

Southwest Airlines Reports First Quarter Results, Business Transformation Initiatives Deliver Meaningful Margin Expansion

- \$227 million net income and \$0.45 EPS, in line with guidance
- Operating margin of 4.6%, an improvement of 8.1 points year-over-year
- Generated \$1.4 billion in operating cash flow in the quarter
- Record first-quarter passenger, operating, and unit revenues
- Managed business revenue performance a March and quarterly record

DALLAS—April 22, 2026—[Southwest Airlines Co.](#) today reported first quarter 2026 financial results, representing an important milestone as the transformational plan announced just 18 months ago is now fully implemented.

"First quarter 2026 marked a turning point for Southwest, as our broad set of commercial, operational, and cost initiatives is now translating into terrific results. Demand for our new product offerings drove record first quarter revenues, double-digit unit revenue growth, and significant improvement in earnings and margins. These results were achieved despite significantly higher fuel costs, underscoring the momentum across the business and the strength of our transformed business model.

"Our Customers have embraced and value our new products, and that is reflected in our financial performance. Demand continues to be strong, and we remain focused on controlling what we can control by managing costs, optimizing revenue initiatives, and directing capacity toward higher-return opportunities. While the external environment remains uncertain, we are confident in our positioning and the strong momentum we are seeing at Southwest," said Bob Jordan, Southwest's President & Chief Executive Officer.

1Q Highlights:

- Operating revenues of \$7.2 billion, a first-quarter record, up 12.8% year-over-year
- Net income of \$227 million, or \$0.45 diluted earnings per share, and an adjusted net margin¹ expected to be the highest among large U.S. airlines
- Operating margin of 4.6%, an improvement of 8.1 points and 6.6 points adjusted¹, both year-over-year

- Generated operating cash flow of \$1.4 billion, an increase of 65% from the first quarter of 2025
- Strong cost discipline continued in the quarter, with operating expenses increasing 4.0% and unit costs (CASM-X¹) increasing 2.3% on capacity growth of 1.5%, all year-over-year
- Returned over \$1.3 billion to Shareholders through a combination of share repurchases and dividends
- Drove strong Customer buy-up, with approximately 60% of Customers upgrading from the base product in first quarter 2026, up from approximately 20% in 2025
- Rapid Rewards engagement strengthened, with enrollments up 37% and tier-status earners increasing 62%, both year-over-year
- Managed business revenue delivered its strongest March and quarterly performances in Company history, increasing 25% and 16%, respectively, year-over-year
- Successfully launched assigned and extra legroom seating on January 27, 2026, while achieving best-in-class on-time performance and the highest completion factor among large domestic airline peers on the day of launch
- Continued fleet upgrades with in-seat power and larger overhead bins, with approximately two thirds of aircraft expected to be equipped with both features by late 2026
- Announced planned deployment of Starlink ultra-fast Wi-Fi across the fleet, with initial aircraft expected to enter service in summer 2026 and at least 300 aircraft planned by year-end 2026
- Entered a new strategic partnership with All Nippon Airways, expanding the Company's global network to seven partners
- Commenced service in St. Thomas, U.S. Virgin Islands and Knoxville, Tennessee, two of five new market entries in 2026

Guidance and Outlook:

The following table provides guidance for second quarter 2026. The Company is guiding adjusted EPS^{1,2,3} to be in the range of \$0.35 to \$0.65, based on the forward fuel curve as of April 16, and the current demand and revenue environment. Given the ongoing macroeconomic uncertainty, updating the Company's full-year adjusted EPS guidance of \$4.00 would not be productive at this time. Achieving this outcome would require lower fuel prices and/or stronger revenue performance to offset higher fuel expense. The Company expects to provide updates to this guidance as appropriate.

	2Q 2026 Forecast
Adjusted EPS	\$0.35 to \$0.65
ASMs (a), year-over-year	Flat to up 1.0%
RASM (b), year-over-year	16.5% to 18.5%
CASM-X (c), year-over-year ^{1,3}	3.5% to 4.0%

(a) Available seat miles ("ASMs" or "capacity").

(b) Operating revenue per available seat mile ("RASM" or "unit revenues").

(c) Operating expenses per available seat mile, excluding aircraft fuel and related taxes expense, special items, and profit sharing ("CASM-X").

