Tammy Romo, EVP and CFO

J.P. Morgan Aviation, Transportation and Industrials Conference

March 8, 2016

Cautionary Statement Regarding Forward-Looking Statements

This presentation 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. Forward-looking statements are based on, and include statements about, the Company's estimates, expectations, beliefs, intentions, and strategies for the future, and are not guarantees of future performance. Specific forward-looking statements can be identified by the fact that they do not relate strictly to historical or current facts and include without limitation statements related to (i) the Company's financial outlook, strategies, plans, goals, expectations, and projected results of operations; (ii) the Company's fleet plans and expectations, including its fleet modernization plans and expectations; (iii) the Company's plans and expectations with respect to its reservation system; (iv) the Company's goals with respect to returning value to Shareholders; (v) the Company's plans and expectations related to managing risk associated with jet fuel prices; (vi) the Company's growth plans and opportunities, including the Company's network and capacity plans and opportunities (including with respect to international operations) and its related expectations; and (vii) the Company's vision. 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) changes in demand for the Company's services and other changes in consumer behavior; (ii) the impact of economic conditions, fuel prices, actions of competitors (including, without limitation, pricing, scheduling, and capacity decisions and consolidation and alliance activities), and other factors beyond the Company's control, on the Company's business decisions, plans, and strategies; (iii) the Company's dependence on third parties, in particular with respect to its technology and fleet plans; (iv) the impact of governmental regulations and other governmental actions related to the Company's operations; (v) the Company's ability to timely and effectively implement, transition, and maintain the necessary information technology systems and infrastructure to support its operations and initiatives; (vi) changes in aircraft fuel prices, the impact of hedge accounting, and any changes to the Company's fuel hedging strategies and positions; and (vii) 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, 2015.

A banner year

Southwest achieved numerous financial records in 2015

32.7%
ROIC, pre-tax[1]

$2.4B
net income[2]

$19.6B
operating revenues[2]

$620M
profitsharing for Employees

$1.4B
returned to Shareholders

$1.3B
economic fuel savings

83.6%
load factor

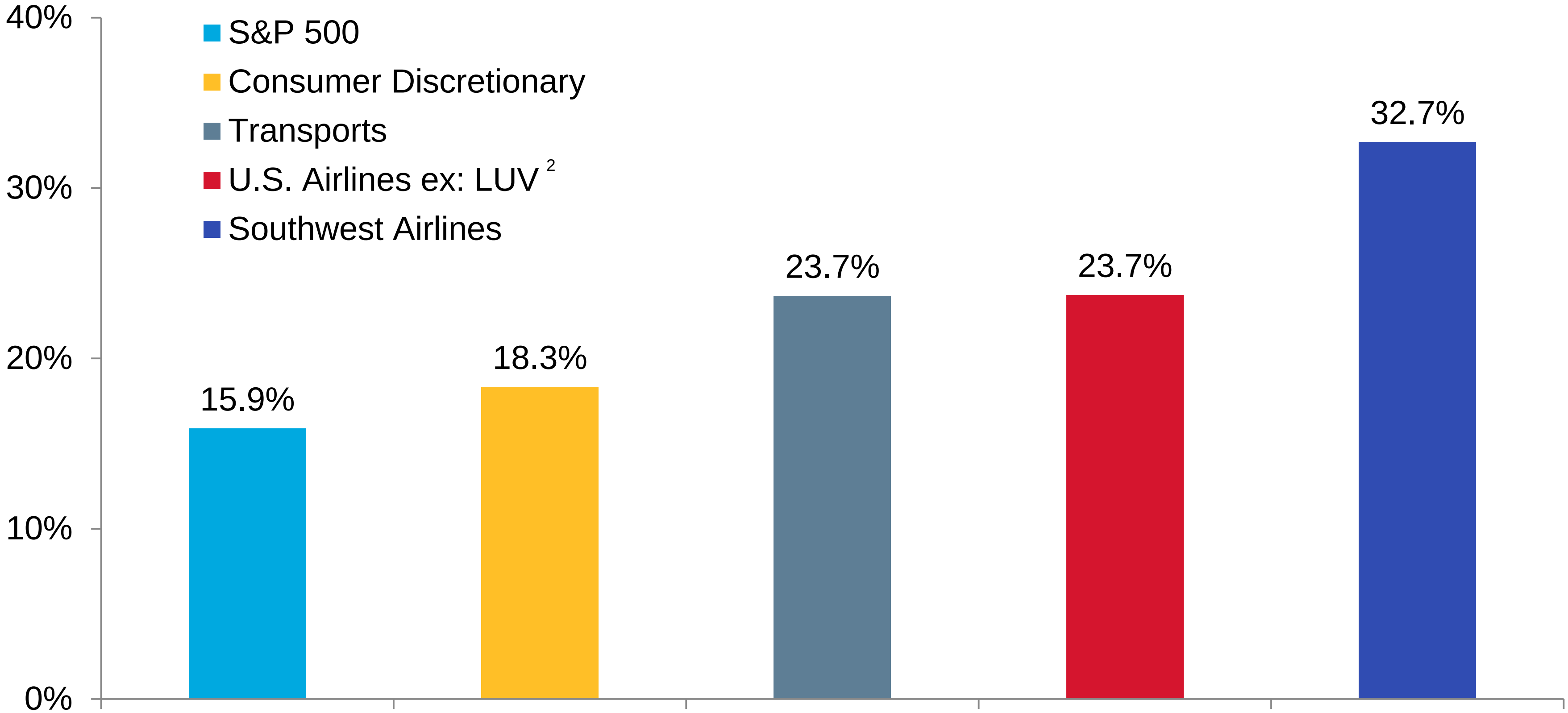
(2.0)%
nonfuel CASM[2,3], y/y

[1]ROIC is defined as annual pre-tax return on invested capital, excluding special items, for the last twelve months.
[2]excluding special items.
[3]excluding profitsharing.
Note: see reconciliation of reported amounts to non-GAAP financial measures.

Southwest

Competitive ROIC[1] performance

Southwest's 2015 ROIC performance was highly competitive compared with the market



Source: Third party investment firm.

