UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **December 8, 2021**

SOUTHWEST AIRLINES CO.
(Exact name of registrant as specified in its charter)

Texas	**1-7259**	**74-1563240**
(State or other jurisdiction of incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

P. O. Box 36611 Dallas, Texas	**75235-1611**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: **(214) 792-4000**

Not Applicable
Former name or former address, if changed since last report

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock ($1.00 par value)	LUV	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 7.01 Regulation FD Disclosure.

Southwest Airlines Co. (the "Company") is hosting its 2021 Investor Day event today, December 8, 2021, at 12 noon Eastern Standard Time. A live webcast of the Company's 2021 Investor Day presentation is available on the Company's website at https://www.southwestairlinesinvestorrelations.com, in the Events and Presentations section under Upcoming Events. Likewise, a replay of the webcast will be made available immediately following the conclusion of the live event. Within the 2021 Investor Day presentation, the Company is providing, among other things, updated guidance regarding selected financial trends in fourth quarter 2021. The slides used in conjunction with the Company's 2021 Investor Day presentation are furnished herein as Exhibit 99.1 and are incorporated by reference into this Item 7.01.

The information furnished in this Item 7.01, including Exhibit 99.1, shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section, nor shall such information be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, regardless of any general incorporation language in such filing, except as shall be expressly set forth by specific reference in such filing.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits:

99.1 Southwest Airlines 2021 Investor Day Presentation.
104 Cover Page Interactive Data File (embedded within the Inline XBRL document).

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

SOUTHWEST AIRLINES CO.

December 8, 2021

By: /s/ Tammy Romo

Tammy Romo
Executive Vice President & Chief Financial Officer
(Principal Financial and Accounting Officer)

Southwest®

2021 Investor Day
New York Stock Exchange
December 8, 2021

Introduction

Ryan Martinez
VP Investor Relations

Cautionary statement regarding forward-looking statements

The Company's 2021 Investor Day presentations and slides contain 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 current estimates, intentions, beliefs, expectations, goals, strategies, and projections 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, goals, expectations, plans, strategies, and projected results of operations, including factors and assumptions underlying the Company's expectations and projections; (ii) the Company's Vision; (iii) the Company's strategic priorities and initiatives, including the Company's plans for focus areas in 2022 and goals related to diversity, equity, and inclusion, and environmental sustainability; (iv) the Company's plans and expectations with respect to load factor; (v) the Company's plans, expectations, and goals with respect to capacity; (v) the Company's expectations with respect to fuel costs, fuel efficiency, hedging gains, and the Company's related management of risks associated with changing jet fuel prices, including factors underlying the Company's expectations; (vi) the Company's expectations regarding passenger demand, fares, and bookings, including with respect to managed business revenues; (vii) the Company's productivity goals, including factors and assumptions underlying the Company's plans and expectations; (viii) the Company's plans and expectations regarding its fleet and fleet delivery schedule, including fleet modernization and other factors and assumptions underlying the Company's plans and expectations; (ix) the Company's plans, estimates, and assumptions related to repayment of debt obligations, interest expense, and capital spending; (x) the Company's goals with respect to dividends and share repurchases; (xi) the Company's goals and opportunities with respect to Southwest Business, Global Distribution Systems, distributing fares to business travelers, and growing managed business revenues; (xii) the Company's network plans and expectations and the associated utilization of its fleet, including with respect to the restoration of the Company's network and maturation of new markets; (xiii) the Company's plans and expectations with respect to its expected new fare product; (xiv) the Company's plans and expectations with respect to a new revenue management system; (xv) the Company's plans and expectations with respect to its co-brand loyalty agreement; (xvi) the Company's plans for a more robust Southwest Vacations program; (xvii) the Company's plans and strategies to improve operational performance, efficiency, and reliability, including its plans to modernize its fleet, processes, and technical infrastructure; to mobilize its Customers and Employees with information and tools; and to optimize its decision support tools; and (xviii) the Company's plans and expectations related to labor matters. Forward-looking statements involve risks, uncertainties, assumptions, and other factors that are difficult to predict and that could cause actual results to vary from those expressed in or indicated by them. Factors include, among others, (i) any negative developments related to the COVID-19 pandemic, including, for example, with respect to the duration, spread, severity, or any recurrence of the COVID-19 pandemic or any new variant strains of the underlying virus; the effectiveness, availability, and usage of COVID-19 vaccines; the impact of vaccine mandates required by Executive Order and other governmental actions on the Company's business plans and its ability to retain key Employees; the extent of the impact of COVID-19 on overall demand for air travel and the Company's related business plans and decisions; and the impact of the COVID-19 pandemic on the Company's access to capital; (ii) the impact of labor matters on the Company's business decisions, plans, and strategies; (iii) the Company's dependence on Boeing with respect to the Company's operations, strategies, and goals; (iv) 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; (v) the impact of fears or actual outbreaks of other diseases, extreme or severe weather and natural disasters, actions of competitors (including, without limitation, pricing, scheduling, capacity, and network decisions, and consolidation and alliance activities), consumer perception, economic conditions, fears of terrorism or war, socio-demographic trends, and other factors beyond the Company's control, on consumer behavior and the Company's results of operations and business decisions, plans, strategies, and results; (vi) the Company's dependence on other third parties, in particular with respect to its fuel supply, environmental sustainability initiatives, operational improvements, and corporate travel enhancements, and the impact on the Company's operations and results of operations of any third party delays or nonperformance; (vii) the impact of governmental regulations and other governmental actions on the Company's business plans and operations; (viii) the impact of fuel price changes, fuel price volatility, volatility of commodities used by the Company for hedging jet fuel, and any changes to the Company's fuel hedging strategies and positions, on the Company's business plans and results of operations; (ix) the Company's dependence on its workforce, including its ability to employ sufficient numbers of qualified Employees to effectively and efficiently maintain its operations; (x) the impact of legislative and regulatory activity related to environmental sustainability, in particular with respect to carbon emissions, sustainable aviation fuel tax credits, and compliance requirements; (xi) the Company's ability to timely and effectively implement and maintain the necessary processes to support the utilization of sustainable aviation fuel; (xii) the Company's dependence on Boeing and the Federal Aviation Administration with respect to the certification of the Boeing MAX 7 aircraft; (xiii) the Company's and Boeing's dependence on other third-party providers to perform in accordance with expectations in connection with the manufacture and delivery of aircraft; (xiv) the impact of the Company's obligations and restrictions related to its participation in the U.S. Department of Treasury's payroll support programs and any related negative impact on the Company's ability to retain key Employees; and (xv) 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, 2020, and its Quarterly Report on Form 10-Q for the quarter ended September 30, 2021.

Opening Remarks

Gary Kelly
Chairman of the Board & CEO

Presentation | Bob Jordan
EVP & Incoming CEO

Southwest Airlines

Southwest has an unmatched record of top financial performance in the U.S. airline industry and is emerging from the pandemic with an improved competitive position

Southwest has a proven track record of industry leadership, and its business model and Vision remain intact

Southwest has improved its competitive position in the industry due to managing well through the pandemic

Southwest is preparing to grow again and has a goal to return to its superior pre-pandemic financial performance

Keeping our principles at Heart

Our Purpose and Vision guide the way we work, and our unique qualities endure and support our industry-leading position

Purpose	Connect People to what's important in their lives through friendly, reliable, and low-cost air travel
Vision	To be the world's most loved, most efficient, and most profitable airline

- Unmatched profitability record in the U.S. airline industry[1] with a fortress balance sheet
- Low fares and a robust, point-to-point network that supports market leadership
- Strong Culture and best People
- Outstanding Customer Service and Hospitality
- Reliable, efficient, low-cost operations

1. The Company achieved 47 consecutive years of annual profitability through 2019.

Past strategic initiatives

Our past strategic initiatives drove significant value creation in 2015 through 2019

AirTran acquisition and integration + Fleet modernization and 737-800s + All-New Rapid Rewards Program + International capabilities and new reservation system

AirTran acquisition and integration	Fleet modernization and 737-800s	All-New Rapid Rewards Program	International capabilities and new reservation system
Achieved $500M annual pre-tax net synergies[1]	EBIT contribution: 2013: $300M 2014: $500M 2015: $700M	Realized $700M[2] incremental revenue	Realized hundreds of millions in incremental revenue

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5-year (2015-2019) average after-tax ROIC: 18.8%[3]

1. Excluding acquisition and integration expenses
2. From inception of program through the end of 2014
3. ROIC is defined as annual after-tax return on invested capital, excluding special items

