Southwest Airlines Reports Fourth Quarter and Full Year 2025 Results; Expects Strong 2026 Financial Performance from Business Transformation

- 2025 net income $441 million / $0.79 EPS; adjusted net income[1] $512 million / $0.93 adjusted EPS[1,2]
- 2025 adjusted EBIT[1,3] $574 million and above prior guidance of $500 million
- Guiding 2026 adjusted EPS[4] of at least $4.00, up more than 300% over 2025
- Ranked #1 in The Wall Street Journal Best U.S. Airlines of 2025
- 2026 guidance and strong Q1 bookings reflect sweeping transformation undertaken in 2025

DALLAS, January 28, 2026 - Southwest Airlines (LUV) today reported its fourth quarter and full year 2025 financial results, and provided 2026 adjusted EPS guidance of at least $4.00, which represents the lower end of internal forecasts. Fourth quarter performance benefited from revenue initiatives and continued cost control, contributing to solid results and strong momentum. Notwithstanding the impact of Winter Storm Fern, 2026 is off to a strong start, driven by the Company's Customer-focused product offering, operational excellence, and dramatic progress from the transformational initiatives implemented last year.

“Southwest closed 2025 with strong momentum. Last year we implemented the most ambitious transformation in Company history, including bag fees, basic economy fares, assigned and extra legroom seating, Rapid Rewards® program optimization, online distribution expansion, and free Wi-Fi for loyalty members. We also outperformed our cost reduction goals, strengthened operational reliability through new technology, and returned $2.9 billion to our Shareholders through share repurchases and dividends. That foundation positions us well for long-term success and sets the stage for significant earnings growth this year. Our performance reflects the extraordinary work of our People, who transformed the business while continuing to serve our Customers with unparalleled hospitality and operational excellence. Their efforts enabled us to achieve $574 million in full year adjusted EBIT, and earned Southwest the top spot in The Wall Street Journal Best U.S. Airlines of 2025. I could not be more proud of what we accomplished,” said Bob Jordan, Southwest’s President & Chief Executive Officer.

Southwest

2025 Highlights:

- Record quarterly and full year operating revenues of $7.4 billion and $28.1 billion, respectively
- Fourth quarter and full year net income of $323 million and $441 million, or $0.61 and $0.79 per diluted share, respectively
- Fourth quarter and full year adjusted net income of $301 million and $512 million, or $0.58 and $0.93 per diluted share, respectively
- Fourth quarter and full year adjusted EBIT of $386 million and $574 million, respectively
- Returned $2.9 billion to Shareholders in the form of dividends and share repurchases
- #1 ranking in The Wall Street Journal Best U.S. Airlines of 2025

2025 Key Initiatives:

- Implemented assigned and extra legroom seating for travel beginning January 27, 2026
- Changed product offering, including the implementation of bag fees, the addition of a basic economy fare product, and flight credit expiration
- Optimized Rapid Rewards program, including variable earn and burn rates
- Amended co-brand agreement with Chase, including new benefits and improved economics
- Launched free Wi-Fi for loyalty program members, in partnership with T-Mobile
- Expanded online presence through new partnerships with Expedia and Priceline
- Outperformed the previously provided estimate of $370 million in cost reduction, including the first Company layoff of non-contract and management Employees
- Announced six strategic partnerships with Icelandair, EVA Air, China Airlines, Philippine Airlines, Condor, and Turkish Airlines
- Launched Getaways by Southwest™, an in-house packaged vacations product
- Announced new service at St. Thomas, USVI; Knoxville, Tennessee; St. Maarten; Santa Rosa, California; and Anchorage, Alaska
- Added redeye flying to increase aircraft utilization and network connectivity
- Reduced turn time to increase aircraft utilization
- Deployed new technology boosting operational reliability, a key enabler of the Company's #1 rank in The Wall Street Journal Best U.S. Airlines of 2025
- Discontinued the fuel hedging program
- Completed $2.6 billion in share repurchases in 2025, representing approximately 14% of shares outstanding, while maintaining the Company's investment-grade rating

Guidance and Outlook:

The following tables provide guidance for first quarter and full year 2026, and include the impact of Winter Storm Fern. The 2026 adjusted EPS guidance is at the lower end of internal forecasts, and well above Wall Street consensus. Just yesterday, assigned and extra legroom seating became operational, and Southwest expects earnings upside based on how booking behavior related to these initiatives unfolds:

- Upsell revenue from close-in bookings, which are more closely affiliated with business and price-flexible Customers
- Growth in business and leisure Customer segments driven by the more attractive new product offering

In the next month or so, Southwest will have better visibility to the upside potential from these initiatives and will provide range bound guidance for 2026 when current quarterly results are reported, if not earlier.

	1Q 2026 Forecast
Adjusted EPS	At least $0.45
ASMs (a), year-over-year	Up 1% to 2%
RASM (b), year-over-year	Up at least 9.5%
CASM-X (c), year-over-year[1,4]	Up ~3.5%

	2026 Forecast
Adjusted EPS	At least $4.00
ASMs (a), year-over-year	Up 2% to 3%

(a) Available seat miles ("ASMs" or "capacity").
(b) Operating revenues per available seat mile ("RASM" or "unit revenues").
(c) Operating expenses per available seat mile, excluding fuel and oil expense, special items, and profit sharing ("CASM-X").

