



30 Years of LUV
New York Stock Exchange
June 27, 2007



Use of Economic Data

This presentation includes certain financial data that has been calculated by the Company on an "economic" basis. This data excludes certain unrealized items that are recorded as a result of Statement of Financial Accounting Standard 133, "Accounting for Derivative Instruments and Hedging Activities," as amended. Reconciliations of the differences between the economic data and the most comparable financial measures calculated and presented in accordance with accounting principles generally accepted in the United States are available on the Company's website at www.southwest.com.



Forward Looking Statements

This presentation contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, Section 21E of the Securities Exchange Act of 1934, as amended, and the Private Securities Litigation Reform Act of 1995. Forward-looking statements are based on the Company's current intent, expectations, estimates, and projections and are not guarantees of future performance. Forward-looking statements generally can be identified by the fact that they do not relate strictly to historical or current facts and include, without limitation, words such as "plan," "believe," "expect," "anticipate," "may," "could," "intend," "goal," "will," and similar expressions and variations thereof. Specific forward-looking statements relate to the Company's financial and operational goals, its growth strategies and opportunities, and its revenues initiatives and opportunities. These 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 Company's ability to timely and effectively prioritize its revenues initiatives and its related ability to timely implement and maintain the necessary information technology systems and infrastructure to support these initiatives; (ii) the extent and timing of the Company's investment of incremental operating expenses and capital expenditures to develop and implement its initiatives and its corresponding ability to effectively control operating expenses; (iii) the Company's dependence on third party arrangements to implement certain of its initiatives; (iv) competitor capacity and load factors; and (v) 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, 2006, and subsequent filings with the Securities and Exchange Commission. The Company undertakes no obligation to publicly update or revise any forward-looking statements to reflect events or circumstances that may arise after the date of this news release.





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Current Revenue Outlook

- June traffic is strong
 - Expect record load factor
 - Yields down versus year ago levels
- July bookings also strong



