Our People make Southwest Airlines one of the world’s most admired companies.

As our greatest asset, our People create a FUN travel experience; respond with compassion when travel plans change; generate innovative ideas that enhance the Customer Experience; and donate their time and LUV to those who need it.

At Southwest Airlines, we’re a Family dedicated to our Employees, our Customers, and the communities we serve. Our unique corporate Culture, commitment to giving back, and putting Employees first contributes to our being recognized as a best place to work. Southwest Airlines offers our 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. In return, our Employees respond with passion, commitment, and a rich diversity of perspectives that translate into better Customer Service and a dedication to doing the right thing. Our Customers fly Southwest Airlines not only for programs like Bags Fly Free,® but because they like us. Together, as the hometown carrier that cares, we aspire to make a positive difference by giving back to the communities we serve. Our commitment to giving back gives our Employees a sense of pride and purpose that Southwest Airlines does the right thing. With a Warrior Spirit, a Servant’s Heart, and Fun-LUVing Attitude, we strive to do what’s right by our stakeholders and each other. It’s the Southwest Way.
Our nearly 35,0001 Southwest Airlines Family Members create innovative programs to increase productivity, generate ideas to trim costs, give back to our communities and the planet, and take time to celebrate.

At Southwest Airlines, we're proud of our unique Culture and storied nearly 40-year history, made possible by our dedicated Employees, who do more than deliver the friendly, high-quality Customer Service for which we're known. Our nearly 35,0001 Southwest Airlines Family Members create innovative programs to increase productivity and make their work lives easier, generate ideas to trim costs so we can keep fares affordable, give back to our communities and the planet, and take time to celebrate Company and personal milestones. It’s Living the Southwest Way—a Warrior Spirit, a Servant’s Heart, and a Fun-LUVing Attitude.

LOOKING FORWARD: CITIZENSHIP AT SOUTHWEST AIRLINES

In 2010, we continued to honor our commitment to creating a sustainable company and the triple bottom line—Performance, People, and Planet—by developing a cross-departmental team whose main goal is to identify and define key performance indicators within citizenship to better identify opportunities and establish goals for the long term sustainability of Southwest Airlines and progress in all aspects of citizenship in our business practices. Our citizenship committee has started defining key performance indicators (KPIs) based on a materiality analysis. At Southwest Airlines, we feel strongly that our KPIs will allow us to:

* Enhance our commitment to our Performance, People, and Planet
* Track and monitor progress
* Benchmark ourselves against our industry counterparts
* Better define future goals
* Increase Employee involvement
* Improve communication to Stakeholders

Once our KPIs are defined and we begin to track related progress, we will then be able to better understand our successes and address our opportunities as well as find innovative ways to improve. Our citizenship committee’s work is ongoing, and we plan to discuss more about its progress in the 2011 Southwest Airlines One Report™.
Materiality
Materiality is a financial accounting concept that has recently been applied to corporate citizenship and triple bottom line reporting as a way to focus a company’s efforts on economic, environmental, and social impacts that pose the most significant opportunities and risks. The Global Reporting Initiative *Sustainability Reporting Guidelines* version 3.0 recommends that reporters, like Southwest Airlines, rely on a materiality analysis to determine the issues that are most important to stakeholders.

1 Based on active, full-time equivalent Employees as of Dec. 31, 2010
PEOPLE > EMPLOYEES > BENEFITS

In 2010, we contributed nearly $350 million to Employee retirement savings alone.

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 2010 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 $590 million on an accrual basis. In addition to vacation, paid holidays, and sick leave, we offered our Employees, full-time and part-time, the following benefits:

* 401(k) retirement savings plan
* ProfitSharing Plan
* Medical
* Prescription
* Vision
* Dental
* Pre-tax commuter benefit
* Mental health Employee assistance program
* Life insurance
* Accidental death and dismemberment
* Long-term disability
* Dependent life insurance
* Dependent care spending account
* Health care spending account

RETIREMENT PLANNING

We are happy to do our part to contribute to the financial security of our Employees through two different tax-qualified savings plans or defined contribution plans. In 2010 alone, Southwest Airlines contributed nearly $350 million to our Employees’ retirement savings through our 401(k) Company matching and our ProfitSharing Plan.

We have tremendous participation in our 401(k) Plan, with 86.5 percent of eligible Employees participating in 2010 compared to the national average of 70 percent. Since the inception of our 401(k) Plan in 1990 for Pilots and 1991 for all other Employees, Southwest Airlines has contributed more than $1.5 billion to the program. In 2010, we contributed nearly $193 million to match the funds our Employees were contributing to their 401(k) accounts.

All eligible Employees participate in our ProfitSharing Plan, and in 2010, Southwest Airlines contributed nearly $157 million—a contribution equal to 5.7 percent of each eligible Employee’s compensation.

Southwest Airlines does not offer defined benefit plans.
Southwest Airlines Employees completed more than 230,000 hours of safety and security training in 2010.

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.

While we are committed to and 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, we offer a variety of additional training opportunities to our Employees. These opportunities range from external programs for continued development to internal programs focused on Living the Southwest Way.

**LOCAL OUTREACH COORDINATION AMBASSADORS**

In 2009, Southwest Airlines developed a Local Outreach Coordination (LOC) program to connect the efforts of the various activities of Southwest Airlines in the community and to continue our history of being the hometown carrier in each of our cities. In 2010, the program extended to include local Employees, creating the LOC Ambassador program. In 2010, nearly 80 of our LOC Ambassadors convened at our Headquarters in Dallas for a day of training. The purpose of the training was to help them understand our goals and the importance of being a good corporate citizen in our communities as well as to help them connect the various opportunities and programs that we already have in the community. They heard from Marketing on our branding and advertising, People Department on our recruiting efforts, and Community Relations on volunteerism and donations. As our LOC Ambassador program matures and extends to more Employees, they will carry our mission to more fully engage with their community and provide feedback and opportunities that will assist us in achieving our goal of having a positive impact on the community.
DIVERSITY SUMMIT
In 2010, the Southwest Airlines Diversity Council hosted the very first Southwest Airlines Diversity Summit at our Headquarters in Dallas. The inaugural Southwest Airlines Diversity Summit brought approximately 100 human resources, diversity, and inclusion professionals together from a variety of industries. We invited these leaders to join Southwest Airlines in a forum on diversity and inclusion to share triumphs and challenges. The theme of the event was “Join the Conversation.” Together, the experienced group of professionals was able to share insights on the challenges that people from all different backgrounds face in the workplace and how to understand the role each person can play in making improvements. Guest speakers spoke about the efforts companies make to create an environment of inclusion. The conversation was appreciated, and the 2010 award-winning Diversity Summit was considered a success through the sharing of great ideas, discussion of opportunities for success, and dialogue on how to overcome challenges. Future summits are being planned to continue the conversation.

UNIVERSITY FOR PEOPLE
Southwest Airlines’ University for People (U4P) continues our mission of delivering personal, professional, and Leadership development while also offering customized training. Whether Employees need Microsoft Office skills, were just promoted into Leadership and need related training, or want a partner to support their Team’s development in a specific skill set, U4P provides innovative and relevant tools for all Employees to learn and grow.

Manager-in-Training Program
The MIT program is a development experience for high-potential Leaders who have long-term interest in and leadership potential with our Company. There are two program levels: MIT Level I and MIT Level II. MIT Level I—designed for Employees at the Supervisor, Team Leader, and Manager levels—graduated 40 Employees in 2010. Employees apply, then interview to participate in the three-week MIT Level I course, covering more than 20 training sessions to hone operational Leadership skills over three months. MIT Level II—designed for Managers and Directors—graduated 17 Employees in 2010. MIT Level II participants are sponsored by Senior Leadership to participate in this six-week program spread over eight months. These Leaders learn how to become strategic Leaders, refine their Leadership styles, research and present a proposal to Senior Leadership on one of our Company’s strategic initiatives, learn how to develop their Teams, and effectively lead through change.