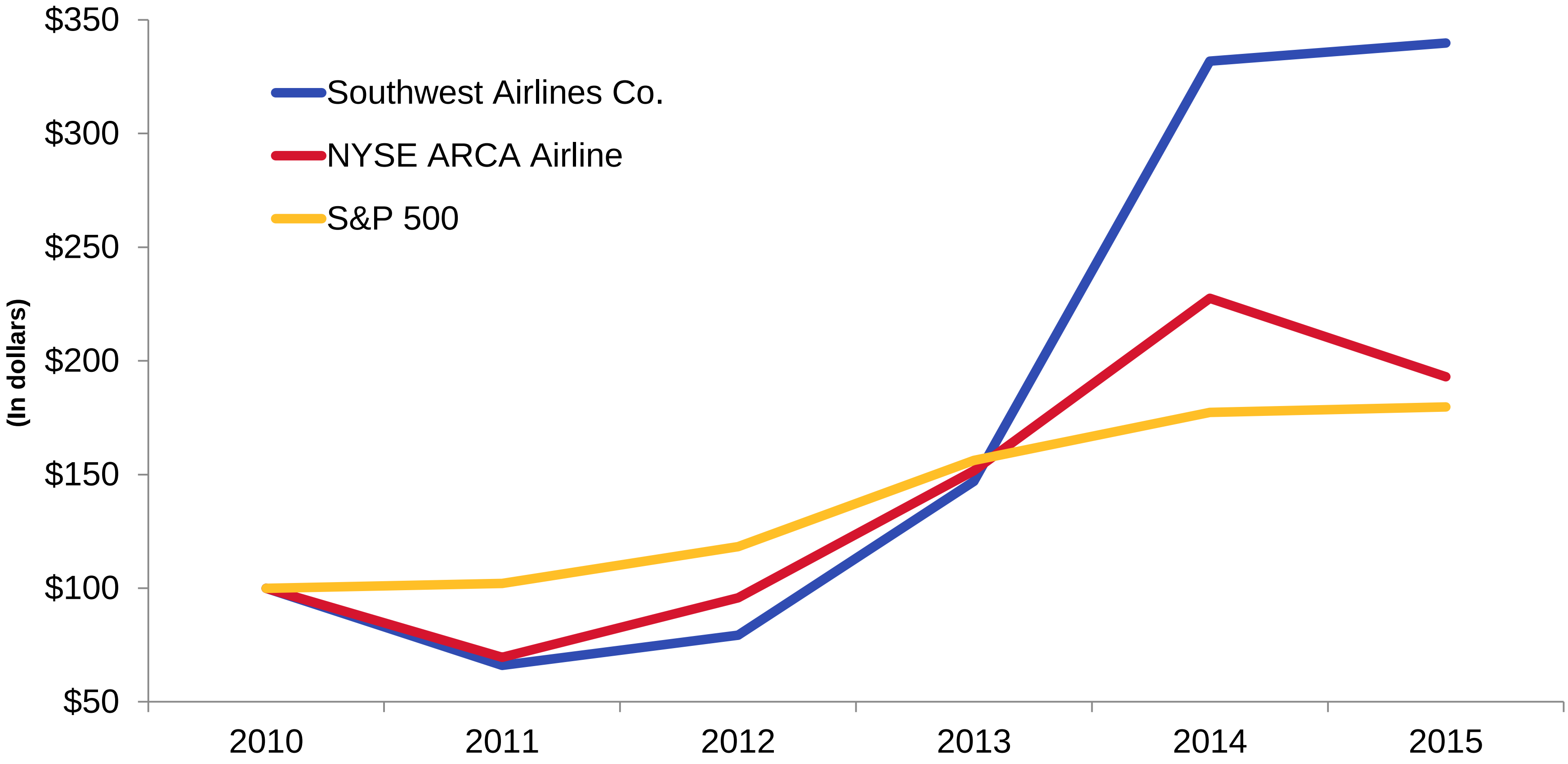
[1]Southwest ROIC is defined as annual pre-tax return on invested capital, excluding special items, for the last twelve months. For all others, the standardized ROIC calculation methodology equal to (EBIT + Rent Expense) / Average Invested Capital. Invested Capital = Total Debt + Shareholder Equity + Preferred Equity + Noncontrolling Interest + Capitalized Rent. Rent capitalized at 7.0x for industrial companies and 8.0x for consumer discretionary companies; Excludes annual individual constituent company ROICs of greater than 100% or less than (100%).

[2]U.S. Airlines includes American, United, Delta, Alaska, JetBlue, Hawaiian, Virgin, Spirit and Allegiant.

Southwest

Cumulative Shareholder return on LUV

Southwest's stock performance over the past five-year period has outperformed the S&P 500 and the NYSE ARCA Airline Index



Successful strategic initiatives

Southwest has far exceeded its 15% pre-tax ROIC target through transformational strategic initiatives

AirTran Integration

All New Rapid Rewards

International

Fleet Modernization & the Boeing 737-800s

32.7%

ROIC, pre-tax[1]

[1]ROIC is defined as annual pre-tax return on invested capital, excluding special items, for the last twelve months.
Note: see reconciliation of reported amounts to non-GAAP financial measures.

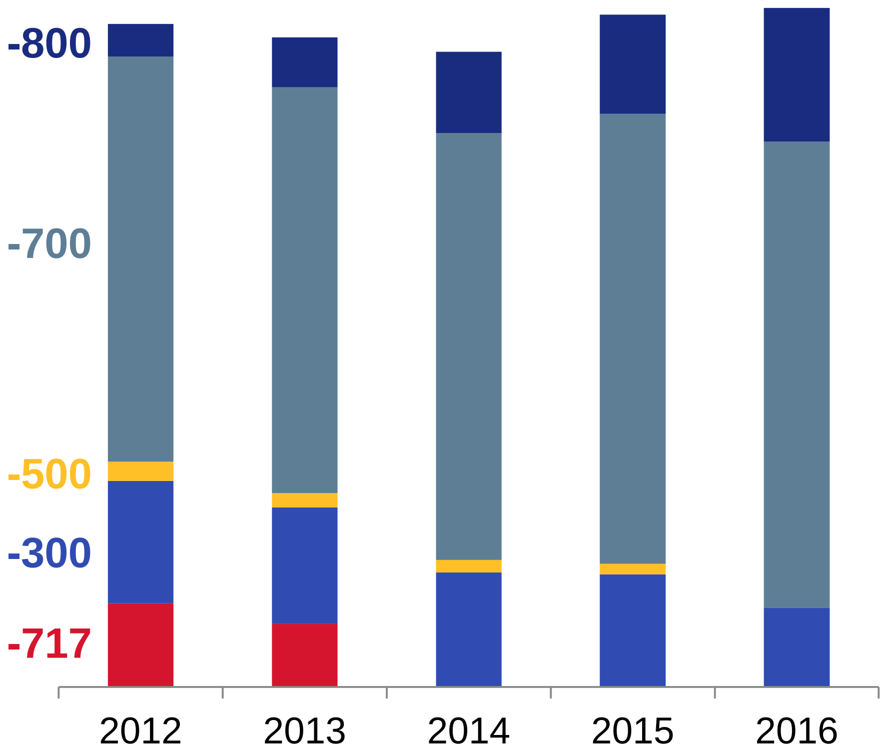
Southwest

Fleet modernization

Southwest's fleet modernization provides significant cost savings and enhanced Customer experience

Benefits include:

- **Incremental revenue opportunities**
- **Significant unit cost improvement**
- **Fuel efficiency**
  - o **MAX vs NG: ~14%**
  - o **MAX vs Classic: ~20%**
- **Better utilization**
- **More capacity for slot-controlled or gate-restricted markets**
- **Improved Customer experience**
  - o **WiFi equipped**
  - o **Boeing Sky Interior**



Note: guidance was provided on March 8, 2016 and is not being updated herein.

Capital investments

Southwest is making numerous capital investments that are expected to drive significant financial and operational benefits

Facilities

LAX | FLL | HOU | DAL

Operational initiatives

Reliability | Hospitality

New reservation system

Single system
Significant revenue opportunities
Enhanced capabilities

Southwest

Strong financial position

Southwest is focused on preserving our strong balance sheet and cash flows while returning significant value to Shareholders