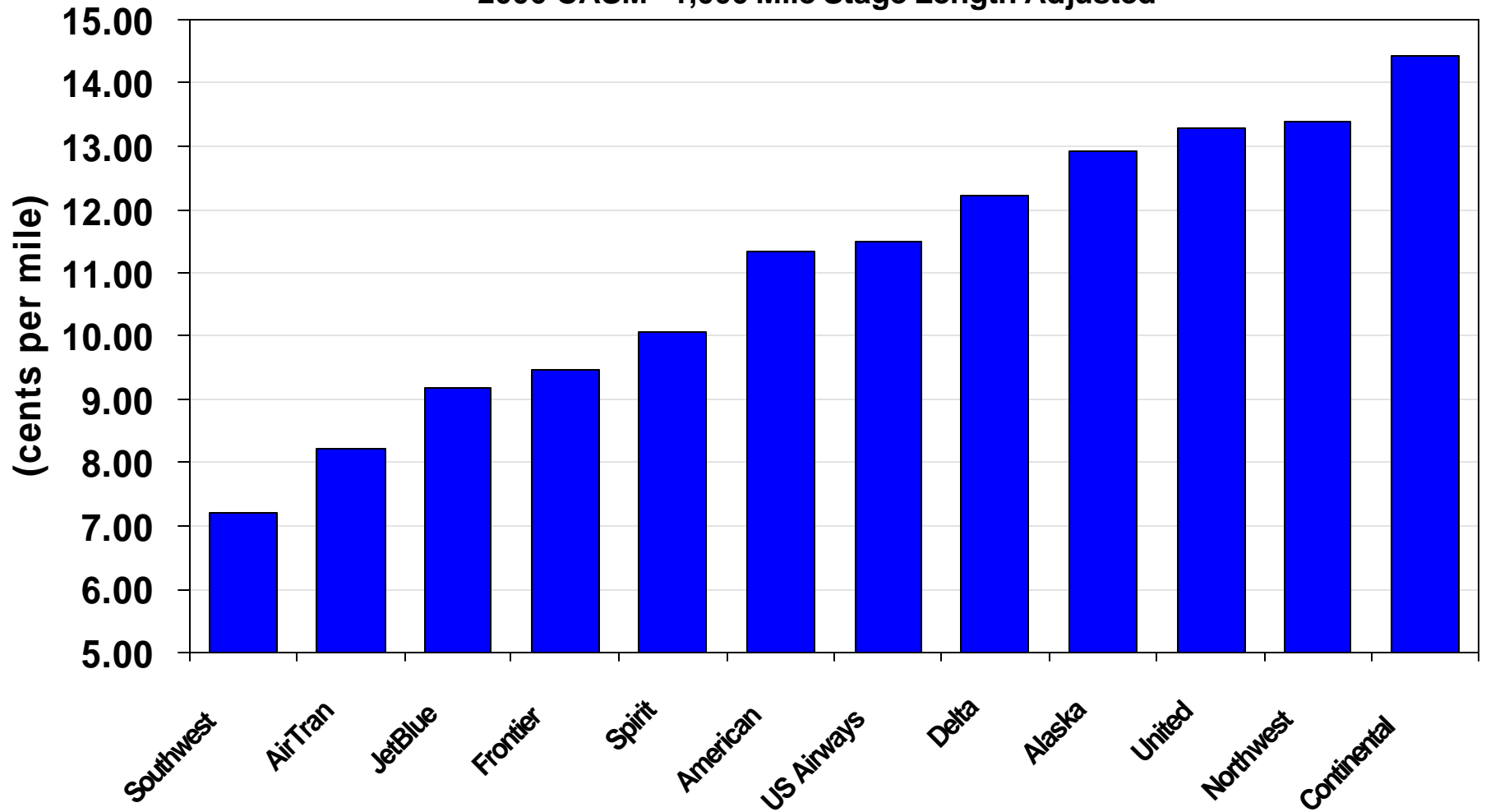
Capacity Outlook

- Tremendous long-term growth opportunities
- Short-term goal to improve profitability
 - Slowing 4Q07 growth from 8% to 6%
- Trimming 2008 growth from 8% to 6%
