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Southwest Airlines Rings In The New Year Under Tax Reform With Employee Bonus, Charitable Contribution, And Further Investment In Its Boeing Fleet

DALLAS, Jan. 2, 2018 /PRNewswire/ -- [Southwest Airlines Co.](#) (NYSE: LUV) announced today the Company's plans to celebrate the recent tax reform legislation.

The Southwest Board of Directors authorized a bonus to all Southwest Airlines Employees to celebrate the recent passage of the tax reform legislation. All Fulltime and Parttime Southwest Employees employed with Southwest on Dec. 31, 2017, will receive a \$1,000 cash bonus on Jan. 8, 2018.

"We applaud Congress and the President for taking this action to pass legislation, which will result in meaningful corporate income tax reform for the transportation sector in general, and for Southwest Airlines, in particular," said Southwest's Chairman and Chief Executive Officer Gary Kelly. "We are excited about the savings and additional capital, which we intend to put to work in several forms—to reward our hard-working Employees, to reinvest in our business, to reward our Shareholders, and to keep our costs and fares low for our Customers."

Kelly continued, "I am also proud to report that we have donated an incremental \$5 million to charitable causes as a result of tax reform. Throughout 2018, we will work with our charitable partnerships to put this money to work in the communities we serve and where our Employees work and live."

Southwest also is increasing its fleet investment with its longtime business partner, Boeing, to support future growth opportunities and fleet modernization at favorable economics. The Company exercised 40 Boeing 737 MAX 8 options for 15 firm orders in 2019 and 25 firm orders in 2020, and deferred 23 Boeing 737 MAX 7 firm orders from 2019 through 2021 to 12 firm orders in 2023 and 11 firm orders in 2024. The Company's 2018 available seat mile growth plans remain unchanged.

Kelly continued, "Southwest Airlines has long been an example in corporate America of a Company that puts People first by taking care of our Employees, our Customers, our Shareholders, and our Communities. Today's news is a wonderful example of that leadership and commitment."

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 Act of 1934, as amended. Specific forward-looking statements include, without limitation, statements related to (i) the expected benefits to the Company and its industry of the recent tax reform legislation, including, in particular, expected financial benefits; (ii) the Company's financial,

operational, and other plans associated with the expected benefits; and (iii) the Company's fleet plans and expectations. 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 impact of governmental actions, economic conditions, consumer behavior, fuel prices, actions of competitors (including without limitation pricing, scheduling, capacity, and network decisions and consolidation and alliance activities), and other factors beyond the Company's control, on the Company's business decisions, plans, and strategies; (ii) the Company's dependence on third parties, in particular with respect to its fleet plans; and (iii) 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, 2016.

ABOUT SOUTHWEST AIRLINES CO.

In its 47th year of service, Dallas-based [Southwest Airlines Co.](#) (NYSE: LUV) continues to differentiate itself from other air carriers with exemplary Customer Service delivered by more than 55,000 Employees to a Customer base topping 115 million passengers annually, in recent years. Southwest became the nation's largest domestic air carrier in 2003 and maintains that ranking based on the U.S. Department of Transportation's most recent reporting of domestic originating passengers boarded. During peak travel seasons, Southwest operates more than 4,000 weekday departures among a network of 100 destinations in the United States and 10 additional countries. Southwest has announced its intention to sell tickets in 2018 for service to Hawaii, subject to requisite governmental approvals.

Southwest coined [Transfarency](#)[®] to describe its purposed philosophy of treating Customers honestly and fairly, and low fares actually staying low. Southwest is the only major U.S. airline to offer bags fly free[®] to everyone (first and second checked pieces of luggage, size and weight limits apply, some carriers offer free checked bags on select routes or in qualified circumstances), and there are no change fees, though fare differences might apply.

As launch customer of the Boeing 737 MAX 8 in North America, the Company operates the largest fleet in the world of Boeing aircraft, all of which are equipped with satellite-based WiFi. Customers who connect to the WiFi network may use their personal devices to view on-demand movies and television shows, as well as nearly 20 channels of free, live TV.

With a bold new look first unveiled in 2014, Southwest is progressing through a multi-year refresh of its fleet to showcase the carrier's *Heart*: a new logo, aircraft livery, interior design featuring new seats, Employee-designed uniforms, and an updated airport experience, all of which showcase a dedication of Southwest Employees to connect Customers with what's important in their lives.

From its first flights on June 18, 1971, Southwest Airlines launched an era of unprecedented affordability in air travel described by the U.S. Department of Transportation as "The Southwest Effect," a lowering of fares and increase in passenger traffic wherever the carrier serves. With 44 consecutive years of profitability, Southwest is one of the most honored airlines in the world, known for a triple bottom line approach that contributes to the carrier's performance and productivity, the importance of its People and the communities they serve, and an overall commitment to efficiency and the planet. The 2016 Southwest Airlines One Report[™] can be found at [SouthwestOneReport.com](#).

Book Southwest Airlines' low fares online at Southwest.com or by phone at 800-I-FLY-SWA.

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