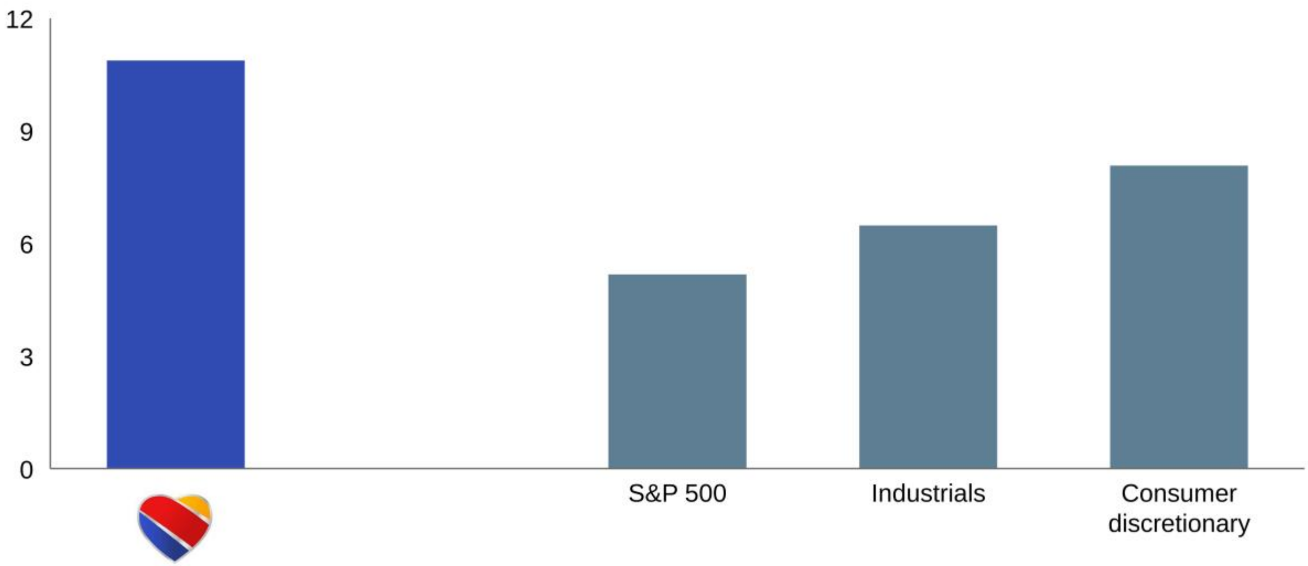
Note: See reconciliation of reported amounts to non-GAAP financial measures

Southwest

Past value creation

Our strong financial performance and solid execution resulted in significant value creation, which outpaced the market and related sectors in 2015 through 2019

Value creation of Southwest vs. other benchmarks
After-tax ROIC to WACC spread[1]; in percentage points



1. ROIC is a non-GAAP financial measure; WACC stands for Weighted Average Cost of Capital; spread represents the 5-year average 2015-2019 of ROIC in excess of WACC

Note: Median ROIC & WACC for S&P 500 companies; data for S&P 500 firms from 2015 to 2019 (source: third-party investment firm)

Refined strategic priorities

We have refined our strategy for the next five years

Southwest

2022 focus areas

We will focus on the basics next year while restoring our route network, and our goal is to be solidly profitable in 2022, including all quarters

2022 Focus: Back to Basics

New strategic initiatives

Our new strategic initiatives are expected to drive significant value that is estimated to generate $1 billion to $1.5 billion of incremental EBIT in 2023

Win more Customers and grow revenue

Maintain our low-cost advantage

Southwest Business and GDS participation + New fare product and Revenue Management System modernization + New Chase co-brand credit card agreement + Fleet modernization

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Estimated EBIT contribution of $1 billion to $1.5 billion in 2023, with roughly half of the value estimated in 2022

- Other key initiatives include: 1) plans to strengthen our Culture through a renewed focus on Diversity, Equity, and Inclusion, and 2) plans to protect the Planet and enhance ESG efforts through Environmental Sustainability actions and goals to minimize carbon emissions

Diversity, Equity, and Inclusion

Our Diversity, Equity, and Inclusion goals are aimed at strengthening our Culture

Diversity, Equity, and Inclusion goals and practices

Senior Management Committee (Executive) diversity

Double the percentage of racial diversity and increase gender diversity of our Senior Management Committee by 2025

Hiring and development

Evolve hiring and development practices to support diversity goals

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Senior Leadership diversity

Measure progress in increasing diversity in Senior Leaders

Community partners

Engage breadth of community partners to leverage the Company's relationships as we source diverse talent

Our Board of Directors also set goals to increase diverse representation on the Board by 2025

ESG: Environmental Sustainability

Our Environmental Sustainability goals are intended to minimize our carbon footprint

Environmental Sustainability targets: 2030 and 2050 timeframes

Maintain carbon neutral growth to 2019 levels every year through 2030

Cap net carbon emissions at 2019 levels as available seat mile (ASM) growth resumes

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Reduce: At least 20% reduction in carbon emissions intensity by 2030 vs. 2019

Reduce carbon emissions per ASM through a combination of fleet modernization and operational fuel conservation efforts

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Replace: 10% of total fuel replaced with SAF by 2030

Secure a diverse portfolio of sustainable aviation fuel (SAF) through offtake agreements

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Offset: Purchase carbon offsets for remaining gap to meet 2030 target

Launch a Customer carbon offset program, with matching and Rapid Rewards points; and purchase additional carbon offsets, as needed

We have a goal to achieve full carbon neutrality by 2050

Presentation

Tammy Romo
EVP & CFO

4Q 2021 guidance update

Our operating revenue outlook has improved based on stronger travel demand and fares, along with an incremental benefit from our new Chase co-brand agreement, and we now expect to be profitable in fourth quarter

Guidance metric	4Q 2021
Operating revenue (vs. 4Q 2019)	Down 10% to 15% (Previous estimation: down 15% to 25%)
Load factor	80% to 85% (No change from previous estimation)
ASMs[1] (vs. 4Q 2019)	Down ~8% (No change from previous estimation)
Fuel costs per gallon[2]	$2.15 to $2.25 (Previous estimation: $2.25 to $2.35)
CASM-X[3] (vs. 4Q 2019)	Up 8% to 12% (No change from previous estimation)

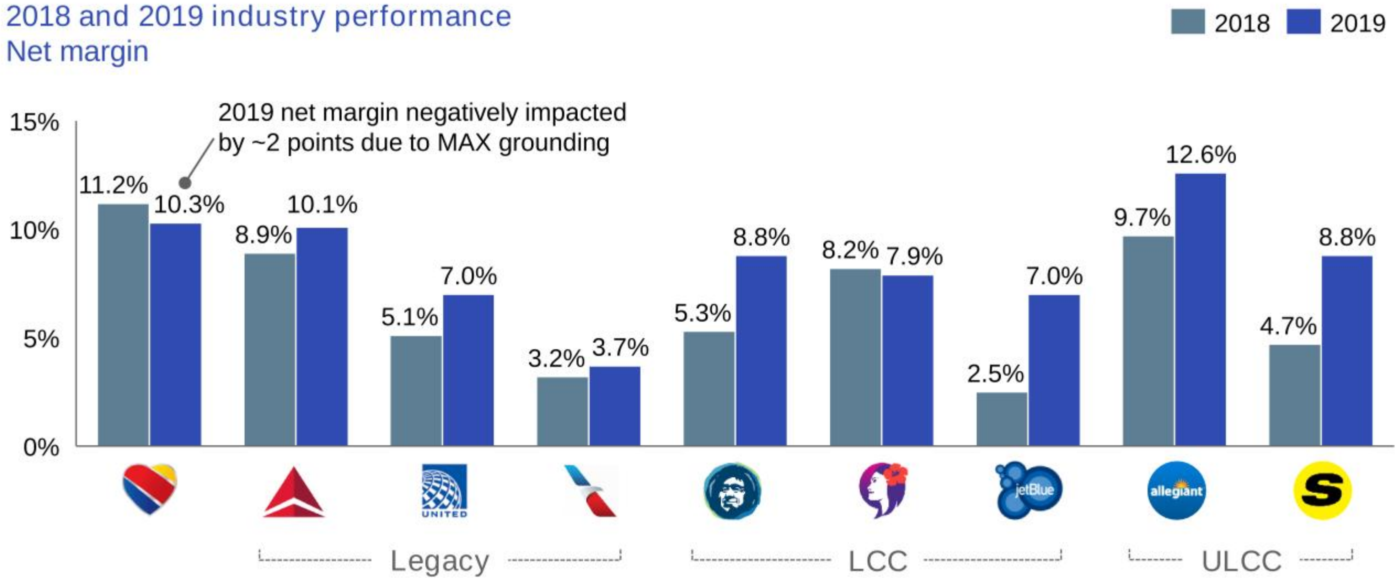
- Leisure travel demand was strong for the Thanksgiving holiday. Based on current trends, leisure bookings continue to come in above expectations for December travel, and managed business revenues are expected to recover to down 55% to down 60% in December versus 2019 levels

1. Available Seat Miles
2. Includes fuel taxes, fuel hedging premium expense of $0.05 per gallon, and favorable cash settlements from fuel derivative contracts of $0.13 per gallon. Based on market values as of November 29, 2021.
3. Cost per Available Seat Mile, excluding fuel and oil expense, profitsharing, and special items

Historical financial performance

We consistently delivered industry-leading margins pre-pandemic

2018 and 2019 industry performance
Net margin



We delivered 47 consecutive years of profitability through 2019

Note: Calculated as net income divided by operating revenues
Source: Form 10-K filings

Southwest

Pandemic financial performance

We are emerging from the pandemic with a strengthened financial position relative to our competitors

During the pandemic, we took steps to raise liquidity and manage our cash burn:

- Raised $22.8 billion[1] in 2020 and 2021
  - $13.4 billion in debt issuances and sale-leaseback transactions
  - $2.2 billion through a common stock offering
  - $7.2 billion of PSP proceeds[2]
- Reduced costs
  - Significantly reduced capacity to match demand
  - Reduced 2020 cash outlays and spending by ~$8 billion compared with original plans
- Pursued new revenue sources
  - Opened 18 new airports and expanded Hawaii, enabling revenue growth
  - Launched GDS platforms: Amadeus, Travelport, and Sabre

Our efforts paid off:

We burned less cash than our peers

We maintained an investment-grade balance sheet

We emerged with a net cash position ahead of the competition

Our balance sheet has improved relative to the U.S. airline industry and puts us in a strong position to support future growth

1. Net of transaction fees
2. Amounts received pursuant to the Payroll Support Program (the "PSP") under the CARES Act were utilized to directly offset payroll expenses incurred by the Company, including specified benefits, between April 2020 and September 2020. For further information regarding the PSP, refer to the Company's Forms 8-K filed April 21, 2020, June 1, 2020, June 30, 2020, July 31, 2020, and September 30, 2020. In January 2021, the Company entered into definitive documentation with the U.S. Treasury for further payroll support under the Consolidated Appropriations Act, 2021 (the "PSP Extension"). Refer to the Company's Forms 8-K filed on January 15, 2021 and March 5, 2021 for further information regarding the PSP Extension. In April 2021, the Company entered into definitive documentation with the U.S. Treasury with respect to funding support pursuant to the American Rescue Plan Act of 2021 (the "ARP"). Refer to the Company's Form 10-Q filed on April 27, 2021, Form 8-K filed on June 3, 2021, and Form 10-Q filed on July 27, 2021, for further information regarding funding under the ARP

Fortress balance sheet

Our balance sheet provided us advantaged access to liquidity and remains at the top of the U.S. airline industry with current cash[1] of approximately $16 billion

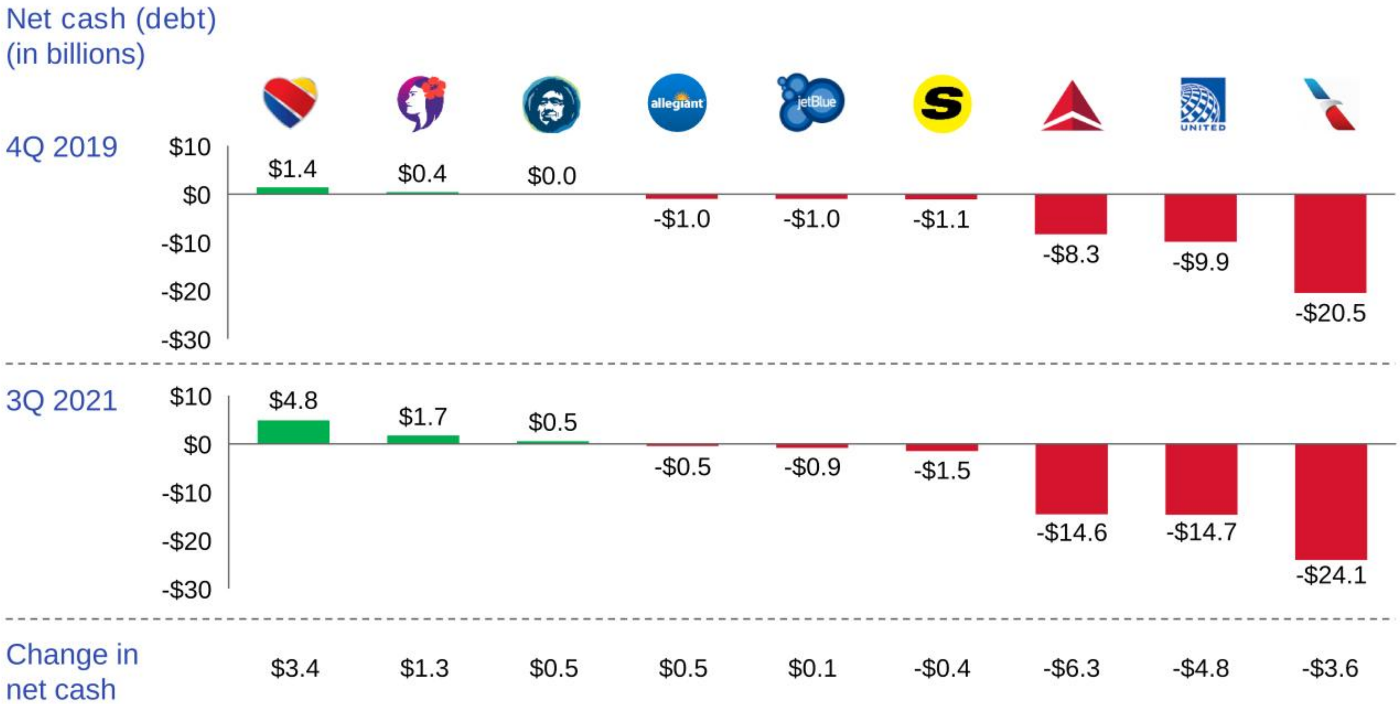
Pre-pandemic (2019):	Current (2021):
Credit ratings	**Credit ratings**
Investment grade	Investment grade
Leverage	**Leverage**
24%	56%
Unencumbered assets[2]	**Unencumbered assets[2]**
$13.4 billion	>$11 billion
Net cash position[3]	**Net cash position[3]**
$1.4 billion	$4.8 billion

1. Cash and cash equivalents and short-term investments as of December 2, 2021
2. Includes aircraft and other physical assets, but excludes significant value from the Company's Rapid Rewards® loyalty program
3. Net cash position is calculated as the sum of cash and equivalents and short-term investments, less the sum of short-term / long-term debt

Note: 2019 values as of year-end 2019
Note: 2021 values as of September 30, 2021

Strong net cash position

Our net cash position increased $3.4 billion during the pandemic, widening the gap to other U.S. carriers

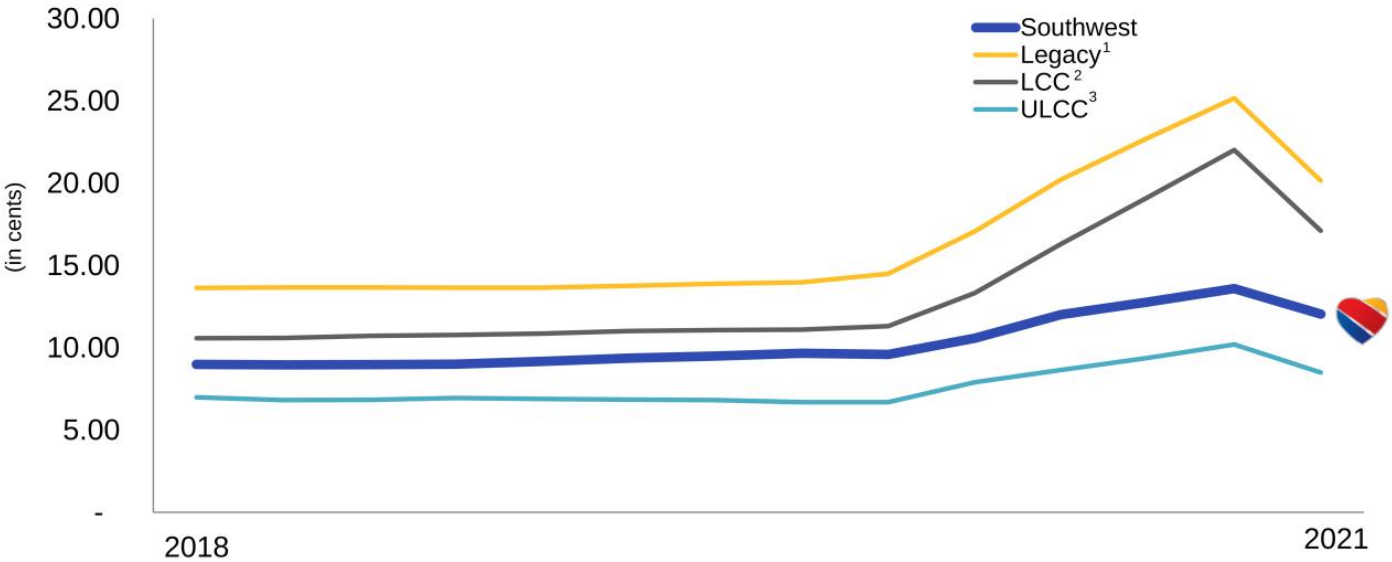


Note: Net cash position is calculated as the sum of cash and cash equivalents and short-term investments, less the sum of short-term and long-term debt.
Source: Company filings

Sustainable cost position

Our cost position remains competitive and is supported by structural business model advantages

Domestic operating expenses per available seat mile, excluding fuel



Our business model and point-to-point network provide sustainable, long-term unit cost advantages compared with the majority of the domestic airline industry

1. Legacy airlines: American, Delta, United
2. LCC airlines: JetBlue, Alaska, Virgin America
3. ULCC airlines: Spirit, Allegiant, Frontier
Source: DOT form 41 and T100 data, through June 30, 2021. Estimated unit costs have been stage-length adjusted to Southwest's average 2017 stage-length, represents domestic mainline.