 - Reducing fleet by 15 aircraft
 - Intend to end 2008 with 539 aircraft



Sustainable Low Cost Advantage

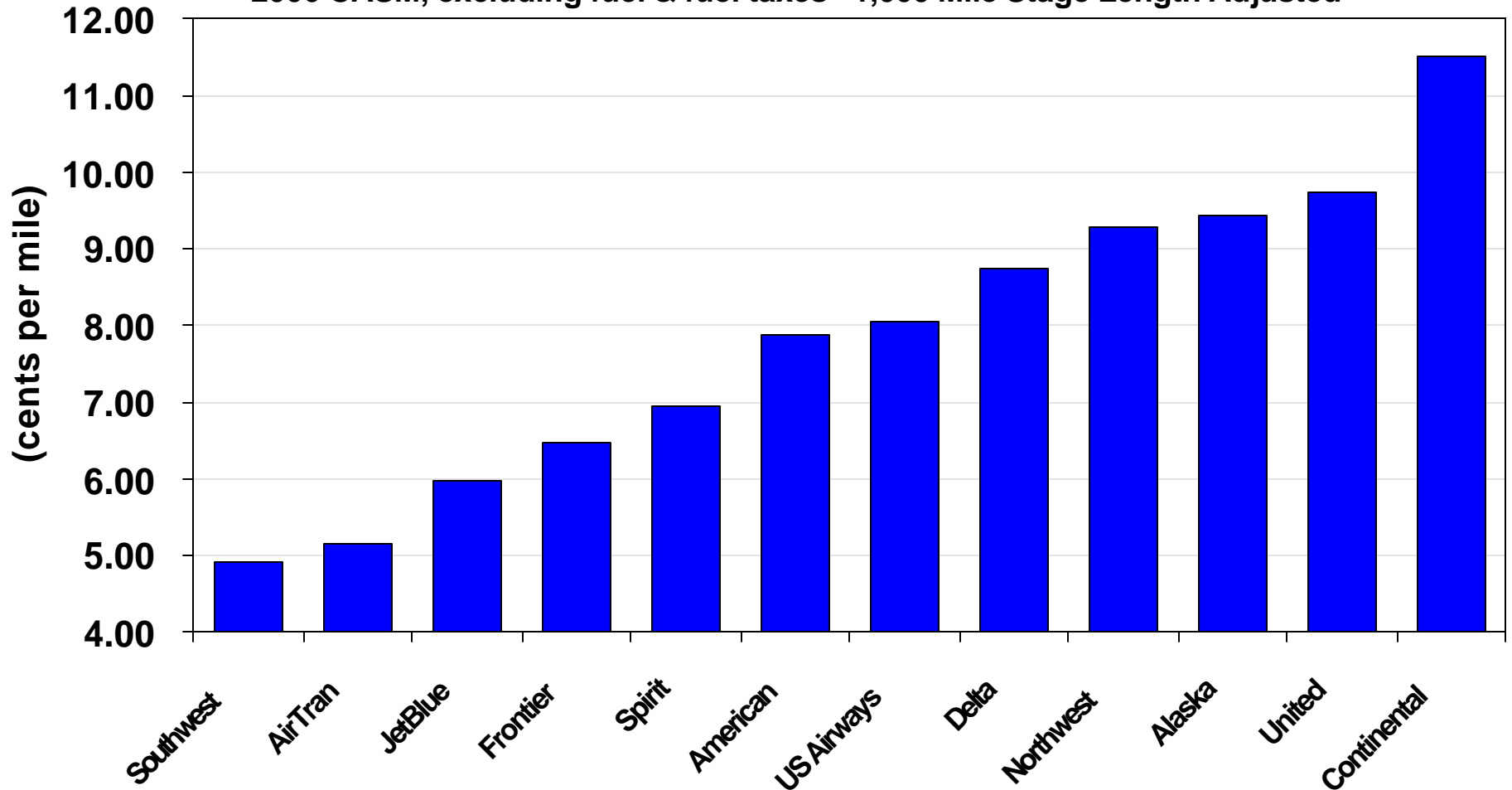
2006 CASM - 1,000 Mile Stage Length Adjusted