Leadership Summit
In 2010, U4P and Learning Alliance hosted a full-day conference for nearly 700 Southwest Airlines Leaders. The Leadership Summit gave participants the opportunity to discuss corporate goals and build key Leadership skills, such as strategic thinking, through breakout sessions on women in leadership, a CEO roundtable, and work with Four Day Weekend, an improv group that guided Leaders through scenarios demonstrating the new Leadership Expectations. Leaders also heard from some great outside speakers, including Patrick Lencioni, Betsy Myers, and Charlie Feld.
PEOPLE > EMPLOYEES > TRAINING

Learning Alliance
The Learning Alliance, a cross-departmental collaboration of training Leaders, meets regularly to discuss, and identify learning opportunities for the growth and development of Southwest Airlines Employees. They also leverage best practices and maximize resources to create the best learning for all Employees. Initiatives sponsored by the Learning Alliance were the 2010 Leadership Summit and Every Customer Matters, a session on Customer Service, launched in 2009.

SAFETY AND SECURITY TRAINING
At Southwest Airlines, the Safety and Security of our Customers and our Employees is our top priority, which is why it is a part of everything we do both on the ground and in the air. We are committed to fostering a Culture of Safety at Southwest Airlines and seek to identify workplace and operational risks, then proactively deal with these issues before they become injuries, accidents, or incidents. In 2010, Southwest Airlines Employees participated in more than 230,000 hours of Safety and Security training.

All new operational Employees at Southwest Airlines receive Safety training, and throughout the year the following departments receive additional job-specific training:

* Inflight
* Flight Operations
* Maintenance
* Ground Operations
* Provisioning
* Dispatch

In addition, Southwest Airlines offers cardiopulmonary resuscitation (CPR) and automatic external defibrillator (AED) training to all interested Employees and requires this training for all Flight Attendants and all Operations Supervisors.

Looking Forward
We are making plans to implement a global Safety training program that will apply to all Employees. We will discuss more about this in our workplace key performance indicators in the 2011 Southwest Airlines One Report™.
Southwest Airlines Employees volunteered more than 80,000 hours in 2010.

Our Employees regularly volunteer their time and donate to the causes that are closest to their hearts. In 2010, Southwest Airlines Employees volunteered more than 80,000 hours to charities across the country, donated to other Southwest Airlines Employees in need, and had a direct impact on charitable organizations within their community.

**TICKETS FOR TIME**

In an effort to support our passionate Employee Volunteers, Southwest Airlines launched the Tickets for Time program. For every 40 hours our Employees volunteer for a nonprofit organization, the benefitting organization is eligible to receive one complimentary, roundtrip ticket on Southwest Airlines for fundraising or transportation needs. A charitable organization may receive up to six tickets each year, and the hours can be accrued by one or more Employee Volunteers. Southwest Airlines created the program as a way to pay tribute to and support the efforts of its hard-working Employees who give so much of their time and talent to help local community organizations. In 2010, our Tickets for Time program generated 983 complimentary, roundtrip tickets for charitable organizations.

**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. Southwest Airlines Employees Catastrophic Assistance Charity (SWAECCAC) gives Employees the opportunity to make tax-deductible donations to a collective catastrophic assistance fund through fundraisers and payroll deductions. These funds are dispersed to Coworkers who apply due to a personal crisis or need. In 2010, Southwest Airlines Employees collectively contributed nearly $1.1 million to SWAECCAC.
COMMUNITY GIVING BOARDS

Last year, Southwest Airlines received 16,678 requests for charitable donations from organizations across the country. These requests came directly from organizations in the communities where our Employees and Customers live, work, and play. With so many worthwhile organizations doing incredible work, it can make it difficult to decide which ones to support with our limited resources. We use our companywide strategic focus areas of charitable giving to guide us in our selection, but we also recognize that each community has distinct needs that may not fit neatly into this strategy. In an effort to address charitable giving on a local level, we have developed the Community Giving Board program.

Community Giving Boards are made up of a cross-section of local Employees from various work groups who evaluate the donation requests Southwest Airlines receives from charitable organizations in their community. The boards donate complimentary, roundtrip tickets to approved organizations for fundraising or transportation, which allows the recipient organizations to reinvest the funds that would be used for travel expenses back into their core purpose. In 2010, we reached our goal of having a Southwest Airlines Community Giving Board in place in every Southwest Airlines city.

Community Giving Boards empower Employees to have a direct and personal impact in their communities. Southwest Airlines understands it would be challenging for someone living and working in Dallas to assess the community needs of cities such as Seattle or Orlando, Fla., so Employees from those cities assess local need and determine which donations will make the greatest positive impact in their area. This initiative creates a hometown method to evaluate and process the multitude of donation requests we receive. Not only is it a great way to engage with the local organizations and make informed decisions, but those Employees who participate report a side benefit of feeling more connected to their communities and to Southwest.
Our beLUVed Employees are our greatest asset, so we listen to their suggestions and reward them for outstanding extra efforts.

At Southwest Airlines, we recognize that our beLUVed Employees are our greatest asset. This is why we feel it’s so important to engage and recognize our Employees by listening to their suggestions and ideas, as well as their concerns, and reward them for outstanding extra efforts.

EMPLOYEE SURVEY

On a biennial basis we conduct an Employee survey, which allows us to take a collective picture of our entire workforce from several angles. These snapshots let us know how our Employees feel about working at Southwest Airlines. Employees’ candid feedback is critical because it helps identify areas of strength at Southwest Airlines as well as areas where we have an opportunity to work together as a Team to improve.

Sixty-five percent of Southwest Airlines Employees participated in the 2010 Employee survey and provided feedback regarding their views of the Company. Employee participation is up from 51 percent of Employees providing feedback in 2008. The survey, conducted by Mercer, evaluated the following:

* Training and development
* Customer focus (internal and external)
* Leadership
* Performance management
* Communication
* Company direction
* Work environment
* Involvement
* Satisfaction
* Teamwork
* Employee commitmen
* Mission and strategy alignment
* Corporate citizenship
PEOPLE > EMPLOYEES > ENGAGEMENT AND RECOGNITION

We improved in all 12 dimensions evaluated in the 2008 survey. Corporate citizenship was a new dimension in 2010.

Southwest Airlines Leaders will use this survey as a roadmap for improvement and to gauge our progress to becoming the Best Place to Work. We will continue to compare new Employee surveys with those previously conducted to identify what we're doing well in the eyes of our Employees and learn where we need to focus additional effort.

EMPLOYEE RECOGNITION PROGRAMS

Our Employees are known for Legendary Customer Service and operational excellence, while working efficiently. Our Employees go above and beyond each and every day to provide our Customers with the best possible flying experience, and our Employees focus on low costs so we can offer low fares. Celebrating and recognizing these contributions are an important part of our Culture.

President’s Award
Southwest Airlines hosts an annual banquet to celebrate our anniversary in June and recognize our hard-working Employees. In addition to recognizing Employees for milestone years of service from 10 years up to 40 years, we have the honor of recognizing outstanding individuals who have represented the best of Southwest values in the past year. The President’s Award is one of our Company’s highest honors. Every spring, Employees in each department consider the accomplishments of their peers and nominate candidates for the President’s Award. Winners are selected by Southwest Officers from the pool of nominees. The annual President’s Award winners are those Employees who truly go above and beyond. These are our stars in the Southwest Hall of Fame.

In addition, on occasion, an individual stands out that rises above the rest as not only a representative of his or her department, but also of the Company as a whole. For them, Herb Kelleher started the Founder’s Award, an honor given only to those who have exemplified the Southwest ideals and values throughout their career.

Winning Spirit Award
The Winning Spirit Award recognizes Employees for going above and beyond their normal job responsibilities, for consistently displaying can-do attitudes, and for Living the Southwest Way. Employees nominate their peers, and the Winning Spirit Committee selects a group of winners every quarter. Winners are invited to Headquarters where they are honored by their Department Vice President and Gary Kelly, Chairman of the Board, President, and Chief Executive Officer of Southwest Airlines.
PEOPLE > EMPLOYEES > ENGAGEMENT AND RECOGNITION

Operation: Kick Tail
Great things happen when there is collective focus. In 2010, Southwest Employees were asked to focus on three goals to help Southwest Airlines achieve success:

* #1 in Low Costs with our Warrior Spirits
* #1 in Customer Satisfaction with our Servant’s Hearts
* #1 in Employee Spirit with our Fun-LUVing Attitudes

These goals are our enduring strengths, and we obtain them by upholding our values through Living the Southwest Way. When Southwest Airlines Leaders witness an Employee exhibiting a behavior needed to reach these goals, a Kick Tail-A-Gram is given to that individual. Kick Tail-A-Grams are entered into a database where monthly, quarterly, and annual drawings for cash prizes are conducted when goals are met. We set aside $1 million for our Kick Tail program each year, and in 2010 we gave away 221 cash prizes to Southwest Airlines Employees. From nurturing our unique Culture to volunteering for a Share the Spirit activity to celebrating with Coworkers at a Company event, there are countless ways to kick tail.