Revenue Results and Outlook:

- Record first quarter 2026 passenger revenues of \$6.6 billion, a 13.4 percent increase year-over-year
- Record first quarter 2026 operating revenues of \$7.2 billion, a 12.8 percent increase year-over-year
- First quarter 2026 RASM increased 11.2 percent year-over-year, above prior guidance, on capacity up 1.5 percent, reflecting initiative contributions and broad-based demand strength across the network
- Second quarter 2026 RASM is expected to increase between 16.5% and 18.5% year-over-year

Non-Fuel Costs and Outlook:

- First quarter 2026 operating expenses increased 4.0 percent year-over-year, to \$6.9 billion
- First quarter 2026 operating expenses, excluding aircraft fuel and related taxes expense, special items, and profit sharing¹, increased 3.9 percent year-over-year
- First quarter 2026 CASM-X increased 2.3 percent year-over-year, below prior guidance
- Second quarter 2026 CASM-X is expected to increase between 3.5% and 4.0% year-over-year, which includes an expected 1.2 point impact from the removal of six seats from the Boeing 737-700 fleet to enable extra legroom seating

Fuel Costs:

- First quarter 2026 fuel costs were \$2.73 per gallon, above prior guidance of approximately \$2.40, which increased fuel expense by \$164 million and represented an approximate \$0.22 headwind to EPS

- Second quarter 2026 fuel cost per gallon is assumed to be between \$4.10 and \$4.15⁴ based on the forward curve as of April 16

Capacity, Fleet, and Capital Spending:

- First quarter 2026 capacity increased 1.5 percent year-over-year
- Received 10 Boeing 737-8 aircraft and retired 13 aircraft (including eight Boeing 737-700 aircraft and the sale of three Boeing 737-700 aircraft and two Boeing 737-800 aircraft) in first quarter 2026, ending the quarter with 800 aircraft
- First quarter 2026 gross capital expenditures were \$630 million, driven primarily by aircraft-related capital spending, as well as technology, facilities, and operational investments
- Expect 66 Boeing 737-8 aircraft deliveries and plan to retire approximately 60 aircraft in 2026
- Continued efforts to optimize the network, including announcing the suspension of operations at Chicago O'Hare and Washington Dulles in June and the reallocation of capacity to higher-performing markets
- Entered 2026 with a disciplined capacity plan and now expect full-year growth of approximately 2%, at the low end of the prior 2% to 3% guide year-over-year
- Expect 2026 net capital spending⁵ in the range of \$3.0 billion to \$3.5 billion

Liquidity and Capital Deployment:

- Ended first quarter 2026 with \$3.3 billion in cash and cash equivalents and a revolving credit line of \$1.5 billion
- Ended the quarter with leverage^{1,6} of 2.2x
- Have unencumbered aircraft and other related assets with a net book value of approximately \$16.5 billion
- Repurchased \$1.25 billion in shares and distributed \$93 million in dividends during first quarter 2026
- \$450 million remains outstanding under the Company's \$2.0 billion share repurchase authorization
- Entered into a \$500 million aircraft-secured term loan agreement used to pay down final portion of the Company's Payroll Support Program loan

Conference Call:

Southwest will discuss its first quarter 2026 results on a conference call at 10:00 a.m. Eastern Time on April 23, 2026. To listen to a live broadcast of the conference call, please go to <https://www.southwestairlinesinvestorrelations.com>.

Footnotes

1See Note Regarding Use of Non-GAAP Financial Measures for additional information on special items. In addition, information regarding special items and economic results is included in the accompanying table Reconciliation of Reported Amounts to Non-GAAP Items (also referred to as "excluding special items").

2Adjusted income (loss) per share, or adjusted EPS, a non-GAAP financial measure, is calculated as net income (loss), excluding special items, divided by diluted weighted-average shares outstanding.

3Projections do not reflect the potential impact of Aircraft fuel and related taxes expense, special items, and profit sharing because the Company cannot reliably predict or estimate those items or expenses or their impact to its financial statements in future periods, especially considering the significant volatility of the Aircraft fuel and related taxes expense line item. Accordingly, the Company believes a reconciliation of non-GAAP financial measures to the equivalent GAAP financial measures for these projected results is not meaningful or available without unreasonable effort.

4Based on market prices as of April 16, 2026. Fuel cost per gallon includes fuel taxes and fuel hedging net premium expense of \$0.05 per gallon related to terminated fuel derivative contracts.

5Net capital expenditures include the impact of aircraft sales and sale-leaseback transactions.

6Leverage, adjusted debt, and adjusted EBITDAR are each non-GAAP financial measures.

Leverage is calculated as adjusted debt divided by trailing twelve month adjusted EBITDAR.

Adjusted EBITDAR is calculated as earnings before interest and taxes, and non-operating other (gains) losses, net, excluding special items, and adjusted by adding depreciation and amortization and the fixed portion of operating lease expense ("adjusted EBITDAR"). Adjusted debt includes current and long-term debt, finance lease obligations, and operating lease liabilities (including fleet, ground, and other).

