Southwest Airlines

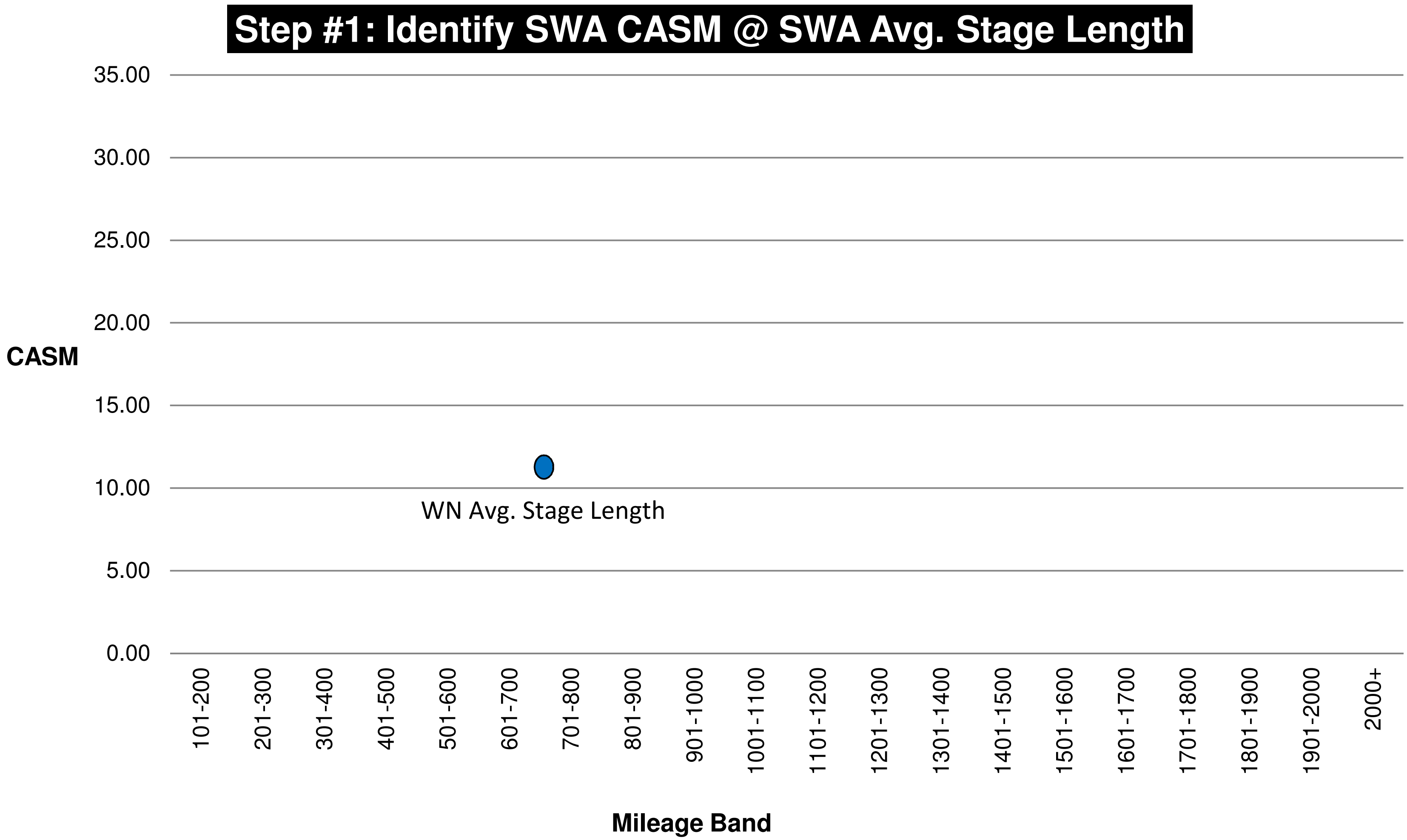
Financial Analysis & SWAPA Discussion

August 23, 2012

Agenda

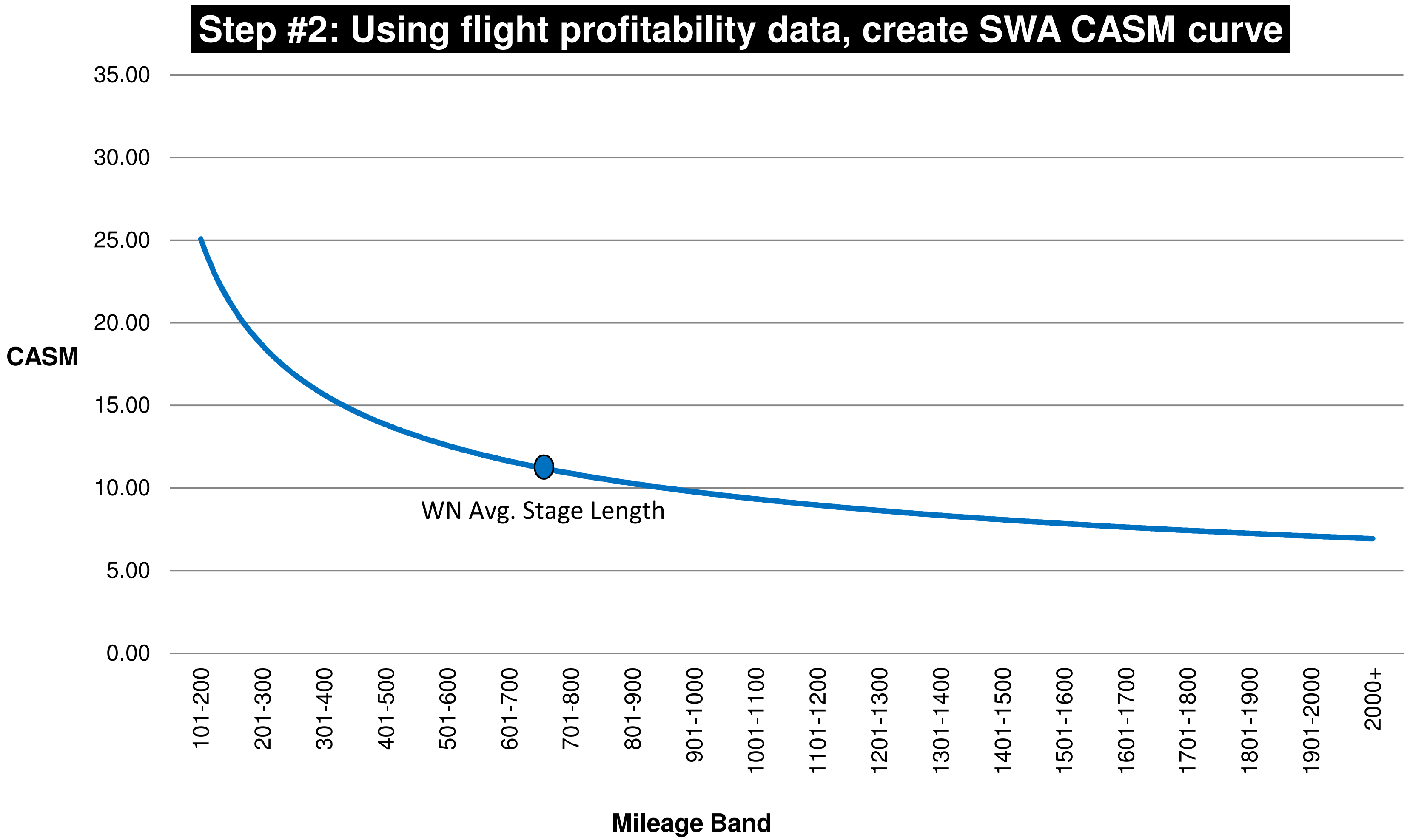
- Our methodology for stage-length adjustments
- 2Q12 Industry Earnings Review
- Capacity-adjusted Market Share
- Ancillary Revenue Analysis
- Cost Comparisons
- Open time

