sup>	2006 <sup>(3)</sup>
<b>OPERATING REVENUES</b>				
Passenger	\$ 9,982	\$10,549	\$ 9,457	\$ 8,750
Freight	118	145	130	134
Other	340	329	274	202
Total operating revenues	10,350	11,023	9,861	9,086
Operating expenses	10,088	10,574	9,070	8,152
Operating income	262	449	791	934
Other expenses (income), net	98	171	(267)	144
Income before income taxes	164	278	1,058	790
Provision for income taxes	65	100	413	291
Net income	\$ 99	\$ 178	\$ 645	\$ 499
Net income per share, basic	\$ 0.13	\$ 0.24	\$ 0.85	\$ 0.63
Net income per share, diluted	\$ 0.13	\$ 0.24	\$ 0.84	\$ 0.61
Cash dividends per common share	\$0.0180	\$0.0180	\$0.0180	\$0.0180
Total assets	\$14,269	\$14,068	\$16,772	\$13,460
Long-term debt less current maturities	\$ 3,325	\$ 3,498	\$ 2,050	\$ 1,567
Stockholders' equity	\$ 5,466	\$ 4,953	\$ 6,941	\$ 6,449
<b>CONSOLIDATED FINANCIAL RATIOS</b>				
Return on average total assets	0.7%	1.2%	4.3%	3.6%
Return on average stockholders' equity	1.9%	3.0%	9.6%	7.6%
Operating margin	2.5%	4.1%	8.0%	10.3%
Net margin	1.0%	1.6%	6.5%	5.5%
<b>CONSOLIDATED OPERATING STATISTICS</b>				
Revenue passengers carried	86,310,229	88,529,234	88,713,472	83,814,823
Enplaned passengers	101,338,228	101,920,598	101,910,809	96,276,907
Revenue passenger miles (RPMs) (000s)	74,456,710	73,491,687	72,318,812	67,691,289
Available seat miles (ASMs) (000s)	98,001,550	103,271,343	99,635,967	92,663,023
Passenger load factor	76.0%	71.2%	72.6%	73.1%
Average length of passenger haul (miles)	863	830	815	808
Average stage length (miles)	639	636	629	622
Aircraft utilization (hours and minutes per day)	10:50	11:36	11:41	11:34
Trips flown	1,125,111	1,191,151	1,160,699	1,092,331
Average passenger fare	\$114.61	\$119.16	\$106.60	\$104.40
Passenger revenue yield per RPM	13.29¢	14.35¢	13.08¢	12.93¢
Operating revenue yield per ASM	10.56¢	10.67¢	9.90¢	9.81¢
Operating expenses per ASM	10.29¢	10.24¢	9.10¢	8.80¢
Operating expenses per ASM, excluding fuel	7.19¢	6.64¢	6.40¢	6.34¢
Fuel cost per gallon (average)	\$ 2.12	\$ 2.44	\$ 1.80	\$ 1.64
Fuel consumed, in gallons (millions)	1,428	1,511	1,489	1,389
Active full-time equivalent Employees at yearend	34,726	35,499	34,378	32,664
Aircraft in service at yearend <sup>(1)</sup>	537	537	520	481

- (1) Includes leased aircraft
- (2) Certain figures include special items related to the September 2001 terrorist attacks and Stabilization Act grant
- (3) Includes special items discussed in the note regarding use of non-GAAP financial measures
- (4) After cumulative effect of change in accounting principle

**NOTE REGARDING USE OF NON-GAAP FINANCIAL MEASURES:** The Company's financial statements are prepared in accordance with Generally Accepted Accounting Principles (GAAP). These GAAP financial statements include unrealized non-cash adjustments and reclassifications, which can be significant, as a result of accounting requirements and elections made under Accounting Standards Codification Topic 815 (ASC 815, originally issued as SFAS 133).

As a result, the Company also provides financial information that was not prepared in accordance with GAAP and should not be considered as an alternative to the information prepared in accordance with GAAP. A reconciliation of our GAAP and non-GAAP information is included on page 5. The Company provides supplemental non-GAAP financial information, which the Company's management utilizes to evaluate its ongoing financial performance and the Company believes provides greater transparency to investors as supplemental information to its GAAP results. The Company's non-GAAP financial results differ from GAAP results in that they only include the actual cash settlements from fuel hedge contracts—all reflected within Fuel and oil expense in the period of settlement. Thus, Fuel and oil expense on a non-GAAP basis reflects the Company's actual net cash outlays for fuel during the applicable period, inclusive of settled fuel derivative contracts. Any net premium costs paid related to option contracts are reflected as a component of Other (gains) losses, net, for both GAAP and non-GAAP purposes. These non-GAAP results provide a better measure of the impact of the Company's fuel hedges on its operating performance and liquidity since they exclude the unrealized, non-cash adjustments and reclassifications that are recorded in GAAP results in accordance with ASC 815, and they reflect all cash settlements related to fuel derivative contracts within Fuel and oil expense. This enables the Company's management, as well as investors, to consistently assess its operating performance on a year-over-year or quarter-over-quarter basis after considering all programs in place to curtail fuel expense. However, because these measures are not determined in accordance with GAAP, such measures are susceptible to varying calculations and not all companies calculate the measures in the same manner. As a result, the aforementioned measures, as presented, may not be directly comparable to similarly titled measures presented by other companies.

2005 <sup>(3)</sup>	2004 <sup>(3)</sup>	2003 <sup>(3)</sup>	2002 <sup>(2)</sup>	2001 <sup>(2)</sup>	2000
\$ 7,279	\$ 6,280	\$ 5,741	\$ 5,341	\$ 5,379	\$ 5,468
133	117	94	85	91	111
172	133	102	96	85	71
7,584	6,530	5,937	5,522	5,555	5,650
6,859	6,126	5,558	5,181	5,016	4,702
725	404	379	341	539	948
(54)	65	(225)	24	(197)	4
779	339	604	317	736	944
295	124	232	129	285	367
\$ 484	\$ 215	\$ 372	\$ 188	\$ 451	\$ 555 <sup>(4)</sup>
\$ 0.61	\$ 0.27	\$ 0.48	\$ 0.24	\$ 0.59	\$ 0.741 <sup>(4)</sup>
\$ 0.60	\$ 0.27	\$ 0.46	\$ 0.23	\$ 0.56	\$ 0.70 <sup>(4)</sup>
\$0.0180	\$0.0180	\$0.0180	\$0.0180	\$0.0180	\$0.0148
\$14,003	\$11,137	\$ 9,693	\$ 8,766	\$ 8,779	\$ 6,500
\$ 1,394	\$ 1,700	\$ 1,332	\$ 1,553	\$ 1,327	\$ 761
\$ 6,675	\$ 5,527	\$ 5,029	\$ 4,374	\$ 3,921	\$ 3,376
3.9%	2.1%	4.0%	2.1%	5.9%	9.2%
7.9%	4.1%	7.9%	4.5%	12.4%	18.0%
9.6%	6.2%	6.4%	6.2%	9.7%	16.8%
6.4%	3.3%	6.3%	3.4%	8.1%	9.8%
77,693,875	70,902,773	65,673,945	63,045,988	64,446,773	63,678,261
88,379,900	81,066,038	74,719,340	72,462,123	73,628,723	72,566,817
60,223,100	53,418,353	47,943,066	45,391,903	44,493,916	42,215,162
85,172,795	76,861,296	71,790,425	68,886,546	65,295,290	59,909,965
70.7%	69.5%	66.8%	65.9%	68.1%	70.5%
775	753	730	720	690	663
607	576	558	537	514	492
11:25	11:20	11:09	11:12	11:10	11:18
1,028,639	981,591	949,882	947,331	940,426	903,754
\$ 93.68	\$ 88.57	\$ 87.42	\$ 84.72	\$ 83.46	\$ 85.87
12.09¢	11.76¢	11.97¢	11.77¢	12.09¢	12.95¢
8.90¢	8.50¢	8.27¢	8.02¢	8.51¢	9.43¢
8.05¢	7.97¢	7.74¢	7.52¢	7.68¢	7.85¢
6.34¢	6.54¢	6.47¢	6.30¢	6.39¢	6.38¢
\$ 1.13	\$ 0.92	\$ 0.80	\$ 0.75	\$ 0.78	\$ 0.87
1,287	1,201	1,143	1,117	1,086	1,013
31,729	31,011	32,847	33,705	31,580	29,274
445	417	388	375	355	344

Further information on (i) the Company's fuel hedging program, (ii) the requirements and accounting associated with ASC 815, and (iii) the causes of hedge ineffectiveness and/or mark-to-market gains or losses from derivative instruments is included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2009.

In addition to the fuel hedging items discussed above, the Company has also provided other non-GAAP financial measures as a result of non-recurring items that the Company believes are not indicative of its ongoing operations. These include (1) charges associated with Freedom '09, an early retirement option offered to Employees resulting in a one-time third quarter 2009 charge, (2) an adjustment to the Company's first quarter 2008 income tax provision due to a change in Illinois state income tax laws, (3) a charge during third quarter 2007 related to the Company's voluntary early-out programs, (4) a charge during third quarter 2007 from a change in the Illinois state income tax law resulting in an increase in state income taxes, which increase was subsequently reversed in first quarter 2008 due to the reversal of the state August 2007 income tax law change, and (5) a charge from a change in the Texas state tax law related to franchise taxes (2006).

The Company also believes that evaluation of its financial performance can be enhanced by a presentation of results that exclude the impact of these items in order to evaluate results on a comparative basis with results in the current or prior periods that did not include such items and as a basis for expected operating results in future periods.

# The Pursuit of Customer Happiness: A True Measure of Performance

The best measure of our Performance is how our Customers feel about their experiences with Southwest Airlines. We appreciate hearing about our Customers' experiences and receiving notes that offer suggestions to help us improve and do things a little bit better. But, what we really LUV is receiving notes like these:

## **EVEN MANDOLINS AND FIDDLES FLY FREE**

"I am a professional musician from Nashville and travel a good bit with several musical instruments. Your two bags for free policy has made Southwest the choice of most of my friends in Nashville for flying with our instruments. We are out there trying to make money, not spend it, and you are helping that cause." –Jeff, Tennessee

## **NOW THAT'S SERVICE**

"You amaze me! How great of you to send a reminder of upcoming flights. How many times have I been digging around in piles trying to find my confirmation number at the last hour? ... Also, the weather forecast is an excellent service. I love you, Southwest Airlines." –Norma Jean, Missouri

## **THE EARLY BIRD GETS THE WORM**

"I wish to compliment ... EarlyBird Check-In. It positioned us to very good seating on the return flight since we did not have immediate access to a computer. ... You are awesome! From online to baggage, you are the best! Only wish we could take Southwest for all of our travel needs. Thank you!" –Lili, New Hampshire

