

Date: April 21, 2003

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Registrant's First Quarter 2003 Earnings Release.

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SOUTHWEST AIRLINES REPORTS FIRST QUARTER EARNINGS OF \$24 MILLION;
DILUTED EARNINGS PER SHARE OF \$.03

DALLAS, TEXAS -- April 21, 2003 -- Southwest Airlines' net income for first quarter 2003 was \$24 million, compared to first quarter 2002 net income of \$21 million, an increase of 14.3 percent. Diluted net income per share was \$.03 in both first quarter 2003 and first quarter 2002. These results were in line with First Call's consensus estimate of \$.03 for first quarter 2003.

Total operating revenues for first quarter 2003 increased 7.5 percent to \$1.35 billion, compared to \$1.26 billion for first quarter 2002. Revenue passenger miles (RPMs) increased 4.8 percent in first quarter 2003, compared to a 5.3 percent increase in available seat miles (ASMs), resulting in a load factor of 62.6 percent versus the first quarter 2002 load factor of 62.9 percent. The passenger revenue yield per RPM increased 2.6 percent to 11.99 cents from 11.69 cents in first quarter 2002. Operating revenue yield per ASM increased 2.1 percent to 7.77 cents from 7.61 cents in first quarter 2002.

Operating expenses per ASM for first quarter 2003 increased 2.6 percent to 7.50 cents from 7.31 cents in first quarter 2002, primarily due to higher labor and jet fuel costs, net of hedging gains. The Company's hedging program resulted in the recognition of approximately \$77 million in gains during first quarter 2003, of which \$64 million was recorded in "Fuel and oil." The remaining gains are included in "Other (gains) losses, net" in accordance with Statement of Financial Accounting Standard No. 133, Accounting for Derivative Instruments and Hedging Activities (SFAS 133), as amended. Excluding fuel, operating expenses per ASM for first quarter 2003 were 6.30 cents, approximately the same as first quarter 2002.

James F. Parker, Vice Chairman and Chief Executive Officer, stated: "Considering the current financial crisis of the airline industry and the adverse effects world events continue to have on demand for air travel, we are grateful to report a 14.3 percent increase in our first quarter 2003 earnings to \$24 million. This earnings performance marks our 48th consecutive quarterly profit, which represents an enormous accomplishment for our Shareholders and Shareholder-Employees.

"Although our financial performance has been exceptional relative to the airline industry as a whole, Southwest, too, has been severely impacted by the lingering effects of the 2001 terrorist attacks and the war in Iraq. Although our revenues were showing signs of recovery during fourth quarter 2002 and into first quarter 2003, those trends were disrupted.

"Since the war began, bookings for second quarter 2003 have softened further. Currently, we expect only modest revenue growth, if any, compared to last year's second quarter revenue of \$1.47 billion, which included \$36 million in additional revenue related to a reduction in estimated refunds and exchanges included in air traffic liability.

"On the cost side, we were able to mitigate significantly higher energy costs by hedging 100 percent of our first quarter fuel requirements, saving Southwest approximately \$77 million pretax in first quarter of 2003. For second quarter 2003, we are 100 percent hedged in the \$24 per barrel range. We are 85 percent hedged for the second half of 2003 with caps under \$24 per barrel. We remain 80 percent hedged for 2004, with caps approximating \$23 per barrel.

"Excluding fuel, we were pleased with our better than expected unit cost performance. Although we continue to face certain cost challenges, our unit cost growth was very modest, partly due to our Employees' disciplined cost
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reduction efforts. Based on first quarter 2003 costs, we expect modest year over year unit cost growth again in second quarter of 2003.

"The Emergency Wartime Supplemental Appropriations Act ("Act") was recently enacted. Among other items, the legislation includes a \$2.3 billion cash reimbursement for security fees remitted to the Transportation Security Administration since the 2001 terrorist attacks. Southwest expects to receive its proportional share during second quarter 2003.

"Although our revenue outlook remains uncertain, our costs remain under control. As a consequence, and barring any unforeseen event, we expect to be profitable in the second quarter of 2003. Given the current disruption in revenue trends, however, and without consideration of funds received pursuant to the Act, it will be difficult to match last year's second quarter profit of \$102 million, which included \$36 million (pretax) related to a reduction in air traffic liability.