Process of Stage Length Adjusting



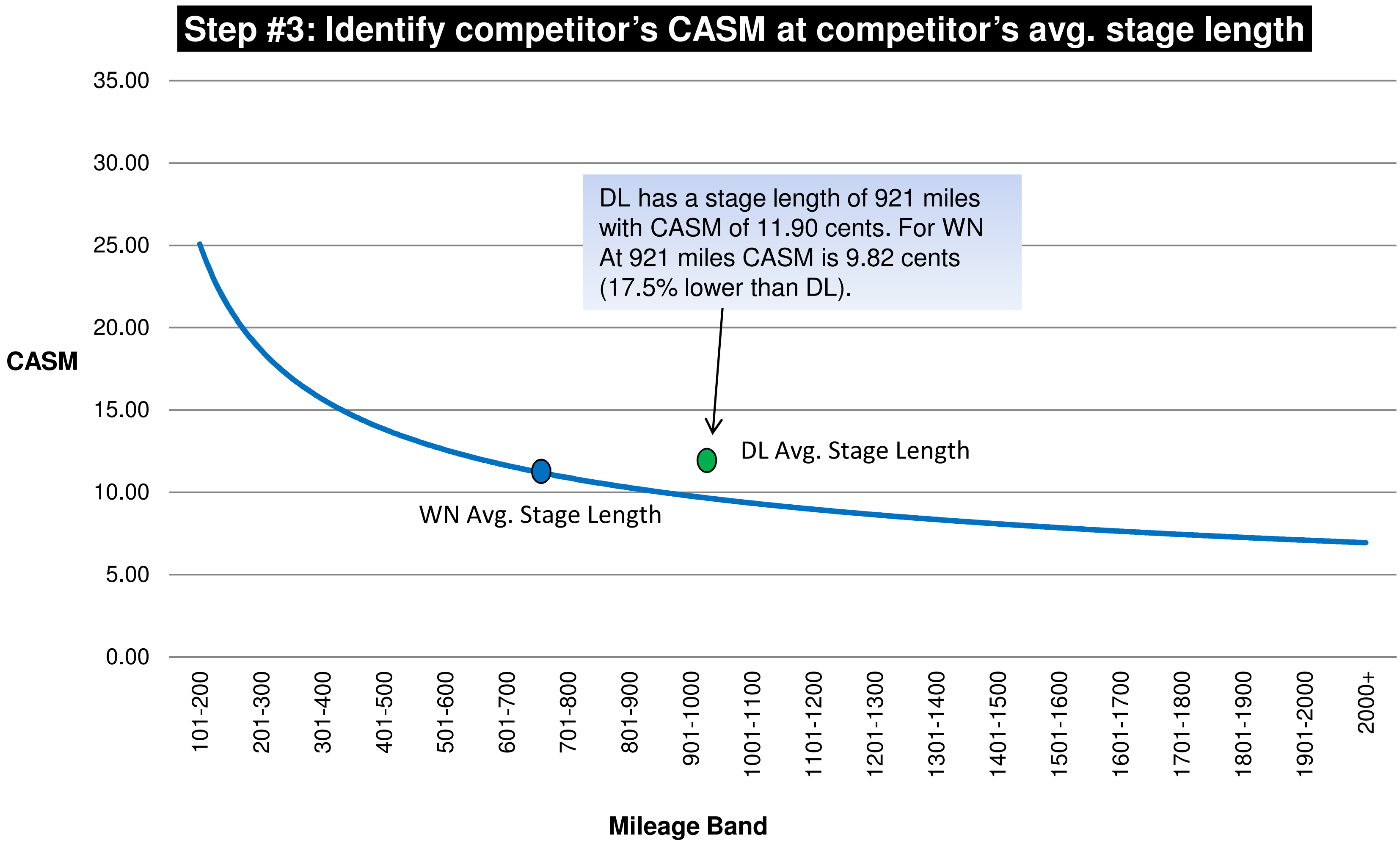
Source: DOT Form 41

Process of Stage Length Adjusting



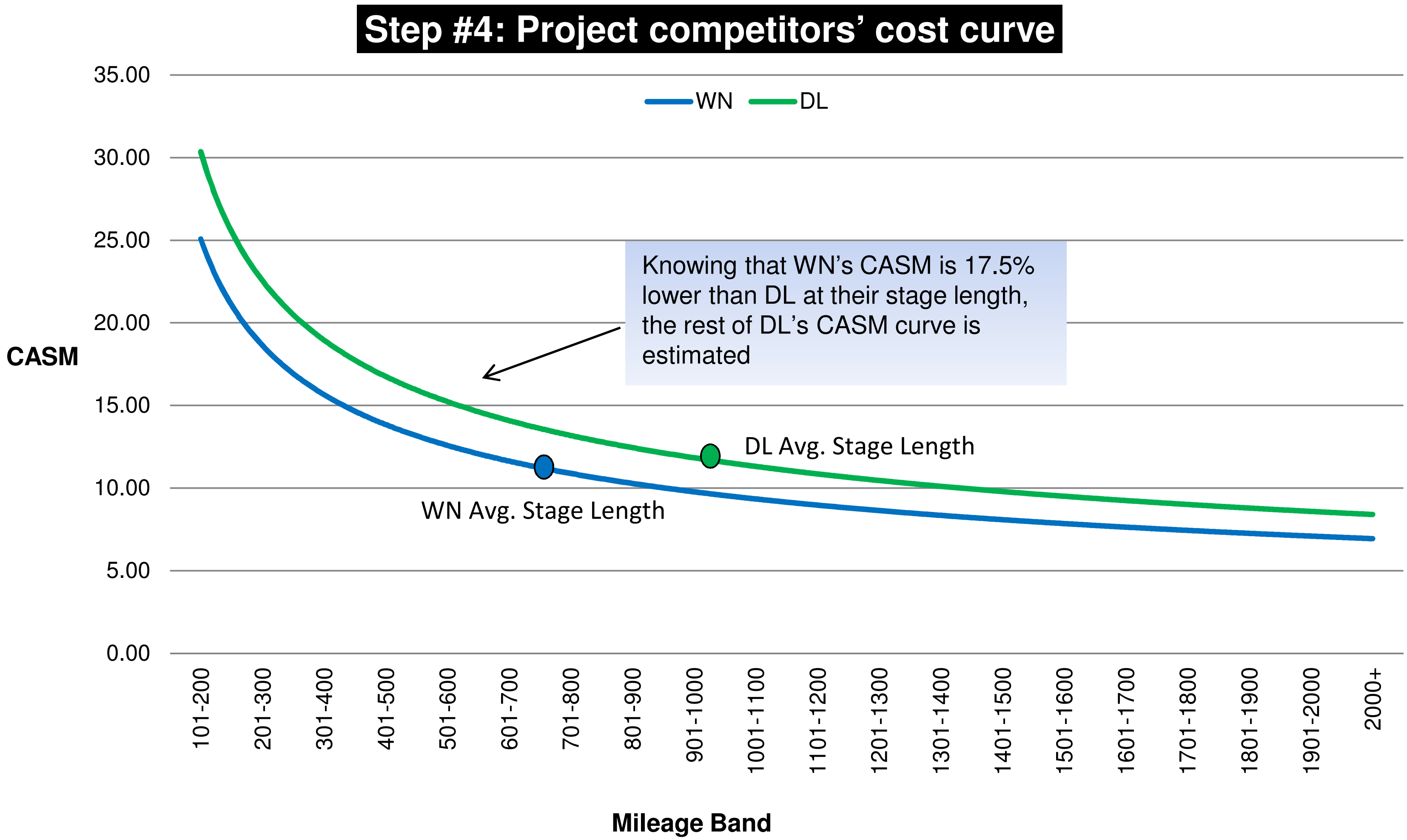
Source: DOT Form 41

Process of Stage Length Adjusting



Source: DOT Form 41

Process of Stage Length Adjusting



Source: DOT Form 41

Southwest Airlines

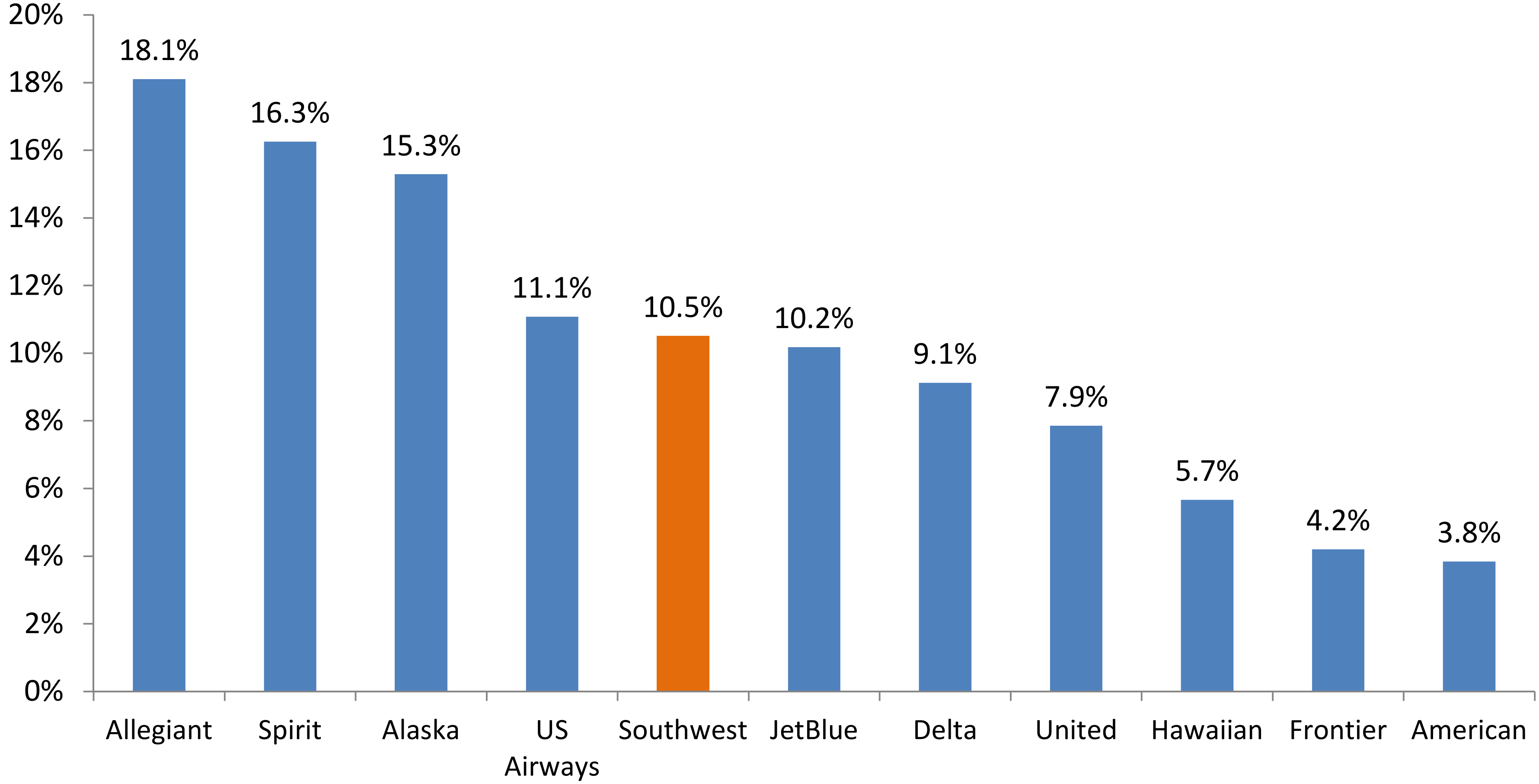
2Q12 Industry Earnings

August 3, 2012

2Q12 Industry Summary

- Demand trends appear stable, including corporate traffic
- Unit revenue comparisons grow more difficult in 3Q; July was guided 2-4 points sequentially below June results
- Major announcements
  - Allegiant will take delivery of 19 A319 aircraft in 4Q12-2015. The aircraft provide more range and a lower cost per passenger than existing MD80s and could enable 20 additional airports within the US and 10 in Mexico compared to MD80 capabilities.