Heroes of the Heart
Southwest Airlines is known as the LUV airline, and every year on Valentine’s Day, we really earn that title. Employees across our system are encouraged to wear red or pink, many bouquets of flowers are delivered to our locations, candy is free flowing, and one of our biggest SWA traditions takes place at Headquarters in Dallas: Heroes of the Heart.

Colleen Barrett, our President Emeritus, started Heroes of the Heart 18 years ago as a way to honor a workgroup that has no contact with our external Customers. Flight Attendants and Customer Service Agents may have several opportunities to be recognized for the outstanding work they do, but a lot of our behind-the-scenes Teams, who keep the heart of Southwest Airlines beating, never get that chance.

Employees nominate Teams they feel deserve the award and a committee holds several secret meetings to determine the winner—everyone involved in the day, from Vice Presidents to our A/V Specialist, have to sign confidentiality agreements; part of the FUN of Heroes of the Heart is the surprise when the winning Team is announced.

On Valentine’s Day morning, Employees gather in the main lobby of Headquarters where they are surrounded by thousands of gorgeous balloons and decorations and treated to cookies and beautiful music from a band made up of their Coworkers. After a welcome from one of our Leaders, a video showcasing—but not revealing—the winning Team plays, and everyone thinks they have it figured out until the winners are revealed. The winning Team holds one of the highest honors at Southwest Airlines. Our Heroes of the Heart receive gifts, the largest literally being an airplane. Check your aircraft as you leave; it just might be the Heroes plane, emblazoned with the Heroes of the Heart logo and featuring the winning Team’s name.
In 2010, Southwest Airlines led the U.S. Department of Transportation Customer Satisfaction ranking.

We’re dedicated to delivering the highest quality of Customer Service with a sense of warmth, friendliness, individual pride, and Company Spirit. Every day we strive to keep operating costs low, so our tickets remain affordable. We take pride in flying our Customers to their destinations with all of the services they expect from Southwest Airlines without hidden fees. Our Employees listen to our Customers’ needs through engagement opportunities and then take action to enhance our Customer Service and the Customer Experience.
We believe in treating each other like Family and our Customers like guests in our home.

At Southwest Airlines, we are always looking for ways we can further enhance the Customer Experience by augmenting our already great services, introducing new programs, and creating new experiences. It’s about letting your Bags Fly Free®, not charging a change fee when your travel plans change, doing our best to get you there on time, and responding with a compassionate voice on the phone when travel plans change. We believe in treating each other like Family and our Customers like guests in our home. We know that what we are doing works, because our Customers keep coming back to fly with us.

**BAGS FLY FREE®**

In 2010, we continued our immensely popular Bags Fly Free® advertising campaign to remind our Customers that we don’t believe in charging for services that should inherently be part of the travel experience. In 2010, we added to our policy, allowing each ticketed Customer to check one stroller and one car seat free of charge, in addition to two free checked bags. Our Customers responded by checking more than 70 million bags in 2010. Bags Fly Free® is just one example of our continued effort to put the Customer first and do things differently than our domestic airline counterparts. We also refuse to charge our Customers additional fees for items such as premium leather seating, fuel surcharges, snacks, curb-side checkin, and telephone reservations.

**LUV Story—Bags Fly Free® Enhances the Customer Experience**

*Denise Graham has always done things by the books, so it made perfect sense when she retired from her job teaching kindergarten to work as a curriculum specialist at Pearson Education, a national textbook publisher. Her job entails training teachers to use their new textbooks and ensure their happiness and success with the new course curriculum. Of course, these schools range from Little Rock, Arkansas, to Oklahoma City to Harlingen, Texas, so it’s more likely that you’ll find her flying in a LUV jet than on the ground.*

*Being a native Texan, Denise has been a fan of Southwest for years, but it wasn’t until she began flying for business that she appreciated the frequent flights, ontime arrivals, and ease in jumping on an earlier flight when purchasing Business Select fares. “Pearson has been flying Southwest for 13 years, and we’ve never had a bad experience,” she says. “It’s the only airline to bend over backward, and they’ve truly set the standard in Customer Service.”*  

*She’s also thankful for the Bags Fly Free® policy because she always has two suitcases to check when she travels: one for clothes and one for all those textbooks. “I’ve had to fly other airlines in a pinch, and the bag fees ended up costing more than my ticket,” she says.*
One of her favorite memories onboard happened when passengers immediately recognized a certain American Idol on her flight: Ruben Studdard, the second-season winner. Sensing a little inflight entertainment was in order, Flight Attendants asked if he would be interested in performing, and he treated everyone to a stirring rendition of “America the Beautiful.”

Being an A-List Member of the Rapid Rewards™ frequent-flyer program certainly has its perks, but none of them beats reserved boarding privileges for Denise. “I used to set my alarm 24 hours before my flight no matter what, just to get that A boarding group,” she says. “Now I can sleep in.” Denise also puts her Companion Pass to good use, whether it’s a trip to Las Vegas with her husband, Tom, or flying one of her sons down from college.

Denise, whether you’re in Austin, Texas, or Albuquerque, New Mexico, we’re glad Southwest made the grade.

NO CHANGE FEES
Our focus on not nickel-and-diming our Customers continued in 2010 as it has since our inception with No Change Fees, for which we started an aggressive advertising campaign in January 2011. The majority of U.S. airlines charge Customers change fees, ranging from $25 to $150 per ticket, to make changes to a reservation. At Southwest Airlines, we understand that travel plans change, and we don’t want to penalize our Customers for the unexpected things that happen in life. So we allow our Customers to change their reservations at any time prior to the flight with No Change Fees, only asking they pay the related fare difference for the new ticket.

LUV Story—No Change Fees Enhances the Customer Experience
When Jeremy Umland ventured to Japan years ago as an exchange student and athlete, he didn’t speak Japanese and had never tried sushi before. Fifteen years later, Jeremy returned to America and opened Ozumo, a restaurant dedicated to serving contemporary Japanese fare that’s authentic to its roots. For the last nine years, Jeremy has been shuttling back and forth weekly between home (Los Angeles) and work (San Francisco and Oakland). An ingredient in his recipe for success? Southwest Airlines.

For Jeremy, Southwest’s flexibility is key. No change fees mean that leaving a little earlier or later than planned isn’t a big deal. Multiple nonstop flights between Los Angeles and the Bay Area make getting to and from work a breeze. And, Southwest’s great fares and ontime performance make Jeremy’s preference of airline a no-brainer. “It’s clear that Southwest designed the Rapid Rewards™ frequent flyer program to benefit the Customer,” he says. Plus, he appreciates that the Award Tickets he earns are easy to use, bringing even more value to his overall experience.

As a licensed pilot himself, Jeremy always has been impressed that Southwest’s Flight Crews are so friendly and accessible to Customers. He finds that Southwest’s Customers tend to be talkative and cooperative with each other—a bonus for Jeremy, as his carry-on bag (emblazoned with the Ozumo logo) has started many conversations with other Passengers, plus it serves as great advertising. Upon seeing Jeremy’s bag, a commuter once exclaimed that Ozumo was his favorite restaurant, a comment that Jeremy won’t soon forget.
As Ozumo's success has spread (with restaurants now open in San Francisco, Oakland, and Santa Monica), so have Jeremy’s travel habits with Southwest Airlines. So, if you’re flying in or out of one of our West Coast cities, be on the lookout for Jeremy and his Ozumo bag when you hop onboard our 737s—he may be bringing the taste of Japan to a city near you.

WIFI HOTSPOT
In 2010, we were excited to rollout our new satellite-enabled WiFi Internet access onboard, the Southwest Airlines WiFi Hotspot. With this innovation, we are giving Customers with WiFi-enabled devices the freedom to be more productive and to stay entertained while they fly with full access to the Internet, including e-mail, shopping, and entertainment. We take great pride in offering this service to our Customers as they sit back, relax, and stay connected to the world below.