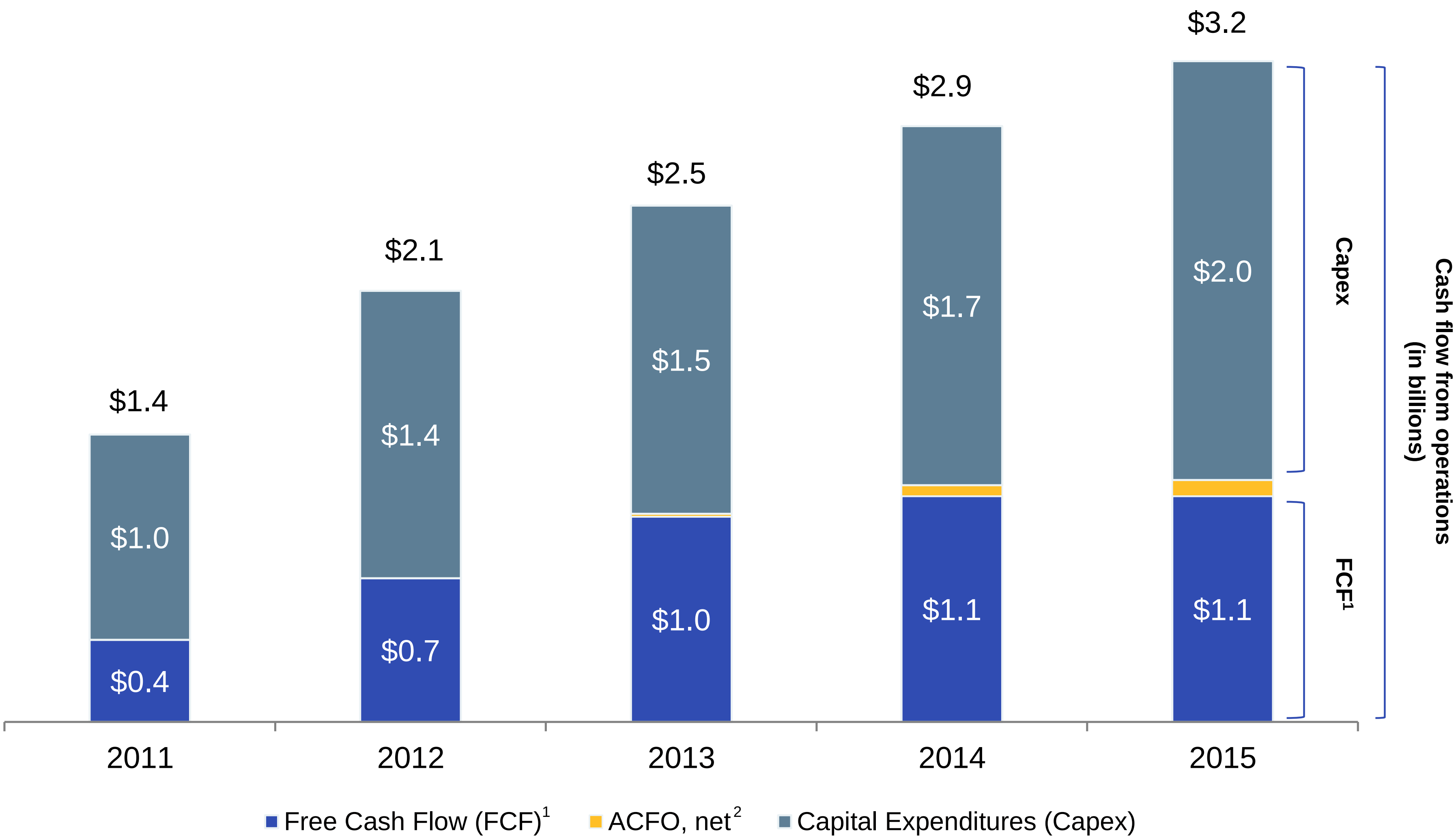
- **$3.1 billion in unrestricted core cash and short term investments and $1 billion line of credit fully undrawn and available**
- **Cash flow from operations of approx. $3.2 billion**
- **Capital spending of $2.0 billion**
- **Debt repayments of $213 million**
- **Balance Sheet leverage of 33%**
- **Investment grade rating by all three agencies**
- **Returned approximately $1.4 billion to Shareholders**

Note: Cash and short term investments, line of credit, and balance sheet leverage information is as of December 31, 2015.
All other information presented is for the year ended December 31, 2015.

Southwest

Record cash flow from operations

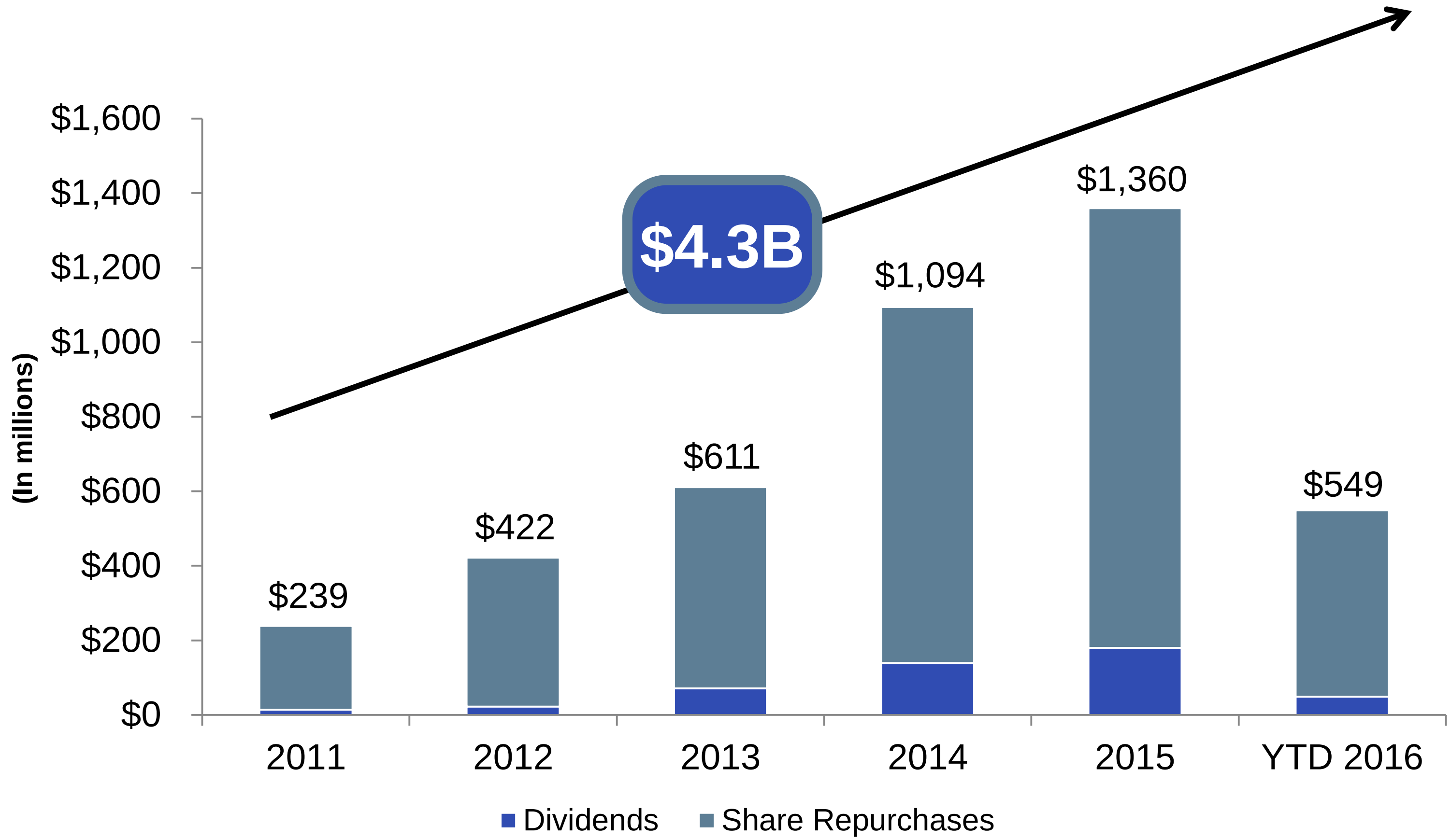
Southwest has strong internally-generated cash flow that has consistently grown



[1]Free cash flow is calculated as operating cash flows less capital expenditures less ACFO, net.
[2]ACFO, net is calculated as assets constructed for others less reimbursements for assets constructed for others.
Note: See reconciliation of reported amounts to non-GAAP financial measures.

