

August 10, 2009



Southwest Airlines Submits Bid to Acquire Frontier Airlines in Bankruptcy Court Proceeding

Low-Fare Carrier Submits Bid of More Than \$170 million

DALLAS, Aug. 10 /PRNewswire-FirstCall/ -- Southwest Airlines (NYSE: LUV) confirmed today that the carrier submitted its binding cash offer of more than \$170 million to acquire Frontier Airlines, which will be sold at auction as part of Frontier's bankruptcy case. The bid was submitted to Frontier in accordance with the procedures established in the U.S. Bankruptcy Court for the Southern District of New York.

Over the next week, Southwest will discuss its offer with the various interested parties. The auction is expected to commence on Thursday, Aug. 13. Once the auction is concluded, the bankruptcy court must still approve the selection of the winning bidder. From there, the bid will undergo review by the United States Department of Justice, which is normal and customary when one airline is purchasing another.

At this point, it is premature for Southwest to release complete details of its offer, which may change during the auction process before a winning bid is approved by the bankruptcy court. The offer contemplates that Southwest acquire approximately 80 percent of Frontier's existing Airbus fleet, which translates into about 40 aircraft, plus all of Lynx. Initially, Frontier would operate its Airbus aircraft as it does today, with a planned retirement of the Airbus fleet and transition to Southwest's Boeing 737s over a period of approximately 24 months. Despite the initial reduction in the fleet, Southwest intends to maintain all existing markets, as well as add new nonstop routes from Denver that are not served by either Southwest or Frontier today.

"We believe our bid ultimately should be seen as the strongest offer by all interested parties, including Frontier, its creditors, Employees, and Customers," said Gary Kelly, Southwest's Chairman of the Board, President, and CEO. "Southwest is a financially stable Company, and through this acquisition, will continue to provide Denver its historically low fares into the future. Frontier is up for sale. The bankruptcy process will lead to change at Frontier in any scenario. Given Southwest's history and track record of running a successful airline, we believe that our bid is the best option on the table for Frontier, Southwest, and the traveling public. A successful acquisition of Frontier Airlines by Southwest will expand a network of legendary low fares to additional cities, add jobs into Southwest through growth, and strengthen low-fare competitive pressure in Denver and other cities."

To view a blog regarding the news, please visit: www.blogsouthwest.com/blog/southwest-airlines-ceo-gary-kelly-bid-frontier.

Frontier filed for bankruptcy court protection in April 2008. Southwest submitted its initial indication of interest to acquire Frontier Airlines on July 30, 2009, which gave the carrier an

opportunity to engage with Frontier in the due diligence required to determine the scope of a binding proposal.

After 38 years of service, Southwest Airlines offers a reliable product with exemplary Customer Service. Southwest Airlines is the most productive airline in the sky and offers Customers a comfortable traveling experience with all premium leather seats and plenty of legroom. Southwest recently updated its gate areas and improved its boarding procedure to make flying Southwest Airlines even more convenient and simple. Southwest Airlines currently serves 66 cities in 33 states, and announced service to Boston Logan, which begins Aug. 16, 2009, and to Milwaukee, which begins Nov. 1, 2009. Southwest currently operates more than 3,300 flights a day and has more than 35,000 Employees systemwide.

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 relate to the Company's interest in acquiring Frontier Airlines and the Company's operating plans and expectations related to the acquisition. These forward-looking statements are based on the Company's current information, intent, expectations, and projections and are not guarantees of future actions or performance. 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 receive all necessary approvals, including any necessary governmental or regulatory approvals and the approval of the Company's Board of Directors; (ii) results of the Company's due diligence; (iii) changes to the Company's business plan and strategies; (iv) the Company's being named the winning bidder in the auction process in Frontier's bankruptcy proceeding and the Company's ability to obtain all necessary approvals for the acquisition in Frontier's bankruptcy proceeding, including approval by Frontier's creditors and the bankruptcy court of Frontier's plan of reorganization, (v) the Company's ability to timely and effectively prioritize its revenue and cost reduction initiatives; and (vi) 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, 2008. Therefore, the Company can give no assurance that any bid it submits to acquire Frontier will be successful or that any subsequent acquisition will be completed.

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