



February 5, 2018

Technical Director  
Financial Accounting Standards Board  
401 Merritt 7  
P.O. Box 5116  
Norwalk, CT 06856-5116

**File Reference Number 2018-200**

Dear Board Members:

Re: Proposed Accounting Standards Update, *Leases (Topic 842) Targeted Improvements*

Southwest Airlines Co. (the "Company" or "Southwest") operates Southwest Airlines, a major passenger airline that provides scheduled air transportation in the United States and near-international markets. The Company appreciates the opportunity to comment on the Financial Accounting Standard Board's ("FASB") Proposed Accounting Standards Update, *Leases (Topic 842) Targeted Improvements*.

**Question 1: Would the proposed optional transition method to apply the new lease requirements through a cumulative-effect adjustment in the period of adoption reduce the cost and complexity associated with implementing Topic 842? If not, please explain why.**

Southwest believes providing an optional prospective transition option would achieve the stated goal and would significantly reduce both the cost and complexity associated with Topic 842 adoption. The Company is very supportive of the proposed revision, and believes the benefits from offering this option would greatly outweigh the perceived cost of a lack of comparable financial information—especially in our case where the vast majority of the impact will be on the Balance sheet and this information has been included in the footnotes of disclosures in historical periods.

Thank you for your consideration in this matter.

Sincerely,

/s/ Leah Koontz  
Vice President, Corporate Controller  
Southwest Airlines Co.  
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