Inflight Internet
The Southwest Airlines WiFi Hotspot features a free portal that houses select content including a flight tracker, shopping, games, and all that southwest.com has to offer.

Robust Satellite Solution
We were one of the first U.S. airlines to evaluate satellite-delivered broadband onboard and are excited to move forward with this cutting-edge technology. We are using the most robust satellite solution available, which will ultimately provide a similar Internet experience to what our Customers experience at the office or at home.

LUV Story—WiFi Hotspot Enhances the Customer Experience
Marc and Betty Doyon always had longed to start a family business, but it wasn’t until their eldest son graduated from college that they decided to follow their dreams. Marc, Betty, and their two sons, Greg and Doug, founded Quatred, LLC in 2005. Quatred stands for quatre (the number four in French) and the letter “D,” which represents the family’s last name.

Quatred assists clients in the implementation of advanced “Touchless Technologies,” meaning that they use technology wherever possible to eliminate the need to write things down.

“We developed QUICK [Quatred Universal Interface Control Kit] as a generic framework for the rapid deployment of Touchless Technologies,” Marc says. “QUICK allows us to deliver customer-tailored applications that are superior to packaged software for less cost.”

Like Southwest, Marc believes in achieving a 100 percent customer satisfaction rating with all of Quatred’s clients. The Doyons travel to every client to personally install and configure the hardware and software, provide hands-on training, and stay until everything is up and running. This requires a significant amount of travel for the family, which has clients located across the United States, Canada, and the Caribbean.
PEOPLE > CUSTOMERS > CUSTOMER EXPERIENCE ENHANCEMENTS

“Since travel and living expenses are costs that are passed onto our customers,” Betty says, “we decided at the beginning that Southwest would be our airline of choice whenever possible.” Quatred also chooses Southwest because it says that it’s one of the few airlines that affords passengers enough room to work on laptops onboard, and “we are extremely excited that Southwest has decided to outfit all its aircraft with Wi-Fi access.”

The Doyons also appreciate Southwest because of the flexibility the airline offers when plans change. “Southwest gives us the flexibility to cancel or reschedule our flights without penalizing us,” Marc says.

Marc and Betty are especially happy with the Rapid Rewards frequent flyer program benefits and electronic awards they earn every year, and Marc believes in “working hard and playing hard. Because of Rapid Rewards, twice a year the entire family travels on vacation for free!”

Doyon Family: Southwest is proud to have been a part of helping your Quatred dream come true!

As of March 31, 2011, Southwest Airlines offered WiFi connectivity on more than 70 aircraft, and we will be continuing these installations on our remaining 737-700 aircraft, so that our entire 737-700 fleet is WiFi enabled by the end of 2012. This offering provides our Customers with a more productive onboard experience, and our arrangement with Row 44, Inc., allows us to continue our commitment to low fares with an introductory flat $5 rate per flight.

Our WiFi-enabled aircraft fly all across our system, so be on the lookout for the Southwest Airlines WiFi Hotspot signs when boarding to let you know if you can get online while in the air.

INTERNATIONAL CONNECT
During 2010, we continued developing our international marketing alliances and codesharing relationships to enhance the Customer Experience. In November 2010, we launched a new service that allows Customers to book international flights by connecting with Volaris, Mexico’s second largest airline. At yearend, our Customers were able to book travel from 20 Southwest Airlines cities to five Volaris Mexican destinations—Cancun, Guadalajara, Morelia, Toluca/Mexico City, and Zacatecas. The new service connects through Los Angeles International Airport, Oakland International Airport, and San Jose International Airport and currently creates up to 85 additional flight itineraries. Behind the scenes, our international connect portal conducts two separate transactions—one with Southwest Airlines’ reservation system and one with Volaris’ reservation system. Tying the two systems together provides Customers with an easy, seamless booking and traveling experience since they receive one low fare for the blended flight schedule and are able to check their luggage all the way through to their final destination.
LOOKING FORWARD: MORE CUSTOMER LUV
At Southwest Airlines, we never stand still, and our Customer Service and Customer Experience offerings are no exception. Additional Customer Experience enhancements include:

* Launch of our All-New Rapid Rewards™ frequent flyer program
* Acquisition of AirTran Airways, which closed May 2, 2011
* Decision to begin flying the Boeing 737-800 series (with 30 percent more seating) in 2012, providing the opportunity to fly to more distant markets like Hawaii, Canada, and the Caribbean
We LUV to hear from our Customers.

In order to continually enhance the Customer Experience and our Customer Service efforts, we must engage our Customers and solicit their thoughts and feedback on a regular basis. We want every Customer to LUV flying with Southwest Airlines, so we take the time to regularly listen to Customers’ suggestions, read Customers’ comments, conduct surveys and focus groups, solicit feedback through social media venues, and track industry results. We then use this Customer insight to improve the Customer Experience.

NET PROMOTER SCORE

In our ongoing efforts to gain Customer insight and improve the Customer Experience, we contact Customers daily, via e-mail to ask them about their recent travel experience with Southwest Airlines. No surprise our response rates exceed industry norms as our Customers are eager to share and identify the purpose of their trips; disclose how likely they are to recommend Southwest Airlines; and rank their checkin, gate, inflight, arrival, and overall experience on a scale from one to ten.

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). A high NPS indicates a strong competitive advantage, which is why we set a goal of 65 percent NPS in 2010. We reached or exceeded that goal every month in 2010.

Survey results are published internally via our Customer Experience Dashboard, so that work groups and Employees can continually evaluate and improve their contribution to the Customer Experience. In 2010, we saw significant improvement in our Customers’ satisfaction with the checkin experience, helping our Employees see that their hard work to improve that experience in every city we fly was recognized. 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.

Customer Commendations

In 2010, we received hundreds of thousands of Customer e-mails, letters, and telephone calls about Southwest Airlines, the service we provide, and requests for information. Our most important metric is how we are doing in the area of Customer Service. We track our Customer feedback and measure it via the ratio of customer commendations versus personnel rudeness complaints. In 2010, we received more than 65,000 external Customer commendations about the great work of our People, which yielded a Customer commendation versus rudeness complaint ratio of nearly 10:1.
CUSTOMER BRAND SURVEY

In addition to NPS, we use monthly and biennial brand monitoring surveys to track our progress toward brand satisfaction. Monthly monitoring provides a pulse point, while the survey allows us to dig deeper into particular metrics to get a more complete view of our brand awareness in the marketplace. The biennial survey is conducted by a third-party partner using respondents, not just Southwest Airlines’ Customers, located in the majority of the markets we serve. The brand survey questions asked are consistent, allowing us to make good comparisons over time. However, we also add targeted questions that are relevant for a particular survey period. For example, we took extra effort in 2010 to obtain information about the importance the traveling public places on airline fees and their recognition of the Bags Fly Free® campaign.

In the 2010 survey, highlights include:

* Our Bags Fly Free® campaign has very strong brand recognition, and most survey respondents understand that they can only book Southwest flights at southwest.com.
* Brand commitment continues to increase with both business and leisure travelers.
* Our brand consideration, ranking Southwest Airlines as the first airline that passengers consider flying, continues to grow in the markets we serve.
* Not charging fees ranks very highly as an attribute associated with airline selection. Flexibility in travel plans is also important to prospective Customers.

In summary, we are winning Customers by offering freedom from fees, our market share is growing, and new and loyal Customers continue to LUV flying with Southwest Airlines.

How to Offer Customer Feedback

* E-mail us through our web site at southwest.com/help/customer_service.html.
* Reply to a blog post on Nuts about Southwest at blogsouthwest.com.
* Post a message on our Facebook wall at facebook.com/Southwest.
* Tweet us at twitter.com/SouthwestAir.
* Write us at:
  Southwest Airlines
  Customer Relations
  P.O. Box 36647 HDQ-1CR
  Dallas, TX 75235
U.S. DEPARTMENT OF TRANSPORTATION PERFORMANCE METRICS

Like our domestic passenger airline counterparts, we file monthly reports with the U.S. Department of Transportation (DOT) Bureau of Transportation Statistics and other DOT departments regarding a number of Performance statistics from our operations. This includes information regarding number of Passengers flown, fuel consumed, and baggage fees. It also includes information regarding Southwest Airlines operations as they relate to the Customer Experience. This information allows us to compare ourselves to our industry counterparts, so we can continually strive to provide our Customers the best Customer Experience.