"While many of our competitors have reduced their service due to the war in Iraq, Southwest plans to grow our available seat mile capacity by roughly four percent in 2003. In the course of cautiously growing our fleet, we recently exercised options to acquire four more 737-700s in 2004. This change brings our total firm orders to 25 and options to nine for 2004.

"Although we are not entirely out of the woods, we have, thus far, effectively weathered the post-September 11 industry crisis for one reason - the People of Southwest Airlines. We have the most dedicated, resilient, and finest group of Employees in the airline industry. Their unity and longterm vision allows us to produce great results in good times so that we can survive even in the worst of times. As a result of our Employees' remarkable efforts and unwavering Southwest Spirit, Southwest was named one of FORTUNE magazine's most admired companies in America and topped the airline category for the

seventh consecutive year. Southwest was also recognized again in Business Ethics magazine's listing of "100 Best Corporate Citizens" and HISPANIC magazine's listing of the 2003 Hispanic Corporate 100. I am also pleased that Southwest was named the "Best Low Cost Airline" at the 2003 Official Airline Guide Airline of the Year awards and selected by Air Transport World magazine as its "Airline of the Year" for 2003. Congratulations to each and every Southwest Employee for these wonderful accomplishments - you are indeed the very best!"

Net cash provided by operations was \$267 million and capital expenditures were \$193 million for first quarter 2003. We ended first quarter 2003 with \$1.89 billion cash on hand plus our available unsecured revolving credit line of \$575 million.

Southwest Airlines will conduct a conference call to discuss its quarterly earnings today at 10:30 a.m. Eastern Time. A live broadcast of the conference call will be available via the World Wide Web at www.southwest.com.

This news release contains forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. All forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from the plans, intentions, and expectations reflected in or suggested by the forward-looking statements. Additional information concerning the factors which could cause actual results to differ materially from the forward-looking statements are contained in the Company's periodic filings with the Securities and Exchange Commission, including without limitation, the Company's Annual Report on Form 10-K for the year ended 2002. 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 press release.

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SOUTHWEST AIRLINES CO.
CONDENSED CONSOLIDATED STATEMENT OF INCOME
(in millions except per share amounts)
(unaudited)

	Three months ended March 31,		
	2003	2002	Percent Change
<S>	<C>	<C>	<C>
OPERATING REVENUES:			
Passenger	\$1,306	\$1,215	7.5
Freight	22	21	4.8
Other	23	21	9.5
Total operating revenues	1,351	1,257	7.5
OPERATING EXPENSES:			
Salaries, wages, and benefits	516	462	11.7
Fuel and oil	208	170	22.4
Maintenance materials and repairs	106	97	9.3
Agency commissions	12	14	(14.3)
Aircraft rentals	45	47	(4.3)
Landing fees and other rentals	90	83	8.4
Depreciation	93	85	9.4
Other operating expenses	235	250	(6.0)
Total operating expenses	1,305	1,208	8.0
OPERATING INCOME	46	49	(6.1)
OTHER EXPENSES (INCOME):			
Interest expense	26	26	0.0
Capitalized interest	(7)	(4)	75.0
Interest income	(5)	(10)	(50.0)
Other (gains) losses, net	(7)	2	n.a.
Total other expenses (income)	7	14	n.a.
INCOME BEFORE INCOME TAXES	39	35	11.4
PROVISION FOR INCOME TAXES	15	14	7.1
NET INCOME	\$24	\$21	14.3
NET INCOME PER SHARE:			
Basic	\$.03	\$.03	
Diluted	\$.03	\$.03	
WEIGHTED AVERAGE SHARES OUTSTANDING:			
Basic	778	769	
Diluted	808	811	

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SOUTHWEST AIRLINES CO.
COMPARATIVE CONSOLIDATED OPERATING STATISTICS
(unaudited)