Source: Industry data

Still the Low Cost Leader

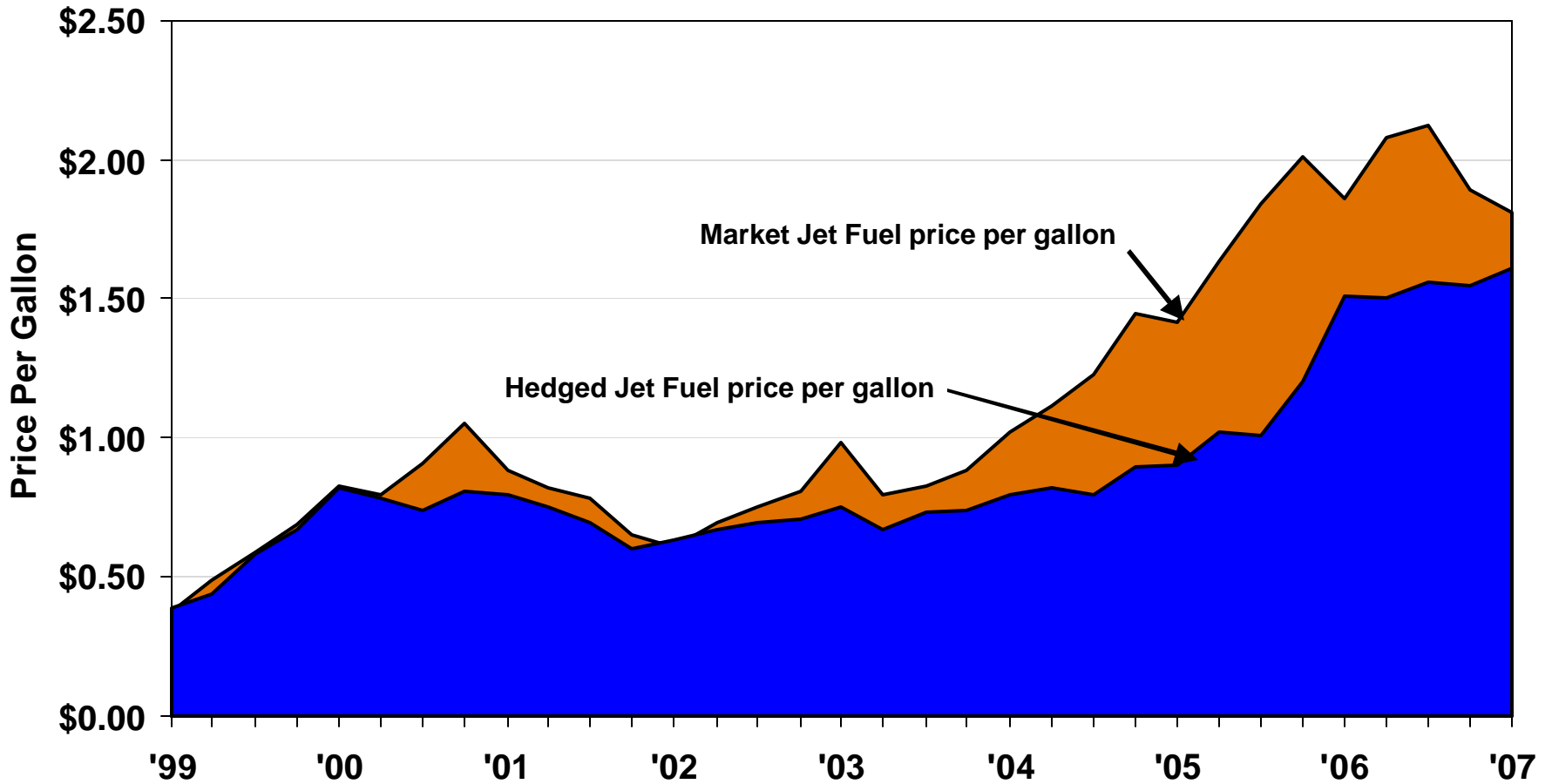
2006 CASM, excluding fuel & fuel taxes - 1,000 Mile Stage Length Adjusted