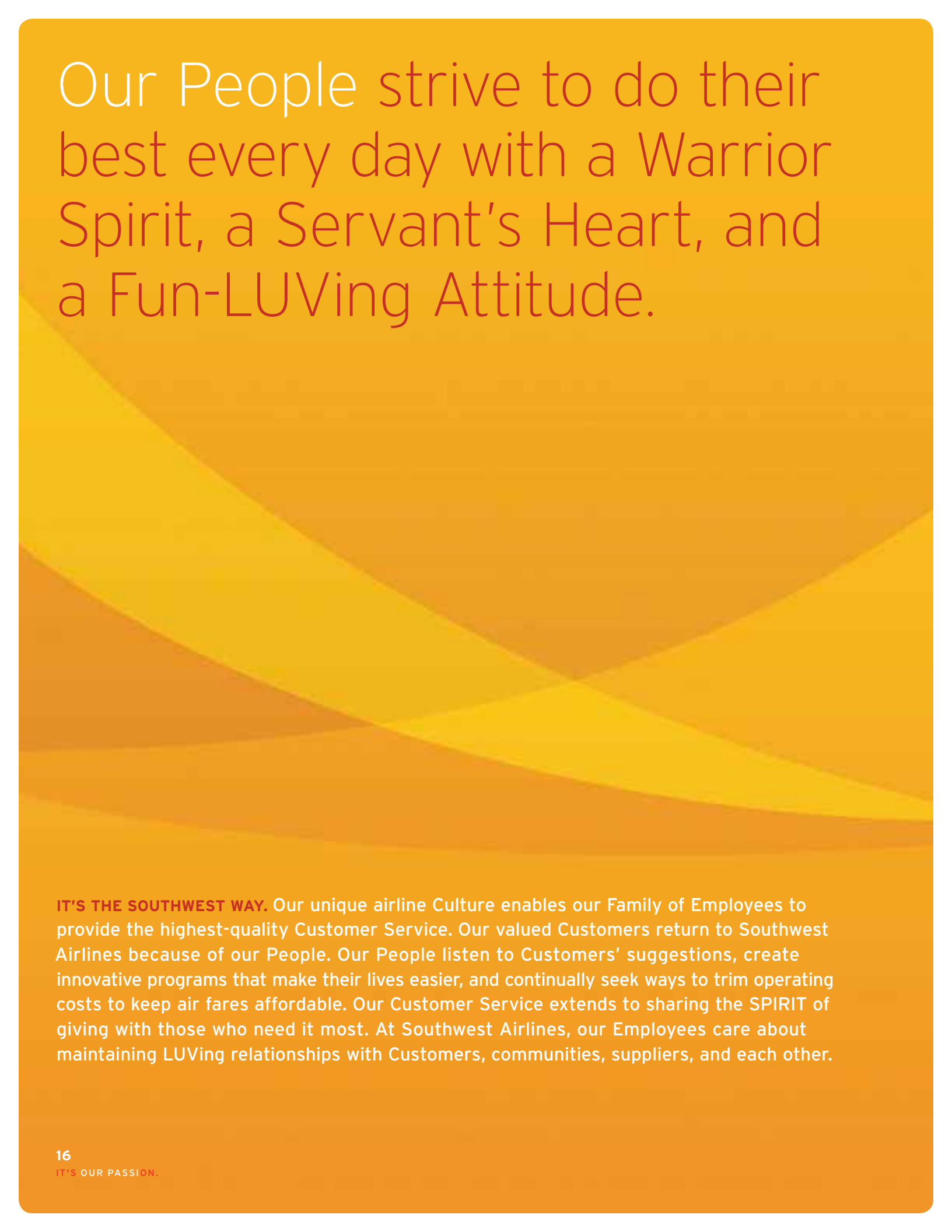
## **WAITING ON HOLD IS SO LAST SEASON**

"I really wanted to compliment Southwest Airlines on the call back option that is available when dialing Customer Service. I needed assistance for a flight I had just booked for my mother, and when I called I was able to give my number for a call back when the agent became available. In addition, I was also given an expected time for the return call. The return call came back within the time given, and this allowed me to handle other items until the agent called back. Awesome idea! Thank you so much!" –Kathy, New Jersey

## **PROACTIVE COMMUNICATION**

"I flew from KC to Dallas on Thanksgiving Day. ... My flight was delayed on the 30th, and I was notified by phone. I appreciate that notice and had a few more minutes to spend with my sister I was visiting. I then just flew from KC to Orlando. ... Other airlines had cancelled flights due to weather. ... It was nice to get a call from you about a gate change on my way back. I was already informed of this change, but nonetheless you called to tell me about it. Pilots on both flights did an outstanding job with weather issues as well as landing the planes. Nothing better than a smooth landing for me, so comforting to know I'm in good hands when traveling with Southwest." –Robin, Kansas





Our People strive to do their best every day with a Warrior Spirit, a Servant's Heart, and a Fun-LUVing Attitude.

**IT'S THE SOUTHWEST WAY.** Our unique airline Culture enables our Family of Employees to provide the highest-quality Customer Service. Our valued Customers return to Southwest Airlines because of our People. Our People listen to Customers' suggestions, create innovative programs that make their lives easier, and continually seek ways to trim operating costs to keep air fares affordable. Our Customer Service extends to sharing the SPIRIT of giving with those who need it most. At Southwest Airlines, our Employees care about maintaining LUVing relationships with Customers, communities, suppliers, and each other.





# Employees: Living the Southwest Way

Mementos of Southwest Airlines' unique Culture and storied, 38-year history cover the walls of our Corporate Headquarters in Dallas, the living room of our Southwest Family. On these walls we proudly display Kick Tail certificates and LUV Reports recognizing a job well-done among letters of thanks and photos commemorating our celebrations, Company milestones, and personal achievements. Mannequins adorned in flight attendant uniforms from decades past peer down from the top-story landing as a reminder of how our sense of fashion evolved as an airline. Each item on display applauds our coast-to-coast Family who take pride in delivering friendly, high-quality Customer Service with a Warrior Spirit, a Servant's Heart, and a Fun-LUVing Attitude. It's Living the Southwest Way.

## BENEFITS

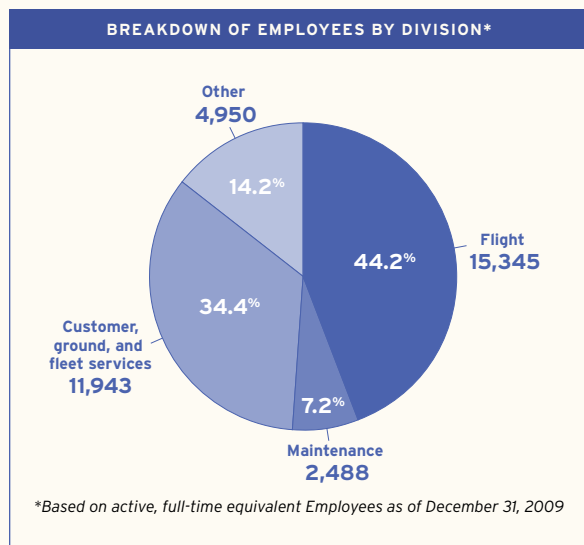
Southwest Airlines offers our Family of Employees the Freedom to pursue good health, create financial security, travel, make a positive difference, learn and grow, create and innovate, work hard and have FUN, and stay connected. We can proudly say that in 2009 more than 35,000 active and inactive Employees participated in at least one component of Southwest Airlines' Employee benefits program, to which we contributed more than \$500 million on an accrual basis.

We listen to what our Employees need and continuously add value and convenience to our comprehensive benefit program. In response to Employee requests, we added a pre-tax commuter benefit program in 2009 to help Employees address surges in gas prices. Additional enhancements in 2009 included improved mental health coverage; enhanced coverage for life insurance, accidental death and dismemberment, and long-term disability; and reduced rates for dependent life insurance. We are happy to report that all of these benefit enhancements are offered to both our full-time and part-time Employees.

## TRAINING

At Southwest Airlines, we offer our Employees not only the training they need to do their jobs, but also the training they want to advance their careers. We provide internal training programs but also encourage Employees to attend external training and further specialize in their respective fields.

We prioritize compliance with the training requirements of the appropriate governing organizations, including the Federal Aviation Administration, U.S. Department of Transportation, U.S. Department of Homeland Security, Occupational Safety & Health Administration, U.S. Environmental Protection Agency, and U.S. Food & Drug Administration.







**University for People.** The University for People is a state-of-the-art training facility within our Corporate Headquarters. Led by Southwest Airlines facilitators and Senior Leaders as guest professors, the University for People offers Employees training and development for every stage of their careers. Offerings include Freedom, LUV, and You, a comprehensive one-day orientation for New Hires; Leadership 101 and 201 for Employees exploring the question, "Is Leadership for me?"; Leadership Southwest Style, a four-session course for new frontline Leaders; and Next Level Leadership, a class targeting management-level Leaders. Additional elective classes include Power Speak I and II on public speaking; Successful Performance Appraisals; Written Communications; Microsoft Office; and even a Myers-Briggs personality assessment session to help Teams better appreciate individual differences and work more cohesively. We recently began a new training initiative, Every Customer Matters. By the end of 2009, 14,225 Employees had completed Every Customer Matters, which inspires our Employees, who already deliver excellent Customer Service, to offer the best possible Customer Service to our Passengers.

**Manager-in-Training Program.** In 2009, the competitive Manager-in-Training (MIT) program trained 56 Employees with high potential for Leadership and interest in a long-term career at Southwest Airlines. The first course, MIT I, is designed for Employees at the Supervisor, Team Leader, and Manager levels. After applying and then interviewing for MIT I, 40 Employees had the opportunity in 2009 to hone their operational Leadership skills in this three-week course, covering more than 20 training sessions over three months. Designed for Managers and Directors, MIT II participants are selected by their departments for a six-week program spread over eight months. The 16 Senior Leaders who participated in MIT II in 2009 learned how to become strategic Leaders, identified their personal Leadership styles, researched and presented findings about corporate issues, and participated in a three-day Teambuilding retreat.

#### EMPLOYEE TRAINING HOURS

81,633

Maintenance and Support

106,480

Customer Support & Services

109,450

Flight Attendants

199,500

Pilots

224,779

Ground Operations





**Learning Alliance.** Through Learning Alliance—a cross-departmental collaboration—our training Directors gather monthly to communicate proactively, leverage best practices, maximize resources and identify learning opportunities for the growth and development of Southwest Airlines Employees.

### **SOUTHWEST AIRLINES EMPLOYEE CATASTROPHIC ASSISTANCE CHARITY**

We truly take care of our own when disaster strikes, whether it affects hundreds of Employees throughout a region or just one of us. In 2009, the Southwest Airlines Employee Catastrophic Assistance Charity (SWAECAC) celebrated a milestone of distributing \$10 million in Employee contributions to Coworkers in need since the fund began in 1990. Started by now-retired Employee Randy Rickard, SWAECAC offers support to Southwest Airlines Employees suffering financial hardships resulting from a catastrophic event in their lives. These events typically involve emergency medical or personal circumstances that go beyond what responsible financial planning and budgeting can absorb.

Employees make tax-deductible donations to SWAECAC through fundraisers and payroll deductions ranging from 50 cents to \$50 per paycheck. In 2009, Southwest Airlines Employees collectively contributed \$1,142,800 to SWAECAC. The SWAECAC Board of Directors confidentially reviews applications, investigates need, and awards financial support to Employees in need.