Transparent Reporting
There are many factors that can impact Performance numbers, including several outside of our direct control such as weather and air traffic control practices. While it is tempting to only identify those statistics that reflect more positively on our operation, we strive to increase our transparency and establish consistency with the information provided to our stakeholders.

<table>
<thead>
<tr>
<th>COMPARISON OF 2009 AND 2010 PERFORMANCE RESULTS</th>
<th>2009</th>
<th>2010</th>
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<tr>
<td>Consumer complaints per 100,000 enplanements</td>
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<td>Percentage of reported flight operations arriving ontime</td>
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<td>Number of mishandled bags reported per 1,000 Passengers</td>
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<tr>
<td>Number of incidents involving the loss, injury, or death of animals during air transportation</td>
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LOOKING FORWARD
At Southwest Airlines, we value what our Customers have to say and seek out ways to monitor and measure Customer satisfaction. In 2011, we will continue to regularly engage our Customers and request their feedback. With this Customer insight, our Employees can better provide the highest quality of Customer Service.

1 Brand commitment refers to the strength of the relationship with our Customers. The metric we track is a total percentage of respondents who indicate that Southwest Airlines is their favorite airline and they will go out of their way to fly with us or that we would be one of the first airlines they would consider.

2 Leading U.S. Department of Transportation customer satisfaction ranking out of 18 airlines evaluated.
We aspire to make a positive difference in the communities where we fly.

At Southwest Airlines, we strive to be much more than a business. We are a neighbor in the communities where our Customers live. We champion the causes that matter most to the communities we serve and develop relationships with local and national charitable organizations. As the hometown carrier that cares, we commit our time, tickets, and LUV to those who need it most. Across the nation, Southwest Airlines Employees Share the Spirit by volunteering regularly and serving on local, state, and national boards to assist nonprofit organizations in achieving their missions.

We aspire to make a positive difference in the communities where we fly. To ensure our charitable contributions touch as many lives as possible, we focus our charitable donations and outreach initiatives in five key areas and encourage our Employees who support charities close to their hearts with volunteerism through Tickets for Time.
Southwest Airlines operates with a Servant’s Heart.

**LUV CLASSIC CELEBRATES 25 YEARS**

Helping people is an important part of the Southwest Airlines Culture, and one of the more prominent displays of this is the annual Dallas LUV Classic golf tournament. In 2010 the Dallas LUV Classic celebrated its 25th anniversary. Through this event, we have raised more than $12 million for Ronald McDonald House Charities since 1985 in the communities we serve. This donation helps the Ronald McDonald House provide meals, beds, and other necessities for families to stay close when their severely ill children are in the hospital. In 2010, we distributed $976,000 in proceeds from the LUV Classic to the Ronald McDonald House locations in Ann Arbor, Mich.; Dallas; Milwaukee; Minneapolis; Phoenix; St. Louis; and Tucson, Ariz.—bringing the total number of Ronald McDonald Houses benefiting from Southwest Airlines’ generosity to 58.

**LUV Story—The Birth of the LUV Classic**

The LUV Classic started when Joe Miller, a popular Dallas club owner, was diagnosed with cancer, and several area businessmen organized a golf tournament to raise money for his treatment. The tournament was a huge success and created a surplus of money that Miller wanted to donate to a good cause. A friend told him about the Ronald McDonald House. At the same time, Colleen Barrett, now President Emeritus of Southwest Airlines, became involved in the tournament and coincidently learned about the Ronald McDonald House through an Employee. She was impressed and deeply touched by the magic of these homes away from homes. This started a tradition of golf and giving back that has continued for 25 years as the LUV Classic.

**MEDICAL GRANT TRANSPORTATION PROGRAM**

In its third year, Southwest Airlines’ Medical Transportation Grant Program donated $1.2 million in roundtrip tickets to hospitals and nonprofit organizations. These tickets allow seriously ill patients to travel to locations they otherwise couldn’t for medical treatments. In 2010, our Medical Transportation Grant Program donations increased 26 percent over the previous year and served 29 organizations nationwide.
We are committed to doing our part to protect the Planet.

NATIONAL WILDLIFE REFUGE ASSOCIATION
At Southwest Airlines, we are committed to doing our part to protect the Planet and its natural habitats. That’s why we teamed up with the National Wildlife Refuge Association (NWRA) in a variety of roles in 2010 to help maintain balance in nature and remain a good steward of the environment.

What is the NWRA?
The National Wildlife Refuge Association is a nonprofit organization dedicated to conserving America’s wildlife heritage for future generations. It educates and mobilizes communities across the country in partnership with nearly 190 refuge affiliate organizations to achieve its mission to secure ecological integrity.

Like many around the world, we at Southwest Airlines were saddened by the Deepwater Horizon oil spill in the Gulf of Mexico on April 20, 2010, and its effect on the coastline, the people who live there, and the wildlife and habitats in the area. Recognizing that recovery would be costly, we launched Help Us Help Them, where we pledged $1 for every EarlyBird Check-In™ purchase up to $100,000 to assist with cleanup efforts in the wildlife refuges along the Gulf. On Oct. 4, 2010, we made good on that promise and presented the NWRA with a $100,000 donation, which the NWRA has designated as funding to work with the U.S. Fish and Wildlife Service to acquire and restore brown pelican nesting sites along the Gulf.

In anticipation of the addition of one of Southwest Airlines’ newest cities, Panama City Beach, Fla., we unveiled Florida One, a Boeing 737 featuring an artist’s rendering of the state flag to commemorate the occasion on April 23, 2010. We also celebrated National Volunteer Week by teaming up with the NWRA to offer volunteering opportunities for our Employees in Florida, home to some of the most biologically rich refuges in the NWRA system. The NWRA depends on volunteers to help maintain these safe havens for wildlife. Our Employees volunteered many hours to complete various projects such as removing fishing line from mangroves, pulling invasive plant species, and picking up trash. NWRA President Evan Hirsche joined our Florida-based Employees in celebrating volunteerism and our Florida service.

Southwest Airlines is honored to be named NWRA’s official airline for our support in helping the NWRA in its mission of preserving wildlife and their natural habitats. In 2010, Southwest Airlines donated more than $200,000 to NWRA to continue its mission to protect wildlife and maintain refuges around the country.
PEOPLE > COMMUNITIES > ENVIRONMENT

LUV Story—LIFT Coffee and the Guatemala Light Project

In 2010, we continued our commitment to provide our Customers with an enhanced inflight coffee experience with our delicious LIFT coffee. As our Customers indulged in our one-of-a-kind brew, we were able to extend our Servant’s Heart and participate in a worthy cause, the Guatemala Light Project, a charitable program that uses renewable energy to illuminate isolated villages without electricity in the coffee-growing regions of Guatemala. For every pound of LIFT coffee our Customers consume, we donate two cents to the Guatemala Light Project. Throughout 2010, we were able to donate more than $8,000 to the Guatemala Light Project thanks to our Customers desire for caffeine.

One of the beneficiaries of these funds was Augustin Pablo Pablo and his family. Augustin and his family are farmers living in the remote village of Twitzcox in northern Guatemala. Funds donated to the Guatemala Light Project allowed a solar photovoltaic (PV) home lighting system to be installed in Augustin’s home. Augustin recently told us that his family has benefited tremendously from the PV system that lights his home for about four hours a night and charges his mobile phone. He said that with the system he is able to make clothing late into the evening, further increasing his family’s earnings.

STUDENT CONSERVATION ASSOCIATION

As part of our spring 2010 Share the Spirit™ initiative, Southwest Airlines Employees joined Student Conservation Association (SCA) volunteers across the United States in 2010 Earth Day service projects on April 22, 2010. We partnered with the SCA to help advance its mission to develop the next generation of conservation leaders by expanding green service and job readiness opportunities for high school and college-aged individuals in all 50 states, from urban communities to national parks and forests. This charitable partnership not only helps further our commitment to the environment, but it also demonstrates our dedication to youth leadership and community involvement.
Southwest Airlines is proud to be one of the G.I. Jobs magazine’s top 100 military-friendly employers.