Cautionary Statement Regarding Forward-Looking Statements

This news release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Specific forward-looking statements include, without limitation, statements related to (i) the Company's financial and operational outlook, expectations, goals, plans, targets, and projected results of operations, including with respect to its initiatives, and including factors and assumptions underlying the Company's expectations and projections; (ii) the Company's initiatives, strategic priorities and focus areas, goals, and opportunities, including with respect to the Company's transformational plan, product offering, positioning, and strong momentum; (iii) the Company's capacity plans and expectations; (iv) the Company's expectations with respect to fuel costs and fuel efficiency, including factors underlying the Company's expectations; (v) the Company's expectations with respect to managing costs, optimizing revenue initiatives, and directing capacity toward higher-return opportunities; (vi) the Company's network plans and expectations, including

with respect to optimization efforts; (vii) the Company's expectations with respect to the current demand and revenue environment; (viii) the Company's plans and expectations with respect to Starlink Wi-Fi; (ix) the Company's fleet plans and expectations, including with respect to its fleet order book, fleet utilization, fleet upgrades with in-seat power and larger overhead bins, fleet modernization, fleet transactions, flexibility, and expected fleet deliveries and retirements, and including factors and assumptions underlying the Company's plans and expectations; and (x) the Company's plans, estimates, and assumptions related to capital spending, including factors and assumptions underlying the Company's expectations and projections. These forward-looking statements are based on the Company's current estimates, intentions, beliefs, expectations, goals, strategies, and projections for the future and are not guarantees of future performance.

Forward-looking statements involve risks, uncertainties, assumptions, and other factors that are difficult to predict and that could cause actual results to vary materially from those expressed in or indicated by them. Factors include, among others, (i) the impact of geopolitical conflicts, fears or actual outbreaks of diseases, extreme or severe weather and natural disasters, actions of competitors (including, without limitation, pricing, scheduling, capacity, and network decisions, and consolidation and alliance activities), governmental actions, consumer perception, consumer uncertainties with respect to trade policies or government shutdowns (including the imposition of tariffs), economic conditions, banking conditions, fears or actual acts of terrorism or war, sociodemographic trends, and other factors beyond the Company's control, on consumer behavior and the Company's results of operations and business decisions, plans, strategies, and results; (ii) the Company's ability to timely and effectively implement, transition, operate, and maintain the necessary information technology systems and infrastructure to support its operations and initiatives, including with respect to revenue management and assigned and premium seating; (iii) consumer behavior and response with respect to the Company's new commercial products and policies; (iv) the impact of fuel price changes, fuel price volatility, and fuel availability on the Company's business plans and results of operations; (v) the impact of governmental regulations and other governmental actions, including with respect to government shutdowns, as well as the Company's ability to obtain any required governmental approvals, on the Company's business plans, results, and operations; (vi) the Company's dependence on The Boeing Company ("Boeing") and Boeing suppliers with respect to the Company's aircraft deliveries, Boeing MAX 7 aircraft certifications, fleet and capacity plans, operations, maintenance, strategies, and goals; (vii) the Company's dependence on the Federal Aviation Administration with respect to, among other things, the certification of the Boeing MAX 7 aircraft; (viii) the Company's dependence on other third parties, in particular with respect to its technology plans, its plans and expectations related to revenue management, online travel agencies, operational reliability, fuel supply, maintenance, Global Distribution Systems, environmental sustainability, and the impact on the Company's operations and results of operations of any third-party delays or nonperformance; (ix) the Company's ability to timely and effectively prioritize its initiatives and focus areas and related expenditures; (x) the impact of labor matters on the Company's business decisions, plans,

strategies, and results; (xi) the Company's ability to obtain and maintain adequate infrastructure and equipment to support its operations and initiatives; (xii) the Company's dependence on its workforce, including its ability to employ and retain sufficient numbers of qualified Employees with appropriate skills and expertise to effectively and efficiently maintain its operations and execute the Company's plans, strategies, and initiatives; (xiii) the cost and effects of the actions of activist shareholders; and (xiv) other factors, as described in the Company's filings with the Securities and Exchange Commission, including the detailed factors discussed under the heading "Risk Factors" in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2025.

ABOUT SOUTHWEST AIRLINES CO.

[Southwest Airlines Co.](https://www.southwest.com) operates one of the world's most admired and awarded airlines, offering its one-of-a-kind value and Hospitality at 121 airports across 12 countries. Southwest took flight in 1971 to democratize the sky through friendly, reliable, and low-cost air travel and now carries more air travelers flying nonstop within the United States than any other airline^(fn. 1). By empowering its more than 73,000^(fn. 2) People to deliver unparalleled Hospitality, the maverick airline cherishes a passionate loyalty among more than 134 million Customers carried in 2025. Southwest leverages a unique legacy and mission to serve communities around the world including harnessing the power of its People and Purpose to put communities at the Heart of its success. Learn more by visiting [Southwest.com/citizenship](https://southwest.com/citizenship).

1. Based on U.S. Dept. of Transportation quarterly Airline Origin & Destination Survey as of Q4 2025
2. Fulltime-equivalent active Employees as of March 31, 2026

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