### **TESTIMONIALS FROM GRATEFUL SWAECAC RECIPIENTS**

*"It is with our sincere appreciation that we thank you for what the catastrophic fund did to help me during this difficult time with my illness. The funds you sent helped us along this bumpy road. ... Southwest is the most giving, amazing Company to work for, and it brings me great honor to be a part of such an incredible family. Thank you so very much for everything!"*

*"As I am sure other beneficiaries of the program would agree, I never dreamed I would one day be seeking assistance myself. The assistance you have given me will greatly improve my life over the next few months, and I look forward to returning to work so that I can resume my contributions to this essential program."*

### **VOLUNTEERS OF LUV**

At Southwest Airlines, we believe giving back to the communities we serve is part of our responsibility, which is just one reason many of our Employees selflessly donate their personal time to charities around the country. Southwest Airlines Employees logged more than 45,000 hours of Volunteer time in 2009. At our third annual Volunteers of LUV celebration on April 29, 2009, we recognized 25 individual Employees and one group for commendable Volunteer efforts. The generosity of these Volunteers of LUV inspires us all.





# Customers: Why We Fly

At Southwest Airlines, we are dedicated to creating the best possible Customer Experience for our Customers. We strive to keep operating costs low, so our tickets are affordable, and we take pride in delivering our Customers to their destinations with all of the services they expect from Southwest Airlines—without charging for things we believe should be free. Our Employees listen to Customers' suggestions and take action to enhance our Customer Service and Experience. We operate every flight with the best interest of our Customers at heart, which is why more than 86 million revenue Passengers chose Southwest Airlines for air travel in 2009.

## THE ULTIMATE CUSTOMER EXPERIENCE

We strive to continuously improve the Customer Experience at Southwest Airlines. In 2009, enhancements included:

- **Automatic check-in.** EarlyBird Check-In offers Customers the option of making the travel experience more convenient. EarlyBird Check-In provides Customers with automatic flight check-in to ensure they receive boarding position priority over general check-in Customers, improving both their onboard seat selection and access to overhead bin space.
- **Flying with pets.** Through our new P.A.W.S. (Pets Are Welcome on Southwest) program, Customers can make a reservation with Customer Support & Services (CS&S) for their pet to fly with them in the aircraft cabin. We now also sell an official Southwest Airlines pet carrier that is leak-proof, well-ventilated, and meets Federal Aviation Administration regulations.
- **Internet in the air.** The first Wi-Fi installations were prototyped on four of our aircraft in early 2009; we hope to have our entire fleet Wi-Fi enabled in the first half of 2012.
- **New iPhone app.** Taking mobile communication a step further, we developed a free Southwest Airlines iPhone app, which debuted on December 18, 2009, for download and became available in the App Store on January 28, 2010. With our app, Customers can receive **DING!** deal alerts, book tickets and car rentals, check-in for a flight, check flight status, log into their Rapid Rewards accounts, and view flight schedules.
- **More convenient communication.** Customers can now e-mail CS&S through our web site, **southwest.com**. Category options on the e-mail form help us to identify the Customer's primary need to more quickly resolve any issues. A new call-back option available when calling CS&S prevents Customers from having to wait on hold. Upgrades to **mobile.southwest.com** make it easier to view on a mobile device while offering enhanced functionality—booking and cancelling flights, checking flight status, logging into MySouthwest accounts, and reviewing Rapid Rewards credits.
- **Travel planning.** Travel Guide is a Customer-friendly travel community on **southwest.com** that makes it easy for Customers to both share and find travel inspiration with fellow travelers. Customers can also easily search for information on their favorite vacation spots by destination, activity, or theme.
- **Easier standby boarding.** Thanks to software upgrades we recently made to our airport gate readers, which scan boarding passes at the gate, standby Passengers can more easily fill available seats. These software upgrades enable our Operations Agents to view a status list of standby Customers on their gate readers.
- **More efficient baggage return.** Customers are benefitting from increased efficiency in the baggage return process thanks to our new on-hand baggage scanners, which allow us to scan unclaimed or delayed luggage immediately.
- **Faster schedule change notifications.** New boarding monitor technology delivers the latest information about the current flight number, destination, and scheduled departure time to the boarding monitors at each gate, so Customers are promptly made aware of changes.

## 2009 AWARDS & ACCOLADES

**AMERICA'S FAVORITE AIRLINE**  
Consumer Travel Alliance

**FIRST IN CUSTOMER SERVICE**  
U.S. Department of Transportation,  
Air Travel Consumer Reports

**TOP U.S. AIRLINE**  
University of Michigan,  
American Customer Satisfaction Index

**BEST DOMESTIC VALUE**  
Zagat Airline Survey

**BEST DOMESTIC LUGGAGE POLICY**  
Zagat Airline Survey

**BEST DOMESTIC CONSUMER  
ON-TIME ESTIMATES**  
Zagat Airline Survey

**BEST AWARD REDEMPTION,  
RAPID REWARDS**  
*Inside Flyer* magazine, Freddie Awards

**BEST CORPORATE BLOG,  
NUTS ABOUT SOUTHWEST  
AT [blog.southwest.com](http://blog.southwest.com)**  
PR News

**BEST PLACE TO WORK**  
Glassdoor.com

**#39 IN THE TOP 50 COMPANIES  
RECOGNIZED AS LEADERS IN  
CORPORATE SOCIAL RESPONSIBILITY**  
Boston College Center for Corporate  
Citizenship

**TOP TEN COMPANY**  
MSN Money, Customer Service Hall of Fame



## THE SOUTHWEST PORCH

To celebrate our arrival in New York City and share our LUV with New Yorkers, we opened the Southwest Porch at Bryant Park in June 2009 on the southwest corner of 40th Street and Sixth Avenue. Visitors relax in our rocking chairs and porch swings in this gorgeous, comfortable dining space that features handcrafted specialty sandwiches, snacks, and desserts from 'wichcraft and cocktails, including our delectable Southwest Brew.

Customers who visited the Southwest Porch shared their experiences on social networking sites, including Twitter and our blog:

"I was fortunate to attend an event at The Southwest Porch last week. It is fantastic! The staff at the Porch will take great care of you. The location can't be beat, and it's a great place to unwind from a busy day in the city. It almost feels like you are getting the unbeatable Customer Service that you get when flying Southwest. The weather this time of year is hard to beat, and I'd highly recommend the Southwest Summer Ale." –Ryan

"There's finally a reason to remain in Midtown when the clock strikes 5PM on weekdays: the new "Southwest Porch" at 40th Street and 6th Avenue in Manhattan's Bryant Park. The venture combines Southwest Airlines, who's celebrating their first flights out of LaGuardia, with a menu from Tom Colicchio and his two partners in the 'wichcraft sandwich shops. Sandwiches (2 for \$9), cheese, cured meats, and cookies are all served on small plates intended for sharing ..." –Lawrence, a.k.a. NYC Food Guy

"Having a Southwest Brew at the @SouthwestAir Southwest Porch!" –David

"Looks like the Macy's parade route goes right by the Southwest Porch at Bryant Park! Anyone on location to send pics?!" –Alex

"@SouthwestAir made a special trip to Bryant Park in NYC to visit Southwest Porch!!! Does that make me weird?" –Michael

"I love the southwest summer ale at the sw porch. Does blue point brewer just sell it as summer ale? I must buy more!" –Julian

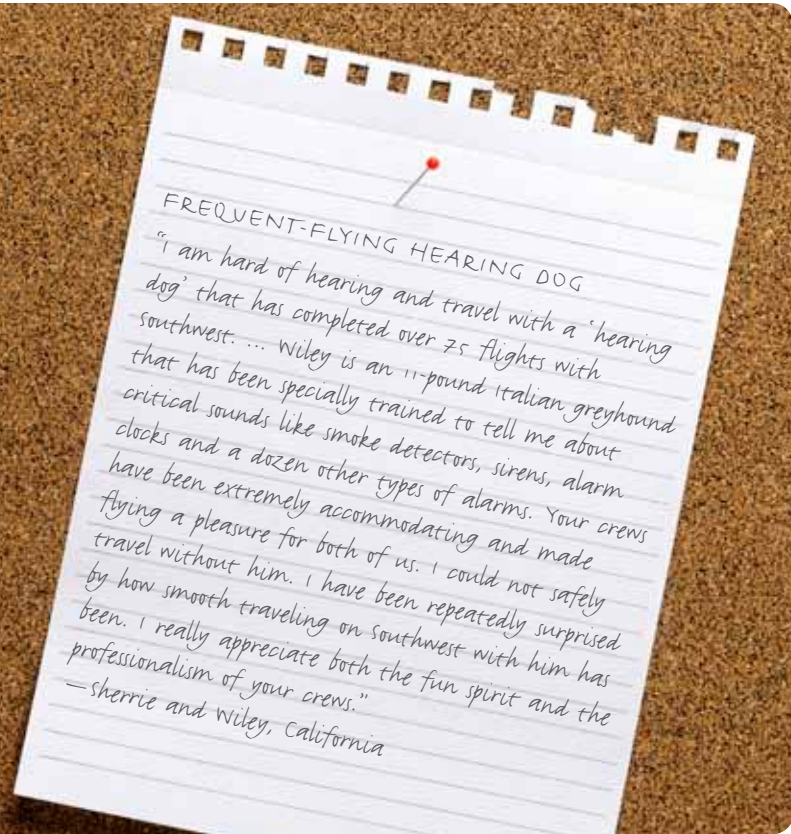
"Stopped by the #Southwest Airlines Porch in Bryant Park. Super cool!" –Becky

## CUSTOMER INSIGHT

We want every Customer to LUV flying with Southwest Airlines, so we take the time to listen to Customers' suggestions, read Customers' comments, conduct surveys and focus groups, and solicit feedback through social media venues. We then use this feedback to enhance the Customer Experience. To offer your insight:

- E-mail us through our web site at [southwest.com/help/customer\\_service.html](http://southwest.com/help/customer_service.html).
- Reply to a blog post on Nuts about Southwest at [blogsouthwest.com](http://blogsouthwest.com).
- Post a message on our Facebook wall at [facebook.com/Southwest](http://facebook.com/Southwest).
- Tweet us at [twitter.com/SouthwestAir](http://twitter.com/SouthwestAir).
- Call us at 1-800-I-FLY-SWA.
- Write us at:  
Southwest Airlines  
Customer Relations  
P.O. Box 36647 HDQ-1CR  
Dallas, Texas 75235





**CUSTOMER TESTIMONIALS** In 2009, we received more than 50,000 external Customer commendations, resulting in a 9:1 commendation over complaint ratio for the year. The following represents a small sampling of feedback from our satisfied Customers:

**Lifelong LUV** "From the extraordinarily low fares and convenient flight times, to the easily adjustable and creditable flights, to the perpetually on-time planes, to the impossibly friendly customer service representatives and always-helpful flight attendants, Southwest Airlines is a consistently dependable airline in a time when not many others exist. ... Most people are shocked that an airline carrier allows its passengers to cancel and rebook a flight without being charged penalties. Others are surprised that checking not one but two pieces of luggage is still free. And even others can't believe that I can buy a flight from Cleveland to Baltimore or Chicago for under \$50. So thank you, Southwest, for not only making my [long-distance] relationship possible, but for making traveling—which we assumed would be stressful and painful—pleasant and hassle-free. You've certainly made me [a] lifelong customer." —Jonathan, Ohio

