

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2001 or

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file No. 1-7259

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

TEXAS
(State or other jurisdiction of
incorporation or organization)

74-1563240
(I.R.S. Employer
Identification No.)

P.O. BOX 36611, DALLAS, TEXAS
(Address of principal executive offices)

75235-1611
(Zip Code)

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Number of shares of Common Stock outstanding as of the close of business on November 9, 2001:

765,345,132

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SOUTHWEST AIRLINES CO.
FORM 10-Q
Part I - FINANCIAL INFORMATION

Item 1. Financial Statements

SOUTHWEST AIRLINES CO.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands)
(unaudited)

<Table>
<Caption>

	SEPTEMBER 30, 2001	December 31, 2000
	-----	-----
<S>	<C>	<C>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,489,391	\$ 522,995
Accounts and other receivables	95,285	138,070
Inventories of parts and supplies, at cost	78,466	80,564
Deferred income taxes	28,191	28,005
Fuel hedge contracts	25,645	22,515
Prepaid expenses and other current assets	35,488	39,387
	-----	-----
Total current assets	1,752,466	831,536
Property and equipment:		
Flight equipment	7,317,030	6,831,913
Ground property and equipment	885,309	800,718
Deposits on flight equipment purchase contracts	402,180	335,164
	-----	-----
	8,604,519	7,967,795
Less allowance for depreciation	2,396,661	2,148,070

	-----	-----
	6,207,858	5,819,725
Other assets	34,602	18,311
	-----	-----
	\$ 7,994,926	\$ 6,669,572
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 397,310	\$ 312,716
Accrued liabilities	482,953	499,874
Air traffic liability	522,085	377,061
Income taxes payable	35,218	--
Current maturities of long-term debt	490,154	108,752
	-----	-----
Total current liabilities	1,927,720	1,298,403
Long-term debt less current maturities	751,616	760,992
Deferred income taxes	1,063,933	852,865
Deferred gains from sale and leaseback of aircraft	196,138	207,522
Other deferred liabilities	105,859	98,470
Stockholders' equity:		
Common stock	764,607	507,897
Capital in excess of par value	15,352	103,780
Retained earnings	3,168,340	2,902,007
Accumulated other comprehensive income	1,361	--
Treasury stock, at cost	--	(62,364)
	-----	-----
Total stockholders' equity	3,949,660	3,451,320
	-----	-----
	\$ 7,994,926	\$ 6,669,572
	=====	=====

</Table>

See accompanying notes.

SOUTHWEST AIRLINES CO.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(in thousands, except per share amounts)
(unaudited)

<Table>				
<Caption>				
September 30,	Three months ended September 30,		Nine months ended	
-----	-----		-----	
	2001	2000	2001	
2000	-----	-----	-----	-----

<S>	<C>	<C>	<C>	<C>
OPERATING REVENUES:				
Passenger	\$ 1,292,569	\$ 1,429,838	\$ 4,179,174	\$
4,045,681				
Freight	20,801	27,925	71,451	
82,959				
Other	21,755	21,071	66,902	
53,516	-----	-----	-----	-----

Total operating revenues	1,335,125	1,478,834	4,317,527	
4,182,156				
OPERATING EXPENSES:				
Salaries, wages, and benefits	463,747	436,776	1,384,220	
1,240,512				
Fuel and oil	192,367	194,531	609,980	
589,210				
Maintenance materials and repairs	103,067	99,442	304,501	
283,318				
Agency commissions	23,240	41,525	83,818	
120,051				
Aircraft rentals	48,302	49,609	144,226	
147,979				
Landing fees and other rentals	79,259	69,421	226,433	
199,422				
Depreciation	81,722	71,511	237,627	
206,732				
Other operating expenses	250,435	215,910	732,717	
624,857	-----	-----	-----	-----

Total operating expenses	1,242,139	1,178,725	3,723,522	
3,412,081	-----	-----	-----	-----

OPERATING INCOME	92,986	300,109	594,005	
770,075				
OTHER EXPENSES (INCOME):				
Interest expense	14,271	17,464	47,743	
52,129				
Capitalized interest	(6,070)	(7,030)	(17,909)	
(20,936)				
Interest income	(10,251)	(11,609)	(29,369)	
(28,769)				
Other (gains) losses, net	(150,834)	211	(136,283)	
(260)	-----	-----	-----	-----

Total other expenses (income)	(152,884)	(964)	(135,818)	
2,164	-----	-----	-----	-----

INCOME BEFORE INCOME TAXES AND CUMULATIVE				
EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	245,870	301,073	729,823	
767,911				
PROVISION FOR INCOME TAXES	94,906	116,775	282,181	
297,348	-----	-----	-----	-----

NET INCOME BEFORE CUMULATIVE EFFECT OF				
CHANGE IN ACCOUNTING PRINCIPLE	150,964	184,298	447,642	
470,563				
CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING				
PRINCIPLE (NET OF INCOME TAXES OF \$13,960)	--	--	--	
(22,131)	-----	-----	-----	-----

NET INCOME	\$ 150,964	\$ 184,298	\$ 447,642	\$
448,432	=====	=====	=====	
=====				
NET INCOME PER SHARE, BASIC BEFORE CUMULATIVE				
EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	\$.20	\$.25	\$.59	\$
.63				
CUMULATIVE EFFECT OF CHANGE IN				
ACCOUNTING PRINCIPLE	--	--	--	
(.03)	-----	-----	-----	-----

NET INCOME PER SHARE, BASIC	\$.20	\$.25	\$.59	\$
.60	=====	=====	=====	
=====				
NET INCOME PER SHARE, DILUTED BEFORE CUMULATIVE				
EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	\$.19	\$.23	\$.55	\$
.60				
CUMULATIVE EFFECT OF CHANGE IN				
ACCOUNTING PRINCIPLE	--	--	--	
(.03)	-----	-----	-----	-----

NET INCOME PER SHARE, DILUTED	\$.19	\$.23	\$.55	\$
.57	=====	=====	=====	
=====				
WEIGHTED AVERAGE SHARES OUTSTANDING:				
Basic	763,811	748,649	762,072	
745,839				
Diluted	806,860	796,548	807,056	
791,301				

</Table>

See accompanying notes.

<Table>

<Caption>

	Nine months ended September 30,	
	2001	2000
<S>	<C>	<C>
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 1,250,160	\$ 1,043,134
INVESTING ACTIVITIES:		
Net purchases of property and equipment	(666,795)	(799,507)
FINANCING ACTIVITIES:		
Payments of long-term debt and capital lease obligations	(107,792)	(8,618)
Payments of cash dividends	(13,440)	(10,978)
Proceeds from Employee stock plans	29,263	46,431
Repurchases of common stock	--	(108,673)
Proceeds from bank credit facility	475,000	--
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	383,031	(81,838)
NET INCREASE IN CASH AND CASH EQUIVALENTS	966,396	161,789
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	522,995	418,819
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 1,489,391	\$ 580,608
CASH PAYMENTS FOR:		
Interest, net of amount capitalized	\$ 38,303	\$ 32,414
Income taxes	\$ 12,150	\$ 113,782

</Table>

See accompanying notes.

SOUTHWEST AIRLINES CO.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

1. Basis of presentation - The accompanying unaudited condensed consolidated financial statements of Southwest Airlines Co. (Company) have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States for complete financial statements. The condensed consolidated financial statements for the interim periods ended September 30, 2001 and 2000 include all adjustments (which include only normal recurring adjustments) which are, in the opinion of management, necessary for a fair presentation of the results for the interim periods. The Condensed Consolidated Balance Sheet as of December 31, 2000 has been derived from the Company's audited financial statements as of that date but does not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. Operating results for the three and nine months ended September 30, 2001 are not necessarily indicative of the results that may be expected for the year ended December 31, 2001. For further information, refer to the consolidated financial statements and footnotes thereto included in the Southwest Airlines Co. Annual Report on Form 10-K for the year ended December 31, 2000.

2. Dividends - During the three months ended September 30, 2001, June 30, 2001 and March 31, 2001, dividends of \$.0045 per share were declared on the 764.0 million, 762.7 million and 760.7 million shares of common stock then outstanding, respectively. During the three months ended September 30, 2000, June 30, 2000 and March 31, 2000, dividends of \$.0037 per share were declared on the 749.4 million, 746.5 million and 745.7 million shares of common stock then outstanding, respectively.

3. Common stock - On January 18, 2001, the Company's Board of Directors declared a three-for-two stock split, distributing 253.9 million shares on

February 15, 2001. All share and per share data presented in the accompanying unaudited condensed consolidated financial statements and notes thereto have been restated for the stock split.

4. Reclassifications - Certain prior year amounts have been reclassified to conform to the current year presentation.

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5. Net income per share - The following table sets forth the computation of basic and diluted net income per share (in thousands except per share amounts) (unaudited):

		Three months ended September 30,		Nine months ended	
September 30,		2001	2000	2001	
2000					
		-----	-----	-----	----
<S>		<C>	<C>	<C>	<C>
NUMERATOR:					
Net income before cumulative effect of change in accounting principle		\$ 150,964	\$ 184,298	\$ 447,642	\$
470,563					
Cumulative effect of change in accounting principle		--	--	--	
(22,131)					
		-----	-----	-----	----
Net income available to common stockholders		\$ 150,964	\$ 184,298	\$ 447,642	\$
448,432					
=====		=====	=====	=====	
DENOMINATOR:					
Weighted-average shares outstanding, basic		763,811	748,649	762,072	
745,839					
Dilutive effect of Employee stock options		43,049	47,899	44,984	
45,462					
		-----	-----	-----	----
Adjusted weighted-average shares outstanding, diluted		806,860	796,548	807,056	
791,301					
=====		=====	=====	=====	
NET INCOME PER SHARE:					
Basic, before cumulative effect of change in accounting principle		\$.20	\$.25	\$.59	\$
.63					
Cumulative effect of change in accounting principle		--	--	--	
(.03)					
		-----	-----	-----	----
Basic		\$.20	\$.25	\$.59	\$
.60					
=====		=====	=====	=====	
Diluted, before cumulative effect of change in accounting principle		\$.19	\$.23	\$.55	\$
.60					
Cumulative effect of change in accounting principle		--	--	--	
(.03)					
		-----	-----	-----	----
Diluted		\$.19	\$.23	\$.55	\$
.57					
=====		=====	=====	=====	

6. Accounting changes - Effective January 1, 2001, the Company adopted Statement of Financial Accounting Standards No. 133, Accounting for Derivative Instruments and Hedging Activities, as amended (SFAS 133). SFAS 133 requires the Company to record all financial derivative instruments on its balance sheet at fair value. Derivatives that are not designated as hedges must be adjusted to

fair value through income. If the derivative is designated as a hedge, depending on the nature of the hedge, changes in the fair value of derivatives that are considered to be effective, as defined, either offset the change in fair value of the hedged assets, liabilities, or firm commitments through earnings or are recorded in accumulated other comprehensive income until the hedged item is recorded in earnings. Any portion of a change in a derivative's fair value that is considered to be ineffective, as defined, is recorded immediately in Other (gains) losses, net in the Condensed Consolidated Statement of Income. Any portion of a change in a derivative's fair value that the Company elects to exclude from its measurement of effectiveness is required to be recorded immediately in earnings.

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Airline operators are inherently dependent upon energy to operate and, therefore, are impacted by changes in jet fuel prices. The Company endeavors to acquire jet fuel at the lowest prevailing prices possible. Because jet fuel is not traded on an organized futures exchange, liquidity for hedging is limited. However, the Company has found that both crude oil and heating oil contracts are effective commodities for hedging jet fuel. The Company has financial derivative instruments in the form of the types of hedges it utilizes to decrease its exposure to jet fuel price increases. The Company does not purchase or hold any derivative financial instruments for trading purposes.

The Company utilizes financial derivative instruments for both short-term and long-term time frames when it appears the Company can take advantage of market conditions. At September 30, 2001, the Company had a mixture of purchased call options, collar structures, and fixed price swap agreements in place to hedge approximately 80 percent of its remaining 2001 total anticipated jet fuel requirements, approximately 50 percent of its 2002 total anticipated jet fuel requirements, and small portions of its 2003-2005 total anticipated jet fuel requirements. As of September 30, 2001, nearly all of the Company's remaining 2001 hedges, and the majority of its 2002 hedges, are effectively heating oil-based positions. All other remaining hedge positions are crude oil-based.

The Company accounts for its fuel hedge derivative instruments as cash flow hedges, as defined. Upon adoption of SFAS 133, the Company recorded the fair value of its fuel derivative instruments in the Condensed Consolidated Balance Sheet and a deferred gain of \$46.1 million, net of tax, in accumulated other comprehensive income. The portion of the transition adjustment in "Accumulated other comprehensive income" that was recognized in earnings during third quarter 2001 was a gain of \$9.2 million, net of tax. During third quarter 2001, the Company recognized approximately \$4.4 million as a net expense in Other (gains) losses, net, related to the ineffectiveness of its hedges, in the Condensed Consolidated Statement of Income. During third quarter 2001, the Company recognized approximately \$504,000 of net expense, related to amounts excluded from the Company's measurements of hedge effectiveness, in Other (gains) losses, net in the Condensed Consolidated Statement of Income. The current year adoption of SFAS 133 has resulted in more volatility in the Company's financial statements than in the past.

Effective January 1, 2000, the Company adopted Staff Accounting Bulletin 101 (SAB 101) issued by the Securities and Exchange Commission in December 1999. As a result of adopting SAB 101, the Company changed the way it recognizes revenue from the sale of flight segment credits to companies participating in its Rapid Rewards frequent flyer program. Prior to the issuance of SAB 101, the Company recorded revenue to "Other revenue" when flight segment credits were sold, consistent with most other major airlines. Beginning January 1, 2000, the Company recognizes "Passenger revenue" when free travel awards resulting from the flight segment credits sold are earned and flown or credits expire unused. Due to this change, the Company recorded a cumulative effect charge in first quarter 2000 of \$22.1 million (net of income taxes of \$14.0 million) or \$.03 per share, basic and diluted.

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7. Comprehensive income - Comprehensive income includes changes in the fair value of certain financial derivative instruments, which qualify for hedge accounting, and unrealized gains and losses on certain investments. For the three and nine months ended September 30, 2001, comprehensive income totaled \$120.4 million and \$449.0 million, respectively. The difference between net income and comprehensive income for the three and nine months ended September 30, 2001 is as follows (in thousands):

<Table> <Caption>			
		Three months ended September 30, 2001 -----	Nine months ended September 30, 2001 -----
<S>		<C>	<C>

NET INCOME	\$ 150,964	\$ 447,642
Unrealized gain (loss) on derivative instruments, net of deferred taxes of (\$19,364) and \$1,656	(29,975)	2,563
Other, net of deferred taxes of (\$375) and (\$777)	(580)	(1,202)
	-----	-----
Total other comprehensive income	(30,555)	1,361
	-----	-----
COMPREHENSIVE INCOME	\$ 120,409	\$ 449,003
	=====	=====

</Table>

As of September 30, 2001, the Company had approximately \$2.6 million in unrealized gains, net of tax, in accumulated other comprehensive income related to fuel hedges. Included in this total are approximately \$5.7 million in net unrealized gains that are expected to be realized in earnings over the twelve months following September 30, 2001. Upon the adoption of SFAS 133 on January 1, 2001, the Company recorded unrealized fuel hedge gains of \$46.1 million, net of tax, of which approximately \$45.1 million were expected to be realized in earnings over the twelve months following January 1, 2001.

A rollforward of the amounts included in Accumulated other comprehensive income, net of taxes, is shown below (in thousands):

<Table>
<Caption>

	Fuel hedge derivatives	Other	Accumulated other comprehensive income
	-----	-----	-----
<S>	<C>	<C>	<C>
BALANCE AT DECEMBER 31, 2000	--	--	--
January 1, 2001 transition adjustment	\$ 46,089	--	\$ 46,089
First nine months 2001 changes in value	(3,495)	\$ (1,202)	(4,697)
Reclassification to earnings	(40,031)	--	(40,031)
	-----	-----	-----
BALANCE AT SEPTEMBER 30, 2001	\$ 2,563	\$ (1,202)	\$ 1,361
	=====	=====	=====

</Table>

8. September 11, 2001 Terrorist Attacks - On September 11, 2001, terrorists hijacked and used two American Airlines, Inc. aircraft and two United Air Lines, Inc. aircraft in terrorist attacks on the United States (terrorist attacks). As a result of these terrorist attacks, the Federal Aviation Administration (FAA) immediately suspended all commercial airline flights on the morning of September 11. The Company resumed flight activity on September 14 and was operating its normal pre-September 11 flight schedule by September 18, 2001. From September 11 until the Company resumed flight operations on September 14, Southwest cancelled approximately 9,000 flights. Although flight operations were suspended, the Company continued to incur nearly all of its normal operating expenses (with the exception of certain direct trip-related expenditures such as fuel, landing fees, etc.). Once the Company resumed operations, load factors and yields were severely impacted, along with increased ticket refund activity.

The Company incurred total operating losses of approximately \$25 million during the time our operations were suspended. As a result of reduced load factors and yields after the terrorist attacks once operations were resumed, the Company continued to incur operating losses through the end of third quarter 2001 of approximately \$95 million. Although load factors have returned to somewhat normal levels by the end of October 2001, yields have continued to be significantly below prior year levels. The Company expects this trend to continue for the foreseeable future due primarily to aggressive fare discounting within the industry.

On September 22, 2001, President Bush signed into law the Air Transportation Safety and System Stabilization Act (Act). The Act provides for up to \$5 billion in cash grants to qualifying U.S. airlines and freight carriers to compensate for direct and incremental losses, as defined in the Act, associated with the terrorist attacks. The Act also provides for other items such as protection against certain insurance coverage increases, delaying payments of excise taxes, and certain protections against lawsuits for the airlines directly involved in the attacks.

In response to the decrease in demand for air travel since the terrorist attacks, the Company has also modified its schedule for future aircraft deliveries and the timing of its future capital expenditure commitments. See Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources for further discussion of the Company's long-term commitments for aircraft.

In accordance with generally accepted accounting principles, consolidated net income for third quarter 2001 included approximately \$169.0 million in "Other gains" that the Company recognized from grants under the Act and special pre-tax charges of approximately \$58.0 million arising from the terrorist attacks. The \$169.0 million gain recognized in third quarter 2001 was the Company's estimate of its direct and incremental losses, as defined in the Act, incurred in third quarter 2001 as a result of the terrorist attacks. Special charges arising from the terrorist attacks resulted from or include refunds of nonrefundable fares, provisions for uncollectible accounts, write-downs of various assets due to impairment, and estimated charges for the deferral of Boeing 737 aircraft firm orders and options

9. Credit facility - In September 2001, the Company borrowed the full \$475 million available under its unsecured revolving credit line with a group of banks. Borrowings under the credit line bear interest at six-month LIBOR plus 15.5 basis points and amounts are repayable on or before May 6, 2002. The Company intends to repay the borrowings in full prior to the due date with either cash on hand or proceeds from issuance of long-term debt securities. The full \$475 million is classified as Current maturities of long-term debt in the Condensed Consolidated Balance Sheet.

10. Recently issued accounting standards - On August 16, 2001, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards SFAS No. 143, "Accounting for Asset Retirement Obligations", which is effective for financial statements issued for fiscal years beginning after June 15, 2002. The pronouncement addresses the recognition and re-measurement of obligations associated with the retirement of tangible long-lived assets. On October 3, 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets", which is effective for financial statements issued for fiscal years beginning after December 15, 2001. SFAS 144 supersedes SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of", and applies to all long-lived assets (including discontinued operations). The Company is currently reviewing these statements but does not expect them to have a material impact on future financial statements or results of operations.

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11. Subsequent events - On October 30, 2001, the Company issued \$614.3 million Pass Through Certificates consisting of \$150.0 million 5.1% Class A-1 certificates, \$375.0 million 5.5% Class A-2 certificates, and \$89.3 million 6.1% Class B certificates. A separate trust was established for each class of certificates. The trusts used the proceeds from the sale of certificates to acquire equipment notes, which were issued by Southwest on a full recourse basis. Payments on the equipment notes held in each trust will be passed through to the holders of certificates of such trust. The equipment notes were issued for each of 29 Boeing 737-700 aircraft owned by Southwest and are secured by the mortgage on such aircraft. Interest on the equipment notes held for the certificates is payable semiannually, beginning May 1, 2002. Principal payments on the equipment notes held for the Class A-1 certificates are due semiannually beginning May 1, 2002. The entire principal of the equipment notes for the Class A-2 and Class B certificates are scheduled for payment on November 1, 2006. Southwest will use the proceeds from the issuance of the equipment notes for general corporate purposes, including, among other possible uses, repayment of the \$475 million of borrowings outstanding under Southwest's bank credit facility and accrued interest thereon.

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

COMPARATIVE CONSOLIDATED OPERATING STATISTICS

Relevant operating statistics for the three and nine months ended September 30, 2001 and 2000 follow:

SOUTHWEST AIRLINES CO.
COMPARATIVE CONSOLIDATED
OPERATING STATISTICS

	Three months ended September 30,			Nine months ended September 30,		
	2001	2000	Change	2001	2000	
Change						

<S>	<C>	<C>	<C>	<C>	<C>	<C>
Revenue passengers carried 4.3%	16,207,719	16,500,662	(1.8)%	49,450,492	47,391,379	
Revenue passenger miles (RPMs) (000s) 7.4%	11,260,082	10,968,076	2.7%	33,710,859	31,376,044	
Available seat miles (ASMs) (000s) 9.9%	16,290,821	15,310,348	6.4%	48,587,630	44,209,075	
Load factor (1.6)pts.	69.1%	71.6%	(2.5)pts.	69.4%	71.0%	
Average length of passenger haul 3.0%	695	665	4.5%	682	662	
Trips flown 5.0%	235,083	229,710	2.3%	705,273	671,968	
Average passenger fare (1.0)%	\$ 79.75	\$ 86.65	(8.0)%	\$ 84.51	\$ 85.37	
Passenger revenue yield per RPM (cents) (3.8)%	11.48	13.04	(12.0)%	12.40	12.89	
Operating revenue yield per ASM (cents) (6.0)%	8.20	9.66	(15.1)%	8.89	9.46	
Operating expenses per ASM (cents) (0.8)%	7.62	7.70	(1.0)%	7.66	7.72	
Operating expenses per ASM, 0.3%				6.41	6.39	
excluding fuel (cents) (4.5)%	6.44	6.43	0.2%	74.40	77.93	
Fuel costs per gallon, 9.3%				30,946	28,321	
excluding fuel tax (cents) 4.5%	69.84	74.12	(5.8)%	74.40	77.93	
Number of Employees at period-end 9.3%	30,946	28,321	9.3%	30,946	28,321	
Size of fleet at period-end 7.2%	358	334	7.2%	358	334	

Operating expenses per ASM for the three and nine months ended September 30, 2001 and 2000 are as follows (in cents except percent change):

<Table>	Three months ended September 30,			Nine months ended September		
<Caption>						
30,						
-----	-----			-----		
Percent	Percent					
Change	2001	2000	Change	2001	2000	
-----	-----	-----	-----	-----	-----	---
<S>	<C>	<C>	<C>	<C>	<C>	
<C>						
Salaries, wages, and benefits 4.6	2.59	2.40	7.9	2.51	2.40	
Employee retirement plans (19.5)	.27	.45	(40.0)	.33	.41	
Fuel and oil (5.3)	1.18	1.27	(7.1)	1.26	1.33	
Maintenance materials and repairs (1.6)	.63	.65	(3.1)	.63	.64	
Agency commissions (37.0)	.14	.27	(48.1)	.17	.27	
Aircraft rentals (9.1)	.30	.32	(6.3)	.30	.33	
Landing fees and other rentals 2.2	.49	.45	8.9	.46	.45	
Depreciation 4.3	.50	.47	6.4	.49	.47	
Other operating expenses 6.3	1.52	1.42	7.0	1.51	1.42	
-----	-----	-----	-----	-----	-----	---
Total (.8)	7.62	7.70	(1.0)	7.66	7.72	
=====	=====	=====	=====	=====	=====	=====

MATERIAL CHANGES IN RESULTS OF OPERATIONS

COMPARISON OF THREE MONTHS ENDED SEPTEMBER 30, 2001 TO THREE MONTHS ENDED SEPTEMBER 30, 2000

Consolidated net income for third quarter 2001 was \$151.0 million (\$.19 per share, diluted), as compared to third quarter 2000 net income of \$184.3 million (\$.23 per share, diluted), a decrease of 18.1 percent. The prior year's net income per share amounts have been restated for the 2001 three-for-two stock split (see Note 3 to the unaudited Condensed Consolidated Financial Statements). Operating income was \$93.0 million, a decrease of 69.0 percent compared to 2000. In accordance with generally accepted accounting principles, consolidated net income for third quarter 2001 included approximately \$169.0 million in "Other gains" that the Company recognized from grants under the Act and special pre-tax charges of approximately \$58.0 million arising from the terrorist attacks. See Note 8 to the unaudited Condensed Consolidated Financial Statements. Excluding the gain and special charges, third quarter 2001 net income was \$82.8 million, or \$.10 per share, diluted.

Consolidated operating revenues decreased 9.7 percent due primarily to a 9.6 percent decrease in passenger revenues. The decrease in passenger revenues was a direct result of the September 11, 2001 terrorist attacks. The Company's combined July and August passenger revenues were approximately 4.5 percent higher than the same period in 2000. However, September 2001 passenger revenues were 41.3 percent lower than September 2000, including an adjustment to decrease revenues further as a result of refunds of nonrefundable fares previously estimated to expire. The adjustment was necessary as a result of the Company's relaxation of its normal refund policy rules following the terrorist attacks. Third quarter 2001 capacity, as measured by ASMs, increased 6.4 percent. The increase in ASMs resulted primarily from the addition of 24 aircraft since third quarter 2000, which represents a 7.2 percent increase in the Company's fleet size. The increase in fleet size was partially offset by the Company's cancellation of approximately 9,000 flights from September 11 through September 17, as a result of the terrorist attacks. The third quarter 2001 load factor was 69.1 percent, a decrease of 2.5 points compared to 2000. The Company experienced a 1.8 percent decrease in revenue passengers carried, a 2.7 percent increase in RPMs, and a 12.0 percent decrease in passenger revenue yield per RPM (passenger yield). For the period July 1, 2001 until the terrorist attacks, Southwest's load factor was 74.6 percent, or 1.1 points above the year ago period. The Company's passenger revenue per available seat mile (RASM) was \$.0870, or 7.1 percent below the year ago period. After the September 11 attacks and resuming service on September 14, Southwest's load factor was 45.4 percent through September 30, or 19.4 points below the year ago period. The Company's RASM for this same period was \$.0484, or 44.5 percent below the year ago period.

The Company's load factor for October 2001 was 63.7 percent, down 6.3 points compared to the October 2000 load factor of 70.0 percent. The load factor for the two-week period ended November 11, 2001 was 60.5 percent, down 6.7 points compared to the same period in 2000. Likewise, RASM for the two-week period ended November 11, 2001 was an estimated \$.0669, compared to \$.0879 during the comparable prior year period. Passenger yield for this same two-week period was an estimated \$.1105 in 2001 compared to \$.1307 in 2000. Weak air travel conditions have spawned aggressive fare sales and the Company expects yields per RPM to be well below year ago levels for the foreseeable future. Without consideration of the federal grants the Company expects to recognize in fourth quarter 2001, the Company is unable to predict whether or not it will be profitable for fourth quarter 2001. However, barring any unforeseen events, we expect to be profitable for full year 2001. (The immediately preceding two sentences are forward-looking statements that involve uncertainties that could result in actual results differing materially from expected results. Some significant factors include, but may not be limited to, additional incidents that could cause the public to question the safety and/or efficiency of air travel, competitive pressure such as fare sales and capacity changes by other carriers, general economic conditions, and variations in advance booking trends.)

As a result of the terrorist attacks and weak economic conditions throughout third quarter 2001, consolidated freight revenues decreased 25.5 percent. Combined July and August freight revenues were approximately 13.0 percent lower than the same period in 2000. However, September 2001 freight revenues were 49.5 percent lower than September 2000. Subsequent to the resumption of service after the terrorist attacks, the U.S. Postal Service made a decision to divert more of its mail shipments to freight carriers from

commercial airlines. Additionally, the FAA instituted significantly heightened security rules for commercial airlines carrying freight following the terrorist attacks. As a result of these recent developments, the Company expects year-over-year declines in freight revenues to continue throughout the near term. (The immediately preceding sentence is a forward-looking statement that involves uncertainties that could result in actual results differing materially from expected results. Some significant factors include, but may not be limited to, decisions by major freight customers on how they allocate freight deliveries among different types of carriers, general economic conditions, etc.) Other revenues increased 3.2 percent due primarily to an increase in commissions earned from programs the Company sponsors with certain business partners, such as the Company sponsored First USA Visa card. That increase was partially offset by a decline in charter revenues as a result of the terrorist attacks.

Operating expenses per ASM were \$.0762, a 1.0 percent decrease compared to \$.0770 for 2000. Excluding fuel expense, operating expenses per ASM increased .2 percent to \$.0644. Due to the Company's approximately 9,000 flight cancellations as a result of the terrorist attacks, several of the operating expense captions in the Condensed Consolidated Statements of Income that are measured as a percentage of ASMs were impacted. However, the captions that typically fluctuate with actual flight activity, such as fuel and landing fees, were not materially affected on a per ASM basis.

As a result of the terrorist attacks, the Company put into effect a number of measures to control costs. The Company has deferred nonessential capital spending, cut nonessential operating expenses, and has temporarily suspended its fleet growth plans. Excluding fuel, it is difficult to accurately predict fourth quarter 2001 unit costs, especially with respect to potential increases in airport, security, and insurance costs. Were it not for these cost risks, the Company would project an overall decline in fourth quarter 2001 unit costs. (The immediately preceding sentence is a forward-looking statement which involves uncertainties that could result in actual results differing materially from expected results. Some significant factors include, but may not be limited to, wage and productivity pressures, new or additional security regulations, capacity decisions made by competitors, and general economic conditions.)

Salaries, wages, and benefits per ASM increased 7.9 percent. The increase was due primarily to the approximately 9,000 trips the Company was forced to cancel as a result of the September 11, 2001 terrorist attacks. All salaries, wages, and benefits normally incurred by the Company were paid during the time operations were suspended, but there were no corresponding ASMs.

Employee retirement plans expense per ASM decreased 40.0 percent, due primarily to the decrease in Company earnings available for profitsharing.

Fuel and oil expense per ASM decreased 7.1 percent due to a 5.8 percent decrease in the average jet fuel cost per gallon compared to 2000. The average jet fuel cost per gallon in third quarter 2001 was \$.6984 compared to \$.7412 in third quarter 2000, including the effects of hedging activities. The Company's third quarter 2001 average jet fuel cost is net of approximately \$23.5 million in "effective" hedging gains, as defined. See Note 6 to the Condensed Consolidated Financial Statements. The Company's third quarter 2000

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average jet fuel cost is net of approximately \$43.1 million in gains from hedging activities. As of September 30, 2001, the Company had hedges in place for approximately 80 percent of its anticipated jet fuel requirements for the remainder of 2001. Including estimated hedging gains and considering current market prices and the continued effectiveness of the Company's fuel hedges, we are forecasting our fourth quarter 2001 average fuel price per gallon to be below third quarter 2001's average fuel cost per gallon of \$.6984. The majority of the Company's near term hedge positions are in the form of option contracts, which should enable the Company to benefit to a large extent from a decline in jet fuel prices. However, the Company's overall fuel hedging strategy could result in the Company not fully benefiting from certain jet fuel price declines. (The immediately preceding three sentences are forward-looking statements, which involve uncertainties that could result in actual results differing materially from expected results. Such uncertainties include, but may not be limited to, the largely unpredictable levels of jet fuel prices, the continued effectiveness of the Company's fuel hedges, and changes in the Company's overall fuel hedging strategy.)

Maintenance materials and repairs per ASM decreased 3.1 percent due to a decrease in engine repair expense per ASM. This decrease was due primarily to the Company's capacity growth exceeding the increase in expense. Virtually all the Company's third quarter capacity growth versus the prior year was accomplished with new aircraft, most of which have not yet begun to incur any meaningful engine repair costs. The Company expects fourth quarter 2001 maintenance materials and repairs per ASM to be in line with third quarter 2001 expense. (The immediately preceding sentence is a forward-looking statement involving uncertainties that could result in actual results differing materially from expected results. Such uncertainties include, but may not be limited to, any unscheduled required aircraft airframe or engine repairs and regulatory

requirements.)

Agency commissions per ASM decreased 48.1 percent. Approximately 80 percent of the decrease was due to a change in the Company's commission rate policy and mix of commissionable revenues, and approximately 20 percent of the decrease was associated with the overall decline in revenues. Effective January 1, 2001, the Company reduced the commission rate paid to travel agents from ten percent to eight percent for Ticketless bookings, and from ten percent to five percent for paper ticket bookings. The percentage of commissionable revenues decreased from approximately 29 percent in third quarter 2000 to approximately 23 percent in third quarter 2001. The Company recently announced that effective October 15, 2001, we are reducing the commission paid to travel agents to five percent (with no cap), regardless of the type of ticket sold. Due to these commission policy changes in 2001, we expect agency commissions to show further year-over-year decreases in fourth quarter 2001 on a per-ASM basis. (The immediately preceding sentence is a forward-looking statement involving uncertainties that could result in actual results differing materially from expected results. Such uncertainties include, but may not be limited to, changes in consumer ticket purchasing habits.)

Aircraft rentals per ASM decreased 6.3 percent compared to third quarter 2000 due to a lower percentage of the aircraft fleet being leased. Approximately 26.3 percent of the Company's aircraft fleet was under operating lease at September 30, 2001, compared to 28.1 percent at September 30, 2000.

Landing fees and other rentals per ASM increased 8.9 percent primarily as a result of the Company's expansion of facilities in several airports. This increase was partially offset by a decrease in landing fees expense per ASM from credits the Company received from airports in third quarter 2001

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from audits of prior periods. As a result of the September 11 terrorist attacks, most major airlines have reduced their flight schedules and/or have retired aircraft early due to the decrease in demand for air travel. Since Southwest has not reduced the number of flights it offers, the Company expects that the airport costs it shares with other airlines on the basis of flights offered or passengers carried, such as landing fees, will increase on a per ASM basis in future periods, including fourth quarter 2001. (The immediately preceding sentence is a forward-looking statement involving uncertainties that could result in actual results differing materially from expected results. Such uncertainties include, but may not be limited to, changes in competitors flight schedules, demand for air travel, etc.)