Significant returns to Shareholders

Southwest is committed to enhancing Shareholder value, with returns to Shareholders in 2015 exceeding free cash flow



% of free cash flow[1]	62%	59%	59%	99%	122%

[1]Free cash flow is calculated as operating cash flows less capital expenditures less ACFO, net.
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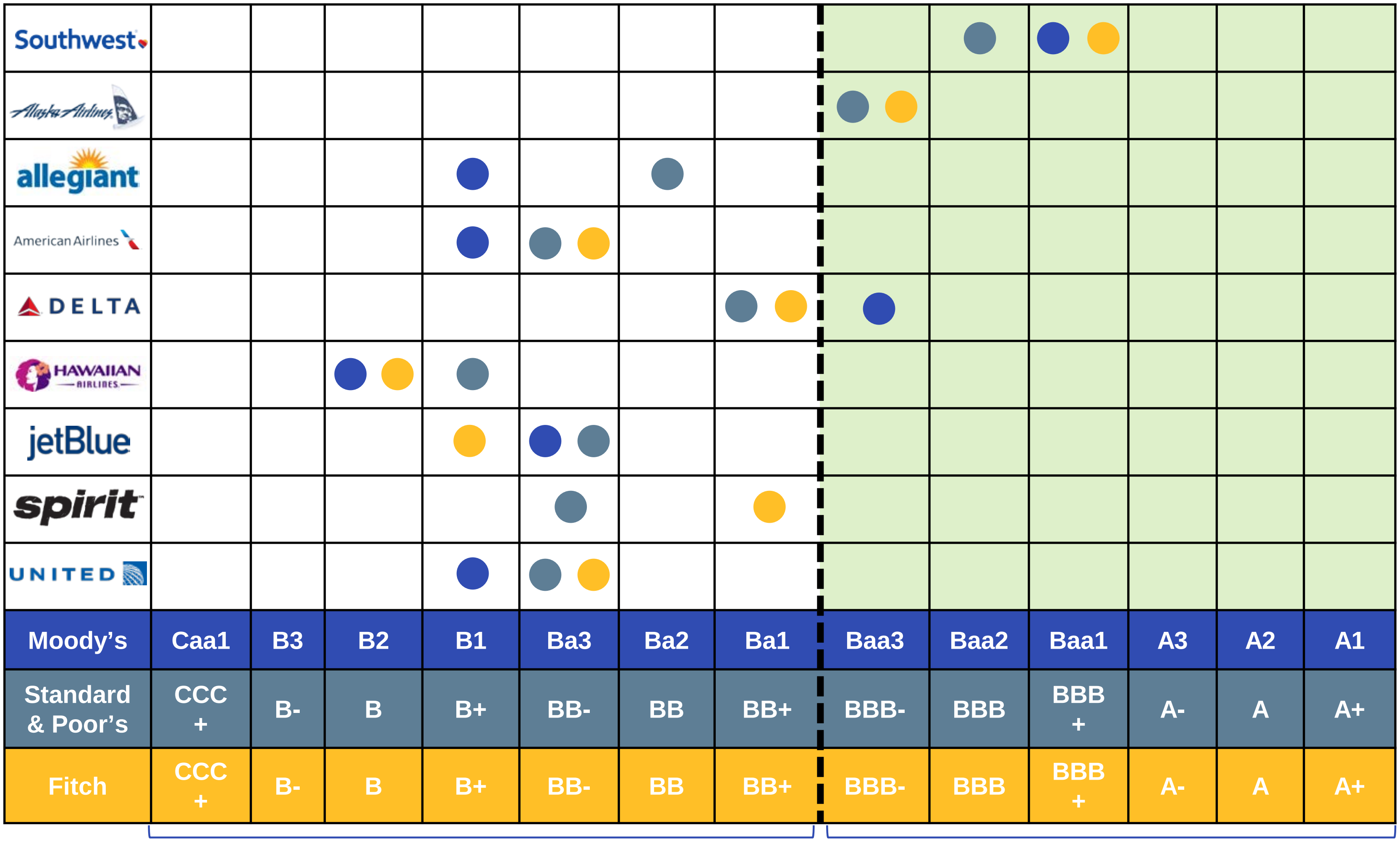
Southwest

Industry-leading balance sheet

Southwest is the only domestic airline with investment grade credit ratings from all three agencies



Source: Bloomberg, as of February 23, 2016.
Moody's Senior Unsecured rating used (if unavailable, Long Term Corporate Family rating used); S&P's Long-term Issuer rating used;
Fitch's Senior Unsecured rating used (if unavailable, Long-term Issuer rating used).

Southwest

Unmatched profitability record[1]

Southwest has remained profitable for 43 consecutive years

U.S. Airline Industry Bankruptcies, 2000-2011

Chapter 7	Aloha Airlines	2008
Chapter 7	Southeast Airlines, Inc.	2004
Chapter 7	Midway	2003
Chapter 11	American Airlines	2011
Chapter 11	Frontier Airlines	2008
Chapter 11	ATA	2008 & 2004
Chapter 11	Mesaba Airlines	2005
Chapter 11	Delta	2005
Chapter 11	Comair	2005
Chapter 11	nwa	2005
Chapter 11	US Airways	2004 & 2002
Chapter 11	Hawaiian Airlines	2003
Chapter 11	United	2002
Chapter 11	Midway	2001
Chapter 11	TWA	2001

[1]In the U.S. Airline industry

Southwest

FORTUNE'S 2016 World's Most Admired Companies

1. Apple
2. Alphabet (Google)
3. Amazon
4. Berkshire Hathaway
5. Walt Disney
6. Starbucks
7. **Southwest Airlines**
8. Federal Express
9. Nike
10. General Electric

This honor belongs to our Employees!

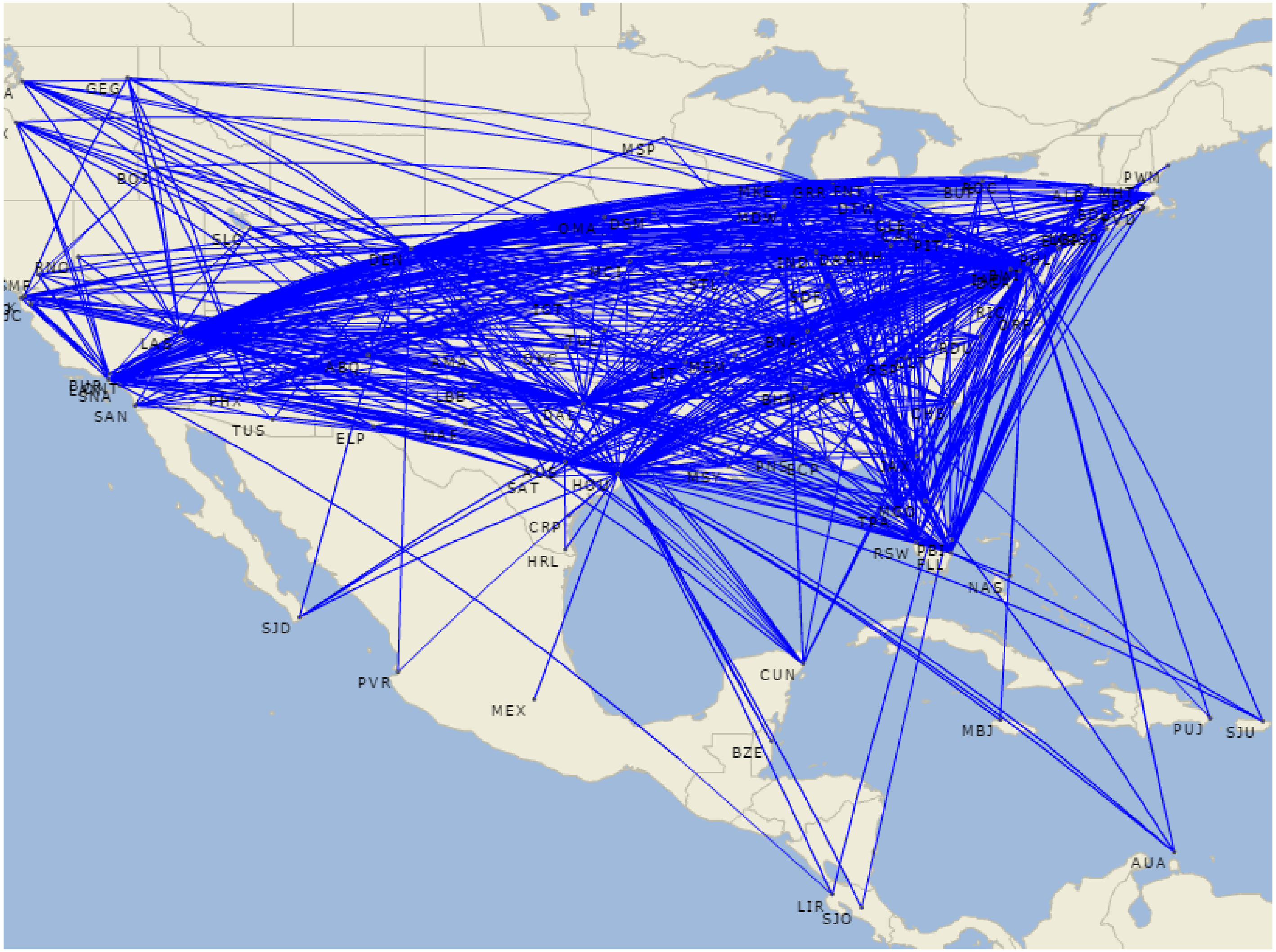
Thanks to our People, Southwest is a World's Most Admired Company for 22 straight years. In fact, we're the **only commercial airline** to make Fortune's top 10 list!

