

# SWA IN A NUTSHELL

## Invention of the Low-Fare Airline

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It all began on a cocktail napkin more than 37 years ago. Attorney Herb Kelleher and businessman Rollin King created what would become the “Texas Triangle,” a route structure connecting Dallas, Houston, and San Antonio. The new service, which officially created the low-fare category in the airline industry, was inaugurated on June 18, 1971.

Within three years of our first flight, we were operating profitably and had carried more than one million Customers. Today, more than 100 million passengers travel annually on our airline—making us the largest air carrier in the United States (in terms of domestic boardings). This year we are proud to celebrate our 35th consecutive year of profitability.

## Positively Outrageous Service

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At Southwest Airlines, our Customers and our Employees are our top priority. We always capitalize the “C” in “Customer” and the “E” in “Employee” and paychecks are signed “From Our Customers.” These habits visibly remind us of what is most important in the Customer Service business.

Positively Outrageous Service is stressed from day one to all Employees – from Ground Operations Agents to Flight Attendants. It is not unusual to see a Vice President “pitch in” to help a Ramp Agent load bags, or a Station Manager go out of his/her way to make sure Customers are comfortable. Every Employee recognizes our goal of excellent Customer Service, regardless of rank or job description.

It is this system-wide dedication to Positively Outrageous Service that has won our airline tremendous industry recognition. Since 1997, FORTUNE magazine has included Southwest on its list of America’s Most Admired Companies.

## The Trickle-Down Personality

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Besides being smart, efficient, and dedicated, Southwest Airlines’ 34,000+ Employees are “required” to be one more thing – FUN! Humor is an essential element of Southwest’s success and this attitude comes straight from the top. Herb Kelleher, our off-the-cuff CoFounder and Chairman Emeritus, has (among other things) dressed up like Elvis, given out whiskey with airline tickets, and settled an industry dispute with an arm-wrestling competition.

It is from such unique leadership that our extraordinary corporate Culture has evolved, and the motto “We take the competition seriously, but we don’t take ourselves seriously” has been fully embraced. Employees routinely dress-up and decorate offices for holidays, tell silly jokes, and even *sing* in-flight instructions to our Customers.

So how do we find Employees who fit the Southwest mold? Each Employee is carefully chosen from the 320,000+ applications that Southwest receives each year, and *attitude* is the essential attribute that Southwest recruiters look for in each new Employee.

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## Growing an Airline

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Getting Southwest Airlines off the ground was not an easy task. There were laws, lawyers, and politicians who did not want our cheap, no frills flights entering into the non-competitive airline industry.

But Southwest Airlines thrived, and it is because we provide a much-needed service – affordable airfare for everyone, coupled with legendary Customer Service. Not only has this service made us a lot of friends, but it has also made us one of the fastest growing airlines in the nation and the number one airline in 97 of the top 100 markets we serve! (Based on 2007 DOT data for Southwest Airlines' top 100 markets in terms of domestic O&D passengers (excluding domestic portions of international journeys)).

There will always be other air carriers that try to replicate Southwest Airlines unique business strategy. But the truth is, Southwest Airlines *invented* competition in the airline industry, therefore, we know how to handle competition from other carriers. Unlike other carriers, the Employees of Southwest Airlines know how to have FUN while turning a profit – it truly is the Employees of Southwest Airlines who set us apart from the rest.

## Growing a City

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Southwest Airlines provides more than just air travel to the communities it serves. By attracting new Customers to the airport with low-fares and high frequency, Southwest creates jobs for residents and revenue for the city. Keep in mind that Southwest Airlines doesn't just draw Customers from other airlines; we attract new Customers who otherwise could not afford to fly. This phenomenon increases overall traffic to the airport and has been dubbed "the Southwest effect" by the Department of Transportation.

One clear and recent example of the "Southwest effect" occurred after our entry into the Denver market. We began service to Denver International Airport on January 3, 2006, and in just one year, Southwest Airlines' service from Denver blossomed—making it one of the fastest growing new city launches in Southwest Airlines' history. Today, Southwest Airlines offers Denver travelers 89 daily nonstop roundtrip departures to 28 destinations.

Beyond the low fares and frequent flights, we also find ways to say "thank you" to the communities we serve through volunteer efforts and philanthropic events. In 1985, Southwest Airlines adopted the Ronald McDonald House program, cornerstone of the Ronald McDonald Children's Charities, as its primary corporate charity. Employees regularly cook dinner and offer other volunteer services at nearly 70 Ronald McDonald Houses across the country. Also, the Company annually sponsors the Southwest Airlines LUV Classic golf tournament to benefit the Ronald McDonald House program – since 1985, proceeds from the tournament have totaled close to \$9 million.

The "Home for the Holidays" program is another way we give back to the communities we serve. For 22 years, this program has enabled thousands of senior citizens with economic needs to be reunited with loved ones during the holiday season.

Also, Southwest launched its nationwide Adopt-A-Pilot program in 1997. Each year more than 30,000 fifth-grade students and more than 650 Southwest Airlines pilots team up for a four-week educational and mentoring program emphasizing the importance of education in reaching personal goals.

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## Southwest Scrapbook

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Southwest Airlines has a colorful history, and throughout our five-story building, thousands of framed photos cover our walls, each telling a story of the great people, great accomplishments, and great celebrations that have made our airline what it is today. We even display our old Flight Attendant uniforms on mannequins, reminding everyone that once-upon-a-time, vinyl go-go boots, hot pants, and orange ponchos were *all the rage*.

## Fun Facts to Know and Tell

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In 2007, Southwest Airlines...

- Served 103.8 million bags of peanuts.
- Received 329,200 resumes.
- Hired 4,200 new Employees.
- Employed approximately 1,165 married couples. In other words, about 2,330 Southwest Airlines Employees have spouses who work for the Company.
- Consumed 1.5 billion gallons of jet fuel.

## Innovation

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Southwest Airlines has always prided itself on being on the cutting edge of the aviation industry. It is this ability that has made Southwest one of the most admired and popular Companies in history. Some examples include:

- The first airline to offer a profit-sharing plan to its Employees, beginning in 1973. Through this plan, Southwest Employees own about 8 percent of the Company stock.
- The first major airline to offer “ticketless” travel system-wide.
- The first major airline to enter the information superhighway by creating its own web page on the Internet.
- The first airline to offer online booking.
- The first airline to strategically increase efficiency by utilizing a fleet of all Boeing 737 aircraft.
- The first major airline to use an efficient no-seat-assignment boarding process to facilitate quick turnarounds.
- The first airline to purchase and operate the new Boeing 737-700 in 1998.
- The first airline customer of the Sabre Basic Booking Request reservation system, which allowed travel agents to accommodate the reservation needs of our Customers directly
- The first airline to host a blog, Nuts About Southwest (<http://www.blogsouthwest.com/>).

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