Depreciation expense per ASM increased 6.4 percent due primarily to a higher percentage of owned aircraft. All of the 24 aircraft added to the Company's fleet over the past twelve months have been purchased. This has increased the Company's percentage of aircraft owned or on capital lease from 71.9 percent at September 30, 2000 to 73.7 percent at September 30, 2001.

Other operating expenses per ASM increased 7.0 percent. The increase was due primarily to charges incurred to write down the value of certain assets the Company determined had been impaired due to depressed market values for aircraft and related parts and equipment as a result of the terrorist attacks and their impact on the airline industry. Excluding these charges, Other operating expense per ASM would have increased slightly due to the ASMs lost when operations were temporarily suspended as a result of the terrorist attacks.

Interest expense decreased 18.3 percent due primarily to the July 2001 redemption of \$100 million notes. However, the Company expects fourth quarter 2001 interest expense to increase compared to third quarter 2001 expense as a result of recent financing transactions as discussed in Note 9 and Note 11 to the unaudited Condensed Consolidated Financial Statements. (The immediately preceding sentence is a forward-looking statement involving uncertainties that could result in actual results differing materially from expected results. Such uncertainties include, but may not be limited to, subsequent financing decisions made by the Company.) Capitalized interest decreased 13.7 percent due primarily to a reduction in progress payment balances for future aircraft deliveries. Interest income decreased 11.7 percent as higher invested cash balances were more than offset by a decrease in rates earned on investments. Other gains in third quarter 2001 resulted primarily from \$169.0 million recognized as the Company's share of government grant funds from the Act related to third quarter 2001. The Company received the majority of these funds in third quarter 2001 and expects to receive the remaining portion of its share in fourth quarter 2001. If direct and incremental losses, as defined in the Act, continue, as expected currently, Southwest will recognize gains from additional grants of up to approximately \$120 million during fourth quarter 2001. (The immediately preceding two sentences are forward-looking statements involving uncertainties that could result in actual results differing materially from expected results. Such uncertainties include, but may not be limited to, subsequent modifications or amendments to the Act, changes in the government's expected schedule of distributing grant funds, the Company's operating performance improving to the point where it would not qualify to receive its full estimated remaining share

COMPARISON OF NINE MONTHS ENDED SEPTEMBER 30, 2001 TO NINE MONTHS ENDED
SEPTEMBER 30, 2000

Consolidated net income for the nine months ended September 30, 2001 was \$447.6 million (\$.55 per share, diluted), as compared to 2000 net income, before the cumulative effect of change in accounting principle, of \$470.6 million (\$.60 per share, diluted), a decrease of 4.9 percent. The prior year's net income per share amounts have been restated for the 2001 three-for-two stock split (see Note 3 to the unaudited Condensed Consolidated Financial Statements). Excluding the grant and special charges related to the terrorist attacks, net income for the nine months ended September 30, 2001, was \$379.5 million (\$.47 per share, diluted). The cumulative effect of change in accounting principle for the nine months ended September 30, 2000 was \$22.1 million, net of taxes of \$14.0 million (see Note 6 to the unaudited Condensed Consolidated Financial Statements). Net income and diluted net income per share, after the cumulative change in accounting principle, for the nine months ended September 30, 2000 were \$448.4 million and \$.57, respectively. Operating income for the nine months ended September 30, 2001 was \$594.0 million, a decrease of 22.9 percent compared to 2000.

Consolidated operating revenues increased 3.2 percent due primarily to a 3.3 percent increase in passenger revenues. The increase in passenger revenues primarily resulted from the Company's increased capacity, but was partially offset by a decrease of 3.8 percent in passenger yield due to aggressive fare discounting by the Company and airline industry in general. The Company experienced a 4.3 percent increase in revenue passengers carried, a 7.4 percent increase in RPMs, and a 9.9 percent increase in ASMs. The Company's load factor for the nine months ended September 30, 2001, was 69.4 percent, or 1.6 points below the same prior year period. The increase in ASMs resulted primarily from the net addition of 24 aircraft since third quarter 2000, which represents a 7.2 percent increase in the Company's fleet size.

As a result of weak economic conditions throughout 2001, consolidated freight revenues decreased 13.9 percent. There were decreases in both the number of freight shipments and revenue per shipment. Other revenues increased 25.0 percent due primarily to an increase in commissions earned from programs the Company sponsors with certain business partners, such as the Company sponsored First USA Visa card.

Operating expenses per ASM were \$.0766, compared to \$.0772 for 2000. Excluding fuel expense, operating expenses per ASM increased .3 percent to \$.0641.

Salaries, wages, and benefits per ASM increased 4.6 percent. Approximately 52 percent of the increase in salaries and wages primarily was from increases in headcount and wage rates, while approximately 48 percent of the increase was due to an escalation in health benefits costs.

Employee retirement plans expense per ASM decreased 19.5 percent, due primarily to the decrease in Company earnings available for profitsharing.

Fuel and oil expense per ASM decreased 5.3 percent due to a 4.5 percent decrease in the average jet fuel cost per gallon compared to 2000. The average jet fuel cost per gallon for the nine months ended September 30, 2001 was \$.7440 compared to \$.7793 in 2000, including the effects of hedging activities. The Company's 2001 average jet fuel cost is net of approximately \$68.4 million in "effective" hedging gains, as defined. See Note 6 to the unaudited Condensed Consolidated Financial Statements. The Company's 2000 average jet fuel cost is net of approximately \$49.4 million in gains from hedging activities.

Maintenance materials and repairs per ASM decreased 1.6 percent. A decrease in engine repair expense per ASM was partially offset by an increase in airframe inspection and repairs expense per ASM. The decrease in engine repair expense per ASM was due primarily to the Company's capacity growth exceeding the increase in expense. Virtually all the Company's 2001 capacity growth was accomplished with new aircraft, most of which have not yet begun to incur any meaningful engine repair costs. The increase in airframe inspection and repairs was primarily a result of more of these repairs being outsourced than in the prior year due to a larger amount of this type of work than the Company could perform with internal headcount and facilities.

Agency commissions per ASM decreased 37.0 percent due primarily to a change in the Company's commission rate policy effective January 1, 2001. The Company reduced the commission rate paid to travel agents from ten percent to eight percent for Ticketless bookings, and from ten percent to five percent for paper ticket bookings. The percentage of commissionable revenues decreased from

approximately 29 percent in 2000 to approximately 25 percent in 2001.

Aircraft rentals per ASM decreased 9.1 percent due to a lower percentage of the aircraft fleet being leased.

Landing fees and other rentals per ASM increased 2.2 percent primarily as a result of an increase in other rentals partially offset by a decrease in landing fees. The increase in other rentals is due primarily to the Company's expansion of facilities in several airports.

Depreciation expense per ASM increased 4.3 percent due primarily to a higher percentage of the aircraft fleet being owned.

Other operating expenses per ASM increased 6.3 percent primarily from small increases in several areas that had previously been postponed as part of a prior year cost reduction effort.

Interest expense decreased 8.4 percent due primarily to the July 2001 redemption of \$100 million notes. Capitalized interest decreased 14.5 percent due primarily to a reduction in progress payment balances for future aircraft deliveries. Interest income increased 2.1 percent as an increase in invested cash balances was partially offset by a decrease in rates earned on investments. Other gains in 2001 resulted primarily from the Company's share of government grant funds from the Act that were determined to be related to direct and incremental losses incurred in third quarter 2001 as a result of the terrorist attacks.

LIQUIDITY AND CAPITAL RESOURCES

Net cash provided by operating activities was \$1.25 billion for the nine months ended September 30, 2001 and \$1.505 billion for the 12 months then ended. In addition, the Company accessed its \$475 million bank credit facility in September 2001 following the terrorist attacks. See Note 9 to the unaudited Condensed Consolidated Financial Statements. Cash generated for the 12 months ended September 30, 2001 was primarily used to finance aircraft-related capital expenditures and provide working capital. See Note 11 to the Condensed Consolidated Financial Statements for subsequent events involving liquidity in fourth quarter 2001.

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During the 12 months ended September 30, 2001, net capital expenditures were \$1.002 billion, which primarily related to the purchase of 24 new 737-700 aircraft, and progress payments for future aircraft deliveries.

The Company's contractual commitments consist primarily of scheduled aircraft acquisitions. As a result of the September 11, 2001 terrorist attacks, the Company was able to modify its future aircraft delivery dates. As of November 13, 2001, the Company has no new aircraft deliveries scheduled for the remainder of 2001, 11 737-700s scheduled for delivery in 2002, 21 in 2003, 23 in 2004, 24 in 2005, 22 in 2006, 25 in 2007, and 6 in 2008. The Company also has a total of 87 purchase options for new 737-700 aircraft for years 2003 through 2008 as follows: 13 in 2004, 20 in 2005, 20 in 2006, 9 in 2007, and 25 in 2008. In total, Southwest's firm orders, options, and purchase rights through 2012 have remained unchanged at 436 aircraft. The Company has the option, which must be exercised two years prior to the contractual delivery date, to substitute 737-600s or 737-800s for the 737-700s scheduled subsequent to 2002. Based on these recent modifications, aggregate funding needed for fixed commitments at November 13, 2001, was approximately \$3.650 billion due as follows: \$2 million in 2001; \$322 million in 2002; \$687 million in 2003; \$670 million in 2004; \$706 million in 2005; and \$1.263 billion thereafter.

The Company has various options available to meet its capital and operating commitments, including cash on hand at September 30, 2001 of \$1.49 billion and internally generated funds. In addition, the Company will also consider various borrowing or leasing options to maximize earnings and supplement cash requirements.

On October 11, 2001, the Company filed a registration statement on Form S-3 covering an additional \$1.0 billion principal amount of unsecured debt securities and pass through certificates which may be publicly offered from time to time. The registration statement was declared effective by the SEC on October 15, 2001. Subsequent to the Company's issuance of \$614.3 million Pass Through Certificates on October 30, 2001, as discussed in Note 11 to the unaudited Condensed Consolidated Financial Statements, the Company has outstanding shelf registrations for the issuance of an additional \$704.5 million in public debt securities and pass through certificates. The Company could utilize these to pay down short-term borrowings and/or finance aircraft during 2001 and 2002.

In July 2001, the Company redeemed \$100 million of senior unsecured 9.4% Notes originally issued in 1991.

The Company recently began new service to Norfolk International Airport

in Norfolk, Virginia. Service began on October 7, 2001, with daily nonstop flights from Baltimore/Washington, Jacksonville, Las Vegas, and Orlando, plus direct or connecting service from 32 other cities.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

See Item 7A. Quantitative and Qualitative Disclosures About Market Risk in the Company's Annual Report on Form 10-K for the year ended December 31, 2000 and Note 6 to the unaudited Condensed Consolidated Financial Statements.

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PART II. OTHER INFORMATION

Item 1. Legal Proceedings

The Company received a statutory notice of deficiency from the Internal Revenue Service (IRS) in July 1995 in which the IRS proposed to disallow deductions claimed by the Company on its federal income tax returns for the taxable years 1989 through 1991 for the costs of certain aircraft inspection and maintenance procedures. In response to the statutory notice of deficiency, the Company filed a petition in the United States Tax Court on October 30, 1997, seeking a determination that the IRS erred in disallowing the deductions claimed by the Company and there is no deficiency in the Company's tax liability for the taxable years in issue. On December 21, 2000, the national office of the IRS published a revenue ruling in which it concluded that aircraft inspection and maintenance is currently deductible as an ordinary and necessary business expense. In accordance with the revenue ruling, the IRS conceded the proposed adjustments to the deductions claimed by the Company for aircraft inspection and maintenance expense, and on June 1, 2001, a decision was entered by the Tax Court holding that there is no deficiency in income tax for the taxable years 1989 through 1991.

The IRS similarly proposed to disallow deductions claimed by the Company on its federal income tax returns for the taxable years 1992 through 1994 for the costs of certain aircraft inspection and maintenance expenses. Although the examination of such returns has not been finally concluded, the IRS has advised the Company that it will concede the proposed adjustments to the deductions claimed for these aircraft inspection and maintenance expenses. Management believes the final resolution of this controversy will not have a material adverse effect upon the financial position or results of operations of the Company.

Item 2. Changes in Securities and Use of Proceeds

Recent Sales of Unregistered Securities

None

Item 3. Defaults upon Senior Securities

None

Item 4. Submission of Matters to a Vote of Security Holders

None

Item 5. Other Information

None

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Item 6. Exhibits and Reports on Form 8-K

a) Exhibits

Exhibit 10.1	Supplemental Agreements No. 15, 16, 17, 18 and 19 to Purchase Agreement No. 1810, dated January 19, 1994 between The Boeing Company and Southwest.
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Exhibit 10.2	Aircraft Acquisition and Sale Agreement dated as of November 13, 2001 among The Amor Trust, Wilmington Trust Company, Wells Fargo Bank Northwest, National Association and Southwest.
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Exhibit 10.3 Purchase Agreement Assignment dated as of
November 13, 2001 between The Amor Trust and
Southwest.

b) Reports on Form 8-K

On October 3, 2001, Southwest filed a Current Report on Form 8-K for the purpose of filing the Company's October 3, 2001 press release reporting September 2001 traffic results as Exhibit 99.1.

On October 29, 2001, Southwest filed a Current Report on Form 8-K to file, under Item 7-Financial Statements and Exhibits, certain documents related to its Registration Statement on Form S-3 (File No. 333-71392).

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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 thereunto duly authorized.

SOUTHWEST AIRLINES CO.

November 14, 2001

By /s/ Gary C. Kelly

Gary C. Kelly
Executive Vice President -
Chief Financial Officer
(Principal Financial and
Accounting Officer)

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INDEX TO EXHIBITS

<Table> <Caption> EXHIBIT NUMBER - ----- <S>		DESCRIPTION ----- <C>
10.1		Supplemental Agreements No. 15, 16, 17, 18 and 19 to Purchase Agreement No. 1810, dated January 19, 1994 between The Boeing Company and Southwest.
10.2		Aircraft Acquisition and Sale Agreement dated as of November 13, 2001 among The Amor Trust, Wilmington Trust Company, Wells Fargo Bank Northwest, National Association and Southwest.
10.3		Purchase Agreement Assignment dated as of November 13, 2001 between The Amor Trust and Southwest.
</Table>		

Supplemental Agreement No. 15

to

Purchase Agreement No. 1810

between

The Boeing Company

and

SOUTHWEST AIRLINES CO.

Relating to Boeing Model 737-7H4 Aircraft

THIS SUPPLEMENTAL AGREEMENT, entered into as of JANUARY 16, 2001, by and between THE BOEING COMPANY, a Delaware corporation with its principal offices in Seattle, Washington, (Boeing) and SOUTHWEST AIRLINES CO., a Texas corporation with its principal offices in City of Dallas, State of Texas (Buyer);

WHEREAS, the parties hereto entered into Purchase Agreement No. 1810 dated January 19, 1994, relating to Boeing Model 737-7H4 aircraft (the Agreement) and;

WHEREAS, Buyer has agreed to accelerate two (2) Block E Aircraft from July 2001 to June 2001, and to accelerate three (3) Block I Aircraft from January 2002 to one (1) December 2001 and two (2) November 2001, and to accelerate one (1) Block T Aircraft from May 2002 to November 2001.

NOW THEREFORE, in consideration of the mutual covenants herein contained, the parties agree to amend the Agreement as follows:

1. The Table of Contents of the Agreement is deleted in its entirety and a new Table of Contents is attached hereto and incorporated into the Agreement by this reference.

2. Article 2, entitled "Delivery, Title and Risk of Loss," paragraph 2.1, entitled "Time of Delivery," is deleted in its entirety and replaced by a new paragraph 2.1 revised to change the quantity of

*** PURSUANT TO 17 CFR 240.24b-2, CONFIDENTIAL INFORMATION HAS BEEN OMITTED AND HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A CONFIDENTIAL TREATMENT APPLICATION FILED WITH THE COMMISSION.

SA-15-1

P.A. No. 1810
K/SWA

Block E Aircraft delivering in July 2001 from three (3) to one (1), to add two (2) Block E Aircraft delivering in June 2001, to change the quantity of Block I Aircraft delivering in January 2002 from four (4) to one (1), to add two (2) Block I Aircraft delivering in November 2001, and to add one (1) Block I Aircraft delivering in December 2001, to change the quantity of Block T Aircraft delivering in May 2002 from two (2) to one (1), and to add one (1) Block T Aircraft delivering in November 2001. Such new pages 2-1, 2-2 and 2-3 are attached hereto and incorporated into the Agreement by this reference.

3. Article 3, entitled "Price of Aircraft", paragraph 3.4 entitled "Advance Payment Base Price", subparagraph 3.4.1 entitled "Advance Payment Base Price" is revised by adding an Advance Payment Base Price for the Block E Aircraft delivering in June 2001, the Block on Block T Aircraft delivering in November 2001. Such new pages 3-1, 3-2, 3-3 and 3-4 are attached hereto and incorporated into the Agreement by this reference.

4. All references in the Letter Agreements associated with Purchase Agreement No. 1810 shall be deemed to refer to the purchase by Buyer of two hundred thirty six Model 737-7H4 Aircraft, eighty seven (87) Model 737-7H4 Option Aircraft and two hundred seventeen (217) Model 737-7H4 Rollover Option Aircraft, to the extent such reference is not specifically addressed herein.

5. As a result of this Supplemental Agreement, Buyer owes Boeing ***. Such amount reflects the difference in advance payments due as a result of the

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6-1162-KJJ-150	Flight Control Computer & Mode Control Panel Spares Matter	SA-14

PURCHASE AGREEMENT NO. 1810

Relating to

BOEING MODEL 737-7H4 AIRCRAFT

This Agreement is entered into as of January 19th 1994, by and between The Boeing Company, a Delaware corporation, with its principal office in Seattle, Washington (Boeing), and Southwest Airlines Co., a Texas corporation, with its principal office in the City of Dallas, State of Texas (Buyer).

Accordingly, Boeing and Buyer agree as follows:

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ARTICLE 1. Subject Matter of Sale.

1.1 The Aircraft. Subject to the terms and conditions of this Agreement, Boeing will manufacture and deliver to Buyer and Buyer will purchase and accept delivery from Boeing of one hundred forty-two (142) Boeing Model 737-7H4 aircraft (the Aircraft) manufactured in accordance with Boeing Detail Specification D6-38808-1, dated October 30, 1996, as described in Exhibit A, and ninety-four (94) Boeing Model 737-7H4 (the Aircraft) manufactured in accordance with Boeing Detail Specification D6-38808-1, Revision A, dated February 24, 1998 as described in Exhibit A-1, as modified from time to time in accordance with this Agreement (Detail Specification).

1.2 Additional Goods and Services. In connection with the sale of the Aircraft, Boeing will also provide to Buyer certain other things under this Agreement, including data, documents, training and services, all as described in this Agreement.

1.3 Performance Guarantees. Any performance guarantees applicable to the Aircraft will be expressly included in this Agreement. Where performance guarantees are included in this Agreement other than within the Detail Specification, such guarantees will be treated as being incorporated in the Detail Specification by this reference.

1.4 Defined Terms. For ease of use, certain terms are treated as defined terms in this Agreement. Such terms are identified with a capital letter and set forth and/or defined in Exhibit F.

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ARTICLE 2. Delivery, Title and Risk of Loss.

2.1 Time of Delivery. The Aircraft will be delivered to Buyer by Boeing, assembled and ready for flight and Buyer will accept delivery of the Aircraft, in accordance with the following schedule:

Month and Year of Delivery -----	Quantity of Aircraft -----
Block A Aircraft	
October 1997	Two (2)
November 1997	Two (2)

Block B Aircraft

January 1998	Two (2)
February 1998	Three (3)
March 1998	Two (2)
April 1998	Two (2)
May 1998	Two (2)
June 1998	One (1)
July 1998	Two (2)
September 1998	Two (2)

Block C Aircraft

February 1999	Four (4)
May 1999	Four (4)
July 1999	Four (4)
August 1999	One (1)
September 1999	Three (3)

Block D Aircraft

November 1999	Two (2)
December 1999	One (1)
January 2000	One (1)
March 2000	Four (4)
July 2000	Four (4)
August 2000	Three (3)

Block E Aircraft

December 2000	Two (2)
January 2001	One (1)
February 2001	One (1)
March 2001	Two (2)
June 2001	Two (2)
July 2001	One (1)
September 2001	Three (3)

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Block F Aircraft

October 1998	One (1)
November 1998	Two (2)
December 1998	Two (2)

Block G Aircraft

March 1999	Two (2)
------------	---------

Block H Aircraft

June 1999	Two (2)
July 1999	One (1)
August 1999	One (1)
September 1999	Two (2)
October 1999	One (1)
March 2000	One (1)
April 2000	Two (2)
September 2000	One (1)
October 2000	Two (2)
March 2001	Two (2)
April 2001	One (1)
October 2001	Three (3)

Block I Aircraft

November 2001	Two (2)
December 2001	One (1)
January 2002	One (1)
March 2002	Four (4)
April 2002	Two (2)
July 2002	Four (4)
October 2002	Four (4)

Block J Aircraft

January 2003	Four (4)
March 2003	One (1)

Block K Aircraft

April 2004	Two (2)
July 2004	Three (3)

Block L Aircraft

October 1999	One (1)
November 1999	Two (2)
December 1999	One (1)
June 2000	Three (3)
July 2000	Three (3)
September 2000	One (1)

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October 2000	One (1)
November 2000	Four (4)
December 2000	One (1)
January 2001	One (1)
February 2001	One (1)
July 2001	One (1)
September 2001	One (1)
October 2001	One (1)
September 2002	Three (3)

Block T Aircraft

November 2001	One (1)
February 2002	One (1)
May 2002	One (1)
June 2002	Two (2)
July 2002	One (1)
August 2002	Two (2)
November 2002	Two (2)
February 2003	One (1)
May 2003	Two (2)
June 2003	Two (2)
August 2003	Three (3)
February 2004	Three (3)
March 2004	Three (3)
April 2004	One (1)
May 2004	Four (4)
June 2004	Three (3)
July 2004	Two (2)
August 2004	Two (2)
September 2004	Two (2)
October 2004	Two (2)
November 2004	Two (2)
February 2005	One (1)
May 2005	One (1)
June 2005	One (1)
August 2005	One (1)
September 2005	One (1)
February 2006	Three (3)
March 2006	One (1)
May 2006	Three (3)
June 2006	Four (4)
July 2006	One (1)
August 2006	Three (3)
September 2006	Three (3)
November 2006	Two (2)
December 2006	Two (2)
January 2007	Two (2)
February 2007	Three (3)
March 2007	Two (2)
April 2007	Two (2)
May 2007	Two (2)
June 2007	Two (2)

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July 2007	Two (2)
-----------	---------

August 2007
September 2007
October 2007
November 2007
December 2007

Two (2)
Two (2)
Two (2)
Two (2)
Two (2)

2.2 Notice of Target Delivery Date. Boeing will give Buyer notice of the Target Delivery Date of the Aircraft approximately 30 days prior to the scheduled month of delivery.

2.3 Notice of Delivery Date. If Boeing gives Buyer at least 7 days' notice of the delivery date of the Aircraft, and an Aircraft delivery is delayed beyond such delivery date due to the responsibility of Buyer, Buyer will reimburse Boeing for all costs incurred by Boeing as a result of such delay, including amounts for storage, insurance, Taxes, preservation or protection of the Aircraft and interest on payments due.

2.4 Place of Delivery. The Aircraft will be delivered at an airport facility selected by Boeing in the State of Washington, unless mutually agreed otherwise.

2.5 Title and Risk of Loss. Title to and risk of loss of an Aircraft will pass from Boeing to Buyer upon delivery of such Aircraft, but not prior thereto.

2.6 Bill of Sale. Upon delivery of an Aircraft Boeing will deliver to Buyer a bill of sale conveying good title to such Aircraft, free of all liens, claims, charges and encumbrances of every kind whatsoever, and such other appropriate documents of title as Buyer may reasonably request.

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ARTICLE 3. Price of Aircraft.

3.1 Definitions.

3.1.1 Special Features are the features incorporated in Exhibit A which have been selected by Buyer.

3.1.2 Base Aircraft Price is the Aircraft Basic Price excluding the price of Special Features.

3.1.3 Aircraft Basic Price is comprised of the Base Aircraft Price and the price of the Special Features.

3.1.4 Economic Price Adjustment is the adjustment to the Aircraft Basic Price (Base Aircraft and Special Features) as calculated pursuant to Exhibit D or Exhibit D-1 as applicable.

3.1.5 Aircraft Price is the total amount Buyer is to pay for the Aircraft at the time of delivery.

3.2 Aircraft Basic Price.

The Aircraft Basic Price for Block A through L Aircraft, is expressed in July 1992 dollars; the Aircraft Basic Price for Block T Aircraft, is expressed in July 1999 dollars; as set forth below:

	Base Aircraft Price	Special Features	Aircraft Basic Price
Block A, B, C, D & E Aircraft	***	***	***
Block F & G Aircraft	***	***	***
Block H Aircraft	***	***	***
Block I Aircraft	***	***	***
Block J Aircraft	***	***	***
Block K Aircraft	***	***	***
Block L Aircraft	***	***	***
Block T	***	***	***

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3.3 Aircraft Price. The Aircraft Price will be established at the time of delivery of such Aircraft to Buyer and will be the sum of:

3.3.1 the Aircraft Basic Price, which is *** for the Block A, B, C, D and E Aircraft, *** for the Block F and G Aircraft, *** for the Block H Aircraft, *** for the Block I Aircraft, *** for the Block J Aircraft, *** for the Block K Aircraft and *** for the Block L Aircraft; *** for the Block T Aircraft; plus

3.3.2 the Economic Price Adjustments for the Aircraft Basic Price, as calculated pursuant to the formulas set forth in Exhibit D (Price Adjustments Due to Economic Fluctuations - Aircraft) for Aircraft Block A through L, and in Exhibit D-1 (Price Adjustments Due to Economic Fluctuations - Aircraft) for Aircraft Block T; plus

3.3.3 other price adjustments made pursuant to this Agreement or other written agreements executed by Boeing and Buyer.

3.4 Advance Payment Base Price.

3.4.1 Advance Payment Base Price. For advance payment purposes, the following estimated delivery prices of the Aircraft (Advance Payment Base Price) have been established, using currently available forecasts of the escalation factors used by Boeing as of the date of signing this Agreement. The Advance Payment Base Price of each Aircraft is set forth below:

Month and Year of Scheduled Delivery	Advance Payment Base Price per Aircraft
---	--

Block A Aircraft***

October 1997
November 1997

Block B Aircraft***

January 1998
February 1998
March 1998
April 1998
May 1998
June 1998
July 1998
September 1998

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Block C Aircraft***

February 1999
May 1999
July 1999
August 1999
September 1999

Block D Aircraft***

November 1999
December 1999
January 2000
March 2000
July 2000
August 2000

Block E Aircraft***

December 2000
January 2001
February 2001
March 2001
June 2001
July 2001
September 2001

Block F Aircraft***

October 1998
November 1998
December 1998

Block G Aircraft***

March 1999

Block H Aircraft***

June 1999
July 1999
August 1999
September 1999
October 1999
March 2000
April 2000
September 2000
October 2000
March 2001
April 2001
October 2001

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Block I Aircraft***

November 2001
December 2001
January 2002
March 2002
April 2002
July 2002
October 2002

Block J Aircraft***

January 2003
March 2003

Block K Aircraft***

April 2004
July 2004

Block L Aircraft***

October 1999
November 1999
December 1999
June 2000
July 2000
September 2000
October 2000
November 2000
December 2000
January 2001
February 2001
July 2001
September 2001
October 2001
September 2002

Block T Aircraft***

November 2001
February 2002

May 2002
June 2002
July 2002
August 2002
November 2002
February 2003
May 2003

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June 2003
August 2003
February 2004
March 2004
April 2004
May 2004
June 2004
July 2004
August 2004
September 2004
October 2004
November 2004
February 2005
May 2005
June 2005
August 2005
September 2005
February 2006
March 2006
May 2006
June 2006
July 2006
August 2006
September 2006
November 2006
December 2006
January 2007
February 2007
March 2007
April 2007
May 2007
June 2007
July 2007
August 2007
September 2007
October 2007
November 2007
December 2007

3.4.2 Adjustment of Advance Payment Base Prices - Long-Lead Aircraft. For Aircraft scheduled for delivery 36 months or more after the date of this Agreement, the Advance Payment Base Prices appearing in Article 3.4.1 will be used to determine the amount of the first advance payment to be made by Buyer on the Aircraft. No later than 25 months before the scheduled month of delivery of each affected Aircraft, Boeing will increase or decrease the Advance Payment Base Price of such Aircraft as required to reflect the effects of (i) any adjustments in the Aircraft Basic Price pursuant to this Agreement and (ii) the then-current forecasted escalation factors used by Boeing. Boeing will provide the adjusted Advance Payment Base Prices

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for each affected Aircraft to Buyer, and the advance payment schedule will be considered amended to substitute such adjusted Advance Payment Base Prices.

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Supplemental Agreement No. 16

to

Purchase Agreement No. 1810

between

THE BOEING COMPANY

and

SOUTHWEST AIRLINES CO.

Relating to Boeing Model 737-7H4 Aircraft

THIS SUPPLEMENTAL AGREEMENT, entered into as of APRIL 30, 2001, by and between THE BOEING COMPANY, a Delaware corporation with its principal offices in Seattle, Washington, (Boeing) and SOUTHWEST AIRLINES CO., a Texas corporation with its principal offices in Dallas, Texas (Buyer);

WHEREAS, the parties hereto entered into Purchase Agreement No. 1810 dated January 19, 1994, relating to Boeing Model 737-7H4 aircraft (the Agreement) and;

WHEREAS, Buyer has agreed to accelerate one (1) Block E Aircraft from July 2001 to June 2001.

NOW THEREFORE, in consideration of the mutual covenants herein contained, the parties agree to amend the Agreement as follows:

1. The Table of Contents of the Agreement is deleted in its entirety and a new Table of Contents is attached hereto and incorporated into the Agreement by this reference.

*** PURSUANT TO 17 CFR 240.24b-2, CONFIDENTIAL INFORMATION HAS BEEN OMITTED AND HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A CONFIDENTIAL TREATMENT APPLICATION FILED WITH THE COMMISSION.

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2. Article 2, entitled "Delivery, Title and Risk of Loss," paragraph 2.1, entitled "Time of Delivery," is deleted in its entirety and replaced by a new paragraph 2.1 revised to delete the one (1) of Block E Aircraft delivering in July 2001 and change the quantity of Block E Aircraft delivering in June 2001 from two (2) to three (3). Such new pages 2-1, 2-2, 2-3 and 2-4 are attached hereto and incorporated into the Agreement by this reference.

3. Article 3, entitled "Price of Aircraft", paragraph 3.4 entitled "Advance Payment Base Price," subparagraph 3.4.1 entitled "Advance Payment Base Price" is deleted in its entirety and replaced by a new subparagraph 3.4.1 revised to delete the Advance Payment Base Price for the month of July 2001 Block E Aircraft. Such new pages 3-1, 3-2, 3-3, 3-4, 3-5 and 3-6 are attached hereto and incorporated into the Agreement by this reference.

4. As a result of this Supplemental Agreement, Boeing will refund to Buyer the amount ***. Such amount reflects the difference in advance payments due as a result of the acceleration of the one (1) Block E Aircraft from July 2001 to June 2001. The refund will be effected by Buyer (i) reducing advance payments in the amount of *** due May 1, 2001 by ***, resulting in a total payment due May 1, 2001 of ***, and (ii) reducing advance payments in the amount of *** due June 1, 2001 by ***, resulting in a total payment due June 1, 2001 of. ***

The Agreement will be deemed to be supplemented to the extent herein provided and as so supplemented will continue in full force and effect.

EXECUTED IN DUPLICATE as of the day and year first above written.

THE BOEING COMPANY

SOUTHWEST AIRLINES CO.

By: MICHAEL S. ANDERSON

By: LAURA WRIGHT

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PURCHASE AGREEMENT

between

THE BOEING COMPANY

and

SOUTHWEST AIRLINES CO.

Relating to Boeing Model 737-7H4 Aircraft

Purchase Agreement Number 1810

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ARTICLE 2. Delivery, Title and Risk of Loss.

2.1 Time of Delivery. The Aircraft will be delivered to Buyer by Boeing, assembled and ready for flight and Buyer will accept delivery of the Aircraft, in accordance with the following schedule:

<Table>
<Caption>

Month and Year of Delivery -----	Quantity of Aircraft -----
<S>	
Block A Aircraft	
October 1997	Two (2)
November 1997	Two (2)
Block B Aircraft	
January 1998	Two (2)
February 1998	Three (3)
March 1998	Two (2)
April 1998	Two (2)
May 1998	Two (2)
June 1998	One (1)
July 1998	Two (2)
September 1998	Two (2)

Block C Aircraft

February 1999	Four (4)
May 1999	Four (4)
July 1999	Four (4)
August 1999	One (1)
September 1999	Three (3)

Block D Aircraft

November 1999	Two (2)
December 1999	One (1)
January 2000	One (1)
March 2000	Four (4)
July 2000	Four (4)
August 2000	Three (3)

Block E Aircraft

December 2000	Two (2)
January 2001	One (1)
February 2001	One (1)
March 2001	Two (2)
June 2001	Three (3)
September 2001	Three (3)

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<Table>
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<C>

Block F Aircraft

October 1998	One (1)
November 1998	Two (2)
December 1998	Two (2)

Block G Aircraft

March 1999	Two (2)
------------	---------

Block H Aircraft

June 1999	Two (2)
July 1999	One (1)
August 1999	One (1)
September 1999	Two (2)
October 1999	One (1)
March 2000	One (1)
April 2000	Two (2)
September 2000	One (1)
October 2000	Two (2)
March 2001	Two (2)
April 2001	One (1)
October 2001	Three (3)

Block I Aircraft

November 2001	Two (2)
December 2001	One (1)
January 2002	One (1)
March 2002	Four (4)
April 2002	Two (2)
July 2002	Four (4)
October 2002	Four (4)

Block J Aircraft

January 2003	Four (4)
March 2003	One (1)

Block K Aircraft

April 2004	Two (2)
July 2004	Three (3)

Block L Aircraft

October 1999	One (1)
November 1999	Two (2)

December 1999	One (1)
June 2000	Three (3)
July 2000	Three (3)
September 2000	One (1)
October 2000	One (1)

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<Table>	<C>
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November 2000	Four (4)
December 2000	One (1)
January 2001	One (1)
February 2001	One (1)
July 2001	One (1)
September 2001	One (1)
October 2001	One (1)
September 2002	Three (3)

Block T Aircraft

November 2001	One (1)
February 2002	One (1)
May 2002	One (1)
June 2002	Two (2)
July 2002	One (1)
August 2002	Two (2)
November 2002	Two (2)
February 2003	One (1)
May 2003	Two (2)
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June 2004	Three (3)
July 2004	Two (2)
August 2004	Two (2)
September 2004	Two (2)
October 2004	Two (2)
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May 2005	One (1)
June 2005	One (1)
August 2005	One (1)
September 2005	One (1)
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March 2006	One (1)
May 2006	Three (3)
June 2006	Four (4)
July 2006	One (1)
August 2006	Three (3)
September 2006	Three (3)
November 2006	Two (2)
December 2006	Two (2)
January 2007	Two (2)
February 2007	Three (3)
March 2007	Two (2)
April 2007	Two (2)
May 2007	Two (2)
June 2007	Two (2)
July 2007	Two (2)

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<Table>	<C>
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August 2007	Two (2)
September 2007	Two (2)
October 2007	Two (2)

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2.2 Notice of Target Delivery Date. Boeing will give Buyer notice of the Target Delivery Date of the Aircraft approximately 30 days prior to the scheduled month of delivery.