Southwest

Five year cost plan

We intend to restore our pre-pandemic productivity and leverage our business model advantages to help combat inflation during post-pandemic recovery

Productivity goals

210M+	~80	6+	80+
ASMs per aircraft[1]	FTEs per aircraft[2]	Average trips per gate[3]	ASMs per gallon

Restore pre-pandemic productivity

Restore depth and frequency to the network
- Drives aircraft and facility productivity
- Supports reliability and recovery

Restore operational reliability
- Increased People productivity
- More efficient crew routings

Continuously improve and modernize to achieve results and help combat inflation

- Expanded Customer self-service options in our airports
- More efficient flight plans with improved turn time
- More automated / integrated network recovery tools
- Optimized maintenance planning and daily execution

We expect higher CASM-X[4] inflation in 2022, with a goal to return to pre-pandemic annual inflation levels in the low single digit range

1. Aircraft on property
2. Excludes contractors; part-time Employees counted as 0.5 fulltime equivalent Employees (FTEs); aircraft on property
3. Includes common use, preferential use, and exclusive use gates
4. Cost per Available Seat Mile, excluding fuel and oil expense, profitsharing, and special items

Fuel hedging protection

We have maintained a consistent, multi-year fuel hedging program to provide insurance against material spikes in jet fuel prices with solid protection in 2022

Estimated fuel hedging settlement gains
(Brent price per barrel; hedging gains per gallon)

Brent Price	2022	2023	2024
$60	$.01	$ —	$ —
Current Market[1]	$.10	$.01	$ —
$80	$.20	$.09	$.02
$90	$.35	$.17	$.05
$100	$.49	$.25	$.09
$110	$.63	$.32	$.12
$120	$.78	$.39	$.13
Fair market value[1] (in millions)	~$364	~$218	~$69
Max percentage hedged[2]	59%	37%	17%

We plan to continue building our fuel hedging portfolio with a goal to provide short-term, upside protection against rising jet fuel prices

1. Based on market values as of November 29, 2021. Brent crude oil average market prices as of November 29, 2021, were approximately $71, $68, and $66 per barrel for 2022, 2023, and 2024, respectively.
2. Compared with 2019 fuel burn

Southwest

2022 guidance

We expect 2022 to be a transition year in terms of pandemic recovery and operational efficiency; however, we expect to generate solid profits and margins

Guidance metric	1Q 2022	2022
Aircraft[1]	727	814
ASMs[2] (vs. 2019)	Down ~6%	Down 3% to Up 2%
Fuel costs per gallon[3]	$2.05 to $2.15	$2.05 to $2.15
CASM-X[4] (vs. 2019)	Up 10% to 14%	Up 8% to 12%
Debt repayments[5]	~$60M	~$455M
Interest expense	~$110M	~$440M
Capital spending (CapEx)	Not provided	~$5.0B[6]

1. Aircraft on property, end of period; net of 6 retirements planned in 1Q 2022 and 28 in FY2022
2. Available Seat Miles
3. Includes fuel taxes, fuel hedging premium expense of $0.06 and $0.05 per gallon, and favorable cash settlements from fuel derivative contracts of $0.13 and $0.10 per gallon for 1Q 2022 and full year 2022, respectively
4. Cost per Available Seat Mile, excluding fuel and oil expense, profitsharing, and special items
5. Contractual debt repayments
6. Represents current contractual payments to The Boeing Company (Boeing) for firm aircraft and the assumption that the Company exercises all 42 remaining 2022 options, in addition to ~$900 million in non-aircraft CapEx. Excluding any further option exercises in 2022, the Company's 2022 CapEx would be ~$2.8B, also including ~$900 million in non-aircraft CapEx.

Five year targets

2022 through 2026 represents an unprecedented time period as the pandemic recovery may be choppy; however, our goal is to produce steady profits and returns

Metric	Annual targets through 2026
ASM growth	Mid single digits[1]
CASM-X growth	Low single digits[1]
RASM growth[2]	In excess of CASM growth
Net margin	Expand and maintain industry-leading
After-tax ROIC	Well above WACC
Capital spending (CapEx)	Average of ~$3.5 billion[3]
Shareholder returns	Return to dividend in 2023 and utilize share repurchases based on free cash flow and debt repayments
ESG: Environmental	Maintain carbon neutral growth to 2019 levels and minimize carbon footprint in support of long-term goal to be carbon neutral by 2050

We expect to make significant progress toward our financial goals in 2022 and, assuming continued pandemic recovery and sufficient staffing, achieve our annual targets beyond 2022

1. 2022 year-over-year ASM and CASM-X growth is expected to vary from annual targets above due to pace of expected capacity ramp-up following significant capacity cuts in 2020 and 2021. Depending on the rate of network restoration, years beyond 2022 could vary from annual targets.
2. Revenue per Available Seat Mile (RASM)
3. Includes an increase in aircraft replacement CapEx beginning in 2022 to support fleet modernization and an average of 30-35 737-700 retirements annually.

Fleet modernization

Fleet modernization provides significant cost benefits while providing flexibility for growth or accelerated retirements

Boeing order book
As of December 8, 2021

	-7 firm orders	-8 firm orders	-7 or -8 options	Additional -8s	Total
2021	--	19	--	9	28[1]
2022	72	--	42	--	114
2023	52	--	38	--	90
2024	30	--	56	--	86
2025	30	--	56	--	86
2026	15	15	40	--	70
2027+	65	115	6	--	186
Total	264[2]	149[3]	238	9[4]	660

Since October 21st, we exercised 14 -7 options for 2023 delivery, and we continue to plan for 30 to 35 737-700 retirements annually. Aircraft CapEx could range from $1B to $2.5B in 2023 through 2026 with non-aircraft CapEx in line with historical levels in the $800M to $900M range

Note: Boeing 737-7 (-7); Boeing 737-8 (-8)
1. All 28 -8s were delivered as of September 30, 2021, consisting of 19 owned and 9 leased aircraft.
2. Deliveries for the -7 is dependent on the Federal Aviation Administration (FAA) issuing required certifications and approvals to Boeing and the Company. The FAA will ultimately determine the timing of the -7 certification and entry into service, and the Company therefore offers no assurances that current estimations and timelines are correct.
3. The Company has flexibility to designate firm orders or options as -7s or -8s, upon written advance notification as stated in the contract.
4. These 9 additional -8 aircraft are leases acquired from various third parties and delivered as of September 30, 2021.

Non-GAAP reconciliation

	Twelve months ended December 31,				
	2015	2016	2017	2018	2019
Operating income, as reported	$ 4,116	$ 3,522	$ 3,407	$ 3,206	$ 2,957
Special revenue adjustment[1]	(172)	-	-	-	-
Contract ratification bonuses	334	356	-	-	-
Net impact from fuel contracts	(323)	(201)	(156)	(14)	-
Lease termination expense	-	22	33	-	-
Boeing 737-300 aircraft grounding charge	-	-	63	-	-
Acquisition and integration costs[2]	39	-	-	-	-
Litigation settlement	(37)	-	-	-	-
Asset impairment	-	21	-	-	-
Gain on sale of retired Boeing 737-300 aircraft	-	-	-	(25)	-
Operating income, non-GAAP	$ 3,957	$ 3,720	$ 3,347	$ 3,167	$ 2,957
Net adjustment for aircraft leases[3]	114	110	110	99	120
Adjustment for fuel hedge accounting[4]	(124)	-	-	-	-
Adjusted operating income, non-GAAP (A)	$ 3,947	$ 3,830	$ 3,457	$ 3,266	$ 3,077
Non-GAAP tax rate (B)		36.7%	36.1%	22.1%	22.2%
Net operating profit after-tax, NOPAT (A* (1-B) = C)		$ 2,424	$ 2,210	$ 2,545	$ 2,394
Debt, including finance leases[5]	$ 2,782	$ 3,304	$ 3,259	$ 3,521	$ 3,070
Equity[5]	7,032	7,195	8,194	9,853	9,869
Net present value of aircraft operating leases[5]	1,223	1,015	785	584	512
Average invested capital	$ 11,037	$ 11,514	$ 12,238	$ 13,958	$ 13,451
Equity adjustment for hedge accounting[4]	1,027	886	296	(144)	2
Adjusted average invested capital (D)	$ 12,064	$ 12,400	$ 12,534	$ 13,814	$ 13,453
Non-GAAP ROIC, pre-tax (A/D)	32.7%	30.9%	27.6%	23.6%	22.9%
Non-GAAP ROIC, after-tax (C/D)	20.5%	19.5%	17.6%	18.4%	17.8%

1.One-time adjustment related to the amendment of the Company's co-branded credit card agreement with Chase Bank USA, N.A. and a resulting change in accounting methodology.

2. 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, were 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 2015 reduced operating profits, as defined, in the calculation of profitsharing.

3. 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). The Company makes this adjustment to enhance comparability to other entities that have different capital structures by utilizing alternative financing decisions.