#7 *FORTUNE* **World's Most Admired Companies**

Southwest

All in a day's work

Southwest's point-to-point network allows more Customers to fly direct



Southwest

The nation's largest domestic airline

Southwest's market share remains strong, especially in our top 100 O&D city pairs

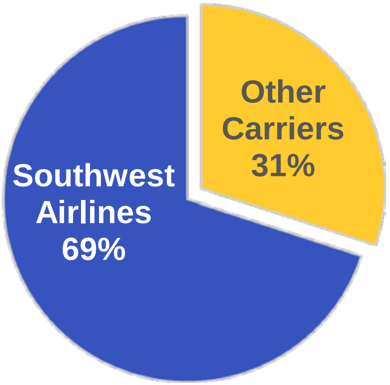
24% of total domestic market share

- Serves 24 of the top 25 U.S. metro areas[1]
- Serves 94 of the top 100 domestic O&D city pairs (including co-terminal[2] airports), including 79 on a nonstop basis

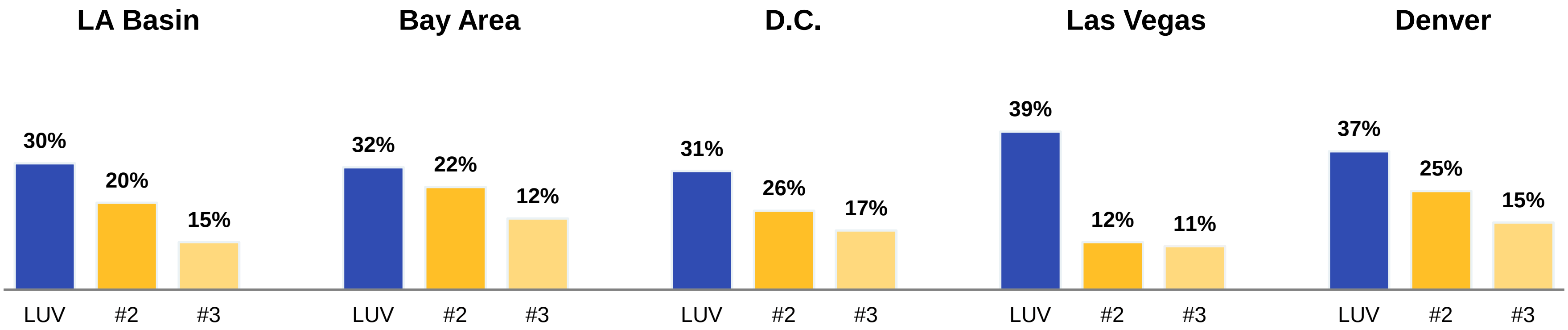
69% market share in our top 100 O&D city pairs

- #1 in market share in 49 of our 86 domestic airports
- #1 in market share in 91 of our top 100 O&D city pairs

Market share in Southwest Airlines top 100 O&D



#1 market share in several greater metro areas

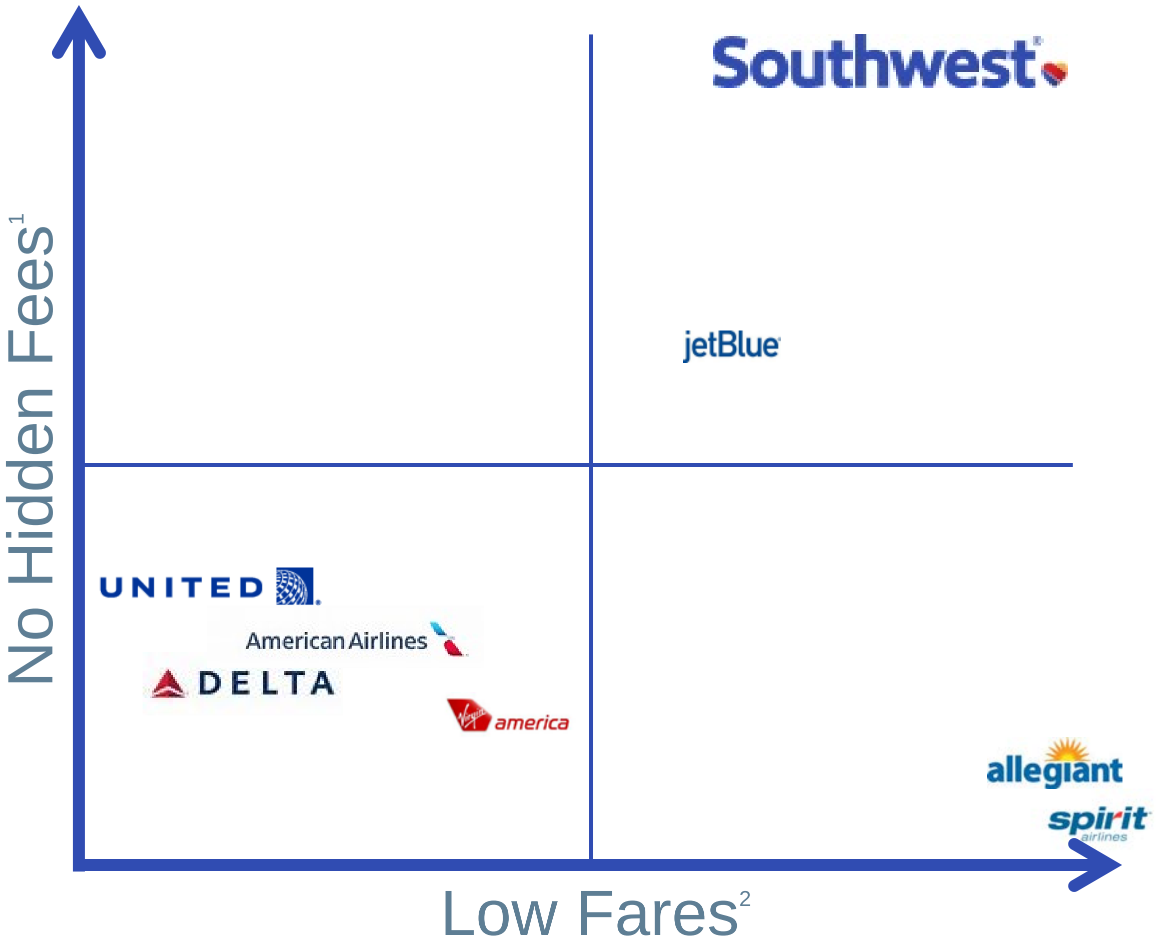


Source: Data presented herein as measured by the Department of Transportation O&D Survey for the twelve months ended September 30, 2015 based on domestic originating passengers boarded. O&D stands for Origin and Destination.
[1]Metro Areas: An area around a city that includes multiple major airports.
[2]Co-terminal: Airports that share a common city or region; for example Newark, LaGuardia and JFK are considered co-terminals to one another.