2.3 Notice of Delivery Date. If Boeing gives Buyer at least 7 days' notice of the delivery date of the Aircraft, and an Aircraft delivery is delayed beyond such delivery date due to the responsibility of Buyer, Buyer will reimburse Boeing for all costs incurred by Boeing as a result of such delay, including amounts for storage, insurance, Taxes, preservation or protection of the Aircraft and interest on payments due.

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3.1 Definitions.

3.1.1 Special Features are the features incorporated in Exhibit A which have been selected by Buyer.

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3.1.4 Economic Price Adjustment is the adjustment to the Aircraft Basic Price (Base Aircraft and Special Features) as calculated pursuant to Exhibit D or Exhibit D-1 as applicable.

3.1.5 Aircraft Price is the total amount Buyer is to pay for the Aircraft at the time of delivery.

3.2 Aircraft Basic Price.

The Aircraft Basic Price for Block A through L Aircraft, is expressed in July 1992 dollars; the Aircraft Basic Price for Block T Aircraft, is expressed in July 1999 dollars; as set forth below:

<Table>

<Caption>

	Base Aircraft Price <C>	Special Features <C>	Aircraft Basic Price <C>
<S>			
Block A, B, C, D & E Aircraft	***	***	***
Block F & G Aircraft	***	***	***
Block H Aircraft	***	***	***
Block I Aircraft	***	***	***
Block J Aircraft	***	***	***
Block K Aircraft	***	***	***
Block L Aircraft	***	***	***

Block T

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3.3 Aircraft Price. The Aircraft Price will be established at the time of delivery of such Aircraft to Buyer and will be the sum of:

3.3.1 the Aircraft Basic Price, which is *** for the Block A, B, C, D and E Aircraft, *** for the Block F and G Aircraft, *** for the Block H Aircraft, *** for the Block I Aircraft, *** for the Block J Aircraft, *** for the Block K Aircraft and *** for the Block L Aircraft; *** for the Block T Aircraft; plus

3.3.2 the Economic Price Adjustments for the Aircraft Basic Price, as calculated pursuant to the formulas set forth in Exhibit D (Price Adjustments Due to Economic Fluctuations - Aircraft) for Aircraft Block A through L, and in Exhibit D-1 (Price Adjustments Due to Economic Fluctuations - Aircraft) for Aircraft Block T; plus

3.3.3 other price adjustments made pursuant to this Agreement or other written agreements executed by Boeing and Buyer.

3.4 Advance Payment Base Price.

3.4.1 Advance Payment Base Price. For advance payment purposes, the following estimated delivery prices of the Aircraft (Advance Payment Base Price) have been established, using currently available forecasts of the escalation factors used by Boeing as of the date of signing this Agreement. The Advance Payment Base Price of each Aircraft is set forth below:

<Table>

<Caption>

Month and Year of Scheduled Delivery -----	Advance Payment Base Price per Aircraft -----
<S>	<C>
Block A Aircraft***	
October 1997	
November 1997	
Block B Aircraft***	
January 1998	
February 1998	
March 1998	
April 1998	
May 1998	
June 1998	
July 1998	
September 1998	

</Table>

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<Table>

<S>

Block C Aircraft***	<C>
February 1999	
May 1999	
July 1999	
August 1999	
September 1999	
Block D Aircraft***	
November 1999	
December 1999	
January 2000	
March 2000	
July 2000	

August 2000

Block E Aircraft***

December 2000
January 2001
February 2001
March 2001
June 2001
September 2001

Block F Aircraft***

October 1998
November 1998
December 1998

Block G Aircraft***

March 1999

Block H Aircraft***

June 1999
July 1999
August 1999
September 1999
October 1999
March 2000
April 2000
September 2000
October 2000
March 2001
April 2001
October 2001

</Table>

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<Table>
<S>

Block I Aircraft***

November 2001
December 2001
January 2002
March 2002
April 2002
July 2002
October 2002

Block J Aircraft***

January 2003
March 2003

Block K Aircraft***

April 2004
July 2004

Block L Aircraft***

October 1999
November 1999
December 1999
June 2000
July 2000
September 2000
October 2000
November 2000
December 2000
January 2001
February 2001
July 2001
September 2001
October 2001
September 2002

<C>

Block T Aircraft***

November 2001
February 2002
May 2002
June 2002
July 2002
August 2002
November 2002
February 2003
May 2003
June 2003

</Table>

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<Table>
<S>

<C>

August 2003
February 2004
March 2004
April 2004
May 2004
June 2004
July 2004
August 2004
September 2004
October 2004
November 2004
February 2005
May 2005
June 2005
August 2005
September 2005
February 2006
March 2006
May 2006
June 2006
July 2006
August 2006
September 2006
November 2006
December 2006
January 2007
February 2007
March 2007
April 2007
May 2007
June 2007
July 2007
August 2007
September 2007
October 2007
November 2007
December 2007

</Table>

3.4.2 Adjustment of Advance Payment Base Prices - Long-Lead Aircraft. For Aircraft scheduled for delivery 36 months or more after the date of this Agreement, the Advance Payment Base Prices appearing in Article 3.4.1 will be used to determine the amount of the first advance payment to be made by Buyer on the Aircraft. No later than 25 months before the scheduled month of delivery of each affected Aircraft, Boeing will increase or decrease the Advance Payment Base Price of such Aircraft as required to reflect the effects of (i) any adjustments in the Aircraft Basic Price pursuant to this Agreement and (ii) the then-current forecasted escalation factors used by Boeing. Boeing will provide the adjusted Advance Payment Base Prices for each affected Aircraft to Buyer, and the advance payment schedule will be considered amended to substitute such adjusted Advance Payment Base Prices.

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Supplemental Agreement No. 17

to

Purchase Agreement No. 1810

between

THE BOEING COMPANY

and

SOUTHWEST AIRLINES CO.

Relating to Boeing Model 737-7H4 Aircraft

THIS SUPPLEMENTAL AGREEMENT, entered into as of AUGUST 21, 2001, by and between THE BOEING COMPANY, a Delaware corporation with its principal offices in Seattle, Washington, (Boeing) and SOUTHWEST AIRLINES CO., a Texas corporation with its principal offices in Dallas, Texas (Buyer);

WHEREAS, the parties hereto entered into Purchase Agreement No. 1810 dated January 19, 1994, relating to Boeing Model 737-7H4 aircraft (the Agreement) and;

WHEREAS, Buyer has agreed to delete three (3) Block P Option Aircraft from October 2006, and add three (3) Block N Option Aircraft one (1) February 2004, one (1) May 2004 and one (1) June 2004.

NOW THEREFORE, in consideration of the mutual covenants herein contained, the parties agree to amend the Agreement as follows:

1. The Table of Contents of the Agreement is deleted in its entirety and a new Table of Contents is attached hereto and incorporated into the Agreement by this reference.

*** PURSUANT TO 17 CFR 240.24b-2, CONFIDENTIAL INFORMATION HAS BEEN OMITTED AND HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A CONFIDENTIAL TREATMENT APPLICATION FILED WITH THE COMMISSION.

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2. Letter Agreement No. 6-1162-RLL-933R9 entitled "Option Aircraft," is deleted in its entirety and replaced by a new Letter Agreement No. 6-1162-RLL-933R10 which is attached hereto and is incorporated into the Agreement by this reference.

The Agreement will be deemed to be supplemented to the extent herein provided and as so supplemented will continue in full force and effect.

EXECUTED IN DUPLICATE as of the day and year first above written.

THE BOEING COMPANY

SOUTHWEST AIRLINES CO.

By: /s/ MICHAEL S. ANDERSON

By: /s/ LAURA WRIGHT

Its: Attorney-In-Fact

Its: V.P. Finance & Treasurer

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ARTICLES	Number	Number
- - - - -	-----	-----
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2. Delivery, Title and Risk of Loss.....	2-1	SA-16
3. Price of Aircraft.....	3-1	SA-16
4. Taxes.....	4-1	
5. Payment.....	5-1	
6. Excusable Delay.....	6-1	
7. Changes to the Detail Specification.....	7-1	SA-1
8. Federal Aviation Requirements and Certificates and Export License.....	8-1	
9. Representatives, Inspection, Flights and Test Data.....	9-1	
10. Assignment, Resale or Lease.....	10-1	
11. Termination for Certain Events.....	11-1	
12. Product Assurance; Disclaimer and Release; Exclusion of Liabilities; Customer Support; Indemnification and Insurance.....	12-1	
13. Buyer Furnished Equipment and Spare Parts.....	13-1	
14. Contractual Notices and Requests.....	14-1	
15. Miscellaneous.....	15-1	

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- - - - -		
<S>	<C>	<C>
A Aircraft Configuration		SA-13
B Product Assurance Document		SA-1
C Customer Support Document		
D Price Adjustments Due to Economic Fluctuations - Aircraft		SA-13
E Buyer Furnished Equipment Provisions Document		
F Defined Terms Document		

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RESTRICTED LETTER AGREEMENTS -----		
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6-1162-RLL-932R2	Promotional Support	SA-13
6-1162-RLL-933R10	Option Aircraft	SA-17
6-1162-RLL-934R3	Disclosure of Confidential Information	SA-14
6-1162-RLL-935R1	Performance Guarantees	SA-1
6-1162-RLL-936R4	Certain Contractual Matters	SA-4
6-1162-RLL-937	Alternate Advance Payment Schedule	
6-1162-RLL-938	***	
6-1162-RLL-939R1	Certification Flight Test Aircraft	SA-1
6-1162-RLL-940R1	Training Matters	SA-1
6-1162-RLL-941R2	Other Matters	SA-13
6-1162-RLL-942	Open Configuration Matters	
6-1162-RLL-943R1	Substitution Rights	SA-6
6-1162-RLL-944	Airframe Maintenance Material Cost Protection Program	
6-1162-RLL-945	Comparison of 737-7H4 and 737-3H4 Block Fuel Burn	
6-1162-RLL-1855R3	Additional Contractual Matters	SA-4
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		SA Number -----
RESTRICTED LETTER AGREEMENTS -----		
<S>	<C>	<C>
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6-1162-RLL-2037	Reconciliation of the Aircraft Basic Price	SA-1
6-1162-RLL-2073	Maintenance Training Matters	SA-1
6-1162-KJJ-054	Business Matters	SA-13
6-1162-KJJ-055	Structural Matters	SA-13
6-1162-KJJ-056	Noise and Emission Matters	SA-13
6-1162-KJJ-057	Product Development Matters	SA-13
6-1162-KJJ-058	Additional Substitution Rights	SA-13
6-1162-KJJ-150	Flight Control Computer & Mode Control Panel Spares Matter	SA-14

</Table>

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6-1162-RLL-933R10

Southwest Airlines Co.
P.O. Box 36611 - Love Field
Dallas, Texas 75235

Subject: Letter Agreement No. 6-1162-RLL-933R10 to Purchase Agreement
No. 1810 - Option Aircraft

This Letter Agreement amends Purchase Agreement No. 1810 dated as of January 19, 1994 (the Agreement) between The Boeing Company (Boeing) and Southwest Airlines Co. (Buyer) relating to Model 737-7H4 aircraft (Aircraft).

All terms used and not defined herein will have the same meaning as in the Agreement.

In consideration of the purchase by Buyer of the Aircraft, Boeing hereby agrees to manufacture and sell to Buyer and Buyer shall have the option to purchase (Option or Options) eighty-seven (87) additional Model 737-7H4 aircraft as described in paragraph 1 of Attachment A hereto (Option Aircraft) and two hundred seventeen (217) Model 737-7H4 Rollover Option Aircraft (Rollover Option Aircraft), subject to the terms and conditions set forth below.

1. Delivery of Option Aircraft.

The Option Aircraft will be delivered to Buyer during or before the months set forth in the following schedule:

<Table> <Caption>		
Month and Year of Delivery -----	Number of Option Aircraft -----	Option Aircraft Block -----
<S>	<C>	<C>
March 2003	Three (3)	M
April 2003	Two (2)	M
July 2003	Four (4)	M
October 2003	Four (4)	M
January 2004	Four (4)	N
February 2004	One (1)	N
March 2004	One (1)	N
April 2004	One (1)	N
May 2004	One (1)	N
June 2004	One (1)	N
August 2004	Two (2)	N
September 2004	Three (3)	N
October 2004	Two (2)	N

</Table>

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<Table>
<Caption>

Month and Year of Delivery -----	Number of Option Aircraft -----	Option Aircraft Block -----
<S>	<C>	<C>
January 2005	Four (4)	O
March 2005	Four (4)	O
April 2005	Two (2)	O
July 2005	Four (4)	O
October 2005	Four (4)	O
January 2006	Four (4)	P
March 2006	Four (4)	P
April 2006	Two (2)	P
July 2006	Four (4)	P
October 2006	One (1)	P
January 2008	Two (2)	U
February 2008	Three (3)	U
March 2008	Two (2)	U
April 2008	Two (2)	U
May 2008	Two (2)	U
June 2008	Two (2)	U
July 2008	Two (2)	U
August 2008	Two (2)	U
September 2008	Two (2)	U
October 2008	Two (2)	U
November 2008	Two (2)	U
December 2008	Two (2)	U

</Table>

2. Delivery of Rollover Option Aircraft.

2.1 The Rollover Option Aircraft will be delivered to Buyer during or before the years set forth in the following schedule:

<Table>
<Caption>

Year of Delivery -----	Number of Option Aircraft -----	Option Aircraft Block -----
<S>	<C>	<C>
2007	Twenty (20)	Q
2008	Twenty (20)	R
2009	Six (6)	S
2009-2012	One hundred seventy one (171)	V

</Table>

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2.2 The two hundred seventeen (217) Rollover Option Aircraft may be converted into Option Aircraft or firm Aircraft, from time to time, in any of the following ways:

2.2.1 Buyer can exercise any Option for an Option Aircraft described in Article 1 above, and will be offered the right to convert one Rollover Option Aircraft into an Option Aircraft for each Option exercised.

2.2.2 If Buyer elects not to exercise an Option, Buyer may convert one Rollover Option Aircraft to an Option Aircraft; otherwise, one Rollover Option Aircraft will be deleted for each Option not exercised by Buyer.

2.2.3 Buyer may convert Rollover Option Aircraft directly to firm Aircraft. When Buyer converts one or more Rollover Option Aircraft to firm Aircraft, Buyer will be offered the right to convert one Rollover Option Aircraft into an Option Aircraft for each converted Rollover Option Aircraft.

2.3 Buyer may not convert Rollover Option Aircraft to Option Aircraft except in accordance with Article 2.2 above.

2.4 Base Price Adjustments for Rollover Option Aircraft which are converted to Option Aircraft or firm Aircraft shall be in accordance with Article 2.2.5 of Attachment A to this Letter Agreement.

2.5 The delivery month offered by Boeing to Buyer for any Option or firm Aircraft resulting from a conversion of a Rollover Option Aircraft will be at least 24 months from the corresponding Option exercise date or firm order.

2.6 Upon conversion of a Rollover Option Aircraft into an Option Aircraft, Buyer shall wire transfer the Deposit of *** to Boeing and Boeing and Buyer shall agree on a delivery position for that aircraft. Section 1 of this Letter Agreement will be amended accordingly. In the event Buyer thereafter exercises its right to purchase such Option Aircraft, application of the Deposit will be in accordance with Article 4.1 herein. If the conversion is a Rollover Option Aircraft to a firm Aircraft, Buyer shall wire transfer any advance payments due under the Agreement.

2.7 Buyer and Boeing will consult on a frequent basis to keep each other informed as to

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Buyer's fleet plans and Boeing's production plans in order to accommodate to the greatest extent reasonably possible each party's needs in managing the delivery schedule for the Rollover Option Aircraft. Boeing acknowledges Buyer's need for delivery positions in the 2007-2012 time frame, as well as the possibility of a need for delivery positions in earlier years and will use its best reasonable efforts to meet Buyer's needs.

3. Price.

3.1 The advance payment base prices of the Option Aircraft set forth below and in paragraph 2.1 of Attachment A represent the estimated delivery prices of the Option Aircraft. The Option Aircraft pricing elements and associated pricing terms and conditions are given in Attachment A.

3.2 Price and escalation provisions for Model 737-7H4 aircraft delivering after 2004 are not currently available. The estimated Advance Payment Base Prices shown in paragraph 3.3 below and in paragraph 2.1 of Attachment A are based on currently available price and escalation provisions. As price and escalation provisions become available for Model 737-7H4 aircraft delivering after 2004, such price and escalation provisions will be appropriately applied to the applicable Option Aircraft.

For additional information relating to price and escalation provisions applicable to Option Aircraft delivering after 2004 refer to paragraphs 2.2 and 3.2 of Attachment A.

3.3 The Advance Payment Base Prices of the Option Aircraft indicated below do include an amount for special features in addition to those specifically described in Attachment A but do not include any amount for items of Buyer Furnished Equipment (BFE). An estimate for typical special features is *** per Aircraft (expressed in 1992 STE dollars) and for BFE is *** per Aircraft (expressed in delivery year dollars).

<Table>

<Caption>

Month and Year
of Delivery

Advance Payment Base
Price per Option Aircraft

<S>

<C>

Block M Aircraft***

March 2003
April 2003
July 2003
October 2003

</Table>

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<Table>

<S>

<C>

Block N Aircraft***

January 2004
February 2004
March 2004
April 2004
May 2004
June 2004
August 2004
September 2004
October 2004

Block O Aircraft***

January 2005
March 2005
April 2005
July 2005
October 2005

Block P Aircraft***

January 2006
March 2006
April 2006
July 2006
October 2006

Block U Aircraft***

January 2008
February 2008
March 2008
April 2008
May 2008
June 2008
July 2008
August 2008
September 2008
October 2008
November 2008
December 2008

</Table>

3.4 The Option Aircraft purchase price will be the applicable basic price thereof at the time of Option Aircraft delivery adjusted in accordance with Boeing's Aircraft escalation provisions contained in the definitive agreement to purchase the Option Aircraft. The purchase price will include the price for Seller Purchased Equipment (SPE) if Buyer has

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elected to change Buyer Furnished Equipment (BFE) to SPE.

4. Option Aircraft Payment.

4.1 In consideration of the granting of the Options as set forth herein, on or before the date Boeing and Buyer enter into a definitive agreement to purchase the Aircraft, Buyer will pay a deposit to Boeing of *** for each Option Aircraft (Deposit). In the event Buyer exercises its Options herein, the amount of the Deposit will be credited against the first advance payment due for such Option Aircraft pursuant to the advance payment schedule set forth in paragraph 3 of Attachment A. The Deposits for the Option Aircraft will be refunded to Buyer, without interest, if the parties do not enter into a definitive Agreement for the Aircraft.

In the event that, after the parties enter into a definitive agreement to purchase the Aircraft, Buyer does not exercise its Options to purchase the Option Aircraft pursuant to the terms and conditions set forth herein, Boeing will be entitled to retain the Deposits for the Option Aircraft except as provided in paragraph 6 herein.

4.2 Advance payments in the amount of 30% of the advance payment base price will be payable on the Option Aircraft in accordance with paragraph 3 of Attachment A. The remainder of the Option Aircraft purchase price is due at the time of delivery of the Option Aircraft.

5. Option Exercise.

5.1 To exercise its Option, Buyer will give written or telegraphic notice thereof to Boeing on or before sixteen (16) months prior to the first day of the delivery month of each Option Aircraft.

In such notice Buyer will select the Option Model type, and the applicable delivery positions.

5.2 It is understood and agreed that Boeing may accelerate the Option exercise dates specified above if Boeing must make production decisions which are dependent on Buyer's decision to buy the Option Aircraft. If Boeing elects to accelerate the Option exercise dates, Boeing will do so by giving written or telegraphic notice thereof to Buyer. Such notice will specify the revised Option exercise dates, which will not be earlier than 30 days after the date of

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transmittal of such notice, and the Option Aircraft delivery positions affected by such revision. If Buyer fails to exercise its Option for any Option Aircraft affected by such revised dates, the Deposit applicable to such Option Aircraft will be promptly refunded, with interest, to Buyer. The interest rate for calculation of the interest associated with such refund is the rate of two percent (2%) below the Citibank base rate in effect from time to time during the period the Option deposit is held by Boeing.

6. Contract Terms.

It is understood that Boeing and Buyer will use their best efforts to enter into a definitive agreement for the Option Aircraft within thirty (30) days after Buyer exercises an Option to purchase Option Aircraft pursuant to paragraph 5 covering the detailed terms and conditions for the sale of such Option Aircraft.

Such definitive agreement will include the terms and conditions contained herein together with the terms and conditions, not inconsistent herewith, contained in Boeing's then-current standard form of purchase agreement for the sale of Model 737-700 aircraft in effect as of the date of Option exercise and such additional terms and conditions as may be mutually agreed upon. In the event the parties have not entered into such an agreement within the time period contemplated herein, either party may, exercisable by written or telegraphic notice given to the other within thirty (30) days after such period, terminate the purchase of such Option Aircraft.

7. Termination of Option to Purchase.

Either Boeing or Buyer may terminate the Options to purchase an Option Aircraft if any of the following events are not accomplished by the respective dates contemplated in this letter agreement, or in the Agreement, as the case may be:

(i) termination of the purchase of the Aircraft under the Agreement for any reason;

(ii) payment by Buyer of the Deposit with respect to an Option Aircraft pursuant to paragraph 4.1 herein;

(iii) exercise of an Option to purchase an Option Aircraft pursuant to the terms hereof.

Any termination of an Option to purchase by Boeing which is based on the termination of the purchase of

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Aircraft under the Agreement will be on a one-for-one basis, for each Aircraft so terminated.

Any cancellation of an Option to purchase which is based on failure to make the required Deposit or to exercise the Option to purchase shall only apply to the Option Aircraft so canceled.

Termination of an Option to purchase provided by this letter agreement will be caused by either party giving written notice to the other within 10 days after the applicable date. Upon receipt of such notice, all rights and obligations of the parties with respect to an Option Aircraft for which the Option to purchase has been terminate will thereupon terminate.

If termination is result of a revision of an Option exercise date by Boeing pursuant to paragraph 5.2, Boeing will promptly refund to Buyer, with interest, any payments received from Buyer, including the Deposit, with respect to the Option Aircraft for which the Option is terminated. If termination is for any other reason, Boeing will promptly refund to Buyer, without interest, any payments received from Buyer with respect to the affected Option Aircraft, except the Deposit, which Buyer may apply to any model Boeing aircraft purchased by Buyer from Boeing at a future date.

8. Confidential Treatment. Buyer understands that certain commercial and financial information contained in this Letter Agreement including any attachments hereto is considered by Boeing as confidential. Buyer agrees that it will treat this Letter Agreement and the

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9. information contained herein as confidential and will not, without the prior written consent of Boeing, disclose this Letter Agreement or any information contained herein to any other person or entity except as provided in Letter Agreement No. 6-1162-RLL-934, as amended.

Very truly yours,

THE BOEING COMPANY

By /s/ MICHAEL S. ANDERSON

Its ATTORNEY-IN-FACT

ACCEPTED AND AGREED TO this

date: AUGUST 21, 2001

SOUTHWEST AIRLINES CO.

By /s/ LAURA WRIGHT

Its V.P. - FINANCE & TREASURER

Attachments

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Attachment A to
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Model 737-7H4 Aircraft

1. Option Aircraft Description and Changes.

1.1 Aircraft Description. The Option Aircraft is described by Boeing Detail Specification D6-38808-1, Dated October 30 ,1996 and for Block U Option Aircraft by Boeing Detail Specification D6-38808-1, Rev. A, Dated February 24, 1998.

1.2 Changes. The Detail Specification will be revised to include:

(1) Changes applicable to the basic Model 737-700 aircraft which are developed by Boeing between the date of the Detail Specification and the signing of a definitive agreement to purchase the Option Aircraft.

(2) Changes mutually agreed upon.

(3) Changes required to obtain a Standard Certificate of Airworthiness.

(4) To provide sufficient Option Aircraft manufacturing and procurement lead time it is necessary for Boeing and Buyer to reach final agreement on the Option Aircraft configuration, including BFE/SPE vendor selection fifteen (15) months prior to delivery of each Option Aircraft. If such items are not resolved by the indicated dates, Boeing reserves the right to amend this letter agreement:

(i) to adjust the scheduled delivery of the Option Aircraft to a later time period and,

(ii) to make such other changes as are appropriate and consistent with the revised Option Aircraft deliveries.

1.3 Effect of Changes. Changes to the Detail Specification incorporated pursuant to the provisions of the clauses above will include the effects of such changes upon Option Aircraft weight, balance, design and performance. Performance guarantees for the Option Aircraft which are mutually acceptable to the parties will be included in the definitive agreement for the Option Aircraft.

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Page 2

2. Price Description

2.1 Price Elements Per Aircraft

<Table>
<Caption>

	1	2	3	
	-----	-----	-----	
AIRCRAFT DELIVERY MO. & YR.	AIRCRAFT & ESTIMATED SPECIAL FEATURES PRICE (JULY 1992\$)	ESTIMATED ESCALATION	ESTIMATED ESCALATION SHARING	ADV. PMT. BASE PRICE (ELEMENTS) 1 + 2 + 3
- - - - -	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>

BLOCK M

MARCH 2003	***	***	***	***
APRIL 2003	***	***	***	***
JULY 2003	***	***	***	***
OCTOBER 2003	***	***	***	***

BLOCK N

JANUARY 2004	***	***	***	***
FEBRUARY 2004	***	***	***	***
MARCH 2004	***	***	***	***
APRIL 2004	***	***	***	***
MAY 2004	***	***	***	***
JUNE 2004	***	***	***	***
AUGUST 2004	***	***	***	***
SEPTEMBER 2004	***	***	***	***
OCTOBER 2004	***	***	***	***

BLOCK O

JANUARY 2005	***	***	***	***
MARCH 2005	***	***	***	***
APRIL 2005	***	***	***	***
JULY 2005	***	***	***	***
OCTOBER 2005	***	***	***	***

BLOCK P

JANUARY 2006	***	***	***	***
MARCH 2006	***	***	***	***
APRIL 2006	***	***	***	***

JULY 2006	***	***	***	***
OCTOBER 2006	***	***	***	***

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Attachment A to
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<Table>
<Caption>

AIRCRAFT & ADV. PMT.				
AIRCRAFT DELIVERY MO. & YR.	ESTIMATED SPECIAL FEATURES PRICE (JULY 1999\$)	ESTIMATED ESCALATION	ESTIMATED ESCALATION SHARING	BASE PRICE (ELEMENTS) 1 + 2 + 3
-----	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>

BLOCK U

JANUARY 2008	***	***	***	***
FEBRUARY 2008	***	***	***	***
MARCH 2008	***	***	***	***
APRIL 2008	***	***	***	***
MAY 2008	***	***	***	***
JUNE 2008	***	***	***	***
JULY 2008	***	***	***	***
AUGUST 2008	***	***	***	***
SEPTEMBER 2008	***	***	***	***
OCTOBER 2008	***	***	***	***
NOVEMBER 2008	***	***	***	***
DECEMBER 2008	***	***	***	***

2. Price Description. (Continued)

2.2 Price Adjustments For Option Aircraft Delivering From January 2005 through December 2012.

2.2.1 Special Features. The price for Special Features incorporated in the Option Aircraft Detail Specification will be adjusted to Boeing's then-current prices for such features as of the date of execution of the definitive agreement for the Option Aircraft.

2.2.2 Escalation Adjustments. For escalation provisions applicable to Option Aircraft delivering after 2004, see paragraph 2.2.6 below.

2.2.3 Base Price Adjustments for FAA Changes. The Aircraft Basic Price of the Option Aircraft will be adjusted for any FAA mandated changes incorporated into the Aircraft.

2.2.4 Price Adjustments for Changes. Boeing may adjust the Aircraft Basic Price and the Advance Payment Base Price for any changes mutually agreed upon subsequent to the date that Buyer and Boeing enter into a definitive agreement for the Option Aircraft.

2.2.5 Base Price Adjustments. The Aircraft Basic Price of the Option Aircraft will be adjusted to Boeing's then-current prices as of the date of execution of the definitive agreement for the Option Aircraft in

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accordance with the agreement reached below. The Aircraft Basic Price starting point for Option Aircraft delivering in 2003 is *** (July 1992 STE), for Option Aircraft delivering in 2004 is *** (July 1992 STE), for Options delivering in 2005 through 2009 is *** (July 1992 STE) and for Block U Option Aircraft is *** (July 1999 STE). Such Aircraft Basic Price may increase in accordance with paragraphs 2.2.1, 2.2.2, 2.2.3 and 2.2.4. For any other changes to the Aircraft Basic Price, Boeing may increase the Aircraft Basic Price by a maximum of *** (July 1992 STE) for Aircraft delivering in 2005; by a maximum of *** (July 1992 STE) per year or portion thereof starting in January 2006 through 2009. For Block U Option Aircraft Boeing may increase the Aircraft Basic Price by a

maximum of *** (July 1999 STE) per year or portion thereof starting in January 2008.

2.2.6 Prices for Long Lead Time Aircraft. Boeing has not established escalation provisions for Model 737-700 aircraft for delivery 2005 and after. Such escalation provisions (i) will be incorporated into the Option Aircraft definitive agreement when such information is available and (ii) will be the then-current escalation provisions applicable to the same model aircraft and engines delivering in the same time period as the Option Aircraft. The resulting revisions to the definitive agreement will include but not be limited to, adjustment of the Aircraft Basic Price of the Option Aircraft, the Advance Payment Base Price, the Aircraft escalation provisions and the advance payment amounts due on the Option Aircraft.

2.2.7 BFE to SPE. An estimate of the total price for items of Buyer Furnished Equipment (BFE) changed to Seller Purchased Equipment (SPE) pursuant to the Configuration Specification is included in the Option Aircraft price build-up. The purchase price of the Option Aircraft will be adjusted by the price charged to Boeing for such items plus 10% of such price. If all BFE except developmental avionics is converted to SPE, Boeing will waive the 10% fee.

3. Advance Payment Schedules, Prices and Adjustments.

3.1 Buyer will pay to Boeing advance payments for the Option Aircraft on the dates and in the amounts determined below.

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<Table>
<Caption>

Due Date of Payment - -----	Amount Due per Aircraft (Percentage times Advance Payment Base Price) -----
<S>	<C>
Deposit	*** (if applicable)
18 months prior to the first day of the scheduled delivery month of the Aircraft	15% (less the Deposit if any)
12 months prior to the first day of the scheduled delivery month of the Aircraft	5%
9 months prior to the first day of the scheduled delivery month of the Aircraft	5%
6 months prior to the first day of the scheduled delivery month of the Aircraft	5%

Total	30%

</Table>

Any advance payments that would be past due as of the date of signing the definitive purchase agreement for the Option Aircraft in accordance with the above schedule are due and payable on such date.

3.2 Option Aircraft advance payment base prices will be increased or decreased, as appropriate, at the time of signing of the definitive purchase agreement for the Option Aircraft, using the then-current forecasted aircraft escalation factors used by Boeing, to determine the amount of the advance payments to be made by Buyer on the Option Aircraft.

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to

Purchase Agreement No. 1810

between

THE BOEING COMPANY

and

SOUTHWEST AIRLINES CO.

Relating to Boeing Model 737-7H4 Aircraft

THIS SUPPLEMENTAL AGREEMENT, entered into as of OCTOBER 17, 2001, by and between THE BOEING COMPANY, a Delaware corporation with its principal offices in Seattle, Washington, (Boeing) and SOUTHWEST AIRLINES CO., a Texas corporation with its principal offices in Dallas, Texas (Buyer);

WHEREAS, the parties hereto entered into Purchase Agreement No. 1810 dated January 19, 1994, relating to Boeing Model 737-7H4 aircraft (the Agreement) and;

WHEREAS, Buyer has agreed to decelerate delivery dates of Aircraft as follows:

*** PURSUANT TO 17 CFR 240.24b-2, CONFIDENTIAL INFORMATION HAS BEEN OMITTED AND HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A CONFIDENTIAL TREATMENT APPLICATION FILED WITH THE COMMISSION.