  - United is updating their A319/A320 cabins with larger overhead bins, in-seat power, and slim-line seats allowing for 6 additional seats.
  - Delta has installed Economy Comfort seats on all dual-class domestic & int'l flights.
  - Spirit claims to have an opportunity on 400 routes in North America to cut fares by 25% and be profitable; this is up from 300 due to rising industry fares in late 2011.
  - Spirit's average ancillary revenue per pax increased to $51.47; Allegiant rose to $39.67.

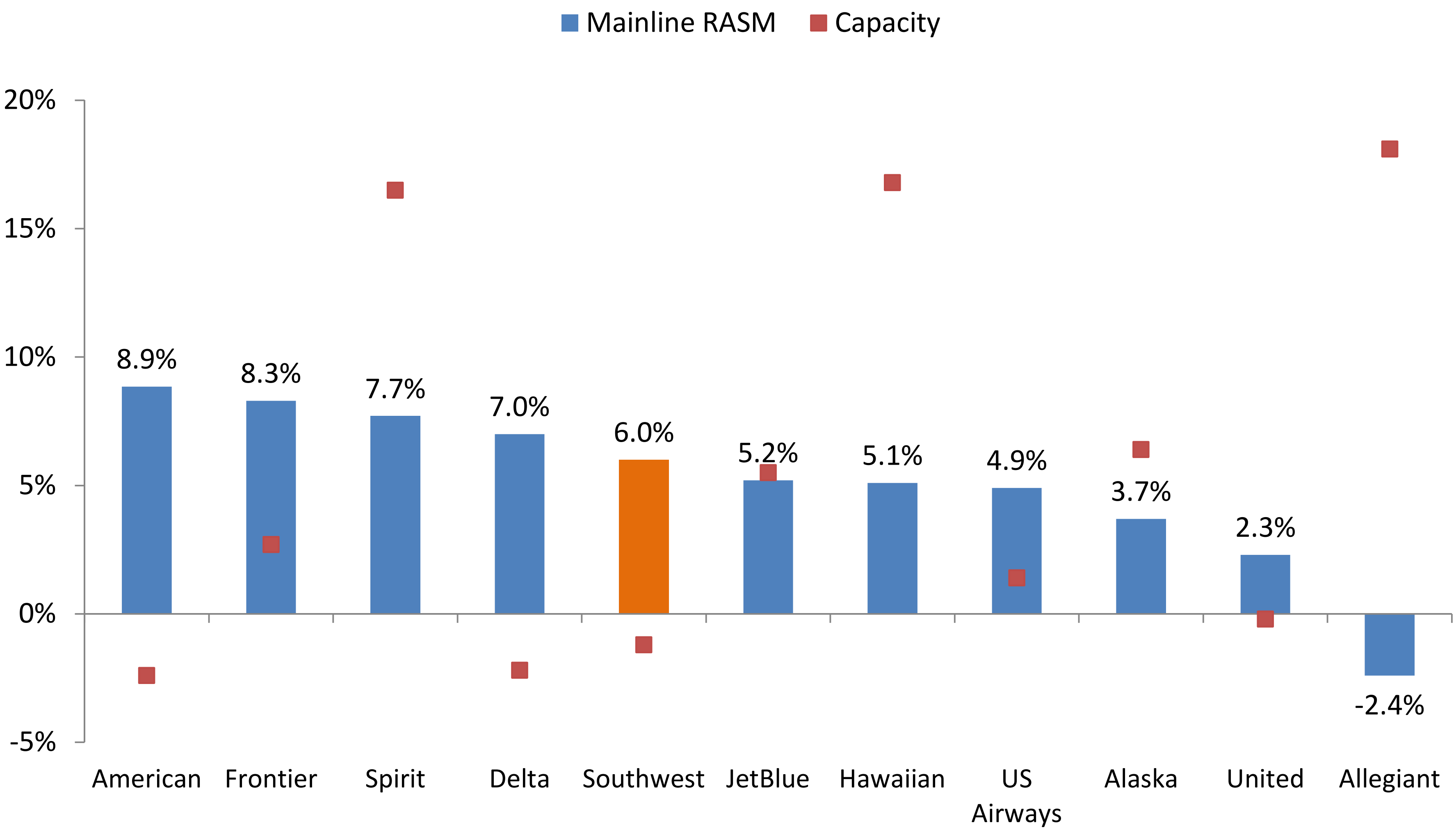
2Q12 Operating Margin, Excluding Special Items



Note: Operating results reflects consolidated operations (mainline + regional) for all carriers