**Safely Home from Grandma's** "My granddaughter (Haley) was scheduled to fly back home to Buffalo, NY after spending spring break with us. She is a very mature 10-year-old Unaccompanied Minor. ... She flew out of Harlingen to Houston, where she was being met by her stepsister for the 2-hour layover. From there she was to fly on to Jackson, Baltimore, and then home to Buffalo. Grampa and I had instructed her that although the 2nd plane would stop twice before she got to Buffalo, she was not to get off. All was well until a weather advisory for Buffalo was received. ... Believe it or not this is where the good things began to happen, thanks to one of your supervisors. ... Haley had been

between planes and airports for about 8 hours at this point. Miss Chris made sure she had eaten, [was] comfortable, and occupied to pass the time. Haley could not stop telling us about Miss Chris and how nice she was. ... It might be just her job, but she went above and beyond in our book. She turned what could have been a terrifying situation for a 10-year-old into an adventure, instead of turning a future customer into someone that would never want to fly again. You gave a little girl quite a story to tell and made future customers not only of my husband and I but all the people in our retirement community that asked what airline it was that treated us so well." —Kathy, Texas

**Superior Service in a Weather Delay** "Our flight to Houston left the gate and then returned to the gate because Houston Hobby was suddenly closed due to fog. ... Pilot AI soon opened the cockpit door to personally tell us of the situation, and it was clear to all that he was on top of the situation. Upon realizing that the delay was going to be a while, the crew opened the door so that passengers could exit (It was before 7:00 a.m.) for breakfast or [to] use the airport facilities. The flight crew quickly passed out coloring books to the children, brought drinks and snacks, and made us comfortable in every way. Pilot AI continued to personally come out and make update announcements during our 3+ hour delay. Apologies were made by the SWA crew, although no one on the plane felt it was their fault in any way. In short, we were treated so very decently and warmly. When the airport reopened, Pilot AI let us all know by

#### NET PROMOTER SCORE

In our ongoing effort to gain Customer insight and improve the Customer Experience, we contact approximately 10,000 randomly selected Customers daily, who flew Southwest Airlines the day prior, via e-mail to ask them to complete a brief, electronic survey. From these survey results, we calculate our Net Promoter Score (NPS)—the percentage of “Promoters” (those who are likely to recommend Southwest Airlines) less the percentage of “Detractors” (those who wouldn’t recommend our airline).

In the survey, approximately 25 percent of the surveyed Customers respond and identify the purpose of their trips, business or leisure; disclose how likely they are to recommend Southwest Airlines; and rank their check-in, gate, inflight, arrival, and overall experiences on a scale from one to ten. If Customers indicate overall dissatisfaction, a score of one to six, we send an additional question asking why their experiences were less than satisfying.

A high NPS indicates a strong competitive advantage, which is why we set a goal of a 65 percent NPS in 2009. We reached or exceeded that goal each month, achieving a top NPS of 75 percent for the year in November. Daily results are published internally, so that each relevant department and airport location can continually evaluate and improve how they are contributing to the Customer Experience. By getting to know our Customers better through this daily survey, we can identify our successes and areas of improvement in a timely manner, so that we can keep Customers coming back to Southwest Airlines whenever they need to fly.

*playing his harmonica into the intercom system! It was great! ... What wonderful employees Southwest has! ... We always fly Southwest whenever possible and will continue to do so. ... It was so nice to be reminded why we love you.” —Pamela, Illinois*

**Impressing a First-Time Customer** *“This was our first Southwest flight, and you just knocked our socks off. ... Wow. I’m looking forward to flying Southwest again as soon as possible just to see if you can be that good twice! ... You made flying enjoyable again.” —Kristin, Michigan*

**Lost and Found** *“A SWA employee named Rob ... very kindly called me at my cell number listed in my flight records. He did this to ask me whether one of my kids had left behind an expensive electronic gaming system on SW flight #311, which we had just taken from Phoenix to San Antonio. He explained that one had been found and asked if it belonged to one of my kids. Although this item was not, in fact, ours, I was amazed at the effort this kind man was going to in order to find the rightful owner! Rob had gone through the whole passenger list for this flight and figured out which families were traveling with young children. Then, he got the appropriate phone numbers and called all these families. ... Wow! What other airline—or company—would provide such service?! This type of kindness and effort is one (of many!) reasons we choose to fly Southwest Airlines when we have a choice.” —Anne, Texas*

**Calm in an Emergency** *“On our travel leg from New Orleans to Dallas, Linda suddenly said she did not feel good. She said she needed to go to the restroom when the seat belt sign went off. Within a minute or two of that statement, she just passed out. ... As a husband and father, I truly did not have a more helpless feeling. Thousands of feet above the earth, in a plane, surrounded by strangers, and did not know what to do. My wife was unconscious! After a quick plea for help, your flight attendants came to our rescue! They asked a couple questions and then went on the intercom and solicited assistance from any on-board doctor. In just a few seconds, a doctor responded and came to our aid. Although the doctor attended to Linda’s medical needs, your team looked after Linda’s physical needs and provided every possible courtesy! They arranged for a radio link with a doctor on the ground, looked after our three traveling sons, provided juice to Linda, and moved Linda to the front of the plane so EMTs could attend to her once we landed at Love Field. I could not have asked for anything more. In fact, your flight crew far exceeded any expectation we may have had in a medical emergency! ... Your man on the scene arranged for us to have a later flight to Lubbock. He even hand carried the boarding passes to me! ... We will fly Southwest whenever we travel to a destination served by you! As a matter of fact, we were so impressed with Southwest that we bought stock in the company. Anyone that is as customer focused as Southwest has to be successful!” —John, Florida*

# Communities: Share the Spirit

At Southwest Airlines, the SPIRIT of giving back is intrinsic in our Culture, as illustrated in our corporate giving slogan, "Share the Spirit." On both corporate and individual Employee levels, we share our hearts, time, and pocketbooks with those who need it most in the cities and states we serve. It's a natural extension of Southwest Airlines' dedication to providing the highest quality Customer Service, a commitment that extends beyond the airport and into the communities where we work and live.

In hopes of making a positive difference in our communities, we focus our charitable donations and outreach in five key areas and encourage our Employees to support local charities close to their hearts with Volunteerism. These key areas include:

- *Families facing serious illness*
- *Military and their families*
- *Disaster preparedness and response*
- *Environment*
- *Youth leadership and community involvement*

Most of Southwest Airlines' donations are invisible—except to the people they affect. For us, that is recognition enough. The following corporate giving highlights of 2009 represent a few of the many ways we share the SPIRIT of giving.



## **FAMILIES FACING SERIOUS ILLNESS SPOTLIGHT: MEDICAL TRANSPORTATION GRANT PROGRAM**

In the second year of Southwest Airlines' Medical Transportation Grant Program, we increased our giving by 33 percent to help seriously ill patients with their medical travel needs. Each year, we donate airline tickets to hospitals and charities to assist patients in reaching the medical treatments they need. In 2009, we donated \$950,000 in airline tickets to 18 hospitals and two medical transportation charities nationwide:

- *Alfred I. duPont Hospital for Children (Philadelphia)*
- *Angel Flight Central (Kansas City)*
- *Cedars-Sinai Medical Center (Los Angeles)*
- *Children's Hospital & Research Center Oakland (Oakland)*
- *Children's National Medical Center, Maryland (Washington, D.C.)*
- *The Johns Hopkins Hospital (Baltimore)*
- *The Mayo Clinic (Rochester, Minn.)*
- *Miracle Flights for Kids (Las Vegas)*
- *Nationwide Children's Hospital (Columbus)*
- *The Nebraska Medical Center (Omaha)*
- *Phoenix Children's Hospital (Phoenix)*
- *Preston Robert Tisch Brain Tumor Center at Duke (Durham)*
- *Riley Hospital for Children (Indianapolis)*
- *Seattle Children's Hospital (Seattle)*
- *Shriners Hospitals for Children (Tampa Bay)*
- *University Medical Center (Tucson)*
- *University of California San Francisco Children's Hospital (San Francisco)*
- *University of California, San Diego Medical Center (San Diego)*
- *University of Chicago Comer Children's Hospital (Chicago)*
- *The University of Texas M.D. Anderson Cancer Center (Houston)*

## **LOCAL REACH SPOTLIGHT: DENVER RESCUE MISSION**

A week into November 2009, the Denver Rescue Mission had collected only five turkeys to feed the 11,000 homeless in Denver on Thanksgiving. When our Denver Station Manager Dave LaPorte heard about the nonprofit's situation on the news, he asked Chairman of the Board, President, and Chief Executive Officer Gary Kelly if the airline could help. We responded by donating \$50,000 to the Denver Rescue Mission, the largest donation to the charity to date. This charitable gift, along with assistance from our Employees who Volunteered, allowed the Denver Rescue Mission to feed the homeless with more than 4,000 turkeys, a collective 50,000 pounds of meat.





1. Each year, Southwest Airlines recognizes work groups that often go unnoticed by the public but are vital to our success. Our 2009 Heroes of the Heart was our Facilities Maintenance Department. 2. To celebrate the launch of extending our service to LaGuardia Airport, we gave back to the community by painting benches in Flushing Meadows Park in New York City. 3. Through Honor Flight, Southwest Airlines flies veterans free of charge to Washington, D.C., to visit the memorials dedicated to their service and sacrifice.





#### ENVIRONMENT SPOTLIGHT: PROJECT SAVE

Through Project SAVE (Serious About Volunteering for the Environment) our Employees shared the SPIRIT by getting their helping hands dirty. In March and April 2009, Employees collectively spent more than 2,200 hours planting trees and gardens; cleaning up community parks, beaches, and trails; collecting trash around airports; initiating recycling programs; and leading green activities at schools to preserve the environment in communities across the country.

In Los Angeles, more than 100 Employees Volunteered for Million Trees LA, an initiative to plant one million trees in Los Angeles. In just one day, Southwest Airlines Volunteers planted nearly 70 trees, surpassing the day's goal. Now Los Angeles can breathe a little easier with increased shade, reduced energy consumption, and increased water retention for future generations, all resulting from the canopy effect created by this tree-planting community service project.

**BY THE NUMBERS IN 2009**

14,968  
Donation requests received

25,663  
Tickets donated

\$1,266,950  
Total monetary donations

\$11,652,475  
Total value of monetary and  
ticket donations

45,000+  
Employee Volunteer hours

**MILITARY AND THEIR FAMILIES SPOTLIGHT: HONOR FLIGHT NETWORK**

With 775 Southwest Airlines Pilots and many other Southwest Family Members affiliated with the National Guard or Reserve forces, the military holds a special place in our hearts. Through a multi-year commitment to Honor Flight Network, we fly veterans free of charge to Washington, D.C., to visit the memorials dedicated to their service and sacrifice. In May 2009, the Honor Flight Network recognized Southwest Airlines as its Official Commercial Airline.

For Veterans' Day 2009, Southwest Airlines flew World War II veterans from the Los Angeles Airport (LAX) to Baltimore-Washington International to visit their memorial in Washington, D.C. Southwest Airlines Employees made the departure a celebration for these aging soldiers—all of whom were accompanied by a guardian to assist with the sentimental trip. Breakfast, goodie bags, a national anthem serenade sung by Southwest Airlines LAX Operations Agent Dwayne Lewis, and a crowd waving our star-spangled banner gave these men a send-off to remember. By the end of 2009, through the Honor Flight program, we had the privilege of donating 1,150 tickets on 32 flights to transport 1,080 veterans to see the memorials honoring their sacrifice.