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<Table>
<S>

<C>

Block E Aircraft

WAS

December 2000	Two (2)
January 2001	One (1)
February 2001	One (1)
March 2001	Two (2)
June 2001	Three (3)
September 2001	Three (3)

NEW

December 2000	Two (2)
January 2001	One (1)
February 2001	One (1)
March 2001	Two (2)
June 2001	Three (3)
September 2001	One (1)
November 2001	Two (2)

Block H Aircraft

WAS

June 1999	Two (2)
July 1999	One (1)
August 1999	One (1)
September 1999	Two (2)
October 1999	One (1)
March 2000	One (1)
April 2000	Two (2)
September 2000	One (1)
October 2000	Two (2)
March 2001	Two (2)
April 2001	One (1)
October 2001	Three (3)

NEW

June 1999	Two (2)
July 1999	One (1)
August 1999	One (1)

September 1999	Two (2)
October 1999	One (1)
March 2000	One (1)
April 2000	Two (2)
September 2000	One (1)
October 2000	Two (2)
March 2001	Two (2)
April 2001	One (1)
November 2001	Three (3)

Block I Aircraft

WAS

November 2001	Two (2)
December 2001	One (1)
January 2002	One (1)
March 2002	Four (4)
April 2002	Two (2)
July 2002	Four (4)
October 2002	Four (4)

</Table>

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<Table>
<S>

NEW

November 2001	Two (2)
December 2001	One (1)
January 2002	One (1)
March 2002	Four (4)
April 2002	Two (2)
May 2003	One (1)
June 2003	Two (2)
July 2003	One (1)
September 2003	Two (2)
October 2003	Two (2)

<C>

Block J Aircraft

WAS

January 2003	Four (4)
March 2003	One (1)

NEW

November 2003	Two (2)
February 2004	Two (2)
March 2004	One (1)

Block K Aircraft

WAS

April 2004	Two (2)
July 2004	Three (3)

NEW

March 2004	One (1)
April 2004	Three (3)
May 2004	One (1)

Block L Aircraft

WAS

October 1999	One (1)
November 1999	Two (2)
December 1999	One (1)
June 2000	Three (3)
July 2000	Three (3)
September 2000	One (1)
October 2000	One (1)
November 2000	Four (4)
December 2000	One (1)
January 2001	One (1)

February 2001	One (1)
July 2001	One (1)
September 2001	One (1)
October 2001	One (1)
September 2002	Three (3)

NEW

October 1999	One (1)
November 1999	Two (2)
December 1999	One (1)

</Table>

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<Table>
<S>

June 2000	Three (3)
July 2000	Three (3)
September 2000	One (1)
October 2000	One (1)
November 2000	Four (4)
December 2000	One (1)
January 2001	One (1)
February 2001	One (1)
July 2001	One (1)
November 2001	Two (2)
July 2003	One (1)
August 2003	Two (2)

<C>

Block T Aircraft

WAS

November 2001	One (1)
February 2002	One (1)
May 2002	One (1)
June 2002	Two (2)
July 2002	One (1)
August 2002	Two (2)
November 2002	Two (2)
February 2003	One (1)
May 2003	Two (2)
June 2003	Two (2)
August 2003	Three (3)
February 2004	Three (3)
March 2004	Three (3)
April 2004	One (1)
May 2004	Four (4)
June 2004	Three (3)
July 2004	Two (2)
August 2004	Two (2)
September 2004	Two (2)
October 2004	Two (2)
November 2004	Two (2)
February 2005	One (1)
May 2005	One (1)
June 2005	One (1)
August 2005	One (1)
September 2005	One (1)
February 2006	Three (3)
March 2006	One (1)
May 2006	Three (3)
June 2006	Four (4)
July 2006	One (1)
August 2006	Three (3)
September 2006	Three (3)
November 2006	Two (2)
December 2006	Two (2)
January 2007	Two (2)
February 2007	Three (3)
March 2007	Two (2)

</Table>

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<Table>
<S>

April 2007
May 2007
June 2007
July 2007
August 2007
September 2007
October 2007
November 2007
December 2007

<C>
Two (2)
Two (2)
Two (2)
Two (2)
Two (2)
Two (2)
Two (2)
Two (2)
Two (2)

NEW

November 2001
February 2002
May 2004
June 2004
July 2004
August 2004
September 2004
November 2004
December 2004
January 2005
February 2005
March 2005
April 2005
May 2005
June 2005
July 2005
August 2005
September 2005
October 2005
November 2005
December 2005
February 2006
May 2006
June 2006
July 2006
August 2006
September 2006
November 2006
December 2006
January 2007
February 2007
March 2007
April 2007
May 2007
June 2007
July 2007
August 2007
September 2007
October 2007
November 2007
December 2007
January 2008
February 2008

One (1)
One (1)
One (1)
Four (4)
Four (4)
Two (2)
Two (2)
One (1)
One (1)
Five (5)
Two (2)
One (1)
Two (2)
One (1)
Three (3)
Two (2)
One (1)
Two (2)
Two (2)
Two (2)
Two (2)
Four (4)
Three (3)
Four (4)
One (1)
Three (3)
Three (3)
Two (2)
Two (2)
Two (2)
Three (3)
Two (2)
Two (2)
Two (2)
Two (2)
Two (2)
Two (2)
Two (2)
Two (2)
Two (2)
One (1)
One (1)

</Table>

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<Table>
<S>

March 2008
April 2008
May 2008
June 2008

<C>
One (1)
One (1)
One (1)
One (1)

</Table>

WHEREAS, Buyer has agreed to decelerate delivery dates of Option Aircraft as follows:

<Table>
<S>

Block M Option Aircraft

<C>

WAS

March 2003	Three (3)
April 2003	Two (2)
July 2003	Four (4)
October 2003	Four (4)

NEW

March 2004	Three (3)
April 2004	Two (2)
June 2004	Two (2)
July 2004	Two (2)
October 2004	Four (4)

Block N Option Aircraft

WAS

January 2004	Four (4)
February 2004	One (1)
March 2004	One (1)
April 2004	One (1)
May 2004	One (1)
June 2004	One (1)
August 2004	Two (2)
September 2004	Three (3)
October 2004	Two (2)

NEW

February 2005	One (1)
March 2005	Four (4)
April 2005	Two (2)
May 2005	One (1)
June 2005	One (1)
July 2005	Two (2)
August 2005	Two (2)
September 2005	Three (3)
October 2005	Two (2)
November 2005	One (1)
December 2005	One (1)

Block O Option Aircraft

WAS

January 2005	Four (4)
March 2005	Four (4)
April 2005	Two (2)
July 2005	Four (4)
October 2005	Four (4)

</Table>

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<Table>
<S>

NEW

January 2006	Two (2)
March 2006	Four (4)
April 2006	Two (2)
May 2006	Two (2)
June 2006	Two (2)
July 2006	Two (2)
August 2006	Two (2)
October 2006	One (1)
November 2006	Two (2)
December 2006	One (1)

Block P Option Aircraft

WAS

January 2006	Four (4)
March 2006	Four (4)
April 2006	Two (2)
July 2006	Four (4)
October 2006	One (1)

<C>

NEW

April 2007	One (1)
May 2007	One (1)
June 2007	One (1)
July 2007	One (1)
August 2007	One (1)
September 2007	One (1)
October 2007	One (1)
November 2007	One (1)
December 2007	One (1)

</Table>

NOW THEREFORE, in consideration of the mutual covenants herein contained, the parties agree to amend the Agreement as follows:

1. The Table of Contents of the Agreement is deleted in its entirety and a new Table of Contents is attached hereto and incorporated into the Agreement by this reference.
2. Article 2, entitled "Delivery, Title and Risk of Loss," is deleted in its entirety and replaced by a new Article 2. Such new pages 2-1, 2-2, 2-3 and 2-4 are attached hereto and incorporated into the Agreement by this reference.
3. Article 3, entitled "Price of Aircraft", is deleted in its entirety and replaced by a new Article 3. Such new pages 3-1, 3-2, 3-3, 3-4, 3-5 and 3-6 are attached hereto and incorporated into the Agreement by this reference.

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4. Boeing shall retain Advance Payments made by Buyer to Boeing without interest compensation by Boeing to Buyer. These retained Advance Payments shall be applied to Buyer's future Advance Payment requirements, such that no Advance Payments will be due from Buyer for any Aircraft to the extent the aggregate Advance Payments held by Boeing exceed the aggregate Advance Payments required for all Aircraft as required by Article 5.

5. Buyer shall ensure that Buyer's suppliers of BFE meet delivery requirements to support the Aircraft delivery schedule of this Supplemental Agreement.

6. Letter Agreement No. 6-1162-MSA-185 entitled "Delivery Change Contractual Matters," is attached hereto and is hereby incorporated into the Agreement by this reference.

7. Letter Agreement No. 6-1162-RLL-933R10 entitled "Option Aircraft," is deleted in its entirety and replaced by a new Letter Agreement No. 6-1162-RLL-933R11 which is attached hereto and is incorporated into the Agreement by this reference.

The Agreement will be deemed to be supplemented to the extent herein provided and as so supplemented will continue in full force and effect.

EXECUTED IN DUPLICATE as of the day and year first above written.

THE BOEING COMPANY

SOUTHWEST AIRLINES CO.

By: /s/ MICHAEL S. ANDERSON

By: /s/ LAURA WRIGHT

Its: Attorney-In-Fact

Its: VP Finance & Treasurer

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</Table>

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ARTICLE 2. Delivery, Title and Risk of Loss.

2.1 Time of Delivery. The Aircraft will be delivered to Buyer by Boeing, assembled and ready for flight and Buyer will accept delivery of the Aircraft, in accordance with the following schedule:

<Table>

<Caption>

Month and Year of Delivery -----	Quantity of Aircraft -----
<S>	<C>
Block E Aircraft	
December 2000	Two (2)
January 2001	One (1)
February 2001	One (1)
March 2001	Two (2)
June 2001	Three (3)
September 2001	One (1)
November 2001	Two (2)
Block F Aircraft	
October 1998	One (1)
November 1998	Two (2)
December 1998	Two (2)
Block G Aircraft	
March 1999	Two (2)
Block H Aircraft	
June 1999	Two (2)
July 1999	One (1)
August 1999	One (1)
September 1999	Two (2)
October 1999	One (1)
March 2000	One (1)
April 2000	Two (2)
September 2000	One (1)
October 2000	Two (2)
March 2001	Two (2)
April 2001	One (1)
November 2001	Three (3)
Block I Aircraft	
November 2001	Two (2)

December 2001	One (1)
January 2002	One (1)
March 2002	Four (4)

</Table>

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<Table>

<S>		<C>
April 2002		Two (2)
May 2003		One (1)
June 2003		Two (2)
July 2003		One (1)
September 2003		Two (2)
October 2003		Two (2)

Block J Aircraft

November 2003	Two (2)
February 2004	Two (2)
March 2004	One (1)

Block K Aircraft

March 2004	One (1)
April 2004	Three (3)
May 2004	One (1)

Block L Aircraft

October 1999	One (1)
November 1999	Two (2)
December 1999	One (1)
June 2000	Three (3)
July 2000	Three (3)
September 2000	One (1)
October 2000	One (1)
November 2000	Four (4)
December 2000	One (1)
January 2001	One (1)
February 2001	One (1)
July 2001	One (1)
November 2001	Two (2)
July 2003	One (1)
August 2003	Two (2)

Block T Aircraft

November 2001	One (1)
February 2002	One (1)
May 2004	One (1)
June 2004	Four (4)
July 2004	Four (4)
August 2004	Two (2)
September 2004	Two (2)
November 2004	One (1)
December 2004	One (1)
January 2005	Five (5)
February 2005	Two (2)
March 2005	One (1)
April 2005	Two (2)
May 2005	One (1)

</Table>

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<Table>

<S>		<C>
June 2005		Three (3)
July 2005		Two (2)
August 2005		One (1)
September 2005		Two (2)
October 2005		One (1)

November 2005	Two (2)
December 2005	Two (2)
February 2006	Four (4)
May 2006	Three (3)
June 2006	Four (4)
July 2006	One (1)
August 2006	Three (3)
September 2006	Three (3)
November 2006	Two (2)
December 2006	Two (2)
January 2007	Two (2)
February 2007	Three (3)
March 2007	Two (2)
April 2007	Two (2)
May 2007	Two (2)
June 2007	Two (2)
July 2007	Two (2)
August 2007	Two (2)
September 2007	Two (2)
October 2007	Two (2)
November 2007	Two (2)
December 2007	Two (2)
January 2008	One (1)
February 2008	One (1)
March 2008	One (1)
April 2008	One (1)
May 2008	One (1)
June 2008	One (1)

</Table>

2.2 Notice of Target Delivery Date. Boeing will give Buyer notice of the Target Delivery Date of the Aircraft approximately 30 days prior to the scheduled month of delivery.

2.3 Notice of Delivery Date. If Boeing gives Buyer at least 7 days' notice of the delivery date of the Aircraft, and an Aircraft delivery is delayed beyond such delivery date due to the responsibility of Buyer, Buyer will reimburse Boeing for all costs incurred by Boeing as a result of such delay, including amounts for storage, insurance, Taxes, preservation or protection of the Aircraft and interest on payments due.

2.4 Place of Delivery. The Aircraft will be delivered at an airport facility selected by Boeing in the State of Washington, unless mutually agreed otherwise.

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2.5 Title and Risk of Loss. Title to and risk of loss of an Aircraft will pass from Boeing to Buyer upon delivery of such Aircraft, but not prior thereto.

2.6 Bill of Sale. Upon delivery of an Aircraft Boeing will deliver to Buyer a bill of sale conveying good title to such Aircraft, free of all liens, claims, charges and encumbrances of every kind whatsoever, and such other appropriate documents of title as Buyer may reasonably request.

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ARTICLE 3. Price of Aircraft.

3.1 Definitions.

3.1.1 Special Features are the features incorporated in Exhibit A which have been selected by Buyer.

3.1.2 Base Aircraft Price is the Aircraft Basic Price excluding the price of Special Features.

3.1.3 Aircraft Basic Price is comprised of the Base Aircraft Price and the price of the Special Features.

3.1.4 Economic Price Adjustment is the adjustment to the Aircraft Basic Price (Base Aircraft and Special Features) as calculated pursuant to Exhibit D or Exhibit D-1 as applicable.

3.1.5 Aircraft Price is the total amount Buyer is to pay for the Aircraft at the time of delivery.

3.2 Aircraft Basic Price.

The Aircraft Basic Price for Block A through L Aircraft, is expressed in July 1992 dollars; the Aircraft Basic Price for Block T Aircraft, is expressed in July 1999 dollars; as set forth below:

<Table> <Caption>			
	Base Aircraft Price -----	Special Features -----	Aircraft Basic Price -----
<S>	<C>	<C>	<C>
Block A, B, C, D & E Aircraft	***	***	***
Block F & G Aircraft	***	***	***
Block H Aircraft	***	***	***
Block I Aircraft	***	***	***
Block J Aircraft	***	***	***
Block K Aircraft	***	***	***
Block L Aircraft	***	***	***
Block T Aircraft	***	***	***
</Table>			

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3.3 Aircraft Price. The Aircraft Price will be established at the time of delivery of such Aircraft to Buyer and will be the sum of:

3.3.1 the Aircraft Basic Price, which is *** for the Block A, B, C, D and E Aircraft, *** for the Block F and G Aircraft, *** for the Block H Aircraft, *** for the Block I Aircraft, *** for the Block J Aircraft, *** for the Block K Aircraft and *** for the Block L Aircraft; *** for the Block T Aircraft; plus

3.3.2 the Economic Price Adjustments for the Aircraft Basic Price, as calculated pursuant to the formulas set forth in Exhibit D (Price Adjustments Due to Economic Fluctuations - Aircraft) for Aircraft Block A through L, and in Exhibit D-1 (Price Adjustments Due to Economic Fluctuations - Aircraft) for Aircraft Block T; plus

3.3.3 other price adjustments made pursuant to this Agreement or other written agreements executed by Boeing and Buyer.

3.4 Advance Payment Base Price.

3.4.1 Advance Payment Base Price. For advance payment purposes, the following estimated delivery prices of the Aircraft (Advance Payment Base Price) have been established, using currently available forecasts of the escalation factors used by Boeing as of the date of signing this Agreement. The Advance Payment Base Price of each Aircraft is set forth below:

<Table> <Caption>	
Month and Year of Scheduled Delivery -----	Advance Payment Base Price per Aircraft -----
<S>	<C>
Block A Aircraft***	
October 1997 November 1997	
Block B Aircraft***	
January 1998 February 1998	

March 1998
April 1998
May 1998
June 1998
July 1998
September 1998

</Table>

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<Table>
<S>

Block C Aircraft***

<C>

February 1999
May 1999
July 1999
August 1999
September 1999

Block D Aircraft***

November 1999
December 1999
January 2000
March 2000
July 2000
August 2000

Block E Aircraft***

December 2000
January 2001
February 2001
March 2001
June 2001
September 2001
November 2001

Block F Aircraft***

October 1998
November 1998
December 1998

Block G Aircraft***

March 1999

Block H Aircraft***

June 1999
July 1999
August 1999
September 1999
October 1999
March 2000
April 2000
September 2000
October 2000
March 2001
April 2001
November 2001

</Table>

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<Table>
<S>

Block I Aircraft***

<C>

November 2001
December 2001

January 2002
March 2002
April 2002
May 2003
June 2003
July 2003
September 2003
October 2003

Block J Aircraft***

November 2003
February 2004
March 2004

Block K Aircraft***

March 2004
April 2004
May 2004

Block L Aircraft***

October 1999
November 1999
December 1999
June 2000
July 2000
September 2000
October 2000
November 2000
December 2000
January 2001
February 2001
July 2001
November 2001
July 2003
August 2003

Block T Aircraft***

November 2001
February 2002
May 2004
June 2004
July 2004
August 2004
September 2004
November 2004
December 2004

</Table>

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SA-18

<Table>
<S>

January 2005
February 2005
March 2005
April 2005
May 2005
June 2005
July 2005
August 2005
September 2005
October 2005
November 2005
December 2005
February 2006
May 2006
June 2006
July 2006
August 2006
September 2006
November 2006
December 2006
January 2007
February 2007
March 2007

<C>

April 2007
May 2007
June 2007
July 2007
August 2007
September 2007
October 2007
November 2007
December 2007
January 2008
February 2008
March 2008
April 2008
May 2008
June 2008

</Table>

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3.4.2 Adjustment of Advance Payment Base Prices - Long-Lead Aircraft.
For Aircraft scheduled for delivery 36 months or more after the date of this Agreement, the Advance Payment Base Prices appearing in Article 3.4.1 will be used to determine the amount of the first advance payment to be made by Buyer on the Aircraft. No later than 25 months before the scheduled month of delivery of each affected Aircraft, Boeing will increase or decrease the Advance Payment Base Price of such Aircraft as required to reflect the effects of (i) any adjustments in the Aircraft Basic Price pursuant to this Agreement and (ii) the then-current forecasted escalation factors used by Boeing. Boeing will provide the adjusted Advance Payment Base Prices for each affected Aircraft to Buyer, and the advance payment schedule will be considered amended to substitute such adjusted Advance Payment Base Prices.

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Southwest Airlines Co.
6-1162-MSA-185 Page 1

6-1162-MSA-185

Southwest Airlines Co.
P.O. Box 36611 - Love Field
Dallas, Texas 75235

Subject: Letter Agreement No. 6-1162-MSA-185 to
Purchase Agreement No. 1810
Delivery Change Contractual Matters

This Letter Agreement amends Purchase Agreement No. 1810 dated January 19, 1994 (the Agreement) between The Boeing Company (Boeing) and Southwest Airlines Co. (Buyer) relating to Model 737-7H4 aircraft (the Aircraft).

All terms used herein and in the Agreement, and not defined herein, will have the same meaning as in the Agreement.

1. ***

2. ***

2.1 ***

2.2 ***

3. ***

4. Confidential Treatment.

Buyer understands that certain commercial and financial information

contained in this Letter Agreement is considered by Boeing as confidential.
Buyer agrees that it will treat this Letter Agreement and the information
contained herein as confidential and will not, without the prior written consent
of Boeing, disclose this Letter Agreement or any information contained herein to
any other person or entity, except as provided in Letter Agreement
6-1162-RLL-934R1.

P.A. No. 1810
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Southwest Airlines Co.
6-1162-MSA-185 Page 2

Very truly yours,

THE BOEING COMPANY

By /s/ MICHAEL S. ANDERSON

Its Attorney-In-Fact

ACCEPTED AND AGREED TO as of this

date: OCTOBER 17, 2001

SOUTHWEST AIRLINES CO.

By /s/ LAURA WRIGHT

Its V.P. - FINANCE & TREASURER

P.A. No. 1810
K/SWA

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Supplemental Agreement No. 19

to

Purchase Agreement No. 1810

between

THE BOEING COMPANY

and

SOUTHWEST AIRLINES CO.

Relating to Boeing Model 737-7H4 Aircraft

THIS SUPPLEMENTAL AGREEMENT, entered into as of NOVEMBER 7, 2001, by
and between THE BOEING COMPANY, a Delaware corporation with its principal
offices in Seattle, Washington, (Boeing) and SOUTHWEST AIRLINES CO., a Texas
corporation with its principal offices in Dallas, Texas (Buyer);

WHEREAS, the parties hereto entered into Purchase Agreement No. 1810
dated January 19, 1994, relating to Boeing Model 737-7H4 aircraft (the
Agreement) and;

WHEREAS, Buyer and Boeing have agreed ***

WHEREAS, Buyer and Boeing ***

***PURSUANT TO 17 CFR 240.24b-2, CONFIDENTIAL INFORMATION HAS BEEN OMITTED AND
HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT
TO A CONFIDENTIAL TREATMENT APPLICATION FILED WITH THE COMMISSION.

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ARTICLE 2. Delivery, Title and Risk of Loss.

2.1 Time of Delivery. The Aircraft will be delivered to Buyer by Boeing, assembled and ready for flight and Buyer will accept delivery of the Aircraft, in accordance with the following schedule:

<Table> <Caption>	
Month and Year of Delivery -----	Quantity of Aircraft -----
<S>	
Block E Aircraft	
December 2000	Two (2)
January 2001	One (1)
February 2001	One (1)
March 2001	Two (2)
June 2001	Three (3)
September 2001	Three (1)
Block F Aircraft	
October 1998	One (1)
November 1998	Two (2)
December 1998	Two (2)
Block G Aircraft	
March 1999	Two (2)
Block H Aircraft	
June 1999	Two (2)
July 1999	One (1)
August 1999	One (1)
September 1999	Two (2)
October 1999	One (1)
March 2000	One (1)
April 2000	Two (2)
September 2000	One (1)
October 2000	Two (2)
March 2001	Two (2)
April 2001	One (1)
October 2001	Three (3)
Block I Aircraft	
November 2001	Two (2)
December 2001	One (1)
January 2002	One (1)
March 2002	Four (4)
April 2002	Two (2)
</Table>	

2-1

<Table> <S>	
May 2003	One (1)
June 2003	Two (2)
July 2003	One (1)
September 2003	Two (2)
October 2003	Two (2)
Block J Aircraft	
November 2003	Two (2)
February 2004	Two (2)
March 2004	One (1)
Block K Aircraft	

March 2004	One (1)
April 2004	Three (3)
May 2004	One (1)

Block L Aircraft

October 1999	One (1)
November 1999	Two (2)
December 1999	One (1)
June 2000	Three (3)
July 2000	Three (3)
September 2000	One (1)
October 2000	One (1)
November 2000	Four (4)
December 2000	One (1)
January 2001	One (1)
February 2001	One (1)
July 2001	One (1)
September 2001	One (1)
October 2001	One (1)
July 2003	One (1)
August 2003	Two (2)

Block T Aircraft

November 2001	One (1)
February 2002	One (1)
May 2004	One (1)
June 2004	Four (4)
July 2004	Four (4)
August 2004	Two (2)
September 2004	Two (2)
November 2004	One (1)
December 2004	One (1)
January 2005	Five (5)
February 2005	Two (2)
March 2005	One (1)
April 2005	Two (2)
May 2005	One (1)

</Table>

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<Table>

<S>

<C>

June 2005	Three (3)
July 2005	Two (2)
August 2005	One (1)
September 2005	Two (2)
October 2005	One (1)
November 2005	Two (2)
December 2005	Two (2)
February 2006	Four (4)
May 2006	Three (3)
June 2006	Four (4)
July 2006	One (1)
August 2006	Three (3)
September 2006	Three (3)
November 2006	Two (2)
December 2006	Two (2)
January 2007	Two (2)
February 2007	Three (3)
March 2007	Two (2)
April 2007	Two (2)
May 2007	Two (2)
June 2007	Two (2)
July 2007	Two (2)
August 2007	Two (2)
September 2007	Two (2)
October 2007	Two (2)
November 2007	Two (2)
December 2007	Two (2)
January 2008	One (1)
February 2008	One (1)
March 2008	One (1)
April 2008	One (1)
May 2008	One (1)
June 2008	One (1)

</Table>

2.2 Notice of Target Delivery Date. Boeing will give Buyer notice of the Target Delivery Date of the Aircraft approximately 30 days prior to the scheduled month of delivery.

2.3 Notice of Delivery Date. If Boeing gives Buyer at least 7 days' notice of the delivery date of the Aircraft, and an Aircraft delivery is delayed beyond such delivery date due to the responsibility of Buyer, Buyer will reimburse Boeing for all costs incurred by Boeing as a result of such delay, including amounts for storage, insurance, Taxes, preservation or protection of the Aircraft and interest on payments due.

2.4 Place of Delivery. The Aircraft will be delivered at an airport facility selected by Boeing in the State of Washington, unless mutually agreed otherwise.

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2.5 Title and Risk of Loss. Title to and risk of loss of an Aircraft will pass from Boeing to Buyer upon delivery of such Aircraft, but not prior thereto.

2.6 Bill of Sale. Upon delivery of an Aircraft Boeing will deliver to Buyer a bill of sale conveying good title to such Aircraft, free of all liens, claims, charges and encumbrances of every kind whatsoever, and such other appropriate documents of title as Buyer may reasonably request.

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ARTICLE 3. Price of Aircraft.

3.1 Definitions.

3.1.1 Special Features are the features incorporated in Exhibit A which have been selected by Buyer.

3.1.2 Base Aircraft Price is the Aircraft Basic Price excluding the price of Special Features.

3.1.3 Aircraft Basic Price is comprised of the Base Aircraft Price and the price of the Special Features.

3.1.4 Economic Price Adjustment is the adjustment to the Aircraft Basic Price (Base Aircraft and Special Features) as calculated pursuant to Exhibit D or Exhibit D-1 as applicable.

3.1.5 Aircraft Price is the total amount Buyer is to pay for the Aircraft at the time of delivery.

3.2 Aircraft Basic Price.

The Aircraft Basic Price for Block A through L Aircraft, is expressed in July 1992 dollars; the Aircraft Basic Price for Block T Aircraft, is expressed in July 1999 dollars; as set forth below:

<Table>
<Caption>

<S>	Base Aircraft Price <C>	Special Features <C>	Aircraft Basic Price <C>
Block A, B, C, D & E Aircraft	***	***	***
Block F & G Aircraft	***	***	***
Block H Aircraft	***	***	***
Block I Aircraft	***	***	***
Block J Aircraft	***	***	***
Block K Aircraft	***	***	***

Block L Aircraft	***	***	***
Block T Aircraft	***	***	***

P.A. No. 1810

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3.3 Aircraft Price. The Aircraft Price will be established at the time of delivery of such Aircraft to Buyer and will be the sum of:

3.3.1 the Aircraft Basic Price, which is ***for the Block A, B, C, D and E Aircraft, ***for the Block F and G Aircraft*** for the Block H Aircraft,***) for the Block I Aircraft, ***for the Block J Aircraft, ***for the Block K Aircraft and ***for the Block L Aircraft; ***for the Block T Aircraft; plus

3.3.2 the Economic Price Adjustments for the Aircraft Basic Price, as calculated pursuant to the formulas set forth in Exhibit D (Price Adjustments Due to Economic Fluctuations - Aircraft) for Aircraft Block A through L, and in Exhibit D-1 (Price Adjustments Due to Economic Fluctuations - Aircraft) for Aircraft Block T; plus

3.3.3 other price adjustments made pursuant to this Agreement or other written agreements executed by Boeing and Buyer.

3.4 Advance Payment Base Price.

3.4.1 Advance Payment Base Price. For advance payment purposes, the following estimated delivery prices of the Aircraft (Advance Payment Base Price) have been established, using currently available forecasts of the escalation factors used by Boeing as of the date of signing this Agreement. The Advance Payment Base Price of each Aircraft is set forth below:

<Table>

<Caption>

Month and Year of Scheduled Delivery	Advance Payment Base Price per Aircraft
-----	-----
<S>	<C>
Block A Aircraft***	
October 1997	
November 1997	
Block B Aircraft***	
January 1998	
February 1998	
March 1998	
April 1998	
May 1998	
June 1998	July 1998
September 1998	

</Table>

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<Table>

<S>

<C>

Block C Aircraft***	
February 1999	
May 1999	
July 1999	
August 1999	
September 1999	
Block D Aircraft***	
November 1999	
December 1999	

January 2000
March 2000
July 2000
August 2000

Block E Aircraft***

December 2000
January 2001
February 2001
March 2001
June 2001
September 2001

Block F Aircraft***

October 1998
November 1998
December 1998

Block G Aircraft***

March 1999

Block H Aircraft***

June 1999
July 1999
August 1999
September 1999
October 1999
March 2000
April 2000
September 2000
October 2000
March 2001
April 2001
October 2001

</Table>

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<Table>
<S>

Block I Aircraft***

<C>

November 2001
December 2001
January 2002
March 2002
April 2002
May 2003
June 2003
July 2003
September 2003
October 2003

Block J Aircraft***

November 2003
February 2004
March 2004

Block K Aircraft***

March 2004
April 2004
May 2004

Block L Aircraft***

October 1999
November 1999
December 1999
June 2000
July 2000
September 2000
October 2000
November 2000

December 2000
January 2001
February 2001
July 2001
September 2001
October 2001
July 2003
August 2003

Block T Aircraft***

November 2001
February 2002
May 2004
June 2004
July 2004
August 2004
September 2004

</Table>

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<Table>
<S>

<C>

November 2004
December 2004
January 2005
February 2005
March 2005
April 2005
May 2005
June 2005
July 2005
August 2005
September 2005
October 2005
November 2005
December 2005
February 2006
May 2006
June 2006
July 2006
August 2006
September 2006
November 2006
December 2006
January 2007
February 2007
March 2007
April 2007
May 2007
June 2007
July 2007
August 2007
September 2007
October 2007
November 2007
December 2007
January 2008
February 2008
March 2008
April 2008
May 2008
June 2008

</Table>

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P.A. No. 1810
K/SWA

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3.4.2 Adjustment of Advance Payment Base Prices - Long-Lead Aircraft.
For Aircraft scheduled for delivery 36 months or more after the date of this Agreement, the Advance Payment Base Prices appearing in Article 3.4.1 will be used to determine the amount of the first advance payment to be made by Buyer on the Aircraft. No later than 25 months before the scheduled month of delivery of

each affected Aircraft, Boeing will increase or decrease the Advance Payment Base Price of such Aircraft as required to reflect the effects of (i) any adjustments in the Aircraft Basic Price pursuant to this Agreement and (ii) the then-current forecasted escalation factors used by Boeing. Boeing will provide the adjusted Advance Payment Base Prices for each affected Aircraft to Buyer, and the advance payment schedule will be considered amended to substitute such adjusted Advance Payment Base Prices.

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K/SWA

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6-1162-MSA-185R1
(there is no original, begins with R1)

Southwest Airlines Co.
P.O. Box 36611 - Love Field
Dallas, Texas 75235

Subject: Letter Agreement No. 6-1162-MSA-185R1 to
Purchase Agreement No. 1810
Delivery Change Contractual Matters

This Letter Agreement amends Purchase Agreement No. 1810 dated January 19, 1994 (the Agreement) between The Boeing Company (Boeing) and Southwest Airlines Co. (Buyer) relating to Model 737-7H4 aircraft (the Aircraft).

All terms used herein and in the Agreement, and not defined herein, will have the same meaning as in the Agreement.

1.

2. ***

2.1 ***

2.2 ***

2.3 ***

3. ***

P.A. No. 1810
K/SWA

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Southwest Airlines Co.
6-1162-MSA-185 Page 2

4. Confidential Treatment.

Buyer understands that certain commercial and financial information contained in this Letter Agreement is considered by Boeing as confidential. Buyer agrees that it will treat this Letter Agreement and the information contained herein as confidential and will not, without the prior written consent of Boeing, disclose this Letter Agreement or any information contained herein to any other person or entity, except as provided in Letter Agreement 6-1162-RLL-934R1.

Very truly yours,

THE BOEING COMPANY

By /s/ MICHAEL S. ANDERSON

Its Attorney In Fact

ACCEPTED AND AGREED TO as of this

date: OCTOBER 17, 2001

SOUTHWEST AIRLINES CO.

By /s/ LAURA WRIGHT

Its V.P. - Finance & Treasurer

P.A. No. 1810
K/SWA

SA-19

AIRCRAFT ACQUISITION AND SALE AGREEMENT

dated as of November 13, 2001

among

THE AMOR TRUST,

WILMINGTON TRUST COMPANY,
as Owner TrusteeWELLS FARGO BANK NORTHWEST, NATIONAL ASSOCIATION,
as Indenture Trustee

and

SOUTHWEST AIRLINES CO.

Nineteen Boeing Model 737-7H4 Aircraft

*** PURSUANT TO 17 CFR 240.24B--2, CONFIDENTIAL INFORMATION HAS BEEN OMITTED AND HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A CONFIDENTIAL TREATMENT APPLICATION FILED WITH THE COMMISSION.

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Exhibit 3 - Form of Trust's Warranty Bill of Sale	
Exhibit 4 - Form of Delivery Receipt	
Exhibit 5 - Form of Storage Agreement	
Exhibit 6 - Form of BFE Bill of Sale	

AIRCRAFT ACQUISITION AND SALE AGREEMENT dated as of November 13, 2001 among THE AMOR TRUST, acting through the Owner Trustee (the "TRUST"), WILMINGTON TRUST COMPANY, not in its individual capacity except as expressly provided herein but solely as Owner Trustee of the Trust (the "OWNER TRUSTEE"), WELLS FARGO BANK NORTHWEST, NATIONAL ASSOCIATION, not in its individual capacity but solely as Indenture Trustee (the "INDENTURE TRUSTEE"), and SOUTHWEST AIRLINES CO. ("SOUTHWEST").

WHEREAS the Trust has been organized by the Owner Participant for the purpose of causing the Trust to purchase and acquire title to the Aircraft from the Manufacturer, financing the Acquisition Cost and Transaction Costs through issuance of the Certificates, arranging for storage of the Airframes and the Engines until the Deferred Delivery Dates and then selling the Aircraft to Southwest; and

WHEREAS Southwest consents to the sale of the Aircraft to the Trust pursuant to the Purchase Agreement Assignment and this Agreement and agrees to purchase each Aircraft from the Trust on the relevant Deferred Delivery Date for the relevant Deferred Purchase Price.