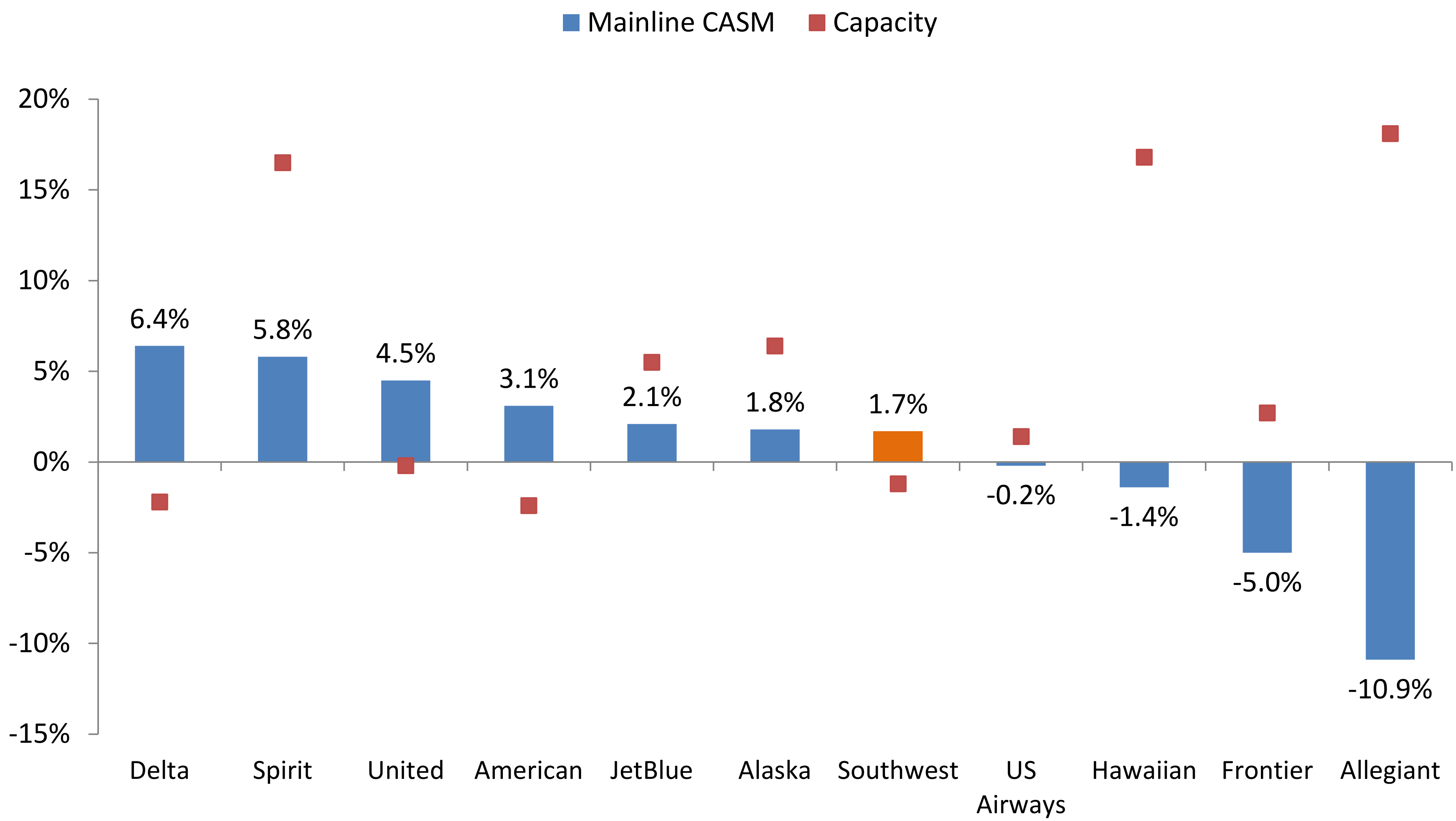
Source: SEC Filings

2Q12 Mainline RASM Growth



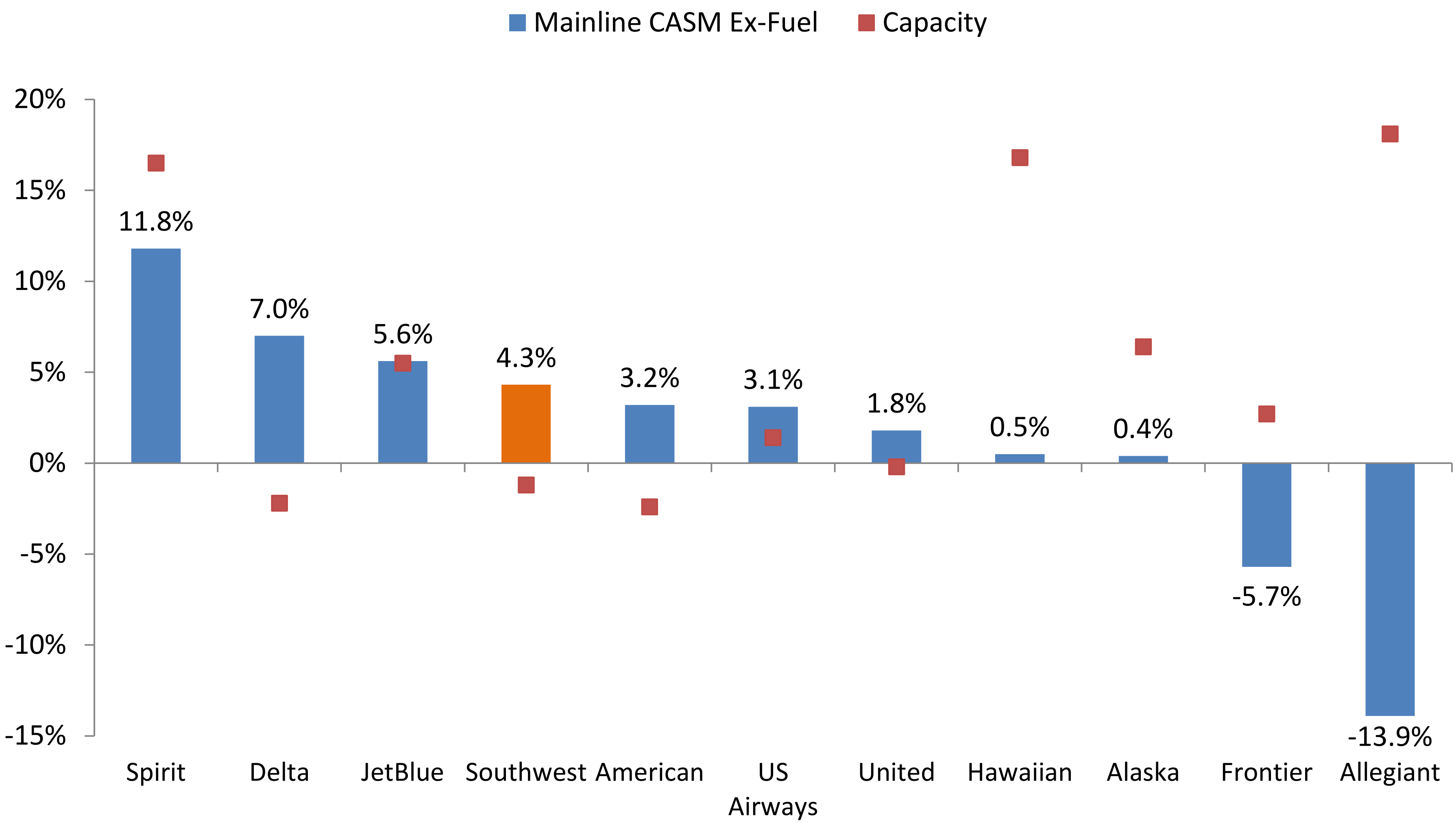
Note: Mainline RASM is calculated as total revenue less regional-partner revenue divided by mainline ASMs
Source: SEC Filings

2Q12 Mainline CASM Growth



Note: Mainline CASM is calculated as total operating expenses less special items and regional-partner expenses divided by mainline ASMs
Source: SEC Filings

2Q12 Mainline CASM Ex-Fuel Growth



Note: Mainline CASM Ex-Fuel is calculated as total operating expenses excluding special items, regional-partner expenses, and economic fuel expense

Source: SEC Filings

Alaska Airlines

Results

	2Q12	YoY	YE2Q12	WN vs. SLA OA (2Q12)	WN vs. SLA OA (YE2Q12)
Net Income (M)	$111	24%	$307		
Net Margin	9%	+1.1 pts	7%		
EPS	$1.53	25%	$4.22		
Op. Income (M)	$185	19%	$529		
Op. Margin	15.3%	+1.3 pts	11.8%		
Mainline RASM	14.13	3.7%	13.62	-22%	-24%
Mainline CASM	11.91	1.8%	12.00	-15%	-15%
Mainline CASM Ex-Fuel	7.46	0.4%	7.62	-20%	-22%

Earnings Drivers & Guidance

- Revenues
  - Consolidated yields up 1pt, LF up 2.2pts for PRASM gain of 3.7%
  - Mainline PRASM up 4.8% despite 4% longer stage length
  - Unit revenue strength in Alaska, Hawaii
  - July LF flat; Aug +1.5pts; Sept +1pt
- Expenses
  - Disappointed by flat CASM ex-fuel, expected lower unit costs as ASM's grow
- Capacity
  - 6.3% ASM growth in 2Q12
- Likely will exceed 10% post-tax ROIC in 2013 for 3rd consecutive year

Conference Call Recap

- 13th consecutive quarterly profit as demand was strong despite uncertain macroeconomic environment
- Continued streak of record LF's (dating back to '09) despite 6% ASM growth. Confident that they are managing capacity effectively.
- Strategic objective for low fares; in order to have low fares, must work towards lowering costs to compete better with LCCs.
- $1.2B unrestricted cash; generated free cash flow of $200M. Cash currently used in share repurchases and to reduce debt.
- Continues to up-gauge fleet to 737-900s, economics are favorable over -700 and offer low-risk approach to growth
- Despite increases by Spirit, Virgin, and United in PDX, competitive capacity in ALK markets looks fairly stable heading into 2H12
- Reaching a "glass ceiling" in LF in summer months, changes in booking curve a result of yield focus
- Bag fee revenue down $4M YTD; shift in customer behavior and increase in exempt passengers at ALK and partner airlines
- Ancillary Rev per Pax $11.60 YTD, down from $12.00 PY. Seeing growth in buy-on-board sales and hotel sales through alaskaair.com
- Opportunity to enhance hotel/package sales on alaskaair.com, especially to Hawaii

Results

	2Q12	YoY	YE2Q12	WN vs. SLA OA (2Q12)	WN vs. SLA OA (YE2Q12)
Net Income (M)	$25	111%	$67		
Net Margin	10.9%	+4.9pts	8%		
EPS	$1.30	110%	$3.47		
Op. Income (M)	$42	102%	$115		
Op. Margin	18.1%	+7.8pts	13.5%		
Mainline RASM	12.41	-2.4%	12.29	0%	-4%
Mainline CASM	10.16	-10.9%	10.64	10%	6%
Mainline CASM Ex-Fuel	5.10	-13.9%	5.43	32%	24%