**DISASTER PREPAREDNESS AND RESPONSE SPOTLIGHT: AMERICAN RED CROSS COMFORT KITS**

In fall 2009, Southwest Airlines Employees collectively spent more than 500 hours collecting, assembling, and distributing nearly 5,000 comfort kits to their local American Red Cross chapters in all 68 cities we serve. An essential part of the Red Cross' disaster response, comfort kits contain personal hygiene products. Southwest Airlines' donation, a \$25,000 value, will help people displaced by disasters across the nation.

**YOUTH LEADERSHIP AND COMMUNITY INVOLVEMENT SPOTLIGHT: HISPANIC COLLEGE FUND**

We are proud to be the official airline of the Hispanic College Fund—a national nonprofit organization based in Washington, D.C., that guides and inspires Hispanic high school and college students to careers in business, science, technology, engineering, and math. Our support in 2009 enabled 30 Hispanic high school students to travel to Washington, D.C., on a scholarship for a week of immersion in business and professional etiquette through the Hispanic College Fund's Hispanic Young Professionals Program. With grade point averages of 3.6 or higher and average household incomes of \$20,000 or less, the students who won these scholarships were among the smartest and most deserving of the 30,000 applications received. We enjoy assisting these deserving students in a critical stage in their education by giving them the opportunity to learn valuable professional skills to succeed, while also strengthening workforce diversity by connecting talented students to professional opportunities.

"Many companies pay lip service to community relations, but Southwest Airlines is phenomenal in being just where people need, when they need it, in a way that truly supports nonprofit organizations and community-based organizations. ... Southwest Airlines is always there, consistently making a difference that is targeted, generous, and impactful. ... If everyone worked the way Southwest Airlines does, the world would be a much better place! ... As a corporate fundraiser, I can count on one hand the companies that really 'walk the walk' in terms of helping cultivate strategic partnerships with nonprofits. Southwest Airlines is at the head of the pack and truly encapsulates the hard-earned reputation that Southwest Airlines has for its outstanding Employees."

—Kathryn Grady, Director of Corporate and Foundation Relations, Hispanic College Fund



## LIFT Coffee: A Cup Above the Rest

When U.S. Senator Kay Bailey Hutchison of Texas asked Herbert Kelleher, Chairman Emeritus of Southwest Airlines, why our coffee was so horrible, we were inspired to assemble a team to improve the onboard coffee experience for our Customers. On May 4, 2009, we unveiled LIFT coffee—a dark-roasted, 100 percent Arabica blend of South and Central American coffees served in an eco-friendly container. This brew not only offers a complimentary upgrade to our Customers, but also furthers our green initiatives and allows us to give back to the coffee-growing regions of Guatemala in an environmentally responsible manner.

Southwest Airlines Employees are always looking for new ways to enrich our Customers' flying experience, and LIFT coffee does just that. Research found that 75 percent of our Customers drink coffee every day, and 60 percent of those Customers dislike powdered creamer. So in an effort to enhance the onboard experience of our daily coffee drinkers, our coffee team taste tested countless cups of joe, scrutinized the leading java beans and brews, and landed on an upgraded blend from our current supplier. In addition to the upgraded blend, we replaced powdered creamer with individual Coffee-Mate liquid creamers. With these enhancements in place, we went to work on other ways we could improve our Customers' onboard coffee experience. We decided this was a unique opportunity to brand it as our own and decided to name our coffee product "LIFT." These enhancements to our complimentary brew provide a lift in the Customer flying experience that our Customers LUV.

LIFT coffee also provides a lift in our environmental impact. The eight-ounce, eco-friendly paper cups are made from 12 percent post-consumer recycled materials with built-in sleeves made of 99 percent post-consumer recycled material. Post-consumer material is an end product that has completed its life cycle as a consumer item and would otherwise have been disposed of as solid waste and sent to a landfill.

By simply enjoying a hot cup of LIFT coffee, our Customers can take part in a charitable effort that helps preserve our planet. For every pound of LIFT coffee our Customers consume, we donate two cents to The Guatemala Light Project, a charitable effort that uses renewable energy to illuminate isolated villages without electricity in the coffee-growing regions of Guatemala. These donations support a cooperative that supplies homes with solar-powered LED lighting systems and trains villagers on how to install them.

A journey that started with a comment from a valued Customer, a few coffee beans, and a little Employee inspiration has culminated in a new onboard experience. Now our Customers, the environment, and global communities are enjoying a little daily lift, compliments of Southwest Airlines.

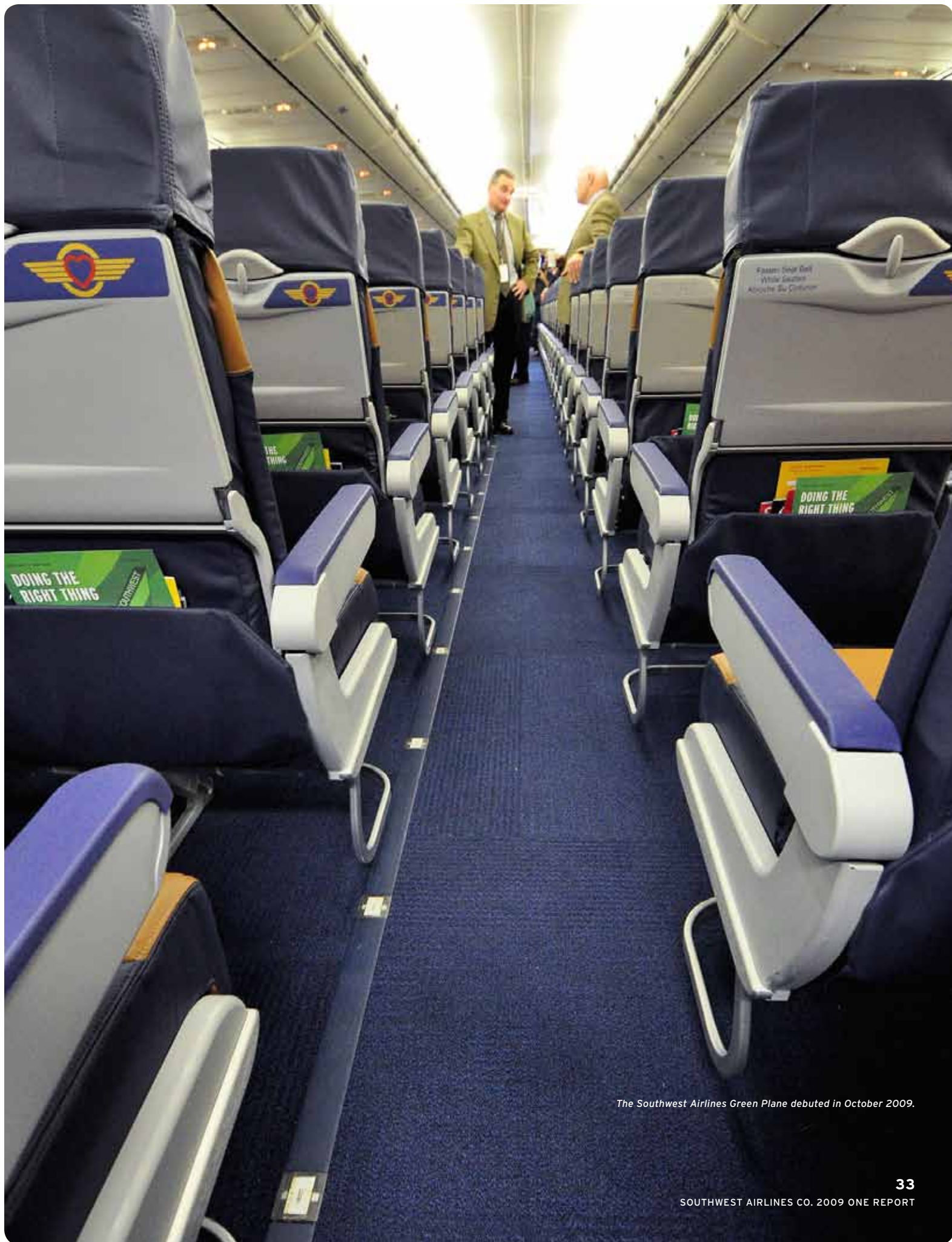




The background of the entire page is a solid green color with a series of overlapping, wavy, horizontal lines in varying shades of green, creating a sense of movement and depth.

Our Planet sustains us all.  
So, we, at Southwest Airlines,  
feel it's our responsibility to  
protect our Planet.

**IT'S THE SOUTHWEST WAY.** We're passionate about our commitment to the environment, a natural extension of our LUVing Culture. We partner with vendors, academic researchers, and industry organizations to develop innovative efficiency and eco-friendly enhancements for aviation. We improve air quality and conserve energy by reducing our greenhouse gas emissions, conserving jet fuel, and using cleaner-burning technology in our ground support equipment. We minimize waste by purchasing eco-friendly materials and implementing robust recycling programs in our facilities and onboard our aircraft. We believe that doing what's right for our Planet makes good business sense. That is why we make decisions and operate with a green filter, a mindset of protecting our Planet.



*The Southwest Airlines Green Plane debuted in October 2009.*



# Operating with a Green Filter

Southwest Airlines was founded on a commitment to efficiency. So, today, we conserve energy, reduce greenhouse gas (GHG) emissions that contribute to climate change, minimize waste, reuse and recycle, and find innovative ways of protecting our Planet. We believe environmentally responsible decisions make good business sense, which benefits us all. Our continual awareness of environmental stewardship in our daily operations results in a green filter, a mindset of protecting our Planet, in our operations and business decisions.

## THE GREEN TEAM

At Southwest Airlines, we bring environmental issues to the forefront through our Green Team. Comprised of Employee Volunteers from every operating group, the Green Team offers recommendations to augment environmentally responsible business practices. This includes implementing a Companywide recycling program, identifying opportunities for emissions reduction and waste minimization, developing environmental outreach programs, and encouraging Employee green behavior such as the use of alternative transportation including commuter programs. The Green Team works cooperatively with our professional environmental staff and guides Green Ambassadors in each Southwest Airlines city to answer environmental questions from Employees, consider suggestions for improvement, and foster environmental stewardship.

## LEADING THE GREEN POWER MOVEMENT

In June 2008, we selected Reliant Energy to provide power to our facilities in Dallas and Houston. Reliant's option for power generation with 30 percent renewable energy was a primary factor in our selection. In December 2009, the U.S. Environmental Protection Agency (EPA) recognized Southwest Airlines as a leading corporate user of green power with a ranking of 33 on the EPA's Fortune 500 Green Power Partnership list for our purchase of more than 15 million kilowatt-hours of wind power in 2009. Our green power is purchased as wind power in the form of renewable energy certificates (RECs). To learn more about RECs, visit [www.epa.gov/greenpower/documents/gpp\\_basics-recs.pdf](http://www.epa.gov/greenpower/documents/gpp_basics-recs.pdf).

### WHAT IS GREEN POWER?

Green power is electricity generated from environmentally friendly, renewable resources including wind, solar, geothermal, low-impact hydro, biogas, and biomass. These renewable resources emit substantially less GHG emissions than traditional power generation.

## INNOVATIVE EMISSIONS REDUCTION RESEARCH

At Southwest Airlines, we're aiding in the advancement of understanding aircraft ground emissions through our involvement with the National Academy of Sciences' Airport Cooperative Research Program. Extensive testing of our aircraft in late 2008 and 2009 will allow airports and airlines to better quantify the emissions benefits resulting from energy-efficient enhancements to ground operations. Examples of potential enhancements include adopting the use of ground power while aircraft are at the gate, minimizing taxiway delays associated with inefficient airspace management, and increasing the efficiency of deicing operations to reduce idle time.