Southwest

Transfarency

Southwest's brand reputation stands on its own



Transparency

How we behave:
Openly and honestly

+

Fare

More than a ticket price, it's an entire Customer experience

=

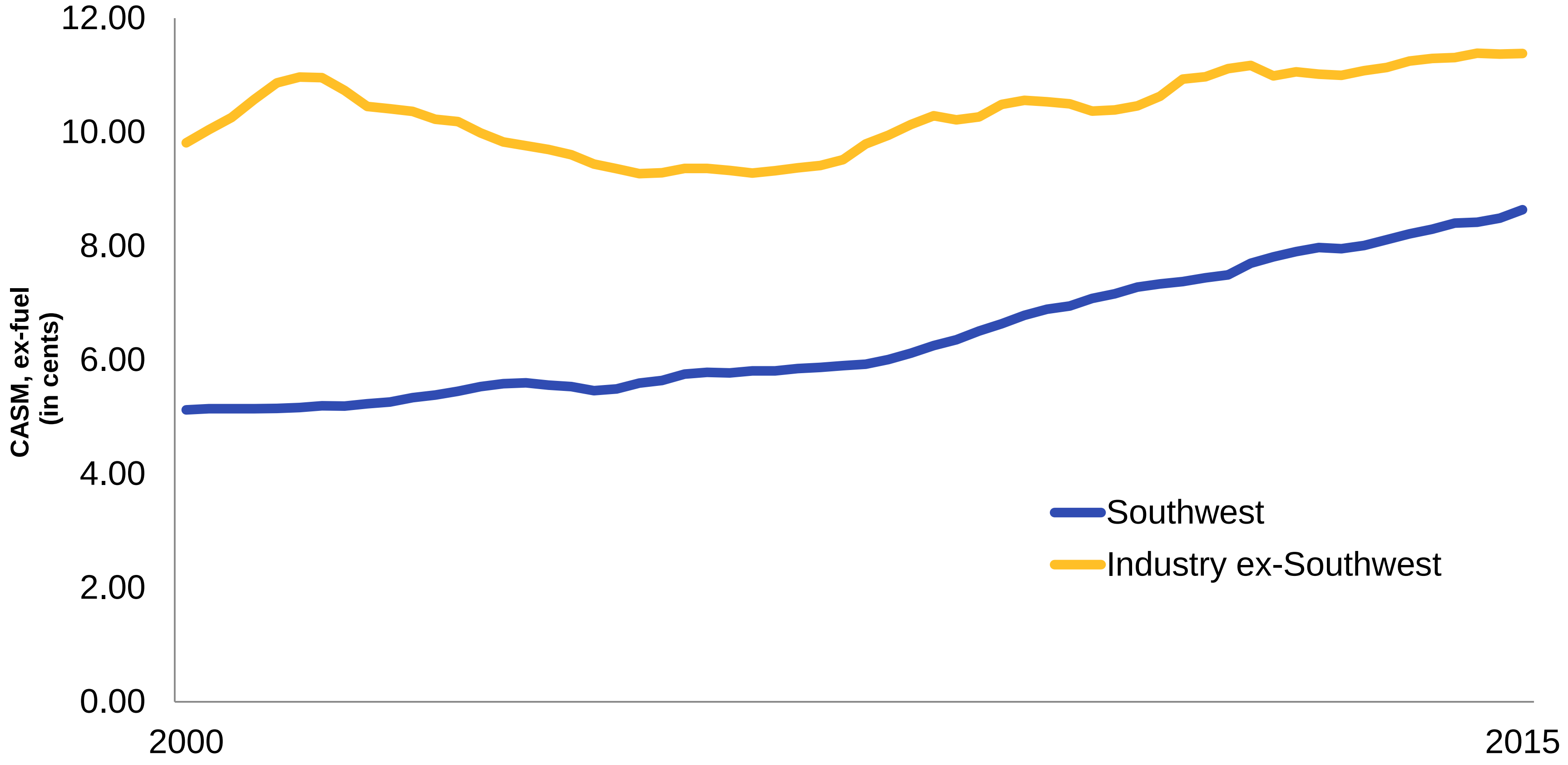
Transfarency

[1]No Hidden fees determined by having bag and reservation change/cancellation fees per domestic passenger below the industry average, as determined by Bureau of Transportation Statistics for the year ending September 30, 2015.

[2]Low fares defined by having an average domestic fare below the industry average US domestic fare, as determined by data from the Department of Transportation O&D survey for the year ending September 30, 2015.

Competitive cost advantage

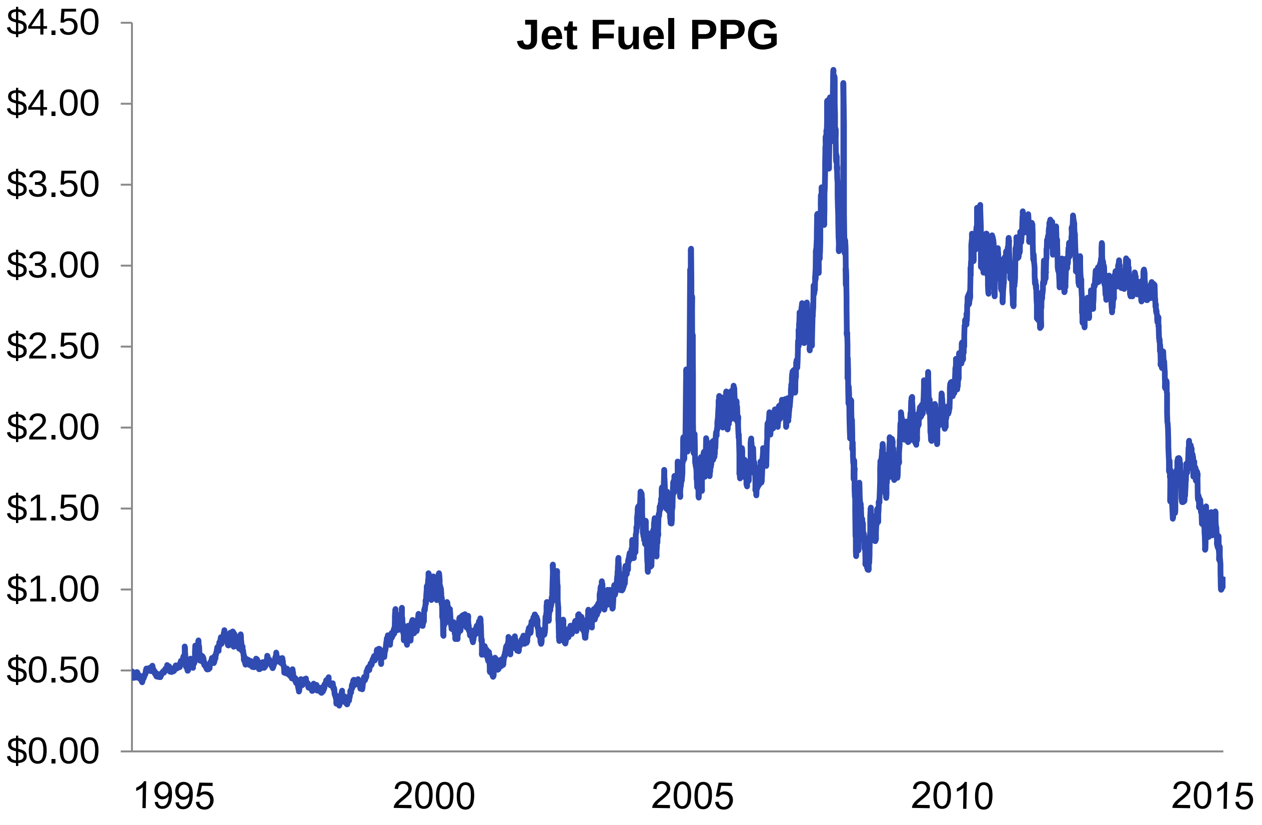
Southwest's low cost structure enables us to maintain our low fare brand