Earnings Drivers & Guidance

- Revenues
  - RASM of 12.41 (-2.4%) on +18.1% in ASMs
  - 3Q PRASM to decline 7-9%
  - Ancillary revenue per passenger of $39.67 was highest ever
  - 3Q ancillary revenue +10-$12 million
- Expenses
  - 3Q CASM Ex-Fuel decreased 13.9%
  - FY12 CASM Ex-Fuel down 5-10%
  - $3.14 average fuel price (-2.6%)
- Capacity
  - Trip growth of 2-6% in 3Q and 5-9% in 4Q resulting in 14 to 18% and 19 to 23% increase in ASMs, respectively
    - FY12 ASM growth up 20 – 25%
    - FY13 +20 – 25%
  - Orlando to grow by 20% in 2H12

Conference Call Recap

- Announced purchase of 19 A319 aircraft which will allow service to destinations that could not be accessed with current fleet. Allegiant estimates 20 new airports within the US, translating into more than 50 new routes in the continental U.S.
  - 10 additional destinations to Mexico possible (versus what was possible with MD80)
- Fleet: Will add 5 and 6th 757 aircraft into fleet at the beginning of 2013 and "will be adding more routes to Hawaii with announcements forthcoming in the coming weeks." 30 MD80s now have 166 seats.
- First time second quarter results exceeded first quarter (typically strongest quarter for ALGT).
- Despite cautious initial approach to filling additional seats on larger gauge MD80 aircraft, results have exceeded expectations.
- Believe leisure market is a better place to be if there is another recession. Business traffic falls off quicker and cannot be stimulated to the extent as leisure

Results

	2Q12	YoY	YE2Q12	WN vs. SLA OA (2Q12)	WN vs. SLA OA (YE2Q12)
Net Income (M)	$586	60%	$1,854		
Net Margin	6.0%	+2pts	5%		
EPS	$0.69	60%	$2.00		
Op. Income (M)	$888	37%	$3,154		
Op. Margin	9.1%	+2pts	8.7%		
Mainline RASM	15.32	7.1%	14.77	-37%	-38%
Mainline CASM	13.88	6.4%	13.37	-33%	-31%
Mainline CASM Ex-Fuel	8.68	7%	8.53	-39%	-39%

Earnings Drivers & Guidance

- Revenues
  - Total PRASM grew 8.5%; Domestic +8%; Atlantic +9%; Pacific +9%; Latin +8%
  - Yields rose 6.8% on 1.4 LF gain
  - Cargo fell 1%; Other revenue grew 2%
  - Projected 10-12% op margin in 3Q
  - July RASM expected to rise 4-5%; comps "more difficult" for rest of the year
- Expenses
  - $3.37 average fuel price (+4.7%)
  - 3Q CASM Ex-Fuel +5-6%
- Capacity
  - 2Q total ASMs declined 1.3% (domestic mainline fell 1%)
  - 3Q down 1-3% (international down 3-5%)

Conference Call Recap

- Costs: upward cost pressures driven by ASM decreases, wage increases, and enhancements to products, services, and facilities
  - Expects cost reductions through new pilot contract, fleet restructure, early-out retirements, and technology/productivity
  - Targets $1B in structural cost reduction over next several years
- Revenues: 15th consecutive month of RASM premium to industry average; corporate revenues up 14% with 1.5-pt. gain in corporate travel share; 84% of its corporate clients anticipate same or increased Delta travel spend for remainder of 2012
- In 2Q, Trainer refinery transaction closed; plant to operate at full capacity by 4Q; annual savings of $300M
- Product: Economy Comfort now on all DL 2-class flights; opened ATL's new international terminal; international Wi-Fi to start in '13
- Network: recently completed LGA's largest expansion in 40 years; 260 flights to 60 cities; 2Q LGA capacity up 18%
- Fleet: Plans to replace 75% of 50-seat flying; 88 717's and 2-class RJ's will replace 200 50-seaters over next few years
- Operation: record 2Q operational performance; 8-point gain in OTP; mishandled bags down 30%; customer complaints down 20%
- Liquidity: $3.5B in unrestricted cash plus $1.8B in undrawn credit facilities

HAWAIIAN AIRLINES

Results

	2Q12	YoY	YE2Q12	WN vs. SLA OA (2Q12)	WN vs. SLA OA (YE2Q12)
Net Income (M)	$12	+$12	$61		
Net Margin	2.4%	+2.4pts	3.4%		
EPS	$0.22	+$0.22	$1.18		
Op. Income (M)	$28	+$25	$136		
Op. Margin	5.7%	+5pts	7.5%		
Mainline RASM	13.90	5.1%	14.03	-23%	-26%
Mainline CASM	13.05	-1.4%	12.98	-24%	-22%
Mainline CASM Ex-Fuel	8.74	0.5%	8.72	-34%	-32%

Earnings Drivers & Guidance

- Revenues
  - Yields rose 6.1% on 0.1 pt LF gain
  - Total PRASM grew 6.2%; North America rose 6.9% on 1% higher capacity
  - Cargo revenue rose 14%
  - North America is 47% of revenue; International 29%; Inter-Island 24%
- Expenses
  - $3.22 average fuel price (-1.2%)
  - 3Q CASM Ex-Fuel down 0.5-3.5%
  - FY12 CASM Ex-Fuel down 1.5-4.5%
- Capacity
  - 2Q total ASMs rose 16.8%
  - 3Q up 27.5%-29.5%; FY12 up 21-24%

Conference Call Recap

- Strength in close-in bookings at the end of June; demand remains strong.
- Liquidity: $447M in unrestricted cash, with access to $66M undrawn credit facility
- Fleet: 3 A330s delivered, bringing fleet total to 9; plan to accept 5 A330s in FY13
- Network: 8 new cities in last 30 months, 7 of which are international (primarily Japan, Australia, and New Zealand)
- Industry capacity from mainland-to-Hawaii is expected to increase by 15% in 3Q; Hawaiian is growing by 9%.
- Codeshare and Frequent Flyer reciprocity with JetBlue on Honolulu-JFK route to East Coast cities.
- Developing plans for 3-6 turboprop aircraft operation to serve very small island cities.

jetBlue YOU ABOVE ALL

Results

	2Q12	YoY	YE2Q12	WN vs. SLA OA (2Q12)	WN vs. SLA OA (YE2Q12)
Net Income (M)	$52	108%	$143		
Net Margin	4%	+1.9 pts	3%		
EPS	$0.16	100%	$0.45		
Op. Income (M)	$130	51%	$410		
Op. Margin	10.2%	+2.7 pts	8.5%		
Mainline RASM	12.82	5.2%	12.43	-12%	-14%
Mainline CASM	11.51	2.1%	11.23	-9%	-8%
Mainline CASM Ex-Fuel	6.99	5.6%	6.71	-11%	-10%

Earnings Drivers & Guidance

- Revenues
    - PRASM +6%, driven by both yield and LF
    - April +9%; May +3%; June +6%
    - 1pt of June PRASM growth due to cancellations and ATC outage on 6/22
    - July PRASM +3-4%; August impacted by tax holiday and Hurricane Irene, which boosted Aug 2011 by 3 pts.
- Expenses
    - 2Q CASM ex-fuel +5.6%, driven by 50% increase in Maintenance unit costs
    - 3Q CASM ex-fuel +4.5-6.5% due to maintenance
- Capacity
    - 2Q up 5%; 3Q up 7%

Conference Call Recap

- Demand trends solid with strong close-in bookings in late June; east Coast SH BOS Business Mkts are strongest.
- Liquidity: $1.2B in cash, equivalent to 25% of trailing twelve months revenue.
- Fleet: A321 deliveries begin in 2013 with 4 during 4Q; 30 A321s scheduled for delivery through 2016 in addition to A320s/E190s
- Network: continue to profitably grow in Caribbean and Latin America; announced service to Cartagena (CTG), Samana (AZS), and Grand Cayman (GCM) – all routes pending gov't approval
- Ancillary revenue per passenger increased to $20. "Even More" offering on track to generate $150M annually.
- Announced 'TrueBlue Mosaic' tier to FF program. Benefits include 2nd free bag, Even More Speed, early boarding, dedicated service line, bonus points for bookings, and ability to use points for Even More Space.
- New interline agreements with Air China, LOT Polish Airlines, Turkish Airlines, and Cathay Pacific, bringing total to 21 partners.
- Sale of 8 additional seats converted to Even More Space on all E190s began Aug. 1st (16 Even More Space seats on E190)

REPUBLIC AIRWAYS

Results

	2Q12	YoY	YE2Q12	WN vs. SLA OA (2Q12)	WN vs. SLA OA (YE2Q12)
Net Income(M)*	$20	-14.9%			
Net Margin*	2.7%	-			
EPS*	$.40	+$.71			
Op. Income(M)	$16	+$46			
Op. Margin	4.2%	13.4pts			
Mainline RASM	12.19	8.3%		-3%	
Mainline CASM	11.60	-4.7%		-8%	
Mainline CASM Ex-Fuel	7.18	-5.7%		-11%	