4. The Equity adjustment for hedge accounting in the denominator adjusts for the cumulative impacts, in Accumulated other comprehensive income and Retained earnings, of gains and/or losses associated with hedge accounting related to fuel hedge derivatives that will settle in future periods. The current period impact of these gains and/or losses is reflected in the Net impact from fuel contracts in the numerator. For 2015, the Adjustment for fuel hedge accounting in the numerator is due to the Company's accounting policy decision to classify fuel hedge accounting premiums below the Operating income line, and thus is adjusting Operating income to reflect such policy decision. With the adoption of Accounting Standards Update No. 2017-12, Targeted Improvements to Accounting for Hedging Activities, the Company was required to report premium expense associated with hedges as a component of Fuel and oil expense, and thus was included in Operating income, as reported, beginning with year-ended December 31, 2016.

5. Calculated as an average of the five most recent quarter end balances or remaining obligations. The Net present value of aircraft operating leases represents the assumption that all aircraft in the Company's fleet are owned, as it reflects the remaining contractual commitments discounted at the Company's estimated incremental borrowing rate as of the time each individual lease was signed.

Southwest

Presentation

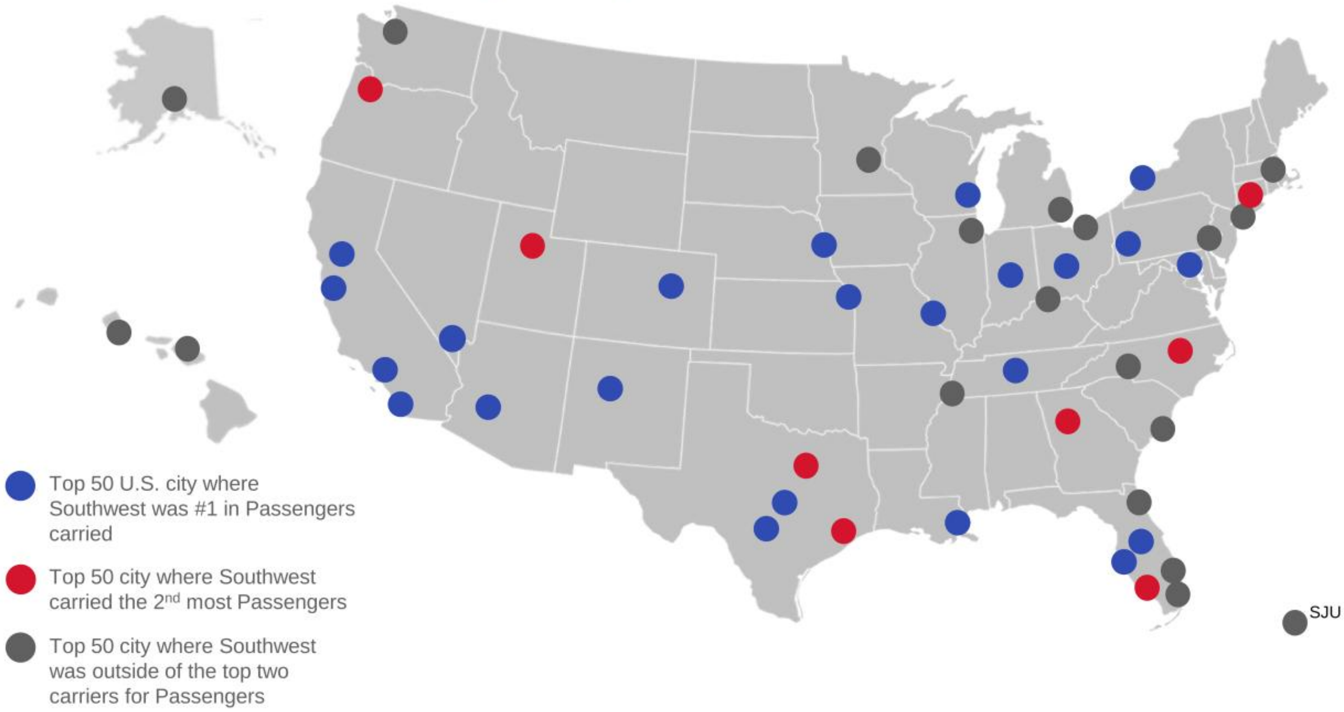
Andrew Watterson

EVP & Chief Commercial Officer

Points of strength

Our unique point-to-point network, low fares, and famous Hospitality have made Southwest an attractive choice for Customers in cities across the U.S.

Top 50 U.S. Domestic Cities: Southwest was #1 in 23 of Top 50[1]
Cities where Southwest carried more Passengers than any other airline in 2019



Source: U.S. DOT O&D Survey data for the twelve months ended 12/31/19 based on domestic passengers boarded. Data accessed 10/15/21 using Cirium Diio Mi.
1. Top 50 cities includes co-terminals (NYC, LAX, SFO, CHI, WAS, MCO, DAL, FLL, BOS, SEA, PHX, HOU, TPA, PHL, STL, RSW, CLE, CVG, PIT, CMH, and BUF).

New revenue pools

We re-deployed idle aircraft and Employees while travel demand was reduced across our network, which helped us better manage cash burn

Existing Revenue Pools

Demand in existing revenue pools has been limited during COVID-19 and normal post-recession business travel patterns will create a gap post-COVID

Idle Southwest Assets

With demand limited, we can't fully use our schedule capacity, creating a supply of assets (People, aircraft, etc.) that are underutilized

Deploy Idle Assets to New Revenue Pools

New opportunities open up entirely new revenue streams beyond those currently served to create opportunities for People and aircraft

Southwest

Increased leisure market breadth by 32%

We added service in leisure destinations during the pandemic, especially locations where Customers can enjoy the outdoors, and repurposed ~125 aircraft

Hawaii
Expanding access to the Aloha State

177% increase in scheduled Hawaii flying
December 2019 vs December 2021

New gateways in 2021:

Los Angeles	Las Vegas
Long Beach	Phoenix

18 new routes connect the US mainland with HI
Since 2020

New Stations
Providing new leisure destinations

18 new Stations
Announced in 2020 and 2021

9 leisure-focused:
- Bozeman, Mont.
- Destin/Fort Walton Beach, Fla.
- Montrose (Telluride), Colo.
- Myrtle Beach, S.C.
- Palm Springs, Calif.
- Santa Barbara, Calif.
- Sarasota/Bradenton, Fla.
- Steamboat Springs (Hayden), Colo.
- Savannah, Ga.

Origins: BLI, COS, EUG, FAT, SYR, JAN

Co-terms: MIA, ORD, IAH

New online connections
Leveraging existing network

~70 routes launched since June 2020
Excluding new Stations and HI

58 Stations received new nonstop service
Excluding new Stations

More nonstop markets than any other airline[1]
Between cities with Southwest svc.

These additions have utilized aircraft and Employees that would have otherwise been idle during the pandemic

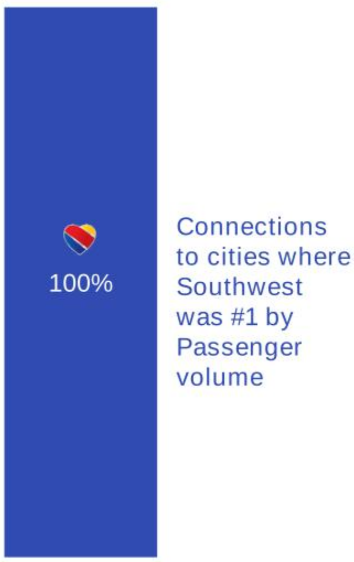
1. Diio schedule data for December 2021 for US airlines. Data accessed 10/15/21.

Southwest

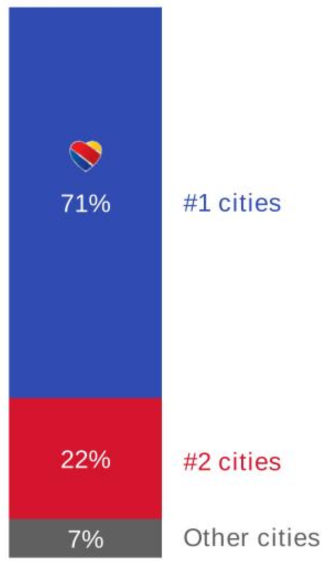
Adding points of strength

By connecting new service with existing points-of-strength, we leveraged Customer depth in Stations where Southwest is #1 or #2

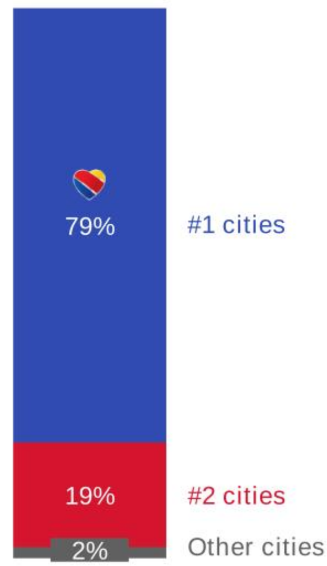
Hawaii
New route trips by Southwest origin share position[1]



New Stations
Trips from new Stations by Southwest origin share position[1]



New online connections
Trips by Southwest origin share position[1]



1. "New routes" refers to routes launched in July 2020 and later; "New Stations" refers to all Stations that have been announced by Southwest since the start of 2020 (this excl. ITO/CZM)

Note: All trip counts based on total December 2021 departures in each described market. All share positions based on Diio O&D data (roundtrip) by city
Co-terms: NYC, LAX, SFO, CHI, WAS, MCO, DAL, FLL, BOS, SEA, PHX, HOU, TPA, PHL, STL, RSW, CLE, CVG, PIT, CMH, and BUF
Data Accessed 10/15/21. Future schedules subject to change.