Other innovative research we conducted in 2009 included our first flight with satellite-based navigation, also known as Required Navigation Performance (RNP)—a critical step in our \$175 million, six-year program to implement this navigation system. RNP reduces emissions and fuel consumption by allowing Pilots to fly aircraft in a more precise, direct path. We also continued the testing and implementation of cleaner-burning technologies for our ground support equipment, including electric, biodiesel, and repowering of older gasoline and diesel engines with cleaner-burning diesel engines.

## PILOTING ECO-FRIENDLY OPERATIONS

In October 2009, we unveiled the Southwest Airlines Green Plane, a test environment for the latest environmentally friendly cabin materials and Customer comfort products. We test materials that contain a high percentage of recycled content, minimize waste, or are better for the environment in other ways. For instance, the Green Plane tests lighter-weight products, which translate into reduced fuel consumption, increased fuel efficiency, and less GHG emissions. We also consider the durability, aesthetics, comfort, cost, and the ability to reuse or recycle these products. The most promising items that emerge from Green Plane testing will be implemented on a larger scale.

In a related effort, in 2009, we continued our commitment to paperless tickets and smaller volumes of crew paperwork, saving an estimated 600 tons of paper and ink annually. Elimination of paper flight schedules and the introduction of electronic updates to Customers' cell phones and e-mail also contribute to reduced paper consumption.

In November 2009, we launched a more robust onboard recycling program that builds on the success of our established recycling program at our facilities. We selected Republic Services, Inc. as our partner because Republic Services, Inc.'s system allows for the collection of co-mingled waste (paper, aluminum, and plastic), which will greatly contribute to successful onboard recycling. While a co-mingled waste stream (versus aluminum alone) can reduce potential revenue, it provides an opportunity to increase the total volume of material collected for recycling onboard, the key objective of this program. In 2010, our goal is to increase the total amount of paper, plastic, aluminum, and cardboard recycled from our facilities and aircraft by 25 percent.

We look forward to sharing additional details about our Green Plane testing and more robust onboard recycling program in our *Southwest Airlines 2010 One Report*.



## By the Numbers



8.5

MILLION GALLONS OF  
JET FUEL SAVED IN  
2009 THROUGH FUEL  
CONSERVATION EFFORTS

5.7

BILLION BRITISH THERMAL  
UNITS OF ENERGY  
RECOVERED FROM USED  
OIL, FILTERS, AND  
LIQUID AND SOLID PAINT  
WASTE IN 2009

210,000

POUNDS OF BATTERIES  
RECYCLED IN 2009

250

TONS OF ELECTRONICS  
RECYCLED IN 2009

5,616\*

CUBIC YARDS OF LANDFILL  
SPACE SAVED BY  
RECYCLING ALUMINUM,  
PLASTIC, PAPER, AND  
CARDBOARD FROM  
FACILITIES AND  
AIRCRAFT IN 2009

1,014

PIECES OF GROUND  
SUPPORT EQUIPMENT  
USING CLEANER-BURNING  
TECHNOLOGY

11,000

FLUORESCENT BULBS  
RECYCLED FROM  
FACILITIES AND  
AIRCRAFT IN 2009

80

PERCENT OF ACTIVE  
AIRCRAFT IN THE FLEET  
EQUIPPED WITH  
FUEL-SAVING WINGLETS

33

RANK ON U.S.  
ENVIRONMENTAL PROTECTION  
AGENCY'S (EPA) FORTUNE  
500 LIST FOR EPA  
GREEN POWER PARTNERS

82,210

METRIC TONS OF CO<sub>2</sub>e  
EMISSIONS REDUCED IN  
2009 THROUGH  
ADDITIONAL JET FUEL  
CONSERVATION EFFORTS

\*Data provided by Republic Services, Inc.

# Greenhouse Gas Inventory

At Southwest Airlines, we realize our day-to-day business activities have an impact on the environment. To further our commitment to minimizing that impact, we need to better understand its extent. As part of that effort, we conducted a greenhouse gas (GHG) inventory in accordance with Global Reporting Initiative (GRI) guidelines, a well-recognized industry standard.

There are no federal, state, or local regulations requiring Southwest Airlines to conduct a GHG inventory. We are voluntarily doing so to establish baseline emissions, to meet the GRI guidelines, and, most importantly, to better understand our impact on the environment. We plan to continue to voluntarily track GHG emissions and make efforts to reduce future emissions within the constraints of providing safe, reliable, and affordable air transportation for our Customers.

This 2009 GHG inventory adheres to the GRI Sustainability Reporting Guidelines and follows the latest edition of the World Resources Institute's *The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard*.

## INVENTORY DEVELOPMENT

Our inventory evaluates the six GHGs recognized under *The Greenhouse Gas Protocol* as contributing to climate change:

- Carbon dioxide (CO<sub>2</sub>)
- Methane (CH<sub>4</sub>)
- Nitrous oxide (N<sub>2</sub>O)
- Hydrofluorocarbons (HFCs)
- Perfluorocarbons (PFCs)
- Sulfur hexafluoride (SF<sub>6</sub>)

Based upon the completeness and precision of the data used for the inventory, we estimate that this inventory is accurate within 5 percent. GHG emissions from some insignificant activities, such as HVAC system losses, are estimated based on an upper-bound assumption of the expected losses that would occur from Southwest Airlines facilities. These activities are a small percentage of our overall GHG emissions. All other GHG emissions, such as those from use of natural gas and jet fuel, are calculated from actual usage records.

## ORGANIZATIONAL BOUNDARIES

Organizational boundaries—the degree of an organization's control over its facilities and equipment—determine the types of GHG emissions that will be included within or excluded from the inventory. In commercial aviation, the majority of the facilities operated by an airline are owned by others and leased by the airline. In this GHG inventory, we are taking the operational control approach—including GHG emissions from facilities and assets we control, which includes both facilities owned by Southwest Airlines and those under the primary control of Southwest Airlines. Examples of leased facilities include aircraft hangars, Customer Support & Services centers, provisioning stations, and airport facilities such as cargo or ground equipment maintenance under the primary control of Southwest Airlines. Facilities not under our primary control, such as terminals shared by multiple airlines, have not been included.

## GHG EMISSIONS INVENTORY SUMMARY

Operational Boundary	2009 (metric tons CO <sub>2</sub> e)
Scope 1	13,838,695
Scope 2	49,512

## SCOPE 1 GHG EMISSIONS BY SOURCE CATEGORY

Source Category	2009 (metric tons CO <sub>2</sub> e)
Aircraft fuel combustion	13,810,014
Natural gas combustion	4,940
GSE fuel combustion	20,347
HVAC system losses	3,394
Total Scope 1 emissions	13,838,695

## GHG INTENSITY RATIOS

Calendar Year	GHG Emissions (metric tons CO <sub>2</sub> e)	Productivity Activity (RPM)	Intensity Ratio (metric tons CO <sub>2</sub> e/1,000 RPM)
2009	13.9 million	74.5 billion	0.19

Intensity ratios are often referred to as normalized environmental impact data that allow a quantification of GHG impact per unit of physical activity or unit of economic output. Within the airline industry, a parameter that accurately reflects productivity is revenue passenger miles (RPM). We have calculated our intensity ratio for 2009 and will continue to track our intensity ratio in the future.



### OPERATIONAL BOUNDARIES

Operational boundaries identify the types of emission sources that will be included in the GHG inventory. GHG emissions are categorized into direct emissions (Scope 1), energy indirect emissions (Scope 2), and other indirect emissions (Scope 3). Scope 1 emissions originate from sources owned or controlled by the organization. Scope 2 emissions occur from the generation of imported electricity or steam consumed by the organization. Scope 3 emissions are the consequences of an organization's activities but arise from GHG sources not owned or controlled by the organization. Examples of these include Employees commuting to work in personal vehicles and delivery of fuel to Southwest Airlines locations. We have included Scope 1 and Scope 2 emissions in our 2009 GHG inventory. Scope 3 emissions are not included based on our fundamental knowledge that they are insignificant when compared to our Scope 1 emissions and the fact that, under the GHG Protocol, reporting of Scope 3 emissions is optional.

The purpose of categorizing GHG emissions into operational boundaries is to avoid double counting. For example, emissions associated with generating electricity provided to Southwest Airlines should be counted as Scope 1 emissions by the electric utility but are Scope 2 emissions for Southwest Airlines. The Stakeholders reviewing GHG emissions inventories are able to accurately consolidate GHG emissions from all sources using the Scope 1, Scope 2, and Scope 3 classifications.

### EMISSIONS SUMMARY

For preparation of this inventory, we collected data regarding our:

- Aircraft fuel combustion
- Ground support equipment (GSE) fuel consumption
- Purchased electricity in Southwest Airlines-controlled facilities
- Natural gas consumption in offices, hangars, and other facilities controlled by Southwest Airlines
- Refrigerants emitted from chillers and air conditioning units from Southwest Airlines-controlled facilities (i.e. HVAC system losses)

The collected data was converted to GHG emissions using industry-standard factors. The emission quantities of the six recognized GHGs were then converted to metric tons of CO<sub>2</sub> equivalent (CO<sub>2</sub>e) using global warming potential (GWP) to normalize the GHGs. GWP is the ratio of radiative forcing to the degree of atmospheric warming that would result from the emission of one mass-based unit of a given GHG compared to one equivalent unit of CO<sub>2</sub> over a period of time. GWP for CO<sub>2</sub> is, by definition, 1:1. The GWP for other GHGs ranges from 21 to 11,700. CO<sub>2</sub> emissions account for more than 99 percent of Southwest Airlines' emissions on a CO<sub>2</sub>e basis.

In summary, Southwest Airlines' total greenhouse gas emissions for 2009 were nearly 13.9 million metric tons of CO<sub>2</sub>e, with 99 percent of those emissions coming from aircraft fuel combustion. Southwest Airlines continues to voluntarily track GHG emissions and strives to reduce future emissions while continuing to provide safe, reliable, and affordable air transportation to our Customers.

### ENGINE MAINTENANCE

We work diligently to keep our aircraft engines running efficiently through maintenance, inspections, and an eco-friendly engine wash program that recycles the wash water and helps the engine run more efficiently.

### 2009 AWARDS & ACCOLADES

SECOND AMONG DOMESTIC AIRLINES TO OPERATE IN A GREEN MANNER  
Zagat Airline Survey

#33 ON EPA'S FORTUNE 500 LIST FOR EPA GREEN POWER PARTNERS  
U.S. Environmental Protection Agency, Green Power Partnership, Fortune 500 List

#179 IN NEWSWEEK'S GREEN RANKINGS OF 500 LARGEST PUBLICLY TRADED COMPANIES IN THE U.S.  
Newsweek

# Jet Fuel Conservation: Reducing Our Environmental Impact

Even more important than understanding our impact on the environment is understanding what we can do and are doing to minimize it. In 2009, we successfully saved 8.5 million gallons in jet fuel consumption beyond our already aggressive conservation program. Improving the rate of jet fuel consumption directly translates into fewer CO<sub>2</sub>e emissions and cost savings to the bottom line. Our 2009 incremental improvements included:

## WINGLETS

In 2009, we met our goal of adding winglets to 21 additional Boeing 737-300 aircraft, which brings the total to 90, or 88 percent, of the 102 737-300 aircraft selected for winglet installation. Winglets reduce aircraft fuel consumption by an estimated 2.5 percent to 3 percent. In 2009, winglets reduced fuel consumption by more than five million gallons in the 737-300 fleet. New winglet installations provided an incremental savings over 2008 levels of approximately 1.5 million gallons. Additional year-over-year fuel savings for aircraft retrofitted in late 2009 will be realized in 2010. We will be installing winglets on the remaining 12 737-300 aircraft to the extent feasible, given aircraft ownership status and other related factors.