Source: DOT form 41 and T100 data, through September 30, 2015. Stage-length adjusted for Southwest's average stage-length, represents domestic mainline.

Volatile jet fuel market

Southwest's fuel hedging strategy serves as insurance against a volatile market



$2.0B

economic fuel savings since 2000[1]

(from fuel hedging)

[1]Through December 31, 2015.

Southwest

Proven business strategy

Southwest is in a category of its own

Unmatched profitability record[1]

Best People in the airline industry

Outstanding Customer Service and Hospitality

Robust route network

Low fares with Trans**fare**ncy

Competitive cost advantage

[1]In the U.S. Airline industry.

Southwest

Outlook

- Based on current revenue and booking trends, we expect our first quarter 2016 operating unit revenues to be in line with our year-ago performance.
- Based on our fuel derivative contracts and market prices as of March 1, 2016, first quarter 2016 economic fuel costs are expected be approximately $1.75 per gallon, compared with first quarter 2015 economic fuel costs of $2.00 per gallon.
- Based on current trends and excluding fuel and oil expense, special items, and profitsharing expense, we expect our first quarter 2016 and annual 2016 unit costs to increase in the 1 to 2 percent range, and approximately 1 percent, respectively, as compared with the same periods last year.
- We continue to plan for 5 to 6 percent year-over-year ASM growth in 2016.
  - The annualized impact of 2015's expansion is expected to contribute the majority of 2016's year-over-year ASM growth.
- We continue to plan for modest year-over-year fleet growth through 2018 of no more than 2 percent, on average.

Note: see reconciliation of reported amounts to non-GAAP financial measures.
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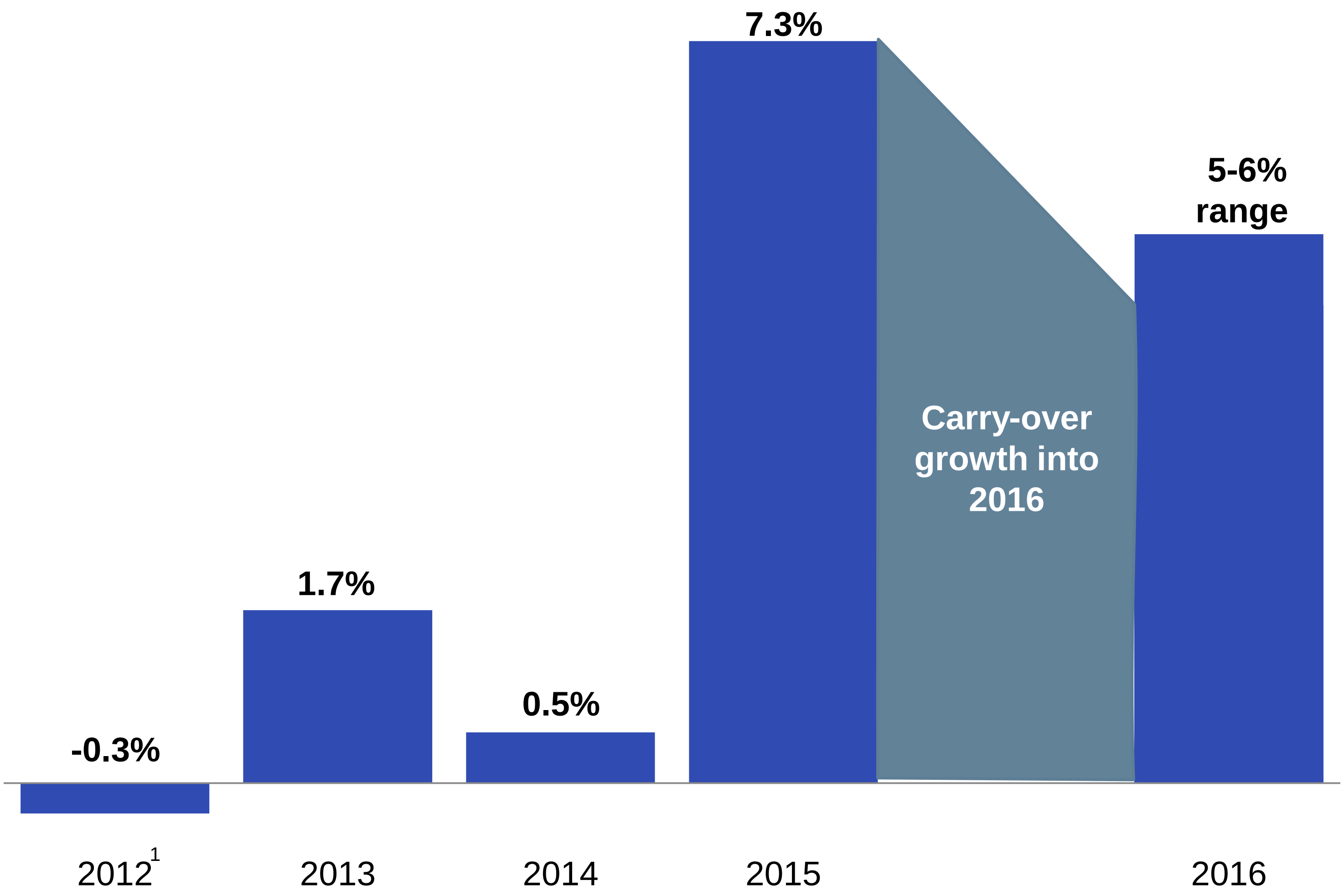
Southwest