Source: Industry data

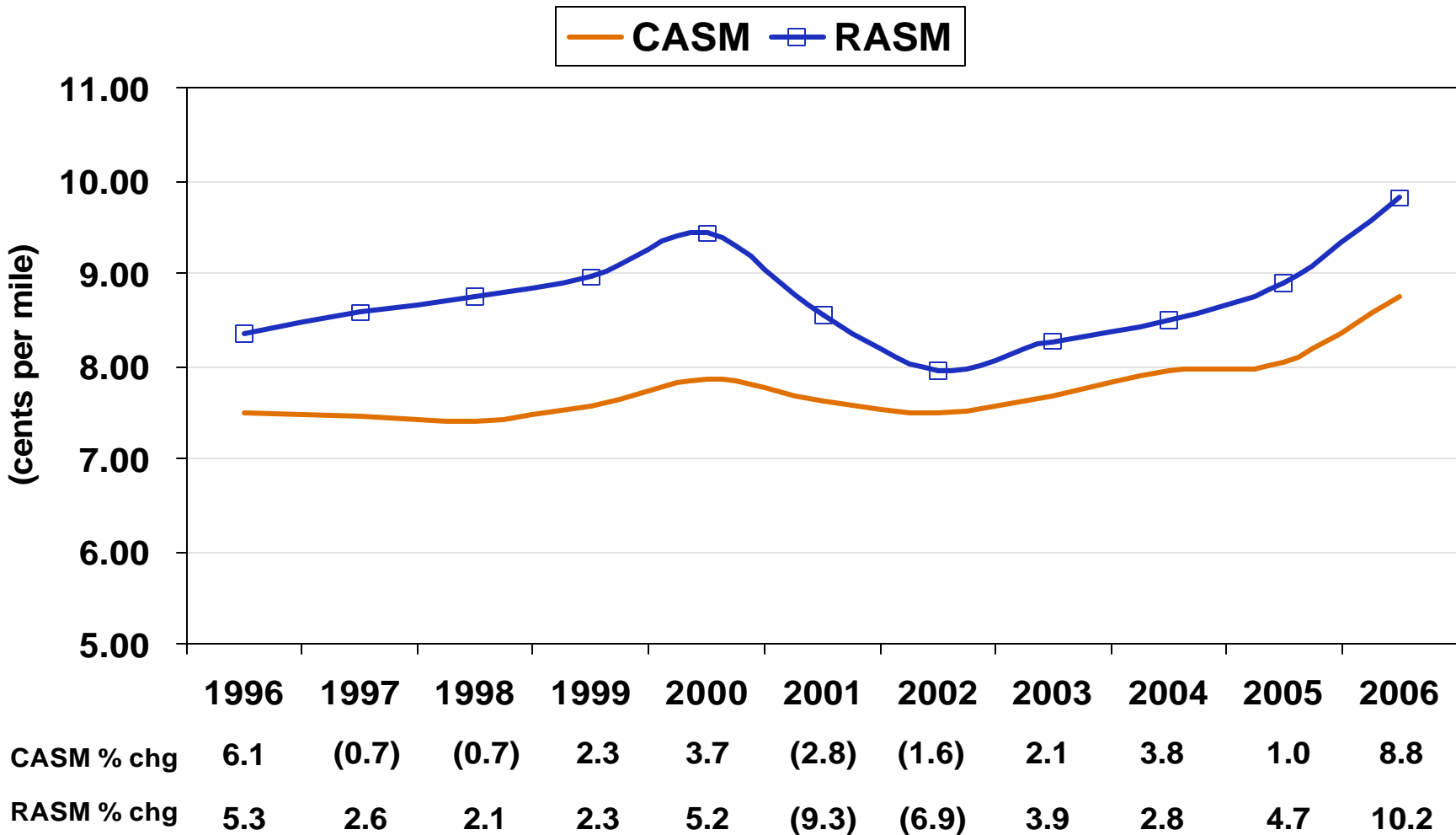
Rising Fuel Costs

Fuel Hedging Gains Fuel Headwind



Results based on Economic data

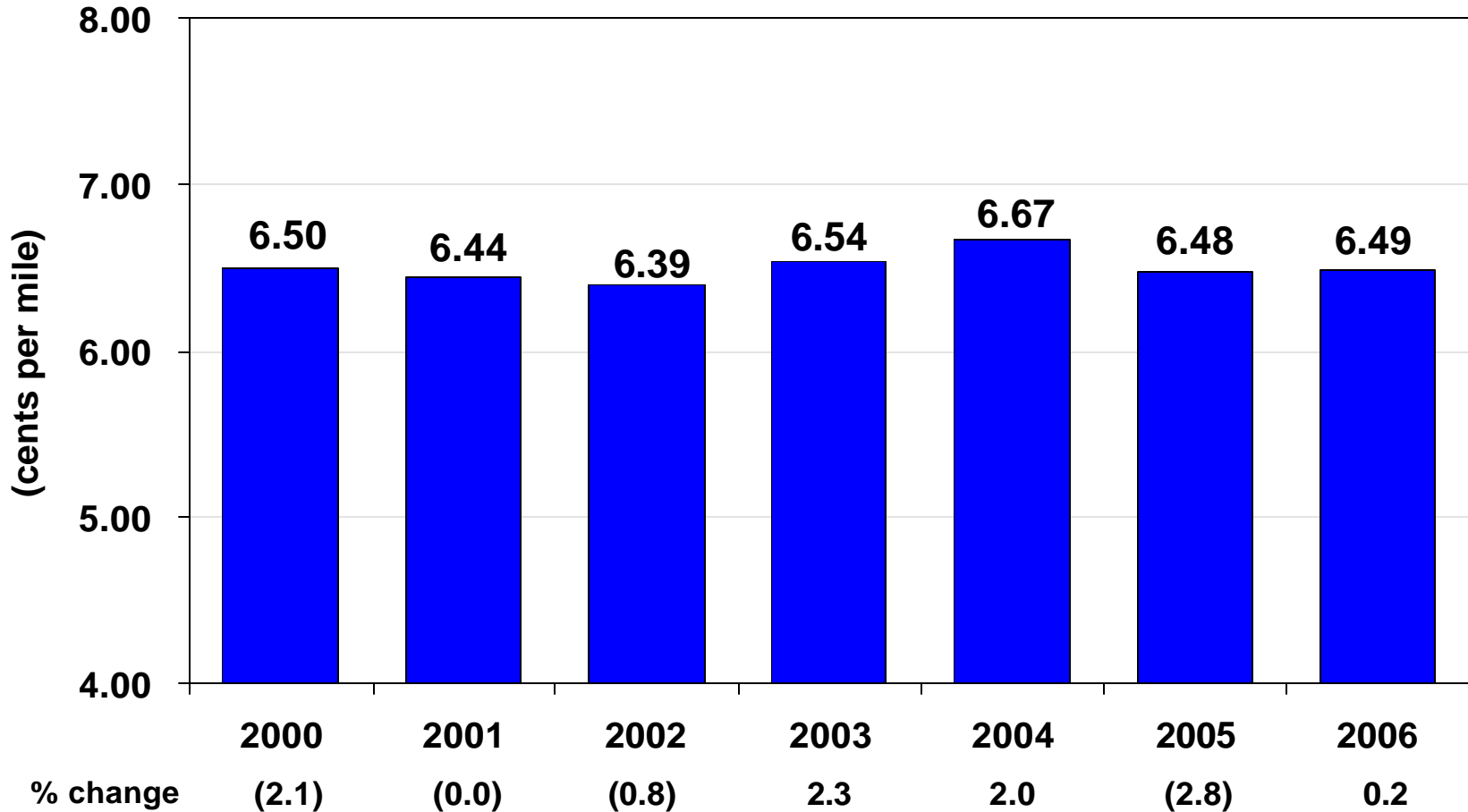
Revenues Chasing Costs



Results based on Economic data

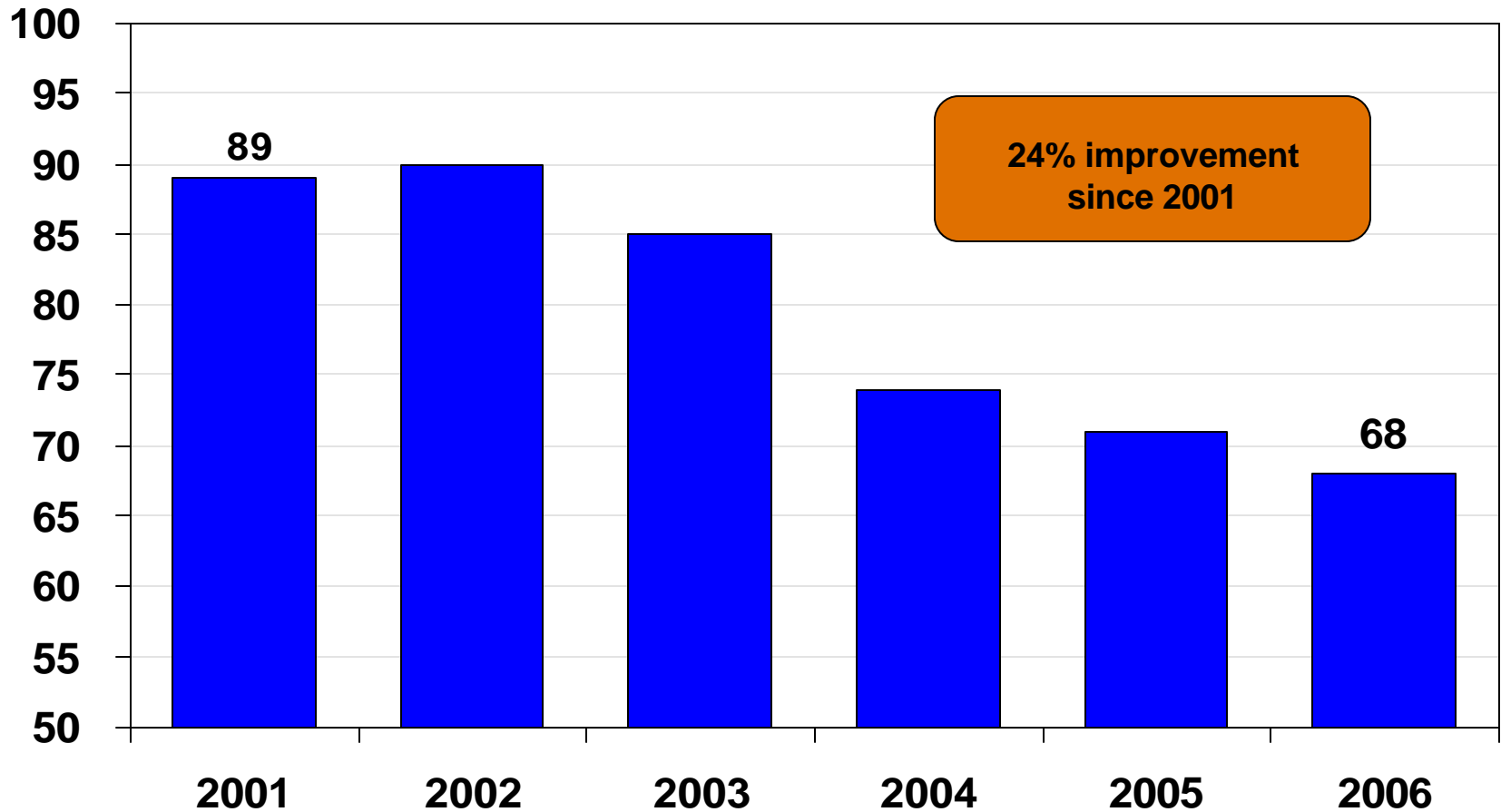
CASM

(excluding fuel)



Results based on Economic data

Productivity (Headcount per aircraft)



Labor Negotiations

- Pilots (SWAPA) – Currently in negotiations
- Flight Attendants (TWU) - June 2008
- Ramp, Operations and Provisioning (TWU) - July 2008
- Stock Clerks (Teamsters) – August 2008
- Mechanics (AMFA) - August 2008
- Customer Service and Reservation Agents (IAM) – November 2008
- Aircraft Appearance Technicians (AMFA) – February 2009
- Flight Dispatchers (SWAEA) – December 2009
- Flight Simulator Technicians (Teamsters) – November 2011
- Flight/Ground School Instructors and Flight Crew Training Instructors (SWAPIA) – January 2013