*Republic Results, all other values refer to Frontier; due to reporting constraints YE numbers are not available for Frontier

Earnings Drivers & Guidance

- Revenue (Frontier)
  - Total Revenue rose 11.3% on 2.7 % ASM gain
  - RASM rose 8.3% to 12.18 on record LF of 90.1% (+1.7 pts)
  - 3Q RASM projected at 5-7%
- Expenses (Frontier)
  - 2Q CASM ex-fuel down 5.7%
  - 2Q fuel price - $3.35 per gallon
- Capacity (Frontier)
  - 3Q12 & 2H12 capacity down 4%
  - Continue to focus on network restructure

Conference Call Recap

- Continue to focus on separating Republic and Frontier and “return Republic back to its core roots of CPA-type flying on behalf of our legacy airline partners…”
  - Potential information regarding spinoff coming in August
- Tentative plan reduce E190 from 17 to 5; finalized Q400 CPA agreement and extended Embraer 145 agreement with United
- CASM fell due to higher seat density (added row on A320s to 168 seats) and lower non-fuel expenses
- Project systematic improvement s in reducing CASM will align costs with ultra low cost carries within a “reasonable time”
- Developing technology that will allow for sale of additional ancillary products
- Republic’s unrestricted cash position fell 39 million to 180.3 million during 1H12
- Frontier pilots have asked to be release from federal mediation, the NMB has not made a decision

spirit airlines

Results

	2Q12	YoY	YE2Q12	WN vs. SLA OA (2Q12)	WN vs. SLA OA (YE2Q12)
Net Income (M)	$35	35.4%	$112		
Net Margin	10.2%	+0.7pts	9%		
EPS	$0.49	36%	$1.54		
Op. Income (M)	$56	38%	$178		
Op. Margin	16.3%	+1.5pts	14.7%		
Mainline RASM	12.24	7.7%	11.93	-1%	-4%
Mainline CASM	10.26	5.8%	10.18	7%	8%
Mainline CASM Ex-Fuel	6.05	11.8%	5.97	8%	10%

Earnings Drivers & Guidance

- Revenues
  - PRASM grew 0.8%
  - Yields rose 9.1% on a 1.1 LF drop
  - Ancillary revenue per pax rose 18.6% to $51.47, while average fare fell 1.1% to $81.06
  - July and August bookings "stable"
- Expenses
  - $3.32 average fuel price (flat)
  - 3Q CASM Ex-Fuel +5.2-6.1%
  - 4Q CASM Ex-Fuel "down mid-single digits"
- Capacity
  - 2Q ASMs increased 16.5%
  - 3Q up 22%; 4Q up 30.2%; FY12 up 21.6%

Conference Call Recap

- Costs: 2Q CASM Ex-Fuel growth driven by 3.2% stage length decrease (+1.8 CASM pts), start-up of seat maintenance program (+2 pts), pax reaccomm due to irregular ops (+2 pts), and by higher airport and crew costs due to network scope changes
  - "Disappointed" with most recent cost performance, intends to keep cost advantage and lower its future CASM below 6 cents with annual growth (15-20% for several years) and larger gauge
- Future RASM comps get "much more difficult" quarter to quarter; 3Q '11 benefited from capacity shifts and tax holiday
- Network: 2Q saw new Spirit service in MSP, DEN, and Toluca; DFW destinations now up to 26; rising industry fares in 2011 have expanded Spirit's opportunity from 300 markets to 400, or the equivalent of roughly 180 aircraft (more than what's on order)
- Product: Now reaching 80% of population in top 25 metros, expects revenue growth from new $9 FareClub and credit card sign-ups
- Fleet: Took delivery of 2 320's in 2Q, ending quarter with 42 aircraft; expects delivery of 2 additional 320's this year and 7 in 2013
- Liquidity: $415M in unrestricted cash; still remaining debt-free
- ROIC: 30.3% in last twelve months

UNITED

Results

	2Q12	YoY	YE2Q12	WN vs. SLA OA (2Q12)	WN vs. SLA OA (YE2Q12)
Net Income (M)	$545	-5.5%	$1,141		
Net Margin	5.5%	-0.4pts	3%		
EPS	$1.41	-5.4%	$2.84		
Op. Income (M)	$781	-7.8%	$2,023		
Op. Margin	7.9%	-0.8pts	5.4%		
Mainline RASM	14.40	2.3%	14.07	-43%	-46%
Mainline CASM	13.28	4.5%	13.22	-37%	-37%
Mainline CASM Ex-Fuel	8.31	1.8%	7.42	-45%	-45%

Earnings Drivers & Guidance

- Revenues
  - Yields rose 1.8% on 0.9 pt LF gain
  - Total PRASM grew 3.0%; Domestic +1.1%; Pacific +6.6%; Atlantic +2.3%; Latin -3.4%
  - Cargo fell 16%; Other revenue grew 11%
  - Mainline domestic advance bookings +2.7 pts over next 6 weeks; July PRASM flat
- Expenses
  - $3.29 average fuel price (+6.4%)
  - 3Q CASM Ex-Fuel +3-4%
  - FY12 CASM Ex-Fuel +2.5-3.5%
- Capacity
  - 2Q total ASMs declined 0.6% (domestic mainline fell 0.5%)
  - 3Q down 0.7-1.7%; FY12 down 0.5-1.5%
  - FY13 flat to up 1%

Conference Call Recap

- 2Q results impacted by conversion to single passenger service system and operational issues from optimizing combined fleet.
- Liquidity: $7.7B in unrestricted cash and $500M undrawn credit facility
- Corporate revenue rose 16%; Economy Plus grew 25% (~18% excl. new seats); premium cabin upsell increased 20%.
- Product: Economy Plus seating on 86% of mainline fleet, on all by January 2013. Satellite WiFi on mainline fleet by 2015.
- Fleet: Ordered 100 737-900MAX/50 737-900NG; first 787 in September. Plan to hold 1,250 a/c fleet flat over next 5 years.
- ROIC: 10% across trailing 12 months
- Adding 6 seats to A319/A320s with slim-line seats and redesigning interior with better bins, lighting, WiFi, and in-seat power.
- On August 3, United announced an agreement in principle was reached on a new joint collective bargaining agreement with ALPA

U·S AIRWAYS

Results

	2Q12	YoY	YE2Q12	WN vs. SLA OA (2Q12)	WN vs. SLA OA (YE2Q12)
Net Income (M)	$321	203%	$415		
Net Margin	9%	+5.5 pts	3%		
EPS	$1.61	188%	$2.12		
Op. Income (M)	$416	127%	$782		
Op. Margin	11.1%	+5.9 pts	5.7%		
Mainline RASM	14.64	4.9%	14.13	-22%	-21%
Mainline CASM	13.09	-0.2%	13.16	-20%	-18%
Mainline CASM Ex-Fuel	8.42	3.1%	8.43	-26%	-25%

Earnings Drivers & Guidance

- Revenues
  - Total PRASM +6.8% due to strong yields
  - July PRASM +1-2%, Aug/Sep +0-2%
  - 3Q comps impacted by tax holiday (2.5% benefit in Aug, .5% in Sep) and LCC outperforming the industry in 2011
- Expenses
  - $3.18 average fuel price (-3.5%)
  - 3Q CASM Ex-Fuel & PS up 1-3%
  - FY12 CASM Ex-Fuel & PS 0%-2%
- Capacity
  - 2Q ASMs up 1%
  - FY12 domestic ASMs +2%; international flat to up 1%

Conference Call Recap

- Business traffic modestly slowed in May as macroeconomic climate cooled and fuel declined; leisure/overall traffic remain solid.
- Business passenger price elasticity hasn't changed, but travelers are now quicker to change spending amongst economic changes
- Liquidity: $2.5B unrestricted cash
- Received non-disclosure agreement from AMR; LCC has niche and standalone profit, but believes merger is best option for both
- Estimate DC slot swap added $14M profit to 2Q12 results – feel $75M annual estimate will end up being conservative
- Charlotte has been LCC's best hub and they feel it is one of the best hubs in the country for any airline
- Improved operations (baggage handling and OTP) difficult to measure, but LCC estimates annual impact in tens of millions of dollars
- European flights not too impacted by economy; a majority of LCC traffic is US originating – even Greece, Italy, Spain and Portugal
- LCC ok with little fare increase activity; not running comparable fare sale can have more impact than a $3 structural fare increase

First Quarter 2012 Results

Results

	1Q12	YoY	YE1Q12	WN vs. SLA OA (1Q12)	WN vs.SLA OA (YE1Q12)
Net Income(M)	-$76	-$31			
Net Margin	-28.5%	-6.3pts			
EPS	-	-			
Op. Income(M)	-$49	-$19	-$38		
Op. Margin	-18.2%	-3.5pts	-3.5%		
Mainline RASM	9.45	2.2%	10.51	-7%	-3%
Mainline CASM	11.17	5.3%	10.88	-21%	-8%
Mainline CASM Ex-Fuel	6.84	1.0%	6.59	-27%	-12%