Southwest

Southwest Business and GDS

During the pandemic, we continued our multi-year investment in Southwest Business to enable progress towards capturing new revenue

Southwest Business investments

Operational

Rapid Rewards Business: Giving businesses the ability to earn Rapid Rewards points

Managed Contracts: Grew managed contracts from ~1,750 to ~3,400 since 2018

People

Account Coverage: Grew our in-market Sales Team coverage from 14 cities to 28 cities since 2018

Technology

Global Distribution Systems (GDS): Industry standard with ARC settlement in all major GDS'

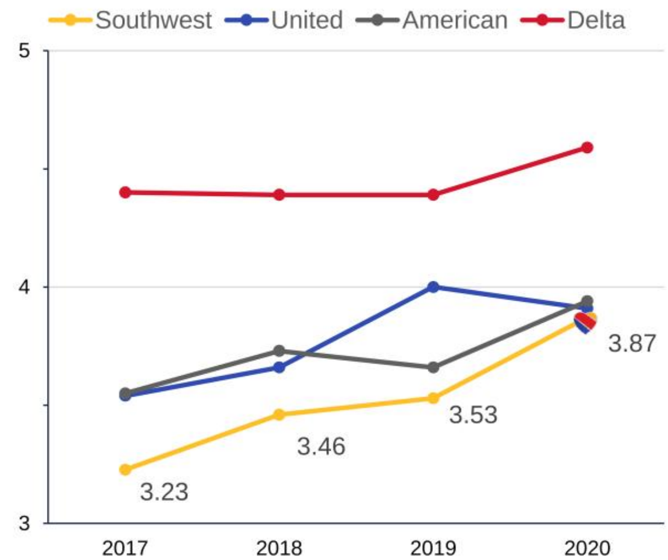
Direct Channels and Mobile Booking: Continued investment in SWABIZ and direct-connect API as well as launch of mobile booking via mobile Web, iOS, and Android

NDC Connect: ATPCO partnership allowing more efficient direct connect channel growth

Southwest vs Industry

Business Travel News (BTN) Survey Results

Scores range from 0 (lowest) to 5 (highest)



Customers have taken notice of our continued investment in Southwest Business, closing our gap versus the industry

Southwest

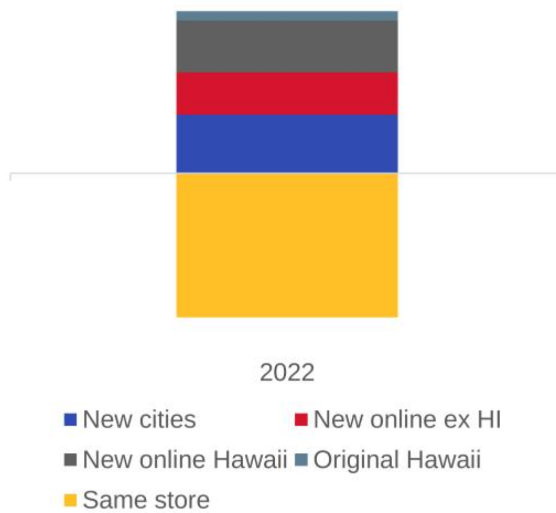
Network status and ASM growth

Our additional leisure service added during the pandemic increased the breadth of our overall network, which we intend to maintain coming out of the pandemic

Network status

KPIs	July 2019	July 2021	
Trips[1]	3,910	3,387	-13%
O&Ds offered	3,494	4,604	+32% (Breadth)
Itineraries	40,614	42,845	+5%
Avg. depth per route	3.05	2.37	-22% (Depth)

2022 ASMs (vs 2019)
Illustrative point contribution



We plan to restore the vast majority of our pre-pandemic network, and expect to restore more than half of our pre-pandemic peak-day trips by summer 2022

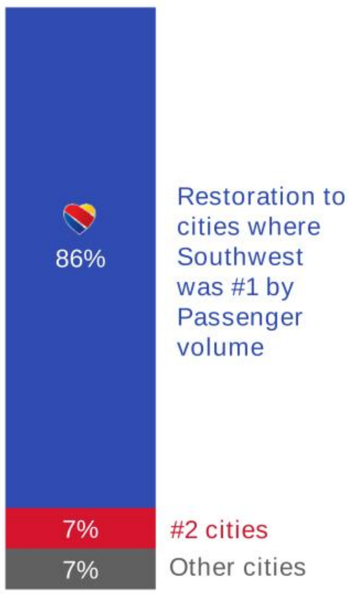
1. Trips flown (daily avg. for month)

Southwest

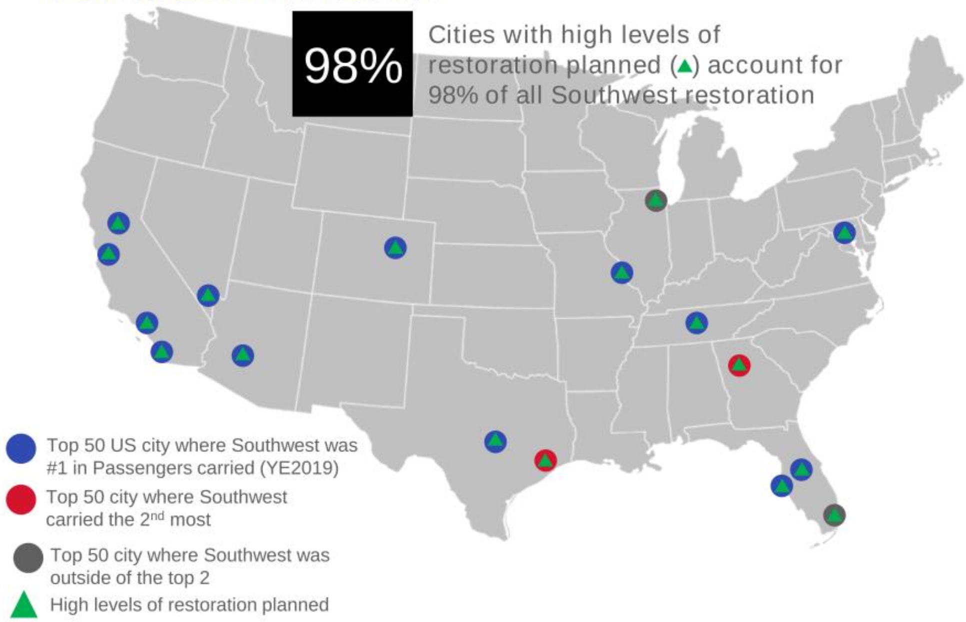
Network restoration

Continued schedule restoration and future network investment is intended to bolster offerings in places where we have a very strong Customer base

Southwest restoration
December 2021 → Full Restoration



Southwest restoration in Top 50 U.S. Cities[1]
December 2021 → Full Restoration



Restoration, predominantly in strong Southwest Customer bases, is expected to provide low-risk, high-return opportunities that will also benefit overall reliability

Sources: Map/Bar Chart - U.S. DOT O&D Survey data for the twelve months ended 12/31/19 based on domestic passengers boarded;
Scheduled departing flights for December based on 12/20/21 schedule vs Full Restoration plan. Data accessed 10/15/21 using Cirium Diio Mi (all future schedules subject to change).
1. Top 50 cities includes co-terminals (NYC, LAX, SFO, CHI, WAS, MCO, DAL, FLL, BOS, SEA, PHX, HOU, TPA, PHL, STL, RSW, CLE, CVG, PIT, CMH, and BUF).

Southwest

City pair restoration

We plan to restore frequencies in markets across the system as Southwest continues restoring the network in the wake of the COVID-19 pandemic

Weekday frequency examples[1]
Pre-pandemic, mid-pandemic, and current scheduled Dec. 2021 restoration

	March 2020 Pre-pandemic	March 2021 Mid-pandemic	December 2021 Current
Oakland Burbank	13	4	12
Dallas Austin	10	4	8
Chicago St. Louis	7	3	4

System-wide restoration[2]
Same-store markets

Restoration occurring as depth additions

79%

Average industry position of SWA in restoration markets

1.3

1. Departures in each example market on 3/9/20, 3/8/21, and 12/20/21 (Diio) scheduled as of 10/15/21.
2. Same-store market restoration: Diio, December 20, 2021 (as of 10/15/21) vs Full Restoration plan, Daily and Non-stop
Note: All future schedules subject to change. Check Southwest.com for current schedule information.