MILITARY HEROES MONTH
With more than 750 Southwest Airlines Pilots currently serving in the National Guard or a military reserve unit and our deep sense of patriotism, it’s important to us at Southwest Airlines to take time to thank and give back to the military service members and their families who give so much to protect our freedoms. While we do many things throughout the year, we wanted to especially honor our Employees and all those who served by renaming November Military Heroes Month in remembrance of Veterans Day.

Official Airline of the Mission Continues, Veterans Day Weekend | St. Louis
Southwest Airlines brought together fellows of the Mission Continues for a weekend of service and celebration. The Mission Continues aspires to build an America where every returning veteran can serve again as a citizen leader, and where together we honor the fallen by living their values through service. Southwest Airlines was one of the first corporate sponsors of this organization and has supported its work for the past three years.

Operation Freedom Bird | Phoenix
Operation Freedom Bird provides a unique healing journey to Arizona’s veterans of the Vietnam War, giving them an opportunity to confront their feelings, share their experiences, and pay tribute to their fallen comrades-in-arms in a supportive environment of fellow veterans and counselors. Approximately 44 veterans were selected to participate in a four-day visit to the Vietnam Veterans War Memorial in Washington, D.C. As part of our 12th year of supporting this organization and trip, Southwest Airlines welcomed home the Operation Freedom Bird veterans in hangar five at Phoenix Sky Harbor Airport, with a ceremony featuring Phoenix Mayor Phil Gordon and a performance by platinum recording artist Aaron Tippin.

A Million Thanks | nationwide
Southwest Airlines joined the efforts of the A Million Thanks organization by providing our Customers in airports and onboard our aircraft with a postcard and an opportunity to write a message of thanks and encouragement to U.S. military members on Veterans Day. We estimate we collected several thousand notes, and A Million Thanks shipped the postcards to service members. A Million Thanks is a yearround campaign to show appreciation to U.S. military men and women through letters, e-mails, and cards.
On a daily basis, our Employees thank and recognize the men and women of the armed forces, with in-airport and onboard announcements, priority boarding, and allowing them to deplane first amid a cabin of applause. We also offer military fares for active duty and allow all military duffel bags with no overweight charges.

San Antonio Employees celebrated Veterans Day by dedicating a commemorative exhibit, “24/7 Southwest Airlines' Family & Friends Tribute to the Military.” Local Employees organized this exhibit to pay tribute to the military members who pass through the San Antonio Airport every day.

Southwest Airlines is the official airline of the Honor Flight Network and is proud to sponsor its flights throughout the year to assist World War II veterans in visiting the memorial in Washington, D.C. In 2010, we helped nearly 1,500 veterans fly to Washington, D.C., as a special thank you for their service. We were especially pleased to sponsor the 33 Honor Flights that took place during 2010, including ten Lone Eagle Honor Flights. A Lone Eagle is a World War II veteran whose application to visit the World War II memorial in Washington, D.C., has been in the organization's national office for six months or more, yet he or she does not live close to an existing Honor Flight hub. The Honor Flight network organizes the Lone Eagle trip specifically for these veterans. Since Southwest Airlines became the official airline of the Honor Flight Network in May 2009, our ticket donations have flown more than 2,500 veterans on 75 total trips to Washington, D.C.

As a sponsor of Helping a Hero, Southwest Airlines participated in the unveiling of a new home for the charity in Fort Worth, Texas. Helping a Hero provides specially adapted homes for qualifying service members as well as engages the community to provide services and resources for wounded heroes and their families.

In celebration of the Thanksgiving holiday, we decorated our aircraft with hearts featuring the message: “We Are Thankful for our Employees, We Are Thankful for our Customers, We Are Thankful for our Family, and We Are Thankful for our Troops.”

Each of these activities provided an opportunity for Southwest Airlines Employees and our Customers to say thank you to the men and women who serve our country. Our dedication to supporting the military and our military families garnered our 2010 designation by G.I. Jobs magazine as one of the top 100 military-friendly employers.
PEOPLE > COMMUNITIES > DISASTER PREPAREDNESS

We are committed to helping our communities be more prepared for natural disasters and lend our support in times of need when disasters occur.

MASS CARE TASK FORCE
In 2010, Southwest Airlines became the first corporate sponsor of the Dallas-based Mass Care Task Force (MCTF), a disaster-relief organization established in 2006 to better coordinate response to address the devastation that hurricanes Katrina and Rita left in their wakes. The MCTF—a joint effort of the American Red Cross Dallas Area Chapter, North Texas Food Bank, Salvation Army Dallas, and the Volunteer Center of North Texas—estimates disaster relief for major devastations would cost approximately $26 million. Southwest Airlines has committed $345,000 over the next five years toward the effort as well as availability of skill-based volunteers and communication channels for education and recruitment. By participating in this unique collaboration, we support the MCTF’s goal of creating a model that can be used across the country to better prepare our communities for the inevitable catastrophic event.

AMERICAN RED CROSS
Southwest Airlines has long been a strong supporter of the American Red Cross, and in 2010 we continued our commitment through a variety of efforts with both domestic and global impact, we donated $25,000 to support Haiti relief efforts. When flash floods put Nashville, Tenn., under water in May 2010, we delivered 24,000 cans of clean water for distribution and made a $10,000 donation to be available as immediate cash for relief efforts.

We also know that not every disaster has a global or even nationwide effect. Sometimes it’s a family or an entire apartment complex of dwellers displaced by fire that have lost everything, and children are the most delicate of those victims. That’s why Southwest Airlines assembled 5,499 comfort kits for kids, which include toiletries and fun kids’ activities, for American Red Cross chapters in the cities we serve. In addition, we held quarterly blood drives at Headquarters in Dallas to benefit Red Cross blood services.

*American Red Cross by the Numbers*
Because of the generosity of volunteers and donors, the American Red Cross is able to assist millions of disaster victims and those preparing for disaster. Each year, victims of 70,000 disasters turn to the American Red Cross for assistance. More than 15 million people receive training to prepare for and respond to emergencies in their homes and communities. Four million annual blood donors make the Red Cross the largest supplier of blood and blood products in the United States.
LUV Story—Boat People SOS, Inc.
As a national community organization founded 30 years ago to rescue Vietnamese boat people at sea and assist Vietnamese refugees in first asylum camps in Asia, Boat People SOS, Inc., (BPSOS) operates in 18 locations in the U.S. and four in Southeast Asia with approximately 130 staff members and hundreds of volunteers. Through disaster recovery centers and branches established in response to Hurricane Katrina in three Gulf states—Alabama, Louisiana, and Mississippi—BPSOS quickly responded to the man-made crisis in the days after the Deepwater Horizon oil spill. BPSOS deployed national headquarters staff and volunteers from across the country to support its branch staff in the Gulf Coast in providing emergency assistance to more than a thousand Vietnamese families.

In September 2010, BPSOS’ Gulf Coast operation received a big boost from Southwest Airlines with the donation of airline tickets for staff and volunteers. Southwest Airlines donated 45 airline tickets to staff and volunteers who were mobilized to the region, usually at last minute requests, to provide pro bono assistance to these struggling families. These activities have collectively served approximately 550 individuals directly, and an estimated thousands more indirectly through educational radio programs and interviews.

PROJECT MEDISHARE AMPUTEE CARES PROGRAM
In early 2010 when a devastating earthquake destroyed a small country in the Caribbean, Southwest Airlines began to explore opportunities to extend our Servant’s Heart to the citizens of Haiti. Through the Dunspaugh-Dalton Community & Educational Well-Being (CEW) Research Center at the University of Miami, we were able to connect with Project Medishare Amputee Cares Program. This program is a comprehensive, long-term care initiative that will give the people of Haiti who have suffered injuries resulting in the amputation of a limb the opportunity to maximize their functional potential. The program begins with a comprehensive evaluation and screening and continues through the spectrum of care from surgery, prosthetic fitting, and rehabilitation. It also includes support in the return to work or school and to sports, peer mentoring, and education for clinical providers of Haiti.

Through ticket donations, Southwest Airlines makes it possible for the much-needed U.S. volunteers of the program to reach South Florida and join the weekly volunteer teams that deploy to Haiti. Volunteers include doctors, nurses, physical therapists, prosthetics, and others supported by Southwest Airlines who are able to donate their time to provide the rehabilitation care needed by those Haitians wounded by the devastating earthquake. Throughout 2010, Southwest Airlines donated 105 tickets to the cause, placing 95 volunteers in Haiti.