	Three months ended		
	2003	March 31, 2002	Change
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Revenue passengers carried	15,077,537	14,463,282	4.2 %
Revenue passenger miles (RPMs) (000s)	10,895,701	10,392,590	4.8 %
Available seat miles (ASMs) (000s)	17,399,132	16,519,957	5.3 %
Load factor	62.6%	62.9%	(0.3) pts.
Average length of passenger haul	723	719	0.6 %
Trips flown	233,087	231,195	0.8 %
Average passenger fare	\$86.64	\$83.99	3.2 %
Passenger revenue yield per RPM (cents)	11.99	11.69	2.6 %
Operating revenue yield per ASM (cents)	7.77	7.61	2.1 %
Operating expenses per ASM (cents)	7.50	7.31	2.6 %
Operating expenses per ASM, excluding fuel (cents)	6.30	6.28	0.3 %
Fuel costs per gallon, excluding fuel tax (cents)	74.8	63.3	18.2 %
Fuel consumed, in gallons (millions)	277	268	3.4 %
Number of Employees at period-end	33,140	32,244	2.8 %
Size of fleet at period-end	377	359	5.0 %

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SOUTHWEST AIRLINES CO.
CONDENSED CONSOLIDATED BALANCE SHEET
(in millions)
(unaudited)

	March 31, 2003	December 31, 2002
<S>	<C>	<C>
ASSETS		
Current assets:		
Cash and cash equivalents	\$1,889	\$1,816
Accounts and other receivables	159	174
Inventories of parts and supplies, at cost	95	86
Fuel hedge contracts	97	113
Prepaid expenses and other current assets	36	43
Total current assets	2,276	2,232
Property and equipment, at cost:		
Flight equipment	8,110	8,025
Ground property and equipment	1,062	1,042
Deposits on flight equipment purchase contracts	468	389
Property & Equipment	9,640	9,456
Less allowance for depreciation	2,906	2,810
Property & Equipment		

(less: Allow for Depr)	6,734	6,646
Other assets	94	76
Assets	\$9,104	\$8,954

LIABILITIES & STOCKHOLDERS' EQUITY

Current liabilities:

Accounts payable	\$367	\$362
Accrued liabilities	514	529
Air traffic liability	535	412
Current maturities of long-term debt	132	131
Total current liabilities	1,548	1,434

Long-term debt less current maturities	1,547	1,553
Deferred income taxes	1,243	1,227

Deferred gains from sale and leaseback of aircraft	180	184
Other deferred liabilities	127	134

Stockholders' equity:

Common stock	778	777
Capital in excess of par value	146	136
Retained earnings	3,476	3,455
Accumulated other comprehensive income	59	54
Total stockholders' equity	4,459	4,422

Liabilities & Stockholders' Equity	\$9,104	\$8,954
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SOUTHWEST AIRLINES CO.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(in millions)

(unaudited)

	Three months ended March 31,	
	2003	2002
<S>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$24	\$21
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation	93	85
Deferred income taxes	12	14
Amortization of deferred gains on sale and leaseback of aircraft	(4)	(4)
Amortization of scheduled airframe inspections & repairs	12	11
Changes in certain assets and liabilities:		
Accounts and other receivables	16	(62)
Other current assets	(1)	17
Accounts payable and accrued liabilities	(7)	(86)
Air traffic liability	123	111
Other	(1)	(14)
Net cash provided by operating activities	267	93
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment, net	(193)	(109)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Issuance of long-term debt	-	385
Proceeds from trust arrangement	-	59
Proceeds from Employee stock plans	12	20
Payments of long-term debt and capital lease obligations	(6)	(5)
Payment of trust arrangement	-	(123)
Payment of revolving credit facility	-	(475)
Payments of cash dividends	(7)	(7)
Other, net	1	(4)
Net cash used in financing activities	-	(150)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	74	(166)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	1,815	2,280
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$1,889	\$2,114

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Southwest Airlines Co.
Boeing 737-700 Delivery Schedule

<S>	Prior Schedule		Current Schedule	
	Firm Options*		Firm Options*	
	<C>	<C>	<C>	<C>
2003**	17	-	17	-
2004	21	13	25	9
2005	24	18	24	18
2006	22	16	22	16
2007	25	29	25	29
2008	6	45	6	45
2009-2012	-	177	-	177
Total	115	298	119	294

*Includes purchase rights
**Includes two aircraft delivered in first quarter 2003
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