New capabilities and initiative pipeline

As we've done historically, we're planning and investing in the next set of opportunities to drive revenue performance in 2022-2023

Commercial development pipeline

Multi-year projects to develop capabilities have continued to be funded throughout the pandemic and beyond

2016-2017	2018-2019	2020-2021	2022-2023
• Amadeus reservation system • Southwest Business launch	• Revenue management capabilities (Bid Price, 26 Fare Classes, Time of Day pricing) to build upon new reservation system capabilities • Hawaii launch • southwest.com and mobile improvements and optimization	• Launch of 18 new cities and Hawaii expansion • GDS implementations • Revenue management capabilities (Dual Reservation Booking Designator)	• Network restoration • New market maturation • Southwest Business / GDS • New fare product • Revenue Management System modernization • New co-brand credit card agreement

We are already planning the next set of revenue initiatives for 2024 and beyond, such as a more robust Southwest Vacations program

New capabilities: Network

Our plans for the network focus on restoring the depth from our pre-pandemic network and maintaining and optimizing our breadth

1 Network restoration

Initiative Description:

Adding back trips to the network that existed prior to the pandemic is low risk as it reestablishes depth to historically strong Southwest markets

Launch Expectation:

Currently underway and will continue through 2022-2023 as hiring ramps up, aircraft are delivered and put into service, and business demand recovers

Related Initiatives:

- Southwest Business / GDS
- New fare product
- Return to pre-pandemic efficiency levels

2 New market maturation

Initiative Description:

Continue to mature 18 new airports and Hawaii expansion launched during the pandemic through increasing Customer awareness to improve financial performance towards "steady state"

Launch Expectation:

Currently underway and will continue through 2022-2023 as performance is tracked and optimized

Related Initiatives:

- Southwest Business / GDS
- New co-brand credit card agreement

New capabilities: Demand

In coordination with restoring our network, we plan to generate increased demand through Corporate travel and an enhanced product offering

3 Southwest Business / GDS

Initiative Description:

Continued investment and execution in "closing the gap" with peers in how we partner with Corporate Travel Customers at a large scale (channel availability, organization of workforce, relationships, Customer support, etc.)

Launch Expectation:

Currently underway with some value already being realized, with impact scaling up with the return of overall business travel demand

Related Initiatives:

- Network restoration
- New fare product
- New market maturation
- Revenue Management System modernization

4 New fare product

Initiative Description:

Launch of a new, 4^{th} fare product that enhances the overall product offering for Customers while also increasing benefits tied to existing 'Wanna Get Away', 'Anytime', and 'Business Select' products

Launch Expectation:

Anticipated launch in 2Q 2022

Related Initiatives:

- Southwest Business / GDS
- Network restoration

New capabilities: Optimization

We plan to increase demand and yields through a new Revenue Management System, as well as increase revenue from a new co-brand credit card agreement

5 Revenue Management System

Initiative Description:

Implementation of a new Revenue Management System (RMS) to improve processes and maximize revenue through enhanced passenger demand forecasting

Launch Expectation:

Currently live and in a pilot program; expect to progressively expand the percent of overall business managed in 2022

Related Initiatives:

- Southwest Business / GDS

6 New co-brand credit card agreement

Initiative Description:

The agreement extends co-branded credit card contract with Chase for five and a half years into 2030. We are excited about this new deal, which reflects the strength of our industry-leading Southwest Airlines brand, loyalty program, and co-branded credit card portfolio

Launch Expectation:

Contract renegotiated in 4Q 2021

Related Initiatives:

- New market maturation

New capabilities

Southwest has a healthy pipeline in 2022 and 2023 to drive commercial and revenue performance

1. Network restoration
2. New market maturation
3. Southwest Business
4. New fare product
5. RMS modernization
6. New co-brand credit card agreement

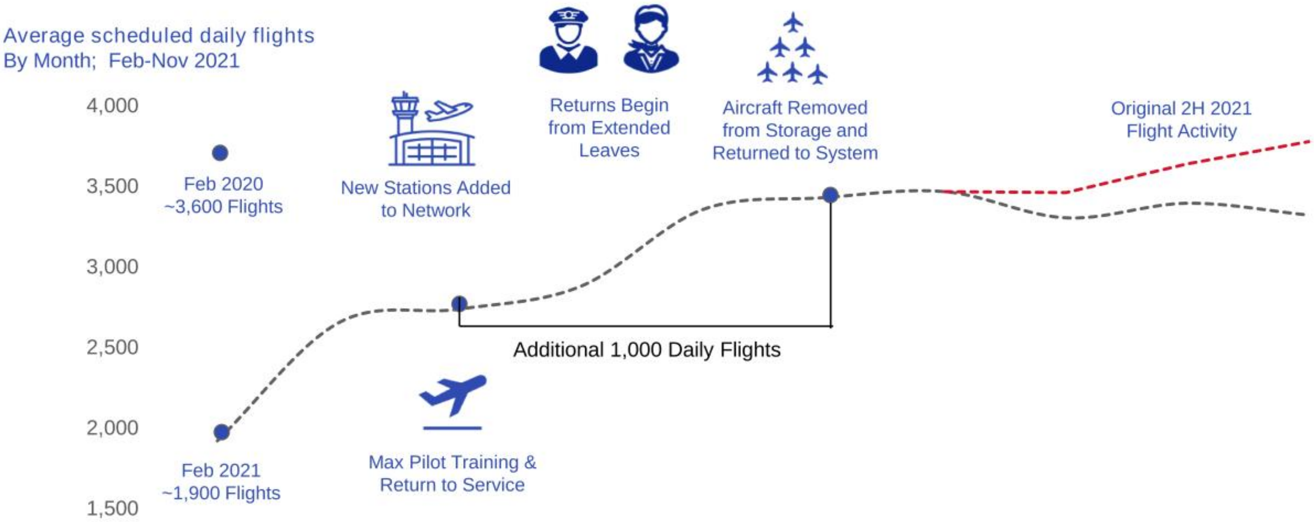
Items 1–2: Low risk capacity additions over the next several years

Items 3–6: Portfolio of new initiatives provides significant financial value by 2023

Presentation | Mike Van de Ven
President & Chief Operating Officer

Ramp up in flight activity and performance

As the demand environment improved in the spring, we began to increase flight activity rapidly, adding 1,000 additional flights from April to July



	February – May	June – August	September - October	November

Ontime performance:

2021	85%	66%	76%[1]	81%

1. Excludes October 8th Event & Recovery

Southwest

Recent operational challenges

As we ramped up the airline across the summer, we experienced a challenging operating environment that we have worked to address

1 Network Breadth

Greater network breadth & connectivity with less depth for recoverability

- +18 new airports
- Increased itineraries offered
- Reduced market frequencies

2 Turn Complexity

Greater work volume & transfer operation demands for our Turns

- Higher percentage of leisure Travelers
- More Passengers & bags per flight
- Greater volume of transfer Passengers & bags at certain locations

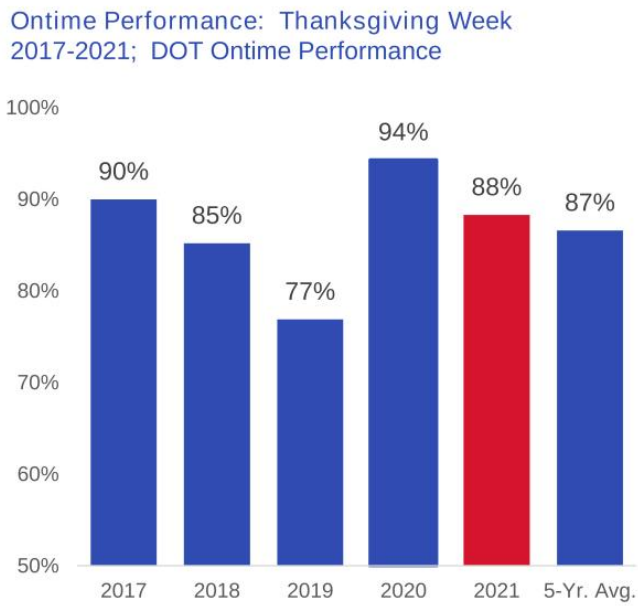
3 Staffing Environment

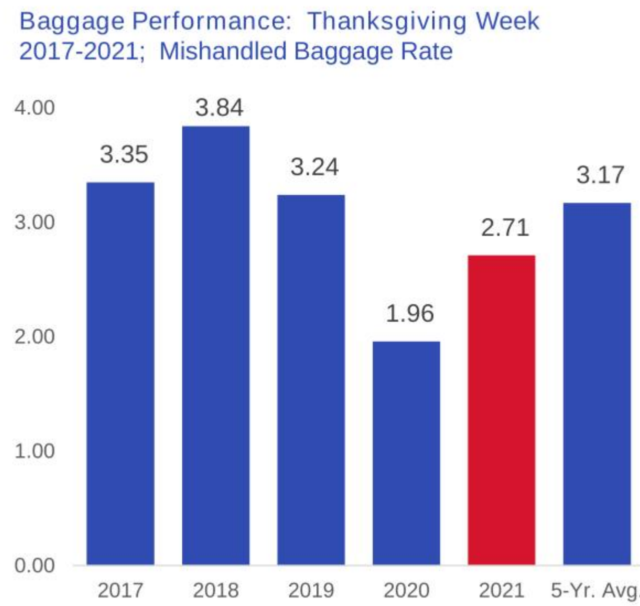
Day-to-day variability of our staffing levels across Operations workgroups

