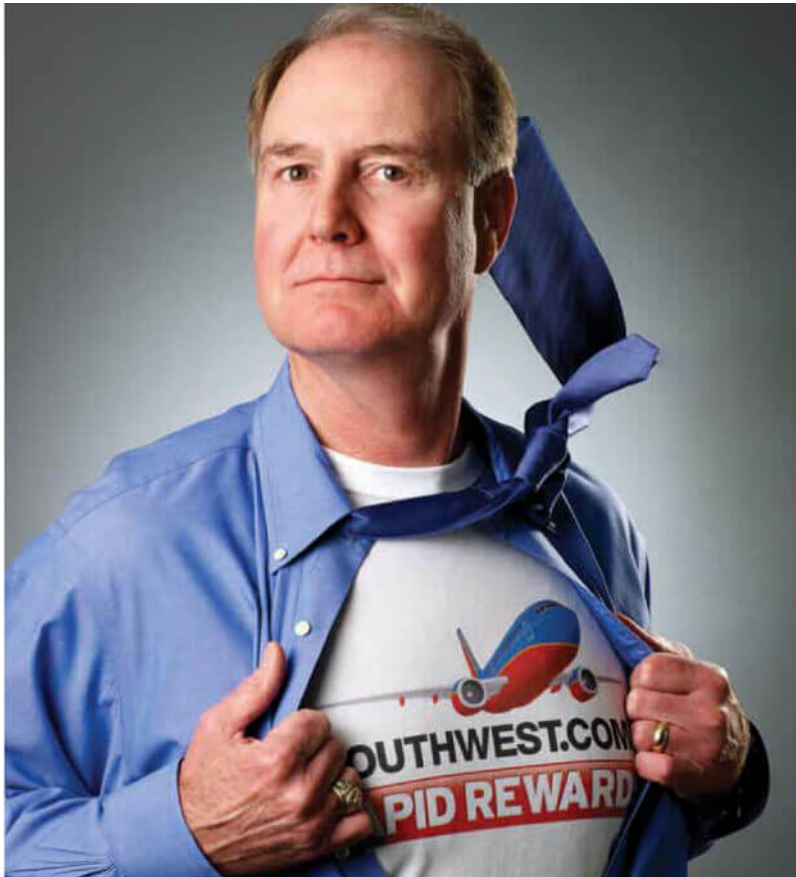


# Risks and Rewards: The Rapid Rewards® Program



Prior to the summer of 1987, most domestic frequent flyer airline programs were virtually indistinguishable from one another. Similar rewards. Similar mileage-based systems. Slightly different corporate logos.

To use frequent flyer miles to claim an award ticket, air travelers were asked to rack up tens of thousands of miles. Corporate execs traveling between the coasts and elite jetsetters were not complaining. But short-haul business travelers who made a living ping-ponging between places like Phoenix and Los Angeles or Dallas and Houston felt they would never get ahead.

Enter Southwest Airlines with a radical idea. Rather than asking Customers to count airline miles, keep things simple: Anyone who flew 10 round-trip flights (or 20 one-way flights) would receive an award ticket.

## THIS IS YOUR OFFICIAL MEMBERSHIP CARD.



Put it in your wallet now and present it to earn free flights. To reserve a Southwest Airlines flight, call your travel agent or the toll-free reservations number printed on the back of your new COMPANY CLUB membership card.

When CEO Herb Kelleher debuted this new loyalty program, dubbed the Company Club, on June 18, 1987, he was crystal clear about the Company's initial objectives: "We're going after our best Customers, the short-haul frequent business travelers who have been ignored by other airlines."

In time, the program's appeal would extend much further. But in the short-term, it disrupted the "airline see, airline do" complacency in the industry. For the first time, old guard titans felt compelled to glance over their shoulders to see what their unpredictable rival might try next.

Take birthday wishes for instance. In 1992, Southwest Airlines decided to mail birthday cards to all of its Company Club Members. Then in 1996, when the Club was rebranded as the Rapid

Rewards® program, Southwest zeroed in on two things its rivals rarely considered: speed and convenience.

Reward tickets were automatically mailed to Members, greatly reducing the prospect of unclaimed rewards, a longstanding consumer complaint. Members were also given the option of gifting awards to other Members and making reservations via a special phone line.

Most important of all, Members could earn an award ticket after flying just eight round trips within a 12-month period. (Southwest had lowered the number of trips required for an award ticket in 1993.) With most airlines setting a 25,000-mile minimum threshold to earn a free ticket, Members could earn an award trip up to three times faster than those using other loyalty programs.

This creative refresh, combined with the launch of Southwest's first Rapid Rewards® Visa card, delivered an added bonus: More business partners rushed to join the Rapid Rewards® ecosystem, further strengthening existing bonds between all parties.



And still, Southwest looked for additional ways to be more generous. It offered double Rapid Rewards® Points to Members who booked flights on Southwest.com® for not just one or two years, but from 1997 to 2003. This critical move proved useful in managing costs and differentiating Southwest from its competitors, while also driving a tremendous amount of traffic to the Company's rapidly growing website. Then, to the shock of its competitors, Southwest announced in 2005 that its award tickets would have no system-wide blackout dates, nor be subject to any seat restrictions.

By 2011, Southwest's route network had expanded so far across the country that it raised the question of whether flight frequency provided most Members the greatest bang for their airline bucks. Although short-haul travelers remained a key constituent, scores of leisure and long-haul business travelers were now Southwest regulars, prompting the opportunity for a Rapid Rewards refresh.

Southwest's new system rewarded Members with Points based on the price of their tickets, with additional Points rewarded for Anytime fares and Business Select® fares. "It's better for 90 out of 100 Customers," Chairman and CEO Gary Kelly, who was then also President, said at the time. "It was designed for Customers. The whole mission for Southwest was to win Customers and not by nickel-and-diming them with the Frequent Flyer program."

That mission continued in the years to follow. The rollout of a new and more generous Southwest Airlines Rapid Rewards® Credit Card from Chase lured more business travelers and sent overall credit card spend soaring. This generated billions in revenue for the Company and led to an even more loyal Customer base, reducing the amount of marketing dollars needed to attract new Customers.



Shopping

In October 2019 came the announcement that Rapid Rewards Points would no longer expire, even if not used over a 24-month period, effectively solidifying the Company's reputation as the Customer-friendly, anti-blackout date airline.

Through it all, the program has remained true to its original intent: to say "thank you" to its loyal Customers by connecting them to what's important in their lives, one award ticket at a time. "This is how parents bring kids home from college," says Senior Vice President and Chief Marketing Officer Ryan Green. "This is how people go on honeymoons. This is how people go visit grandchildren. (It's) one of the ways in which we're able to reward Customers who have given so much to us."

#### 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 119 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<sup>(fn. 1)</sup>. By empowering its more than 73,000<sup>(fn. 2)</sup> 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://www.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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