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Southwest Airlines Announces Contracts for Kelleher, Barrett, and Kelly

DALLAS, July 19 /PRNewswire-FirstCall/ -- The Board of Directors of Southwest Airlines today announced details of its new employment contracts with Executive Chairman Herb Kelleher, President and Corporate Secretary Colleen Barrett, and Vice Chairman and CEO Gary Kelly.

- Herb Kelleher, 76, will continue as Executive Chairman of the Board for one year and will step down from that position at the Company's 2008 Annual Meeting of Shareholders. Kelleher is a Founder of Southwest Airlines and has served as Executive Chairman since 1978. From 1981 through June 2001, Kelleher also served as President and CEO of Southwest Airlines.
- Colleen Barrett, 62, will continue as President for one year and will step down from that position on July 15, 2008. Barrett has served as Secretary of the Corporation since 1978; Vice President Administration from 1986 to 1990; Executive Vice President Customers from 1990 to 2001; and President since 2001.
- Gary Kelly, 52, will remain as CEO with a contract expiration date of February 1, 2011. Kelly began his career at Southwest Airlines as Controller in 1986; was named Vice President Finance and CFO in 1989; Executive Vice President and CFO in 2001; and CEO and Vice Chairman in July 2004.

After relinquishing their current management and Board positions in 2008, Kelleher and Barrett will remain for five years as Employees of the airline they nurtured from the very beginning, working fulltime at the Company's Dallas headquarters.

"After 41 years as an Officer and Director of Southwest Airlines, I will be resigning from those positions as of our Shareholders' meeting in May 2008," Kelleher said. "Why? Because our organizational transition that began in 2001 will then be complete and because I have unalloyed respect for, and confidence in, our CEO Gary Kelly and his superb cadre of Southwest Officers. Southwest's future is bright -- and so are they!

"The People of Southwest have always been my pride, my joy, and my love. Their indomitable dedication and esprit de corps have taken Southwest from a three-airplane dream to a 500-airplane reality. I am grateful that I will continue to have the opportunity to work with our People and to bask in their good humor and excellence for many years to come," he said.

Barrett said, "Though I will be resigning as Corporate Secretary and a Board Member as of our May 2008 Annual Shareholders' meeting and from my management position (i.e., President) as of July 15, 2008, I am delighted that I will still be able to practice/follow my Customer Service passion and continue the work that I absolutely LUV: serving the Internal and External Customers of Southwest Airlines. Southwest is characterized by the high spirits of its Employees and its industry leading Customer Satisfaction record. The 'business of

business' is ultimately about People, and I am very proud of the fact that Southwest's humanistic focus has served as a luminous beacon in this respect.

"I have been very blessed over the last 40 years of my career -- blessed to work with -- and for-the most caring, most altruistic, and most giving People that anyone has ever been fortunate enough to meet. Those years have been a true 'Labor of LUV.' My heart tells me it is time to allow the next generation of SWA Leaders their day to lead. I have always thought that one of the best traits of a Leader is to know when to follow. And, I am looking forward to following the example set by this new Leadership generation and to continuing 'to live the Southwest Way' for several more years," she said.

Kelly said both Kelleher and Barrett have helped make Southwest Airlines one of the most studied corporate success stories in the history of American business.

"I, along with all of our 33,000 Southwest Employees, will be forever grateful for Herb's visionary Leadership and gritty entrepreneurship," Kelly said. "Corporate America knows that Colleen is the force behind our cherished family culture and enviable Customer Service record."

"I know every Employee joins me in promising Herb our continued dedication to the cause he loves -- giving Americans the Freedom to Fly and providing job security and a great place to work for our Employees," he said. "I am grateful to both of them for their friendship, mentorship, and commitment to the future success of Southwest Airlines. We are all fortunate to continue to have them as an important part of our Southwest Family."

After 36 years of service, Southwest Airlines continues to offer the best value in airline travel, allowing Customers the opportunity to travel nonstop throughout the country at a very low fare. Southwest offers a very comfortable ride with all premium leather seats and plenty of legroom. Southwest does not charge Customers an extra fee for changing their reservation and continues to offer free amenities. Customers enjoy complimentary pillows, blankets, snacks, juice, soda, and water on all flights. Since 1987, the airline has maintained the fewest overall complaints per passenger carried as published in the Department of Transportation's Air Travel Consumer Report. Southwest Airlines (NYSE: LUV), the nation's largest carrier in terms of domestic passengers enplaned, currently serves 63 cities in 32 states. Based in Dallas, Southwest currently operates more than 3,300 flights a day and has more than 33,000 Employees systemwide.

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