- Increased COVID hours
- Increased sick rates
- Greater reserve utilization & mandatory overtime rates

Thanksgiving performance

As we have stabilized the operation, our recent holiday performance highlighted our improvements





Source: Southwest Internal Data

The advantages of the Southwest network

Our network design and operating model deliver significant competitive advantages for our operation and serve as the foundation of our cost structure

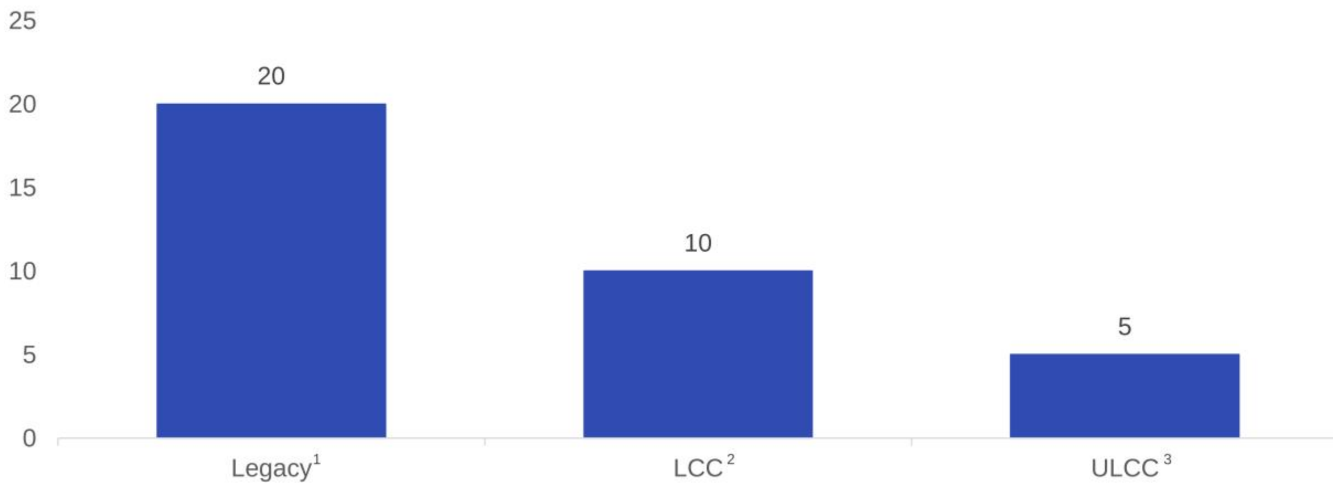
The Simplicity of our Operating Model	• Single aircraft type; non-segmented Crew • Minimal product variation
The Strength of our Point-to-Point Network	• Higher percentage of point-to-point flying • Schedule depth in many markets
Flexibility Driven by the Scale of our Operation	• Exponential possibilities to address daily challenges through scale
The Power of our People	• Most experienced 737 Operators in the world • Strong sense of Company pride / track record of rallying around a cause
The Strength of our Brand	• High level of Customer engagement • Greater trust in Southwest's Operational capabilities and daily decisions

Southwest

Fleet productivity

Our design enables us to produce more flights with less scheduled time than the competition, driving a structural cost advantage

Block and turn minutes in excess of Southwest Airlines



1. Legacy airlines: American, Delta, United
2. LCC airlines: JetBlue, Alaska
3. ULCC airlines: Spirit, Frontier

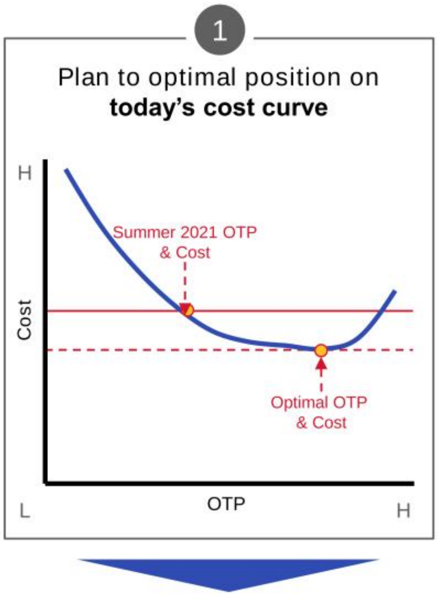
Note: Total time is combined scheduled block and turn time; Block time gap is the average difference between WN and OA in markets that overlap. Turn time calculated by applying OA turn time rates (minutes/seat) to WN's total seat count in 2021, then finding the difference to WN

Source: masFlight

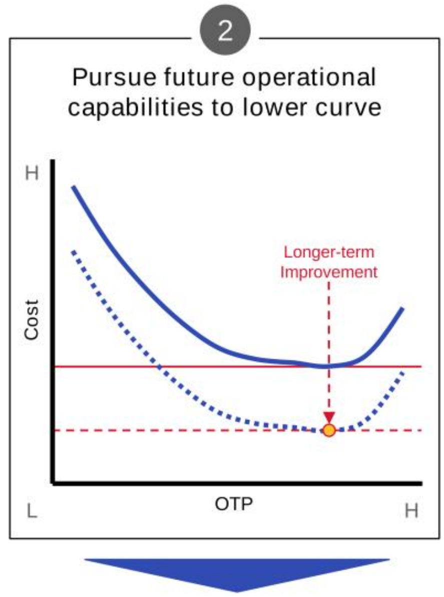
Southwest

Optimal cost performance

As part of our operational design, we are working towards an optimal performance target that balances planned schedule investment with daily execution costs



Deliver consistent ontime performance producing a lower cost operation

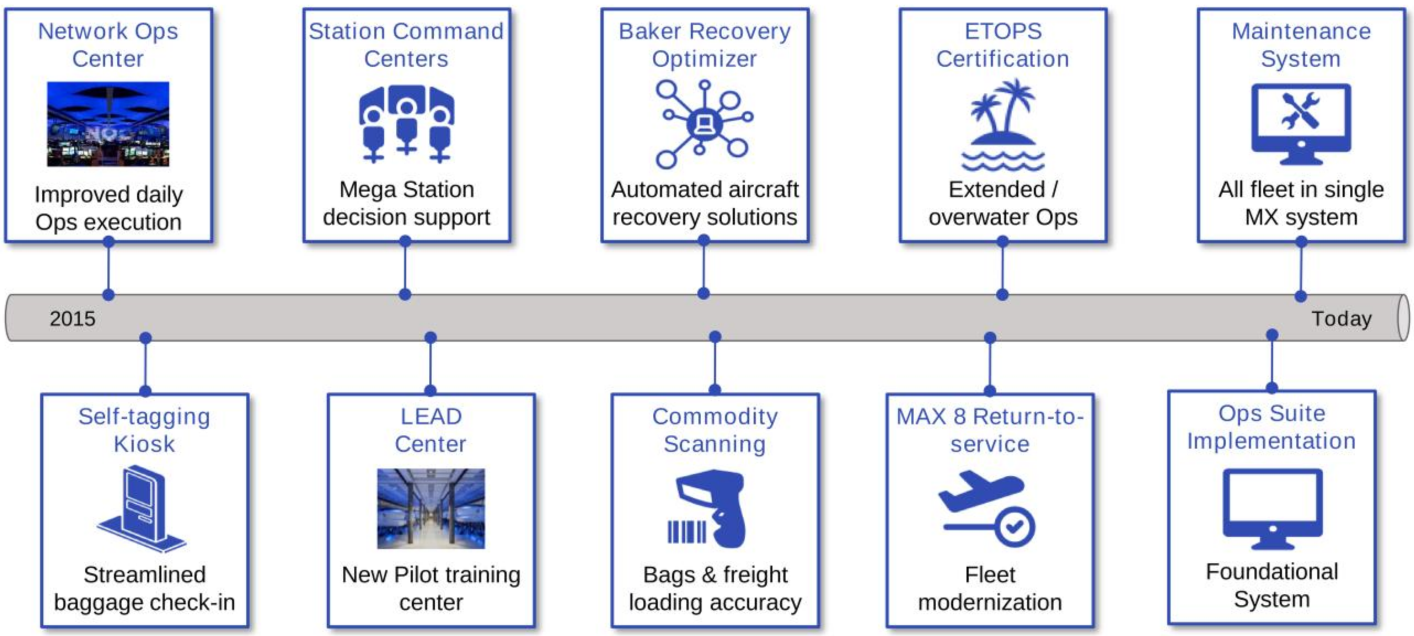


Drive down costs further by ***producing 'more with less'***

Southwest

Recent accomplishments

We have been adapting the operation to support a larger, more advanced airline over the last several years that provides a foundation for our future plans



Focus of our operational strategy

As we look to the future of our operation, we are focused on key efforts to complete our operational transformation and build on our competitive advantages

To fully transform the operation, we must continue to…

Modernize	Mobilize	Optimize
…our fleet, processes, and technical infrastructure	…our Customers & Employees with information & tools	…our decision support tools to drive better system-level results

Closing

Bob Jordan
EVP & Incoming CEO

Break | 10 minutes

Q&A | Panel of speakers

Thank you for attending!

Southwest