NOW, THEREFORE, the parties to this Agreement hereby agree as follows:

SECTION 1. Definitions. All terms not otherwise defined in this Agreement shall have the meanings given such terms by the Certificate Purchase Agreement and the Indenture. The following terms shall have the meanings set forth below:

"ACCELERATED DEFERRED DELIVERY EVENT" shall have the meaning set forth in Section 3(b) hereof.

"ACCEPTANCE CERTIFICATE" shall mean, with respect to each Aircraft, an aircraft receipt in the form set out in Exhibit 2 to this Agreement executed by, or on behalf of, the Trust.

"ACQUISITION COST" for any Aircraft shall mean the Purchase Price Balance for such Aircraft.

"AIRCRAFT" shall mean each complete aircraft, including related Engines, listed on Schedule I hereto and referred to in the Purchase Agreement Assignment and the Purchase Agreement as the Boeing Model 737-7H4 aircraft required to be manufactured by the Manufacturer and delivered to the Trust or Southwest, as the case may be, together with any alterations, modifications or additions permitted by Section 6 hereof.

"AIRFRAME" shall mean with respect to any Aircraft the airframe and other equipment and parts required by the Purchase Agreement to be included therein, exclusive of Engines, together with any alterations, modifications or additions permitted by Section 6 hereof.

"AIRLINE PROGRESS PAYMENTS" shall have the meaning specified in Section 3(a) (i) (A).

"BFE" shall mean, with respect to each Aircraft, the buyer furnished equipment installed on such Aircraft and listed on Schedule I to the relevant BFE Bill of Sale.

[Aircraft Acquisition and Sale Agreement]

"BDSC" shall mean Boeing Domestic Sales Corporation, a Washington Corporation.

"BDSC AIRCRAFT" shall mean the Aircraft bearing manufacturer's serial number 29818.

"BFE BILL OF SALE" shall mean, with respect to each Aircraft, a warranty bill of sale in the form set forth in Exhibit 6 to this Agreement executed by Southwest in favor of the Trust and covering the BFE relating to such Aircraft.

"DEFERRED DELIVERY DATE" with respect to an Aircraft shall mean the Payment Date falling in the calendar month set opposite such Aircraft in Column (C) of Schedule I hereto; provided that if any such day is not a Business Day, such day shall be the next succeeding Business Day in the same calendar month and, if there is no such day, shall be the next preceding Business Day. The Deferred Delivery Date for any Aircraft may be accelerated as provided in Section 3(b) hereof.

"DEFERRED DELIVERY LOCATION" shall mean the Storage Contractor's facility in Mojave, California.

"DEFERRED PURCHASE PRICE" with respect to each Aircraft shall mean the amount specified in Column (H) of Schedule I hereto with respect to such Aircraft, which amount shall be (i) reduced, Dollar-for-Dollar, by the amount that the Purchase Price Balance paid by the Trust for such Aircraft is less than the Maximum Purchase Price Balance for such Aircraft and (ii) adjusted, if necessary, pursuant to Section 3(c) hereof.

"DELIVERY DATE" with respect to an Aircraft shall have the meaning specified in the Purchase Agreement Assignment.

"DELIVERY RECEIPT" shall mean, with respect to each Aircraft, a delivery receipt in the form set forth in Exhibit 4 to this Agreement executed by Buyer and Seller and covering such Aircraft.

"ENGINE" shall mean each of the two engines (as such term is defined in the Purchase Agreement) which the Manufacturer is required under the Purchase Agreement Assignment and the Purchase Agreement to deliver with respect to each Aircraft.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974 as amended from time to time.

"EXCESS PURCHASE PRICE" with respect to any Aircraft shall mean the amount by which the Purchase Price Balance for such Aircraft exceeds the Maximum Purchase Price Balance for such Aircraft.

"INDENTURE" shall mean the Trust Indenture and Security Agreement dated as of the date hereof among the Trust, Wilmington Trust Company (in its individual capacity and as Owner Trustee) and the Indenture Trustee, as the same may be supplemented, modified or amended from time to time.

2

[Aircraft Acquisition and Sale Agreement]

"LUV TRUST" shall mean the special purpose trust formed pursuant to the Trust Agreement dated as of August 29, 1995 between Spectrum Capital, Ltd. and Mitsubishi Trust & Banking Corporation (U.S.A.), as Trustee.

"MANUFACTURER" shall mean The Boeing Company, a Delaware corporation.

"MANUFACTURER'S BILLS OF SALE" shall mean, with respect to each Aircraft or Airframe, the Manufacturer's FAA Bill of Sale and the Manufacturer's Warranty Bill of Sale with respect thereto.

"MANUFACTURER'S FAA BILL OF SALE" shall mean, with respect to each Aircraft or Airframe, an AC Form 8050-2 bill of sale executed by the Manufacturer or, in respect of the BDSC Aircraft, BDSC in favor of the Trust and covering such Aircraft or Airframe.

"MANUFACTURER'S WARRANTY BILL OF SALE" shall mean, with respect to each Aircraft, a full warranty bill of sale in the form set forth in Exhibit 1 to this Agreement executed by the Manufacturer or, in respect of the BDSC Aircraft, BDSC in favor of the Trust and covering such Aircraft.

"MAXIMUM PURCHASE PRICE BALANCE" with respect to any Aircraft shall mean the amount specified for such Aircraft in Column (G) of Schedule I hereto.

"OTHER PROGRESS PAYMENTS" with respect to any Aircraft shall mean the progress or advance payments made by Southwest under the Purchase Agreement and which are in the amounts specified for such Aircraft in Column (D) of Schedule I hereto.

"PLAN" means an employee benefit plan (within the meaning of Section 3(3) of ERISA and including any multiemployer plan within the meaning of Section 3(37)(A) of ERISA) which has been established or maintained or to which contributions are or have been made, by Southwest or an affiliate in which Southwest has a beneficial ownership of at least 50 percent.

"PROGRESS PAYMENTS" with respect to any Aircraft shall mean the progress or advance payments made by the Luv Trust under the Purchase Agreement and which are in the amounts specified for such Aircraft in Column (E) of Schedule I hereto.

"PURCHASE AGREEMENT" shall mean the Purchase Agreement No. 1810 dated as of January 19, 1994 between Southwest and the Manufacturer together with all letter agreements and supplements thereto as in effect on the date hereof, as the same may be modified, amended or supplemented in accordance with the terms thereof and, if in respect of the Aircraft, of the Purchase Agreement Assignment.

"PURCHASE AGREEMENT ASSIGNMENT" shall mean the Purchase Agreement Assignment dated as of the date hereof between Southwest and the Trust, as the same may be modified, amended or supplemented from time to time.

"PURCHASE AGREEMENT COSTS" shall mean all amounts, costs, indemnities and obligations under the Purchase Agreement which have been assigned to and assumed by the Trust pursuant

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[Aircraft Acquisition and Sale Agreement]

to the Purchase Agreement Assignment, including any Excess Purchase Price but excluding any Deferred Purchase Price.

"PURCHASE PRICE BALANCE" shall have the meaning specified in the Purchase Agreement Assignment.

"REIMBURSABLE COSTS" shall mean all costs, expenses, obligations and liabilities incurred by the Trust or the Trust Estate pursuant to Section 6.05 of the Trust Agreement, Section 8 of the Certificate Purchase Agreement and Section 8.01 of the Indenture or incurred by the Owner Participant pursuant to Sections 5.03, 6.07, 7.01 and 7.02 of the Trust Agreement.

"REQUIRED INSURANCE" shall mean insurance with respect to each Aircraft meeting the requirements of Section 4.10 of the Indenture.

"STORAGE AGREEMENT" shall mean the aircraft storage and maintenance agreement dated as of the date hereof among the Trust, the Storage Contractor and Southwest substantially in the form of Exhibit 5 hereto.

"STORAGE CONTRACTOR" shall mean Avtel Services, Inc.

"SUPPLEMENTAL PROGRESS PAYMENTS" shall mean the payments required to be made by Southwest under Section 3(a)(i)(C) hereof.

"TRANSFER TAXES" shall have the meaning specified in Section 3(a)(iii).

"TRUST'S BILLS OF SALE" shall mean, with respect to each Aircraft, the Trust's FAA Bill of Sale and the Trust's Special Warranty Bill of Sale with respect thereto.

"TRUST'S FAA BILL OF SALE" shall mean, with respect to each Aircraft, an AC Form 8050-2 bill of sale executed by the Trust in favor of Southwest and covering such Aircraft.

"TRUST'S SPECIAL WARRANTY BILL OF SALE" shall mean, with respect to each Aircraft, a bill of sale in the form set forth in Exhibit 2 to this Agreement executed by the Trust in favor of Southwest and covering such Aircraft.

SECTION 2. Acquisition of the Aircraft by the Trust.

(a) (i) (i) Assignment and Sale. Subject to the satisfaction of the conditions specified in Sections 4 and 5 of the Certificate Purchase Agreement, on the Closing Date, Southwest will assign and sell to the Trust its rights under the Purchase Agreement with respect to the Aircraft pursuant to the Purchase Agreement Assignment.

(ii) Progress Payments. Subject to the satisfaction of the conditions specified in Sections 4 and 5 of the Certificate Purchase Agreement, as part of the assignment and sale contemplated by the preceding clause (i), the Manufacturer will certify the amounts of the Progress Payments and Other Progress Payments paid in respect of the Aircraft under the Purchase Agreement, the Trust will repay to the Luv Trust on the Closing Date the Progress Payments, Southwest will assign to the Trust its

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rights in the Other Progress Payments and the Trust will thereupon have to its credit under the Purchase Agreement progress payments in like amounts in respect of the Aircraft. The payment to the Luv Trust shall be made in immediately available funds to the account of Mitsubishi Trust & Banking Corporation (U.S.A.) at Bankers Trust, New York, ABA number 021001033, Account number 04-164-045, Reference: Luv Trust.

(iii) Aircraft and BFE. Subject to satisfaction or waiver of the relevant conditions precedent set forth in Section 2(d)

hereof, the Trust will pay to the Manufacturer or, in respect of the BDSC Aircraft, BDSC on the Delivery Date for each Aircraft the Acquisition Cost (which shall include any Excess Purchase Price) for such Aircraft by wire transfer of immediately available funds to the account of the Manufacturer at The Chase Manhattan Bank, New York, New York, ABA number 021000021, Account number 910-1-012764, Reference: Southwest Airlines. Upon receipt of such payment for any Aircraft, the Manufacturer or, in respect of the BDSC Aircraft, BDSC will transfer legal and equitable title to such Aircraft to the Trust on the Delivery Date therefor (but in no event later than the Commitment Termination Date) free and clear of all Liens, and Southwest will transfer legal and equitable title to the BFE installed on such Aircraft to the Trust on such Delivery Date free and clear of all Liens. Each sale of an Aircraft shall be evidenced by (x) the Manufacturer's or, in respect of the BDSC Aircraft, BDSC's delivery to the Trust of a Manufacturer's Warranty Bill of Sale with respect to such Aircraft and (y) Southwest's delivery to the Trust of a BFE Bill of Sale with respect to such Aircraft.

(b) Acquisition Cost Final. Notwithstanding any provision to the contrary contained in the Purchase Agreement or otherwise, the Acquisition Cost for each Aircraft shall be final and binding on the Manufacturer, BDSC and the Trust. It is intended that the purchase of each Aircraft by the Trust shall satisfy all of Southwest's obligations to pay the Manufacturer or, in respect of the BDSC Aircraft, BDSC for such Aircraft under the Purchase Agreement and the Purchase Agreement Assignment.

(c) Southwest as Trust's Agent. The Trust hereby appoints Southwest to act as its agent (1) to accept physical delivery of each Aircraft from the Manufacturer or, in respect of the BDSC Aircraft, BDSC on the Delivery Date therefor and to act as the Trust's authorized representative in connection therewith, (2) to administer and enforce claims which may arise in respect of the exceptions report referred to in Section 7(c) hereof and the warranty and support arrangements under the Purchase Agreement as assigned pursuant to the Purchase Agreement Assignment, (3) to administer and give and receive all notices under the Storage Agreement, the Certificate Purchase Agreement and the Indenture, (4) to perform the obligations set forth in the Storage Agreement, (5) to perform all of the Trust's obligations under Article IV of the Indenture and (6) to perform the obligations of the Trust under paragraphs 1, 2, 3 and 7 of Section 2(d) hereof. Subject to the Granting Clause of the Indenture, the Trust hereby delegates to Southwest as its agent the power and the right on behalf of the Trust to enforce the obligations of the other parties to the aforesaid agreements, to pursue any claims which the Trust may have for any payment, reimbursement or indemnity payable to the Trust by any of such other parties and to exercise on behalf of the Trust, but subject and subordinate the rights

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granted to the Indenture Trustee under the Indenture, the options or rights granted to the Trust under the Storage Agreement, Sections 8, 10, 11 and 12 of the Certificate Purchase Agreement and the definition of Permitted Investments in, and Sections 2.11, 2.12, 2.13, 3.07 and 4.03, of the Indenture. Southwest agrees to perform such services as agent at its own cost and expense in view of its prospective purchase of the Aircraft pursuant to this Agreement. The appointment of Southwest hereunder shall be effective only so long as no Indenture Event of Default shall have occurred and be continuing.

(d) Conditions Precedent. The obligations of the Trust to take the actions required by Section 2(a)(iii) hereof on each Delivery Date shall be subject to satisfaction or waiver by the Trust, the Indenture Trustee and (so long as there is no Indenture Event of Default continuing) Southwest of the following conditions precedent:

1. Notice. The Trust shall have delivered to all other parties hereto written notice of such Delivery Date at least five Business Days prior to such date.

2. Inspection. The Trust shall have been afforded the opportunity to inspect the Aircraft to be delivered on such Delivery Date for a minimum period of 48 hours.

3. Acceptance Certificate. After completion of the aforesaid inspection, the Trust shall have executed an Acceptance Certificate pursuant to the Purchase Agreement acknowledging that the Aircraft subject to delivery on such Delivery Date meets the

specifications set forth in the Purchase Agreement, with any exceptions noted, provided that the Trust shall not execute such Acceptance Certificate with respect to any Aircraft unless the Loan Participants have approved the list of exceptions, if any, noted on such Acceptance Certificate.

4. Certificate Purchase Agreement Closing. The conditions precedent set forth in Sections 4 and 5 of the Certificate Purchase Agreement shall have been satisfied or waived to the extent that such conditions are required to have been met on such Delivery Date.

5. Closing Documents. Each party to this Agreement shall have received, or waived the right to receive, execution copies of all documents, certificates, instruments, and opinions required to be delivered to the Loan Participants under the Certificate Purchase Agreement, with the exception of the opinion of counsel to the Loan Participants.

6. Excess Purchase Price. Any Excess Purchase Price and Purchase Agreement Costs payable with respect to the Aircraft to be delivered on such Delivery Date shall have been paid.

7. Resale Certificate. The Trust shall execute and deliver to the Manufacturer a resale tax exemption certificate.

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SECTION 3. Sale of the Aircraft to Southwest.

(a) Airline Progress Payments; Agreements to Purchase and Sell; Supplemental Progress Payments. (i) (A) Airline Progress Payments. Southwest hereby irrevocably and unconditionally covenants and agrees with the Trust that on each Payment Date it will pay to the Trust progress payments in an amount equal to the sum of (x) all accrued interest due and payable on the Certificates on such Payment Date and (y) all accrued Commitment Fees due and payable on such Payment Date (collectively, the "AIRLINE PROGRESS PAYMENTS").

(B) Deferred Purchase Prices. Southwest hereby irrevocably and unconditionally covenants and agrees with the Trust that it will on the Deferred Delivery Date for each Aircraft purchase such Aircraft from the Trust on an "as-is, where-is" basis by paying to the Trust an amount equal to the Deferred Purchase Price for such Aircraft. Subject to the Trust acquiring each Aircraft pursuant to Section 2 and Southwest paying the Deferred Purchase Price therefor together with any Purchase Agreement Costs or Transfer Taxes then due and payable, the Trust hereby covenants and agrees with Southwest that it will on the Deferred Delivery Date for each Aircraft transfer, convey and sell all of its right, title and interest in and to such Aircraft to Southwest on an "as-is, where-is" basis without representation or warranty. The Trust will deliver each Aircraft to Southwest at the Deferred Delivery Location. In connection with the sale of an Aircraft, the Trust shall execute and deliver to Southwest at Southwest's expense the Trust Bill of Sale for such Aircraft, and Southwest shall execute and deliver to the Trust the Delivery Receipt for such Aircraft together with a common carrier tax exemption certificate for such Aircraft.

(C) Supplemental Progress Payments. Southwest hereby irrevocably and unconditionally covenants and agrees with the Trust to pay as and when due all Various Amounts, Purchase Agreement Costs, Reimbursable Costs and Excess Purchase Price.

(ii) Manner of Making Payments; Payment to Indenture Trustee. All payments pursuant to this Agreement shall be made, and the obligation in respect thereof shall be discharged, if received by the recipient thereof by 11:00 a.m. New York time on the date payment is due in Dollars and in immediately available funds (and, if received after such time on such date, such payment shall be deemed to have been received on the next succeeding Business Day). If any Deferred Delivery Date is not a Business Day, then payment shall be due on the next succeeding Business Day. At least two Business Days prior to each Deferred Delivery Date, the Indenture Trustee on behalf of the Trust shall deliver to Southwest an invoice setting forth the amount of the Deferred Purchase Price as of such Deferred Delivery Date in reasonable detail, which invoice shall be conclusive absent manifest error. All payments of Airline Progress Payments, Deferred Purchase

Price and Supplemental Progress Payments and all other amounts payable hereunder shall be paid by Southwest to the Trust at the Owner Trustee's office at 1100 North Market Street, Rodney Square North, Wilmington, Delaware 19890-0001, Attention: Corporate Trust Administration, or as the Trust may otherwise direct from time to time in writing; provided, that so long as the Indenture shall not have been discharged pursuant to Section 11.01 thereof, the Trust hereby irrevocably directs, and

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Southwest agrees, that all payments of Airline Progress Payments, Deferred Purchase Price and Supplemental Progress Payments and all other amounts payable hereunder shall be paid directly to the Indenture Trustee at its office at Wells Fargo Bank Northwest, National Association, 79 South Main Street, Salt Lake City, Utah 84111, ABA number 121000248, Account number 0510922115, Reference: Southwest Airlines Amor Trust, Attention: Corporate Trust Services, or as the Indenture Trustee may otherwise direct, at such time so as to be received by the Indenture Trustee prior to 11:00 a.m. New York time on the date of payment (and, if received after such time on such date, such payment shall be deemed to have been received on the next succeeding Business Day). Notwithstanding the foregoing, all Excess Purchase Price and Purchase Agreement Costs shall be paid by Southwest to the Manufacturer or its order. Any amounts payable by Southwest under this Section 3(a) not paid when due shall bear interest at the Past Due Rate, payable upon demand.

(iii) Transfer Taxes. Southwest shall be responsible for and shall indemnify the Trust for, from and against all Taxes of any nature levied, assessed, charged or collected in connection with the sale and purchase of the Aircraft hereunder and under the Purchase Agreement and under the Trust's Bills of Sale and the Manufacturer's Bills of Sale (such Taxes are collectively referred to herein as "TRANSFER TAXES").

(b) Deferred Delivery Dates. The date for the purchase and sale of each Aircraft under Section 3(a) hereof shall be the earliest of the following:

1. The Deferred Delivery Date for such Aircraft;

2. The date on which (A) the Allocated Balance of the Certificates in respect of any Aircraft becomes due and payable as a result of the occurrence of an Event of Loss in respect of such Aircraft or (B) the Certificates become due and payable by acceleration or otherwise under the Indenture as the result of an Indenture Event of Default; provided that Southwest shall have received at least five Business Days' prior written notice of such due date in the case of an Indenture Event of Default not caused by a breach by Southwest of its express obligations under the Operative Agreements or any other event involving Southwest which is an Indenture Event of Default; and

3. Subject to Section 2.11(b) of the Indenture, the date specified by Southwest in a written notice delivered to the Indenture Trustee and the Trust at least five Business Days prior to such date on which Southwest wishes to purchase such Aircraft pursuant to this Agreement in advance of such Aircraft's scheduled Deferred Delivery Date (any such acceleration of the Deferred Delivery Date of an Aircraft shall be referred to as an "ACCELERATED DEFERRED DELIVERY EVENT"); provided that no Accelerated Deferred Delivery Event in respect of an Aircraft may occur prior to the Delivery Date for such Aircraft.

In the case of Section 3(b)(2)(b) above, if the Delivery Date for any Aircraft shall not have occurred on or prior to the occurrence of such Indenture Event of Default, notwithstanding the provisions of such Section, the Trust shall have no further obligation to purchase such Aircraft

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from the Manufacturer under the Purchase Agreement, and Southwest shall have no further obligation to purchase such Aircraft from the Trust hereunder.

(c) Certain Amounts to be Credited. The Deferred Purchase

Price payable by Southwest for each Aircraft shall be reduced to the extent of any of the following:

1. In the case of any Aircraft that is subject to an Event of Loss, the amount of insurance or condemnation proceeds (excluding liability insurance in respect of any Indemnatee) received and retained by the Indenture Trustee (as loss payee or as assignee of the Trust) or, after the Indenture shall have been discharged, the Trust; and

2. In the case of the last Aircraft to be purchased by Southwest, an amount equal to the amounts on deposit in the Collateral Account on the last Deferred Delivery Date.

(d) Assignment of Warranties and Other Rights. Effective upon the sale of each Aircraft by the Trust to Southwest, the Trust hereby assigns, sells, transfers and conveys unto Southwest all claims or rights with respect to insurance (other than with respect to liability coverage for the Indemnitees), requisition or condemnation proceeds or indemnities or claims of any kind against any person relating to such Aircraft and all covenants, warranties, service plans, support arrangements and other obligations of the Manufacturer and the Engine Manufacturer with respect to such Aircraft under this Agreement and the Purchase Agreement to the extent the same have been assigned to the Trust under the Purchase Agreement Assignment. In consideration for such assignment, Southwest hereby accepts its obligations and agrees to be bound by the limitations set forth in such covenants, warranties, service plans, support arrangements and other obligations of the Manufacturer and the Engine Manufacturer. Notwithstanding the foregoing, no such assignment shall relieve or diminish the obligation of the Manufacturer or the Engine Manufacturer with respect to any indemnity or other obligations to the Indemnitees. The Trust further agrees that upon the purchase of each Aircraft by Southwest and the discharge of the Lien of the Indenture with respect to such Aircraft, Southwest shall succeed to all of the Trust's rights with respect to such Aircraft as against all of the parties to this Agreement and the Certificate Holders under all of the Operative Agreements, and the Trust agrees, at Southwest's expense, to execute and deliver any and all such further instruments and documents and take such further action as Southwest may reasonably request in writing in order to obtain the full benefit of this reassignment.

(e) Obligations Unconditional. The obligations of Southwest under Section 3(a) shall be absolute and unconditional and shall not be affected by any fact, circumstance, condition or event whatsoever including, without limitation, any of the following:

1. The condition or location of any Aircraft, Airframe or Engine, any defect in the title thereto or in the registration, airworthiness, design, operation or fitness for use of any Aircraft or any Engine or any Part or the existence of any Lien thereon or any damage to, or loss, theft, taking, requisition, condemnation, confiscation, or

destruction of any Equipment or any inability to deliver possession of any Equipment for any reason whatsoever.

2. Any failure by the Manufacturer, BDSC, the Engine Manufacturer, the Trust, the Trust Company, the Owner Participant, the Indenture Trustee or the Storage Contractor to perform any of their obligations under this Agreement, the Purchase Agreement, the Purchase Agreement Assignment, the Storage Agreement, any other Operative Agreement or any other contract.

3. The occurrence of any Event of Loss or Indenture Default.

4. Any insolvency, bankruptcy, reorganization, moratorium or similar case or proceeding by or against any party to the Operative Agreements.

5. Any set-off, counterclaim, recoupment, defense or other right which any party to the Operative Agreements may have against any other party to the Operative Agreements for any reason whatsoever whether arising as the result of the transactions contemplated thereby or otherwise.

6. Any misrepresentation by any of the parties to the Operative Agreements, including without limitation the representations of the Trust Company or the Owner Trustee in Section 3(f) hereof.

7. Any invalidity or unenforceability or disaffirmance of this Agreement or any other Operative Agreement, or any provision hereof or thereof, in each case whether against or by Southwest or otherwise.

8. The inability, for any reason whatsoever, of the Trust to deliver the Trust's Bills of Sale referred to in Section 3(a) hereof.

The obligations of the Trust to sell any Aircraft on the applicable Deferred Delivery Date shall be conditioned only on the receipt by the Trust of the Deferred Purchase Price and all other amounts due in respect of such Aircraft.

If for any reason whatsoever this Agreement shall be terminated in whole or in part by operation of law or otherwise except as specifically provided herein, Southwest nonetheless agrees to pay an amount equal to each Airline Progress Payment and Deferred Purchase Price payment at the time such payment would have become due and payable in accordance with the terms hereof had this Agreement not been terminated in whole or in part. All amounts of Airline Progress Payment and Deferred Purchase Price payable by Southwest shall be paid without notice or demand (except as otherwise expressly provided) and without abatement, suspension, deferment, deduction, diminution or proration by reason of any circumstance or occurrence whatsoever. Southwest hereby waives, to the extent permitted by applicable law, any and all rights which it may now have or which at any time hereafter may be conferred upon it, by statute or otherwise, to terminate, cancel, quit or surrender this Agreement or any part hereof, or to any abatement, suppression, deferment, diminution, reduction or proration of Airline Progress Payment and Deferred Purchase Price except in accordance with the express terms hereof. Each payment of Airline Progress Payment and Deferred Purchase

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Price made by Southwest shall be final as to Southwest and the Trust. Southwest will not seek to recover all or any part of any such payment of Airline Progress Payment and Deferred Purchase Price for any reason whatsoever. In addition, except as provided in Section 2(a)(ii) hereof, under no circumstance shall the Trust (or any assignee thereof) be liable to Southwest for any Progress Payments, Other Progress Payments or any other advance payments made under the Purchase Agreement. Southwest covenants that it will remain obligated under this Agreement in accordance with its terms and will take no action to terminate, rescind or avoid this Agreement solely as a result of the bankruptcy, insolvency, reorganization, composition, readjustment, liquidation, dissolution, winding-up or other similar proceeding affecting the Trust or the Owner Participant or any other action with respect to this Agreement which may be taken in any such proceeding by any trustee or receiver of the Trust or the Owner Participant or by any court.

(f) Absence of Warranties. NONE OF THE TRUST, THE OWNER TRUSTEE (IN ITS INDIVIDUAL OR ITS TRUST CAPACITY), THE INDENTURE TRUSTEE, THE OWNER PARTICIPANT OR ANY LOAN PARTICIPANT MAKES, HAS MADE OR SHALL BE DEEMED TO MAKE OR HAVE MADE, AND EACH HAS AND WILL BE DEEMED TO HAVE EXPRESSLY DISCLAIMED, ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO THE TITLE, AIRWORTHINESS, VALUE, CONDITION, DESIGN, OPERATION, MERCHANTABILITY OR FITNESS OR SUITABILITY FOR ANY PARTICULAR USE OR PURPOSE OF THE AIRCRAFT OR ANY PART THEREOF, AS TO THE ABSENCE OF LATENT OR OTHER DEFECTS, WHETHER OR NOT DISCOVERABLE, AS TO THE ABSENCE OF ANY INFRINGEMENT OF ANY PATENT, TRADEMARK OR COPYRIGHT, AS TO THE ABSENCE OF ANY OBLIGATIONS BASED ON STRICT LIABILITY IN TORT, OR ANY OTHER REPRESENTATION OR WARRANTY WHATSOEVER, EXPRESS OR IMPLIED, WITH RESPECT TO THE AIRCRAFT OR ANY PART THEREOF, except that the Owner Trustee (in its individual and its trust capacity) (A) represents and warrants that on each Delivery Date, the Trust shall have received whatever title to any Aircraft as is conveyed to it by the Manufacturer, or, in respect of the BDSC Aircraft, BDSC, (B) represents and warrants that on each Deferred Delivery Date, the Aircraft conveyed to Southwest by the Trust shall be free of Liens attributable to the Trust Company in its individual capacity, (C) covenants that the Trust Company shall not directly or indirectly create, incur, assume or suffer to exist any Lien attributable to it in its individual capacity on or with respect to any Aircraft, any Airframe or any Engine or any portion of the Trust Estate and that the Owner Trustee shall not in its trust capacity create any Lien on any Aircraft, Airframe or Engine other than the Lien of the Indenture without Southwest's consent and (D) represents and warrants that the

Trust Company is on the date hereof, and on the Delivery Date it will be, a "citizen of the United States" as defined in Section 40102(a)(15) of the Federal Aviation Act and the rules and regulations of the FAA thereunder, and agrees that if at any time it shall obtain actual knowledge that it has ceased to be a "citizen of the United States" as defined in Section 40102(a)(15) of the Federal Aviation Act, it shall promptly notify Southwest and the Indenture Trustee.

(g) No Effect on Other Warranties, etc. None of the provisions of Section 3(e) or (f) or any other provision of the Operative Agreements shall amend, modify, waive or otherwise affect the representations, warranties or other obligations

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(express or implied) of the Manufacturer or the Engine Manufacturer or any subcontractor or release the Manufacturer, the Engine Manufacturer or any subcontractor from any such representation, warranty or obligation.

(h) Certain Proceeds to Southwest. Upon the fulfillment by Southwest of all of its obligations to purchase the Aircraft pursuant to Section 3(a) above and the discharge of the Lien of the Indenture, any funds remaining in the Collateral Account and any proceeds of, or claims with respect to insurance, liquidated damages, requisition, condemnation, indemnities, warranties or other amounts relating to the Aircraft (including any obligations of the Manufacturer to bear any costs included in the Deferred Purchase Price but excluding insurance or indemnity claims in respect of liabilities of any Indemnatee) shall belong to Southwest and shall, if held or received by either of them, be immediately distributable to Southwest by the Trust and the Indenture Trustee.

(i) Liquidated Damages. If Southwest shall, for any reason, fail to pay in full the Deferred Purchase Price for any Aircraft on any Deferred Delivery Date (or, if earlier, the date specified in Section 3(b) hereof), the Trust shall be entitled to sell or otherwise dispose of such Aircraft or any part thereof (including any Engine), at public or private sale and with or without notice to Southwest or advertisement, as the Owner Trustee may determine, and Southwest shall pay to the Trust, on the date of such sale, as liquidated damages for loss of a bargain and not as a penalty, an amount equal to the sum of (i) the excess, if any, of the Deferred Purchase Price for such Aircraft, over the net proceeds of such sale, after deduction of all expenses incurred in connection with such sale, plus (ii) interest, to the extent permitted by applicable law, at the Past Due Rate on such Deferred Purchase Price from such Deferred Delivery Date (or earlier such date) to the date of actual payment plus (iii) all Supplemental Progress Payments theretofore due and payable.