Earnings Drivers & Guidance

- Revenues
  - RASM +2.2% on +29% in ASMs
  - Yield -4.8% while LF +4.9pts
- Expenses
  - CASM ex-fuel +1%
  - $3.35 per gallon, +13.9%
- Capacity
  - 1Q12 ASMs +29.3%
  - Rapid expansion to slow in mid-2012 until next major fleet delivery in 2013

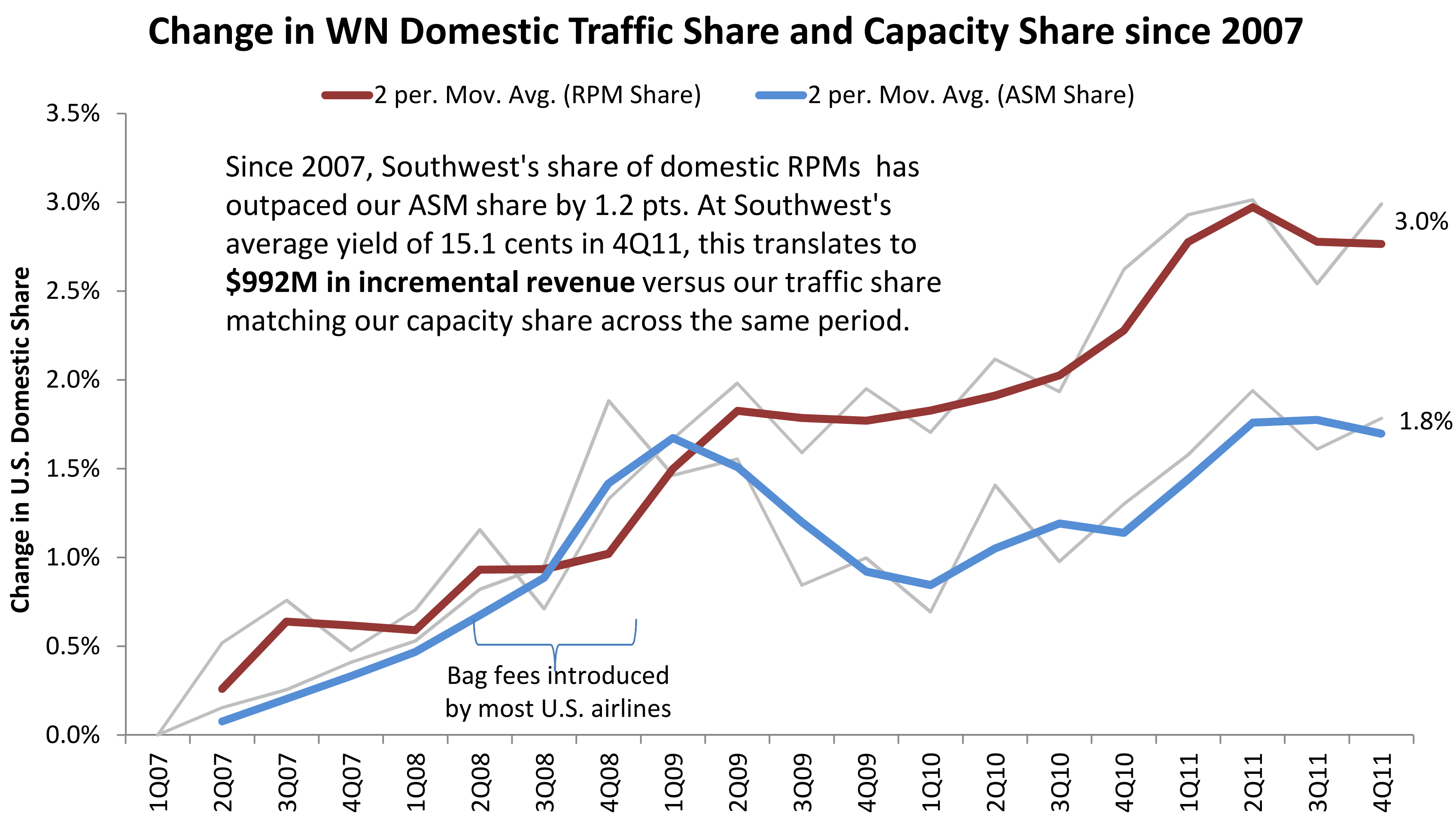
Conference Call Recap

- Problems with new Sabre reservation system reduced revenue in 1Q by 10-15 million
  - New reservation system allows for linkage of loyalty programs between Virgin America, Atlantic and Australia
- Based on its 2011 growth, Virgin America is now considered as a “major carrier” by the DOT
- Implemented 6 new interline partnerships in 1H12, 14 total partners
- Ended 1Q12 with $111 million in unrestricted cash
- At the end of 1Q12, operated 51 aircraft - delivery of 5 A320 a/c in the quarter
- Product: Main Cabin Express preferred seating will be offered for $20

Southwest Airlines

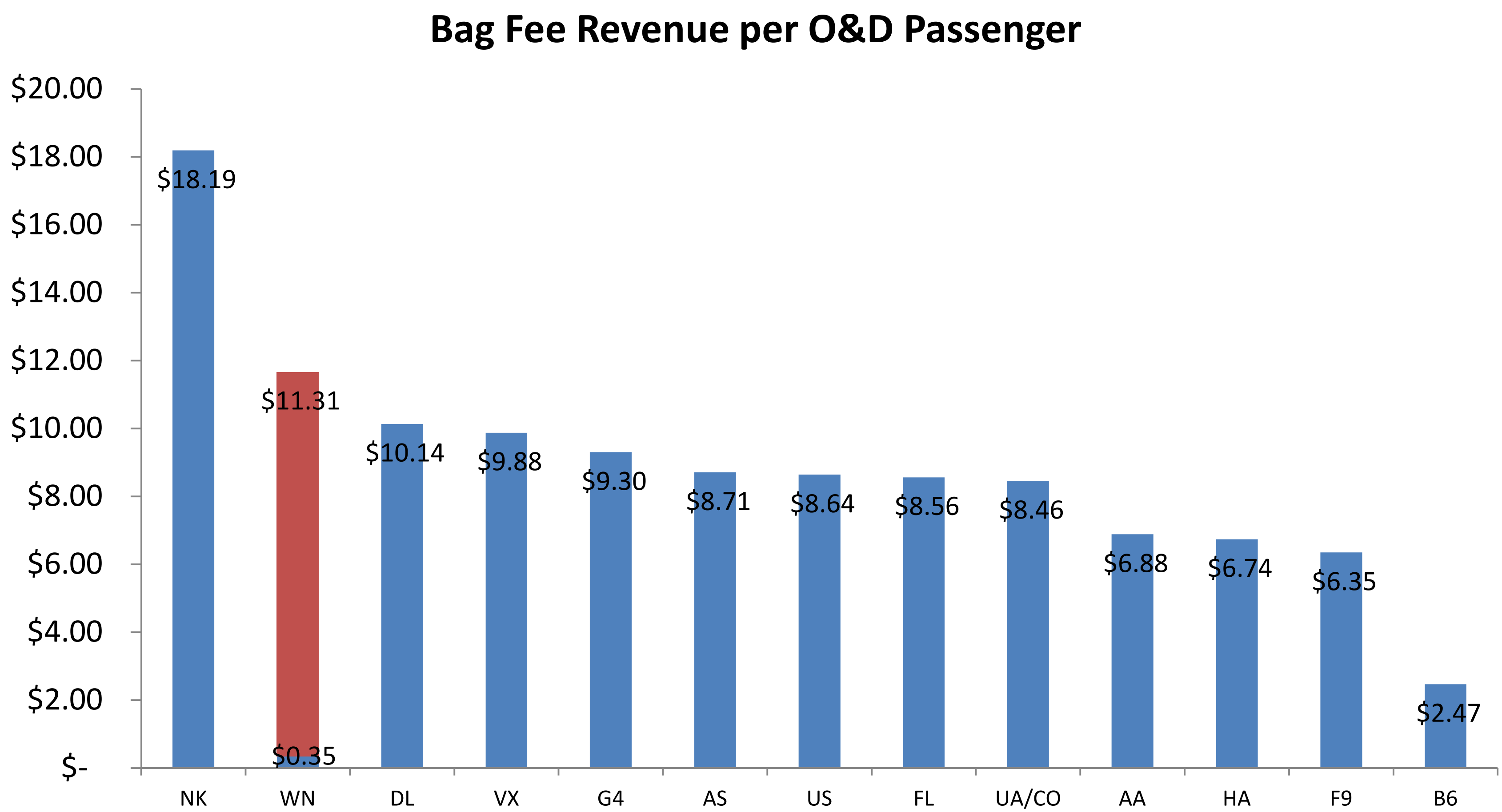
Market Share Shift Analysis

Beginning in early 2009, Southwest's share of industry traffic grew significantly faster than capacity share