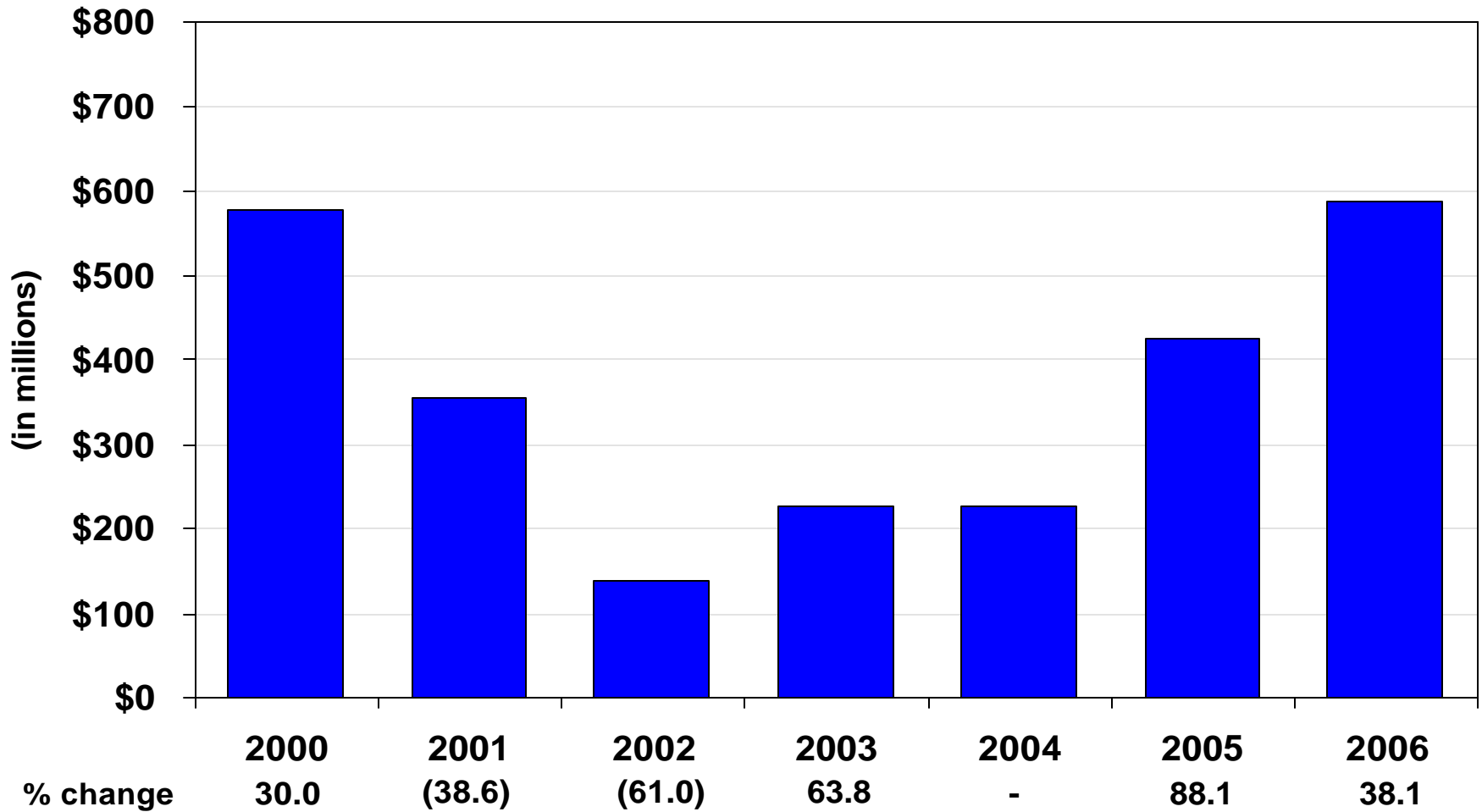


The Vision

- Be the best place to work
- Operate the safest, most reliable, most efficient airline
- Offer Customers the preferred 737 flight schedule with lots of flights to lots of places
- Deliver the best overall high value Customer Experience
- Earn excellent financial returns on our investment for our Shareholders and Employees