SECTION 4. Southwest's Representations. Southwest covenants, represents and warrants to and with each Certificate Holder, the Owner Participant, the Trust, the Owner Trustee in its individual capacity and as Owner Trustee, and the Indenture Trustee, in its individual capacity and as Indenture Trustee, that on each Delivery Date:

(i) Southwest is a corporation duly organized and validly existing in good standing under the laws of the State of Texas, is a "citizen of the United States" and an "air carrier" within the meaning of the Act operating under a certificate issued pursuant to Section 401 thereof and of the type referred to in 11 U.S.C. Section 1110, holds an air carrier operating certificate under the Act, has the full power, authority and legal right to own its properties or hold such properties under lease and to enter into and perform its obligations under each Operative Agreement to which it is a party, in accordance with the provisions thereof, and is duly qualified to do business as a foreign corporation in good standing in all jurisdictions in which the nature of the business conducted by it makes such qualification necessary and where failure to so qualify would have a material adverse effect on the financial condition of Southwest and its subsidiaries taken as a whole;

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(ii) the execution, delivery and performance by Southwest of each Operative Agreement to which it is a party, in

accordance with the provisions thereof, have been duly authorized by all necessary corporate action on the part of Southwest, do not require any stockholder approval, or approval or consent of any trustee or holder of any indebtedness or obligations of Southwest, and do not and will not contravene any law, judgment, governmental rule, regulation or order currently in effect or in effect at the time of execution and delivery of such document and binding on Southwest or any of its subsidiaries or the certificate of incorporation or by-laws of Southwest or any of its subsidiaries or contravene the provisions of, or constitute a default under, or result in the creation of any Lien upon the property of Southwest under, any indenture, mortgage, bank credit agreement, note or bond purchase agreement, long-term lease, license or other agreement or instrument to which Southwest or any of its subsidiaries is a party or by which it or any of its subsidiaries may be bound or affected;

(iii) neither the execution and delivery by Southwest of the Operative Agreements to which it is a party, nor the consummation by Southwest of any of the transactions contemplated thereby in accordance with the provisions thereof, requires the consent or approval of, the giving of notice to, or, except as described in clause (vi) of this Section 4, the registration with, or the taking of any other action in respect of, the United States Department of Transportation, the FAA, the Securities and Exchange Commission or any other federal, state or foreign government authority or agency or the taking of any other action under any applicable law;

(iv) the Operative Agreements to which Southwest is a party each constitute legal, valid and binding obligations of Southwest enforceable in accordance with the terms hereof and thereof, except as such enforceability may be limited by general equitable principles and by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally;

(v) the unaudited consolidated balance sheet of Southwest and its consolidated subsidiaries as of June 30, 2001, the audited consolidated balance sheet of Southwest and its consolidated subsidiaries as of December 31, 2000 and the related consolidated statements of operations, common stockholders' equity and cash flows for the periods then ended (copies of which have been furnished to each Loan Participant) have been prepared in accordance with generally accepted accounting principles, fairly set forth in all material respects the financial position of Southwest and its consolidated subsidiaries as of said dates and the results of operations and cash flows for such periods; since December 31, 2000, except for matters disclosed in the financial statements referred to above or in its reports on Forms 8-K and 10-Q delivered prior to the date of this Agreement (copies of which have been furnished to each Loan Participant), there has been no material adverse change in the financial condition of Southwest or its ability to perform its obligations under the Operative Agreements;

(vi) except for (A) the registration of the Aircraft in the name of the Trust pursuant to the Act, (B) the filing for recording pursuant to the Act of the Manufacturer's FAA Bills of Sale, the Trust Agreement, the Indenture (with the Trust Agreement attached as an exhibit) and each Indenture and Trust Agreement Supplement,

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(C) the filing of the financing statements referred to in the Certificate Purchase Agreement under the applicable Uniform Commercial Code and (D) the taking of possession by the Indenture Trustee of the original counterpart of this Agreement, no further action, including any filing or recording of any document, is necessary or advisable in order to establish and perfect the Trust's title to and interest in any Equipment, or to perfect the first mortgage Lien on any Equipment and the Indenture Estate in favor of the Indenture Trustee and the assignment of this Agreement to the Indenture Trustee pursuant to the Indenture in any applicable jurisdiction in the United States;

(vii) neither Southwest nor any subsidiary of Southwest is an "investment company" or a company "controlled" by an "investment company", within the meaning of the Investment Company Act of 1940, as amended;

(viii) there are no legal or governmental actions, suits or proceedings or, to Southwest's knowledge, investigations pending to which Southwest is a party or of which any of its property is subject other than: (A) as set forth in the financial statements and

quarterly and annual reports referred to in clause (v) of this Section 4, or (B) legal or governmental actions, suits or proceedings which would not, in Southwest's reasonable opinion, in the aggregate have a material adverse effect on the financial condition of Southwest and its subsidiaries taken as a whole or Southwest's ability to perform its obligations under the Operative Agreements to which it is a party; and no such actions, suits or proceedings are known by Southwest to be threatened or contemplated by government authorities or threatened by others;

(ix) none of the transactions contemplated by the Operative Agreements (including, without limitation, the use of the proceeds from the issuance of the Certificates) will violate or result in a violation of Section 7 of the Securities Exchange Act of 1934, as amended, or any regulations issued pursuant thereto, including, without limitation, Regulations G, T and X of the Board of Governors of the Federal Reserve System, and none of the proceeds from the sale of the Certificates will be used, directly or indirectly, to purchase, or to refinance any borrowing, the proceeds of which were used to purchase, any "security" within the meaning of said Securities Exchange Act;

(x) Southwest is not in default in the performance of any term or condition of the Purchase Agreement;

(xi) no governmental approval of any kind is required of the Owner Participant, the Trust Company, the Loan Participants, the Trust or the Indenture Trustee for their respective execution and delivery of or performance under the Operative Agreements by reason of any fact or circumstance of Southwest, the nature of the Aircraft or Southwest's, the Trust's or the Manufacturer's proposed operations or use of the Aircraft;

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(xii) on each Delivery Date and each Deferred Delivery Date, all Transfer Taxes then due with respect to the relevant Aircraft then being transferred have been paid;

(xiii) Southwest has filed all income tax returns which are required to be filed, and has paid all taxes due and payable and all tax assessments received by it, except for taxes: (A) being contested in good faith by appropriate proceedings for which adequate reserves have been recorded in Southwest's books in accordance with generally accepted accounting principles as reasonably determined by Southwest and its accountants in good faith; or (B) the nonpayment of which would not have a material adverse effect on the financial condition of Southwest and its subsidiaries taken as a whole;

(xiv) assuming the truth of the representations contained in Section 6(e) of the Certificate Purchase Agreement, Southwest has not engaged in any transaction in connection with which Southwest could be subjected to either a material civil penalty assessed pursuant to Section 502(i) of ERISA, or a material tax imposed by Section 4975 of the Code; no material liability to the Pension Benefit Guaranty Corporation has been incurred by Southwest with respect to any Plan; there has been no event or condition which presents a material risk of termination by the Pension Benefit Guaranty Corporation of any Plan currently maintained or contributed to by Southwest or any affiliate; Southwest and each affiliate has fulfilled its obligations under the minimum funding standards of ERISA and the Internal Revenue Code with respect to each Plan; neither Southwest nor any affiliate has sought a waiver of the minimum funding standard under Section 412 of the Internal Revenue Code in respect of any Plan; no material amount of "withdrawal liability" as that term is used in Section 4201 of ERISA, has been or is expected to be incurred by Southwest nor has Southwest or any affiliate of Southwest been notified by any multiemployer Plan that such multiemployer Plan is in reorganization or insolvency within the meaning of Section 4241 or Section 4245 of ERISA or that such multiemployer Plan intends to terminate or has been terminated under Section 4041A of ERISA;

(xv) there are no broker's or underwriter's fees payable in connection with the transactions contemplated in the Operative Agreements other than as specified in the Certificate Purchase Agreement;

(xvi) Southwest and its authorized agents have not offered Certificates or beneficial interests in the Trust Estate for sale by means of any form of general solicitation or general advertising, and have not offered to sell (A) the Certificates to any persons other than the Loan Participants and not more than 50 other

institutional investors, each of whom was offered a portion thereof at a private sale for investment or (B) beneficial interests in the Trust Estate to any persons other than the Owner Participant; and in the case of each offering by Southwest and its authorized agents, Certificates and beneficial interests in the Trust Estate have been offered solely as bank loans in the ordinary course of business or for investment and not for resale or distribution and the offeree has been a person considered to have such knowledge and experience in financial and business matters as to be capable of evaluating the merits and

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to have such financial position as to be capable of bearing the risks of an investment in the Certificates and beneficial interests in the Trust Estate; Southwest agrees that it has not offered, and neither it nor any authorized person acting on its behalf will hereafter offer, any of the Certificates or the beneficial interests in the Trust Estate for sale to, or solicit any offers to buy any of the Certificates or the beneficial interests in the Trust Estate from, or otherwise approach or negotiate in respect thereof with, any person or persons whomsoever, so as thereby to result in the making and delivery of the Certificates or the creation and distribution of the beneficial interests in the Trust Estate being in violation of the provisions of Section 5 of the Securities Act of 1933, as amended; as used in this subparagraph, the term the "Certificates" means the Certificates initially to be delivered to the Loan Participants or any similar security or securities;

(xvii) Southwest has delivered to special New York counsel to the Loan Participants a true, correct and complete copy of the Purchase Agreement with respect to the Aircraft; and

(xviii) there stands to the credit for the Aircraft Price (as defined in the Purchase Agreement) of each Aircraft under the Purchase Agreement the Progress Payments and the Other Progress Payments specified for such Aircraft in Schedule I hereto.

SECTION 5. Southwest's Covenants. Southwest covenants and agrees as follows (which agreements shall be performed at Southwest's cost and expense):

(i) Southwest will cause to be done, executed, acknowledged and delivered each and every further act, conveyance and assurance as the Trust, the Indenture Trustee or any Certificate Holder shall reasonably require for accomplishing the purposes of the Operative Agreements. Southwest, forthwith upon delivery of each Aircraft or Airframe to the Trust, shall cause such Aircraft or Airframe to be duly registered, and at all times thereafter to remain duly registered, under the Act in the name of the Trust, shall promptly take such action with respect to the recording, filing, rerecording and refiling of the Trust Agreement and the Indenture and the supplements thereto as is necessary to maintain the interests and rights of the Trust in and to the Aircraft and the perfection of the security interests created by the Indenture and shall furnish to the Trust such information (other than information which the Manufacturer has agreed to provide and other than with respect to the citizenship of the Owner Participant and the Trust) as may be required or desirable to enable the Trust to make application for such registration under the Act, and shall promptly furnish to the Trust such information (other than information which the Manufacturer has agreed to provide and other than with respect to the citizenship of the Trust) as may be required to enable the Trust timely to file any reports required or desirable to be filed by it with any governmental authority because of the Trust's ownership of the Aircraft.

(ii) Southwest will cause each Manufacturer's FAA Bill of Sale, each affidavit of citizenship, the Trust Agreement, the Indenture and each Indenture and Trust Agreement Supplement to be promptly filed and recorded or filed for recording, to the extent required or permitted under the Act, or required under any other

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[Aircraft Acquisition and Sale Agreement]

applicable law. The following documents shall be filed for recording with the FAA on the Delivery Date in the following order of priority: first, on the Closing Date, the Trust Agreement, second, the

Manufacturer's FAA Bill of Sale for the Airframe delivered on such Delivery Date and third, the Indenture (filed on the Closing Date) and the Indenture and Trust Agreement Supplement with respect to such Airframe, to be effected by so filing the Indenture with the Trust Agreement and the Indenture and Trust Agreement Supplement attached as exhibits thereto. Southwest upon request shall provide photocopies of file stamped copies of documents filed and recorded with the FAA.

(iii) Southwest shall at all times maintain its corporate existence. Southwest will do or cause to be done all things necessary to preserve and keep in full force and effect its rights (charter and statutory) and franchises; provided, however, that Southwest shall not be required to preserve any right or franchise if Southwest shall reasonably determine that the loss thereof will not materially adversely affect Southwest's business or financial condition or Southwest's ability to perform its obligations under the Operative Agreements.

(iv) Southwest also agrees to furnish following the date of this Agreement to the Trust, the Owner Participant, each Certificate Holder and the Indenture Trustee (A) within two months after the end of the first, second and third quarterly accounting periods in each fiscal year of Southwest, a consolidated balance sheet of Southwest and its consolidated subsidiaries prepared by it as of the close of the accounting period then ended, together with the related consolidated statements of operations, common stockholders' equity and cash flows for the quarter then ended and reinvested earnings for such accounting period certified by the Treasurer, the chief accounting officer or a financial vice president of Southwest, (B) within three months after the close of each fiscal year of Southwest, a consolidated balance sheet of Southwest as of the close of such fiscal year and the related consolidated statements of operations, common stockholders' equity and cash flows and reinvested earnings for the fiscal year then ended as prepared and certified by nationally recognized certified public accountants, including their opinion, (C) promptly upon transmission thereof, copies of all regular and periodic reports furnished by Southwest to its stockholders, (D) promptly after filing with the Securities and Exchange Commission, copies of Southwest's annual reports on Form 10-K (including all corresponding annual reports to shareholders), quarterly reports on Form 10-Q and current reports on Form 8-K, including any amendments of such reports, (v) immediate telephonic advice after Southwest obtains knowledge that there has occurred an Event of Loss or that there exists an Indenture Event of Default, confirmed promptly by an officer's certificate describing such default in reasonable detail, and (vi) from time to time such other information as the Trust, any Certificate Holder or the Indenture Trustee may reasonably request. Southwest's obligations pursuant to clauses (A) and (B) of the foregoing sentence may be satisfied by furnishing to the Trust and the Indenture Trustee the reports on Forms 10-K and 10-Q in accordance with clause (D) of the foregoing sentence.

(v) Southwest will not directly or indirectly create, incur, or suffer to exist any Lien on or with respect to any Aircraft, any Airframe or any Engine or the Trust's title thereto or any other part of the Trust Estate except Permitted

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[Aircraft Acquisition and Sale Agreement]

Encumbrances. Southwest will promptly, at its own expense, take or cause to be taken such action as may be necessary to discharge any Lien which is prohibited by this paragraph (v).

(vi) Southwest will not carry or otherwise maintain insurance in respect of any Aircraft other than in the manner set forth in Section 4.10(d) of the Indenture.

(vii) Southwest agrees to duly and punctually perform, or shall ensure that the Trust duly and punctually performs, all of the Trust's obligations under Article IV of the Indenture.

SECTION 6. Repairs and Modification. From the Delivery Date through the Deferred Delivery Date for each Aircraft, Southwest shall be allowed to make any repairs to or modifications of the Aircraft required by the FAA or under the warranties and support arrangements contained in the Purchase Agreement or, so long as no Indenture Event of Default is continuing, as are desired by Southwest as preservice modifications. Such repairs and modifications shall be effected in a manner which conforms to the requirements of the Indenture. Repairs and modifications required by the FAA or desired by Southwest shall be performed by the Storage Contractor or Southwest and shall be at the sole cost and expense of Southwest.

SECTION 7. Miscellaneous.

(a) Governing Law. THIS AGREEMENT IS BEING DELIVERED IN THE STATE OF NEW YORK AND SHALL IN ALL RESPECTS BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE.

(b) Counterparts; Amendments; Successors and Assigns. This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument, and any of the parties hereto may execute this Agreement by signing any such counterpart. This Agreement may be terminated, amended, supplemented, waived or modified only by an instrument in writing signed by all of the parties hereto. So long as no Indenture Event of Default shall have occurred and be continuing, the Trust shall not enter into any amendment to any Operative Agreement without Southwest's prior written consent (which consent shall not be unreasonably withheld or delayed). The terms of this Agreement shall be binding upon and shall inure to the benefit of each of the parties to this Agreement and their successors and assigns.

(c) Assignment to Indenture Trustee. The parties to this Agreement acknowledge that all of the Trust's rights and interests under this Agreement and the other Indenture Documents (including, without limitation, all rights of the Trust to execute any election or option, to give any notice, consent, waiver or approvals or to enforce any right or remedy) have been assigned and transferred to the Indenture Trustee pursuant to the Indenture as security for the Certificates and the other obligations of the

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[Aircraft Acquisition and Sale Agreement]

Trust to the Indenture Trustee and the holders under the Operative Agreements and, so long as the Lien of the Indenture remains in effect, all rights and remedies of the Trust hereunder and under the other Indenture Documents shall be exercised exclusively by the Indenture Trustee without the consent of the Trust. Each party hereto consents to the foregoing assignment and transfer and acknowledges receipt of a copy of Indenture and all of the terms thereof. All notices and other communications to the Trust hereunder, and under the other Indenture documents shall be copied to the Indenture Trustee.

(d) Trust Capacity. The Owner Trustee is executing this Agreement on behalf of the Trust solely as trustee under the Trust Agreement, except as expressly provided herein, and the Indenture Trustee is entering into this Agreement solely as trustee as provided in the Indenture and, except as expressly provided herein, not in its individual capacity, and, except as expressly provided herein, in no case whatsoever shall either of them be liable in its individual capacity for any of the statements, representations, warranties, agreements or obligations of the Trust or the Indenture Trustee, as the case may be, hereunder or for any loss in respect thereof, as to all of which the parties agree to look solely to the Trust Estate and the Indenture Estate respectively; provided, however, that the Owner Trustee and the Indenture Trustee in their respective individual capacities shall be liable hereunder for gross negligence or willful misconduct. The Trust Company in its individual capacity hereby covenants to Southwest that it will promptly remove any Owner's Liens on the Trust Estate arising by, through or under the Trust Company.

(e) Notices. Unless otherwise specifically provided herein, all notices required or permitted by the terms hereof or the other Operative Agreements shall be in writing and shall be delivered personally, sent by overnight express, or, if promptly confirmed as provided above, dispatched by telegram, telex or other written (i) if to the Indenture Trustee, addressed to it at its office at 79 South Main Street, Salt Lake City, Utah 84111, Attention: Corporate Trust Services (telecopy: (801) 246-5053), (ii) if to the Owner Trustee, the Trust or the Trust Company, addressed to it at its office at 1100 North Market Street, Rodney Square North, Wilmington, Delaware 19890, Attention: Corporate Trust Department (telecopy: (302) 651-1576), or (iii) if to Southwest, addressed to it at its office at 2702 Love Field Drive, Dallas Texas 75235, Attention: Vice President and Treasurer (telecopy: (214) 792-4022).

(f) Consent to Jurisdiction. Any legal action or proceeding arising out of or relating to this Agreement or any other Operative Agreement may be instituted in the United States in the courts of the United States for the Southern District of New York (or, absent

jurisdiction in such Federal courts, in the courts of the State of New York located in New York, New York), and each of the Trust, the Owner Trustee, the Indenture Trustee and Southwest, in respect of itself and its properties and revenues, irrevocably submits to the jurisdiction of these courts in any such action or proceeding. Each of the Trust, the Owner Trustee, the Indenture Trustee and Southwest agrees that final judgment against it in any legal action or proceeding arising out of or relating to this Agreement or any other Operative Agreement shall be conclusive and may be enforced in any other jurisdiction within or outside the United States by suit on the judgment, a certified or exemplified copy of which judgment shall be conclusive evidence thereof and of the amount of its indebtedness, or by such other means provided by law.

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[Aircraft Acquisition and Sale Agreement]

EACH PARTY HERETO WAIVES ANY RIGHT IT MAY HAVE TO A JURY TRIAL IN ANY PROCEEDING REFERRED TO ABOVE. The agreement set forth in this Section 7(f) is given solely for the benefit of the parties hereto and such agreement is not intended to and shall not inure to the benefit of any other Person.

* * *

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[Aircraft Acquisition and Sale Agreement]

IN WITNESS WHEREOF, the parties hereto have caused this Aircraft Acquisition and Sale Agreement to be duly executed by their respective officers thereunto duly authorized as of the day and year first above written.

THE AMOR TRUST, by Wilmington Trust
Company, not in its individual capacity,
but solely as Owner Trustee

By: /s/ W. CHRIS SPONENBERG

Title: VICE PRESIDENT

WILMINGTON TRUST COMPANY, not in its
individual capacity, but solely as Owner
Trustee

By: /s/ W. CHRIS SPONENBERG

Title: VICE PRESIDENT

WELLS FARGO BANK NORTHWEST NATIONAL
ASSOCIATION,
as Indenture Trustee

By: /s/ C. SCOTT NIELSEN

Title: VICE PRESIDENT

SOUTHWEST AIRLINES CO.

By: /s/ LAURA WRIGHT

Title: VP FINANCE & TREASURER

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[Aircraft Acquisition and Sale Agreement]

EXHIBIT 1

BILL OF SALE

KNOW ALL MEN BY THESE PRESENTS:

THAT [THE BOEING COMPANY/BOEING DOMESTIC SALES CORPORATION] (SELLER), a Delaware corporation, is the owner of the full legal and beneficial title to that certain Boeing Model 737-7H4 aircraft manufactured by The Boeing Company bearing Federal Aviation Administration Registration Identification Number N_____ and manufacturer's serial number _____, together with two (2) CFM International CFM56-7 engines installed thereon manufactured by CFM International, Inc. bearing manufacturer's serial numbers _____ and _____, respectively, together with all appliances, parts, instruments, appurtenances, accessories, furnishings, or other equipment or property installed on or attached to said aircraft and engines, other than Buyer Furnished Equipment (BFE).

THAT for and in consideration of the sum of \$1.00 and other valuable consideration SELLER does this ____ day of _____, 200_, grant, convey, transfer, bargain and sell, deliver, assign and set over pursuant and subject to the terms and conditions of Purchase Agreement No. 1810, dated January 19, 1994, all of SELLER's right, title and interest in and to the above described aircraft, engines, appliances, parts, instruments, appurtenances, accessories, furnishings and/or other equipment or property (other than BFE) to THE AMOR TRUST (BUYER), a Delaware Business Trust formed pursuant to the Trust Agreement dated as of November 13, 2001, between Wilmington Trust Company and Amor Aircraft Corporation, as Owner Participant, and unto its successors and assigns forever.

THAT SELLER hereby warrants to BUYER, its successors and assigns, that there is hereby conveyed to BUYER on the date hereof, good, marketable and sufficient legal and beneficial title to the aforesaid aircraft, engines, appliances, parts, instruments, appurtenances, accessories, furnishings and/or other equipment or property (other than BFE), free and clear of all liens, encumbrances and rights of others, and that it will warrant and defend such title forever against all claims and demands whatsoever.

THIS BILL OF SALE IS DELIVERED BY SELLER TO BUYER IN, AND GOVERNED BY THE LAW OF, THE STATE OF WASHINGTON.

IN WITNESS WHEREOF, Seller has caused this Bill of Sale to be executed this ____ day of _____, 200_.

[THE BOEING COMPANY/BOEING
DOMESTIC SALES CORPORATION]

By: _____
Title:

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[Aircraft Acquisition and Sale Agreement]

EXHIBIT 2

ACCEPTANCE CERTIFICATE

EXHIBIT 2
Page 1

[Aircraft Acquisition and Sale Agreement]

EXHIBIT 3

BILL OF SALE

KNOW ALL MEN BY THESE PRESENTS:

THAT THE AMOR TRUST (SELLER), a Delaware Business Trust formed pursuant to the Trust Agreement dated November 13, 2001, between the Wilmington Trust Company and Amor Aircraft Corporation, as Owner Participant, received on _____, 200_ (i) a Bill of Sale from The Boeing Company with respect to that certain Boeing Model 737-7H4 aircraft bearing Federal Aviation Administration Registration Identification Number N_____ and manufacturer's

serial number _____, together with two (2) CFM International CFM56-7 engines installed thereon bearing manufacturer's serial numbers _____ and _____, respectively, together with all appliances, parts, instruments, appurtenances, accessories, furnishings, or other equipment or property installed on or attached to said aircraft and engines and (ii) a BFE Bill of Sale from Southwest Airlines Co. with respect to certain Buyer Furnished Equipment (BFE).

THAT for and in consideration of the sum of \$1.00 and other valuable consideration SELLER does this ____ day of ___, 200__, grant, convey, transfer, bargain and sell, deliver, assign and set over all of SELLER's right, title and interest in and to the above described aircraft, engines, appliances, parts, instruments, appurtenances, accessories, furnishings, BFE and/or other equipment or property to SOUTHWEST AIRLINES CO. (BUYER), it being understood and agreed that SELLER is hereby conveying to BUYER all of the right, title and interest conveyed to it by [The Boeing Company/Boeing Domestic Sales Corporation] and BUYER, if any, but without representation or warranty of any kind whatsoever.

THIS BILL OF SALE IS DELIVERED BY SELLER TO BUYER IN, AND GOVERNED BY THE LAW OF, THE STATE OF CALIFORNIA.

IN WITNESS WHEREOF, Seller has caused this Bill of Sale to be executed this ____ day of ___, 200__.

THE AMOR TRUST, by Wilmington Trust
Company, not in its individual
capacity, but solely as Owner Trustee

By: _____
Title:

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[Aircraft Acquisition and Sale Agreement]

EXHIBIT 4

DELIVERY RECEIPT

SOUTHWEST AIRLINES CO. hereby accepts and acknowledges receipt from THE AMOR TRUST in accordance with the terms and conditions of the Aircraft Acquisition and Sale Agreement dated as of November 13, 2001 between the parties thereto of one Boeing Model 737-7H4 aircraft bearing manufacturer's serial number _____, together with two (2) CFM International CFM56-7 engines installed thereon bearing manufacturer's serial numbers _____ and _____ in Mojave, California, on [date] at ____ [a.m./p.m. (PST/PDT)].

SOUTHWEST AIRLINES CO.,
as Buyer

By: _____
Title:

THE AMOR TRUST,
by Wilmington Trust Company,
not in its individual capacity but solely as Owner
Trustee,
as Seller

By: _____
Title:

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EXHIBIT 5
STORAGE AGREEMENT

AIRCRAFT STORAGE AND MAINTENANCE
AGREEMENT
#01-0280

BY AND BETWEEN
AVTEL SERVICES, INC.

AND
THE AMOR TRUST

AND
SOUTHWEST AIRLINES CO.

DATED AS OF
NOVEMBER 13, 2001

FAA REPAIR STATION NO.: LVTR751K

EXHIBIT 5

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EXHIBIT 5

AIRCRAFT STORAGE AND MAINTENANCE AGREEMENT
AVTEL Services, Inc. and The Amor Trust and Southwest Airlines Co.
- -----

INTRODUCTION

This Agreement, dated as of November 13, 2001 and between AVTEL Services, Inc., hereinafter referred to as "AVTEL", The Amor Trust, acting through Wilmington Trust Company, not in its individual capacity but solely as Owner Trustee, hereinafter referred to as "Owner/Operator" and Southwest Airlines Co., hereinafter referred to as "Southwest".

Whereas, AVTEL is an FAA-approved Repair Station #LVTR751K, which maintains and operates certain facilities located at the East Kern County Airport (Mojave Airport), Mojave, California, (hereinafter referred to as "Facility") for the maintenance, modification, repair, overhaul, storage, and functional testing of aircraft, parts, and components; and

Whereas, the Owner/Operator desires to enter into an agreement with AVTEL for the maintenance and/or storage of certain B-737-600/700/800/900 aircraft which together with the engines, components, aircraft historical records, parts and equipment installed thereon, including any replacements, or substitutions therefore, are singularly and collectively referred to herein as the "Aircraft"; and

Whereas, AVTEL is willing to perform such services for the Owner/Operator pursuant to the RATES, TERMS AND CONDITIONS hereinafter described and as set forth in Appendix B attached hereto:

Now, therefore, in consideration of the stated premise and the mutual covenants herein contained, the parties hereto agree as follows:

ARTICLE 1. SCOPE OF AGREEMENT

AVTEL shall perform certain storage services (the "Basic Services") for Owner/Operator as specified in writing by the Owner/Operator and stated in Appendix A hereto.

Any maintenance performed on the Aircraft by AVTEL shall be in accordance with the maintenance program/documentation for the Aircraft as supplied in writing by the Owner/Operator and performed at the rates as set forth in Appendix B and subject to the following conditions:

- (a) Upon specific prior approval and written authorization of the Owner/Operator, pursuant to a work order request in the form set forth in Appendix C hereto, AVTEL shall perform additional work, services,

maintenance, repair or replacement resulting from either additional requirements revealed during the performance of the Basic Services or from additional requirements of the Owner/Operator (hereinafter the "Additional Services"). Such Additional Services shall be accomplished in accordance with the provisions of this article and shall be subject to all the terms and conditions contained in this Agreement. All such Additional Services shall be fully documented.

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AIRCRAFT STORAGE AND MAINTENANCE AGREEMENT

AVTEL Services, Inc. and The Amor Trust and Southwest Airlines Co.

In the event Additional Services are requested by Owner/Operator, AVTEL shall submit a written proposal or proposals to the Owner/Operator for the performance of such Additional Services. Each proposal shall include, but not be limited to: a description of the service(s); an estimated price for labor and materials; and the effect, if any, the performance thereof shall have upon the redelivery date of the Aircraft, or on any of the other terms and conditions of this Agreement. All Additional Services will be performed through AVTEL at its Facility.

(b) The Owner/Operator's Authorized Representative (AR) shall be empowered to make all decisions in the Owner/Operator's name and may authorize additional work on-site and only in writing. The signature or initials of the AR shall represent the official authorization of the Owner/Operator and shall authorize AVTEL to proceed with the Additional Services and purchase whatever parts are required to complete the authorized Additional Services. Work may proceed on such authorization only on written acceptance, endorsed by initials or signature of an AVTEL Planning Manager, or his/her designee. Southwest, as Owner/Operator's agent hereunder, hereby appoints Gary Bjarke and Bill Rogers as the Authorized Representatives for purposes of this Agreement. Owner/Operator reserves the right to change the Authorized Representatives of Owner/Operator (each, an "AR") on written notice to AVTEL.

(c) Repair items generated as a result of inspection, modification and/or maintenance are considered non-routine items and not considered Additional Services and shall be handled on an individual basis. The signature or initials of the Owner/Operator's AR shall constitute the official authorization for AVTEL to proceed with such repair items.

ARTICLE 2. TERM OF AGREEMENT

This Agreement shall be effective as of the 13th day of November 2001 and shall continue in effect until the 31st day of May 2003, unless extended or terminated as provided in Article 13.

ARTICLE 3. STANDARD OF SERVICE

The Services, Additional Services and other work performed by AVTEL pursuant to this Agreement shall be performed in accordance with applicable U.S. Federal Aviation Administration Regulations (FARs), Owner/Operator's provided and approved maintenance program, manufacturers's maintenance standards and/or any special instructions furnished by Owner/Operator in writing and accepted by AVTEL. AVTEL, with the prior written consent of Owner/Operator, may subcontract to other qualified repair or overhaul facilities some of the services to be provided to Owner/Operator. AVTEL shall at all times, during the term of this Agreement, maintain all licenses, permits and authorizations, including without limitation its FAA Repair Station license, reasonably required in connection with its performance of the Basic Services and Additional Services.

Nothing contained herein shall require either party to act contrary to any law, regulations or order of any governmental body or officer having jurisdiction hereof, or contrary to any permit or authorization

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AIRCRAFT STORAGE AND MAINTENANCE AGREEMENT

AVTEL Services, Inc. and The Amor Trust and Southwest Airlines Co.

granted to either party by any government or governmental body, or contrary to any arrangement pursuant to which AVTEL operates or utilizes any of its facilities, or in any manner that would cause AVTEL's insurance to be

invalidated.

To allow for adequate set up time, AVTEL's Planning Department requires all Owner/Operator furnished pertinent data under Article 4 ten (10) days prior to aircraft induction into maintenance. Owner/Operator recognizes that failure to provide data in a timely manner may affect AVTEL's ability to deliver the Aircraft in an efficient and timely manner.

Owner/Operator shall have the option to provide technicians, subcontractors, advisors, or any other person to perform services that are beyond AVTEL's capabilities while Aircraft is under AVTEL's custody with prior written authorization from AVTEL.

ARTICLE 4. CUSTOMER FURNISHED DATA

The Owner/Operator shall furnish AVTEL with the following technical data, as may be required, prior to delivery of each Aircraft for storage:

- Approved Maintenance Manuals/IPC/SRM and Wiring Diagrams
- Flight Operations Manual
- Routine Work Cards, as applicable

These documents will be completed as necessary and in accordance with all regulatory requirements and, in addition to all technical data such as all manuals, will be returned to the Owner/Operator when the Aircraft is redelivered with all other data returned to the Owner/Operator within seven (7) days after Aircraft is redelivered. Unless otherwise directed by Owner/Operator, all manuals and records will be returned to Southwest, attention Manager Aircraft Records, at the address set forth in Article 13 hereof.

Upon delivery of the Aircraft, the Owner/Operator shall make available for AVTEL's inspection at the Facility, the current maintenance flight log. This will remain with the work documents described above and will be returned to the Owner/Operator at redelivery.

ARTICLE 5. REPRESENTATION

Owner/Operator hereby appoints Southwest to act as its agent to administer and give and receive all notices under this Storage Agreement and to perform the obligations of Owner/Operator set forth herein. This agency may be revoked by ten (10) days prior written notice to AVTEL.

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AIRCRAFT STORAGE AND MAINTENANCE AGREEMENT

AVTEL Services, Inc. and The Amor Trust and Southwest Airlines Co.

The AR shall be available at all times, either on-site or via telephone, while work is being performed on the Owner/Operator's Aircraft. The AR is authorized to act for and on behalf of Owner/Operator and Southwest for all purposes under this Agreement. Owner/Operator recognizes that the unavailability or unwillingness to make a decision on the part of the designated AR may result in a work slow down or stoppage and possible charges for standby time. AVTEL shall provide the AR access to the premises where work is performed at all times that work is taking place on the Aircraft and at the risk and peril of the Owner/Operator. AVTEL shall provide the designated AR office space, as available, while work is being performed on the Aircraft. Long distance phone calls and/or telefax transmissions by the AR shall be billed to the Owner/Operator in accordance with Appendix B.

ARTICLE 6. DELIVERY

Delivery means the delivery of the Aircraft by the Owner/Operator to AVTEL prior to storage and/or commencement of maintenance service on the Aircraft. AVTEL and an Authorized Representative of Owner/Operator shall endorse the delivery of Aircraft and authorize the requested storage and/or maintenance services by the execution of a "Delivery Receipt" in the form attached hereto as part of Appendix A. All deliveries shall be at the Facility. AVTEL shall conduct, upon delivery of all storage aircraft, an inventory of loose equipment (to include aircraft historical records) and record avionics serial numbers.

ARTICLE 7. REDELIVERY

Upon receipt of at least ten (10) days notice from the Owner/Operator in the form attached hereto as Appendix D (the "Redelivery Notice"), AVTEL shall redeliver the Aircraft identified in such Redelivery Notice to Southwest, on the date set forth in such Redelivery Notice. If Southwest fails to take redelivery of any Aircraft on the date set forth in a Redelivery Notice, Southwest shall remain obligated for any charges arising from the continued storage of such Aircraft until redelivery.

AVTEL shall redeliver the Aircraft to the Owner/Operator and both parties hereto shall evidence the redelivery of Aircraft by the execution of a "Redelivery Receipt" in the form attached hereto as part of Appendix A.

AVTEL SHALL MAKE THE AIRCRAFT AVAILABLE TO OWNER/OPERATOR AT MOJAVE AIRPORT FOR DETAILED INSPECTION IN ORDER TO VERIFY THAT THE CONDITION OF THE AIRCRAFT AS IS SET FORTH HEREIN AND THAT THE AIRCRAFT DOCUMENTS HAVE BEEN MAINTAINED AS PROVIDED HEREIN REGARDING THE CONDITION, MAINTENANCE, STORAGE AND HISTORY OF THE AIRCRAFT DURING AVTEL'S POSSESSION.

At all times while the Aircraft is being flown, either for a functional test flight, acceptance test flight, or ferry flight, the Owner/Operator will be presumed to have accepted the Aircraft into its care, custody and control even in the event a receipt has not been effected.

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AIRCRAFT STORAGE AND MAINTENANCE AGREEMENT

AVTEL Services, Inc. and The Amor Trust and Southwest Airlines Co.

ARTICLE 8. FLIGHT OPERATIONS

During or upon completion of storage or the Services and/or any Additional Services on the Aircraft, but prior to redelivery thereof, the Owner/Operator or its designee, may conduct one or more test flights. (These flights may be for any purpose which may include maintenance test, demonstration, training, etc.). Each flight shall be at the option and expense of the Owner/Operator. Following the flight, AVTEL shall correct those items identified during such flight that the Owner/Operator requires and authorizes to be corrected.

Following each test flight, a formal post-flight debriefing will be held between AVTEL, the Owner/Operators' Flight Crew and the AR.

ARTICLE 9. EXCUSABLE DELAYS

AVTEL shall not be liable for any delay in the delivery of any Aircraft if the delay is caused by forces beyond the reasonable control of AVTEL including, but not limited to, delay by Owner/Operator in providing the necessary specifications, data, material or approvals which is a direct cause of AVTEL's delay in performance.

Neither party shall be liable for delay or failure in the performance in whole or in part of this agreement if such failure is caused by Acts of God or public enemy, fire, flood, strikes or other labor disputes (whether at the Facility or elsewhere), riots, insurrection, war governmental orders or actions, failure of transportation, delays occasioned by suppliers or subcontractors, failure by the other to comply with the terms hereof, or any cause beyond the control of such party whether or not specifically mentioned herein, such causes being termed "force majeure".