Our fleet of 340 737-700 aircraft is already equipped with winglets, bringing our total percentage of active aircraft in our fleet equipped with winglets to 80 percent. Combined, these winglet installations equate to an estimated annual fuel savings of more than 33 million gallons.

## GROUND IDLE SPEED

We continued efforts to control ground idle speed through adjustments to our 737-300 and 737-500 aircraft engines—an initiative that can save approximately 3.1 gallons of fuel per hour of idle time. Based upon general 2009 operating statistics, including the number of taxi events and average taxi time, 2009 incremental fuel savings from engine adjustments completed in 2008 equate to approximately 200,000 gallons.

## GATE ELECTRIFICATION

Over the past several years, we have worked both internally and with airports to install gate electrification equipment. Now available in all cities where Southwest Airlines operates with bridge-based boarding, gate electrification allows our aircraft to be powered by electricity instead of jet fuel while parked at the gate—a potential savings of more than 46,000 gallons of fuel in a single day.

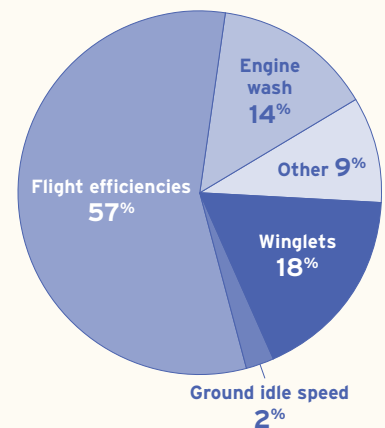
In 2009, we continued our focus on immediate hookup—within 90 seconds of parking at the gate—to gate electrification equipment to maximize fuel savings. With a 28-minute average turn time and a conservative estimate of six minutes to hookup and unhook gate electrification, this focus on immediate hookup can result in 22 minutes of avoided auxiliary power unit use, saving approximately 15 gallons of fuel per event. Gate electrification cannot be used in all circumstances such as ground boarding, quick turnarounds, or in extremely windy conditions. Immediate hookup of gate electrification in 2009 increased from 77 percent of eligible flights to more than 84 percent.

## FLIGHT EFFICIENCIES

In 2009 we continued our \$175 million, six-year initiative to implement Required Navigation Performance (RNP) systemwide. Through a space-based global positioning system (GPS) rather than ground-based GPS, RNP enables aircraft to carry navigation capabilities rather than relying on airports, opening up many new, more direct approach paths. As a cornerstone of the Federal Aviation Administration's next generation air traffic control system (NextGen), RNP procedures are

## 2009 INCREMENTAL JET FUEL SAVINGS

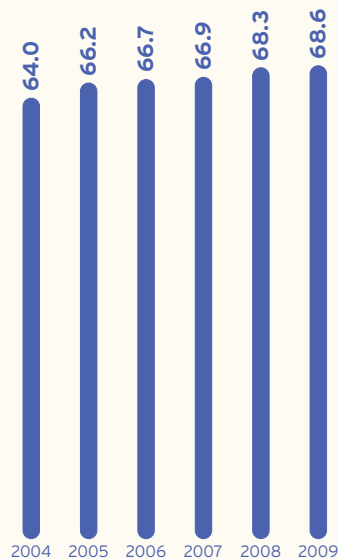
percent breakdown of total gallons of fuel saved





### HISTORIC FUEL EFFICIENCY

available seat miles/gallon



designed to conserve fuel, improve safety, and reduce carbon emissions, while simultaneously taking advantage of the high-performance characteristics that exist in an airline's fleet.

Southwest Airlines expects to be one of the first major U.S. airlines to implement such a program fleetwide, with the most significant fuel savings achieved in 2011 and 2012 after systemwide RNP implementation and air traffic control system improvements. Our direct contributions to RNP include procedure development, training, and activating auto-throttle technology in our 737-700 aircraft. In 2009, we completed the activation of auto-throttle technology in all 340 of our 737-700 aircraft and flew our first RNP demo flight—both significant milestones in implementing our program.

In addition to RNP, increased efforts to improve flight efficiencies include a modified speed schedule and flying at optimum speed and altitude to the extent allowed by the air traffic control system. In 2009, our initiatives for flight efficiency improvement resulted in an additional fuel savings of approximately 4.8 million gallons.

### ENGINE WASH

Refinement of a systematic engine wash program for our 737-700 aircraft resulted in approximately 1.2 million gallons of additional fuel savings in 2009.

In summary, our 2009 fuel efficiency, measured as available seat miles per gallon, was an improvement over our historic rates of 64.0 to 68.3. As our fuel conservation program has matured, our ability to obtain larger year-over-year savings has been limited, with most future efficiency improvements resulting from industrywide initiatives such as NextGen. However, we will continue to strive to increase our fuel efficiency over time to the extent feasible.



# Greener Ground Support Equipment

Our green filter continues on the ground with our ongoing conversions of ground support equipment (GSE) to cleaner-burning technologies including electric, compressed natural gas, propane, and state-of-the-art emission control engine retrofits for diesel. To protect our Planet, we have been proactive about GSE conversions, implementing them before state or federal emission reduction regulations require us to do so. With more than 1,000 pieces of equipment in our GSE fleet using cleaner-burning technology in 2009, we saved approximately 460,000 gallons of fuel and reduced emissions by approximately 4,580 metric tons of carbon dioxide equivalent (CO<sub>2</sub>e) annually—the equivalent of removing 876 cars from the road.

Over the past decade, our Employees have partnered with our vendors to develop and implement numerous GSE retrofits. These efforts have made GSE fleet improvements more technologically and economically feasible.

## ELECTRIC CONVERSION

Our electric GSE conversions were some of the first in the airline industry, which led a technologies corporation to contact us in 2000 to learn how to convert a diesel-powered pushback tractor to electric power. We agreed to teach them about our conversion process, and they sent us a new pushback tractor chassis. Engineers observed as our GSE Mechanics at Phoenix Sky Harbor International Airport, who handle all of Southwest Airlines' electric GSE conversions, reverse engineered the electric conversion process.

Pushback tractors that operate only at the gate and do not transport aircraft longer distances are often good candidates for electric conversion because they work in short time periods throughout the day, and there is room in the tractor for a battery pack. Belt loaders can run two days on a full electric charge—so they became the second conversion target. Today, our GSE Mechanics at Phoenix Sky Harbor International Airport can convert up to four belt loaders or two pushback tractors to electric power each month, depending on the availability of supplies. Since the upgraded GSE are converted rather than new, GSE operators don't need to be retrained—only reminded at first to plug in the electric GSE at the end of a shift.

Since 1997, we have converted 123 pushback tractors, belt loaders, and other miscellaneous GSE from gasoline or diesel to electric power, and we're using fast-charging technology at all airports where we use electric GSE. Because environmentally responsible decisions make good business sense, these conversions not only positioned Southwest Airlines as a sustainable innovator in GSE, but have also saved us millions in new equipment costs. Today, a new electric pushback tractor costs approximately \$100,000, and Southwest Airlines Mechanics

in Phoenix can convert an older unit into a virtually new unit for under \$35,000, a \$65,000 savings per conversion. These conversions also cut costs by lengthening the lifespan of aging GSE by a decade and benefit the environment through fuel savings and emissions reductions.

## CLEANER DIESEL

Southwest Airlines Mechanics across the country work collaboratively to repower gasoline and tier-0 diesel GSE with cleaner-burning tier-3 and interim tier-4 diesel engines. We work with the original equipment manufacturers to meet required emissions standards. Our Mechanics also work with our equipment manufacturers to improve diesel repowering kits that are distributed to Southwest Airlines airports throughout the country. At airports such as Los Angeles International Airport, our GSE Mechanics remove the tier-0 diesel engine from an old pushback tractor and replace it with a cleaner-burning tier-3 diesel engine. A repowered pushback tractor emits 70 percent to 80 percent less nitrogen oxide than if powered by tier-0 diesel technology and extends the lifespan of that equipment up to a decade. We also repower select older gasoline GSE with cleaner-burning diesel engines.

## FUTURE DEVELOPMENTS

At Southwest Airlines, we continue to explore opportunities to enhance our GSE fleet with environmentally friendly modifications that curb greenhouse gas emissions that contribute to climate change. In 2009, we signed a biodiesel agreement with RenTech to purchase renewable synthetic diesel fuel (RenDiesel) for use in GSE at Los Angeles International Airport beginning in late 2012. We are also researching and testing other alternative GSE fuel sources including compressed natural gas, propane, and synthetic diesel. We have committed millions of dollars to our cleaner-burning GSE initiative in 2010 and will continue to convert our GSE to electric power where it makes sense, such as in moderate weather climates and at airports where the battery charging infrastructure is in place.



#### **ELECTRIFYING PROGRESS:**

##### **HOW SOUTHWEST AIRLINES BECAME A LEADER IN GSE CONVERSIONS**

While grabbing a bite to eat after work one evening in 1997, Rick Denney and John Gramann, lead GSE Mechanics at the Phoenix Sky Harbor International Airport at the time (Gramann now works for Southwest Airlines at Kansas City International Airport), pondered the idea of converting an old, unusable pushback tractor from diesel to electric power. The next morning, Denney and Gramann eagerly approached their Supervisor, Lynn Winters, about attempting the conversion. Winters and Bruce Trimmier, Phoenix GSE Department Director, requested that they first complete a feasibility study and outline the potential parts procurement issues.

While researching the electric conversion, the Phoenix GSE Team partnered with the local electric utility to test its fast battery-charging technology, which was new to the airline industry at the time. Initial tests showed that bag tugs could be fully charged in an hour, compared to eight hours for conventional battery charging. The short duration required with fast-charging technology resolved concerns that a drained electric piece of GSE could be out of commission for a full day if someone forgot to plug it in. To save on expensive, fast-charging battery costs, Southwest Airlines later switched to a more economical battery that fully charges electric GSE in about two hours.

After months of thorough research, Denney, Gramann, and fellow Phoenix GSE Mechanic Gary Gianinni received the green light to convert an aging, diesel-powered pushback tractor to electric power. In 1998, two months after approval for conversion, the Phoenix GSE Team was ready to test its first converted electric-powered pushback tractor. The GSE Mechanics advised the Pilot to leave the airplane's engines running in case the newly converted pushback tractor couldn't handle the heavy load, but the precautionary measure wasn't necessary. The first electric pushback tractor conversion was an immediate success.



Our Passion starts with our People, the Southwest Airlines Family of Employees, who enable our Performance to thrive in a recession and who continue to share the LUV through daily business decisions that protect our Planet.