“One of the first phone calls I received after the earthquake in Haiti came from Southwest Airlines. They wanted to know what they could do with the University of Miami Dunspaugh-Dalton CEW Research Center that would have an immediate impact on the relief efforts. We contacted our partners who were busy organizing the university response and within days Southwest Airlines began to fly dozens of volunteer technical assistance personnel into South Florida. This was a truly remarkable contribution to the well-being of Haitians in need. What an incredible blessing it was for us to connect with Southwest Airlines!”

—Dr. Etiony Aldarondo, Director Dunspaugh-Dalton CEW Research Center in the School of Education at the University of Miami
PEOPLE > COMMUNITIES > YOUTH LEADERSHIP/COMMUNITY INVOLVEMENT

We endeavor to get involved with charitable organizations that develop leadership in today's youth.

EDUCATION AND YOUTH LEADERSHIP

It is no secret that one achievement of educational attainment can transform a person’s life and ripple through a community in a positive way. At Southwest Airlines, we strive to champion causes that matter most in all the communities we serve, and one of those causes near and dear to our hearts is education and promoting youth leadership. Southwest Airlines supports education initiatives encompassing various facets such as leadership and mentoring, public policy fellowships, and college readiness and access. This dedication to education initiatives is evident through our Adopt-A-Pilot program. We’re also involved in many community organization partnerships and support organizations including the District of Columbia College Success Foundation (D.C. CSF), Hispanic Association of Colleges and Universities (HACU), National Education Association, Black Voice Foundation, the Congressional Hispanic Caucus Institute (CHCI), and the Asian & Pacific Islander American Scholarship Fund to name a few.

> Adopt-A-Pilot

Annually from February through May, fifth-grade students in more than 1,450 classes across the country “adopt” Southwest Airlines Pilots in this award-winning educational program that leads students through science, geography, math, writing, and other core subjects with aviation-related activities. Students also research careers, develop life values, and realize the importance of staying in school. We introduced the Adopt-A-Pilot program in 1997, and it has reached an estimated 300,000 students to date. Southwest Airlines is pleased to offer this program at no cost to participating schools.

<table>
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<tr>
<th>Southwest Airlines Pilot Participation</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
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<td>769</td>
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PEOPLE > COMMUNITIES > YOUTH LEADERSHIP/COMMUNITY INVOLVEMENT

> D.C. College Success Foundation (CSF)
Southwest Airlines is proud to partner with D.C. CSF by providing travel awards for students to visit colleges with their D.C. CSF mentors and return home for family support during long holiday breaks. The purpose of the D.C. CSF is to open educational opportunities by increasing the number of college graduates among low-income youth in Washington, D.C. The foundation carries out its mission by offering an integrated set of academic, informational, and financial support to low-income students and their families and by advocating for increased college readiness and college access. D.C. CSF seeks to reduce financial barriers low-income students face by awarding need-based scholarships.

> Hispanic Association of Colleges and Universities (HACU)
Southwest Airlines is committed to doing our part to ensure the futures of our nation's youth. That's why we partnered with the HACU to launch the Giving Flight to Your Success travel program that provides a unique solution for outstanding Hispanic students to continue their education through college. For the past six years, our ¡Lánzate! Take Off Travel Award has provided complimentary flights to selected Latino students and their families, so the students can remain connected to their cultural and familial roots when they attend college thousands of miles away. In 2010 alone, Southwest Airlines donated 170 tickets through this program. We know the success of these students depends on the ability to receive support from their families, and providing students the opportunity to visit their families in person gives them a greater chance of being successful their entire lives. Our hope is that our commitment to education-related initiatives will have a meaningful impact on all the communities we serve.

> Black Voice Foundation
Southwest Airlines is also proud to partner with the Black Voice Foundation’s professional development program, the Opportunity of a Lifetime. This program seeks passionate students who wish to showcase their abilities to prospective universities, to employers, and through global opportunities. Broken up in four distinct parts, this year-round program focuses on national diversity case studies, participates in multiple virtual professional development workshops, supports attendance in the most creative historically black college and university tours, and recruits students for great internship opportunities.

> Congressional Hispanic Caucus Institute (CHCI)
Southwest’s support of CHCI’s mission to develop the next generation of Latino leaders promotes the growth of participants as effective professionals and strong leaders. As the official airline of CHCI’s nationally recognized public policy fellowship program, congressional internship program, and the graduate and young professional fellowship program, Southwest Airlines is advancing public policy education and increasing the professional pipeline of Latino professionals in various fields.
> Asian Pacific American Institute for Congressional Studies (APAICS)
Through our support of the Asian Pacific American Institute for Congressional Studies (APAICS), Southwest Airlines enables APAICS interns and fellows to fly to Washington, D.C.; travel home over the holidays; or attend conferences and seminars. The summer internship program provides select undergraduate students the opportunity to gain first-hand experience in American politics and public policy. Interns are placed in congressional offices, federal agencies, or nonprofit organizations. The APAICS fellowship provides exceptional graduates and young professionals an opportunity to work on policy issues as full-time staff members of a Congressional office, federal agency, or nonprofit community organization over a nine-month period.

At Southwest Airlines, our hope is that over time, our commitment to education and youth leadership-related initiatives will make a meaningful impact in all the communities we serve.
PEOPLE > SOCIAL MANAGEMENT APPROACH

We strive to deliver the highest quality Customer Service, maintain a creative and innovative workforce, and give back to the Communities in which we live and work.

DISCLOSURE ON MANAGEMENT APPROACH: LABOR PRACTICES AND DECENT WORK

We encourage creativity and innovation, which, in turn, improves our operational effectiveness and Customer Service. Above all, we offer Employees the same concern, respect, and caring attitude within the organization that they are expected to share externally with every Customer.

Labor and Employment Law Compliance

Southwest Airlines recognizes and strives to adhere to all labor and employment laws wherever we operate, including those respecting freedom of association, privacy, and equal opportunity. Employees are the backbone of Southwest Airlines. Therefore, our approach to employment and labor practices—guided by our Senior Vice President of Administration and Chief People Officer and our General Counsel Department, which includes a section that is devoted solely to Labor and Employee relations—is a critical strategy. We are committed to:

* Seeking talented People
* Maintaining positive labor relations
* Investing in training and educational opportunities to enhance Employees’ skills
* Fostering an atmosphere that promotes equal opportunity
* Providing our Employees with a safe and stable work environment
* Maintaining equal opportunity for learning and personal growth

We have a clear vision for our People. We want to protect the job security, prosperity, and wellbeing of all of our Employees. We focus on bringing the best People—with a Warrior Spirit, a Servant’s Heart, and a Fun-LUVing Attitude—into the Southwest Airlines Family with competitive compensation and benefits package. We then provide a positive work environment, training, and encouragement to help them succeed.

Safety

Our top priority is to protect the personal Safety of each Southwest Airlines Customer and Employee. Beyond this, we follow The Golden Rule, meaning we treat others the way we want to be treated, which is why doing the right thing by our Employees and Customers is so inherent to who we are as a Company. We believe in Living the Southwest Way, which is operating with a Warrior Spirit, a Servant’s Heart, and a Fun-LUVing Attitude.
People > Social Management Approach

Labor Relations
At Southwest Airlines, we are proud of our corporate Culture and the relationships we build with our Employees. We think communication, transparency, and consistency are keys to developing these solid relationships. With approximately 82 percent of our Employees represented by unions, we strive to maintain stable relationships with these organizations by having open channels of communication and bargaining in good faith in all matters that involve our Employees.

Diversity
At Southwest Airlines, diversity is more than a word; it is an expression of our operations. A diverse workforce keeps Southwest Airlines strong and innovative, and we strive to mirror the communities we serve. Our People are our greatest strength, and they are an amazing group of Employees from different backgrounds and countries. This translates to a rich diversity of ideas, knowledge, and actions, which has made us a consistently profitable airline and helped create the Fun-LUVing corporate Culture for which we are known. A SPIRIT of inclusion brings our Company together, and we embrace different perspectives and celebrate those who dare to bring their best forward.