Revenue Results and Outlook:

- Record fourth quarter 2025 passenger revenues of $6.8 billion, a 7.6% increase, year-over-year

- Record fourth quarter 2025 operating revenues of $7.4 billion, a 7.4% increase, year-over-year
- Fourth quarter 2025 RASM decreased 0.2%, year-over-year, excluding special items[1], impacted by Federal Aviation Administration mandated cuts
- First quarter 2026 RASM is expected to increase at least 9.5%, year-over year

Non-Fuel Costs and Outlook:

- Fourth quarter 2025 operating expenses increased 6.0%, year-over-year, to $7.1 billion
- Fourth quarter 2025 operating expenses, excluding fuel, special items, and profit sharing[1], increased 6.6%, year-over-year
- Fourth quarter 2025 CASM-X increased 0.8% and full year 2025 CASM-X increased 3.1%, both year-over-year
- First quarter 2026 CASM-X is expected to increase approximately 3.5%, year-over-year, which includes a 1.1 point impact from the removal of six seats from the Boeing 737-700 fleet to enable extra legroom seating
- Accrued $97 million of Employee profit sharing for 2025

Fuel Costs:

- Fourth quarter 2025 fuel cost was $2.45 per gallon and above the Company's previous guidance range
- First quarter 2026 fuel cost per gallon is assumed to be approximately $2.40[5]

Capacity, Fleet, and Capital Spending:

- Fourth quarter 2025 capacity increased 5.8%, and full year 2025 capacity increased 1.6%, both year-over-year
- Received 19 Boeing 737-8 aircraft and retired 18 aircraft (14 Boeing 737-700 aircraft and the sale of four Boeing 737-800 aircraft) in fourth quarter 2025, ending the year with 803 aircraft
- Received 55 Boeing 737-8 aircraft and retired 55 aircraft in 2025 (48 Boeing 737-700 aircraft and seven Boeing 737-800 aircraft, including the sale of five Boeing 737-800 aircraft)
- 2025 net capital expenditures[6] were $2.6 billion
- Expect 66 Boeing 737-8 aircraft deliveries in 2026 and plan to retire approximately 60 aircraft

- Expect 2026 net capital spending in the range of $3.0 billion to $3.5 billion

Liquidity and Capital Deployment:

- Ended 2025 with $3.2 billion in cash and cash equivalents, and a revolving credit line of $1.5 billion
- Ended 2025 with leverage[1,7] of 2.4x
- Have unencumbered aircraft and other related assets with a net book value of approximately $17.0 billion
- Repurchased $2.6 billion in shares and distributed $399 million in dividends during 2025
- Retired $3.3 billion of debt and finance lease obligations, including $1.6 billion of convertible notes and the prepayment of $1.6 billion of the Payroll Support Program
- Issued $1.5 billion of unsecured bonds at industry-leading terms in November 2025
- Intends to opportunistically repurchase shares, while staying within the guardrails that support its investment-grade rating

Conference Call:

Southwest will discuss its fourth quarter and full year 2025 results on a conference call at 10:00 a.m. Eastern Time on January 29, 2026. To listen to a live broadcast of the conference call please go to www.southwestairlinesinvestorrelations.com.

Footnotes

[1]See 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").
[2]Adjusted EPS, a non-GAAP financial measure, is calculated as net income, excluding special items, divided by diluted weighted-average shares outstanding.
[3]Adjusted EBIT, a non-GAAP financial measure, is defined as earnings before interest and taxes, excluding special items.
[4]Projections do not reflect the potential impact of fuel and oil 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 fuel and oil 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.

[5]Based on market prices as of January 23, 2026. Fuel cost per gallon includes fuel taxes and fuel hedging net premium expense of $0.06 per gallon related to terminated fuel derivative contracts.

[6]Net capital expenditures include the impact of aircraft sales and sale-leaseback transactions.

[7]Leverage, 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, earnings upside potential, expectations, goals, plans, targets, and projected results of operations, including with respect to its long-term success, earnings growth, and initiatives, and including factors and assumptions underlying the Company's expectations and projections, including the impact from Winter Storm Fern; (ii) the Company’s initiatives, strategic priorities and focus areas, goals, and opportunities, including with respect to assigned and extra legroom seating, including up-sell revenue from close-in bookings and growth in business and leisure segments, the Company’s business transformation, Customer-focused product offering, and operational excellence; (iii) the Company’s expectations with respect to providing future, range-bound guidance; (iv) the Company’s capacity plans and expectations; (v) the Company's expectations with respect to fuel costs and fuel efficiency, including factors underlying the Company's expectations; (vi) the Company’s network plans and expectations, including service at new stations; (vii) the Company’s fleet plans and expectations, including with respect to its fleet order book, fleet modernization, and expected fleet deliveries and retirements, and including factors and assumptions underlying the Company's plans and expectations; (viii) the Company's plans, estimates, and assumptions related to capital spending, including factors and assumptions underlying the Company's expectations and projections; (x) the Company’s plans and expectations with respect to share repurchases and other shareholder returns; and (xi) the Company's plans, expectations, and targets with respect to its investment-grade rating. 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 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 extra legroom 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, 2024, and in the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2025.

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ABOUT SOUTHWEST AIRLINES CO.

Southwest Airlines Co. operates one of the world's most admired and awarded airlines, offering its one-of-a-kind value and Hospitality at 120 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.

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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