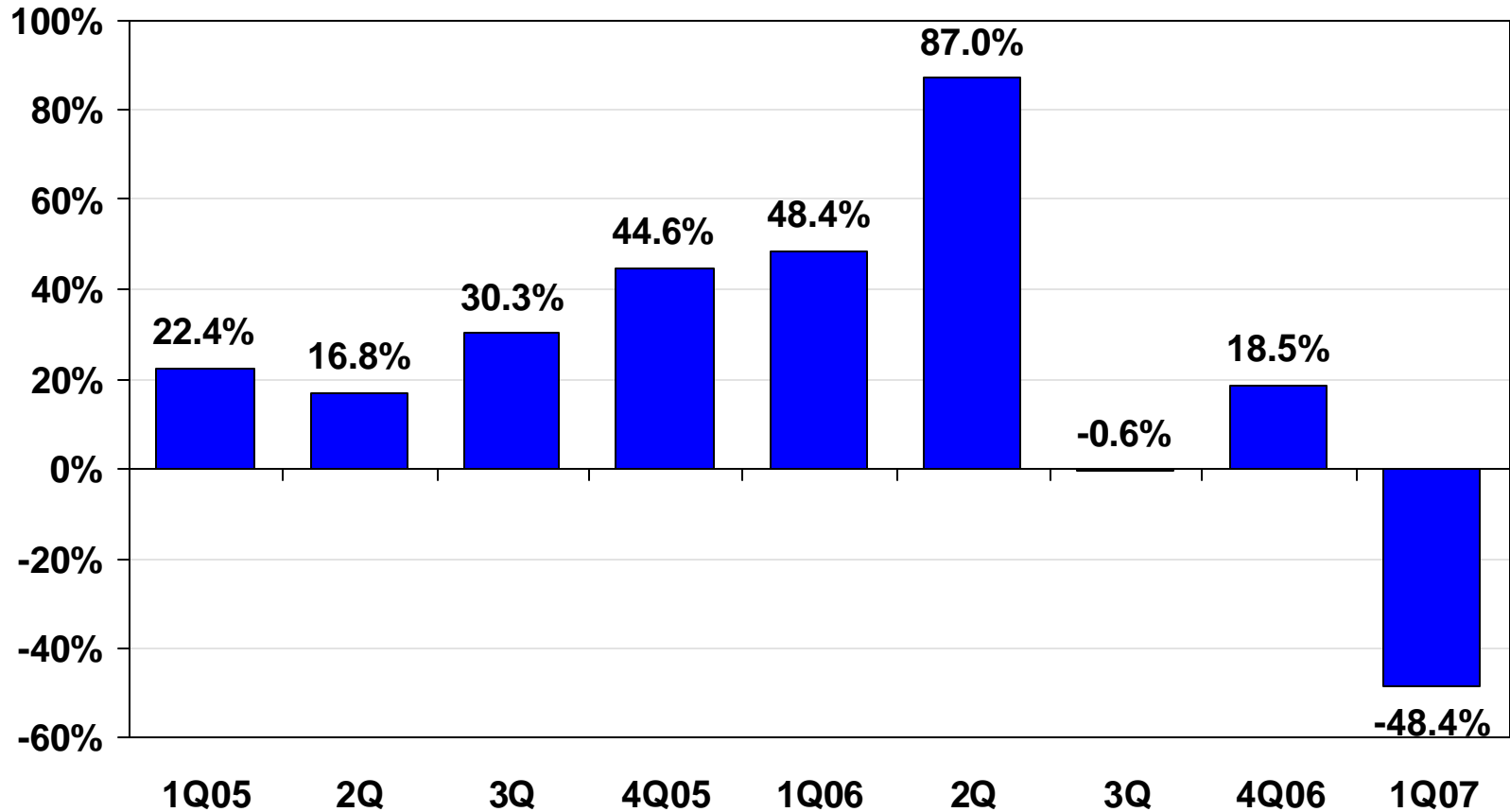


Consistent Profitability



Results based on Economic data

Year-over-year quarterly net income trends



Results based on Economic data

New Direction

- Updated Flight Schedule
- Enhanced Fare Structure
- Enhanced Revenue Management Tools and Techniques
- Enhanced Rapid Rewards Frequent Flyer Program
- New Marketing and Advertising Campaign



Revenue Opportunities

- More Passengers
- More Yields
- Related Air Services
- Related Non-Air Services



Customer Research

- Excellent Brand Recognition
- Better Ranking with Leisure Segment
- Shorthaul Segment Dominance
- More Competitive Frequent Flyer program
- Significant Opportunity with Business Travelers



Business Travel Growth Strategy

- Frequent Flights and Expansive Route System
- Enhanced Frequent Flyer Program
- GDS Participation
- Corporate Travel Department Initiatives
- More Productive Travel Experience
- Enhanced Fare Structure
- Targeted Marketing Focus



Future Revenue Initiatives

- Revenue Management
- International Codeshare
- Cargo
- Inflight wireless internet connectivity



Future Ancillary Revenue Opportunities

- southwest.com
- Onboard Customer Offerings



Revenue Target

>\$1 billion

by 2010



Customer Experience Initiatives

- Automated Boarding Passes
- Kiosks
- Internet Checkin
- Flight Information Displays
- Boarding/Seating Decision
- Enhanced fare structure
- Enhanced Frequent Flyer Program
- Inflight connectivity



Operational Excellence Initiatives

- Crew Scheduling Optimization
- Gate readers
- Schedule Planning Optimization
- Reservation Centers Consolidation
- Maintenance Efficiency
- -700/-300 Winglets
- Enhanced fuel tankering
- Redefining Excellence (Rx)
- Ramp and Cargo Efficiency
- RNP Specification Approval



Enterprise Initiatives

- Technology Department Restructure
- ATA Codeshare
- Wright Amendment
- Ticketing & Revenue Accounting Systems
- New Revenue Management tools
- southwest.com
- International codeshare
- Galileo



Financial Goals

- 15% Economic Earnings Growth in 2008
- Optimize Capital Base through Prudent Stock Repurchase Programs
 - \$1.8 billion authorized since January 1, 2006
- Increase Leverage
 - Maintain Investment Grade Credit Rating
- Hit 15% ROIC by 2009





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