

July 9, 2012



# Southwest Airlines, Delta Air Lines, and Boeing Capital Reach Agreement to Lease or Sublease Airtran Boeing 717 Fleet

DALLAS, July 9, 2012 /PRNewswire/ -- [Southwest Airlines](#) Co. (NYSE: LUV) (the "Company") confirmed today that the Company, together with its subsidiary, AirTran Airways, Inc., has reached an agreement with Delta Air Lines, Inc., and Boeing Capital Corp., to lease or sublease all 88 of AirTran's Boeing 717 aircraft to Delta. The Company will transition approximately three 717 aircraft per month beginning August 2013.

"We are pleased to have reached an agreement to transition AirTran's 717 fleet to Delta," said Gary Kelly, Chairman of the Board, President, and Chief Executive Officer. "Replacing 717 flying with 737s is expected to significantly benefit our financial results once the transition is complete, and better supports our strategic and financial goals. Obviously, having an all-Boeing 737 fleet improves our scheduling and operating efficiency. This was the best opportunity, far and away, to sublease the Boeing 717 aircraft."

By reaching this agreement, the Company will avoid converting the AirTran 717 fleet into Southwest as part of the AirTran integration. The Company's aircraft rent expense associated with Boeing 717s will be eliminated as each aircraft is transitioned to Delta. The Company's total estimated AirTran acquisition and integration costs are expected to increase by approximately \$50 million as a result of the aircraft transition costs assumed by the Company as part of this 717 agreement. The Company's annual pre-tax results are expected to benefit by approximately \$200 million, after all Boeing 717s are transitioned to Delta and replaced with Boeing 737 flying. Accounting for this third quarter transaction will be discussed during the Company's second quarter financial results conference call.

## About Southwest Airlines

Southwest Airlines continues to differentiate itself from other low-fare carriers--offering a reliable product with exemplary Customer Service. Southwest Airlines is the nation's largest carrier in terms of originating domestic passengers boarded and has acquired AirTran Airways, now a wholly owned subsidiary of Southwest Airlines Co. Southwest serves 73 cities in 38 states and remains one of the most honored airlines in the world known for its commitment to the triple bottom line of Performance, People, and Planet. To read more about how Southwest is doing its part to be a good citizen, visit [southwest.com/citizenship](http://southwest.com/citizenship) to read the Southwest Airlines One Report™. Based in Dallas, Southwest currently operates more than 3,400 flights a day and has more than 46,000 Employees systemwide.

## About AirTran Airways

AirTran Airways, a wholly owned subsidiary of Southwest Airlines Co., was named the top airline in the 2012 Airline Quality Rating study and has achieved that ranking three times in the past five years. AirTran offers coast-to-coast service on North America's newest all-Boeing fleet. The airline's low-cost, high-quality product also includes assigned seating and Business Class.

### **Cautionary Statement Regarding Forward-Looking Statements**

This news release 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. Specific forward-looking statements include, without limitation, statements regarding (i) the Company's and AirTran's agreement to lease or sublease Boeing 717 aircraft to Delta Air Lines; (ii) the anticipated timeframes and benefits associated with the leases or subleases and the Company's related financial and operational expectations; (iii) the Company's overall fleet plans and related financial and operational expectations; and (iv) the Company's plans and expectations with respect to its acquisition of AirTran, including without limitation anticipated integration timeframes and anticipated costs and benefits associated with the acquisition. These forward-looking statements are based on the Company's current intent, expectations, and projections and are not guarantees of future performance. These statements involve risks, uncertainties, assumptions, and other factors that are difficult to predict and that could cause actual results to vary materially from those expressed in or indicated by them. Factors include, among others, (i) the parties' dependence upon third parties with respect to the transaction; (ii) Delta's continued compliance with its obligations under the applicable lease or sublease documents; (iii) the Company's ability to successfully integrate AirTran and its employees; (iv) the impact of governmental and other regulation related to the Company's operations and the leases and subleases; (v) the impact of fuel prices, economic conditions, and actions of competitors on the Company's business decisions, plans, and strategies; and (vi) 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 fiscal year ended December 31, 2011.

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