**IT'S THE SOUTHWEST WAY.** We operate with a Warrior Spirit, a Servant's Heart, and a Fun-LUVing Attitude. This Culture translates into an unwavering commitment to our Employees, Customers, Stakeholders, the communities where we fly, and the Planet we all share. At Southwest Airlines, we conserve and innovate, treat others the way we want to be treated, and strive to do the right thing. **It's our passion.**



# Corporate Information

## TRANSFER AGENT AND REGISTRAR

Registered Shareholder inquiries regarding stock transfers, address changes, lost stock certificates, dividend payments and reinvestments, direct stock purchases, or account consolidation should be directed to:

Wells Fargo Shareowner Services  
161 N. Concord Exchange  
South St. Paul, MN 55075  
866-877-6206  
651-450-4064

[https://www.wellsfargo.com/com/shareowner\\_services](https://www.wellsfargo.com/com/shareowner_services)

## STOCK EXCHANGE LISTING

New York Stock Exchange Ticker Symbol: LUV

## SOUTHWEST AIRLINES CO. GENERAL OFFICES

P.O. Box 36611  
Dallas, Texas 75235-1611

## FINANCIAL INFORMATION

A copy of the Company's Annual Report on Form 10-K as filed with the U.S. Securities and Exchange Commission (SEC) along with other financial information can be found on Southwest's web site ([southwest.com/investor\\_relations](https://southwest.com/investor_relations)) or may be obtained without charge by writing or calling:

Southwest Airlines Co.  
Investor Relations  
P.O. Box 36611  
HDQ 6FC  
2702 Love Field Drive  
Dallas, Texas 75235-1611  
214-792-4908

## WEB SITES

[www.southwest.com](https://www.southwest.com)  
[www.swabiz.com](https://www.swabiz.com)  
[www.swavacations.com](https://www.swavacations.com)  
[www.swacargo.com](https://www.swacargo.com)  
[www.swamedia.com](https://www.swamedia.com)  
[www.blogsouthwest.com](https://www.blogsouthwest.com)  
[www.southwest.com/cares](https://www.southwest.com/cares)

## ANNUAL MEETING

The Annual Meeting of Shareholders of Southwest Airlines Co. will be held at 10 a.m. on May 19, 2010, at the Southwest Airlines Corporate Headquarters, 2702 Love Field Drive, Dallas, Texas. Notice of our annual meeting of Shareholders has been distributed with our latest Proxy Statement to all Shareholders as of the record date. The Proxy Statement can be found at [southwest.com/investor\\_relations](https://southwest.com/investor_relations).

## INDEPENDENT AUDITORS

Ernst & Young LLP  
Dallas, Texas

## BOARD OF DIRECTORS

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Retired Vice Chairman of TXU Corp.  
Dallas, Texas  
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Dallas, Texas  
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### C. WEBB CROCKETT

Attorney  
Fennemore Craig, Attorneys at Law  
Phoenix, Arizona  
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James L. Bayless Chair for Free Enterprise  
University of Texas at Austin Red McCombs School of Business  
Former Chancellor of The University of Texas System  
Austin, Texas  
Presiding Director; Audit, Compensation, Safety and Compliance Oversight and Executive Committees

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Global Aero Logistics Inc.  
Plano, Texas  
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### TRAVIS C. JOHNSON

Attorney at Law  
El Paso, Texas  
Audit, Executive (Chair), and Nominating and Corporate Governance Committees

### GARY C. KELLY

Chairman of the Board, President and Chief Executive Officer  
Southwest Airlines Co.  
Dallas, Texas  
Executive Committee

### NANCY B. LOEFFLER

Longtime advocate of volunteerism  
Chair of The University of Texas M.D. Anderson  
Cancer Center Foundation  
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President and Chief Executive Officer  
JTM Consulting, LLC—Senior Advisor for Government Relations  
and Global Public Policy for General Motors Company  
San Antonio, Texas  
Audit (Chair), Compensation and Nominating and Corporate Governance Committees

### DANIEL D. VILLANUEVA

Partner  
RC Fontis  
Pasadena, California  
Compensation and Safety and Compliance Oversight Committees



## HONORARY DESIGNATIONS

**HERBERT D. KELLEHER**  
Chairman Emeritus  
Southwest Airlines Co.  
Dallas, Texas

**COLLEEN C. BARRETT**  
President Emeritus  
Southwest Airlines Co.  
Dallas, Texas

## OFFICERS

**GARY C. KELLY\***  
Chairman of the Board, President and Chief Executive Officer

**ROBERT E. JORDAN\***  
Executive Vice President Strategy and Planning

**RON RICKS\***  
Executive Vice President Corporate Services and  
Corporate Secretary

**MICHAEL G. VAN DE VEN\***  
Executive Vice President and Chief Operating Officer

**GINGER C. HARDAGE\***  
Senior Vice President Culture and Communications

**DARYL KRAUSE\***  
Senior Vice President Procurement

**JEFF LAMB\***  
Senior Vice President Administration and Chief People Officer

**TERESA LARABA\***  
Senior Vice President Customer Services

**DAVE RIDLEY\***  
Senior Vice President Marketing and Revenue Management

**TAMMY ROMO\***  
Senior Vice President Planning

**GREG WELLS\***  
Senior Vice President Operations

**LAURA H. WRIGHT\***  
Senior Vice President Finance and Chief Financial Officer

**GREGORY N. CRUM**  
Vice President Director of Operations

**DARREN DAYLEY**  
Vice President Technology, Customer Experience Portfolio

**MATT HAFNER**  
Vice President Ground Operations

**MIKE HAFNER**  
Vice President Cabin Services

**SCOTT HALFMANN**  
Vice President Safety and Security

**LAURIE HULIN**  
Vice President Technology, Aircraft Operations &  
Enterprise Management Portfolios

**MADELEINE JOHNSON**  
Vice President General Counsel

**LEAH KOONTZ**  
Vice President Controller

**KEVIN M. KRONE**  
Vice President Marketing, Sales and Distribution

**KAREN LEWIS**  
Vice President Governmental Affairs

**CHUCK MAGILL**  
Vice President Flight Operations

**JAN MARSHALL**  
Vice President Technology and Chief Information Officer

**PETE MCGLADE**  
Vice President Network Planning

**BOB MONTGOMERY**  
Vice President Properties

**ROB MYRBEN**  
Vice President Fuel Management

**JAMES A. RUPPEL**  
Vice President Customer Relations and Rapid Rewards

**LINDA B. RUTHERFORD**  
Vice President Communication and Strategic Outreach

**MIKE RYAN**  
Vice President Labor Relations

**JIM SOKOL**  
Vice President Maintenance Operations

**SCOTT E. TOPPING**  
Vice President Treasurer

**ELLEN TORBERT**  
Vice President Customer Support and Services

**CHRIS WAHLENMAIER**  
Vice President Ground Operations

**KATHLEEN WAYTON**  
Vice President Strategy and Change Leadership

**KAY WEATHERFORD**  
Vice President Revenue Management and Pricing

**BOB YOUNG**  
Vice President Technology and Chief Technology Officer

\*Member of Executive Planning Committee

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## NOTES:

(1) 2009 U.S. Securities and Exchange Commission Form 10-K, [southwest.com/investor\\_relations](http://southwest.com/investor_relations)

(2) Addressed throughout the report

(3) 2010 Proxy Statement, [southwest.com/investor\\_relations](http://southwest.com/investor_relations)

## CONTACT INFORMATION

For more information, visit [southwest.com/cares](http://southwest.com/cares), [southwest.com/investor\\_relations](http://southwest.com/investor_relations), or e-mail [Green@wnco.com](mailto:Green@wnco.com).

# Assurance of GRI Application Level

March 19, 2010

Southwest Airlines Co.  
HDQ-1PR  
2702 Love Field Drive  
P.O. Box 36611  
Dallas, TX 75235-1611



[www.burnsmcd.com](http://www.burnsmcd.com)

Burns & McDonnell

Verification Statement for *Southwest Airlines 2009 One Report*

Southwest Airlines:

Burns & McDonnell Engineering Inc. (Burns & McDonnell) was retained by Southwest Airlines Co. (Southwest) to verify and provide external assurance that Southwest's 2009 One Report provides a balanced view of Southwest's sustainability profile for the reporting period and includes accurate data and information in line with the principles outlined in the Global Reporting Initiative (GRI) *Sustainability Reporting Guidelines* version 3.0. The purpose of this assurance engagement was to:

1. Verify the 2009 results of the Southwest GRI profile disclosures and key performance indicators contained in the One Report, including both qualitative and quantitative data.
2. Review the One Report to ensure Southwest has utilized the GRI G3 sustainability reporting framework to achieve a C+ application level.

In addition to the verification of the GRI profile disclosures and key performance indicators, Burns & McDonnell also reviewed and verified additional metrics and accomplishments presented in the One Report. A large portion of the information presented in the Performance section of the One Report has been presented in Southwest's 2009 U.S. Securities and Exchange Commission Form 10-K and has been third party verified by the company's external auditor.

In order to complete external assurance of the One Report, Burns & McDonnell independently interviewed Southwest employees; obtained, analyzed and verified data; and conducted independent industry research and benchmarking to substantiate and support the statements contained in the report. The content, structure and presentation of the report were reviewed against the GRI guidelines to ensure conformation.

This review determined that Southwest has a systematic, documented, evidence-based reporting process in place. The One Report includes responses to a minimum of 10 performance indicators with at least one from each of the economic, social and environmental categories as well as addresses the required GRI profile disclosures. The One Report provides a reasonable and balanced presentation of Southwest's sustainability performance.

To the best of our knowledge, we have found that Southwest has satisfactorily applied the GRI sustainability reporting framework and meets the report content requirements as specified by GRI to the best of its ability. The content provided for the 2009 One Report meets the content and quality requirements of the GRI *Sustainability Reporting Guidelines* version 3.0 C+ application level.

Sincerely,

Tiffany Goebel  
Project Manager, Environmental Group  
Burns & McDonnell





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## Our Mission and Vision

**THE MISSION OF SOUTHWEST AIRLINES** The mission of Southwest Airlines is dedication to the highest quality of Customer Service delivered with a sense of warmth, friendliness, individual pride, and Company Spirit.

**TO OUR EMPLOYEES** We are committed to provide our Employees a stable work environment with equal opportunity for learning and personal growth. Creativity and innovation are encouraged for improving the effectiveness of Southwest Airlines. Above all, Employees will be provided the same concern, respect, and caring attitude within the organization that they are expected to share externally with every Southwest Customer.

**TO OUR COMMUNITIES** Our goal is to be the hometown airline of every community we serve, and because those communities sustain and nurture us with their support and loyalty, it is vital that we, as individuals and in groups, embrace each community with the SOUTHWEST SPIRIT of involvement, service, and caring to make those communities better places to live and work.

**TO OUR PLANET** We strive to be a good environmental steward across our system in all of our hometowns, and one component of our stewardship is efficiency, which by its very nature, translates to eliminating waste and conserving resources. Using cost-effective and environmentally beneficial operating procedures (including facilities and equipment), allows us to reduce the amount of materials we use and, when combined with our ability to reuse and recycle material, preserves these environmental resources.

**TO OUR STAKEHOLDERS** Southwest's vision for a sustainable future is one where there will be a balance in our business model between Employees and Community, the Environment, and our Financial Viability. In order to protect our world for future generations, while meeting our commitments to our Employees, Customers, and Stakeholders, we will strive to lead our industry in innovative efficiency that conserves natural resources, maintains a creative and innovative workforce, and gives back to the Communities in which we live and work.