2016 Capacity growth

Southwest continues to plan for 5 to 6 percent ASM growth year-over-year

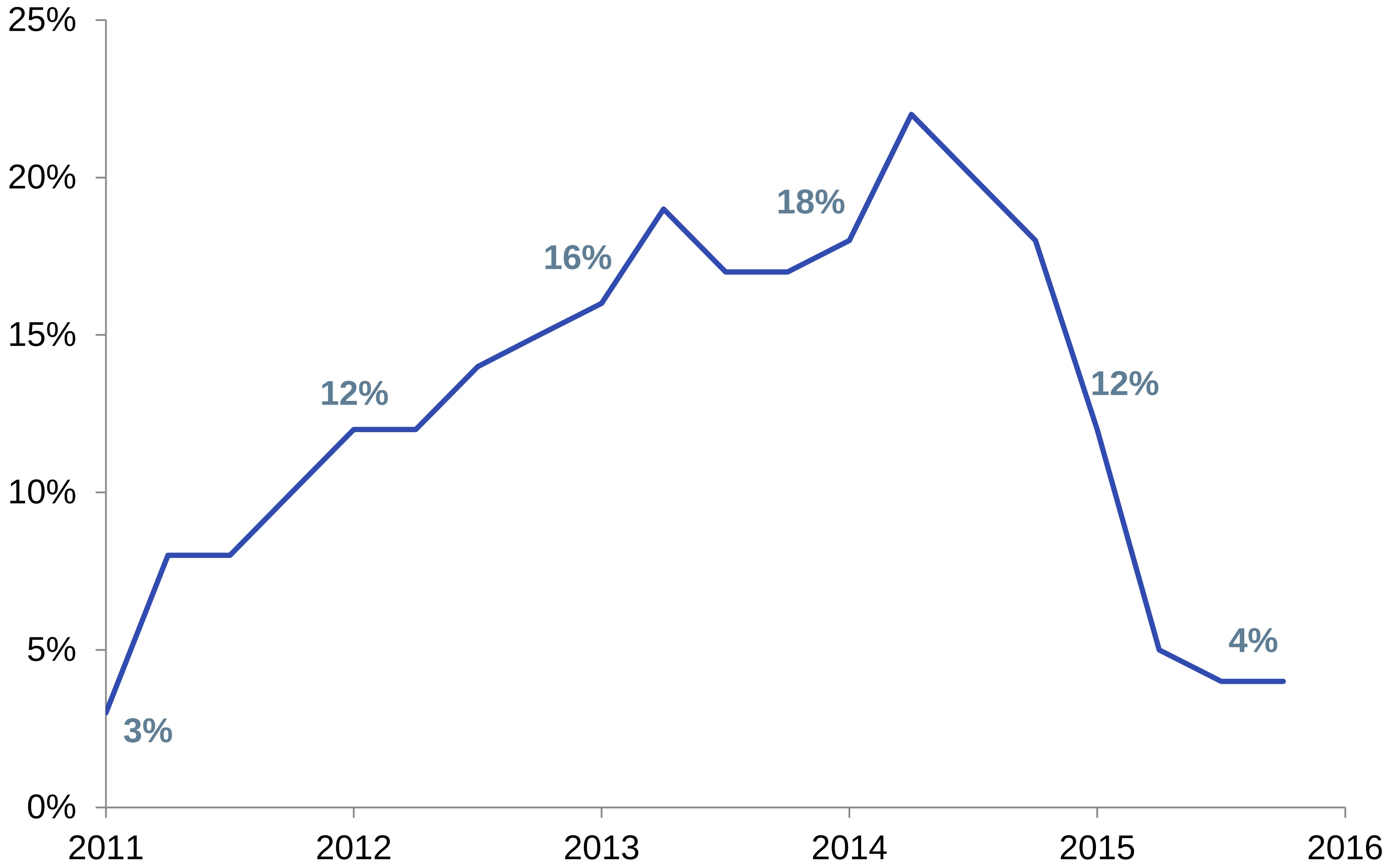


[1]Year-over-year percent change calculation includes ASMs for AirTran prior to the May 2, 2011 acquisition date.
Note: guidance was provided on March 8, 2016 and is not being updated herein.

Southwest

Normalization of development markets

Southwest's markets under development are returning to historically normal levels



Note: guidance was provided on March 8, 2016 and is not being updated herein.

Growth opportunities

Southwest has identified approximately 50 potential new markets, mostly beyond the Lower 48

Southwest

Our **Purpose**

Connect People to what's important in their lives through friendly, reliable, and low-cost air travel.

Our **Vision**

To become the world's most loved, most flown, and most profitable airline.

NonGAAP Reconciliation

	Year Ended 2014	Year Ended 2015
Operating revenues, as reported		**$ 19,820**
Deduct: Special revenue adjustment[1]		(172)
Operating revenues, Non-GAAP		**$ 19,648**
Fuel and oil expense, unhedged	**$ 5,321**	**$ 3,362**
Add (Deduct): Fuel hedge (gains) losses included in Fuel and oil expense	(28)	254
Fuel and oil expense, as reported	**$ 5,293**	**$ 3,616**
Add (Deduct): Net impact from fuel contracts	(28)	323
Fuel and oil expense, (economic)	**$ 5,265**	**$ 3,939**
Total operating expenses, as reported	**$ 16,380**	**$ 15,704**
Add (Deduct): Net impact from fuel contracts	(28)	323
Deduct: Union contract bonuses	(9)	(334)
Deduct: Acquisition and integration costs[2]	(126)	(39)
Add: Litigation settlement	-	37
Total operating expenses, non-GAAP	**$ 16,217**	**$ 15,691**
Deduct: ProfitSharing expense	(355)	(620)
Deduct: Fuel and oil expense, non-GAAP (economic)	(5,265)	(3,939)
Operating expenses, non-GAAP, excluding Profitsharing and fuel	**$ 10,597**	**$ 11,132**
Net income, as reported		**$ 2,181**
Add: Mark-to-market impact from fuel contracts settling in future periods		373
Deduct: Ineffectiveness from fuel hedges settling in future periods		(9)
Deduct: Other net impact of fuel contracts settling in the current or a prior period (excluding reclassifications)		(251)
Deduct: Income tax impact of fuel contracts		(42)
Add: Acquisition and integration costs[2,3]		24
Deduct: Litigation settlement[2]		(23)
Add: Union contract bonuses[2]		210
Deduct: Special revenue adjustment[1,2]		(108)
Net income, non-GAAP		**$ 2,355**

	Year Ended 2015
Operating income, as reported	**$ 4,116**
Deduct: Net impact from fuel contracts	(323)
Add: Acquisition and integration costs, net	39
Add: Union contract bonuses	334
Deduct: Litigation settlement	(37)
Deduct: Special revenue adjustment[1]	(172)
Operating Income, non-GAAP	**$ 3,957**
Net adjustment for aircraft leases[4]	114
Adjustment for fuel hedge accounting	(124)
Adjusted Operating Income, non-GAAP	**$ 3,947**
Average invested capital[5]	**11,037**
Equity adjustment for hedge accounting	1,027
Adjusted average invested capital	**$ 12,064**
ROIC, pre-tax	**32.7%**

	Year Ended 2011	2012	2013	2014	2015
Net cash provided by operating activities	**$ 1,356**	**$ 2,064**	**$ 2,477**	**$ 2,902**	**$ 3,238**
Capital expenditures	(968)	(1,348)	(1,433)	(1,748)	(2,041)
Assets constructed for others	-	-	(14)	(80)	(102)
Reimbursements for assets constructed for others	-	-	-	27	24
Free cash flow	**$ 388**	**$ 716**	**$ 1,030**	**$ 1,101**	**$ 1,119**

[1]The Company recorded a special revenue adjustment during third quarter 2015 of $172M related to its amended co-branded credit card agreement with Chase Bank USA, N.A.

[2]Amounts net of tax.

[3]Amounts net of profitsharing impact on charges incurred through March 31, 2011. Pursuant to the terms of the Company's ProfitSharing Plan, acquisition and integration costs were excluded from the calculation of profitsharing expense from April 1, 2011, through Dec. 31, 2013. These costs, totaling $385 million, are being amortized on a pro rata basis as a reduction of operating profits, as defined by the ProfitSharing Plan, from 2014 through 2018, in the calculation of profitsharing. In addition, acquisition and integration costs incurred during 2014 and future periods will reduce operating profits, as defined, in the calculation of profitsharing.

[4] Net adjustment related to presumption that all aircraft in fleet are owned (i.e., the impact of eliminating aircraft rent expense and replacing with estimated depreciation expense for those same aircraft).

[5] Average Invested Capital is an average of the five most recent quarter end balances of debt, net present value of aircraft leases, and equity adjusted for hedge accounting.

Southwest