Building an inclusive environment at Southwest Airlines has been a part of our history. Inclusion is about the expanded potential of all who are willing to demonstrate their abilities. With inclusion, Employees feel valued and part of the decision-making process. We have many examples throughout our history where individuals have felt empowered to offer innovative solutions for the Company and our Customers. Some examples of how encouraging an inclusive environment can lead to Employee engagement, higher productivity, workforce retention, openness to thought, and a positive workforce include: Message To The Field, coffee talks with Leaders, town halls, Employee survey, OnBoarding, Culture Committee, Diversity Council, and more.

The Southwest Airlines Community Affairs & Grassroots Team works tirelessly to build strong, mutually beneficial, strategic relationships. By fostering these true partnerships, the Company proves its commitment to People in diverse groups. Our dedicated outreach extends to gay, lesbian, bisexual, and transgender (GLBT); Hispanic, African American, and Asian/Pacific Islander communities. In 2010, Southwest Airlines scored 95 out of 100 in the Human Rights Campaign’s eighth annual Corporate Equality Index survey. This marks a five-point increase from 2009. The annual Corporate Equality Index serves as a report card for GLBT equality in corporate America and rates more than 590 businesses across the country in categories such as non-discrimination policies and training, benefits, employee support through diversity councils, and marketing and external engagement. We are very proud of our near perfect score of 95 on the Human Rights Campaign’s Corporate Equality Index.
Diversity Council
Created as a proactive group that mentors the Company's recruitment, Company policies, and supplier diversity decisions and initiatives, the Southwest Airlines Diversity Council consists of Volunteers who stepped forward to deliver the best of diversity Leadership and to embrace the SPIRIT of inclusion in all departments. The Diversity Council meets monthly to fulfill its purpose of supporting the Company's efforts to:

* Improve the recruitment and advancement of women and minorities
* Increase supplier diversity
* Create awareness and show appreciation of cultural and lifestyle differences
* Organize and amplify issues that improve inclusiveness and diversity
* Serve as a conduit and resource

Education and Training
Southwest Airlines is dedicated to the continued education of its Employees.

Key Performance Indicators
A cross-departmental team appointed by Southwest Airlines Leaders has started to identify and define key performance indicators (KPIs) within citizenship to better gauge our progress and establish goals. This work is ongoing by the citizenship committee, and we plan to discuss more about our workplace KPIs in the 2011 Southwest Airlines One Report™. We also monitor the impacts of our labor practices through an Employee survey administered on a biannual basis.

DISCLOSURE ON MANAGEMENT APPROACH: HUMAN RIGHTS
At Southwest Airlines, we support the preservation of human rights and are guided by fundamental principles to not only comply with the law at all times but also to avoid the appearance of impropriety in the actions of our Employees and our business partners. We reflect these principles in various policies and our conduct toward Employees, suppliers, Customers, and the communities we serve.
people > social management approach

employees

To fulfill our responsibilities to support and respect the protection of human rights within our sphere of influence, Southwest Airlines, our Senior Vice President of Administration and Chief People Officer, and our General Counsel Department, including its Labor and Employee Relations section, are committed to:

* Prohibiting child and forced labor
* Preventing any form of harassment, discrimination, or retaliation in the workplace based on race, color, religion, age, sex, sexual orientation, gender identity, pregnancy, marital status, national origin, disability, veteran status, genetic information, or other legally protected statuses
* Respecting the right of Employees to associate freely
* Recognizing lawful rights of Employees to choose or not choose collective bargaining representation

Suppliers and Business Partners

Southwest Airlines expects its suppliers and business partners to operate in compliance with all applicable laws and regulations, including local environmental, employment, and safety laws.

Training

Southwest Airlines conducts training on human rights issues as they relate to harassment, discrimination, or retaliation for all new hires. Human rights training is also available for existing Employees through our It’s a Matter of Respect training for Leaders and our sexual harassment online module. In 2010 alone, our Employees devoted more than 5,000 hours to human rights training, and 10.7 percent of Employees completed the training. We provide guidance for such issues to all Employees through our Guidelines for Employees, which can be found on Southwest Airlines’ Intranet, along with our policy concerning harassment, sexual harassment, discrimination, and retaliation. All Employees are responsible for maintaining a positive working environment—free of discrimination, harassment, and hostile, threatening, or intimidating behavior. We feel that following these policies is simply the right thing to do.

Key Performance Indicators

Southwest Airlines’ citizenship committee has started to identify and define KPIs for human rights issues to better gauge our progress. This work is ongoing, and we plan to discuss more about our human rights KPIs in the 2011 Southwest Airlines One Report™.

Disclosure on Management Approach: Product Responsibility

At Southwest Airlines, our mission is to provide the highest quality of Customer Service with a sense of warmth, friendliness, individual pride, and Company SPIRIT.
PEOPLE > SOCIAL MANAGEMENT APPROACH

Customer Service
At Southwest Airlines, we recognize the importance of communicating openly, accurately and responsibly about our service to our Customers, so they can make informed choices. Our formal Customer Service policies are available to our Customers through our Customer Service commitment and contract of carriage available on our web site. Our Customer Service actions are further communicated to our Customers through the use of various media channels or Customer insight opportunities that allow for two-way communication with our Customers.

Marketing
Our General Counsel Department reviews our marketing materials that reach our Customers to confirm compliance with regulatory and voluntary codes. We had no fines imposed by the U.S. Department of Transportation (DOT) or consent orders entered into with the DOT due to Southwest Airlines advertising in 2010. In 2010, there were not any promotions or sponsorships that resulted in any legal action against Southwest Airlines.

Customer Privacy
In 2010, Southwest Airlines had no fines for non-compliance with laws and regulations concerning Customer privacy.

Key Performance Indicators
Southwest Airlines’ citizenship committee has started to identify and define KPIs for product responsibility issues to better track our performance and progress. This work is ongoing, and we plan to discuss more about our related KPIs in the 2011 Southwest Airlines One Report™. To determine the success of our Customer Service and gain Customer insight to improve the Customer Experience, we also actively monitor Customer satisfaction and industry-related metrics released by the DOT, calculate our Net Promoter Score, and administer the Hall & Partners biannual brand tracker survey to our Customers.

DISCLOSURE ON MANAGEMENT APPROACH: SOCIETY
Our mission, vision, and Culture that promote sustaining and respecting our People and our Planet guide our commitment to society. At Southwest Airlines, we conserve and innovate, treat others the way we want to be treated, and strive to do the right thing.

Community
We remain devoted to each and every community that we serve. Our Employees, Customers, and neighbors all contribute to the Culture of Southwest Airlines. We are proud to offer our cities more than just friendly and affordable air service. We offer our hearts as we Share the Spirit, from monetary and in-kind donations to volunteer efforts that stem from our Servant’s Heart. Southwest Airlines reaches out to provide help to those who need it most.

We have two teams, Community Relations/Charitable Giving and Community Affairs & Grassroots, with a combined goal to make a positive difference by championing the causes that matter most in the communities we serve. By focusing
on key areas of strategic giving (families facing serious illness, environment, military and their families, disaster preparedness, and youth leadership/community involvement) and by nurturing long-term relationships with national and local organizations, we strengthen our commitment to our communities.

Avoiding Corruption and Anti-Competitive Behavior
At Southwest Airlines, we strive to maintain accountability and transparency of our business practices to reduce or eliminate corruption. We promote vigorous competition that benefits consumers by providing low air fares and a variety of high-quality air service offerings to destinations across the United States.

Public Policy
We must continually adapt to new laws and regulations. Legislative and regulatory changes have the potential to limit our opportunities for growth, and government policies and legislation can have a deep impact on how we do business. We present our views on these topics to a wide range of policymakers and stakeholder groups through trade associations and interactions with public officials at the federal level and in the states and communities we serve.

Compliance
It’s our policy to comply with all applicable laws, rules, and regulations within the United States and the states and communities we serve. We do this through numerous policies and procedures, which are regularly reviewed and updated when necessary, and related Employee certifications. In addition, Employees in various operational areas monitor pending regulation so that associated policies and procedures can be modified to maintain compliance, as needed.

Key Performance Indicators
Southwest Airlines’ citizenship committee has started to identify and define KPIs for our community efforts, which will better evaluate our performance and gauge our progress. This work is ongoing, and we plan to discuss more about our society KPIs in the 2011 Southwest Airlines One Report™.