Source: DOT T-100 and DB1B O&D Survey

Accounting for the impact of the market share shift is significant



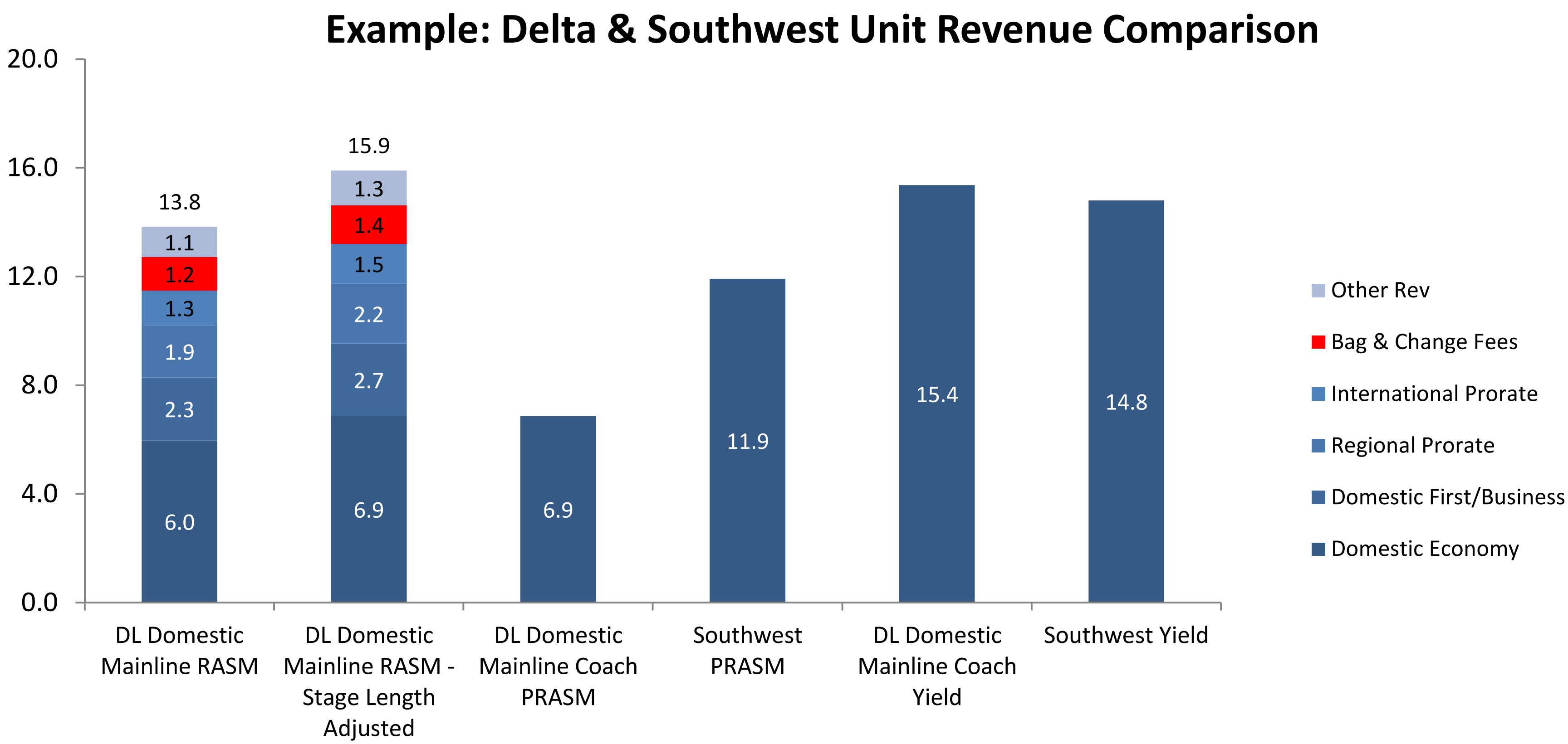
Source: DOT Form 41

Southwest Airlines

Domestic Unit Revenue Performance

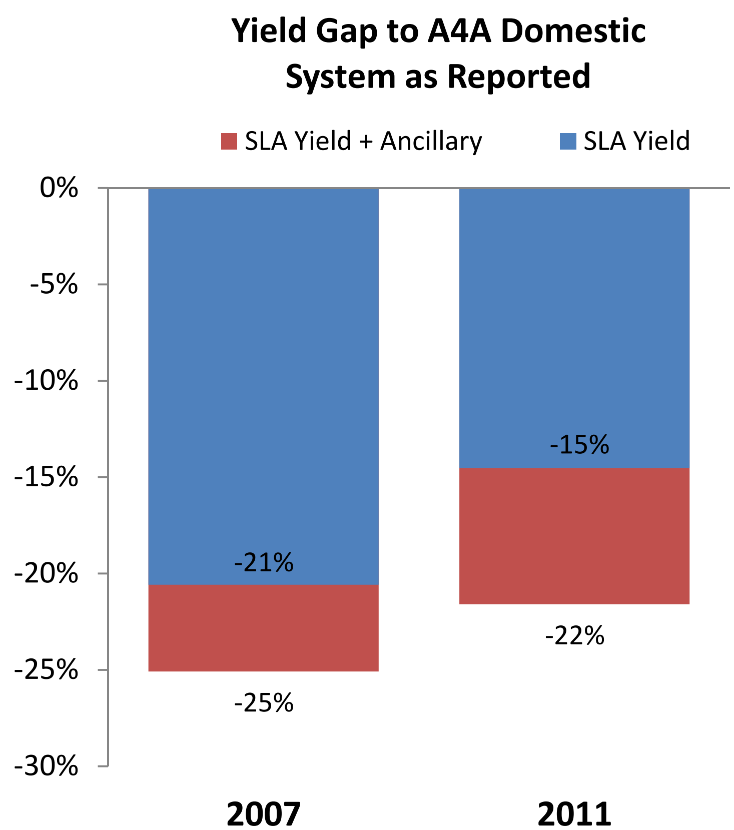
April 23, 2012

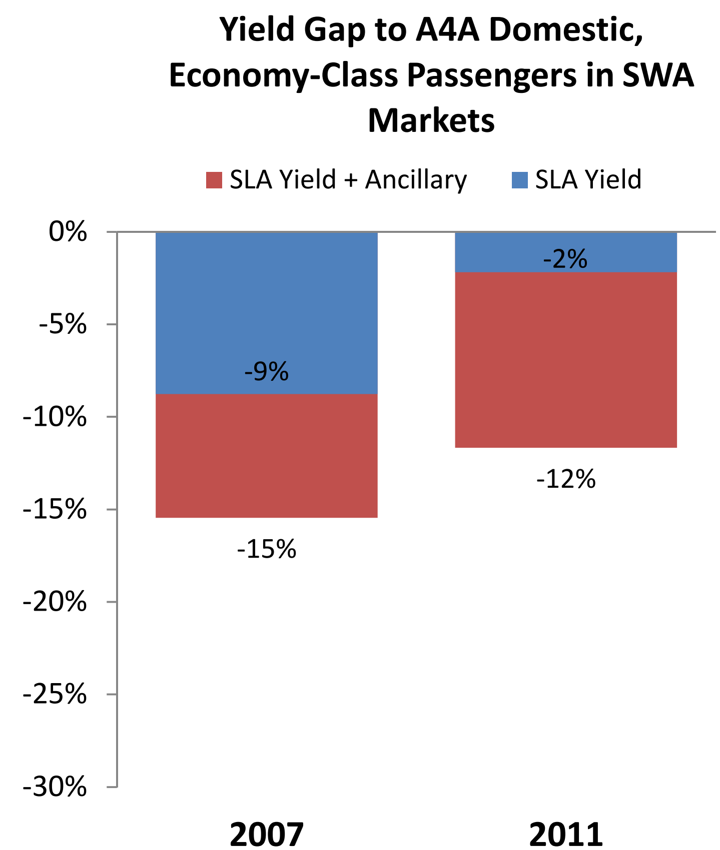
Delta's domestic mainline RASM, as reported in DOT Form 41 data, is composed of several business segments in which Southwest does not compete. By analyzing DOT O&D ticket survey data (DB1B), it is possible to isolate OA revenue generated by domestic, mainline-only, coach passengers for the most equitable comparison to Southwest performance. Since ASMs do not change based upon passengers carried, RPMs and Yield become the most appropriate measure.



Southwest Revenue Performance vs. Industry Since 2007

• Southwest system yield gap to the industry (-15%) narrows significantly after excluding passengers that we do not compete for and markets that we do not serve (-2%).
• In addition, Southwest has closed a significant portion of this gap since 2007, from -9% to -2%.
• However, ancillary fee revenue has offset much of this gain.





Source: DOT DB1B O&D Survey & A4A Monthly Passenger Revenue Report