ARTICLE 10. INSURANCE AND INDEMNIFICATION

AVTEL shall, at all times while the Aircraft is in its possession pursuant to the Agreement, maintain in full force and effect policies of insurance issued by responsible carriers and affording the following coverages: (i) airport premises liability, including hangarkeeper's liability, (ii) products liability and completed operations coverage and, (iii) workmen's compensation coverage as required by law. The Owner/Operator shall, during the term of this Agreement, maintain or cause to be maintained all risk hull and liability insurance on the Aircraft. AVTEL shall name the Owner/Operator as additional insured party as regards premises liability only. A certificate of insurance will be sent to Owner/Operator within ten (10) days after execution and delivery of this Agreement.

The Owner/Operator shall name AVTEL as an additional insured party with waiver of subrogation for all in-flight operation of the Aircraft. In-flight operations shall include flight testing, demonstration flights, flight instruction and/or crew training, and the entire period of the delivery/redelivery flight.

Owner/Operator at its sole cost, shall provide reasonable Aircraft liability insurance for the Aircraft, including bodily injury and property damage liabilities. Such insurance shall include public liability, passenger liability, and property damage liability coverage and shall name AVTEL as an additional insured party therein. Owner/Operator shall furnish evidence of all such insurance to be obtained by it in form reasonably satisfactory to AVTEL prior to the date flights are participated in or conducted by AVTEL.

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AIRCRAFT STORAGE AND MAINTENANCE AGREEMENT

AVTEL Services, Inc. and The Amor Trust and Southwest Airlines Co.

The insurance policies referred to in this Article shall provide that they may not be canceled unless at least thirty (30) days prior written notice of such cancellation is provided to Owner/Operator and AVTEL, respectively. Only 30 days notice of cancellation will be provided if underwriters cancel the policy(ies). The policies referred to in this Article shall also provide that there will be no recourse against AVTEL for payment of premiums.

ARTICLE 11. WARRANTY

(a) AVTEL hereby warrants that its workmanship for the Services and Additional Services performed on the Aircraft to be free from defects for a period of 180 days from the date of redelivery of the Aircraft.

(b) AVTEL obligations and liabilities under this warranty are applicable only to the Aircraft, parts, and components which are the result of AVTEL's defective workmanship.

(c) The obligations and responsibilities of AVTEL pursuant to this warranty for the Services and Additional Services shall be limited to: (i) repair, (ii) replacement of parts, or (iii) reimbursement to the Owner/Operator for Owner/Operator's reasonable costs related directly to the necessary repair or replacement to remedy defect(s). If any condition that, upon inspection, is found to be defective, it shall be limited to either the repair or the re-overhaul of the Aircraft thereupon all at AVTEL's option. Owner/Operator will ship at its expense and risk the warranted equipment for correction to and from AVTEL.

(d) AVTEL's obligations and responsibilities under the warranty are expressly limited to an amount not to exceed the service charge made for the Service or Additional Service originally performed by AVTEL for the particular Aircraft.

(e) Obligations and responsibilities of the Owner/Operator: (i) Owner/Operator is obligated to give written notice to AVTEL of a malfunction, claimed to be within the scope of this warranty, within thirty (30) days of discovery thereof. (ii) Warranty work performed without the prior approval of AVTEL shall be at the sole expense of the Owner/Operator. (iii) Defects resulting from improper maintenance or misuse of the Aircraft by the Owner/Operator are not covered by this warranty. (iv) In the event that investigation discloses no defects in workmanship by AVTEL, the Owner/Operator shall pay AVTEL for expenses incurred in the teardown, investigation, reassembly, and test of the condition in question at AVTEL's standard labor and material rates.

(f) THE WARRANTIES OF AVTEL AND REMEDIES OF THE OWNER/OPERATOR SET FORTH ABOVE ARE EXCLUSIVE AND IN SUBSTITUTION FOR, AND THE OWNER/OPERATOR HEREBY WAIVES, RELEASES, AND RENOUNCES ALL OTHER WARRANTIES OF AVTEL AND RIGHTS, CLAIMS, AND REMEDIES OF THE OWNER/OPERATOR AGAINST AVTEL FOR ANY OTHER WARRANTY, EXPRESS OR IMPLIED, ARISING BY LAW OR OTHERWISE, WITH RESPECT TO ANY DEFECT IN THE AIRCRAFT OR AVTEL'S WORKMANSHIP, INCLUDING, BUT NOT LIMITED TO, (I) ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR USE, AND (II) ANY IMPLIED WARRANTY ARISING FROM COURSE OF PERFORMANCE, COURSE OF DEALING OR USAGE OF TRADE. IN NO EVENT SHALL AVTEL BE LIABLE UNDER THIS WARRANTY FOR SPECIAL, CONSEQUENTIAL, OR INCIDENTAL DAMAGES, INCLUDING LOSS OF USE OR LOSS OF PROFITS.

(g) The warranties are exclusive to the Owner/Operator and not assignable or transferable to any other party without the prior written consent of AVTEL, which consent shall not be unreasonable withheld.

(h) The responsibility for processing and pursuing warranty claims against manufacturers and other vendors shall rest with Owner/Operator. AVTEL agrees to assign such warranties to Owner/Operator to

EXHIBIT 5
Page 6

AIRCRAFT STORAGE AND MAINTENANCE AGREEMENT

the extent assignable and/or to cooperate with and assist Owner/Operator in processing and pursuing such warranties.

ARTICLE 12. PAYMENT

Owner/Operator or, pursuant to Article 7, Southwest shall pay, or cause to be paid, to AVTEL in accordance with the payment terms set forth in Appendix A and Appendix B for each Aircraft. Invoices shall be mailed to the following:

The Amor Trust
C/O Wilmington Trust Company, as Owner Trustee
1100 North Market Street, Rodney Square North
Wilmington, Delaware 19890
Attention: Corporate Trust Administration

With copies to:

Southwest Airlines Co.
2702 Love Field Dr.
Dallas, Texas 75235
Attn: Director of Maintenance Contracts

And

The Boeing Company
P.O. Box 3707
Mail Code 21-34
Seattle, WA 98124
Attn: Vice President - Contracts

Owner/Operator will provide notice of any dispute to AVTEL promptly following identification of the dispute. Each notice of dispute shall be in writing and set forth the disputed amount(s), the invoice number(s) to which the amount(s) relate and, in reasonable detail, the basis of the dispute.

The Owner/Operator or, pursuant to Article 7, Southwest shall pay to AVTEL for the Basic Services, Additional Services, and non-routine services as indicated in Appendix B "Rates / Terms and Conditions".

Any work performed by AVTEL on a time and material basis (T&M) will be subject to the following guidelines:

T&M work will usually consist of non-routine and customer requested items. T&M estimates are not firm, fixed price (FFP) quotes. Some T&M tasks will be completed in less time than estimated and some will be completed in more time than estimated. AVTEL will work the T&M tasks to the best of its ability under conditions that may exist on the aircraft after the estimate is made and approved. Actual work

EXHIBIT 5
Page 7

AIRCRAFT STORAGE AND MAINTENANCE AGREEMENT

AVTEL Services, Inc. and The Amor Trust and Southwest Airlines Co.

conditions may not conform to the conditions assumed by the person making the estimate initially. AVTEL will invoice T&M tasks for the actual hours incurred.

All payments to AVTEL, unless otherwise specified in Appendix B, under the amount of \$1,000,000.00 USD, shall be made by check or bank draft directly to AVTEL at the following address:

AVTEL Services, Inc
16880 Avtel Drive
Mojave, CA 93501-2006
Attention: Accounts Receivable

Payments under the amount of \$1,000,000.00 USD may be made by wire transfer as specified in the next paragraph.

All payments to AVTEL, unless otherwise specified in Appendix B, in excess of \$1,000,000.00 USD, shall be made by wire transfer to the following bank:

<Table>

<S>

<C>

<C>

U.S. Bank (formerly Santa Monica Bank)	Checking Account #:	153491811763
2450 Colorado Blvd., Suite 4000 West	FedWire Routing #:	122212611
Santa Monica, CA 90404-3515	ACH Routing #:	122235821
Attention: Mark A. Mitchell		

</Table>

If this Agreement is terminated under conditions other than those expressly stated herein, and other than for breach of this Agreement by AVTEL, Owner/Operator shall be responsible for the payment of all charges incurred up to and including the date of termination.

In the event that AVTEL shall not have received any payment due hereunder within ten (10) days after written notice of non-payment, AVTEL shall have the right to deem such non-payment to be a "STOP WORK AUTHORIZATION."

EXHIBIT 5

Page 8

AIRCRAFT STORAGE AND MAINTENANCE AGREEMENT

AVTEL Services, Inc. and The Amor Trust and Southwest Airlines Co.

ARTICLE 13. MISCELLANEOUS

Material Disposition

Prior to redelivery of Aircraft, Owner/Operator shall instruct AVTEL regarding the disposition of Owner/Operator's materials from the Facility. All Owner/Operator's materials not removed within ninety (90) days shall be considered abandoned, and AVTEL shall be entitled to dispose of such materials at Owner/Operator's expense.

Notices and Requests

All notices and requests in connection with this Agreement shall be given in writing and may be given by telecopy, overnight courier or certified U.S. mail, postage prepaid, return receipt requested communication addressed as follows:

AVTEL Services, Inc
16880 Avtel Drive
Mojave, CA 93501-2006
Attention: Contracts
(661) 824-4517 / (661) 824-5103 (F)

or to such other address or addressee and AVTEL shall from time to time designate in writing for this purpose, and in the case of notice to Owner/Operator, addressed to:

The Amor Trust
Wilmington Trust Company, Trustee
1100 North Market Street, Rodney Square North
Wilmington, Delaware 19890
Attention: Corporate Trust Administration
(302) 651-1834 / (302) 651-1576 (F)

With copies to:

Southwest Airlines Co.
2702 Love Field Dr.
Dallas, Texas 75235
Attn: Director of Maintenance Contracts
(214) 792-7456 / (214) 792-7400 (F)

or to such other address or addressee as Owner/Operator may from time to time designate in writing for this purpose.

EXHIBIT 5

Page 9

AIRCRAFT STORAGE AND MAINTENANCE AGREEMENT

AVTEL Services, Inc. and The Amor Trust and Southwest Airlines Co.

Assignment

Neither this Agreement nor any Basic Service nor Additional Service to be provided hereunder shall be assigned or delegated by AVTEL without the prior written consent of the Owner/Operator. Consent by the Owner/Operator to such assignment in one instance shall not constitute consent to any other assignment.

AVTEL acknowledges that this Agreement has been assigned by Owner/Operator to Wells Fargo Bank Northwest, National Association, Indenture Trustee as Security. AVTEL does hereby, waive its rights under Sections 9790 et seq. of the California Business and Professions Code, Sections 3051 et seq. of the California Civil Code and Sections 1208.61 et seq. of the California Code of Civil Procedures with regard to the Aircraft. AVTEL hereby grants to the Owner/Operator or its agent an irrevocable power of attorney, coupled with an interest, to sign such documents, effect such filings (including, without limitation, with the FAA and the California Secretary of State) and take such other action as the Trust or its agent shall deem necessary or useful to clear any materialmen's mechanic's, workmen's repairmen's or other like liens from the aircraft, or to establish that none exists. Notwithstanding any provision of this Agreement to the contrary, AVTEL will not terminate this Agreement or exercise any rights or remedies it may have hereunder, without providing at least ten (10) days advance written notice to the Owner/Operator.

Severability

Should any part of this Agreement be found invalid or unenforceable by competent authority, the balance of this agreement to the extent that it is not held invalid and unenforceable shall continue in full force and effect to the fullest extent permitted by law.

Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the State of California.

Attorneys' Fees

In the event an action is brought to enforce or construe the provisions of this Agreement, the prevailing party in such action (including any bankruptcy proceeding) shall be awarded costs and reasonable attorney's fees as part of the judgment in such action.

Termination

In the event a party hereto defaults in the observance or performance of any of its obligation herein contained, the other party may terminate this Agreement upon fifteen (15) days written notice to the defaulting party, specifying the default and requiring that the same be remedied. Termination shall become effective provided such default continues for said fifteen-day period.

EXHIBIT 5 Page 10

AIRCRAFT STORAGE AND MAINTENANCE AGREEMENT

AVTEL Services, Inc. and The Amor Trust and Southwest Airlines Co.

- - - - -

In the event of termination of this Agreement by either party, as provided in this Article, other than by default of AVTEL, Owner/Operator shall pay AVTEL for any expenses AVTEL may have incurred on behalf of the Owner/Operator for work in process and items ordered from vendors.

Entire Agreement And Changes

This Agreement constitutes the full and complete Agreement of the parties and supersedes any other agreement, understanding or representation whether verbal or in writing by or between AVTEL and the Owner/Operator. Any changes amendments or other modifications to the Agreement shall be in writing and executed by both parties hereto.

Independent Contractor

The parties hereto shall not have the authority to obligate the other parties hereto in any manner whatsoever without the prior written consent of such other parties having been obtained, it being understood that the relationship of the parties is that of independent contractors. Without limiting the foregoing, the parties shall have no authority to sign or contract for, or commit the other parties in any way, or accept any contract, or make any warranty, representation

or agreement on behalf of the other parties. Nothing herein is deemed to create a partnership or joint venture between the parties hereto.

Counterparts

This Agreement may be signed in any number of counterparts, each of which will be an original, and all of which together will constitute the same instrument.

Right to Audit

AVTEL shall, upon request by Owner/Operator, make available such of its books and records during normal business hours, as are reasonably required to verify hours worked, the cost of materials, subcontractor fees and charges, and other information reasonably relevant to time and material charges invoiced under this Agreement.

Trust Capacity

Wilmington Trust Company is executing this Agreement on behalf of The Amor Trust solely as Owner Trustee under the Trust Agreement dated as of November 13, 2001 with Amor Aircraft Corporation as Owner Participant and, except as expressly provided herein, not in its individual capacity, and, except as expressly provided herein, in no case whatsoever shall it be liable in its individual capacity for any of the statements, representations, warranties, agreements or obligations of The Amor Trust hereunder or for any loss in respect thereof, as to all of which the parties agree to look solely to The Amor Trust; provided, however, that Wilmington Trust Company in its individual capacity shall be liable hereunder for its gross negligence or willful misconduct.

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Page 11

AIRCRAFT STORAGE AND MAINTENANCE AGREEMENT

AVTEL Services, Inc. and The Amor Trust and Southwest Airlines Co.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed on the day set forth in the "Introduction" to this Agreement.

AVTEL SERVICES, INC.

THE AMOR TRUST
By Wilmington Trust Company,
not in its individual capacity
but solely as Owner Trustee

By: _____

By: _____

Name: Tim Mosich

Name: W. Chris Sponenberg

Title: Vice President,
Business Development & Contracts

Title: Vice President

Date: November 13, 2001

Date: November 13, 2001

SOUTHWEST AIRLINES CO.

By: _____

Name: Laura Wright

Title: Vice President-Finance and Treasurer

Date: November 13, 2001

EXHIBIT 5
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AIRCRAFT STORAGE AND MAINTENANCE AGREEMENT

AVTEL Services, Inc. and The Amor Trust and Southwest Airlines Co.

APPENDIX A
TO AIRCRAFT STORAGE AND MAINTENANCE AGREEMENT #01-0280

STATEMENT OF WORK

Owner/Operator shall from time to time deliver Aircraft to AVTEL under this Agreement. Owner/Operator will use its commercially reasonable efforts to provide AVTEL a delivery schedule, which delivery schedule may be modified from time to time by Owner/Operator. Upon delivery of an Aircraft and execution of a Delivery Receipt as set forth in Article 6 of the Agreement, the Aircraft identified in such Delivery Receipt shall become subject to the Agreement and AVTEL shall perform the Basic Services set forth in this Appendix A with respect to each such Aircraft under the terms set forth in this Agreement.

DESCRIPTION OF BASIC SERVICES/PRICING

The Basic Services to be performed in connection with each Aircraft delivered hereunder, and the prices for such Basic Services, are described below. The storage maintenance tasks performed as part of the Basic Services shall be in accordance with the Boeing 737-600/700/800/900 D6633A101-SWA, Aircraft Maintenance Manual, Part II, as supplied to AVTEL by Southwest Airlines, including the Prolonged Parking, APU and Power Plant Maintenance Practices set forth in such manual. The Basic Services will be provided on a firm, fixed price (FFP) basis as set forth in the table below. The FFP includes labor only. All Additional Services will be performed in accordance with the rates stated in Appendix B. All parts and materials will be provided in accordance with the rates stated in Appendix B.

The parties hereto agree that AVTEL shall perform the Basic Services during the term of this Agreement for up to 19 Boeing 737-600/700/800/900 Aircraft if delivered by Owner/Operator. AVTEL acknowledges and agrees that nothing in this Agreement obligates Southwest or the Owner/Operator to provide any minimum number of Aircraft to AVTEL hereunder or to store any Aircraft for any minimum period of time.

<Table>
<Caption>

TASK ----	FFP -----
<S>	<C>
Park, Receive Aircraft and Ground Handling - Per Occurrence	\$ 1,444.80
Incoming Inspection, Inventory, Video - Per Occurrence	\$ 722.40
10-12-02-550-802 (Induction into Storage) - Per Occurrence	\$14,936.25
10-12-02-620-802 (7-Day Repetitive Check) - Per Occurrence	\$ 225.75
10-12-02-620-803 (7/14-Day Repetitive Check) - Per Occurrence	\$ 496.65
10-12-02-620-804 (7/14/30-Day Repetitive Check) - Per Occurrence	\$ 1,038.45
10-12-02-620-805 (7/14/30/60-Day Repetitive Check) - Per Occurrence	\$ 1,941.45
10-12-02-620-806 (7/14/30/60-Day Repetitive Check) - Per Occurrence	\$ 6,456.45
10-12-02-620-807 (7/14/30/90-Day Repetitive Check) - Per Occurrence	\$ 2,122.05
10-12-02-620-808 (7/14/30/60/90/180-Day Repetitive Check) - Per Occurrence	\$ 7,901.25
10-12-02-620-809 (7/14/30/60/90/180/365-Day Repetitive Check) - Per Occurrence	\$12,235.65
10-12-02-550-801 (Reactivation from Storage) - Per Occurrence	\$16,931.25
Venting Aircraft (Outside Air Temperature Exceeds 85 Degrees Fahrenheit)	No Charge
Monthly Parking Fee (Each Aircraft)	\$ 200.00

</Table>

A-1

AIRCRAFT STORAGE AND MAINTENANCE AGREEMENT
AVTEL Services, Inc. and The Amor Trust and Southwest Airlines Co.

- - - - -

- o AVTEL will park the aircraft on a hard-packed surface (Unused Taxiway).
- o AVTEL will park the aircraft together as a group, segregated from other commercial aircraft in AVTEL's storage facility.
- o AVTEL will cordon off the area where the Aircraft are parked and access will be limited to those qualified maintenance personnel performing storage tasks on the aircraft.
- o AVTEL will have a spotter assist the driver any time mechanical equipment is operated in the immediate vicinity of the aircraft.
- o AVTEL will store aircraft records in a dedicated, segregated, secure location.

AIRCRAFT STORAGE AND MAINTENANCE AGREEMENT
AVTEL Services, Inc. and The Amor Trust and Southwest Airlines Co.

STATEMENT OF WORK

<Table>		
<S>	<C>	<C>
[AVTEL SERVICES, INC. LOGO]		
16880 AVTEL DRIVE, MOJAVE, CALIFORNIA 93501-2006		F.A.A. REPAIR STATION NO. LVTR751K

CUSTOMER:

PROPOSAL/CONTRACT NUMBER:

AIRCRAFT MAINTENANCE AGREEMENT IN EFFECT?

LOCATION	DATE (MM-DD-YY)	TIME
----------	-----------------	------

MOJAVE

AIRCRAFT TYPE	REGISTRATION NUMBER	MFG. SERIAL NUMBER
Boeing 737-400	N16912	46000
Boeing 737-400	N16913	46001
Boeing 737-400	N16914	46002
Boeing 737-400	N16915	46003
Boeing 737-400	N16916	46004
Boeing 737-400	N16917	46005
Boeing 737-400	N16918	46006
Boeing 737-400	N16919	46007
Boeing 737-400	N16920	46008
Boeing 737-400	N16921	46009
Boeing 737-400	N16922	46010
Boeing 737-400	N16923	46011
Boeing 737-400	N16924	46012
Boeing 737-400	N16925	46013
Boeing 737-400	N16926	46014
Boeing 737-400	N16927	46015
Boeing 737-400	N16928	46016
Boeing 737-400	N16929	46017
Boeing 737-400	N16930	46018
Boeing 737-400	N16931	46019
Boeing 737-400	N16932	46020
Boeing 737-400	N16933	46021
Boeing 737-400	N16934	46022
Boeing 737-400	N16935	46023
Boeing 737-400	N16936	46024
Boeing 737-400	N16937	46025
Boeing 737-400	N16938	46026
Boeing 737-400	N16939	46027
Boeing 737-400	N16940	46028
Boeing 737-400	N16941	46029
Boeing 737-400	N16942	46030
Boeing 737-400	N16943	46031
Boeing 737-400	N16944	46032
Boeing 737-400	N16945	46033
Boeing 737-400	N16946	46034
Boeing 737-400	N16947	46035
Boeing 737-400	N16948	46036
Boeing 737-400	N16949	46037
Boeing 737-400	N16950	46038
Boeing 737-400	N16951	46039
Boeing 737-400	N16952	46040
Boeing 737-400	N16953	46041
Boeing 737-400	N16954	46042
Boeing 737-400	N16955	46043
Boeing 737-400	N16956	46044
Boeing 737-400	N16957	46045
Boeing 737-400	N16958	46046
Boeing 737-400	N16959	46047
Boeing 737-400	N16960	46048
Boeing 737-400	N16961	46049
Boeing 737-400	N16962	46050
Boeing 737-400	N16963	46051
Boeing 737-400	N16964	46052
Boeing 737-400	N16965	46053
Boeing 737-400	N16966	46054
Boeing 737-400	N16967	46055
Boeing 737-400	N16968	46056
Boeing 737-400	N16969	46057
Boeing 737-400	N16970	46058
Boeing 737-400	N16971	46059
Boeing 737-400	N16972	46060
Boeing 737-400	N16973	46061
Boeing 737-400	N16974	46062
Boeing 737-400	N16975	46063
Boeing 737-400	N16976	46064
Boeing 737-400	N16977	46065
Boeing 737-400	N16978	46066
Boeing 737-400	N16979	46067
Boeing 737-400	N16980	46068
Boeing 737-400	N16981	46069
Boeing 737-400	N16982	46070
Boeing 737-400	N16983	46071
Boeing 737-400	N16984	46072
Boeing 737-400	N16985	46073
Boeing 737-400	N16986	46074
Boeing 737-400	N16987	46075
Boeing 737-400	N16988	46076
Boeing 737-400	N16989	46077
Boeing 737-400	N16990	46078
Boeing 737-400	N16991	46079
Boeing 737-400	N16992	46080
Boeing 737-400	N16993	46081
Boeing 737-400	N16994	46082
Boeing 737-400	N16995	46083
Boeing 737-400	N16996	46084
Boeing 737-400	N16997	46085
Boeing 737-400	N16998	46086
Boeing 737-400	N16999	46087
Boeing 737-400	N17000	46088
Boeing 737-400	N17001	46089

[illegible]

BY:	BY:
-----	-----
CUSTOMER/DELIVERY	AVTEL SERVICES, INC./RECEIVING PARTY

AIRCRAFT REDELIVERY

LOCATION	DATE (MM-DD-YY)	TIME
----------	-----------------	------

MOJAVE AM/PM

FINANCIAL CLEARANCE:

AVTEL FINANCE DEPARTMENT

BY:

BY:

CUSTOMER/RECEIVING PARTY

AVTEL SERVICES, INC./DELIVERING PARTY

COMPLETION OF FORM - PROCEDURE/DISTRIBUTION

AIRCRAFT DELIVERY: COMPLETE TOP SECTION, AND OBTAIN CUSTOMER SIGNATURE. PROVIDE ONE (1) COPY TO CUSTOMER, ONE (1) COPY TO FINANCE, AND ONE (1) COPY TO CONTRACTS.

AIRCRAFT REDELIVERY: COMPLETE BOTTOM SECTION, AND OBTAIN CUSTOMER SIGNATURE. PROVIDE ONE (1) COPY TO CUSTOMER, ONE (1) COPY TO FINANCE, AND ONE (1) COPY TO CONTRACTS.

</Table>

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AIRCRAFT STORAGE AND MAINTENANCE AGREEMENT

AVTEL Services, Inc. and The Amor Trust and Southwest Airlines Co.

APPENDIX A - CONTINUED
TO AIRCRAFT STORAGE AND MAINTENANCE AGREEMENT #01-0280

STATEMENT OF WORK

AIRCRAFT DELIVERY / REDELIVERY RECEIPT (BACK)

<Table>

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<C>

[AVTEL SERVICES, INC. LOGO]

16880 AVTEL DRIVE, MOJAVE, CALIFORNIA 93501-2006

F.A.A. REPAIR STATION NO. LVTR751K

AIRCRAFT DELIVERY COMMENTS

INSPECTION

Removed A/C Library
Log A/C Library
Removed A/C Certificates
Performed A/C Video

AIRCRAFT REDELIVERY COMMENTS

INSPECTION

Re-present A/C Library
(Customer must sign)
Re-place A/C Certificate
Present Redelivery Sheet to
Finance for Release
Record departing fuel load

</Table>

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AIRCRAFT STORAGE AND MAINTENANCE AGREEMENT

AVTEL Services, Inc. and The Amor Trust and Southwest Airlines Co.

APPENDIX B
TO AIRCRAFT STORAGE AND MAINTENANCE AGREEMENT #01-0280

RATES / TERMS AND CONDITIONS FOR ADDITIONAL SERVICES

The Services and Additional Services performed hereunder shall be carried out at the following prices and rates set forth below.

<Table>
<Caption>

LABOR RATES - - - - -	PER HOUR -----
<S>	<C>
Mechanic/Inspector (See Note 1)	\$43.00
Mechanic/Inspector Overtime	\$60.00
Backshop	\$60.00
Drop-In Maintenance	\$62.50
Non Destructive Test (NDT)	\$65.00
Engineering	\$70.00

Note 1: Inspection (Buy Back) hours will be included in the
non-routine estimate for labor hours. Per Hour rate is for
storage related maintenance only.

MATERIAL AND OUTSIDE SERVICES RATES

<Table>	
<S>	<C>
Parts and Materials	Cost + 17%
Outside Services	Cost + 17%
Customer Furnished Parts and Materials	No Charge
Freight	Cost
Miscellaneous Small Parts (<\$2.00)	2.5% of Total Labor Dollars

General Note: All prices are in U.S. Dollars (USD)

PAYMENT TERMS

Invoiced monthly for each aircraft and payable within 30 days of invoice date.
In the event the Owner/Operator requests a significant amount of work, AVTEL
reserves the right to request payment of an estimated amount prior to
commencement of services.

If, at the time of receipt by AVTEL of a Redelivery Notice for an Aircraft, any
invoices under this Agreement are then past due, prior to Redelivery of such
Aircraft, Owner/Operator shall pay to AVTEL all such past due invoices under
this Agreement, together with all known and estimated fees and costs hereunder
for such Aircraft being redelivered.

B-1

AIRCRAFT STORAGE AND MAINTENANCE AGREEMENT

AVTEL Services, Inc. and The Amor Trust and Southwest Airlines Co.

GENERAL

In the event a single part, material or outside service is procured by AVTEL in
excess of \$25,000.00, AVTEL may submit an invoice to owner/operator on a "net
15" basis.

Late charges will be assessed in the amount of 1% per month or portion of each
month on the outstanding balance.

EXPEDITE FEE

AVTEL will negotiate with Owner/Operator on a case-by-case basis an expedite fee
to reduce the overall time necessary to complete a specific task, as requested.

B-1

AIRCRAFT STORAGE AND MAINTENANCE AGREEMENT

AVTEL Services, Inc. and The Amor Trust and Southwest Airlines Co.

TO AIRCRAFT STORAGE AND MAINTENANCE AGREEMENT #01-0280
FORM OF WORK ORDER REQUEST

<Table>
<S>

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[AVTEL SERVICES, INC. LOGO]

World Wide Aviation Maintenance and Support

CUSTOMER REQUEST

CUSTOMER:

REPRESENTATIVE NAME:

TAIL NO:

DATE:

DESCRIPTION

CUSTOMER SIGNATURE:

EST. HOURS:

DATE:

PARTS REQUIREMENTS

DESCRIPTION

PART NO:

[] YES:

[] NO:

MAINTENANCE DISPOSITION

AVTEL MAINTENANCE SUPERVISOR SIGNATURE:

EST. HOURS:

DATE:

CONCURRENCE

CUSTOMER REPRESENTATIVE

TASK HOURS:

AVTEL REPRESENTATIVE:

DATE:

PRODUCTION CONTROLLER

TRACKING NO:

WO NO:

CONTROLLER NAME:

STAMP:

DATE:

[ILLEGIBLE]

[ILLEGIBLE]

</Table>

[Aircraft Acquisition and Sale Agreement]

APPENDIX D

TO AIRCRAFT STORAGE AND MAINTENANCE AGREEMENT #01-0280

FORM OR REDELIVERY NOTICE

THE AMOR TRUST
 C/O WILMINGTON TRUST COMPANY, AS OWNER TRUSTEE
 1100 NORTH MARKET STREET
 RODNEY SQUARE NORTH
 WILMINGTON, DELAWARE 19890

_____, 200
 ----- --

AVTEL Services, Inc.
 16880 Avtel Drive
 Mojave, California 93501
 Attention: Contracts

Re: Aircraft Storage and Maintenance Agreement #01-0280 dated as of
 November 13, 2001 among AVTEL Services, Inc., The Amor Trust and
 Southwest Airlines Co. (the "Agreement")

Ladies and Gentlemen:

REFERENCE IS MADE TO THE ABOVE-CAPTIONED AGREEMENT.
 CAPITALIZED TERMS USED AND NOT DEFINED HEREIN SHALL HAVE THE MEANING GIVEN SUCH
 TERMS IN THE AGREEMENT. PURSUANT TO ARTICLE 7 OF THE AGREEMENT, THE
 OWNER/OPERATOR HEREBY INSTRUCTS AND AUTHORIZES YOU TO REDELIVER THE AIRCRAFT
 IDENTIFIED BELOW TO SOUTHWEST AIRLINES CO. ON THE DATE(S) INDICATED BELOW.

<Table>
 <Caption>

AIRCRAFT -----	MANUFACTURER'S SERIAL NO. -----	U.S. REGISTRATION NO. -----	REDELIVERY DATE -----
<S>	<C>	<C>	<C>

</Table>

Sincerely,

THE AMOR TRUST

By: WILMINGTON TRUST COMPANY, not in its individual
 capacity but solely as Owner Trustee

By: _____
 Name: _____
 Title: _____

[Aircraft Acquisition and Sale Agreement]

EXHIBIT 6

BFE BILL OF SALE

KNOW ALL MEN BY THESE PRESENTS:

</Table>

SCHEDULE I

Page 1

[Aircraft Acquisition and Sale Agreement]

SCHEDULE II

Aircraft

<Table>
<Caption>

Aircraft				Engines Delivered with Aircraft				
N Number	Make	Model	Serial Number	Make	Model	Serial Number		Estimated Delivery Date
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
409WN	Boeing	737-7H4	27896	CFM International	CFM56-7B22	888457	888561	12/19/01
410WN	Boeing	737-7H4	27897	CFM International	CFM56-7B22	888557	888562	11/13/01
411WN	Boeing	737-7H4	29821	CFM International	CFM56-7B22	889577	889590	11/13/01
412WN	Boeing	737-7H4	29818	CFM International	CFM56-7B22	888582	888585	11/13/01
413WN	Boeing	737-7H4	29819	CFM International	CFM56-7B22	888589	888592	11/13/01
414WN	Boeing	737-7H4	29820	CFM International	CFM56-7B22	888605	888606	11/13/01
415WN	Boeing	737-7H4	29836	CFM International	CFM56-7B22	889631	889632	11/13/01
416WN	Boeing	737-7H4	32453	CFM International	CFM56-7B22	888650	888183	11/13/01
417WN	Boeing	737-7H4	29822	CFM International	CFM56-7B22	889677	888651	11/13/01
418WN	Boeing	737-7H4	29823	CFM International	CFM56-7B22	888662	888668	11/13/01
419WN	Boeing	737-7H4	29824	CFM International	CFM56-7B22	888711	888708	12/01
420WN	Boeing	737-7H4	29825	CFM International	CFM56-7B22	TBD	TBD	1/02
421LV	Boeing	737-7H4	32452	CFM International	CFM56-7B22	TBD	TBD	2/02
422WN	Boeing	737-7H4	29826	CFM International	CFM56-7B22	TBD	TBD	3/02
423WN	Boeing	737-7H4	29827	CFM International	CFM56-7B22	TBD	TBD	3/02
424WN	Boeing	737-7H4	29828	CFM International	CFM56-7B22	TBD	TBD	3/02
425LV	Boeing	737-7H4	29829	CFM International	CFM56-7B22	TBD	TBD	3/02
426WN	Boeing	737-7H4	29830	CFM International	CFM56-7B22	TBD	TBD	4/02
427WN	Boeing	737-7H4	29831	CFM International	CFM56-7B22	TBD	TBD	4/02

</Table>

SCHEDULE II

Page 1

PURCHASE AGREEMENT ASSIGNMENT

dated as of November 13, 2001

between

SOUTHWEST AIRLINES CO.,
Seller

and

THE AMOR TRUST,
Buyer

CONSENT AND AGREEMENT

by

THE BOEING COMPANY

ENGINE CONSENT AND AGREEMENT

by

CFM INTERNATIONAL, INC.

Nineteen Boeing Model 737-7H4 Aircraft

*** PURSUANT TO 17 CFR 240.24B--2, CONFIDENTIAL INFORMATION HAS BEEN OMITTED AND
HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT
TO A CONFIDENTIAL TREATMENT APPLICATION FILED WITH THE COMMISSION.

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Exhibit A - Consent and Agreement
Exhibit B - Engine Consent and Agreement
Exhibit C - Deferred Delivery Date Notice
Schedule I - Aircraft

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PURCHASE AGREEMENT ASSIGNMENT

THIS PURCHASE AGREEMENT ASSIGNMENT (this "ASSIGNMENT") dated as of November 13, 2001 is between SOUTHWEST AIRLINES CO., a Texas corporation ("SELLER") and THE AMOR TRUST, acting through the Owner Trustee ("BUYER").

WITNESSETH:

WHEREAS, Seller and The Boeing Company, a Delaware corporation (the "MANUFACTURER") are parties to the Purchase Agreement (as hereinafter defined), providing for, inter alia, the sale by the Manufacturer to Seller of the Aircraft (as hereinafter defined);

WHEREAS, Buyer wishes to acquire certain rights and interests under the Purchase Agreement and the General Terms Agreement (as hereinafter defined) and Seller, on the terms and conditions hereinafter set forth, is willing to assign and sell to Buyer certain of Seller's rights and interests under the Purchase Agreement and the General Terms Agreement, and Buyer is willing to accept such assignment and sale pursuant to the terms of this Assignment;

WHEREAS, the Manufacturer is willing to execute and deliver to Buyer, Seller and the Indenture Trustee (as hereinafter defined) a consent and agreement (the "CONSENT AND AGREEMENT") to the provisions hereof in substantially the form of Exhibit A hereto; and

WHEREAS, CFM International, Inc., a Delaware corporation (the "ENGINE MANUFACTURER") is willing to execute and deliver to Buyer, Seller and the Indenture Trustee a consent and agreement (the "ENGINE CONSENT AND AGREEMENT") to the provisions hereof in substantially the form of Exhibit B hereto.

NOW, THEREFORE, in consideration of the mutual covenants herein contained and for other good and valuable consideration, the parties hereto agree as follows:

SECTION 1. Definitions. For all purposes of this Assignment, except as otherwise expressly provided for or unless the context otherwise requires, the following terms shall have the following meanings:

"AIRCRAFT" shall mean each of the nineteen (19) Boeing Model 737-7H4 aircraft bearing manufacturer's serial numbers set forth on Schedule 1 hereto, in each case including the relevant Engines installed or to be installed thereon.

"AIRCRAFT PRICE" for any Aircraft shall have the meaning specified in the Purchase Agreement.

"ACQUISITION AGREEMENT" shall mean the Aircraft Acquisition and Sale Agreement dated as of the date hereof by and among Buyer, Seller, the Owner Trustee and the Indenture Trustee, as the same may be amended, modified or supplemented in accordance with the terms thereof.

"BDSC" shall mean Boeing Domestic Sales Corporation, a Washington Corporation.

"BDSC AIRCRAFT" shall mean the Aircraft bearing manufacturer's serial number 29818.

[Purchase Agreement Assignment]

"BFE" shall have the meaning specified in the Purchase Agreement.

"DEFERRED DELIVERY DATE NOTICE" shall mean, with respect to each Aircraft, a notice in the form set out of Exhibit C to this Assignment executed

by Buyer and Seller.

"DELIVERY DATE" shall mean, in respect of an Aircraft, the date notified by the Manufacturer to Buyer and the Indenture Trustee pursuant to Section 4(b) hereof as the delivery date for such Aircraft.

"ENGINE WARRANTIES" shall have the meaning set forth in Section 2 of Exhibit B of the General Terms Agreement.

"ENGINES" shall have the meaning specified in the Purchase Agreement.

"GENERAL TERMS AGREEMENT" shall mean the General Terms Agreement 6-3418 dated May 29, 1981 between Seller and the Engine Manufacturer together with all letter agreements and supplements thereto as in effect on the date hereof, as the same may be modified, amended or supplemented in accordance with the terms thereof and, in respect of the Engines, hereof.

"INDENTURE" shall mean the Trust Indenture and Security Agreement dated as of the date hereof by and among Buyer, Wilmington Trust Company, in its individual capacity and as owner trustee, and the Indenture Trustee, as the same may be amended, modified or supplemented in accordance with the terms thereof.

"INDENTURE EVENT OF DEFAULT" shall have the meaning set forth in the Indenture.

"INDENTURE TRUSTEE" shall mean Wells Fargo Bank Northwest, National Association, not in its individual capacity but solely as indenture trustee.

"OWNER TRUSTEE" shall mean Wilmington Trust Company, not in its individual capacity but solely as owner trustee.

"PROGRESS PAYMENTS" for any Aircraft shall mean the advance payments made on account of such Aircraft by, or on behalf of, Seller under the Purchase Agreement.

"PURCHASE AGREEMENT" shall mean the Purchase Agreement No. 1810 dated as of January 19, 1994 between Seller and the Manufacturer together with all letter agreements and supplements thereto as in effect on the date hereof, as the same may be modified, amended or supplemented in accordance with the terms thereof and, in respect of the Aircraft, hereof.

"PURCHASE PRICE BALANCE" shall mean, in respect of an Aircraft, the amount notified by the Manufacturer to Buyer pursuant to Section 4(b) as the purchase price balance for such Aircraft; such amount being the outstanding amount due to the Manufacturer for such Aircraft on the Delivery Date therefor (as specified in an invoice from the Manufacturer to Buyer).

All other terms used herein and not otherwise defined herein shall have the respective meanings set forth in the Acquisition Agreement.

SECTION 2. Assignment; Rights Reserved. Subject to the provisions of Section 5(a) hereof, Seller does hereby sell, assign, transfer and set over unto Buyer, its successors and permitted assigns, all of Seller's rights and interests in and to the Purchase Agreement as and to the extent they relate to the Aircraft and the Engine Warranties set forth in the General Terms Agreement as and to the extent they relate to the Engines, except as and to the extent expressly reserved below, including in such assignment and sale:

(a) the right upon valid tender by the Manufacturer or, in respect of the BDSC Aircraft, BDSC to purchase each Aircraft pursuant to the Purchase Agreement on the Delivery Date therefor, and the right, upon payment of the Purchase Price Balance for such Aircraft, to take title to such Aircraft and to be named the "Buyer" in the bill of sale and invoice to be delivered by the Manufacturer or, in respect of the BDSC Aircraft, BDSC for such Aircraft pursuant to the Purchase Agreement;

(b) all claims for damages in respect of the Aircraft arising as a result of any default by the Manufacturer under the Purchase Agreement in respect of the Aircraft or by the Engine Manufacturer under the Engine Warranties set forth in the General Terms Agreement in respect of the Aircraft or by any supplier of parts or equipment installed on or in the Aircraft;

(c) all warranty, performance guarantee, spare part and indemnity provisions contained in the Purchase Agreement and the Engine Warranties set forth in the General Terms Agreement and all claims arising thereunder in respect of the Aircraft;

(d) any and all rights of Seller to compel performance of the

terms of the Purchase Agreement and the Engine Warranties set forth in the General Terms Agreement in respect of the Aircraft; and

(e) all Seller's rights and interests in or arising out of (including any credits for or repayment of) any advance or progress payments made or to be made by Seller in respect of the Aircraft under the Purchase Agreement and any other payments or deposits made by Seller in respect of the Aircraft under the Purchase Agreement or any other agreement or amounts credited or to be credited (including all credit memos and escalation sharing and reconciliation amounts) or paid or to be paid by the Manufacturer to Seller under the Purchase Agreement;

reserving exclusively to Seller solely for the purposes of this Assignment, however:

(i) all Seller's rights and interests in and to the Purchase Agreement and the General Terms Agreement as and to the extent that it relates to aircraft other than the Aircraft or the purchase or operation of such other aircraft and to the extent that it relates to any other matters not directly pertaining to the Aircraft;

(ii) the right to obtain services (other than in respect of the Aircraft), training, data and demonstration and test flights pursuant to the Purchase Agreement;

(iii) the right to maintain plant representatives at the Manufacturer's plant pursuant to the Purchase Agreement; and

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[Purchase Agreement Assignment]

(iv) with respect to the Aircraft so long, and only so long, as the Manufacturer shall not have received notice from the Indenture Trustee as set forth in Section 5(c) hereof that an Indenture Event of Default has occurred and is continuing, all rights to furnish BFE and to demand, accept and retain all rights in and to all property (other than the Aircraft) and services of any kind which the Manufacturer is obligated to provide or does provide pursuant to the Purchase Agreement with respect to the Aircraft and which are assigned to Buyer hereunder.

SECTION 3. Representations and Warranties. Seller does hereby represent and warrant that (a) it has furnished to Buyer a true, correct and complete copy of the Purchase Agreement and the Engine Warranties set forth in the General Terms Agreement and (b) each of the Purchase Agreement and the General Terms Agreement is in full force and effect and Seller is not in default thereunder. Seller does hereby further represent and warrant that Seller has not assigned or pledged, and hereby covenants that it shall not assign or pledge, so long as this Assignment shall remain in effect, the whole or any part of the rights hereby assigned or any of its rights in respect of the Aircraft to anyone other than Buyer.

SECTION 4. Acceptance of Assignment; Delivery Dates.

(a) Buyer hereby accepts the assignment and sale contained in Section 2 hereof.

(b) Each Aircraft is scheduled to be delivered by the Manufacturer under the Purchase Agreement during the respective months set forth in Column (B) of Schedule 1 hereto. Not less than five Business Days prior to the proposed delivery date for an Aircraft, Seller shall cause the Manufacturer to provide written notice to Buyer of (i) the proposed delivery date for such Aircraft which shall be a Business Day within the respective delivery month (each, a "DELIVERY DATE"), (ii) the manufacturer's serial numbers of the Engines to be installed on such Aircraft and (iii) the amount of the Purchase Price Balance. Buyer and Seller agree that Buyer's liability in respect of the outstanding purchase price for an Aircraft shall not exceed the Purchase Price Balance for such Aircraft. Upon receipt of the Manufacturer's notice, Buyer shall promptly provide written notice to the Manufacturer of Buyer's authorized representative for purposes of taking delivery of such Aircraft (who shall be, so long as no Indenture Event of Default is continuing, a representative of Seller).

SECTION 5. Rights of Seller in Absence of Default.

(a) Notwithstanding the foregoing, if and so long as the Manufacturer and the Engine Manufacturer shall not have received notice from the Indenture Trustee as set forth in Section 5(c) hereof that an Indenture Event of Default has occurred and is continuing, (1) Buyer authorizes Seller, on behalf of and to the exclusion of Buyer, to exercise in Seller's own name (i) such rights and powers of Buyer under the Purchase Agreement and the Engine Warranties and (ii) such rights as Buyer may have with respect to the Aircraft

under any warranty, covenant, representation, service life policy, aircraft performance guarantee, indemnity or product support agreement of the Manufacturer, the Engine Manufacturer or any subcontractor or vendor with respect thereto and to retain any recovery or benefit resulting from the enforcement of any warranty, covenant, representation, service life policy, aircraft performance guarantee, indemnity

or product support agreement of the Manufacturer, the Engine Manufacturer or any subcontractor or vendor in respect of the Aircraft, except that Seller may not enter into any change order or other amendment, modification or supplement to the Purchase Agreement or the Engine Warranties without Buyer's prior written consent if such change order, amendment, modification or supplement would result in any rescission, cancellation or termination of the Purchase Agreement or the Engine Warranties as to the Aircraft or materially diminish the rights and interests assigned hereunder, and (2) Buyer shall, at Seller's expense, cooperate with Seller and take such actions as Seller reasonably deems necessary to enable Seller to enforce such rights and claims.

(b) Effective upon the receipt by the Manufacturer and the Engine Manufacturer of written notice from the Indenture Trustee that an Indenture Event of Default has occurred and is continuing and thereafter until the Manufacturer and the Engine Manufacturer shall have received written notice from the Indenture Trustee that such Indenture Event of Default has been cured or waived, unless the Indenture Trustee, in its sole discretion shall notify Manufacturer and the Engine Manufacturer to the contrary, the authorization given to Seller under Section 5(a) hereof to enforce such rights and claims shall thenceforth cease to be effective and Buyer and its successors and permitted assigns shall, to the exclusion of Seller, be entitled to assert and enforce such rights and claims as substitute party plaintiff or otherwise, and Seller shall, at the request of Buyer or its successors or permitted assigns and at Seller's expense, cooperate with and take such action as is reasonably necessary to enable Buyer and its successors and permitted assigns to enforce such rights and claims. In furtherance of the foregoing, Seller hereby constitutes and appoints Buyer, its successors and permitted assigns, Seller's true and lawful attorney, irrevocably (it being acknowledged that such appointment is coupled with an interest, namely Buyer's rights acquired and to be acquired hereunder) with full power (in the name of Seller or otherwise) to ask, require, demand, receive, compromise, settle, compound and give acquittance for any and all monies and claims for monies due and to become due under, or arising out of, the Purchase Agreement in respect of the Aircraft, to the extent that the same have been assigned by this Assignment, and for such period as Buyer may exercise rights with respect thereto hereunder, to endorse any checks or other instruments or orders in connection therewith and to file any claims or take any action or institute (or, if previously commenced, assume control of) any proceedings and to obtain any recovery in connection therewith that Buyer may deem to be necessary or advisable in the premises.

(c) For all purposes of this Assignment, the Manufacturer and the Engine Manufacturer shall not be deemed to have knowledge of an Indenture Event of Default or of the discontinuance or waiver of an Indenture Event of Default unless and until the Manufacturer and the Engine Manufacturer shall have received written notice (including by mail, telex or telecopy) thereof from the Indenture Trustee addressed, if to the Manufacturer, to the Vice President - Contracts at P.O. Box 3707, Mail Code 21-34, Seattle, Washington 98124, if by mail and to 32-9430 (Answerback BOEINGREN RNTN), if by telex and to (425) 237-1706, if by telecopy, and, if to the Engine Manufacturer, to the Director of Commercial Contracts at 1 Newman Way, Cincinnati Ohio 45215, if by mail and to (513) 243-1345 if by telecopy, and in each case, in acting in accordance with the terms and conditions of the Purchase Agreement and this Assignment, the Manufacturer and the Engine Manufacturer may rely conclusively upon any such notice.

SECTION 6. Certain Rights and Obligations of the Parties.

(a) Anything herein contained to the contrary notwithstanding:
(i) Seller shall at all times remain liable to the Manufacturer and the Engine Manufacturer under the Purchase Agreement and the General Terms Agreement in respect of the Aircraft to perform all of its duties and obligations of "Buyer" thereunder to the same extent as if this Assignment had not been executed; (ii) the exercise by Buyer of any of the rights assigned hereunder shall not release Seller from any of its duties or obligations to the Manufacturer and the Engine Manufacturer under the Purchase Agreement or the General Terms Agreement in

respect of the Aircraft except to the extent that such exercise by Buyer shall constitute performance of such duties and obligations; and (iii) Seller shall at all times remain liable to perform the obligations of "Buyer" under Part E of Exhibit C of the Purchase Agreement.

(b) Without in any way releasing Seller from any of its duties or obligations under the Purchase Agreement and the General Terms Agreement, Buyer confirms for the benefit of the Manufacturer and the Engine Manufacturer, that, insofar as the provisions of the Purchase Agreement and the General Terms Agreement relate to the Aircraft, in exercising any rights under the Purchase Agreement or the General Terms Agreement, or in making any claim with respect to the Aircraft or other goods and services delivered or to be delivered pursuant to the Purchase Agreement or the General Terms Agreement, the terms and conditions of the Purchase Agreement (including, without limitation, those relating to any exclusion or limitation of liabilities or warranties as set forth in Article 12 thereof or those relating to any indemnity and insurance as set forth in Exhibit C, Part E thereof) or the General Terms Agreement, as the case may be, shall apply to, and be binding upon, Buyer to the same extent as Seller.

(c) Seller and Buyer agree, expressly for the benefit of the Manufacturer and the Engine manufacturer, that nothing contained herein shall (i) subject the Manufacturer or the Engine Manufacturer to any liability to which it would not otherwise be subject under the Purchase Agreement or the General Terms Agreement, (ii) modify in any respect the Manufacturer's or the Engine Manufacturer's contract rights thereunder, except as provided in the Consent and Agreement and the Engine Consent and Agreement, respectively or (iii) require the Manufacturer to divest itself of title to or possession of the Aircraft until delivery thereof and payment therefor as provided in the Purchase Agreement.

(d) The parties hereto, and the Manufacturer and the Engine Manufacturer by its respective execution and delivery of the Consent and Agreement and the Engine Consent and Agreement, agree that all of the statements, representations, covenants and agreements made by Buyer acting through the Owner Trustee (when made in such capacity) contained in this Assignment and any agreement referred to herein (other than the Trust Agreement), unless expressly otherwise stated, are made and intended only for the purpose of binding the Trust Estate and establishing the existence of rights and remedies which can be exercised and enforced only against the Trust Estate. Therefore, anything contained in this Assignment or such other agreements to the contrary notwithstanding (except for any express provisions that Owner Trustee is responsible for in its individual capacity), no recourse shall be had with respect to this Assignment or such other agreements against the Owner Trustee in its individual capacity (or against any institution or person which becomes a successor trustee or co-trustee) or any officer, director, trustee, servant or direct or indirect parent or controlling person or persons of any of

them; provided, however, that this Section 6(d) shall not be construed to prohibit any action or proceeding against the Owner Trustee in its individual capacity for its own willful misconduct or grossly negligent conduct; and provided, further, that nothing contained in this Section 6(d) shall be construed to limit the exercise and enforcement in accordance with the terms of this Assignment or such other agreements of rights and remedies against the Trust Estate. The foregoing provisions of this Section 6(d) shall survive the termination of this Assignment and the other Operative Agreements.

SECTION 7. Further Assignment. In order to secure the repayment of, inter alia, the Certificates, Buyer has agreed in the Indenture, among other things, to assign to the Indenture Trustee all of Buyer's right, title and interest in and to the Purchase Agreement (as it relates to the Aircraft) and this Assignment, and Seller hereby consents to such assignment.

SECTION 8. Further Assurances. Seller agrees that at any time and from time to time Seller shall promptly and duly execute and deliver any and all such further instruments and documents and take such further action as Buyer may reasonably request in writing in order to obtain the full benefits of this Assignment and of the rights and powers herein granted. Seller shall provide a Deferred Delivery Date Notice to the Manufacturer, the Engine Manufacturer and the Indenture Trustee with respect to any proposed reassignment of the Purchase Agreement and the Engine Warranties in connection with the sale of an Aircraft by Buyer to Seller not less than five Business Days prior to such sale. Buyer agrees, expressly for the benefit of Manufacturer and the Engine Manufacturer, that at any time and from time to time upon the written request of Manufacturer or the Engine Manufacturer, as the case may be, Buyer shall promptly and duly execute and deliver any and all such further assurances, instruments and

documents and take all such further action as Manufacturer or the Engine Manufacturer, as the case may be, may reasonably request in order to obtain the full benefits of Buyer's agreements hereunder.

SECTION 9. No Amendment of Purchase Agreement or General Terms Agreement. Buyer agrees that it will not enter into any amendment, modification, supplement, rescission, cancellation or termination of the Purchase Agreement or the General Terms Agreement without the prior written consent of Seller unless the Indenture Trustee shall have notified Manufacturer and the Engine Manufacturer that an Indenture Event of Default has occurred and is continuing.

SECTION 10. Nondisclosure. Seller and Buyer agree, expressly for the benefit of the Manufacturer and the Engine Manufacturer, that they will not disclose the terms of the Purchase Agreement or the General Terms Agreement to any third party, except (a) as required by applicable laws or governmental regulations, (b) with the prior written consent of the Manufacturer or the Engine Manufacturer, as applicable, (c) to Indenture Trustee and the Loan Participants and to potential transferees thereof and their respective counsel. Any disclosure contemplated by clause (c) of the preceding sentence shall include a requirement that the entity to whom such information is disclosed shall be subject to obligations of nondisclosure with respect to such information substantially the same as those contained herein.

SECTION 11. Miscellaneous.

(a) This Assignment shall be binding upon and shall inure to the benefit of Seller, Buyer and their respective successors and permitted assigns.

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[Purchase Agreement Assignment]

(b) Except as otherwise expressly provided herein, notice hereunder may be given, and shall be deemed to have been received when given, as provided in Section 7(e) of the Acquisition Agreement.

(c) This Assignment is being executed by Buyer and Seller concurrently with the execution and delivery of the Indenture, the Acquisition Agreement and the Trust Agreement.

(d) This Assignment may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute one and the same instrument.

(e) THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

(f) This Assignment is being delivered in the State of New York.

* * *

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IN WITNESS WHEREOF, the parties hereto have caused this Purchase Agreement Assignment to be duly executed the day and year first above written.

SOUTHWEST AIRLINES CO.,
as Seller

By: /s/ LAURA WRIGHT

Name: LAURA WRIGHT
Title: VP, FINANCE & TREASURER

THE AMOR TRUST,
by Wilmington Trust Company, not in its
individual capacity but solely as Owner
Trustee, as Buyer

By: /s/ W. CHRIS SPONENBERG

Name: W. CHRIS SPONENBERG
Title: VICE PRESIDENT

The undersigned, as Indenture Trustee and as assignee of, and holder of a security interest in the estate, right, title and interest of Buyer in and to the foregoing Purchase Agreement Assignment and the Purchase Agreement pursuant to the terms of the Indenture, acknowledges the terms of the foregoing Purchase Agreement Assignment and agrees that its rights and remedies under the Indenture shall be subject to the terms and conditions of the foregoing Purchase Agreement Assignment, including Section 6(b) therein, and of the Purchase Agreement.

WELLS FARGO BANK NORTHWEST,
NATIONAL ASSOCIATION,
as Indenture Trustee

By: /s/ C. SCOTT NIELSEN

Name: C. SCOTT NIELSEN
Title: VICE PRESIDENT

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[Purchase Agreement Assignment]

EXHIBIT A

CONSENT AND AGREEMENT

The undersigned, THE BOEING COMPANY, a Delaware corporation, hereby acknowledges notice of, and consents to all of the terms of, the Purchase Agreement Assignment dated as of November 13, 2001 by and between SOUTHWEST AIRLINES CO., a Texas corporation ("SELLER") and THE AMOR TRUST, acting through the Owner Trustee ("BUYER") (herein called the "ASSIGNMENT"; the terms defined therein or by reference herein being hereinafter used with the same meaning) as it relates to the Manufacturer and the Aircraft and hereby confirms to Seller and Buyer and agrees, that: (i) all representations, warranties, indemnities and agreements of the Manufacturer under the Purchase Agreement with respect to the Aircraft, to the extent assigned by Seller to Buyer, shall inure to the benefit of Buyer to the same extent as if originally named the "Buyer" therein, subject to the terms and conditions of the Assignment; (ii) the Manufacturer agrees that the Assignment constitutes an agreement by Buyer as required by Article 10 of the Purchase Agreement; (iii) the Manufacturer will continue to pay to Seller all payments which the Manufacturer may be required to make in respect to the Aircraft under the Purchase Agreement unless and until the Manufacturer shall have received written notice from the Indenture Trustee by telex at telex number 32-9430, Answerback BOEINGREN RNTN, by telecopier at telecopier number (425) 237-1706 or addressed to its Vice President - Contracts at P.O. Box 3707, Mail Code 21-34, Seattle, Washington 98124, that an Indenture Event of Default has occurred and is continuing, whereupon the Manufacturer will not be required to make further inquiry into the content of such notice and thereafter (until the Manufacturer shall have received notice in writing from the Indenture Trustee sent or addressed as aforesaid that no Indenture Event of Default exists or that such Indenture Event of Default has been waived or cured) the Manufacturer shall make any and all payments which it may be required to make in respect of the Aircraft under the Purchase Agreement directly to the Indenture Trustee; (iv) the Manufacturer agrees that it will not assert any lien or claim against the Aircraft or any part thereof arising with respect to or in connection with any work or other services performed by the Manufacturer or at its direction on the Aircraft on or prior to the delivery of the Aircraft to Buyer; and (v) the Manufacturer certifies that the information set forth on Schedule 1 of the Assignment is true and correct as of the date of this Consent.

The Manufacturer hereby confirms to the Buyer and the Indenture Trustee that:

(i) the Manufacturer consents to the assignment by Buyer to the Indenture Trustee of Buyer's right, title and interest in and to the Aircraft, the Purchase Agreement, the Assignment and this Consent and Agreement pursuant to the Indenture, and the Manufacturer agrees that all such right, title and interest of Buyer shall inure to benefit of the Indenture Trustee and any permitted assignee thereof that becomes the owner of the Aircraft;

(ii) the Manufacturer agrees that Buyer may reassign Buyer's right, title and interest in and to the Purchase Agreement to Seller at anytime without the Manufacturer's consent; provided that Buyer and Seller shall provide to the Manufacturer a Deferred Delivery Date Notice with respect to each Aircraft;

(iii) upon receipt by the Manufacturer of a notice from the Indenture Trustee addressed to the Manufacturer at the preceding address that an Indenture Event of Default has occurred and is continuing, any rights reserved to Buyer or Seller under the Assignment shall inure to the benefit of the Indenture Trustee; and

(iv) except as provided in the attestation executed by the Indenture Trustee on the signature page of the Assignment, neither the Indenture Trustee nor any of the Loan Participants shall be liable for any of the obligations or duties of Seller under the Purchase Agreement or of Buyer under the Assignment, nor shall the Indenture give rise to any duties or obligations whatsoever on the part of the Indenture Trustee or any Loan Participant owing to the Manufacturer.

The Manufacturer hereby represents and warrants that (A) the Manufacturer is a corporation duly organized and existing in good standing under the laws of the State of Delaware, (B) the making and performance of the Purchase Agreement and this Consent and Agreement have been duly authorized by all necessary corporate action on the part of the Manufacturer, do not require any stockholder or other approval, do not contravene the Manufacturer's Restated Certificate of Incorporation or By-laws or any indenture, credit agreement or other contractual agreement to which the Manufacturer is a party or by which it is bound, and the making of the Purchase Agreement and this Consent and Agreement does not contravene, and to the best of the Manufacturer's knowledge, the Manufacturer's performance of this Consent and Agreement, does not contravene, any law binding on the Manufacturer, and (C) each of the Purchase Agreement and this Consent and Agreement constitutes a binding obligation of the Manufacturer enforceable against the Manufacturer in accordance with its respective terms, subject to (a) applicable bankruptcy, insolvency, moratorium and other similar laws affecting the enforcement of creditors' rights generally and (b) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

* * *

EXHIBIT A
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This Consent and Agreement shall be governed by and construed in accordance with the internal laws of the State of Washington, including all matters of construction, validity and performance excluding those principles relating to its conflict of laws.

Dated: November __, 2001

THE BOEING COMPANY

By: _____
Name:
Title:

Southwest Airlines Co.
MSN Nos. 27896, 27897, 29836, 29818,
29819, 29820, 29821, 29822, 29823, 29824,
29825, 29826, 29827, 29828, 29829, 29830,
29831, 32452 and 32453

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EXHIBIT B

ENGINE CONSENT AND AGREEMENT

The undersigned, CFM INTERNATIONAL, INC., a Delaware corporation (the "ENGINE MANUFACTURER") hereby acknowledges notice of and consents to all of the terms of the Purchase Agreement Assignment dated as of November 13, 2001 (the "ASSIGNMENT") between Southwest Airlines Co., as seller and The Amor Trust, as buyer in respect of thirty-eight (38) CFM International Model CFM56-7B engines installed or to be installed on nineteen (19) Boeing model 737-7H4 aircraft as

more particularly described in the Assignment to the extent applicable to the Engine Manufacturer.

The Engine Manufacturer hereby confirms to Buyer, Seller and the Indenture Trustee that (i) the Engine Warranties under the General Terms Agreement, to the extent the same relate to the Engines, shall inure to the benefit of (x) Buyer to the same extent as if originally named the "Airline" in the General Terms Agreement, (y) the Indenture Trustee (as assignee of Buyer under the Indenture) and (z) Seller (but only to the extent provided in the Assignment), in each case subject to the terms of the Assignment; provided always that notwithstanding any provision to the contrary, nothing contained in this Engine Consent and Agreement or in the Assignment shall subject the Engine Manufacturer to any liability or obligation under the Engine Warranties to which it would not otherwise be subject under the General Terms Agreement, (ii) the Engine Manufacturer will continue to pay to Seller all payments which the Engine Manufacturer may be required to make in respect to the Engine Warranties unless and until the Engine Manufacturer shall have received written notice from the Indenture Trustee by mail to the Director of Commercial Contracts at 1 Newman Way, Cincinnati Ohio 45215, or by telecopier to (513) 243-1345, that an Indenture Event of Default has occurred and is continuing, whereupon the Engine Manufacturer will not be required to make further inquiry into the content of such notice and thereafter (until the Engine Manufacturer shall have received notice in writing from the Indenture Trustee sent or addressed as aforesaid that no Indenture Event of Default exists or that such Indenture Event of Default has been waived or cured) the Engine Manufacturer shall make any and all payments which it may be required to make in respect of the Engine Warranties directly to the Indenture Trustee; (iii) the Engine Manufacturer consents to the assignment by Buyer to the Indenture Trustee of Buyer's right, title and interest in and to the Engine Warranties, the Assignment and this Engine Consent and Agreement pursuant to the Indenture, and the Engine Manufacturer agrees that all such right, title and interest of Buyer shall inure to benefit of the Indenture Trustee and any assignee thereof that becomes the owner of the Aircraft; (iv) the Engine Manufacturer agrees that Buyer may reassign Buyer's right, title and interest in and to the Engine Warranties to Seller at anytime without the Engine Manufacturer's consent; (v) upon receipt by the Engine Manufacturer of a notice from the Indenture Trustee addressed to the Engine Manufacturer at the preceding address that an Indenture Event of Default has occurred and is continuing, any rights reserved to Buyer or Seller under the Assignment shall inure to the benefit of the Indenture Trustee; and (vi) except as provided in the attestation executed by the Indenture Trustee on the signature page of the Assignment, neither the Indenture Trustee nor any of the Loan Participants shall be liable for any of the obligations or duties of Seller under the General Terms Agreement or of Buyer under the Assignment, nor shall the Indenture give rise to any duties or obligations whatsoever on the part of the Indenture Trustee or any Loan Participant owing to the Engine Manufacturer.

EXHIBIT B
Page 1

[Purchase Agreement Assignment]

The Engine Manufacturer hereby represents and warrants that (A) the Manufacturer is a corporation duly organized and existing in good standing under the laws of the State of Delaware, (B) the making and performance of the Engine Warranties and this Engine Consent and Agreement have been duly authorized by all necessary corporate action on the part of the Engine Manufacturer, do not require any stockholder or other approval, do not contravene its Certificate of Incorporation or By-laws or any indenture, credit agreement or other contractual agreement to which the Engine Manufacturer is a party or by which it is bound, and the making of the Engine Warranties and this Engine Consent and Agreement does not contravene, and to the best of the Engine Manufacturer's knowledge, the Engine Manufacturer's performance of this Engine Consent and Agreement, does not contravene, any law binding on the Engine Manufacturer, and (C) each of the Engine Warranties and this Engine Consent and Agreement constitutes a binding obligation of the Engine Manufacturer enforceable against the Engine Manufacturer in accordance with its respective terms, subject to (a) applicable bankruptcy, insolvency, moratorium and other similar laws affecting the enforcement of creditors' rights generally and (b) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law) .

Words and expressions defined in the Assignment shall have the same respective meanings when used herein.

The Engine Consent and Agreement is governed by and shall be construed in accordance with the laws of the State of New York, U.S.A., without reference to its conflict of laws provisions.

CFM INTERNATIONAL, INC.

By:

Name:
Title:

Date: November __, 2001

EXHIBIT B
Page 2

[Purchase Agreement Assignment]

EXHIBIT C

DEFERRED DELIVERY DATE NOTICE

To: The Boeing Company
CFM International, Inc.
Wells Fargo Bank Northwest,
National Association, as Indenture Trustee

Date: _____, 200
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Ladies and Gentlemen:

Reference is hereby made to the (i) the Trust Indenture and Security Agreement dated as of November 13, 2001 (the "INDENTURE") among The Amor Trust, acting through the Owner Trustee (the "TRUST"), Wilmington Trust Company, not in its individual capacity, except as expressly set forth therein, but solely in its capacity as owner trustee of the Trust (the "OWNER TRUSTEE") and Wells Fargo Bank Northwest, National Association, not in its individual capacity, except as expressly set forth therein, but solely in its capacity as indenture trustee (the "INDENTURE TRUSTEE"), (ii) the Aircraft Acquisition and Sale Agreement dated as of November 13, 2001 (the "ACQUISITION AGREEMENT") among the Trust, the Owner Trustee, the Indenture Trustee and Southwest Airlines Co. ("SOUTHWEST"), (iii) the Purchase Agreement No. 1810 dated as of January 19, 1994 (the "PURCHASE AGREEMENT") between The Boeing Company (the "MANUFACTURER") and Southwest, and (iv) the Purchase Agreement Assignment dated as of November 13, 2001 (the "ASSIGNMENT") between the Trust and Southwest. Capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in the Assignment, including terms defined therein by reference to any other agreement.

The Trust and Southwest hereby give you notice that on _____, 200__ (the "DEFERRED DELIVERY Date"), the Trust will sell to Southwest all of its right, title and interest in and to one Boeing model 737-7H4 aircraft bearing manufacturer's serial number _____, together with two installed CFM International model CFM56-7B engines bearing manufacturer's serial numbers _____ and _____ (the "AIRCRAFT"), and Seller will assign to Southwest all of its right title and interest in and to the Purchase Agreement and the Engine Warranties to the extent relating to the Aircraft.

The Trust hereby confirms for the benefit of the Manufacturer that it owns and controls the rights it purports to assign hereunder and that it will remain responsible for any payments due to the Manufacturer as a result of obligations relating to the Aircraft incurred by the Trust to the Manufacturer prior to said Deferred Delivery Date.

Southwest acknowledges it has reviewed the Purchase Agreement and agrees that in exercising any rights under the Purchase Agreement or asserting any claims with respect to the Aircraft (including, without limitation, data, documents, training and services) it shall be bound by and will comply with all applicable terms, conditions and limitations of the Purchase

EXHIBIT C
Page 1

[Purchase Agreement Assignment]

Agreement, including, without limitation, those related to any exclusion or limitation of liabilities or warranties, indemnity and insurance.

We request that the Manufacturer acknowledge receipt of this notice and confirm the transfer of rights set forth above by signing the acknowledgment and forwarding one copy of this notice to each of the undersigned.

THE AMOR TRUST, by
Wilmington Trust Company, not in its

SOUTHWEST AIRLINES CO.,
as Seller

By: _____
Its: _____

Receipt of the above letter is acknowledged
and transfer of rights under the Purchase
Agreement described above with respect to the
Aircraft is confirmed, effective as of this date.

By: _____
Its: _____

MSN

[Purchase Agreement Assignment]

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